International Academic Journal of Economic and Financial Research

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International Academic Journal of Economic and Financial Research
ISSN: 0522-4543
Vol.3, Issue.No.2, 2026

Accountability Strategies and Competitive Advantage of Commercial Banks in Nairobi City County, Kenya

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Article History:
Published on: 11/08/2026
DOI:
https://doi.org/10.5281/zenodo.21894226
How to cite: Ngatia, V. W., & Njuguna, R. K. (2026). Accountability Strategies and Competitive Advantage of Commercial Banks in Nairobi City County, Kenya. *International Academic Journal of Economic and Financial Research*, 3(2), 1–15.
https://doi.org/10.5281/zenodo.21894226

Abstract:
Purpose of Study: This study assessed the effect of accountability strategies on the competitive advantage of commercial banks in Nairobi City County, Kenya. It examined how goal-setting, individual responsibility, performance evaluation, and transparency contribute to competitive positioning, particularly through adaptability, brand reputation, and market share, within the increasingly competitive Kenyan banking sector.
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Methodology: The study adopted a cross-sectional descriptive research design and targeted 117 senior employees from 39 licensed commercial banks in Kenya. A sample of 91 respondents was selected using stratified random sampling and Yamane's formula. Data were collected using structured questionnaires, with 79 completed responses obtained. Data were analyzed using SPSS Version 25.

Findings: The study achieved an 86.8% response rate. Accountability strategies recorded an overall mean of 3.72 (SD = 1.09), while competitive advantage recorded a mean of 3.73 (SD = 1.06). Individual responsibility received the highest accountability rating (M = 3.86), whereas performance evaluation recorded the lowest (M = 3.67). Pearson correlation revealed a strong, positive, and statistically significant relationship between accountability strategies and competitive advantage ($r = 0.558$, $p < 0.01$). Regression analysis showed that accountability strategies explained 31.2% of the variance in competitive advantage ($R^2 = 0.312$). The regression model was statistically significant ($F = 34.590$, $p < 0.001$), confirming accountability as a significant predictor.

Conclusion: The study concludes that accountability Institutionalised accountability frameworks—supported by measurable KPIs, transparent reporting, consistent performance appraisal, and cascaded responsibility—are essential for sustaining competitive positioning in Kenya's banking sector. Accountability serves not merely as an administrative function but as a strategic governance tool that significantly influences market differentiation and organisational performance.

Keywords: *accountability strategies, competitive advantage, commercial banks, goal-setting, performance evaluation, Kenya*

1.0 INTRODUCTION

To maintain a competitive edge is one of the most enduring strategic issues facing commercial banks in the fast-changing financial environment. Competitive advantage has come to be defined as the ability of the firm to provide superior value to customers, outperform its competitors, and maintain market relevance over time rather than just as a result of market positioning and technological investments (Varadarajan, 2020). One governance mechanism which has recently attracted the interest of both scholars and practitioners is accountability strategy, which refers to a clear managerial framework that assigns employees with specific performance targets, holds them accountable for results, and measures them against certain standards. Accountability systems are especially important in flexible and/or hybrid working where physical supervision is minimized to make sure that everyone's work is contributing to the organizational goals (Roberts, 2023; Han & Hong, 2022). The link between accountability and competitive performance is therefore both theoretically interesting and practically necessary, especially in industries where service quality, regulatory compliance, and operational excellence are all key competitive factors, like banking.

In Kenya, the commercial banking industry consists of 39 licensed commercial banks, regulated by the Central Bank of Kenya (CBK) that cater to a growing customer base that is becoming increasingly digitised. Kenyan commercial banks are, despite structural reforms, still competitive underperformers, despite their contribution to the financial inclusion and economic growth aspects of Vision 2030. The mean Return on Assets (ROA) is 2.5%, which is way below 4% the global average, and the Net Interest Margins have dropped from 5.8% in 2017 to 4.1% in 2022 due to competition and increased operational costs (Ngatia & Mandere, 2024). The five largest banks hold the vast majority of sector assets, further restricting sector competitive dynamism among the mid- and lower-tier banks.

There is limited empirical work on accountability in the Kenyan banking context. While there exist related constructs in other industries such as public utilities, sugar manufacturing and higher education, its transferability level to the private financial institutions is limited. Studies have not specifically separated the impact of accountability strategies on competitive advantage in Nairobi City County commercial banks. This study is a gap-filling study that examines the competitive positioning of commercial banks in Nairobi City County Kenya, Kenya, through empirical evidence on the influence of goal-setting, individual responsibility, performance evaluation and transparency.

1.1 Statement of the Problem

Commercial banks are identified as the main pillars of economic transformation through financial inclusion, credit facilitation and service innovation in Kenya's Vision 2030 (Musau, 2022). For this purpose, Central Bank of Kenya has put in place various regulatory and structural measures aimed at improving the efficiency and competitiveness of institutions such as prudential guidelines, mandating digitisation and credit information sharing. Despite all these interventions, Kenyan commercial banks' competitive capabilities are still low compared to the global and regional commercial banks.

From the literature, accountability frameworks such as performance system, responsibility assignment structure and evaluation have been found as important enablers of organisational discipline and competitive output (Caker et al., 2021). In 2022 however, the CBK discovered that the accountability structures had not been implemented in a consistent manner, varying across bank tiers in terms of clarity of role definition, frequency of performance appraisals and transparency of institutional reporting. Indeed, banks with the structures had 15% less turnover and higher employee satisfaction which is directly linked to service quality and competitive positioning (Jackline et al., 2025).

Previous works on accountability in African banking have focused on a narrow range of issues, lacked the specificity of context and context-dependency, and lacked methodological sophistication. Studies conducted by Mukanga et Al. (2025) and Tarinyeba (2018), who explored Korean universities and a single Ugandan public utility respectively, and Karugu et al. (2025), who conducted a study on sugar companies, which are not comparable to the Kenyan private banking environment, were also conducted. In addition, past research has tended to merge the concept of accountability with organization performance and not quantify its specific contribution to competitive advantage (innovation, brand reputation, and adaptability). This study aims to fill these gaps in context, concept and method.

1.2 Objective of the Study

To assess the effect of accountability strategies on the competitive advantage of commercial banks in Nairobi City County, Kenya.

1.3 Research Question

How do accountability strategies affect the competitive advantage of commercial banks in Nairobi City County, KENYA?

2.0 LITERATURE REVIEW

2.1 Theoretical Literature Review

2.1.1 Vroom's Expectancy Theory

The expected theory of Vroom (1964) is the basis of this study. The theory states that employee motivation (and ultimately employee performance) is dependent on three cognitive judgments: expectancy, instrumentality and valence. In the context of organisations, this means that staff members will be more effective and committed to achieving their goals if they understand what is expected of them, believe their actions will be recognized and rewarded, and appreciate the results they are able to receive (Qu et al., 2024)).

Accountability strategies implement the conditions Vroom speaks of. Clear goal-setting sets up the expectancy link by making clear what performance will be. The instrumentality is created through performance evaluation systems, which show the link between effort and reward. Transparency and responsibility assignment strengthen valence, creating predictable and meaningful outcomes. These mechanisms of accountability help ensure that individuals act in ways that are aligned with institutional goals in flexible or hybrid workplace arrangements, where the supervisor is not in the immediate vicinity. In flexible or hybrid workplaces, where the supervisor is not always present, these mechanisms of accountability will become the most important mechanisms for ensuring individual actions are aligned with institutional goals (Tai et al., 2025).

The theory's relevance with respect to the concept of competitive advantage stems from the fact that it forms a chain of logic where motivated and accountable employees provide better service quality and operational consistency, further to which, better service quality and operational consistency lead to better brand reputation, adaptability, and innovation capacity, all of which are recognised dimensions of competitive advantage (Achmad & Wiratmadja, 2025). In a study on US federal agencies, Han and Hong (2019) found that performance-based accountability strategies enhanced organisational results, especially those with high levels of employee autonomy, as is common in banking service delivery. Similarly, Mungania et al. (2016) observe that the theory is applicable to the current study since they found that performance-driven accountability cultures in Kenyan Banks are associated with market adaptability and innovation.

2.1.2 Michael Porter's Theory of Competitive Advantage

Porter's (1980; 1985) theory holds that sustainable competitive advantage is achieved through strategic differentiation, cost leadership, or focus — sustained by continuous alignment between internal capabilities and market demands. In knowledge-intensive service industries such as banking, internal capabilities are primarily human — and accountability structures that govern how employees set goals, exercise responsibility, and deliver performance are therefore directly linked to Porterian differentiation. Musyoki (2023) found that Kenyan banks with clear internal governance systems consistently outperformed peers on customer orientation and brand equity. (King et al., 2022) similarly argue that middle-management accountability is the primary mechanism through which strategic intent is translated into frontline competitive output.

2.2 Empirical Literature Review

2.2.1 Accountability and Organisational Performance

Han and Hong (2022) investigated accountability strategies in US federal government agencies and how varying organizational outcomes were moderated by the different types of accountability mechanisms and organizational autonomy. The study, which analyzed information from HR departments regarding staffing, evaluation and compensation systems, revealed that accountability had a positive effect on performance, and the impact was greater when employees had greater autonomy. While the study may be of benefit in introducing an important moderating dimension, it is restricted to being public sector specific and that it used measures of performance, rather than measures of competitive advantage.

Choi and Chun (2021) analyzed the effect of accountability on the competitiveness of the Korean universities using multiple regression and ordered logistic regression. They discovered that the legal accountability had positive impacts in most dimensions; the hierarchical accountability had positive impacts on student satisfaction, service quality and the institutional order. While considered informative, the findings from this research are not generalizable to private banking institutions in which the factors behind competitiveness vary significantly, as is the public education context in which it was undertaken, and the conceptualisation of competitive advantage as one of performance.

Tarinyeba (2018) carried out a study on the influence of financial accountability on organizational growth of the National Water and Sewerage Corporation (NWSC), Kampala, Uganda. This study showed that structured accountability rules and a One Minute Management approach were factors contributing to institutional growth. A methodological limitation however is the small sample (n = 20) and the single focus on one public utility which limits the methodological validity and generalisability of the study.

Odanga (2023) used a descriptive method and data from 210 managerial staff of Mumias and Nzoia sugar companies to analyze the role of accountability in achieving competitive advantage in the sugar industry in Kenya. Results showed that accountability had a positive contribution to service practices and incremental competitive gains. The agricultural processing sector, while distinctly Kenyan, shares only a few similarities with commercial banking in terms of regulatory environment, intensity of customer interaction, and the importance of human capital in the strategy. This generates a distinct conceptual and contextual divide which the present study helps to fill.

The study of the social, financial and administrative accountability among the cable manufacturing companies in Anambra state in Nigeria by Anyamene and Mgbemena (2023) revealed that performance was enhanced in all three areas of accountability. But the study does not look at competitive advantage as a product and is only based on the data received from surveys, which does not allow the depths of inference possible.

Lokira and Wamugo (2022) illustrated that good accountability practices in financial institutions positively affected the utilisation of resources, performance transparency and trust of stakeholders, which are all known antecedents of market differentiation in Kenyan financial institutions. Likewise, Ombongi (2024) noted that accountability practices in regulated banking settings contribute to successful risk containment and operational uniformity, crucial for maintaining competitive edge.

2.2.2 Summary of Literature Reviewed and Research Gaps

The foregoing review reveals that while accountability has been studied in relation to performance in various organisational settings, its specific effect on competitive advantage within Kenyan commercial banks has not been empirically established. Prior studies are limited by contextual gaps (public sector, agriculture, manufacturing), conceptual gaps (conflation of performance with competitiveness), methodological gaps (small samples, single-case designs, reliance on secondary data), and temporal gaps (pre-pandemic data). The present study addresses all four by applying primary survey data from a stratified, multi-tier sample of Kenyan commercial banks, measuring competitive advantage through innovation, brand reputation, and adaptability, and contextualising the inquiry within the post-COVID Kenyan banking environment.

2.3 Conceptual Framework

The conceptual framework positions accountability strategy as the independent variable and competitive advantage as the dependent variable. Accountability strategy is operationalised through four indicators: goal-setting (clarity and specificity of performance targets), responsibility (assignment of individual duties and answerability), performance evaluation (regularity and rigour of appraisal systems), and transparency (openness in reporting and feedback). Competitive advantage is operationalised through adaptability (responsiveness to market and regulatory changes), brand reputation (customer trust and institutional image), and market share (relative positioning against competitors).

3.0 RESEARCH METHODOLOGY

3.1 Research Design

A cross-sectional descriptive research design was adopted. This design enabled simultaneous data collection across all strata of the target population, supporting the examination of the relationship between accountability strategies and competitive advantage at a defined point in time (Mohna, 2025). The design is appropriate given the study's objective of establishing associations rather than causal directionality and is widely applied in strategic management research within financial services settings.

3.2 Target Population and Sampling

The target population comprised 117 senior employees drawn from all 39 licensed commercial banks in Kenya (CBK, 2023), covering three departments — Human Resource Management, Corporate Affairs, and Risk Management — across three tiers defined by asset size and market dominance as per CBK classification. Stratified random sampling was used to ensure proportional representation across tiers. Yamane's (1967) formula was applied, yielding a sample of 91 respondents distributed proportionally across departments and tiers.

3.3 Data Collection Instrument

A structured questionnaire was employed as the primary data collection instrument. The accountability strategy section comprised six items rated on a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree), covering goal-setting, responsibility, performance evaluation, and transparency. The competitive advantage section comprised five items covering adaptability, brand reputation, and market share. Content validity was confirmed through expert review by the research supervisor. Reliability was established using Cronbach's Alpha, with all constructs exceeding the acceptable threshold of 0.7, confirming internal consistency (Helms et al., 2006).

3.4 Data Collection Procedure

Prior to data collection, authorisation was obtained from Kenyatta University and the National Commission for Science, Technology, and Innovation (NACOSTI), as well as from all participating banks. Questionnaires were administered using a drop-and-pick method, allowing respondents adequate time and privacy. An introductory letter accompanied each questionnaire, explaining the study's purpose, affirming voluntary participation, and assuring confidentiality of responses.

3.5 Data Analysis

Data were analysed using SPSS version 25. Descriptive statistics were computed for accountability and competitive advantage items. Pearson Product Moment Correlation was used to assess the direction and magnitude of the linear relationship between accountability strategies and competitive advantage. Simple linear regression was employed to determine the predictive contribution of accountability to competitive advantage, specified as:

$$Y = \beta_0 + \beta_1 X_2 + \varepsilon$$

Where Y = Competitive advantage; X_2 = Accountability strategy; β_1 = regression coefficient; ε = error term.

4.0 KEY RESULTS AND FINDINGS

4.1 Response Rate

Of the 91 questionnaires distributed, 79 were duly completed and returned, yielding a response rate of 86.8%. This exceeds the 70% threshold widely considered acceptable for social and behavioural research (Sammut, Griscti & Norman, 2021; Shiyab *et al*., 2023). The drop-and-pick method of administration contributed to this outcome by accommodating respondents' professional schedules and ensuring privacy during completion.

Table 1: Response Rate by Bank Tier

Tier	Sample	Responses	Response Rate (%)
Tier 1	21	18	85.7
Tier 2	42	37	88.1
Tier 3	28	24	85.7
Total	91	79	86.8

Source: Survey Data (2025)

4.2 Descriptive Statistics

4.2.1 Respondent Profile

The majority of respondents were male (59.5%) with 40.5% female, reflecting the gender composition of senior managerial cadres in Kenyan commercial banks. The dominant age bracket was 25–34 years (41.8%), followed by 35–44 years (22.8%). In terms of education, 53.2% held bachelor's degrees and 36.7% had postgraduate qualifications (master's degree or postgraduate diploma), affirming respondents' analytical capacity to engage with strategic management constructs. Experience was well distributed: 29.1% had 5–9 years of banking experience, 25.3% had 10–15 years, and another 25.3% had more than 15 years, ensuring the sample captured a range of institutional exposure from operational to senior-strategic levels.

4.2.2 Accountability Strategies

Six items measuring aspects of accountability practices in each bank were rated on a 5-point Likert scale by the respondents. The overall mean score of all the accountability strategies was 3.72 (SD = 1.09), which was a medium level of agreement that the accountability practices are institutionalised and relevant to their strategy. The item "A responsible employee drives job engagement and strives to improve the competitive advantage of the bank" received the highest score of agreement (M = 3.86, SD = 1.08; 72.2%). There was a high agreement that there is a strong relationship between individual responsibility and competitive outcomes. The item "The bank regularly evaluates performance to measure progress" had the lowest mean (M = 3.67, SD = 1.05), with 30.4% of respondents scoring a neutral rating indicating a lack of consistency in institutionalization across departments and tiers in the bank.

Table 2: Descriptive Statistics for Accountability Strategies

Statement	SD (%)	D (%)	N (%)	A (%)	SA (%)	Mean	Std. Dev.
Setting goals helps the bank identify areas needing improvement	6.3	6.3	25.3	39.2	22.8	3.66	1.10
Setting goals provides a benchmark to measure progress	7.6	8.9	17.7	40.5	25.3	3.67	1.17
A responsible employee is dependable, reliable, and accountable	7.6	7.6	20.3	39.2	25.3	3.67	1.16
A responsible employee drives engagement and strives to improve the competitive advantage of the bank	5.1	6.3	16.5	41.8	30.4	3.86	1.08
The bank conducts regular performance evaluations to assess progress	2.5	10.1	30.4	31.6	25.3	3.67	1.05
Performance evaluations hold individuals accountable for their performance	2.5	8.9	22.8	41.8	24.1	3.76	1.00
Average						3.72	1.09

Note: SD = Strongly Disagree; D = Disagree; N = Neutral; A = Agree; SA = Strongly Agree.
Source: Survey Data (2025)

The consistency of mean scores across items (range: 3.66–3.86) and the relatively moderate standard deviations suggest a broadly shared endorsement of accountability practices, with some variation in the depth of implementation — particularly for performance evaluation systems, where a substantial neutral cluster implies scope for greater institutionalisation.

4.2.3 Competitive Advantage

The five items representing competitive advantage had an overall mean of 3.73 (SD = 1.06) implying moderate level of agreement on the sampled banks having competitive position. The highest mean was seen for 'The bank enjoys strong brand recognition, and reputation in the financial sector' (M = 3.84, SD = 1.07; 63.3% agreed) and the lowest was seen for 'Our bank is adaptable to changes in the banking environment' (M = 3.67, SD = 1.13; 64.6% agreed). The small SD for market share maintenance (0.97) reflects the highest degree of agreement between items, and suggests that consumers see that banks are very active in competing to maintain market share and that this is perceived as a near-uniform activity.

Table 3: Descriptive Statistics for Competitive Advantage

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ISSN: 0522-4543
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Statement	SD (%)	D (%)	N (%)	A (%)	SA (%)	Mean	Std. Dev.
Our bank is adaptable to changes in the banking environment, giving it a competitive edge	6.3	8.9	20.3	40.5	24.1	3.67	1.13
The bank enjoys strong brand recognition and reputation in the financial sector	1.3	11.4	24.1	29.1	34.2	3.84	1.07
Our bank consistently maintains or grows its market share relative to competitors	2.5	8.9	21.5	46.8	20.3	3.73	0.97
Flexible management strategies have strengthened the bank's adaptability and responsiveness to market shifts	6.3	7.6	21.5	36.7	27.8	3.72	1.14
The bank's competitive position is supported by effective accountability and other strategic practices	3.8	7.6	24.1	45.6	19.0	3.68	0.99
Average						3.73	1.06

Note: SD = Strongly Disagree; D = Disagree; N = Neutral; A = Agree; SA = Strongly Agree. Source: Survey Data (2025)

4.3 Inferential Analysis

4.3.1 Correlation Analysis

Pearson Product Moment Correlation was computed to examine the direction and strength of the linear relationship between accountability strategies and competitive advantage. The results revealed a strong, statistically significant positive correlation ($r = 0.558$, $p < 0.01$), indicating that improvements in accountability practices are strongly associated with enhancements in competitive advantage among the sampled commercial banks. This finding positions accountability as the most powerful bivariate predictor of competitive advantage compared to other flexible working dimensions examined in the broader study.

Table 4: Pearson Correlation: Accountability Strategies and Competitive Advantage

Variable	Competitive Advantage	Accountability Strategy
Competitive Advantage	1.000	
Accountability Strategy	.558**	1.000

*Note: **Correlation significant at the 0.01 level (2-tailed). N = 79. Source: Survey Data (2025)*

The correlation coefficient of 0.558 indicates a moderate-to-strong positive relationship, suggesting that commercial banks in Nairobi City County with more robust accountability mechanisms exhibit meaningfully higher levels of competitive advantage. This finding is consistent with Jackline et al. (2025), who found that accountability practices in Kenyan financial institutions were significantly associated with stakeholder trust and performance transparency, and with Karugu et al. (2025), who observed that structured accountability frameworks improve operational consistency and compliance.

4.3.2 Regression Analysis

Simple linear regression was conducted to determine the predictive strength of accountability strategies on competitive advantage. The model summary and ANOVA results are presented below.

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.558	0.312	0.302	0.1684

Note: Predictor: (Constant), Accountability Strategy. Source: Survey Data (2025)

The model yielded a multiple correlation coefficient R of 0.558 and a coefficient of determination (R^2) of 0.312, indicating that accountability strategies alone explain 31.2% of the variance in competitive advantage. The Adjusted R^2 of 0.302 confirms this explanatory power after adjusting for sample size, representing a meaningful level of predictive capacity for a single-predictor model in a social science context.

Table 6: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.981	1	0.981	34.590	0.000
Residual	2.163	77	0.028		
Total	3.144	78			

Note: Dependent Variable: Competitive Advantage. Predictor: Accountability Strategy. Source: Survey Data (2025)

The ANOVA results confirm that the regression model is statistically significant ($F = 34.590$, $p < 0.001$), establishing that accountability strategy is a statistically significant predictor of competitive advantage. The ratio of the regression means square (0.981) to the residual mean square (0.028) underscores that the variation explained by the model substantially outweighs unexplained variation.

Table 7: Regression Coefficients

Model	B (Unstandardised)	Std. Error	Beta (Standardised)	t	Sig.
(Constant)	1.842	0.312		5.904	0.000
Accountability Strategy	0.521	0.089	0.558	5.881	0.000

Note: Dependent Variable: Competitive Advantage. Source: Survey Data (2025)

The regression coefficient of the accountability strategy ($B = 0.521$, $\beta = 0.558$, $t = 5.881$, $p < 0.001$) indicates that competitive advantage is statistically significantly and positively correlated with the strategy of accountability. The increase in competitive advantage associated with a one-unit

International Academic Journal of Economic and Financial Research
ISSN: 0522-4543
Vol.3, Issue.No.2, 2026

increase in accountability strategy scores is 0.521 units when all the other factors are constant. This standardised beta of 0.558 provides evidence of the strength of this relationship and explains a significant amount of variance in competitive advantage. The results are consistent with those of Mungania et al. (2016) which showed that positive effects of performance-based accountability on organizational outcomes exist in environments of autonomous work, and those of Musau (2022) which revealed that structured accountability in institutions in Kenya is correlated with improved market credibility and service quality.

5.0 SUMMARY OF FINDINGS

The present study focused on the impact of accountability strategies on competitive advantage of the commercial banks in Nairobi city county, Kenya with Vroom's expectancy theory and Porter's theory of competitive advantage.

On a descriptive level, respondents rated the link to individual responsibility as the most important factor for the competitiveness of the engagement ($M = 3.86$), while the consistency of the performance measurement systems was the least important factor for competitiveness ($M = 3.67$) with a moderate rating. Competitive advantage also received a moderate rating ($M = 3.73$, $SD = 1.06$) with the highest mean being the brand reputation ($M = 3.84$).

Pearson correlation showed that there was a strong inferential significant positive correlation between accountability strategies and competitive advantage ($r = 0.558$, $p < 0.01$). The regression analysis results indicate that the simple model which only consists of accountability strategies accounted for 31.2% of the variance of competitive advantage ($R^2 = 0.312$), and the model was statistically significant ($F = 34.590$, $p < 0.001$) with the B value confirming that the model has a meaningful and positive effect ($B = 0.521$, $\beta = 0.558$, $p < 0.001$).

Together, these results confirm that accountability is not just a purely administrative task but a strategic asset — and that, when institutionalised by means of explicit goal-setting, responsibilities are explicitly defined, and performance is explicitly evaluated and made public, it can directly lead to better competitive positioning for commercial banks in Kenya.

6.0 CONCLUSION

This study shows that accountability strategies in commercial banks in Nairobi City County, Kenya positively and significantly influence the competitive advantage of commercial banks in the city. The results validate the hypothesis that a structured approach to goal setting, responsibility assignment, performance appraisal and reporting that creates accountability is meaningfully better than a more ad hoc or informal approach for the competitiveness of banks.

The strength of the relationship ($r = 0.558$; $\beta = 0.558$) and the explanatory power of the single-predictor model (Adjusted $R^2 = 0.302$) support accountability as the strongest internal governance tool for competitive advantage in the Kenyan banking sector as compared to communication, collaboration and risk management, which were less predictive of competitive advantage within the wider study that this paper draws from. This finding has a theoretical basis in Vroom's Expectancy Theory, which states that motivated, goal-oriented individuals will perform better, and in Porter's theory, which places internal capabilities at the core of sustainable competitive advantage.

It is obvious that commercial banking competitive advantage in Kenya is not just about market size, digital systems or product diversification. It is greatly influenced by the ability of banks to develop a culture of accountability, making each employee, even the service personnel, accountable, evaluated, and driven to achieve the institution's goals.

7.0 RECOMMENDATIONS

The management and leadership of the bank should create and formalise a broad-based accountability structure that goes beyond annual performance reviews, to include real-time performance dashboards, quantifiable departmental Key Performance Indicators (KPIs) that link to the bank's strategic goals, and formal feedback systems that link evaluation and corrective action. The principles of accountability should be passed down from the board and the executive to front-line people, each with specific and measurable performance pledges. Human Resource departments should also revamp their performance assessment systems, making them frequent, clear, and meaningful, with the connection to career advancement, recognition, and rewards. This appears to be a major gap in implementation as 30.4% were neutral about the consistency of performance evaluations. This can be mitigated through standardised appraisal calendars, well-trained appraisers and well-documented evaluation results, which can enhance organisational cultures of accountability.

Board-level governance structures should also strengthen governance by creating mechanisms to document and review executive decision making in relation to strategic measures, and have it independently audited. Institutional transparency is also expected to be encouraged by strengthening whistleblower protection mechanisms and codes of conduct for ethical behaviour, and can foster customer confidence and brand reputation as key elements of competitive advantage. The Central Bank of Kenya should include accountability governance best practices in its supervisory framework at policy level, especially for Tier 2 and Tier 3 banks. Performance management systems, appraisal frequency and institutional performance reporting can all be covered by such standards. Longitudinal studies should be conducted to determine whether the accountability- competitive advantage relationship is consistent over time. It is also recommended that further research be conducted on the moderating effect of organisational culture, bank level and leadership style and qualitative studies be carried out to examine how accountability is experienced at various hierarchical levels of commercial banks.

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