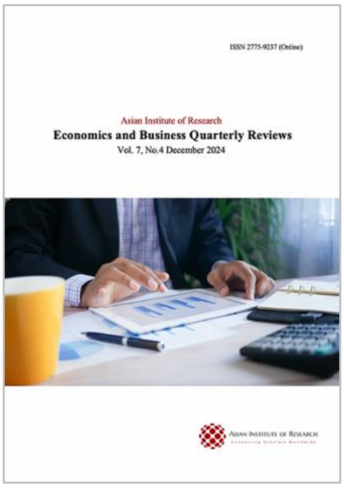

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Leveraging Business Globalization to Accelerate Performance of Commercial Banks in Kenya

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Abstract
Commercial banks are facing a decline in revenues, indicating a potential downward trend. Banks have experienced intensified competition leading them to tap into foreign capital and expand their market internationally. In Kenyan banks, there has been a decline in the ROE from 26.6% in 2014, 25.2% in 2015, 24.5% in 2016, 21.8% in 2019 and finally 13.9% in 2020. The study sought to establish the effect of business globalization on performance of commercial banks in Kenya. The objectives were to analyze the effects of market liberalization, technological advancements, competitive intensity, and global financial integration. Descriptive research design was employed. The target population was all 39 banks in Kenya. The units of observation were the 1226 staff. Multiple linear regression was used in analysis employed. The study found that monetary policy, interest rate liberalization, and financial system changes have significant impact on commercial banks' performance. Technological innovations, Research and development, innovation, spread of new ideas and number of patents granted contributes to the success of banks in the region. Intensity of competition, brand preferences, business aesthetics greatly and expansion of the economy greatly affect the performance banks. Banks need to establish robust liberalized markets that provide easier access to global markets. The banks management should focus on increasing investments in patenting, digital innovation, and research and development to connect with the unbanked segments of the global market.

Keywords: Business Globalization, Market Liberalization, Technological Advancements, Competitive Intensity, and Global Financial Integration, Performance

1. Introduction

The increase of human relationships on a worldwide scale is one aspect of the complex idea of globalization (Fotio, Nchofoung, & Asongu, 2022). The deconstruction of obstacles that impede international connections is a component of business globalization. The term "globalization" refers to the gradual integration of national economies, which causes the global and international economies to become fragmented. This trend entails the expansion and intensification of international commerce, financial dealings, and information sharing inside a single global market, claims Robinson (2023). To put it simply, globalization is the process by which the globe becomes a more cohesive global society, with boundaries becoming less important, distances seeming shorter, and time seeming to be compacted.

Performance, according to Conţu (2020), is the achievement of the specified ultimate goals of the main organizational strategies. It is believed that an organization's existence is based on its performance. Organizational performance, according to Abor, Yindenaba, and Hassan (2023), is the capacity of an entity to produce outcomes in a specified dimension with regard to an aim. According to Babel'ová, Starėcek, Koltnerová, and Cagáˑnová (2020), employees' capacity to carry out their tasks in teams and their proficiency in fostering a collaborative work environment are what determine their performance. According to Akram, Goraya, and colleagues, organizational performance—including job tasks, psychological factors, and organizational stressors—contributes to workplace stress.

There are dangers and failures associated with corporate globalization and internationalization of operations, in addition to the possibility of success. In order to sustain enterprises in a certain environment, the primary focus is on attaining financial happiness, reducing risks, and creating lasting experiences. The growing flow of products, services, and even people across national borders is indicative of this phenomena. According to Hasan (2019), business globalization is a significant factor that influences the world economy by fostering trade liberalization, outsourcing, increased immigration, cultural globalization, and the quick spread of international trends. According to Sweidan and Elbargathi (2022), corporate globalization and internationalization are linked to both dangers and setbacks alongside the possibility of successes.

To sustain enterprises in a certain environment, the primary focus is on attaining financial happiness, reducing risks, and creating lasting experiences. Businesses are encouraged to enter foreign markets by the globalization phenomena. Israel (2022) claims that the banking industry has undergone constant change due to societal trends, fierce rivalry, changing operating circumstances, and the forces of globalization, all of which have a major effect on the industry's performance. The overall performance of commercial banks has been especially impacted by the rising operating costs (Kanwal & Yousaf, 2019). Commercial banks are no longer restricted to their national borders and are able to conduct a wide range of business operations globally as a result of internationalization dismantling financial obstacles.

As a result of lowering restrictions on trade, international commerce in products and services has grown quickly, outpacing local output. Romer and Romer (2023) claim that the commercial banks' revenues are now declining, suggesting that this trend may continue. Both advantages and new difficulties have resulted from business globalization, which has also brought about structural changes, more accountability, enhanced openness and disclosure, and a stronger emphasis on social responsibility. Due to trade talks and market access accords, or as a result of crises, foreign banks have occasionally entered previously closed markets. Organizations have additional chances to enter foreign regions as a result of growing internationalization.

Additionally, Sweidan and Elbargathi (2022) highlighted that the main forces behind globalization are the profit-seeking actions of different economic entities, such as individuals, corporations, and commercial banks, all of whom are frequently influenced by pressures from competition. To bolster the credit ratings of borrowers, the Central Bank of Kenya initiated the Credit Reference Bureau Africa, facilitating the sharing of borrower information among commercial banks (CBK, 2021). These banks are influential players in the Kenyan banking sector, holding substantial assets. Notably, Nairobi City County leads with the highest number of bank branches, featuring an impressive 564 branches, which accounts for nearly 40 percent of the total 1,459 branches nationwide. For investors and companies wishing to flourish, Kenyan commercial banks' financial resources are crucial, eventually assisting in their expansion and advancement. Forty-three regulated banks have their headquarters in Nairobi, and ten of them are listed on the Nairobi Securities Exchange (NSE, 2021). As major participants in the nation's financial industry, these banks serve the interests of both business and retail clients. Over the years, Kenya's financial environment has experienced a notable transition.

The commercial banks in Kenya have continuously made significant investments in adopting cutting-edge technology and improving the competencies of their employees to take advantage of these advancements, per the most current study by Wanalo, Mande, and Ng'ong'a (2021). CBK Report (2021) reiterated that Kenya has seen several developments in financial technology and development, as well as the use of mobile phones for money transfers. The industry is vibrant and well-established, and in recent decades, the advent of agency and mobile banking has made loans more accessible. To help commercial banks in Kenya exchange information on their borrowers and raise their clients' credit scores, the Central Bank of Kenya created the Credit Reference Bureau Africa (CBK, 2021). The financial sector has seen branch development and the introduction of a variety of products (Muigai & Mwangi, 2022). Innovative approaches to banking service delivery have been made possible by technological breakthroughs. However, it is still unclear if these financial advances unquestionably increase a bank's earnings and benefit its shareholders.

Commercial banks' revenues are now dropping, and this tendency could continue. In addition to bringing about structural changes, more accountability, improved transparency and disclosure, and a greater focus on social responsibility, corporate globalization has produced both benefits and new challenges. Unquestionably, commercial financial institutions have used advancements to improve their profitability. Fintech innovation in Africa has been credited to the MPESA revolution in Kenya. More than half of Kenya's adult population currently has an MPESA account, and the amount of transactions made possible by this system is thought to be equal to half of the nation's GDP. The Central Bank of Kenya, the main regulatory agency in the commercial banking sector, is essential to monitoring financial activities (CBK, 2021). These banks are regarded as the leading participants in the Kenyan banking industry and have substantial assets. At an astounding 564 branches, Nairobi City County has the most bank branches of any county in the nation, making up over 40% of the 1,459 branches nationwide.

1.1 Statement of the Problem

The process of globalization entails the growing integration with the world economy, enabling companies to effortlessly tap into foreign capital and expand their market presence by selling a considerable portion of their products internationally. According to Gupta and Ansurkar (2023), the commercial banks industry has experienced intensified competition in recent years, leading to fluctuations in the overall performance of its participants. Furthermore, Benarbia and Aiboud (2023) highlighted the substantial contribution of the banking sector to the socio-economic development of regions and countries worldwide. The Kenyan commercial banks industry has been facing challenges in customer performance in the face of increasing competition. The study by Mbai, Nyamute, Ochieng, and Muthoni (2022) revealed a consistent decline in the banks' ROE, starting at 26.6percent in 2014 and gradually dropping to 25.2percent in 2015, 24.5 percent in 2016, and 21.8percent in 2019, before significantly plummeting to 13.9 percent in 2020.

According to CBK (2022), the trend for ROA exhibited fluctuations, with a decrease from 3.2 percent in 2016 to 2.60 percent in 2017, followed by an increase to 2.76 percent in 2018, then a decrease to 2.6 percent in 2019, and a further sharp decline to 1.7 percent in 2020. The commercial banks saw a decline in income growth in 2020, with a 48.0 percent increase in provisioning levels to cover potential bad loans. As a consequence, the Profit Before Tax (PBT) suffered a substantial decline of 19.2 percent, resulting in a decrease to Kshs 23.6 Billion from the previous figure of Kshs 29.2 Billion in the third quarter of 2020. Furthermore, the Return on Assets (ROA) experienced a decline from 1.8 percent to 1.6 percent, while the Return on Equity (ROE) witnessed a decrease from 15.1 percent to 13.8 percent. In addition, the Non-Funded Income exhibited a modest increase of 6.4 percent on a weighted average basis throughout 2020, thereby contributing to the overall weaker earnings growth observed within the sector (CBK, 2022).

The study conducted by Maikara (2021) examined how Kenya Commercial Bank Limited strategically responded to the challenges brought about by globalization, noting both positive and negative effects on the bank. The research highlighted a positive response from the ICT department, which involved the allocation of modern gadgets to enhance the banking ICT infrastructure in light of globalization. Obonyo (2019) focused on the factors influencing the globalization of selected SMEs in Nairobi, emphasizing the significant impact of technology, financial resources, and the legal and regulatory framework. Rugendo (2022) sought to establish the relationship between globalization and the development of Kenya Airways, identifying strategies such as route expansion, airport modernization, and strategic alliances. From the foregoing, there exist conceptual, contextual and methodological gaps regarding business globalization and performance of Nairobi-based commercial banks.

1.2 Objectives of the Study

i. To assess the effect of market liberalization on the performance of commercial banks in Nairobi City County, Kenya.
ii. To examine the relationship between technological advancements and the performance of commercial banks in Nairobi City County, Kenya.
iii. To analyse the effect of the competitive intensity on the performance of commercial banks in Nairobi City County, Kenya.
iv. To investigate the influence of global financial integration on the performance of commercial banks in Nairobi City County, Kenya.

2. Review of Literature

2.1 Theoretical Review

2.1.1. Financial Intermediation Theory

In 1998, Allen and Santomero introduced the financial intermediation theory, which sheds light on the intricate interaction between commercial banks and their clients or borrowers. Dubbed as the risk transformation theory, this framework illuminates the artful manoeuvring of banks as they extract liquidity from assets that lack the immediate convertibility into cash. By ingeniously transforming illiquid liabilities, such as customer deposits, into illiquid assets like long-term loans, banks skilfully safeguard their liquidity. Conversely, microfinance banks possess the ability to generate liquidity by adroitly converting their illiquid assets into valuable cash. The fulfillment of risk transformation and liquidity creation are paramount duties that banks must diligently undertake to uphold their unparalleled competitiveness. The financial intermediation hypothesis suggests that banks obtain their financial loans through the transformation of riskless deposits. This theory sheds light on how banks and other commercial banks manage their leverage to impact the financial performance of microfinance banks (Harb *et al.,* 2022). This theory is therefore used to explain performance of banks. This theory supports the view that performance of banks is closely linked to globalization. As such, the theory supports the two variables. The theory helps explain how commercial banks handle globalization.

2.1.2. Diffusion Theory of Innovation

Rogers (2003) introduced the Theory, which highlights four key proponents of diffusion: innovation, time, channels of communication, and social systems. The consequences of adopting or rejecting an innovation can have an impact on individuals or social systems. Despite their significance, the consequences of innovations have not received much attention from change agents or diffusion researchers, who have primarily focused on investigating innovativeness correlates. According to Rogers (2003), it provides a conceptual framework for discussing the acceptance of technological innovation at a global level. This theory holds implication as new innovations offer greater advantages compared to existing operational methods. The modern global population has been very keen on technological innovations tailored to improve access to services which has contributed to a decreased reliance on brick and motor banking halls. Innovations have contributed to development of Alternative Banking Channels (ABCs) to enable customers' access banking services outside banking hours as well as within their own convenience.

2.1.3. Theory of Information Asymmetry

The Nobel Prize laureates Akerlof, Spence, and Stiglitz played a pivotal role in advancing the theory of asymmetric information in economics. Akerlof (1970) proposed that situations where buyers and sellers possess unequal valuation information, as demonstrated by the 'lemons' problem, can lead to market failure. The concept of information asymmetry arises when parties involved in a transaction lack equal access to relevant information. In the debt market, this situation occurs when borrowers possess more knowledge about the risks and returns of investment projects compared to lenders. This disparity in information can lead to challenges such as moral hazard and adverse selection for financial institutions. Stiglitz and Weiss (1981) also highlighted the difficulty lenders face in distinguishing between different types of borrowers in a market with imperfect information. Lastly, the theory of information asymmetry also addresses the aspect of competitive intensity. Any information pertaining to the collaterals provided by the customer can be thoroughly investigated to authenticate its validity.

2.1.4. Agency Theory

According to Jensen & Meckling (1976), an agency connection is a contract wherein one or more people employ an agent to carry out services on their behalf, giving the agent decision-making authority. Typically, agents represent management, while principals represent owners from the perspective of firms. The agency problem arises from the conflicting interests of principals, agents, and third parties. Principals incur monitoring costs to prevent agents from engaging in opportunistic behavior, while agents bear bonding costs to ensure that the principal's interests are not compromised by their decisions and any residual loss (Wasara & Ganda, 2019). To mitigate agency problems, optimal contracts can be utilized to align management interests with shareholders' interests. Another effective approach is voluntary disclosure, where management provides more information voluntarily to reduce agency costs. Regulations also play a significant role in mitigating agency problems by requiring full disclosure of private information by management. However, the conflicting interests between shareholders and management can still hinder full disclosure even with regulations in place. Meckling and Jensen (1976) present a different perspective on agency theory, suggesting that directors may not always prioritize maximizing shareholder wealth in the firms they work for, and may act in their own self-interest. Voluntary disclosure serves as a regulatory mechanism to prevent managers from engaging in opportunistic behavior for personal gain. The theory suggests that companies increase disclosure to mitigate conflicts between shareholders and managers, and firms seeking to enhance their value can do so through increased disclosure.

2.2 Empirical Review

2.2.1. Market Liberalization and Performance of Commercial Banks

In their research, Naïma and Mounir (2023) aimed to explore the relationship between Market Liberalization and Banking System Development in Arabic nations. By utilizing panel data, the study assessed a section consisting 17-Arabian nations spanning from 1990 to 2012. The findings revealed that bank financing holds a predominant position in the financial sector compared to financial markets. As a result, the majority of financial reforms in the 1980s and 1990s were geared towards advancing the banking sector in these countries. These reforms included measures such as interest rate liberalization, credit control removal, and the facilitation of capital flow movement, as well as the promotion of competition among financial institutions and the privatization of public financial entities. The study's empirical results suggest that financial liberalization, coupled with institutional quality, could positively impact banking development in the Arabian region.

Bensethom (2021) investigated how stock market volatility can be impacted by the global financial crisis and the liberalization process. Three Asian rising markets—the Philippines, Korea, and Indonesia—were included in the study sample, which ran from December 1987 to September 2016. The results revealed interesting insights using ST-GARCH models. Specifically, the ST-GARCH processes, which consider conditional volatility regime changes, outperformed linear GARCH models in terms of performance. Moreover, financial liberalization was found to reduce conditional volatility regardless of the nonlinear model (ST-GARCH models) used. Business globalization has led to changes in structures, increased transparency and disclosure, greater accountability, and a heightened focus on social responsibility, bringing both benefits and new challenges. The process involves the broadening and deepening of global trade, financial transactions, and the exchange of information within a unified global market.

2.2.2. Technological Advancements and Performance of Commercial Banks

Gupta and Ansurkar (2023) studied the effect of digital technology impact on globalization. The main objective of the article was to elucidate the impact of globalization on the adoption of new technology. To achieve this, the researchers utilized country-level data from various indices. By employing advanced panel data modeling techniques, they were able to analyze data from 183 countries. The empirical evidence presented in the study demonstrates that globalization plays a significant role in determining the speed at which technology is embraced worldwide.

Moreover, the findings indicate that globalization facilitates technology transfers and spillovers, particularly in the realm of digital technology. Nations undergoing substantial technological transformations are rapidly acquiring digital technologies. The globalization of digital technology has also led to the liberalization of cross-border trade, which holds promising prospects for long-term economic development in the region. In 2022, a comprehensive study was conducted by Josip, Tomislav, and Vladimir to examine the relative significance of globalization and technological change in explaining income inequality across different stages of development.

2.2.3. Competitive Intensity and Performance of Commercial Banks

The degree of international diversity among foreign banks can have a substantial influence on their performance in times of crisis, according to a research by Talari and Khoshroo (2022). According to their research, the primary focus is on attaining financial fulfillment, reducing risks, and creating enduring experiences in order to sustain enterprises in a certain setting. Businesses are encouraged to enter foreign markets by the globalization phenomena. This implies that a greater degree of foreign bank participation actually fosters stability and helps economic growth when other variables that lead to financial crises are taken into account. Results indicated that ICI plays a significant role in shaping market orientation and organizational learning.

According to Israel (2022), the banking industry has seen constant transformation due to societal trends, fierce rivalry, changing operating circumstances, and the effects of globalization, all of which have a big influence on their performance. The overall performance of commercial banks has been especially impacted by the rising operating costs (Kanwal & Yousaf, 2019). In an international setting, the strategy seeks to put the company in a favorable position relative to its rivals. It assists managers in creating a compelling global vision, allocating resources efficiently, participating in significant markets, forming international alliances, and responding to rivals by engaging in competitive activities that create value globally. Globalization and business activities are intertwined with potential for success, as well as risks and failures.

The impact of competitive intensity on organizational performance was thoroughly examined by Hosseini, Tabibi, and Khorasani (2019) in their comprehensive investigation. The scholars suggested that brand image and strategic human resource management could potentially act as mediators in this connection. The study was carried out as an applied descriptive survey, utilizing a random sample of hotels in Mazandaran. Out of a total of forty-eight hotels, thirty-two were chosen for the study. Data was collected through a questionnaire comprising thirty-eight variables. To validate the factor structure of the observed variables, a partial least squares (PLS) confirmatory factor analysis (CFA) was employed. The results indicated an indirect positive influence of competitive intensity on organizational performance, with brand image serving as a mediator. However, the study did not find any evidence supporting a similar mediating role of strategic human resource management.

2.2.4. Global Financial Integration and Performance of Commercial Banks

In their study, Beck, Behr, and Oliveira (2023) focused on utilizing a change in Brazil's public credit registry reporting threshold, the researchers were able to uncover interesting insights. The results showed that newly added risky firms experienced an increase in borrowing, while safer firms benefited from decreased interest rates. The additional lending primarily came from new relationships between private banks and firms, while the decrease in interest rates was driven by existing lenders. Despite a decrease in collateralization, incumbent lenders opted for shorter loan maturities, indicating significant changes in loan contract design. Risky borrowers witnessed a decline in loan default rates with existing lenders, while new lenders experienced an increase in loan default rates. The policy modification also had a positive impact on employment levels. These findings provide support for the theories of information sharing and competition, and highlight the importance of considering different risk profiles and lender categories in understanding the effects of policy changes.

Hai (2021) delved into the intricate relationship between credit standards and aggregate fluctuations within a small open economy. Through the development of a sophisticated model incorporating financial frictions, the study showcased how counter-cyclical adjustments in credit standards have the potential to magnify economic shocks. The findings unveiled a significant 21% surge in output volatility due to these fluctuations in credit standards. Furthermore, the researchers put forth a trio of policy instruments aimed at alleviating the repercussions of endogenous credit standards on macroeconomic stability.

Wang and Luo (2019) utilized bank-level data from 169 Chinese banks between 2000 and 2016. The empirical findings shed light on bank stability, indicating that as liberalization progresses, the level of bank stability increases. Moreover, the research provides evidence suggesting that the growth of financial liberalization has a more significant effect on banks that are larger in size, have longer operating histories, and are under state control. However, it is important to consider the potential counteracting factors such as low economic development, ineffective law enforcement, and unstable political conditions, which could undermine the positive impact of financial deregulation on bank stability. Additionally, it is worth noting that the research has a contextual gap as it was conducted in a developed economy.

3. Research Methodology

3.1 Research Design

In this particular study, a descriptive research design was utilized. The study aimed to shed light on the relationships between various variables where qualitative and quantitative research methods play a significant role in gathering data and analyzing results.

3.2 Target Population, Sampling and Sample Size

The target populace comprised all 39 accredited financial institutions in Kenya offering commercial banking services as of December 2023, with a presence in Nairobi County. Therefore, the units of analysis were the 39 commercial banks. From these banks, 126 top-level managers, 302 middle-level managers and 798 low-level managers are considered best placed to provide relevant information sought by the study. Therefore, the units of observation are the 1226 potential respondents. The selection of these respondents is crucial in this study as they oversee the operational activities of the organization and are therefore in a better position to provide the sought-after insights. Given Nairobi's tiny population, the study used a census technique to collect data from all of the city's commercial banks. Because a census eliminates the potential bias associated with sampling, it is a superior approach. 39 Nairobi-based commercial banks will make up the study's sample size since a census technique was employed.

Stratified sampling was used in the study. According to CBK, commercial banks are divided into three groups according to their market share: major, medium, and small. Because the population is varied, stratified sampling was used to provide a representational sampling. The research applied Yamane's formula to determine the ideal sample size, employing both simple and stratified sampling techniques to select participants from the research population. Because they provide more accurate generalizations of total population strictures and provide a more representative sample because it comes from a somewhat comparable population, these mixing approaches are chosen. Yamane's approach was used in this investigation to determine the sample size. As a result of Yamane's algorithm, 210 respondents were sampled for the study.

3.3 Data Collection and Analysis

Primary data, obtained directly from respondents through questionnaires was essential for the current project. Secondary data, sourced from internal company records, libraries, and the internet, provided additional insights from existing sources. By utilizing primary data, a comprehensive analysis can be conducted to support the research objectives effectively (Cooper & Schindler, 2014). A well-crafted questionnaire that collects both qualitative and quantitative data was used to obtain the primary data. A drop-and-pick approach was used to deliver it to department managers in each bank, guaranteeing a high rate of successful completion and prompt returns of the surveys.

The drop-off and subsequent collection method was utilized to distribute the questionnaires among the participants involved in the study. To guarantee the return of all issued questionnaires, the researcher diligently maintained a register, carefully tracking the distribution and retrieval of each questionnaire. The researcher sought research permit from NACOSTI. The study additionally obtained for authorization from executives of institutions to gather information from their personnel. The research sought express approval from the participants for them to participate in the survey.

While the qualitative data was conducted through content analysis and presented narratively, the quantitative data was submitted to descriptive statistical techniques in order to extract useful information. The data was coded, cleaned, and arranged according to the variables involved before analysis began. The impact of autonomous variables on the subordinate variable was inspected utilizing different straight relapse models. This strategy is chosen since it can decide the relationship between subordinate and autonomous factors as well as the relationship between each component beneath request. Using correlation, ANOVA, and coefficient of determination, inferential analysis was used to assess the study's hypotheses. The findings were presented using various visual aids such as tables, figures, graphs, frequency tables. The study utilized this multiple regression model to synthesize the information:

$$Y= \beta_0 + \beta_1X_1+ \beta_2X_2+ \beta_3X_3 + \beta_4X_4+ \varepsilon \ldots\ldots\ldots\ldots\ldots\ldots\ldots\text{Equation 1}$$

Where:

Y represented performance of commercial banks

X_1 represents market liberalization

X_2 represents technological advancements

X_3 represents competitive intensity

X_4 represents global financial integration

ε represents Error term.

4. Research Findings and Discussion

The study's sample size was 210 respondents including top-level managers, middle-level managers and low-level managers working in the commercial banks in Kenya. Out of 210 questionnaires that were distributed, 164 respondents successfully filled and returned their questionnaires. These resulted in 78.1% response rate.

4.1 Market Liberalization and Performance of Commercial Banks

A significant portion of respondents, 52.7%, acknowledge the vital role of market liberalization in boosting the performance of commercial banks. Furthermore, 33.0% of participants view this influence as moderate, while 9.2% consider it to be very significant. On the other hand, 3.8% believe it has a minimal effect, and just 1.3% think that market liberalization has no impact on performance whatsoever.

Table 1: Aspects of Market Liberalization affecting Performance of Banks

Market liberalization	**NE**		**LE**		**ME**		**GE**		**VGE**		**Mean**
	F	**%**	**F**	**%**	**F**	**%**	**F**	**%**	**F**	**%**	
Monetary policy	0	0.0	14	8.5	62	37.8	48	29.3	40	24.4	3.70
Liberalization of interest rates	0	0.0	21	12.8	60	36.6	46	28.0	37	22.6	3.60
Financial system reforms	1	0.6	24	14.6	58	35.4	51	31.1	30	18.3	3.52

With a mean score of 3.70, the research reaffirmed that monetary policy showed a critical effect on commercial banks' execution. Similar opinions were noted, with the majority of responses indicating that interest rate liberalization has a significant impact on commercial banks' performance (mean score of 3.60) and that financial system reforms have a significant impact on commercial banks' performance (mean score of 3.52). The findings of the study strongly supported the opinions of the majority of participants, who emphasized that market liberalization factors had an impact on Kenyan commercial banks' performance. These findings concur with those of Naïma and Mounir (2023), who suggested that monetary policy, interest rate liberalization, and financial system changes are crucial elements of corporate globalization that impact Nairobi City County's commercial banks' performance.

4.2 Technological Advancements and Performance of Commercial Banks

The study established that 45.2% of respondents believe that technological advancements significantly impact the performance of commercial banks in Nairobi County. Additionally, 32.3% of participants indicated that these advancements have a very substantial effect, while 22.6% felt that the influence is minimal. Clearly, these findings underscore the vital role that technology plays in enhancing the performance of commercial banks in Nairobi County. These resuIts corroborate with Kanwal and Yousaf's (2019) findings that globalization plays a significant role in determining the speed at which technology is embraced and facilitates technology transfers and spillovers, particularly in the realm of digital technology.

Table 2: Aspects of Technological Advancements affecting Banks' Performance

Aspects of technological advancements	**NE**		**LE**		**ME**		**GE**		**VGE**		**Mean**
	F	**%**	**F**	**%**	**F**	**%**	**F**	**%**	**F**	**%**	
Research and development (R&D)	2	1.2	18	11.0	63	38.4	44	26.8	37	22.6	3.59
Number of patents granted	0	0.0	22	13.4	65	39.6	43	26.2	34	20.7	3.54
Innovation and diffusion	1	0.6	20	12.2	60	36.6	48	29.3	35	21.3	3.59

According to the study, the majority of respondents said that innovation and diffusion have a significant impact on the performance of commercial banks in Nairobi County, as indicated by a mean score of 3.59, research and development have a significant impact on the performance of commercial banks in Nairobi County, as indicated by a mean score of 3.59, and the number of patents granted has a significant impact on the performance of commercial banks in Nairobi County, as suggested by a mean score of 3.54. These findings echo the insights put forward by Gupta and Ansurkar (2023) that digital technologies through research and development, number of patents granted and innovation and diffusion had a significant impact on opportunities usage, deepening of global trade, financial transactions, and the exchange of information among the globalized businesses.

4.3 Competitive Intensity and Performance of Commercial Banks

The study shows that 42.2 percent of respondents said that competitive intensity has a moderate impact on the performance of commercial banks, 34.4% said that they have a significant impact, 15.6 percent said that they have a small impact, 7.8 percent said that competitive intensity has a very significant impact on the performance of commercial banks. This suggests that the competitive intensity has a significant impact on the performance of commercial banks. This is in concurrence with Robinson (2023) who pointed that among other aspects of globalization competitive intensity has an extraordinary effect on the powerful performance of firms.

Table 3: Aspects of Competitive Intensity affecting Performance of Banks

Aspects	**NE**	**LE**		**ME**		**GE**		**VGE**		**Mean**	
	F	**%**	**F**	**%**	**F**	**%**	**F**	**%**	**F**	**%**	
Brand preference	1	0.6	19	11.6	57	34.8	46	28.0	41	25.0	3.65
Market attractiveness	1	0.6	24	14.6	59	36.0	44	26.8	36	22.0	3.55
Organizational expansion	0	0.0	25	15.2	61	37.2	48	29.3	30	18.3	3.51

As per Table 3, the largest part of the respondents asserted that brand preference influences the performance of commercial banks to a great extent as shown by a mean score of 3.65. The responses further showed that market attractiveness has a great effect on the performance of commercial banks to a great extent as shown by a mean score of 3.592. Another majority of the respondents confirmed that organizational expansion influences the performance of commercial banks to a great extent as shown by a mean score of 3.51. From these reactions, brand preference, market attractiveness and organizational expansion assume a fundamental part in the performance of commercial banks of commercial banks in Kenya. This is in line with Kanwal and Yousaf (2019) who found that competitive intensity plays an important role in organizations by addressing pertinent issues and outlining activities'coordination.

4.4 Global Financial Integration and Performance of Commercial Banks

The illustrative outcomes on global financial integration and performance of commercial banks reveal that 42.2% of the respondents pointed that global financial integration influence the performance of commercial banks to a moderate degree. Moreover, 35.9% of them evaluated the influence of global financial integration on the performance of commercial banks to be of great magnitude, 14.1% of the reactions showed that the impact was exceptionally great while 8.2% of the respondents recapped that global financial integration influence the performance of commercial banks to a little degree. From these outcomes there is obvious proof that global financial integration has a significant influence on the performance of commercial banks in Kenya.

Table 4: Aspects of Global Financial Integration affecting the Performance

Global financial integration	**NE**		**LE**		**ME**		**GE**		**VGE**		**Mean**
	F	**%**	**F**	**%**	**F**	**%**	**F**	**%**	**F**	**%**	
Global information sharing	0	0.0	22	13.4	61	37.2	50	30.5	31	18.9	3.55
Cross border licensing	0	0.0	24	14.6	58	35.4	52	31.7	30	18.3	3.54
International capitalization	0	0.0	20	12.2	59	36.0	51	31.1	34	20.7	3.60

From the study, the largest part of the respondents asserted that international capitalization influences the performance of banks generally as shown by a mean score of 3.60. Global information sharing showed a mean score of 3.55 and cross-border licensing had a mean of 3.54 indicating that these aspects greatly impact the performance of commercial banks in Kenya. From these reactions, global financial integration assumes a fundamental part in the performance of commercial banks in Kenya. These results concur with Hai (2021) who revealed that only organizations that pay close attention to the global financial integration, global information sharing, cross border licensing and international capitalization and information technology in their processes are likely to succeed in performance.

4.5 Performance of Commercial Banks

The respondents were asked to score the degree to which business globalization affected Kenyan commercial banks' performance. The majority of respondents (52.7%) said that corporate globalization has a significant impact on Kenyan commercial banks' performance. 33.0% of respondents fell into the other populous classification, indicating that corporate globalization has a modest impact on commercial banks' performance. Another 9.2% of them said that business globalization has a very significant impact on Kenyan commercial banks' performance, 3.8% said that it has a small impact, and 1.3% said that it has no effect at all. It is clear from these results that business globalization has a big impact on Kenyan commercial financial institutions' performance.

Table 5: Effects of Business Globalization on aspects of Performance of Banks

Aspects of performance	**NE**		**LE**		**ME**		**GE**		**VGE**		**Mean**
	F	**%**	**F**	**%**	**F**	**%**	**F**	**%**	**F**	**%**	
ROA	0	0.0	18	11.0	62	37.8	50	30.5	34	20.7	3.61
Market share	0	0.0	19	11.6	64	39.0	52	31.7	29	17.7	3.55
Customer satisfaction index	0	0.0	21	12.8	59	36.0	52	31.7	32	19.5	3.58

The above findings show that in general, business globalization greatly affects the return on assets of commercial banks with an overall mean of 3.61. Business globalization greatly affects the customer satisfaction of banks as shown by a mean score of 3.58 and business globalization affects the market share of commercial banks to a great extent as shown by a mean score of 3.55. These results show that business globalization affects total assets, net income, market share and customer satisfaction index significantly which are reflections of the overall performance of banks in Kenya. The same sentiments were echoed by Sriviboon (2020) who pointed out that return on assets, market share and the level of customer satisfaction are key performance indicators, as asset base, market expansion and pleased customers are more likely to result in overall business performance.

4.6 Inferential Analysis

Table 6: Model Summary

Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.854[a]	0.729	0.718	0.0260

a. Predictors: (Constant), Market liberalization, technological advancements, competitive intensity and global financial integration

Table 6 uncovers a compelling insight. The R squared value of 0.729 highlights a significant link between stress and stress management among students in the selected high schools. This remarkable statistic shows that 72.9% of the differences in performance of commercial banks can be linked to market liberalization, technological advancements, competitive intensity and global financial integration. These results confirm a moderate association between the independent and dependent variables.

Table 7: ANOVA (Model Significance)

	Sum of Squares	**df**	**Mean Square**	**F**	**Sig.**
Regression	0.2753	4	0.06882	3.517	0.0245[b]
Residual	2.4470	159	0.01539		
Total	2.7223	163			

Dependent Variable: Performance of commercial banks

Predictors: (Constant), Market liberalization, technological advancements, competitive intensity and global financial integration

From the findings showcased in Table 7, the significance value stood at 0.0245, elegantly falling below the critical threshold of 0.05. The calculated F value was a distinguished 3.517, gracefully exceeding the F-critical value of 2.446 as per the revered F-distribution table. With a p-value of 0.000, which is notably less than the significance level of 0.05, the model emerges as an exquisite fit for the data. Therefore, the model is deemed statistically significant in illuminating the relationship between the independent and dependent variables, rendering it a most opulent choice for the study.

Table 8: Model Coefficients

	Unstandardized Coefficients		**Standardized Coefficients**		
	B	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	1.415	0.384		3.685	0.001
Market liberalization	0.589	0.216	0.555	2.727	0.033
Technological advancements	0.727	0.241	0.201	3.017	0.002
Competitive intensity	0.412	0.174	0.286	2.368	0.038
Global financial integration	0.612	0.205	0.941	2.985	0.003

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where;

X_1 represents market liberalization

X_2 represents technological advancements

X_3 represents competitive intensity
X_4 represents global financial integration
ε represents Error term.
β_0= Regression constant or intercept,
β_1, β_2, β_3 and β_4 are the unknown coefficients of independent variables.

The optimal model of the study becomes
Performance of commercial banks = 1.415 + 0.589(Market liberalization) + 0.727(Technological advancements) + 0.412(Competitive intensity) + 0.612(Global financial integration)

The regression study indicates that the performance levels of commercial banks would be 1.415 if all variables were kept at zero. Additionally, market liberalization has a significant detrimental impact on commercial banks' performance. A significant p-value of 0.033, which is less than 0.05, and a beta value of 0.589 serve as examples of this. The results indicate that there is a significant 0.589 unit rise in the performance of commercial banks for every unit increase in market liberalization. According to the results above, the performance of commercial banks increases by a significant 0.727 units for every unit rise in technical developments. The technological advancements sig p-value was 0.002.

The findings also demonstrate that commercial banks' performance is positively and significantly impacted by the level of competition. According to the statistics, competitive intensity had a significant value of 0.038, which is also less than 0.05, and a beta value of 0.412. This implies that a one-unit increase in competition intensity results in a 0.412-unit improvement in commercial banks' performance. Lastly, the performance of commercial banks rises by 0.612 units for every unit increase in global financial integration. The competition intensity was less than 0.05 and had a significant value of 0.003.

According to the aforementioned, technical development has the most impact on commercial banks' performance, followed by global financial integration, market liberalization, and competitive intensity. These findings are in line with those of Kanwal and Yousaf (2019), who discovered that financial institutions are no longer restricted to their home countries and are able to conduct a wide range of commercial operations around the globe as globalization breaks down barriers between economies. As a result, the worldwide trade of services has grown quickly due to the removal of obstacles, technical developments, competitive positioning, and financial integration.

5. Conclusion

The study deduces that market liberalization holds a critical role in performance, which significantly influences organizations' success. There exist various aspects of market liberalization that influence the performance of commercial banks in Kenya. Monetary policy, liberalization of interest rates and financial system reforms are essential aspects of business globalization which affect the performance of commercial banks.

The study concludes that technology plays a vital role in enhancing the performance of commercial banks in Nairobi County. Business globalization plays a significant role in determining the speed at which technology is embraced and facilitates technology transfers and spillovers, particularly in the realm of digital technology. Through research and development, number of patents granted and innovation and diffusion had a significant impact on opportunities usage, deepening of global trade, financial transactions, and the exchange of information among the globalized businesses.

This study concluded that competition has a significant impact on the performance of business enterprises. This study shows that type of interest, business interest and organizational expansion play a significant role in the performance of business enterprises in Kenya. Therefore, competition plays a significant role in organizations by solving related problems and coordinating various activities such as procurement, production and international trade.

The study concludes that international financial integration has a significant impact on the performance of commercial banks in Kenya. Global financial integration is embedded in the configuration and practices of organizations which results in performance of commercial banks. As such, organizations that pay close attention to the global financial integration, global information sharing, cross-border licensing and international capitalization and information technology in their processes are likely to succeed in performance.

The study further deduces that globalization assumes a significant part in performance of commercial banks in Kenya. Consequently, commercial banks have experienced intensified competition in recent years, leading them to tap into foreign capital and expand their market presence by selling a considerable portion of their products internationally. Business globalization affects total assets, net income, market share and customer satisfaction index significantly which are reflections of the overall performance of banks in Kenya. Return on assets, market share and the level of customer satisfaction are key performance indicators, as asset base, market expansion and pleased customers are more likely to result in overall business performance.

5.1 Policy Recommendations

The study found that market liberalization plays a vital role in boosting the performance of commercial banks. To maximize the advantages of market liberalization, it is imperative for banks to establish robust liberalized markets that provide easier access to global markets. Policymaking must focus on creating comprehensive strategies that help banks tackle the repercussions of liberalization, emphasizing inclusive policies like fair service distribution and measures that support regional mobility. In the same vein policy makers have a crucial role in shaping the economic future by enacting rules that enhance foreign investments that foster the use of foreign market income and savings. By prioritizing foreign liberalized markets, the banks can unlock new opportunities and drive progress in the economy.

The study established that technological advancements significantly impact the performance of commercial banks. As such, the study recommends that it is essential for bank management to focus on increasing investments in patenting, digital innovation, and research and development to connect with the unbanked segments of the global market. Studies reveal a tremendous potential for boosting banking service utilization by leveraging technological progress. As most customers have access to mobile phones, banks can provide their services through user-friendly applications designed specifically for these individuals.

It is crucial for banking institutions to acknowledge that competitive pressure plays a vital role in their overall performance. In the quest to meet customer expectations in a globalized marketplace, banks must prioritize delivering superior service. By doing so, they can draw in more customers and enhance their product appeal. Furthermore, elevating service quality not only helps in attracting clients but also contributes to lowering operational costs and boosting profits. Banks should develop a well-defined business framework that enhances their performance on a global scale, while also improving their grasp of globalization, competition, and efficient service delivery.

The study reveals that global financial integration has a profound effect on the performance of commercial banks. For banks to elevate their performance, they should adopt measures that enhance financial globalization, particularly in terms of political and social factors. This will help them strengthen their competitive position. It is vital for banks to remain proactive, taking advantage of opportunities in global information sharing, cross-border licensing, and international capitalization. By being receptive to the transformations driven by global financial integration, these banks can gain a significant competitive edge both locally and globally.

5.2 Limitations and Future Research Direction

5.2.1. Limitations of the Study

One significant obstacle is probably the reluctance of certain management personnel to answer the questionnaires and interviews because they are suspicious and afraid that private information is being taken from them. This most likely was evident in the inquiries concerning profit margins and sales volumes. This resulted in conclusions that were not accurate. In order to resolve this, the researcher guaranteed respondents' privacy and that the data was only used for scholarly reasons.

5.2.2. Recommendation for Further Research

The objective of this research was to determine the impact of business globalization on the performance of commercial banks situated in Nairobi City County, Kenya. It is crucial to highlight that the study was limited to the head offices of banks in this region, which means the conclusions drawn may not extend to banks in other areas of the country. As a result, the researcher advocates for more comprehensive studies to examine the influence of business globalization on the performance of commercial banks in various counties throughout Kenya. Furthermore, the research indicated that market liberalization, technological advancements, competitive intensity, and global financial integration account for 72.9% of the performance metrics of commercial banks in Nairobi County. This underscores the necessity for further exploration into additional factors that could affect the performance of commercial banks across the nation.

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