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# THE NEXUS BETWEEN COMMUNICATION COMPETENCE AND FIRM PERFORMANCE: INSIGHTS FROM COMMERCIAL BANKS IN THE KENYA CONTEXT

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## Abstract

*Commercial banks play a central role in financial intermediation, yet many continue to struggle with declining customer satisfaction, limited market growth, and weakened service delivery. These challenges highlight the need to understand how capability-based competencies can be harnessed with a view to shaping organizational outcomes. This study therefore examined the influence of communication competence on firm performance in commercial banks operating in Murang'a County, Kenya. Grounded in the resource-based view, core competence theory, and the balanced scorecard model, the research adopted an explanatory design targeting middle-level and operational managers drawn from commercial bank branches across the county. Proportionate stratified sampling technique yielded a sample of 146 respondents. Data were collected using a structured questionnaire whose validity and reliability were confirmed through expert review and pilot testing. Descriptive statistics were used to summarize respondent characteristics, while multiple linear regression was applied to determine the effect of communication competence on firm performance. The findings showed that communication competence had a significant positive influence on key performance indicators, including service efficiency, customer experience, and internal coordination. The study recommends that bank management strengthen communication practices by promoting clarity, accuracy, and timely*



*information flow within all operational levels. Enhancing communication competence can support better decision-making, improve staff engagement, and reinforce customer trust, thereby contributing to sustained organizational performance in a competitive banking environment.*

*Keywords: Communication Competence, Managerial Competence, Firm Performance, Commercial Banks*

## **INTRODUCTION**

Firm performance is a critical measure of an organization's success, reflecting its financial health, operational effectiveness, and overall competitiveness (Taouab & Issor, 2019; Alhawamdeh & Alsmairat, 2019). Continuous assessment of performance not only enables organizations to achieve their goals but also guides strategic decision-making to maintain competitiveness and long-term sustainability (Dzomonda, 2020). Central to achieving strong performance is the firm's internal environment, particularly the skills, knowledge, and capabilities of its workforce. Managerial competence, which encompasses the cognitive, behavioral, and technical abilities of leaders, plays a pivotal role in directing teams, making informed strategic decisions, and optimizing resource utilization to enhance organizational outcomes (Rikwentishe & Attayi, 2023; Lara, Mogorrón-Guerrero & Ribeiro-Navarrete, 2020; Were, 2022). This underscores why managerial competence has become a significant focus in scholarly research as a determinant of firm performance (Bondarenko, Diugowanets, & Kurei, 2021; Wheelen, Hoffman, & Bamford, 2018).

Globally, commercial bank performance has shown mixed results. In the European Union (EU), the share of deposit liabilities among commercial banks declined slightly to reach 57.1 percent in 2023 after three years of modest growth (European Central Bank, 2024). Despite some growth, several banks in the EU have experienced declining profit margins (European Commission, 2025; Skvarciany & Jurevičienė, 2024). Germany has witnessed a significant reduction in the number of operating banks, with an estimated 50 percent having exited the market since 2001 (Alemu & Worku, 2025). Italy's banking sector recorded negative trends across key performance indicators such as return on equity (ROE), return on assets (ROA), revenues, and market capitalization, largely due to contractionary monetary policies implemented to curb high inflation in 2022 and 2023 (Barra & D'Aniello, 2024). In contrast, the United Kingdom's increase in interest rates from 3.5 percent to 5.25 percent yielded varied outcomes for the banking industry (Barra & Ruggiero, 2023).

In Africa, the performance of commercial banks has generally stagnated, with a steady growth rate of 3.6 percent in both 2023 and 2024, supported by a 66 percent increase in private sector credit (Asemota, Erhi & Ihensekhien, 2023). The sector faces multiple challenges, including slow investment, political conflicts, and adverse effects of climate change, all of which hinder business growth. In South Africa, commercial banks recorded mixed outcomes, with earnings growth at 5.9 percent, ROE at 17.5 percent, and a cost-to-income ratio of 52 percent, driven largely by structural economic reforms (Moodley, Lawrence & Pillay, 2024; Gwatidzo, 2025). In Nigeria, banking sector performance has remained sluggish since the COVID-19 pandemic due to economic decline, rising inflation, and currency instability. Ethiopian banks, while resilient in a difficult economic environment, have struggled with ineffective resource utilization, weak strategic planning, and unclear strategic roadmaps (Tefera & Abebe, 2024). In Uganda, private sector credit declined by 0.3 percent, largely due to higher capital costs (Yusuf & Shikur, 2023).

Locally in Kenya, the commercial banks recorded mixed performance with some of the performance indicators recording positive while others recorded a decline. Assets recorded a growth rate of 17.6 percent and banking deposits grew by 15.1 percent (Mutinda & Aluoch, 2025). The banking sector maintained adequate capital position with risk weighted asset ratio of 18.6 percent (Bankers Association 2024). Operating incomes showed higher growth and depicted by surge of 21.0 percent. On the other hand, performance of quality assets declined by 14.8 percent. This notable with small banks that recorded surge in non-performing loans (Masila, Mbaya & Gachuru, 2023). At tier level, large banks saw their assets rise from Ksh. 4.9 trillion in 2022 to Ksh. 5.9 trillion in 2023, reflecting a significant growth rate of 21.8 percent in 2023. Just as with the larger banks, the mid-range and small-sized banks also experienced an increase in their asset base, with the growth rates of 11.5% and 5%, in that order. In absolute numbers, the total holdings of the medium and small banks were Ksh. 1.5 trillion and Ksh. 221.0 billion, respectively, in 2023.

### **Statement of the Problem**

Commercial banks constitute a critical component of Kenya's economic growth, serving as key intermediaries that allocate financial resources to individuals, businesses, organizations, and government entities in line with the economic pillar of Vision 2030 (GOK, 2021). Despite their strategic importance, the performance of commercial banks has raised concerns among stakeholders, particularly regarding customer satisfaction, retention, and market share (CBK, 2022). Recent reports indicate a decline in customer satisfaction, with the Net Promoter Score

dropping to 44% in 2023 and reflecting slowing growth despite 66% of customers reporting satisfaction in 2024 (KBA, 2023; CBK, 2021).

High service charges, poor dispute resolution, and delayed customer support have prompted significant customer switching, with 47.3% citing poor service and 51% citing high fees as reasons for moving to alternative financial service providers such as microfinance institutions and SACCOs (CMA, 2021; KBA, 2023). The declining market share of commercial banks further highlights performance challenges, as tier I banks recorded a 0.8% contraction while digital lenders and Fintech platforms grew by 3.5% in transaction values, reflecting customers' preference for agile, low-cost financial services (CBK, 2023; KNBA, 2023). This trend underscores the urgent need to strengthen managerial capacities that can address evolving market dynamics and enhance firm competitiveness.

Existing literature has examined communication competence in various sectors, including Jahrom University of Medical Sciences and its affiliated institutions in Iran (Jahromi & Jahromi, 2021) where conclusions were drawn from correlation analysis, desktop survey in Sweden (Johansson, Miller & Hamrin, 2024), and National Health Insurance Scheme in Ghana (Agyeiwaa & Arboh, 2022) where 70 respondents were purposively selected. Despite, the studies manifesting positive association between the phenomena investigated, the contextual difference hampers generalization of such findings to current context of commercial banks in Murang'a county. Additionally, the manifest methodological weaknesses as characterized by correlation analysis which does not support validation of cause effect relationship, use of desktop research devoid of empirical data and purposive selection of respondents rendering the sample non-representative of the population of study makes it necessary to undertake a an empirical study on communication competence and performance of commercial banks in Murang'a County, Kenya.

### **Research Objective**

The study sought to determine the effect of communication competence on firm performance of commercial banks in Murang'a County.

### **Research Hypotheses**

*H<sub>0</sub>: Communication competence has no statistically significant effect firm performance of commercial banks in Murang'a County.*

*H<sub>a</sub>: Communication competence has statistically significant effect firm performance of commercial banks in Murang'a County.*

## THEORETICAL LITERATURE REVIEW

The study was anchored on the resource-based view, and the core competency of the corporation framework, which collectively offered the theoretical basis for linking and explaining the research variables.

### Resource-Based View

RBV embodies a strategic framework asserting that a firm's sustained competitive advantage stems from its ownership of intrinsic resources that hold significant value, scarce, difficult to replicate, and irreplaceable (Penrose, 1959). The internal resources and competencies of the organization are the main pillars for the long-term strategic advantage according to Wernerfelt (1984). Barney (1991) furthered this reasoning by introducing the VRIN framework made up of value, rarity, inimitability, and non-substitutability to show how internal characteristics lead to the sustainability of the performance superiority. As pointed out by Peteraf (2018), RBV provides a viewpoint on the essence, dynamics, and outcomes of firms by directing the analytical focus on individual resources or capabilities. In this way, a business is perceived as a mixture of factors that are both human and material, resourcefully, and efficiently coordinated to provide outputs that, based on the current market conditions, will generate revenue.

RBV hails from the idea that firms possess unique mixes of assets and capabilities that if characterized as valuable, rare, hard to imitate, and non-substitutable (VRIN), can lead to the creation of an enduring strategic advantage (Zvarimwa, & Zimuto, 2022). It presupposes that resources are immobile and that there is heterogeneity of resources across firms (Peteraf, 1993). Nevertheless, RBV has been criticized for the ambiguity in defining a valuable resource (Priem & Butler, 2001) and for being too static, neglecting the dynamic nature of market conditions (Teece, Pisano & Shuen, 1997). Furthermore, critics maintain that it does not take into account the impact of external factors and the industry structure on the performance of the firm making it an incomplete strategy framework when used by itself. (Foss & Knudsen, 2003).

In recent years, a number of researchers have employed the Resource-Based view for anchoring resource based firm attribute as basis for buttressing attractive firm outputs and outcomes (Kiprono, B. K. & Kinyua, G. M. 2021; Githuku, G. K., Kinyua, G. & Muchemi, A., 2022; M'mboga, E., Kinyua, G. M. & Kung'u, P., 2023; Mwagona, M. N. & Kinyua, G. M., 2023; Nzomo, J. K., Kinyua, G. M. & Mwasiaji, E. T., 2023). According to Barney and Clark (2007), managerial expertise is a major internal resource that possesses the attributes of being valuable, rare, and hard to imitate, thus being a factor for the long-term competitive edge and performance increase of the banking sector. Furthermore, Wernerfelt (2011) pointed out that

besides management, other intangibles such as institutional knowledge are also great in financial gains and smooth operations. In the case of Kenya, Ngugi, Gakure, and Ngugi (2012) used RBV to study microfinance banks and discovered that exceptional managerial characteristics substantially enhance the company's results by efficiently mobilizing their capabilities and aligning them with the strategic direction. The theory claims that the HRM practices are ontologically identified as intangible resources that, according to Barney (1991), can be assigned VRIN attributes and thus guarantee excellent firm performance. The most relevant among such managerial skills for the present business environment is, per definition, communication skill that not only improves clarity and trust but also aligns the goals of different stakeholders. On the contrary, intrapersonal skills such as self-awareness and emotion management facilitate good judgment and adaptability. Also, interpersonal skill like- building relationships and minimizing disputes will only make it easier for the team to work together (Abu Bakar, & Sheer 2013). Since, such capabilities are hardly ever duplicated; thus, they completely meet the VRIN of RBV, making it possible for firms to not only become but also continue being the best through competent managerial leadership. Hence, RBV was the theoretical foundation in this study for the linking of the intangible communication competence with firm performance as key research variables.

### **Core Competency of the Corporation Framework**

Prahalad and Hamel's (1990) concept of Core Competency of the Corporation delves into the specific characteristics, conduct, and traits that set apart the finest employees in an organization. According to the theory effective job performance is not only dependent on one's technical knowledge but rather on a mixture of personal characteristics which include emotional intelligence, values, motives and observable behaviors that are in line with organization's goals. The authors argued that by so doing, organizations get to identify and select their key competencies, which in turn leads them to be more effective in recruitment, training and management activities, resulting in the overall performance of the organization being improved (Prahalad & Hamel, 2009). The theory was a precursor to competency-based HRM and LD (leadership development).

Academic community found various applications of Core Competency of the Corporation in different organizational contexts, reinforcing their position as a performance enhancer. Spencer and Spencer (1993) brought in the Prahalad and Hamel (1990) concepts and developed a company-wide competency framework right according to different job positions, illustrating how certain behaviors can lead to getting the highest performance. Goleman (1998) proposed an emotional intelligence to the competency ladder, stressing the role of self-

awareness and communication skills in the success of leadership. Dubois and Rothwell (2004) made the theory come alive in employee development through with management tools based on competencies for selection, evaluation and training of staff. Chouhan and Srivastava (2014) stretched the theory to managerial performance in developing markets and concluded that the qualities like communication and flexibility were critical to success in fast-changing environments.

The Core Competency of the Corporation posits that certain identifiable skills and behaviors are the main reasons for the superior job performance and they can be defined, measured, and developed clearly (Boyatzis, 1982). It also maintains that these competencies are somewhat the same in different contexts and that their enhancement will always result in better organizational outcomes. However, the theory is not without its flaws. To start with, it might reduce the complexity of human behavior to a mere binary classification of good (visible traits) and bad (situational factors), thus ignoring the latter's contribution to performance (Campion et al., 2011). Also, the presumption of universal competencies can easily overlook the differences in cultures and organizations, making it less applicable to diverse settings (Sanchez & Levine, 2009). Besides, competency models can become inflexible and thus not able to accommodate the changing nature of jobs as well as the internal and external factors affecting it. Lastly, accurately measuring the competencies can pose a challenge and therefore lead to subjective appraisals which in turn reduce the reliability and validity of the process (Spencer & Spencer, 1993).

The concept of Core Competency of the Corporation has been used by many scholars to explain the connection between the capability of management and the outcomes of the organization. Muturi and Omwenga (2017), for example, made use of this theory in their research to support their discussion on the influence that managerial skills have on the financial performance of CBK. Likewise, Mwangi and Murungi (2020) incorporated the Core Competency of the Corporation concept in their research on managerial competencies and the performance of SACCO in Kenya. In a parallel investigation, Oluwatosin and Akinbode (2018) incorporated Core Competency of the Corporation when analyzing managerial competence and the sustainability of microfinance institutions in Nigeria. The Core Competency of the Corporation theory is a good guide to show the impact of managerial competence, especially technical ones, on the firm's performance. The theory claims that the performance can be driven by specific skills which are the main attribute. Technical competencies are the specific knowledge, skills, and expertise required for performing effectively in job-related tasks (Boyatzis, 1982). Managers with high technical skills can make good and quick decisions, apply effective and good processes, and deal with difficult problems, which in turn will have a positive effect on the firm's

efficiency and innovation. These skills empower the manager to allocate resources, supervise production, and control quality, thereby increasing the productivity and competitiveness of the organization (Spencer & Spencer, 1993).

## **EMPIRICAL REVIEW**

Jahromi and Jahromi (2021) The research investigated the case of skilled internal communication practices and their effects on the company's financial outcomes. Conducted as a cross-sectional analysis, the research focused on a sample of 51 personnel from the finance division of Jahrom University of Medical Sciences and its affiliated institutions in Iran. Data collection was facilitated through the administration of a structured questionnaire. To evaluate the magnitude and orientation of the variables under investigation, correlational analysis was employed. The results indicated a significant positive association between organizational communication and financial performance within the context of Jahrom University. However, the study was conducted in Iran limiting applicability of findings to other sectors due to existing dynamic environment. The study also used correlation failing to demonstrate causality between variables. The current investigation focused on commercial banks in Murang'a County, Kenya adopting multiple linear regression to demonstrate causality between variables.

A study conducted by Johansson, Miller and Hamrin (2024) focused on conceptualization of leaders' communication competence using desktop survey in Sweden. The review noted that communication competence provide clarity and encourage commitment through structuring, facilitating, relating and representing. Communication competence is shaped by adequate knowledge and cultural dynamics, critical analysis skills and range of communication. Further, this literature review identified four features that influence communication competence and this included awareness, acquaintance, attitude to communication and communication ability. However, the study focused on desktop survey hence lacking field data. Moreover, the study was carried out in Sweden and therefore applicability of findings is limited due to different political and socio-economic dynamics. The current study relied on field data gathered amongst commercial banks in Murang'a County, Kenya.

Agyeiwaa and Arboh (2022) An empirical study was undertaken to explore how effective communication influences organizational performance within the healthcare sector in Ghana, with specific attention given to the National Health Insurance Scheme. The research adopted a descriptive design and self-administered questionnaires as the primary data collection method. A purposive sample of 70 respondents from the eastern part of the scheme's headquarters was chosen. In the process, the study discovered diverse communication channels such as direct

contact, telephone, email, notice boards, and gossip among others that played a vital role in the institutions' performance. However, the limitation of the research only to Ghana makes it hard to generalize the results to other contexts and industries. Besides, the descriptive research method used only allowed the researchers to observe without making any causal relationship between variables. Conversely, the current study used an explanatory design to show communication efficacy as the cause of performance in the commercial banking sector of Murang'a County, Kenya.

Musheke and Phiri (2021) researched systems theory application as the foundation for the communication competence-organizational performance relationship in the case of 3 HR consultancy firms in Lusaka, Zambia. The study was entirely quantitative and 88 participants were taken from HR firms. One of the most important findings of the literature review was that communication channels are the most influential factors in driving organizational performance. However, the link between managerial functions and communication pathways seemed to be of little importance. Admittedly, out of the total sample of 88, only 22 provided full and usable responses resulting in a participation rate of 25 percent. It's worth mentioning that the study was carried out in Lusaka, Zambia, which is a factor that limits the application of its results over the whole world of human resources. In order to get rid of the methodological drawback of low response rates, the current research will use systematic follow-up procedures with survey participants to increase the reliability of data. The research was directed at the banking sector in Murang'a County, Kenya, where the study took place.

## CONCEPTUAL FRAMEWORK

Figure 1 illustrates the conceptual framework that outlines the relationship between the independent and dependent variables.

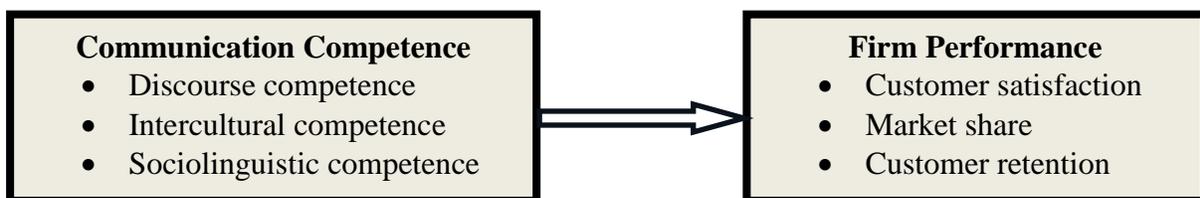


Figure 1: Conceptual Framework

The independent variable is communication competence, operationalized as discourse competence, intercultural competence, and sociolinguistic competence. Firm performance is the dependent variable, operationalized as customer satisfaction, customer retention, and market

share. Communication competence provides the foundation for effective managerial interactions that guide organizational processes and decision-making. Through well-developed discourse competence, managers convey clear and precise information that enhances understanding and reduces operational errors. Intercultural competence enables managers to navigate diverse client and employee backgrounds, promoting inclusivity and strengthening stakeholder relationships. Sociolinguistic competence ensures that managers communicate appropriately across different social contexts, improving engagement and trust with both employees and customers. When effectively applied, communication competence enables commercial banks to enhance customer satisfaction by addressing client needs accurately and promptly, improve customer retention through consistent and reliable interactions, and expand market share by building strong relationships and a positive organizational reputation. This framework illustrates how the specific dimensions of communication competence directly contribute to measurable improvements in firm performance.

## RESEARCH METHODOLOGY

Research design is a strategic planning tool or a blueprint for the study that ensures both efficiency and alignment with the research objectives (Ahuja, 2010). Research design provides a structured framework that logically integrates the various components of a study to effectively address the research questions (Tobi, & Kampen, 2018). For this study, explanatory research design was considered the basic research design. This design is especially well-suited for exploring the relationship of cause and effect between variables (Sturmborg, & Marcum, 2024). In particular, it facilitated the study of how managerial competence impacts the performance of commercial banks in Murang'a County. This research design has been applied in different empirical literature, (Karanja & Kinyua 2025; Kela-Kahingo, Kinyua & Muchemi, 2024; Kinyua & Kinyua, 2023; Legeny & Kinyua, 2023; Shadrack & Kinyua, 2025) thus confirming its importance in this ongoing research.

The study targeted commercial banks operating within Murang'a County, Kenya. The unit of analysis was the commercial banks, while the unit of observation comprised middle-level and lower-level managers, including branch managers, operations managers, credit managers, relationship managers, channel supervisors, customer experience officers, and cash officers. These managers are directly involved in tactical and operational functions at the branch level, providing critical insights into approaches for enhancing organizational performance.

The study adopted Yamane's formula (1967). This formula was helpful in determining the sample size of the study. Yamane's formula presumes that the study population is

homogenous and therefore it offers a method that is efficient and simple for sample size estimation (Yamane, 1967).

$$n = \frac{N}{1+N(e^2)}$$

Where;

n= Sample size

N=Total population

e= Margin of error

$$\begin{aligned} n &= \frac{230}{1+230(0.05^2)} \\ &= \mathbf{146} \end{aligned}$$

The study adopted stratified proportionate sampling for selection of 146 subjects as a fair representation of commercial banks from total population of 23 branches in Murang'a County. The sampling factor was calculated as follows;

***Sampling factor (k) = Sample size/Target population***

Hence;

$$K=146/230$$

$$K=0.635$$

Table 1: Distribution of the Sample Size

Category	Target Population (N)	Sampling Factor (k=n/N)	Sample Size	Percentage
Middle-level managers	92	0.635	58	40%
Lower-level managers	138	0.635	88	60%
<b>Total</b>	<b>230</b>		<b>146</b>	<b>100%</b>

Table above presents the research sample drawn from two tiers of management within commercial banking institutions located in Murang'a County, Kenya. To guarantee equitable representation across strata, a proportionate stratified random sampling approach was employed. Applying Yamane's (1967) statistical formula with a margin of error set at 5%, the sample size was determined from a total population of 230 managerial staff, resulting in a final

sample of 146 respondents. The sampling factor (k) was calculated as 0.635 (146/230) and this was applied to each category to proportionately determine the number of respondents to be sampled. A total of 58 respondents were selected from the 92 middle managers, a sample size representing 40%, while 88 respondents were drawn from the 138 lower-level managers thus forming the remaining 60%. This stratification method guarantees that both groups are represented according to their proportion in the total sample, thus increasing the accuracy and reliability of the results.

Primary data were collected using a structured questionnaire, considered suitable for obtaining consistent and comparable responses in survey research (Birmingham & Wilkinson, 2003). The questionnaire employed a five-point Likert scale to capture respondents' perceptions on the study constructs, allowing for robust quantitative analysis (Sarlis & Gallhofer, 2014). The instrument was divided into two main sections: Section A captured demographic and contextual information, including gender, educational level, position held, and years of service, while Section B focused on the key study variables, organized into sub-sections on communication competence, and firm performance.

Validity was assessed using face, content, and construct validation techniques. Expert judgment from academicians specializing in strategic management confirmed that the instrument accurately captured the intended constructs (Abowitz & Toole, 2010; Connell et al., 2018). Content and construct validity were further strengthened through a thorough review of relevant theoretical and empirical literature on communication competence and firm performance, ensuring that the questionnaire items comprehensively reflected the key dimension of managerial competence and organizational performance (Cohen & Swerdlik, 2018; Clark & Watson, 2019).

Reliability was assessed by examining the internal consistency of the research instrument using Cronbach's alpha coefficient. A Cronbach's alpha value of 0.70 or above was considered acceptable for demonstrating adequate reliability (Field, 2009; Hajjar, 2019). Table 2 presents the Cronbach's alpha results for the pilot study.

Table 2: Reliability Statistic

Constructs	No. of Items	Alpha Score	Remarks
Communication Competence	10	0.834	Reliable
Firm Performance	9	0.768	Reliable

All constructs yielded Cronbach's alpha coefficients above the recommended threshold of 0.7, indicating strong internal consistency. Specifically, communication competence ( $\alpha =$

0.834), and firm performance ( $\alpha = 0.768$ ) demonstrating that the measurement items captured reliably the study variables intended.

Upon obtaining introduction letters from Kenyatta University and a research permit from NACOSTI, data collection commenced. Approval was sought from the heads of the functional departments of the selected banks through their human resource units to facilitate the process. Hard copy questionnaires were distributed to participants, who were allowed sufficient time to complete them, with a designated contact person in each bank ensuring follow-up and monitoring, after which the completed questionnaires were collected for analysis.

Prior to analysis of data, questionnaires completed were screened to ensure analysis suitability. Questionnaires were considered correctly completed if they had no missing responses, demonstrated consistent response patterns, and showed no extreme outliers. Central tendency and dispersion measures were examined to ensure plausibility and consistency of data. Questionnaires that only met these criteria were incorporated in the final dataset for analysis. Quantitative data were analyzed using descriptive and inferential statistical techniques with the aid of SPSS Version 26. Descriptive analysis comprising frequencies, percentages, means, and standard deviations was used to summarize the responses obtained from the Likert-scale questionnaire, while inferential analysis involved the application of multiple linear regression to assess the influence of managerial competence on firm performance. The regression model adopted for the study is presented as:

$$Y = \beta_0 + \beta_1 X + \varepsilon \dots\dots\dots (i)$$

Where:

Y = Firm Performance

X = Communication Competence

$\beta_0, \beta_1$  = Beta Coefficients

$\varepsilon$  = Error Term

The regression decision criteria were assessed at a 5% significance threshold ( $p < 0.05$ ). The findings were organized and displayed using tables, figures, and charts to enhance clarity and support accurate interpretation.

The study adhered to established ethical guidelines throughout the research process. Participants were informed about the purpose of the study, assured of confidentiality, and allowed to withdraw at any stage without any negative consequences. Informed consent was obtained prior to data collection, and all information provided was treated anonymously and used solely for academic purposes. Data collection was carried out after securing the required authorization, and the analysis was conducted with integrity, ensuring that the findings were reported truthfully and without manipulation.

## RESULTS

### Response Rate

A total of 146 questionnaires were issued to bank managers serving in various functional areas across commercial banks in Murang'a County. From these, 123 questionnaires were correctly completed and returned for analysis. Figure 1 below presents the summary of the response rate.

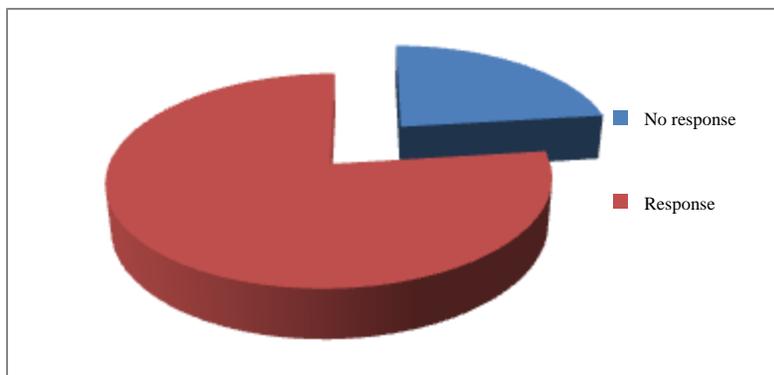


Figure 1: Summary of the response rate

The completed questionnaires accounted for 84.2 percent of all those issued to the sampled bank managers, leaving a non-response rate of 15.8 percent. According to Fincham (2008), the level of response strongly influences how well a sample represents the wider population, with higher response rates reducing the likelihood of non-response bias. Since response rates above 60 percent are considered adequate for studies seeking to draw general conclusions, the 84.2 percent achieved in this investigation provides a solid basis for making reliable inferences about commercial banks in Murang'a County.

### Descriptive Results for Communication Competence

Communication competence refers to the firm's ability to engage effectively in social and managerial processes that support coordination, clarity, and shared understanding across the organization. It highlights the practical use of skills and knowledge that enable staff to inform, persuade, motivate, and guide others toward common institutional goals through discourse competence, intercultural competence, and sociolinguistic competence. Table 3 presents a summary of the observations made by the researcher on these dimensions of communication competence within the banking sector.

Table 3: Descriptive Results on Communication Competence

Statements	n	Mean	Std. Deviation	Coefficient of Variation
<b>Discourse Competence</b>				
Staffs in our bank communicate in an orderly way	123	3.63	1.18	0.325
Communication in the bank is done in a structured way	123	3.50	1.32	0.199
Our internal communication has been aligned with bank's goal fostering employee productivity	123	3.73	1.29	0.346
Managers have consistently used goal-oriented communication to enhance effective coordination	123	3.76	1.19	0.317
<b>Aggregate Scores for Discourse Competence</b>		<b>3.65</b>	<b>1.25</b>	<b>0.342</b>
<b>Intercultural Competence</b>				
Bank employees adjust accordingly when conversing with clients from diverse background	123	3.60	1.23	0.342
Our staffs have demonstrated sensitivity to diverse norms during communication	123	3.48	1.34	0.385
Effective cross-cultural communication contributes to our bank's overall performance	123	3.83	1.19	0.311
<b>Aggregate Scores for Intercultural Competence</b>		<b>3.64</b>	<b>1.25</b>	<b>0.346</b>
<b>Sociolinguistic Competence</b>				
Written reports in the bank are easy to understand	123	3.77	1.15	0.305
Official language is maintained during communication	123	3.85	1.12	0.291
Communications rarely hinder execution of duties in the bank	123	3.78	1.24	0.328
<b>Aggregate Scores for Sociolinguistic Competence</b>		<b>3.80</b>	<b>1.17</b>	<b>0.308</b>
<b>Overall Scores for Sociolinguistic Competence</b>	<b>123</b>	<b>3.95</b>	<b>1.23</b>	<b>0.332</b>

The observations collected on the dimensions of communication competence as depicted in the tabulated statements give a foundation for hooking up the summary measures that are necessary for additional statistical analysis. The composite mean of 3.69 clearly shows that the participants' opinion was that communication competence was demonstrated at a moderate level in the practices and activities measured in the banking sector. However, a standard deviation of 1.23 indicates that while there was general agreement, there were still some differences among the respondent's views, illustrating different perceptions of the manifestation of communication competence.

At different levels, the highest average response of 3.85 was noted for the dimension of maintaining official language during communication with a relatively low standard deviation of 1.12. This evidence suggests that there was a wide extent of consensus among the participants concerning the practice, with their responses being very close together, thus showing uniformity. On the other hand, the lowest average response of 3.48 was taken for the dimension of staff showing awareness of and respect for different norms during communication, with a higher standard deviation of 1.34 indicating inconsistency in that regard. This points out that the participants' opinions were more varied, which means that the staff's demonstrating this competence was perceived as ineffective by some and effective by others.

In general, the summary measures for communication competence show that the agreement among the participants was moderate but with acceptable variability, which is a situation that allows population measures to be estimated and also indicates the areas where the bank can improve communication practices, especially in the field of intercultural sensitivity. This aligns with Jahromi and Jahromi (2021), who established that proficient internal communication positively correlates with financial outcomes, emphasizing the centrality of communication in organizational performance. Similarly, Johansson, Miller, and Hamrin (2024) highlighted communication competence as a multidimensional construct that fosters clarity, commitment, and effective leadership through structuring, facilitating, and relating. Their work underscores how knowledge, cultural sensitivity, and analytical skills shape communication outcomes, further affirming its organizational importance.

### **Descriptive Results for Firm Performance**

Firm performance is a complex matter consisting of various aspects whose main point is the company's capability to reach its strategic targets with the help of efficiency and effectiveness. The authors in this paper have chosen to measure it in terms of market penetration, customer loyalty, and service quality. These factors serve as a systematic tool for measuring how effectively banks implement their strategies in operations and relationships. The market penetration measures the level of competition a bank has in the market, the customer loyalty indicates the duration of customer relationships, and the service quality shows the performance of the service rendered. All these factors together provide the necessary basis for measuring firm performance in the banks under study. The data collected on the characteristics that were defined as firm performance have been presented in Table 4.

Table 4: Descriptive Results on Firm Performance

Statement	n	Mean	Std. Deviation	Coefficient of Variation
<b>Customer Satisfaction</b>				
Our bank meets customer expectation in terms of service delivery	123	3.68	1.29	0.194
The bank addresses consumer complaints improving satisfaction level	123	3.92	1.07	0.184
Courses Positive feedbacks from customers clearly indicate the expected level of satisfaction	123	3.89	1.19	0.240
<b>Aggregate Scores on Customer Satisfaction</b>		<b>3.83</b>	<b>1.18</b>	<b>0.310</b>
<b>Market Share</b>				
Our bank has recorded steady growth of customers in the last three years	123	3.80	1.16	0.276
Our competitive strategies have increased our presence at the regional level	123	3.93	1.12	0.145
Our financial services have helped us attract more customers within the Murang'a market	123	3.78	1.15	0.248
<b>Aggregate Scores on Market Share</b>		<b>3.84</b>	<b>1.14</b>	<b>0.298</b>
<b>Customer Retention</b>				
High proportions of customers have remained loyal while using our services for considerably longer time	123	3.97	0.98	0.247
The bank implements services that encourage long-term relationship	123	3.86	1.16	0.301
Repeat business from existing customers contributes significantly to the bank's financial performance	123	3.86	1.13	0.293
<b>Aggregate Scores on Customer Retention</b>		<b>3.90</b>	<b>1.09</b>	<b>0.280</b>
<b>Overall Scores on Firm Performance</b>	<b>123</b>	<b>3.86</b>	<b>1.14</b>	<b>0.295</b>

The operational facets of company performance, as indicated by chosen measures, were subjected to an analysis resulting in a summary measure of a mean of 3.86 with a standard deviation of 1.14 which indicates a universally positive assessment of bank performance among the banks that were surveyed even though the moderate variability in the answers does indicate that there are differences in how strongly these outcomes are felt.

Among the categories of measurement, customer loyalty was identified as the most impactful performance indicator. The assertion that most customers have stayed loyal to the

bank while using its service for extended periods received the top mean score of 3.97 with a comparatively low standard deviation of 0.98, which shows that there is a strong agreement that client loyalty is a great strength. Likewise, competitive strategies that expanded regional presence (mean 3.93, SD 1.12) and proficient customer complaint handling (mean 3.92, SD 1.07) all got high ratings, thus confirming the importance of strategic positioning and customer service in enhancing performance.

On the flip side, conforming to customer expectation in service delivery had the lowest mean of 3.68 with a standard deviation of 1.29, which indicates the existence of varying levels of satisfaction and possibly service delivery gaps. While business (mean 3.86, SD 1.13) and services provision that foster long-term relationships (mean 3.86, SD 1.16) were rated positively, the variability in responses reveals the differences among institutions in terms of how effectively these practices are implemented.

The observed relationship between banking müşteriler and banking performance suggests that loyalty, efficient complaint handling, and competitive strategies are the main factors of performance at the surveyed institutions while meeting customer expectations and improving service quality needs more organization. The mentioned implications are consistent with the earlier ones. Okwuduba et al. (2021) point out that managerial skill is paralleled with customer centered practices and loyalty as strong relational engagement enhances outcomes. Jain and Singh (2020) distinguished high performing employees by interpersonal and teamwork skills which, in turn, support the strategic position of competitive positioning and service responsiveness. Likewise, Abdul, Rasulong, and Imam (2020) affirmed that management proficiency is a source of commitment and harmony which results in better customer satisfaction. Hence, the sustainability of banking performance lies in the matching of services with clients' needs.

### Inferential Analysis

The influence of communication competence on firm performance was examined through a simple regression model, and the results are presented in Table 5.

Table 5: Regression Results

Model	R	R Squared	Adjusted R Squared	Std. Error of the Estimate	Durbin-Watson
1	0.819 <sup>a</sup>	0.671	0.668	0.383	1.828

**F-Statistics**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.989	4	3.497	23.86	.000 <sup>b</sup>
	Residual	17.293	118	0.147		
	<b>Total</b>	<b>31.282</b>	<b>122</b>			

- a. Dependent Variable: Firm Performance  
b. Predictor: (Constant), Communication Competence

The correlation coefficient ( $R = 0.819$ ) obtained from the model summary indicates a strong and positive link between managerial competence and the performance of commercial banks in Murang'a County. The coefficient of determination ( $R^2 = 0.671$ ) shows that 67.1% of the changes in firm performance can be attributed to communication competence. The adjusted  $R^2$  value of 0.668, which considers the number of predictors, confirms that the model offers a reliable explanation of performance outcomes. The standard error of 0.38282 reflects acceptable predictive accuracy, while the Durbin–Watson value of 1.828 suggests the absence of problematic autocorrelation, reinforcing the credibility of the regression estimates.

The ANOVA findings further demonstrate that the regression model was statistically significant, with an F-statistic of 23.863 and a p-value below 0.001. This indicates that the effect of communication competence indicator meaningfully predicts firm performance within the banking sector. The comparison between the regression sum of squares (13.989) and the residual sum of squares (17.293) shows that a considerable portion of the performance variance is explained by this competence included in the analysis. These outcomes collectively affirm that the model is well-suited for assessing how communication competence influences the performance of commercial banks in Murang'a County.

Table 8: Coefficients of Regression Analysis

	Unstructured Coefficients		Standardized Coefficients	T	Sig.
	$\beta$	Std. Error	Beta		
Constant	.653	.311		1.973	.051
Communication Competence	.278	.077	.272	3.599	.000

- a. Dependent Variable: Firm Performance  
b. Predictor: (Constant), Communication Competence.

The statistical results of the regression analysis reveal that the parameters obtained from the unstandardized coefficient values produced the estimated model presented.

***Firm Performance = 0.653 + 0.278 Communication Competence***

The regression model shows that when communication competences are held constant, the predicted performance of commercial banks stands at 0.653 units. Although the constant has a p-value slightly above the typical 0.05 threshold, it still represents the baseline from which the effect of each competence is assessed, indicating that bank performance remains weak and unstable in the absence of competence-driven inputs. This underscores that strengthening staff capabilities is fundamental for building consistent and sustainable organizational outcomes.

The results further demonstrate that communication competence exerts the strongest influence on firm performance, as reflected by its coefficient of 0.278 and a highly significant p-value of 0.000. Holding the remaining competences constant, a single-unit improvement in communication competence is associated with a 0.278-unit increase in performance, making it the most prominent predictor in the model. The high t-value and standardized beta confirm that communication competence is essential in promoting efficiency, internal coordination, service quality, and customer trust factors that collectively reinforce the competitive position of commercial banks.

The positive effect of communication competence aligns with existing empirical evidence (Jahromi & Jahromi, 2021; Miller & Hamrin, 2024; Agyeiwaa & Arboh, 2022; Musheke & Phiri, 2021). Jahromi and Jahromi (2021) found that communication practices were closely linked to organizational performance, although their correlational design limited causal interpretation. In a related conceptual review, Miller and Hamrin (2024) emphasized the value of communication clarity and relational alignment, but their findings were not grounded in field data. Agyeiwaa and Arboh (2022) and Musheke and Phiri (2021) also reported positive connections between communication channels and firm outcomes, though their descriptive approaches and sector-specific contexts constrained generalization. By applying regression analysis, the current study not only corroborates these findings but extends them by demonstrating that communication competence is a decisive driver of operational efficiency, customer satisfaction, and competitive strength among commercial banks in Murang'a County.

## **CONCLUSION**

The very first objective of the researcher was to find out if communication competence could be used to predict firm performance. The results of the analysis pointed out communication competence as having a direct and very significant impact on firm performance.

From the contribution perspective, it was ranked the highest among the four competencies, coming out as the most important predictor of performance in commercial banks. Thus, the researcher finally stated that communication competence is a very strong determinant of firm performance.

## RECOMMENDATIONS

To meet the first expectation, the managers of commercial banks should design policies that make communication competence an essential part of performance in an organization. They should also initiate and offer training programs to improve and develop communication skills of staff within the organization characterized by clarity, consistency, and cross-cultural sensitivity. The top management should buy and use digital platforms that facilitate communication which is real-time, transparent, and feedback-driven with the result of stronger employee engagement and customer trust. The inclusion of and the use of customer-friendly language in communication policies as well as delivery of Services should be emphasized while the communication strategies are being aligned with the organizational goals. These initiatives will not only lead to increased efficient service but also to increased brand reputation which, in turn, will be a consolidation of competitive edge in the banking industry.

## LIMITATIONS AND FURTHER RESEARCH

This study examined how communication competence uniquely influences the performance of firms. Some aspects of managerial behavior and internal operational processes are sensitive, which may limit the depth of information respondents are willing to disclose; therefore, the study emphasized confidentiality and assured participants that the data would strictly serve academic purposes. Since the inquiry was confined to commercial banks within Murang'a County, the findings reflect this specific context and may not be generalizable to firms operating in other regions or sectors.

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