ORGANISATIONAL FACTORS INFLUENCING THE MATURITY OF BUSINESS CONTINUITY IN COMMERCIAL BANKS IN KENYA

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DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other University. To the best of my knowledge and belief, the dissertation contains no material previously published or written by another person except where due reference is made in the dissertation itself.

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DEDICATION

This dissertation is dedicated to my late father, mother, and cousin whose death had a profound effect on me to always be better.

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ABSTRACT

Empirical evidence underscores the critical role of Business Continuity Management (BCM) in fostering organisational resilience amid increasing disruptions. In Kenya, the Central Bank of Kenya (CBK) mandates BCM frameworks for financial institutions through Prudential Guideline No. CBK/PG/14. However, gaps remain in understanding how specific organisational factors and stakeholder perspectives influence the maturity of BCM practices within the Kenyan banking sector. This study, grounded in Contingency and Resilience theories, aimed to: examine the influence of corporate governance on business continuity maturity in commercial banks in Kenya, examine the effect of financial performance on business continuity maturity in commercial banks in Kenya, and evaluate the role of stakeholder perspectives in shaping business continuity maturity. This study was grounded in both positivist and constructivist research philosophies and adopted a convergent parallel mixed-methods approach. The study targeted all 38 licensed commercial banks in Kenya as the unit of analysis. Primary quantitative data were collected via an online semi-structured questionnaire administered to senior managers responsible for business continuity. The survey yielded responses from 67 participants across 33 banks. In addition, secondary data on organisational characteristics such as financial performance and governance structure were sourced from banks' annual reports for the year 2022. Quantitative data were analysed using descriptive statistics, correlation analysis, and multiple regression, while qualitative responses were thematically analysed. The study concludes that while organisational factors showed some associations with BCM maturity, none were statistically significant predictors. This suggests that BCM maturity may be driven more by contextual and behavioural dimensions such as leadership commitment, organisational culture, and strategic alignment than by static organisational attributes. Stakeholder engagement emerged as a pivotal component, reinforcing the need for inclusive and participatory BCM development. Finally, several operational challenges- technological risk, financial constraints, limited BCM expertise, and executive disengagement- were identified as barriers to maturity.

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LIST OF ABBREVIATIONS

BC	Business Continuity
BCM	Business Continuity Management
BCMM	Business Continuity Maturity Model
BCP	Business Continuity Plan
CBK	Central Bank of Kenya
URL	Uniform Resource Locator
FAMMOCN	Framework for the Assessment of Multidisciplinary Maturity on Organisational Continuity in Non-Disruptive Environments.
ROE	Return on Equity
UAE	United Arab Emirates

DEFINITIONS

Business Continuity	Documented procedures that guide organisations to respond, recover, resume, and restore to a pre-defined level of operation following disruption. (International Organization for Standardization, 2019)
Business Continuity Management	Business continuity management (BCM) is a holistic management process that an organisation implements to ensure its ability to continue critical operations after a disruptive event. It's essentially a framework for building resilience and ensuring the rapid restoration of essential functions following an interruption. (International Organization for Standardization, 2019)
Business Continuity Maturity Model	Business Continuity Maturity Model (BCMM) is a framework used to assess the effectiveness and maturity of an organisation's Business Continuity Management (BCM) program. It essentially measures how well-prepared an organisation is to handle disruptions and restore critical operations after a crisis. (Randeree, 2012)
Business Continuity Plan	A Business Continuity Plan (BCP) is a detailed document that outlines an organisation's strategy for responding to and recovering from disruptive events. It essentially serves as a roadmap for ensuring critical business functions continue operating, even during a crisis. (BCI, 2023)

CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

Business Continuity Management (BCM) has become an essential strategic capability for organisations seeking to remain resilient in the face of increasing disruptions. It is a holistic management process that identifies potential threats and their impacts and provides a framework for building organisational resilience with the capacity for an effective response (ISO 22301, 2019). Through processes such as risk assessment, impact analysis, and recovery planning, BCM ensures the continuity of critical operations and the safeguarding of stakeholders' interests, reputation, and value-creating activities (BCI, 2023).

Globally, several disruptive events have underscored the importance of BCM. In a research by (Folkers, 2017), he examined Hurricane Sandy in New York City and the 'Blockupy' demonstrations in Frankfurt, highlighting how BCM is challenged by large-scale disasters as well as acts of public criticism. During the COVID-19 pandemic, businesses around the globe had their resilience tested.

A separate study by Zbigniew Korzeb (2020) assesses the resilience of commercial banks in Poland during COVID-19. Results indicated that larger banks in Poland were more resilient, while smaller banks were more vulnerable. Unlike the structured resilience found in Polish banks, Arawneh (2021) examines the performance of Jordanian banks in 2020 amidst the COVID-19 pandemic's economic impact. The research concludes that while the COVID-19 pandemic adversely affected profitability, Jordanian banks demonstrated resilience and adaptability in navigating the crisis.

In addition, we have seen through an article by Guchua and Zedelashvili (2023) the role of Anonymous Sudan and Killnet in the Russia-Ukraine war and the factors in cybersecurity policy. The Anonymous Sudan cyberattack disrupted financial infrastructure across Africa (Nation Africa, 2023), highlighting the urgent need for robust Business Continuity Management (BCM).

These events show that while many organisations have invested in continuity plans, the effectiveness of such plans remains uneven. Despite the existence of BCM frameworks and standards, research has shown varied levels of success in achieving organisational resilience. Korzeb and Niedziółka (2020) and Arawneh (2021) reported positive outcomes among

financial institutions that had implemented BCM during the COVID-19 crisis, especially among larger, well-resourced firms. However, other studies indicate that BCM implementation often lacks depth and integration, particularly in institutions with limited internal support or those treating BCM as a compliance requirement rather than a strategic asset (Herbane, 2010; Bakar et al., 2015). In Jordan, a study revealed, the COVID-19 pandemic revealed the significance of and triggered the need for having workable and usable business continuity plans (Sawalha and Anchor, 2024).

In Kenya, the Central Bank's Prudential Guideline CBK/PG/14 (2013) mandates that commercial banks adopt BCM frameworks. As banks increasingly embrace technological innovation through APIs, Big Data, cloud computing, and advanced analytics, new vulnerabilities arise. According to the CBK's Bank Supervision Annual Report (2023), cyber-risk ranks as the most critical innovation-related risk, cited by 97% of commercial banks and 71% of microfinance banks (MFBs). Operational and third-party risks follow closely. In addition, CBK (2021) stated in a report that climate-related financial risks can significantly increase banking sector credit risk. In addition, CBK (2021) stated that extreme weather events can also increase operational risk for banks due to disrupted business continuity from the negatively impacted bank's infrastructure, systems, processes, and staff. These risks necessitate resilient systems and heightened preparedness. Institutional failures in Kenya's banking sector further highlight the stakes. The collapse of Imperial Bank and Dubai Bank, along with the crisis at Chase Bank, points to deficiencies in governance, risk oversight, and continuity planning (Kashindi, 2019; Oluoch, 2019). These cases reinforce the view that regulatory guidelines alone cannot guarantee resilience; internal organisational readiness plays a critical role.

Literature by Sawalha (2020) suggests that organisational factors such as governance structures, financial health, leadership commitment, and organisational culture are significant in shaping the maturity and success of BCM initiatives. Bakar et al. (2015) developed a conceptual framework identifying factors like management support, organisational preparedness, and the embeddedness of continuity practices as key drivers of BCM performance. However, few studies have comprehensively examined these variables in the context of Sub-Saharan Africa, and even fewer in Kenya's commercial banking sector.

Therefore, this study seeks to fill this gap by exploring the influence of organisational factors on the maturity of BCM in commercial banks in Kenya. It aims to assess how internal

characteristics shape the extent to which BCM is embedded, operationalized, and sustained. By focusing on both organisational factors and stakeholder perspectives, this study offers an opportunity to generate actionable insights that can support more resilient and strategically aligned continuity practices across the Kenyan banking sector.

1.1.1 Organisational Factors

Organisations are made up of people working together toward a shared purpose. According to Galbraith (2021), this is achieved through coordinated divisions of labour and information-driven decision-making. Over time, organisational operations are shaped by both internal dynamics and external influences. Key elements in organisational management include structure, culture, design, and environment (Galbraith, 2021). The organisational environment encompasses internal stakeholders, such as management, employees, and the board, as well as external forces, including economic, political, technological, and social trends (Gutterman, 2019).

According to Sadiku (2022) while external factors remain beyond the control of businesses, their ability to respond effectively to these political, economic, social, technological, environmental, and competitive (PESTEC) forces is crucial. Previous research has identified several organisational characteristics that influence BCM maturity. Qamar and Hall (2018) and Vanichchinchai (2023) linked factors such as firm size, age, governance practices, and supply chain position to BCM effectiveness. Board composition plays a central role in strategic oversight and risk management. A larger board may bring diverse expertise but can slow decision-making, while a smaller board may act faster but lack broad insight (Almashhadani 2022). Almaqtari (2023) found that board size and audit committee independence positively impacted BCM, though board independence alone was not significant.

This study focused on board size and composition as dimensions of corporate governance. The emphasis on board size and composition reflects a purposeful methodological prioritisation of variables having direct theoretical and empirical implications for strategic oversight and risk governance (Almaqtari, 2023). Board size influences the balance between decision-making efficiency and range of input (Almashhadani 2022). As such, both are crucial in continuity planning. On the other hand, board composition has a direct impact on board objectivity and regulatory responsiveness (Naciti, 2019), both of which are key enablers of mature BCM. Broader board attributes were removed to maintain model parsimony and avoid variable redundancy.

Firm size also matters. Larger firms tend to have more resources to support robust BCM programs (Vanichchinchai, 2023). However, increased size can introduce complexity that slows BCM processes (Qamar, 2018). Financial strength, measured by profitability and capital adequacy, further enables banks to invest in continuity measures and absorb shocks during disruptions (Barbero, 2023; Schuermann, 2020).

Other relevant factors include organisational age, ownership structure, type of external auditor, and listing status. These shape a bank's strategic priorities, regulatory obligations, and access to capital, which affect BCM commitment (Mkhaiber, 2021; Amidjaya, 2020; Qader, 2023; Aluoch, 2023). However, not all findings support the influence of organisational factors. In a study by Hamada (2022), the researcher found that centralized structures did not significantly affect BCM adoption in SMEs. Similarly, Vanichchinchai (2023) reported that the supply chain tier level had no impact on BCM strategy. Fischbacher-Smith (2017) also argued that BCM failures often stem from cultural inertia and complacency, even where formal structures exist.

Understanding stakeholder perspectives is critical to enhancing the maturity of Business Continuity Management (BCM) initiatives. As noted by Järveläinen (2020) stakeholders- both internal (e.g., executives, employees, IT, and risk managers) and external (e.g., regulators, customers, suppliers)- not only influence but are also impacted by continuity strategies. The extent of their engagement, their expectations, and the presence of effective feedback mechanisms play a significant role in shaping how BCM is integrated into organisational practices. Similarly, Rozova and Fuchs (2021) emphasize that stakeholder collaboration is pivotal in strengthening organisational resilience. Their study underscores that involving a broad range of stakeholders in the BCM process fosters a shared understanding of risks and promotes collective ownership of continuity strategies. This participatory approach ensures that BCM plans are not only comprehensive and practical but also more likely to be effectively implemented during disruptions.

Given the mixed findings in existing literature, this study examined five key factors board characteristics, financial performance, firm size, ownership structure, and stakeholder perspectives to better understand their influence on Business Continuity Management (BCM) maturity within Kenyan commercial banks. These variables were selected due to their strong theoretical underpinnings, prior empirical validation, and contextual relevance to the banking sector in Kenya. Specifically, the study aimed to (1) assess how corporate governance elements such as board characteristics and ownership structure influence BCM maturity; (2) determine

the effect of financial performance and firm size on BCM development; and (3) evaluate how stakeholder perspectives contribute to shaping BCM practices. This approach was designed to provide nuanced insights into the organizational and contextual dynamics that influence business continuity capability across the sector.

1.1.2 Business Continuity

The critical importance of Business Continuity Management (BCM) in safeguarding organisational stability against potential threats and operational disruptions is widely recognized (Sawalha, 2020). Effective BCM necessitates not only identifying risks but also establishing robust processes for response and recovery. To gauge the effectiveness of these efforts, the development and analysis of relevant metrics are paramount, highlighting areas for enhanced preparedness (Russo et al., 2023). Embedding BCM into long-term strategic planning and regularly assessing its maturity are essential for demonstrating value and bolstering operational resilience, particularly within the highly regulated and risk-sensitive financial sector (Russo, 2022; Russo, 2024).

Business Continuity maturity models offer structured frameworks for evaluating the progression of an organisation's BC capabilities across various levels (Proença & Borbinha, 2016). These models, such as the Business Continuity Maturity Model (BCMM) (Randeree, 2012), the Gartner model (Jesse et al., 2023), the SMIT/BCMI Good Practice Guidelines (Haidzir, 2018), and the RSA Archer model, provide benchmarks for progress and facilitate the identification of areas needing improvement. Among these, Randeree's (2012) BCMM stands out due to its specific tailoring to the banking sector, emphasizing the strategic alignment and operational integration vital for financial institutions navigating complex risk landscapes.

However, despite the availability of these established frameworks, a significant gap exists in their empirical application within emerging markets, particularly in the African financial context. This lack of localized research leaves a critical void in understanding the actual state of BC preparedness in regions facing unique economic and environmental vulnerabilities. For instance, the Kenyan banking sector is susceptible to climate change-induced agricultural volatility, which can impact loan portfolios and overall economic stability (CBK, 2024).

Consequently, this study seeks to address this gap by adopting Randeree's (2012) BCM Maturity Model to empirically evaluate the current state of BCM maturity within Kenyan commercial banks. By doing so, it aims to provide crucial insights into existing capabilities, benchmark current practices against a sector-specific framework, pinpoint specific areas

requiring enhancement, and offer practical recommendations for strengthening operational resilience within this unique economic and regulatory environment. Furthermore, the findings of this research will contribute to the broader academic understanding of BC maturity in emerging economies, potentially informing future theoretical developments and practical applications in similar contexts

1.1.3 Commercial Banks in Kenya

The Kenyan banking sector, comprising 38 licensed commercial banks (CBK, 2022), has demonstrated resilience amid significant shocks, including the COVID-19 pandemic, interest rate fluctuations, and prolonged droughts (CBK, 2023). This resilience is underpinned by strong capitalization, robust liquidity buffers, and solid profit growth (CBK, 2023). However, recent analyses indicate emerging risks that could disrupt this stability.

Domestically, the economy is projected to build on the momentum of 2023, with expected growth in the agriculture and services sectors (Kenya Bankers Association, 2024). Nonetheless, several downside risks persist. Climate change-induced weather volatility threatens agricultural output and bank resilience (CBK, 2024). Additionally, escalating geopolitical tensions may lead to global commodity price hikes, affecting supply chains (CBK, 2024).

In this volatile environment, effective Business Continuity Management (BCM) is not merely a regulatory compliance issue but a strategic imperative. Past failures, such as the collapse of Chase Bank, Dubai Bank, and Imperial Bank, revealed vulnerabilities rooted in governance and crisis response failures (Kashindi, 2019; Oluoch, 2019). These events illustrated how inadequate BCM strategies- especially those lacking stakeholder communication and operational preparedness- can amplify disruptions and erode public trust.

In response to such threats, the Central Bank of Kenya issued Prudential Guideline No. CBK/PG/14, requiring all banks to integrate BCM into their risk management frameworks (CBK, 2013). Moreover, several institutions have gone beyond compliance, adopting internationally recognized standards to strengthen operational resilience. For instance, Access Bank Kenya has implemented and is certified to best practice standards and frameworks, including ISO 22301 (Business Continuity Management System) line with their documented Business Continuity Management System Policy (Access Bank Kenya, 2024).

Similarly, Absa Bank Kenya's in partnership with Safaricom enables banking operations from

mobile devices, exemplifying BCM innovation through digital transformation. This collaboration not only enhances operational efficiency but also ensures continued access to essential banking services in the face of physical disruptions (Business Daily Africa, 2024).

A recent incident further underscores the importance of robust BCM frameworks. On October 23, 2024, Equity Bank's Othaya Branch in Nyeri County was temporarily closed following a fire outbreak. In the wake of the incident, Equity Bank advised its Othaya Branch customers to utilize alternative banking channels and neighbouring branches, (The Star, 2024).

These institutional efforts highlight the critical role of organisational factors- such as leadership, governance, and stakeholder engagement- in shaping BCM maturity. This study, therefore, seeks to investigate how such organisational characteristics, combined with stakeholder perspectives, influence BCM maturity in Kenyan commercial banks. In doing so, it aims to identify gaps, share best practices, and inform the development of robust, sector-specific BCM strategies.

1.2 Problem Statement

The Kenyan commercial banking sector is increasingly exposed to a complex and evolving risk landscape marked by pandemics, cyber threats, economic volatility, and governance failures (World Economic Forum, 2025). These threats have underscored the critical importance of mature Business Continuity Management (BCM) frameworks in safeguarding operational resilience and ensuring the uninterrupted delivery of essential financial services (Chege et al., 2023). The COVID-19 pandemic disrupted global and domestic banking operations, prompting the Central Bank of Kenya (CBK) to implement regulatory interventions aimed at maintaining liquidity and business continuity (CBK, 2021).

Although regulatory frameworks such as Prudential Guideline No. CBK/PG/14 (CBK, 2013) mandate the establishment of BCM frameworks, the actual maturity of these systems across Kenyan commercial banks varies significantly. This inconsistency suggests that factors such as corporate governance, financial performance, and bank characteristics play a crucial but unevenly understood role in shaping BCM outcomes (Amidjaya, 2020; Fischbacher-Smith, 2017; Haidzir, 2018; Rozova & Fuchs, 2021; Vanichchinchai, 2023).

Several international studies have found that organisational elements like board composition, firm size, and risk control mechanisms influence BCM maturity (Mkhaiber, 2021; Qader, 2023; Chi, 2023). However, these findings are often context-specific and not readily generalisable to

the sub-Saharan African banking sector, where institutional dynamics, regulatory environments, and risk profiles differ significantly. Moreover, most existing research tends to examine individual factors in isolation (Habash & Abuzarour, 2022; Kato & Charoenrat, 2018; Krause, 2017; Mishra & Kapil, 2018; Naciti, 2019), with limited attention to how combinations of organisational elements interact. Notably, few studies include the perspectives of internal stakeholders- such as compliance officers, risk managers, and IT heads- who are instrumental in operationalising continuity plans (Amidjaya, 2020; Fischbacher-Smith, 2017; Haidzir, 2018; Habash & Abuzarour, 2022; Mkhaiber, 2021; Rozova & Fuchs, 2021; Vanichchinchai, 2023).

This study addressed two critical research gaps. First, the absence of localized empirical investigations that examine how multiple organizational factors collectively influence Business Continuity Management (BCM) maturity in the Kenyan banking sector. Second, the lack of multi-stakeholder perspectives that capture real-world implementation challenges and insights. To bridge these gaps, the study explored how diverse organizational elements—specifically corporate governance variables such as board size, ownership structure, and board composition; financial performance indicators including return on equity, capital adequacy, and liquidity; as well as control factors like bank age and listing status—affect the maturity of BCM practices in commercial banks. By incorporating stakeholder perspectives alongside these factors, the research sought to deliver a more holistic understanding of the drivers shaping BCM maturity in Kenya, in line with the study's objectives.

1.3 Research Aim, Objectives, and Questions

Research Aim

The general objective of this study is to examine the organisational factors influencing the maturity of business continuity in commercial banks in Kenya.

1.3.1 Research Objective

The specific objectives are:

1. To examine the influence of corporate governance on business continuity maturity in commercial banks in Kenya,
2. To examine the effect of financial performance on business continuity maturity in commercial banks in Kenya.
3. To evaluate the role of stakeholder perspectives in shaping business continuity maturity.

The study is guided by the following research questions.

1. What is the influence of corporate governance on business continuity maturity in commercial banks in Kenya?
2. What is the effect of financial performance on business continuity maturity in commercial banks in Kenya?
3. What is the role of stakeholder perspectives in shaping business continuity maturity?

1.4 Scope of the Study

This study focused solely on Kenya's commercial banking sector, analysing all 38 licensed commercial banks. Senior executives in charge of business continuity management, such as heads of risk, IT, operations, compliance, and other key departments, served as observation units. The study took a convergent mixed-methods approach, using a semi-structured online questionnaire with both quantitative and qualitative components. The scope of data collecting was confined to one month in September and October 2024. Secondary data on organisational factors such as governance and financial performance were gathered from the banks' annual reports for 2022.

1.5 Significance of the Study

The study is of practical significance to three groups: banks and their management, policymakers, and scholars.

1.5.1 Banks

For commercial banks, the findings will guide institutional leaders in identifying specific organisational elements—such as firm size, board governance, profitability, and internal capabilities—that can be strengthened to enhance BCM frameworks and resilience.

1.5.2 Internal Stakeholders

For internal stakeholders such as compliance officers, risk managers, IT heads, and senior executives, the study will highlight the critical role their engagement plays in the institutionalization of effective and mature continuity planning practices.

1.5.3 Policy Makers and Regulators

For policymakers and regulators, including the Central Bank of Kenya, the study will provide contextual understanding of the operational challenges and enablers shaping BCM maturity. This can inform the development of more adaptive and targeted regulatory frameworks.

1.5.4 Researchers and Academicians

For researchers and academics, the study will fill a knowledge gap by offering empirical data from a sub-Saharan African context, contributing to global literature on BCM and organisational resilience in financial institutions.

1.6 Summary of the Chapter

This Chapter provides a comprehensive introduction to the research study, setting the stage for its investigation into the organisational factors influencing BCM in Kenyan commercial banks. It begins by underscoring the critical need for BCM in today's volatile business environment, citing real-world disruptions like the COVID-19 pandemic (Fani, 2019) and cyberattacks that have impacted the financial sector. It outlines the potential consequences of inadequate BCM, including operational disruptions, reputational damage, and even systemic risks to the financial system. It goes ahead to highlight that even before these recent events, the importance of BCM was evident, as demonstrated by the 9/11 attacks and their impact on the U.S. financial services industry.

Key organisational factors that influence BCM maturity are explored, encompassing financial metrics, corporate governance mechanisms, bank characteristics, and stakeholder perspectives. The chapter highlights existing research gaps, notably the lack of a comprehensive understanding of these factors' combined effect in the Kenyan banking context. It also references the open systems perspective advanced by Galbraith's on organisations to contextualise the role of organisational factors in BCM.

Further the chapter examines the study's objectives and research questions, focusing on the influence of organisational factors on BCM maturity, stakeholder perceptions of BCM, and the specific challenges and opportunities faced by Kenyan commercial banks in achieving and maintaining BCM. The significance of the study is emphasised, highlighting its potential benefits for banks and their management, policymakers, and researchers. By addressing the existing knowledge gaps and providing evidence-based insights, the study aims to enhance the resilience and continuity of operations in Kenyan commercial banks, ultimately contributing to the stability and growth of the financial sector.

CHAPTER TWO
LITERATURE REVIEW

2.1 **Introduction**

This chapter identifies and addresses the existing gaps in the literature concerning BCM in the context of Kenyan commercial banks. To achieve this, the chapter is organised into four distinct sections. First, a theoretical review examines contingency and resilience theories, providing a framework for understanding the factors that influence BCM. Second, an empirical review analyses relevant studies on BCM maturity, focusing on the effects of organisational factors and stakeholder perspectives. Third, the chapter summarises the key findings of the literature review and identifies specific research gaps. Finally, the chapter presents a conceptual framework that will guide the subsequent investigation and analysis in this study. By systematically reviewing the existing literature, this chapter lays the groundwork for understanding the complex interplay of factors that shape BCM in Kenyan commercial banks, ultimately informing the development of targeted strategies to enhance their resilience and continuity in the face of disruptions.

2.2 Theoretical Review

This study is grounded in two complementary theories: Contingency Theory and Resilience Theory. Contingency Theory discussed by Burns and Stalker (1961) and further by Xingran (2020) and later expanded by Hall et al. (1968) argues that effective organisational structures and strategies depend on situational factors, such as size, technology, and environmental uncertainty. It supports the idea that business continuity practices should be tailored to an organisation's context. In contrast, Resilience Theory advanced by Norman Garmezy (1991) as discussed in a paper by Sisto et al. (2019), focuses on how organisations anticipate, cope with, and adapt to disruptions. Originating from psychology, it has evolved to explain organisational learning and proactive adaptation. Together, these theories provide a robust foundation for examining the factors influencing BCM maturity in Kenyan commercial banks.

2.2.1 Contingency Theory

Contingency Theory, developed by Burns and Stalker (1961) and further discussed by Xingran (2020) and later expanded by Hall et al. (1968), proposes that there is no universally optimal way to structure an organisation or manage its operations. Instead, the most effective organisational strategies and structures are contingent upon external and internal situational

factors (Xingran, 2020). This may include environmental uncertainty, technological complexity, organisational size, and the nature of the industry in which a firm operates(Xingran, 2020).

According to the theory, organisations must adapt their structures, leadership styles, and operational strategies based on these contextual variables (Xingran, 2020). In studies by Imtiaz (2024) and Shala et al. (2021) they emphasize that effective leadership and management practices must align with specific organisational contexts to ensure resilience and performance, a principle that is highly relevant to the study of Business Continuity Management (BCM) in commercial banks.

Recent empirical studies have reinforced the relevance of Contingency Theory to the field of business continuity. In his study Ibrahim (2024) investigated the impact of cloud computing on business continuity and disaster recovery, demonstrating that the effectiveness of technological solutions varied according to organisational needs, risk profiles, and deployment types. His findings underscore the theory's assertion that continuity practices must be tailored to an organisation's specific context rather than relying on standardized approaches (Ibrahim, 2024). Similarly, Childs et al. (2022) in their study of small retail businesses during the COVID-19 pandemic, found that business continuity strategies were highly contingent on both internal factors, such as managing cash flow and supporting employees, and external factors like preserving critical stakeholder relationships. Their research further supports the notion that organisational responses to crises must be flexible and situationally adaptive to ensure effectiveness.

Despite its widespread acceptance, Contingency Theory is not without limitations. Scholars such as Abolghassem et al. (2014) and Pang et al. (2023) critique the theory for its lack of prescriptive clarity; it often fails to offer specific guidelines for managers facing complex, multi-faceted environments. Moreover, critics like Donaldson (2006) argue that the theory's deterministic undertones- suggesting direct causal links between specific contingencies and outcomes- oversimplify the dynamic and often unpredictable nature of real-world organisational challenges.

Nevertheless, Contingency Theory remains a highly relevant framework for this study. It provides a powerful lens for examining how organisational factors- such as board composition, financial strength, firm size, and ownership structure- influence BCM maturity within Kenyan commercial banks. It also justifies the study's emphasis on stakeholder perspectives,

acknowledging that effective business continuity strategies must align not only with internal organisational characteristics but also with the expectations and demands of key external stakeholders. In the context of Kenyan banks, where regulatory requirements, technological advancements, and market dynamics vary significantly, the adaptive principles of Contingency Theory are particularly critical for understanding the nuances of BCM maturity. The study is using Contingency Theory to inform but not prescribe the expected relationships.

2.2.2 Resilience Theory

Resilience Theory provides a framework for understanding how organisations can adapt to, withstand, and recover from disruptive events. One of the foundational contributors to the theory, Norman Garmezy (1991) as discussed in a paper by Sisto et al. (2019), defined resilience as the capacity to maintain adaptive functioning and recover following exposure to stressors. Initially developed within the field of developmental psychology, Chmitorz et al. (2018) resilience was discussed through three distinct phenomena: individuals who recover well after experiencing trauma, individuals from high-risk groups who achieve more favourable outcomes than expected, and individuals who maintain positive adaptation despite life stressors (Chmitorz et al., 2018).

Within the organisational domain, Resilience Theory has been increasingly applied to strengthen business continuity planning (BCP) initiatives. As discussed by Wilson et al. (2021) organisations can employ the following to foster resilience: capitalizing on opportunities rather than dwelling on negative outcomes, maintaining alternative workflows, maximizing the use of communication networks, identifying and anchoring around core organisational values, and crafting a sense of normalcy during unforeseen disruptions. These strategies highlight the multifaceted nature of resilience as not merely a reactive ability, but also a proactive orientation toward uncertainty and change.

Duchek (2020) offers a seminal contribution by conceptualising organisational resilience as a dynamic capability composed of three interrelated stages: anticipation identifying and preparing for potential threats, coping responding effectively during crises, and adaptation learning from disruption to enhance future performance. This model reinforces the idea that resilient organisations are not merely reactive but evolve through continuous learning, flexibility, and innovation. This framework by Duchek (2020) aligns closely with business continuity maturity, where anticipation links to risk assessment and planning, coping reflects

incident response and continuity procedures, and adaptation supports improvement and integration within BCM systems.

Despite its growing influence, Resilience Theory faces notable criticisms. Scholars such as Van Breda (2018) and Diprose (2015) argue that resilience frameworks often oversimplify the complexity of organisational dynamics, focusing predominantly on short-term recovery rather than fostering long-term systemic transformation. Additionally, Norberg and Johansson (2021) further critiques the theory for placing emphasis on reactive capabilities rather than addressing deep structural vulnerabilities that predispose organisations to crises in the first place.

In line with the first objective of this study, which seeks to examine how organisational factors influence BCM maturity, Resilience Theory underscores the importance of adaptability, proactive risk management, and flexible organisational structures. As discussed by Wilson et al. (2021) organisations can foster resilience through practices such as capitalizing on opportunities rather than dwelling on negative outcomes, maintaining alternative workflows, maximizing the use of communication networks, anchoring around core organisational values, and crafting a sense of normalcy during unforeseen disruptions. These strategies are also directly relevant to the second objective, which emphasizes understanding stakeholder perspectives on resilience and continuity. Furthermore, by embedding learning and adaptability into organisational practices, Resilience Theory supports the third objective of this study—developing tailored strategies to enhance BCM practices within Kenyan commercial banks. Resilience Theory justifies why stakeholder perceptions and proactive adaptability are explored. Despite this, Resilience Theory complements Contingency Theory by emphasizing organisational learning and proactive adaptation—factors relevant to understanding BCM maturity.

2.3 Empirical Review

Contingency Theory supports the use of variables such as board size, board composition, ROE, capital adequacy, liquidity, ownership structure, listing status, bank age, and size to reflect internal and external contextual factors that may influence BCM (Blerona Shala, 2021; Mahmud, 2021; Xingran Liu, 2020). Board size and composition, for example, have an impact on governance quality, decision-making agility, and leadership flexibility in crises, contingent on environmental uncertainty and business complexity (Dalziel, 2003; Mishra, 2018; Temba, 2023). Financial metrics such as ROE, capital adequacy, and liquidity act as performance-based contingencies, shaping an institution's risk capacity and continuity readiness (Abba, 2018;

Pang, 2023). Similarly, ownership and listing status indicate stakeholder responsibility and governance structure, which influences BCM responsiveness (Tran, 2019; Alsharif, 2020). Bank age and size are organisational characteristics that influence resource availability, experience, and flexibility to changing demands (Ha, 2013; Anderson, 2019; McKeown, 2022; Wilbur, 2020; Zelt, 2019; Kato, 2018; Fajaria, 2018). Contingency Theory validates the choice of these variables by noting that BCM efficacy stems from organisational alignment with its specific context.

Resilience Theory emphasises the importance of factors that improve adaptive capacity and structural robustness (Barrett, 2021; Kantabutra, 2021). Board composition, listing status, ownership structure, bank age, and size are all important variables to consider while developing resilience. For example, a varied board composition might improve cognitive flexibility and decision-making during stormy times (Mishra, 2018). On the other hand, listing status is frequently associated with more severe regulatory compliance, boosting organisational discipline and transparency (Tran, 2019; Alsharif, 2020). Ownership structure influences the autonomy and long-term orientation of strategic responses, with local and foreign ownership having differing consequences for resilience tactics (Russo, 2024). Bank age gives historical exposure to previous disruptions. This influences institutional learning and crisis preparation (Ha, 2013; Anderson, 2019). Lastly, firm size (measured by total assets) shows the availability of resources to absorb shocks and maintain operations (Wilbur, 2020; Zelt, 2019).

Organisational factors, acting as levers of control over a company's operations and performance (Pradhan, 2019), can either be intrinsic to the organisation or influenced by its external environment. External factors, such as political, economic, social, and technological forces (Hitt, 2016), significantly shape a firm's internal policies, despite being beyond its direct control. In response to these external shifts, companies develop internal factors including their mission, vision, communication practices, leadership styles, organisational structure, and culture (Obeidat, 2017). This study investigates how board composition, financial metrics, and bank type influence Business Continuity Maturity in Kenyan commercial banks.

2.3.1 The Effect of Corporate Governance on Business Continuity Maturity

Corporate governance- particularly board size, board composition, and ownership structure- plays a critical role in shaping BCM maturity. Board characteristics, defined as board size and composition (specifically, the presence of independent or non-executive directors), influence oversight quality, risk sensitivity, and strategic decision-making. These dimensions are core to

effective BCM (Dalziel, 2003; Mishra, 2018). Contingency Theory posits that governance structures must align with environmental demands to ensure organisational effectiveness (Xingran, 2020). It therefore provides a theoretical basis for expecting a relationship between board configuration and BCM outcomes.

Empirical evidence supports this expectation. In a multi-country study, Norberg and Johansson (2021) found that organisations with dedicated board oversight on BCM reported 25% higher continuity maturity. They also found that diverse and independent boards were positively associated with frequent crisis simulations and structured BCM plans (Norberg & Johansson, 2021). Similarly, Almaqtari (2024), focusing on GCC banks, observed that audit committee independence led to more frequent updates and testing of BCM plans. These studies suggest that governance rigor translates to greater continuity preparedness. Habash and Abuzarour (2022) found that boards with gender and functional diversity were more likely to embed BCM within strategic planning. Their study further affirms that board heterogeneity enhances organizational resilience (Mishra, 2018; Russo, 2024).

However, inconsistencies remain. While these studies highlight a positive relationship, most focus on Middle Eastern or developed markets. The generalisability to Sub-Saharan African contexts is limited. Besides, few studies disaggregate board characteristics into specific elements like size or independence. Some governance literature such as Krause (2017) and Naciti (2019) concentrates on financial or CSR outcomes, not BCM, indicating a thematic gap. Thus, while theory and select findings suggest a meaningful relationship, empirical validation in Kenya is lacking. This study addressed this by examining board size and composition as discrete, measurable governance factors influencing BCM maturity in Kenyan commercial banks.

Ownership structure, comprising ownership type (local and foreign) and listing status (listed vs. unlisted), affects strategic behaviour, regulatory exposure, and risk governance (Tran, 2019; Alsharif, 2020). These attributes influence how BCM is prioritised and institutionalised. Agency Theory provides a theoretical basis: dispersed or external ownership often increases pressure for transparency and risk mitigation. Consequently, it incentivizes stronger BCM frameworks (Russo, 2024).

In a U.S. study, Cai et al. (2016) found that firms with dispersed ownership adopted more comprehensive risk management systems due to stakeholder pressures. Similarly, Zhang et al. (2021), studying Chinese banks, found that state-owned institutions exhibited weaker

governance and higher risk-taking, whereas privately or foreign-owned banks maintained stricter internal controls and resilience mechanisms (Anderson, 2019; McKeown, 2022). These patterns are instructive for Kenya, where ownership structures range from foreign multinationals to local publicly traded and private banks. Foreign or listed banks may face greater regulatory scrutiny and reputational exposure. This could drive more structured BCM practices.

However, no empirical studies currently examine this relationship in the Kenyan context. The link between ownership type and BCM maturity remains theoretical and indirect. This creates an important empirical gap. This study, therefore, investigated the influence of ownership structure, particularly listing status and ownership origin, on BCM maturity within Kenyan commercial banks. By incorporating both quantitative survey data and qualitative stakeholder insights, the research aimed to unpack how different governance models affect commercial banks' continuity planning and organisational resilience.

2.3.2 Effect of Financial Performance on Business Continuity Maturity

Financial performance, operationalised through indicators such as profitability, capital adequacy, and asset quality, is a key organisational resource that influences the ability to invest in and sustain BCM systems (Bakar et al., 2015; Jain & Mitra, 2025). Within the framework of Contingency Theory, organisations are expected to align internal structures and capabilities-including financial strength- with the demands of their external risk environment (Xingran, 2020). From this perspective, banks with stronger financial performance are better positioned to adapt BCM strategies to contextual threats. This can effectively enhance their continuity maturity (Ha, 2013; Işik & Ersoy, 2022).

Resilience Theory further supports this expectation by framing financial capacity as a foundational enabler of organisational resilience (Anderson, 2019; Russo, 2024). A bank's financial health directly affects its absorptive and adaptive capacities—that is, the ability to withstand shocks, recover quickly, and maintain critical operations. In this view, financial performance is not just a resource but a resilience determinant that shapes long-term continuity planning and crisis response.

Empirical studies offer some support for this theoretical linkage. Bakar et al. (2015) found that firms with sound financial footing were more likely to implement formal BCM frameworks and comply with international standards such as ISO 22301. These firms were able to achieve higher levels of maturity (Bakar et al., 2015). Similarly, Jain and Mitra (2025) observed that

financially well-resourced firms displayed more embedded BCM practices and routine continuity testing. Conversely, limited financial capacity was identified as a barrier to strategic resilience planning (Jain & Mitra, 2025).

However, inconsistencies in the literature remain. Several studies- such as Ha (2013) on firm survival in Vietnam and Işik and Ersoy (2022) on bank profitability in China- examine financial performance in relation to general organisational outcomes but fail to directly measure its effect on BCM maturity. These studies highlight that while financial resources enhance organisational stability and growth, they do not necessarily result in mature or institutionalised continuity systems. Moreover, most existing research fail to account for how environmental or regulatory contingencies- such as those in developing economies- moderate the relationship between financial performance and BCM investment (Tran, 2019; Alsharif, 2020).

In the Kenyan banking context, this relationship is even less well understood. While stronger banks may have greater financial capacity, external pressures- such as regulatory compliance, ownership structure, or public scrutiny- may influence whether and how those resources are directed toward BCM (McKeown, 2022). Contingency Theory implies that only those banks that recognise external disruption risks as strategically relevant will align financial resources with continuity planning. At the same time, Resilience Theory suggests that without such investment, financial strength alone may fail to guarantee adaptive capacity (Russo, 2024).

Altogether, the relationship between financial performance and BCM maturity remains theoretically sound but empirically under-explored in sub-Saharan Africa. This study addressed this gap by investigating how financial performance supports- or fails to support- the development of mature BCM frameworks in commercial banks in Kenya.

2.3.3 Stakeholder Perspectives, as an Organisation Factor on Business Continuity Maturity

In the realm of business continuity management (BCM), understanding stakeholder perspectives is crucial. Stakeholders, who can be internal or external have varying interests and expectations regarding a firm's resilience and ability to withstand disruptions. McKnight (2016) and Fabeil (2020) both explored stakeholder perspectives in the context of business continuity, albeit with distinct focuses and methodologies. McKnight (2016) investigated how for-profit firms contribute to community resilience in the face of natural disasters from a stakeholder-based perspective. The study by McKnight (2016) synthesized existing research on BCM and employed stakeholder theory to develop a typology of firm responses to natural

disasters, differentiating between firm-centric and community-centric postures. The findings suggested that firms adopting community-centric postures, which prioritize stakeholder needs and community outcomes, contribute more effectively to community resilience. This study underscores the importance of considering the perspectives of external stakeholders, such as the community, in shaping business continuity strategies for natural disasters. However, it does not fully address the specific stakeholder perspectives on business continuity in commercial banks, nor does it delve into the mechanisms through which firms integrate stakeholder concerns into their disaster response efforts.

In contrast, Fabeil (2020) investigated the impact of the COVID-19 pandemic crisis on micro-enterprises in Malaysia, focusing on entrepreneurs' perspectives on business continuity and recovery strategies. This study by Fabeil (2020) primarily focused on the perspectives of internal stakeholders, namely the entrepreneurs themselves. The study utilized unstructured phone interviews to gather qualitative data, revealing that micro-enterprises lack formal crisis management approaches and rely on product delivery and marketing to ensure business continuity. The study also highlighted the perceived ineffectiveness of government economic stimulus funds, emphasizing the need for tailored assistance and support mechanisms for micro-enterprises in crisis situations. However, this study's focus on micro-enterprises in a specific geographical context limits its generalizability to other sectors and regions.

McKnight (2016) and Fabeil (2020) examined stakeholder roles in community resilience and small business continuity, respectively. These studies affirm the importance of internal and external stakeholders but do not explore their perceptions in structured financial institutions like commercial banks. Hence, literature on stakeholder influence in BCM maturity within Kenyan banks is limited.

In summary, both studies offer valuable insights into stakeholder perspectives on business continuity, albeit with different focuses and methodologies. McKnight (2016) emphasizes the importance of community-centric postures in for-profit firms' response to natural disasters, while Fabeil (2020) highlights the challenges faced by micro-enterprises in crisis situations and the need for tailored support. However, neither study directly addresses the diverse stakeholder perspectives on business continuity in commercial banks, nor do they delve into the specific mechanisms for integrating these diverse concerns into business continuity strategies. This leaves a significant gap in understanding the role of stakeholder engagement in ensuring the resilience and sustainability of commercial banks, particularly in the face of

disruptions and crises. The current research aims to address this gap by specifically investigating internal stakeholder perspectives on business continuity in Kenyan commercial banks, exploring the diverse viewpoints of different stakeholder groups, including both internal and external stakeholders, and identifying effective strategies for integrating their concerns into BCM practices.

2.4 Summary of the Literature and Research Gaps

The reviewed literature on reveals several critical research gaps. This is particularly with respect to Kenyan commercial banks. While the global literature has made significant progress in conceptualising and drawing empirical links between organisational factors and continuity practices, its applicability to the Kenyan banking context remains limited in several key areas. To begin with, most studies have been conducted in regions such as the Gulf Cooperation Council (Almaqtari, 2024), China (Zhang et al., 2021), the United States (Cai et al., 2016), and the UAE (Randeree et al., 2012). Although these studies provide useful insights into the relationship between governance, ownership, and BCM, their findings are not directly transferable to the Kenyan financial system. This is considering Kenya's context characterised by unique institutional, regulatory, and market dynamics. The absence of Kenya-specific empirical evidence limits the understanding of how these variables manifest locally. Therefore, this study addressed this contextual gap by focusing specifically on the Kenyan commercial banking sector.

Further, many existing studies measure BCM maturity only indirectly. For example, Ha (2013) focuses on firm survival and growth, while Bakar et al. (2015) and Jain and Mitra (2025) use financial performance and resource availability as proxies for BCM implementation. Although these proxies provide useful indicators of organisational resilience, they fail to directly assess the maturity of BC. This limits the precision of such findings when informing decisions. To mitigate this limitation, this study employed a direct measure of BCM maturity using established indicators.

More importantly, the reviewed literature often lacks strong theoretical integration. While studies such as Norberg and Johansson (2021) and Habash and Abuzarour (2022) empirically link board structure and diversity to BCM outcomes, they fail to explicitly explain these relationships through theory. The present study addressed this gap by grounding its analysis in Contingency Theory and Resilience Theory. A fourth gap is the limited exploration of stakeholder perspectives in relation to BCM maturity. While McKnight (2016) and Fabeil

(2020) consider stakeholder views in different sectors, their findings may not be easily transferable to large, highly regulated financial institutions. This research addressed this by incorporating qualitative insights from internal stakeholders- including risk managers, compliance officers, and IT personnel- who play a direct role in operationalising BCM in Kenyan banks.

Lastly, the relationship between a bank's broader organisational characteristics (such as size, age, and listing status) and its BCM maturity remains underexplored in the reviewed literature. Studies like Işik and Ersoy (2022) and Ha (2013) explore financial health and firm growth but fail to connect these characteristics to continuity capabilities. As a result, the specific nature of how organisational size or maturity affects BCM development in the Kenyan banking sector is still unclear. This study bridged this gap by investigating how variables such as corporate governance and financial performance affect BCM maturity within Kenya's commercial banks. These gaps are summarised in Table 2.1

Table 2. 1 Research gaps from reviewed literature

Authors	Region	Purpose	Findings	Research Gaps
Randeree et al. (2012)	UAE	Develop and validate BCM maturity model for banking	Five-level BCM maturity model; valuable tool for situational assessment in banks	Model validated in UAE context, not tested in Kenya
Russo (2024)	Various	Emphasize measuring BCM and ISO 22301 compliance	BCM measurement improves organisational resilience	Lacks sector-specific metrics for Kenyan banks
Haidzir (2018)	Unspecified	Assess BCP maturity in healthcare sector vs ISO 22301	ISO-aligned models enhance BCM effectiveness	Focus on healthcare; Kenyan banking sector not analyzed
Norberg & Johansson (2021)	Multi-country	Link board structure to BCM maturity	Boards with BCM oversight linked to 25% higher BCM maturity	No specific study in Kenyan banks
Almaqtari (2024)	GCC	Audit committee independence and BCM practices	Independent audit committees boost BCM readiness	Context-specific to GCC, not Sub-Saharan Africa

Habash & Abuzarour (2022)	Middle East	Board diversity impact on BCM	Diverse boards better integrate BCM in strategic planning	Mechanisms not tested in Kenya
Cai et al. (2016)	USA	Ownership dispersion and risk management	Dispersed ownership improves BCM structures	Indirect study on BCM, relevance to Kenyan banks unclear
Zhang et al. (2021)	China	Ownership type and governance in banks	State-owned banks have weaker governance	BCM impact in African context not explored
Bakar et al. (2015)	Malaysia	BCM success and firm performance	Stronger financials link to advanced BCM	Indirect links to BCM maturity
Jain & Mitra (2025)	India	Financial strength and BCM embedding	Resource availability enables BCM maturity	Future research needed in banks, especially in Kenya
Işik & Ersoy (2022)	China	Bank age and performance	Older banks more profitable; BCM not directly assessed	No direct link to BCM maturity
Ha (2013)	Vietnam	Firm growth and resilience	Larger firms survive longer; implication for BCM unclear	BCM maturity not addressed
McKnight (2016)	Not specified	Firms' role in community disaster resilience	Community-centric firms improve disaster resilience	Lacks focus on financial institutions
Fabeil (2020)	Malaysia	SME stakeholder views on crisis management	Micro-enterprises lack formal BCM; limited government aid effectiveness	Findings not transferable to structured banks in Kenya

2.5 Conceptual Framework

The conceptual framework encompasses critical variables related to business continuity, stakeholders' perspectives and organisational factors, each with specific indicators. The organisational factors will be measured using profitability, firm size, and board composition to

gauge their influence on their effects to business continuity maturity. The stakeholder perspectives will be evaluated based on stakeholder engagement, understanding of risks, awareness of business continuity plans, and alignment with stakeholder needs. The measures will determine the degree to which stakeholders recognize the importance of business continuity measures in addressing crisis situations effectively. In addition, the framework shows the dependent variables represented by business continuity maturity. The maturity levels of banks concerning business continuity will be evaluated using a business continuity maturity model consisting of five levels: Level 1: Ad-hoc (Reactive): Minimal or no formal BCM, Level 2: Reactive: Basic awareness, but limited structure, Level 3: Basic Proactive: Formal plans, but may lack detail, Level 4: Advanced Proactive: Comprehensive and integrated BCM and Level 5: Continuous Improvement (Optimized): BCM is deeply embedded and constantly evolving.

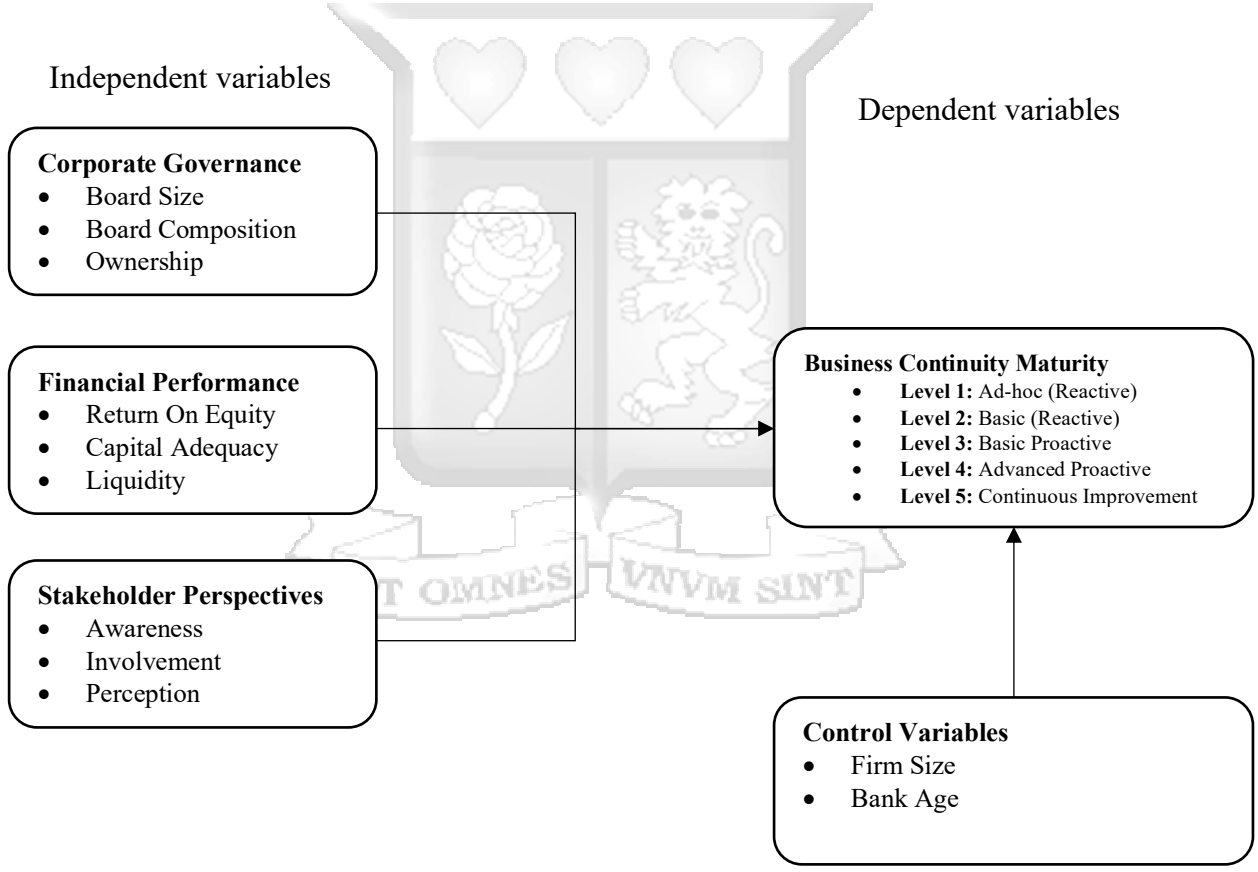

Figure 2. 1 Conceptual framework (Author, 2024).

2.5.1 Operationalization of the Variables

Table 2.2 indicates the criteria for the operationalization of the independent, control and dependent variables of the study. The measurements, supporting studies, study-based theories and the test of variables are highlighted.

Table 2. 2 Operationalization of the variables

Variable	Variable Definition	Measurement of Variable	Supporting Past Studies	Supporting Theories	Data Source	Analysis
Dependent Variable						
Business Continuity Maturity	The level to which a bank has designed, implemented, tested, and integrated structured business continuity procedures such as risk assessment, recovery planning, crisis communication, and continuity strategies into its operations, governance, and culture.	BCM Maturity Model (Level 1–5)	Randeree (2012); Russo (2024); Haidzir (2018)	Contingency Theory	Questionnaire	Descriptive
Independent Variable						
Board Size	Number of directors on the board.	No. of Board Members	Tamminen (2020); Naciti (2019); Almaqtari (2023)	Contingency Theory; Resilience Theory	Annual Financial Reports; Questionnaire	Inferential analysis
Gender diversity	Mix of skills, backgrounds, and gender among board members.	Percentage of women on board	Tamminen (2020); Naciti (2019); Almaqtari (2023)	Contingency Theory; Resilience Theory	Annual Financial Reports; Questionnaire	Inferential Analysis
Ownership Structure	Distribution among local and foreign owners.	Local = 1; Foreign = 0	Rasyid (2015); Almashhadani (2022)	Contingency Theory	Bank Supervision Reports; Financials; Questionnaire	Regression
Return on Equity	Profitability metric revealing how well a company uses equity to generate profits.	Profit After Tax / Equity	Barbero (2023); Kalbuana (2022); Fajaria (2018)	Contingency Theory	CBK Reports; Audited Financials; Questionnaire	Regression
Capital Adequacy	Ratio of a bank's capital to its risk-weighted assets.	Capital / Risk-weighted Assets	Schuermann (2020); Odunga (2013)	Contingency Theory	Bank Supervision Reports; Financials;	Regression

Variable	Variable Definition	Measurement of Variable	Supporting Past Studies	Supporting Theories	Data Source	Analysis
					Questionnaire	
Listing Status	Whether shares are traded publicly.	Listed = 1; Unlisted = 0	Chi (2023); Tran (2019); Amidjaya (2020)	Contingency Theory; Resilience Theory	Bank Supervision Reports; Financials; Questionnaire	Regression
Ownership Structure	Distribution among local and foreign owners.	Local = 1; Foreign = 0	Rasyid (2015); Almashhadani (2022)	Contingency Theory	Bank Supervision Reports; Financials; Questionnaire	Regression
Stakeholder Perspectives	Refers to the awareness, involvement, and perceptions of internal stakeholders in relation to BCM planning, testing, and strategic alignment.	Likert-scale statements assessing: 1) awareness of BCM programs; 2) involvement in planning/testing; 3) perceived value of BCM; 4) BCM alignment with departmental needs.	McKnight (2016), Fabeil (2020), Anderson (2019), Jesse (2021)	Resilience Theory, Contingency Theory	Questionnaire, Key Informant Interviews	Descriptive and Thematic Analysis
Control Variable						
Firm Age	Years since bank registration.	Number of Years	Özcan (2022)	Contingency Theory; Resilience Theory	Annual Reports; Questionnaire	Regression
Firm Size	Size measured through total assets.	Log of Total Assets	Mkhaiber (2021); Kalbuana (2022)	Contingency Theory; Resilience Theory	Bank Supervision Reports; Financials; Questionnaire	Regression

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the research design and methodology that guided the study. This is accompanied by the rationale for selecting the methodological approach. The section begins with a discussion of the research philosophy that guided the study. Next is the discussion of the research design, followed by the population and sampling technique. The data collection methods and data analysis approach are further addressed, followed by a discussion of how research quality was attained. Finally, the chapter concludes with a discussion of the research ethics.

3.2 Research Philosophy

Researchers have at their disposal a range of research philosophies, including critical realism, pragmatism, interpretivism, and positivism, each suited to different types of inquiries (Saunders et al., 2019). This study, seeking to investigate the relationships between BCM and organisational factors in Kenyan commercial banks, adopted a pragmatic philosophical stance, drawing from both positivist and constructivist paradigms.

The primary approach was positivism, which posits that researchers should objectively observe social realities to develop law-like generalizations (Alharahsheh & Pius, 2020). Positivism was particularly suited for examining causal relationships between BCM maturity and quantifiable predictors such as board size, board composition, firm size, ownership structure, and financial performance metrics. The objective nature of positivism facilitated statistical testing, allowing generalisation of findings to the wider population of commercial (Saunders et al., 2019).

However, recognizing the complexity of BCM as a socially constructed organisational practice, the study also incorporated constructivist perspectives. Constructivism emphasizes the active co-construction of knowledge between researchers and participants and the existence of multiple realities shaped by individual and contextual factors (Alharahsheh & Pius, 2020). This philosophical lens was particularly relevant in exploring stakeholder perspectives on the institutionalisation and effectiveness of BCM practices, as outlined in an understanding contextual challenge affecting BCM.

By integrating constructivism with positivism, the research achieved a more comprehensive understanding of BCM maturity in commercial banks. Quantitative data collected under

positivist principles were enriched with qualitative insights derived from stakeholder interviews, offering a holistic view of the organisational, financial, and contextual factors influencing BCM maturity. This blended philosophical approach aligned closely with the study's mixed-methods design, ensuring both the statistical rigor and contextual depth necessary to propose effective strategies for enhancing business continuity in the Kenyan banking sector.

3.3 Research Design

After selecting the research philosophy, the next step was a selection of the study design. As such, the researcher selected the descriptive research design as the framework for collecting and analysing data in the study. According to Leavy (2023), the descriptive research design answers the how, what, when, where, and who questions. This is by depicting an accurate profile of situations, perceptions, or events. In this study, the descriptive design was complemented by the mixed research approach. The objectives of this study were aimed at explaining and predicting. This was in line with quantitative and qualitative research, which focuses on explaining and predicting (Skinner, 2020).

This mixed-methods study examined the organisational determinants that influence the maturity of business continuity in Kenya's commercial banks. A convergent mixed methods design was adopted, which is one in which qualitative and quantitative data are collected simultaneously, analysed separately, and then integrated (Leavy, 2023). In this study, quantitative data from an online survey were used to test the Contingency and Resilience theory, which predicts that organisational factors such as firm size, board composition, and profitability have a positive impact on the maturity of business continuity at licensed commercial banks in Kenya. The qualitative data from open-ended portions of the same questionnaire investigated stakeholder perceptions on the difficulties and potential of business continuity management for the same group of participants at these commercial banks. One reason for selecting the mixed method is its precision of measurement (Leavy, 2023). This is because it employs numerical measurement and analysis of perspectives using open questions (Saunders, 2019). Utilising statistical techniques in data analysis ensured the study remains objective. Besides, quantitative and qualitative research uses structured and unstructured data collection instruments that helped in getting conclusive information from the respondents (Creswell, 2023).

The quantitative data analysis involved both descriptive and inferential statistics. Descriptive statistics was used to profile the respondents and their organisations, while inferential statistics, specifically multinomial logistic regression, was employed to examine the relationship between BCM maturity and the predictor variables (Menard, 2002). To ensure the robustness of the model, diagnostic tests such as the normality test (Shapiro-Wilk), goodness-of-fit test (Pearson's chi-square), linearity assessment (scatterplots), and tests for multicollinearity (VIF) and proportional odds assumption (Brant test) were conducted. These tests helped identify potential issues with the data or model assumptions, ensuring the validity and reliability of the regression analysis and its subsequent findings (Field, 2013). Additionally, model selection criteria like AIC or BIC were used to compare different models, and sensitivity analyses was performed to assess the robustness of the results under varying specifications.

3.4 Population and Sampling

The population for this study comprised all 38 licensed commercial banks operating in Kenya (CBK, 2023) , which formed the primary unit of analysis for assessing BCM maturity. Given the relatively small and well-defined nature of the population, a census approach was adopted to ensure comprehensive coverage. This approach enhanced the study's representativeness and minimised the risk of selection bias (Creswell and Creswell, 2023; Saunders, 2029). The qualitative inquiry targeted the same population as the quantitative component, comprising senior personnel responsible for business continuity management in Kenya's 38 licensed commercial banks. These included heads of departments such as risk, IT, operations, and compliance. The qualitative data was derived from open-ended questions within the semi-structured online questionnaire. Secondary data was sourced from the banks' 2022 annual reports and included variables such as profitability indicators, board composition, bank size, and ownership structure. The questionnaire collected data on organisational characteristics, business continuity maturity levels, and stakeholder perceptions regarding the relevance, challenges, and opportunities of BCM in the commercial banking sector. This combined approach aligns with the study's blended philosophical stance, incorporating both positivist and constructivist perspectives. Quantitative data gathered through the census survey was enriched with qualitative insights from key informants, providing a holistic understanding of the factors influencing BCM maturity in Kenyan commercial banks.

3.5 Data Collection Methods

In line with the positivism and constructivism philosophies, descriptive design, and mixed research, this study adopted the research survey strategy to collect data from respondents. A survey is a type of research approach in which a sizable population's data is systematically collected (Saunders, 2019). Data was collected using semi-structured questionnaires (Al-Ababneh, 2020). One rationale for selecting the survey strategy in data collection is that it collects quantitative and qualitative data (Creswell and Creswell, 2023). Besides eliminating bias, this data was then analysed using inferential and descriptive statistics (Leavy, 2023). Another reason for collecting the data using semi structured questionnaire was that the researcher collected data from a larger number of respondents using the same questions making it cost-effectively (Glastonbury, 2020).

The study's data collection instrument for the primary data was online questionnaires. The data was collected from department heads of risk management, IT, operations, and compliance, or senior managers involved in business continuity management in the commercial banks selected for this study. The semi structured questionnaire was also used to collect data on the stakeholders' perspectives of business continuity. Further, the researcher collected secondary data from the annual reports of all the licensed commercial banks in Kenya. This is to collect the data on financial metrics and type of bank.

Secondary data on financial performance metrics (return on equity, capital adequacy ratio, and liquidity ratio) was extracted from the banks' official websites, CBK supervision reports, and licensed repositories such as the NSE for listed for the financial year 2022 along with structural characteristics such as type of bank ownership and listing status. This data was manually compiled and merged with the primary survey data by matching the participating bank names. To ensure alignment, the financial metrics were normalised and appended to each survey response based on the participating bank's identity. This integration allowed each record to reflect both the respondent's survey data and the corresponding bank-level financial indicators. Where multiple responses came from the same bank, the financial data were held constant across those responses.

The questionnaire had three major sections. Section 1 contained the background information of the respondents. The second section comprised of questions on organisational factors. The last section comprised on questions on business continuity maturity assessment and perception

questions. Microsoft Forms were used to create the survey. Respondents received a link (URL) that the researcher created. Bank officials then responded to Microsoft Forms questionnaire whenever it was convenient for them. The online format improved accessibility and convenience and ensured efficient data collection

Notwithstanding the positive aspects of the survey strategy, the researcher noted the potential problems with this strategy. These problems are nonresponse and low response rates (Sataloff, 2021). The study mitigated these issues by implementing proactive tactics. This included using initial notifications, calling the respondents, and using electronic reminders. This encouraged the filling of the questionnaire and facilitated participation among the participants.

3.6 Data Analysis

Since this study was qualitative and quantitative, the data was analysed quantitatively and qualitatively. The qualitative data was coded to categorise different segments of the data based on their content. The data was then organised on NVivo 14 thematic analysis software to identify broader themes that emerged across the data set. The themes were interpreted to generate meaningful insights that addressed the research objectives. For the quantitative data, the researchers conducted a descriptive data analysis on SPSS 29 statistical software to present an accurate profile of the respondents. Further, the researcher conducted inferential data analysis on SPSS 29. This was done conducting both correlation and regression analysis. Specifically, the study utilised a multinomial regression as discussed in (Menard, 2002). A multinomial regression helps to analyse how multiple independent variables influence the likelihood of falling into one of several categories of the dependent variable. The suitability of the model was assessed using a goodness of fit test. The test assessed how well the model fits the data. The Pearson's chi-square test was utilised. A non-significant result with a high p-value suggests a good fit. In addition, the researchers checked for linearity using a scatter plot. The test ensured that the relationship between each predictor variable and the logit of the outcome variable was linear. The regression analysis was guided by the model:

$BCM = \beta_0 + \beta_1 CG + \beta_2 FM + \beta_3 AB + \beta_4 TO + +\beta_5 BL + \beta_6 SB + \varepsilon,$

Where:

$BCM =$ Business continuity maturity

β_0 = Model intercept

$\beta_{1,2,3}$ = Coefficients of the predictor variables

CG=Corporate Governance (Board size, board composition)

FM=Financial Metrics (Profitability as measured by ROE or ROA, and Capital Adequacy)

AB=Age of bank

TO= Type of Ownership

BL= Bank Listing (Listed/Unlisted)

SB= The size of the bank

ε = Model error term

Obtaining the coefficient estimates was preceded by a series of diagnostic tests. The normality test was performed to ascertain whether the data is normally distributed (with a significance level of 0.05). This was to identify whether the regression method- linear or ordinal- should be applied. Additionally, the regression model that was suited for the estimation was qualified by the study using goodness of fit tests and model fitting information. Lastly, the researcher performed a proportionate odds assumption to confirm that the parallel lines test was not violated by the model that produced the coefficient estimates.

3.7 Research Quality

Research quality aims at enhancing the credibility of the study. Quality considers both the validity and reliability of the collected data. Validity is the extent to which the research measures what it aims to measure (Creswell, 2014). On the other hand, reliability ensures the consistency of the results over time and with different researchers (Mohajan, 2017). To achieve reliability on the secondary data, all the information was obtained from reliable sources such as the audited annual reports of the banks and Central Bank's supervision reports. To achieve reliability of the qualitative data from responses in the questionnaire, the questionnaire was reviewed by three random bank managers and question.

To ensure the validity of secondary data and the model outputs, diagnostic tests were conducted prior to regression analysis, including multicollinearity tests, normality assessments, goodness-of-fit tests, and model comparison using AIC and BIC criteria. The results indicated that the model assumptions were satisfactorily met, supporting the validity of the inferential analyses.

The validity of qualitative responses was enhanced through triangulation, comparing stakeholder perspectives with secondary data findings to corroborate and enrich the

understanding of BCM maturity levels across different banks. This approach minimised potential bias from relying on a single data source and strengthened the credibility of the qualitative insights. Overall, these measures ensured that the findings of this study are robust, reliable, and valid, providing a credible contribution to the understanding of Business Continuity Management maturity in Kenyan commercial banks.

3.8 Ethical Issues in Research

Ethical matters are important, to ensure that research is valid, while the rights of the various respondents are respected. During primary data collection from the respondents, high levels of confidentiality was observed to ensure that the outcomes represented the data that was examined. The respondents were given the option to participate willingly, with confidentiality maintained and as far as possible, keeping the participants anonymous. The dissertation was submitted to the Strathmore Institutional Ethics and Scientific Review Committee (SERSRC) for ethical approval and also be submitted to the local regulator, the National Commission for Science, Technology, and innovation (NACOSTI) for approval. See Appendix IV for the approvals. To avoid plagiarism all scholars whose work was used in the study were cited and referenced.

3.9 Chapter Summary

This chapter outlines the methodological approach that guided the research, which examined the influence of organisational factors on BCM in commercial banks operating in Kenya. The study adopted a convergent mixed-methods descriptive research design, incorporating both quantitative and qualitative data collection and analysis techniques. The research design aimed to provide a comprehensive understanding of how organisational factors impact BCM maturity, utilising both statistical analysis and thematic exploration of qualitative data.

The research was grounded in a blended philosophical approach, primarily utilising positivism to establish causal relationships between BCM maturity and predictor variables such as firm size, board composition, and profitability. However, recognising the importance of subjective realities and social contexts, constructivism was also integrated to delve into the lived experiences and perspectives of individuals involved in BCM. To achieve this, a census of all 38 licensed commercial banks in Kenya was conducted, ensuring the study's representativeness and reducing selection bias. Secondary data on bank profitability was obtained from annual reports and CBK data.

The quantitative data was analysed using descriptive and inferential statistics, including multinomial logistic regression with diagnostic tests to ensure the validity and reliability of the findings. Qualitative data were coded and thematically analysed to uncover nuanced insights into BCM practices and perceptions. Additionally, the research assessed the reliability of the questionnaire through a pilot study using Cronbach's Alpha, and validity was established through expert review and pilot testing. Pilot testing was conducted with five purposively selected managers from commercial banks not included in the main study. The semi-structured questionnaire was distributed online via Microsoft Forms. Participants provided feedback on the clarity, relevance, and flow of the questions. Based on their feedback, minor wording adjustments were made, redundant questions were merged, and instructions were improved. The average completion time was approximately 15-20 minutes, confirming the instrument's clarity and practicality for the main data collection. Ethical considerations were addressed by obtaining necessary approvals and ensuring informed consent, voluntary participation, and confidentiality of respondents. In sum, this chapter presents a comprehensive research methodology designed to yield robust findings and contribute to a deeper understanding of the influence of organisational factors on business continuity maturity in Kenyan commercial banks.

CHAPTER FOUR
PRESENTATION OF FINDINGS

4.1 Introduction

This study aimed to examine the organisational factors influencing the maturity of business continuity in commercial banks in Kenya. The specific objectives addressed in this study are establishing the effects of organisation factors on business continuity maturity in commercial banks in Kenya, evaluating the internal stakeholder perspectives on the relevance of business continuity in managing crises in commercial banks in Kenya, and evaluating the specific challenges and opportunities faced by Kenyan commercial banks in achieving and maintaining BCM, considering their unique context. The results addressing each of these objectives are presented in this chapter. The chapter begins with an outline of the response rate

followed by the presentation of the background information. Next, it addresses the descriptive, inferential, and qualitative results.

4.2 Respondents' Rate

The study targeted 38 licensed commercial banks in Kenya. A total of 81 questionnaires were distributed based on bank size. Larger banks (Tier I) were allocated up to 5 respondents per institution, typically department heads from Risk Management, IT, Operations, and Compliance. Medium-sized banks (Tier II) received 2–3 questionnaires, while smaller banks (Tier III and microfinance institutions) were targeted with 1–2 respondents. This proportional distribution aimed to capture diverse perspectives across organisational hierarchies and departments. Ultimately, responses were received from 33 banks (institutional response rate of 84.62%) and 67 respondents (individual response rate of 82.71%). According to Wu et al. (2022), online surveys average response rates of 44.1% which is sufficient for statistical analysis. This study's responses indicate strong participation that reduced nonresponse bias.

Table 4. 1 Survey response rate

Bank response rate	**Frequency**	**Percentage (%)**
Responded Banks	33	84.62
Non-responded Banks	6	15.38
Total Targeted Banks	38	100
Individuals' response rate	Frequency	Percentage (%)
Returned questionnaires	67	82.71%
Unreturned questionnaires	14	17.29%
Total Administered	**81**	**100**

4.3 Background Information

Table 4.2 provides a summary of the Titles of the responses in their organisation.

Table 4. 2 Respondents by Title (N = 67)

Title	No	Percentage
Management	20	29.90%
Operations	3	4.50%
Risk management	25	37.30%
Business Continuity Management	5	7.50%
Compliance	4	6.00%
Administrator	0	0%
Other	10	14.90%
Total	**67**	**100%**

Results in Table 4.2 indicate that 25 (37.3%) of respondents operated within the risk management function. Another dominant role in the respondent group was management with 19 (28.4%) respondents. Compliance had 4 (6%) representatives in the sample, followed by business continuity management with 5 (7.5%) respondents and operations with 3 (4.5%) respondents. "Other" categories, which may include areas like internal audit, business development, and consulting, collectively accounted for 10 (14.9%) of the respondents. The distribution of the respondents' roles presents a well-positioned group to address each of the study objectives.

Table 4.3 provides a summary of the industry experience of the respondents.

Table 4. 3 Years worked in the banking industry (N = 67)

No of years in banking	Frequency	Percent
Less than 1 year	4	6.0
1 - 5 years	20	29.9
6 -10 years	11	16.4
More than 10 years	32	47.8
Total	**67**	**100.0**

(Survey data, 2024).

As Table 4.3 indicates, the respondents' familiarity with BC practices within the banking sector supports their suitability in addressing the study aim. As such, 55(82.1%) respondents are very familiar with BC practices. This suggests a strong experience and foundational knowledge in continuity planning. This is in addition to its application within the banking industry context. Another 12(17.9%) are somewhat familiar with BC practices. The results point to a strong

practical exposure of the respondents to BC practices. This ensured that the responses provided were well-informed and suitable.

4.4 Descriptive Findings

The results of the descriptive analysis are presented in Table 4.5. The dependent variable is the level of bank BC maturity. The level was attained by first transforming the five indicators of BC maturity and assigning each $\frac{1}{5}$ of the total weight to get the level of maturity. Results indicate that the BC maturity level for the 33 banks analysed ranged between 40 to 100. The average BC maturity level is 74.15 (SD = 18.18), indicating a variation in the level of BC maturity level for Kenyan commercial banks. On average, most banks in Kenya have a level 5 (integrated) BC maturity. This is because the mean falls under the Level 5: integrated category which has scores ranging between 67 and 83 points. This implies that, on average, commercial banks in Kenya have BC practices that are fully integrated into their operations. More importantly, these banks have consistent implementation across departments and units. They also conduct regular testing and reviewing of processes.

Table 4. 4 Descriptive results

	Banks	**Mean**	**Std. Dev**	**Min**	**Max**
BCM level	33	74.15	18.15	40.00	100.00
Board size	33	8.52	4.45	0	26
Board composition	33	22.058%	18.31%	0.00%	85.71%
ROE	33	2.94%	34.09%	-156.84%	45.23%
Capital adequacy ratio	33	20.96%	9.62%	-4.46%	53.00%
Liquidity ratio	33	52.99%	29.22%	12.40%	162.00%
Listing status	33	.27	.452	0	1
Ownership	33	.58	.502	0	1
Age	33	47.61	29.937	7	127
Firm size	33	10.96	.69	9.49	12.34

(Survey data, 2024).

The average number of board members in the sample commercial banks was 8 members (SD = 4.45), with the board with the least members comprising no members while the bank with the largest number had 26 members. However, Citibank Kenya and Habib Bank do not have a locally established board. This is because their governance is integrated with the parent companies' boards. This result reflects the diversity in governance structures among the banks in the sample.

Results on board composition indicate that, on average, 22.06% (SD = 18.31%) of the board of directors is comprised of women. Some banks in the sample have no women representation on the board, while others have up to 85.71% representation. These results imply that the number of women represented varies significantly across commercial banks in Kenya.

The results imply that the average commercial bank's ROE is 2.94% (SD = 34.09). The ROE ranges from -156.84 % to 45.23%. These results suggest that there is considerable variation in the profitability of the banks. This is because some have poor shareholder returns while others perform relatively well.

The average commercial bank's capital adequacy ratio was 20.96% (SD = 9.62). The ratio ranged from -4.46% to 53.00%. These results imply that, on average, most banks in the sample meet the minimum statutory ratio of 14.5% set by the CBK. However, there is a significant variation in meeting these requirements, with some banks attaining more than triple the minimum statutory requirement while others have negative capital adequacy. Those with negative ratios face higher risks.

The liquidity ratio descriptives indicate that the average ratio is 52.99% (SD = 29.22), ranging from 12.40% to 162. %. The findings suggest that most of the banks meet the 20.0% minimum statutory requirement set by the CBK for the liquidity ratio. While some commercial banks have high liquidity (162%), others do not meet the minimum requirement (12.4%). This reflects the risks associated with meeting short-term obligations.

The listing status of the banks was evaluated using a binary measure (1 for listed on the Nairobi Securities Exchange and 0 for not listed). The mean of 0.27 (0.452) suggests that most banks are not publicly listed. Similarly, ownership was assessed using a binary measure (1 for locally owned and 0 for foreign-owned). The mean of 0.58 (SD = 0.502) indicates that most banks in Kenya are locally owned. However, there is also a significant number of foreign-owned banks.

Table 4.5 also presents results on the age of commercial banks licenced in Kenya. Results show that the average years of operations for these banks in Kenya was 47.61 years (SD = 29.94). The age of these banks ranges from 7 years to 127 years. These results show a large variation in age, with some having long histories while others being relatively new. This indicates that the banks in the sample vary significantly in terms of their age. Some are relatively new and others having long histories. Firm size was measured on a logarithmic scale. The mean firm size was 10.96 (SD = 0.69). The scale ranged from 9.49 to 12.34. These findings suggest that

most commercial banks in Kenya are of medium to large size. However, some are significantly larger than others.

4.5 Inferential Analysis

4.5.1 Correlation Analysis

While this study investigates potential associations between organisational factors and Business Continuity Management (BCM) maturity, it is important to note that the conceptual framework and hypotheses were developed with an exploratory orientation. As highlighted in Chapter 2, many of the relationships between variables such as board characteristics, ownership structure, and financial metrics are largely inferred from literature rather than empirically established, particularly in the Kenyan banking context. Consequently, the regression model and ANOVA results presented in this chapter are intended to probe possible associations rather than to confirm causality. The lack of statistical significance does not negate the importance of these variables but rather underscores the need for further empirical exploration and refinement of measurement approaches in future research.

The correlation matrix presented in the next section integrates both primary survey data and secondary financial metrics. The financial indicators (ROE, Capital Adequacy, and Liquidity) were derived from 2022 bank financial statements and aligned to the survey dataset by bank identity. The results of the Pearson correlation analysis are presented in Table 4.5. Results indicate that BCM level has a moderate positive significant correlation and board size ($r = 0.392$, $p = 0.024$). these results suggest that commercial banks in Kenya with larger boards tend to have more advanced BCM programs. Similarly, listing status ($r = 0.498$, $p = 0.003$) exhibited a moderate positive correlation with BC maturity level. This implies that publicly listed commercial banks in Kenya are more likely to have mature BC practices.

Further, the findings reveal there is a moderate positive significant correlation between BCM level and bank age ($r = 0.360$, $p = 0.040$) and firm size ($r = 0.453$, $p = 0.008$). The coefficients indicate that older banks and larger commercial banks in Kenya tend to have better BC maturity levels. Interestingly, board composition, ROE, capital adequacy, liquidity ratio, and ownership lack statistically significant correlations with BCM level.

Among organisational factors, findings indicate that board size is moderately positively correlated with both listing status ($r = 0.563$) and firm size ($r = 0.499$, $p = 0.003$). In other words, bigger banks and banks that are listed tend to have larger board sizes. Firm size and

listing status have a strong positive correlation (r = 0.816, p < 0.001). Similarly, listing status has a strong correlation with firm age (r = 0.735, p < 0.001). The bigger the bank, the more likely it is publicly traded. Similarly, the older the bank, the higher the likelihood that it is publicly traded. Firm size and bank age are positively correlated (r = 0.617, p < 0.001). As such, the older the bank, the higher the likelihood it is also large.

Table 4. 5 Pearson Correlation matrix

		BCM level	Board size	Board composition	ROE	Capital adequacy	Liquidity Ratio	Listing	Ownership	Age	Firm size
BCM level	Correlation	1									
	Sig. (2-tailed)										
Board size	Correlation	0.392*	1								
	Sig. (2-tailed)	0.024									
Board composition	Correlation	0.049	0.154	1							
	Sig. (2-tailed)	0.785	0.393								
ROE	Correlation	-0.095	0.133	-0.027	1						
	Sig. (2-tailed)	0.598	0.461	0.88							
Capital adequacy	Correlation	-0.141	-0.21	-.402*	0.323	1					
	Sig. (2-tailed)	0.432	0.241	0.02	0.067						
Liquidity ratio	Correlation	-0.119	-0.093	-0.166	0.193	.418*	1				
	Sig. (2-tailed)	0.511	0.606	0.357	0.281	0.016					
Listing status	Correlation	.498**	.563**	0.177	0.287	-0.197	-0.112	1			
	Sig. (2-tailed)	0.003	<.001	0.324	0.105	0.272	0.536				
Ownership	Correlation	-0.024	0.324	0.122	0.101	-0.284	-0.228	-0.025	1		
	Sig. (2-tailed)	0.896	0.066	0.5	0.577	0.11	0.202	0.89			
Age	Correlation	.360*	0.181	0.201	0.24	-0.081	-0.095	.735**	-0.088	1	
	Sig. (2-tailed)	0.04	0.312	0.262	0.179	0.656	0.6	<.001	0.625		
Firm size	Correlation	.453**	.499**	0.141	0.196	-0.294	-0.141	.816**	-0.014	.617**	1
	Sig. (2-tailed)	0.008	0.003	0.434	0.274	0.097	0.435	<.001	0.939	<.001	

***. Correlation is significant at the 0.05 level (2-tailed).**
****. Correlation is significant at the 0.01 level (2-tailed).**

(Survey data, 2024).

4.5.2 Multiple Regression Analysis Results

A multicollinearity test was conducted to ascertain whether the independent variables were highly correlated. Indicators of multicollinearity in Table 4.6 are the Variance Inflation Factor (VIF) and its reciprocal, Tolerance (1/VIF). A VIF value above 5 or Tolerance below 0.2 signals multicollinearity. From the results, only the listing status has a VIF above 5 (5.699).

While there is some degree of high correlation, this shows no signs of multicollinearity as other variables have VIFs that are well below critical thresholds.

Table 4. 6 Multicollinearity test

Variable	Tolerance	VIF
Board size	0.451	2.217
Board composition	0.780	1.282
ROE	0.684	1.461
Capital adequacy ratio	0.509	1.963
Liquidity ratio	0.790	1.265
Listing status	0.175	5.699
Ownership	0.671	1.490
Age	0.356	2.812
Firm size	0.301	3.324

(Survey data, 2024).

This study has evaluated the effect of organisational factors on BCM in commercial banks in Kenya. The Adjusted R Square result in Table 4.7 implies that only 8.5% of the variability in BCM level is explained by the organisational factors in the model. However, the F-statistic (1.330, p = 0.276) results in Table 4.8 indicates that the regression model is not statistically significant at the 0.05 level. Therefore, combined, the independent variables (board size, board composition, ROE, capital adequacy, liquidity, listing status, ownership, firm age) and control variables (firm size) do not explain the variation in the dependent variable (business continuity maturity level).

Table 4. 7 Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.585[a]	.342	.085	17.36

a. Predictors: (Constant), Firm size, Ownership, board composition, ROE, Liquidity Ratio, Board size, Age, Capital adequacy ratio, Listing status

(Survey data, 2024).

Table 4. 8 Anova

	Sum of Squares	df	Mean Square	F	Sig.
Regression	3608.321	9	400.925	1.330	.276[b]
Residual	6934.444	23	301.498		
Total	10542.764	32			

a. Dependent Variable: BCM level

b. Predictors: (Constant), Firm size, Ownership, board composition, ROE, liquidity ratio, board size, age, capital adequacy ratio, listing status

(Survey data, 2024).

The effect of each independent variable and the control variable are examined in Table 4.9. Each variable's coefficient is presented both under unstandardised and standardised. All the variables have a non-significant effect on the BCM level. For instance, board size has a coefficient of 0.201 (p = 0.434). No conclusion can be drawn from this result. Board composition (β = -0.051, p = 0.791), ROE (β = -0.280, p = 0.184), capital adequacy ratio (β = 0.082, p = 0.732), liquidity ratio (β = -0.032, p = 0.866), listing status (β = 0.333, p = 0.417), ownership (β = -0.020, p = 0.923), firm age (β = 0.093, p = 0.746), and firm size (β = 0.104, p = 0.738) all returned non-significant coefficients. These results imply that the examined organisational factors (corporate governance, financial metrics, and type of bank) and firm size have no significant effect on the BCM level.

Table 4. 9 Coefficients

	Unstandardised Coefficients		**Standardised Coefficients**	**t**	**Sig.**
	B	Std. Error	Beta		
Constant	30.432	89.876		.339	.738
Board size	.816	1.025	.201	.796	.434
Board composition	-.051	.190	-.051	-.268	.791
ROE	-.149	.109	-.280	-1.370	.184
Capital adequacy ratio	.155	.447	.082	.347	.732
Liquidity ratio	-.020	.118	-.032	-.170	.866
Listing status	13.384	16.202	.333	.826	.417
Ownership	-.734	7.466	-.020	-.098	.923
Age	.056	.172	.093	.327	.746
Firm size	2.760	8.142	.104	.339	.738

a. Dependent Variable: BCM level

(Survey data, 2024).

4.6 Qualitative Insights on the Relevance of Business Continuity Management

Respondents overwhelmingly affirmed the importance of Business Continuity Management (BCM) in ensuring operational resilience and stakeholder trust within Kenya's commercial banking sector. The themes that emerged from their qualitative remarks reinforce the strategic role BCM plays in maintaining service continuity, managing crises, and fulfilling regulatory expectations. Several respondents shared real-life scenarios—such as the Westgate terror attack—where robust BCM frameworks enabled seamless recovery and minimal disruption. BCM was consistently described as a "playbook" for responding to crises, offering clear guidance, coordination, and role allocation during emergencies.

Stakeholders highlighted that BCM strengthens an institution's overall risk posture and protects organisational reputation. A well-integrated program helps prevent reputational damage by ensuring continuity of critical services. For banks, where customer trust and operational uptime are non-negotiable, BCM was seen as "critical and can make or break an organisation." Many respondents underscored that BCM is not merely best practice but a regulatory necessity, mandated by the Central Bank of Kenya under Prudential Guideline No. 14. This makes BCM a formal requirement for licensees, emphasizing its importance for compliance and audit readiness. BCM was described as a key enabler of resilience, moving institutions from a reactive crisis management model toward proactive preparedness. Respondents viewed BCM as vital for sustainable growth, reducing downtime, and ensuring continuity of essential operations during disruptions ranging from system outages to pandemics.

Several responses pointed to BCM's role in safeguarding stakeholders—especially customers—by protecting funds, enabling timely communication, and maintaining service delivery. This was particularly emphasized in the context of increasing digitalization and cyber threats, which demand structured and evolving continuity frameworks. Many participants valued the structured nature of BCM, noting its role in aligning departmental risk responses and institutionalizing monthly readiness checks such as RCSAs. Others pointed to its benefit in coordinating cross-departmental efforts, especially during scenario testing and training exercises. While BCM was praised, concerns were raised about inconsistent implementation, particularly in smaller banks with strained budgets. Others noted the misconception that BCM is purely technical or IT-driven, whereas effective BCM requires broader organisational buy-in, awareness, and integration across units.

4.6.1 Stakeholder Perspective on the Relevance of Business Continuity in Managing Crisis Situations

In this study, the stakeholders referenced primarily included internal stakeholders within the commercial banks. Specifically, they consisted of heads of risk management, compliance officers, heads of IT departments, heads of operations, officers directly responsible for business continuity management (BCM), and other senior executives involved in crisis preparedness and organisational resilience efforts. External stakeholders, such as customers, regulators, and suppliers, were not directly surveyed in this research; the focus remained on individuals within the banks who are actively engaged in or responsible for BCM activities.

The relevance of BCM was assessed through a combination of structured survey questions addressing multiple dimensions. Respondents were asked to evaluate the importance of the BCM program within their organisation, indicating whether they perceived it as very important, important, or not important. Further, they assessed the extent to which the BCM program met their organisational needs, ranging from fully addressing stakeholder expectations to partially addressing or failing to meet expectations. Additional indicators included respondents' perceptions of the value of investments made in BCM initiatives and the degree of stakeholder engagement during the development and review of BCM frameworks.

By combining these measures, the study captured a comprehensive perspective on the perceived relevance of BCM, going beyond a single indicator to reflect a multidimensional understanding based on importance, effectiveness, alignment with needs, and the inclusiveness of stakeholder engagement processes. Table 4.10 provides clear evidence of the high value placed on the Business Continuity (BC) program within the organisation. An overwhelming majority (94%) of respondents rated the program as very important while 3% rated it as important.

Table 4. 10 Business Continuity Maturity Importance (N = 67)

	Not Important	**Important**	**Very Important**	**Grand Total N=67**
Bank Response	0	3	63	67
	0	**4.47%**	**94%**	**100%**

(Survey data, 2024).

Table 4.7 reveals that the business continuity (BC) program is largely perceived as effective, with 33% of respondents stating it fully addresses their needs. However, a significant portion, 64% indicate that while the program addresses some areas, it requires improvement in others. Notably, 0% of respondents felt the program completely failed to address their needs, further reinforcing its general effectiveness.

Table 4.11 below summarizes the extent to which respondents felt that their banks' BCM programs met stakeholder needs. The results show that 33% of the respondents felt that their institution's BCM program fully addressed stakeholder expectations. However, a significant 64% indicated that while some areas were covered, there was still need for improvement. No respondents felt that stakeholder needs were completely unaddressed. This finding suggests that while BCM frameworks are present in many banks, they may not yet be fully comprehensive or mature across all dimensions.

Table 4. 11 Alignment with Needs (N = 67)

Response Category	Number of Responses	Percentage
Fully Addresses Needs	22	33%
Some Areas Addressed but Requires Improvement	43	64%
Does Not Address	0	0%
Skipped	2	3%
Total	67	100%

(Survey data, 2024).

The researcher asked respondents to give further views on the business continuity program. Table 4.12 highlights key insights summarized as per the key enablers and challenges for business continuity programs. 21% of respondents raised people as a crucial element, highlighting a need for a focus on training, communication, and addressing workforce disruptions like those experienced during COVID-19. 14% of respondents also noted that third-party dependencies pose a challenge due to potential gaps in awareness and adoption of business continuity management. 54% of respondents noted process-related enablers including ongoing reviews, continuous improvement, and addressing complexities in implementation and testing. 14% of respondents mentioned that technology plays a role in mitigating disruptions, but organisations may require further development and replication of critical services. 11% of respondents stated facilities need to consider individual branch requirements and alternate work locations. 18% of respondents stated financial resources are a significant concern, with budget constraints and potential heavy investments needed. 11% of respondents stated regulatory compliance and external factors, including unique disruptions, must also be incorporated into comprehensive business continuity programs.

Table 4. 12 Further reviews (N = 67)

Theme	Summary Points	No. of Respondents	Percentage
People	• COVID-19 impacted workforce availability. • Training is crucial for staff preparedness. • Effective communication is vital.	6	21%
Third Party	• Supplier/third-party chain poses a challenge due to lack of awareness and adoption of BCM. • Need for confidence in third-party BCM programs.	4	14%
Process	• Regular reviews are needed.	15	54%

	• Continuous improvement is essential. • BCP implementation is underway. • Departmental teams need training and testing. • Testing and complexity need addressing • Departmental procedures need improvement.		
Technology	• Organisation is still growing its systems. • Replication of critical services at a secondary site is important.	4	14%
Facilities	• Individual branches may require more robust BCP. • Alternate work locations are needed.	3	11%
Financial Resources	• Budget constraints are a major issue. • Heavy investments may be required for certain disruptions.	5	18%
Regulatory	• External factors (including regulatory) should be included in BC programs.	3	11%
External Factors	• Unique disruptions are a challenge • External factors can affect the organisation. < • Opportunity to develop comprehensive BC programs covering external factors.	3	11%

(Survey data, 2024).

As shown in Table 4.13, a majority of respondents- 65.7%- strongly agreed that investment in BCM significantly strengthens preparedness and organisational resilience. Another 25.4% agreed that the investment is generally worthwhile, while only 1.5% expressed doubt about the impact of such investment. The small percentage (6%) of neutral or unsure responses suggests an opportunity to enhance internal communication on BCM benefits. This overwhelmingly positive perception highlights that BCM is widely recognised as a critical organisational investment. It suggests that senior management and operational leaders largely appreciate the role of BCM in enhancing organisational resilience, minimizing recovery times, protecting stakeholder value, and ensuring the continuity of operations during disruptions.

Table 4. 13 Perception of BCM investment in enhancing organisational resilience (N = 67)

Perception Statement	**Frequency**	**Percentage**
Strongly agree – Investment strengthens preparedness and resilience	44	65.7%
Agree – Investment is generally worthwhile	17	25.4%

Neutral or unsure	4	6.0%
Disagree – Limited impact from investment	1	1.5%
Skipped	1	1.5%
Total	67	100%

(Survey data, 2024).

Table 4.14 reveal further insights gathered from respondents. Insights highlight a strong emphasis on building resilience, with 65% highlighting the value of Business Continuity (BC) investment in ensuring preparedness, minimizing recovery time, and protecting organisational value. However, 25% also identify gaps and challenges, including resource constraints, branch-level disparities, and the need to move away from ad-hoc crisis management. While 10% acknowledge the importance of management buy-in and dedicated time for BC planning.

Table 4. 14 Investment and Resources Insights

Theme	Percentage	Insights
Building Resilience	65%	• Investment in BC is a valuable contribution to crisis preparedness. • BC planning enables organisations to withstand disruptions and recover quickly • BC is a means to protect the organisation's value and maintain services • Strategic investment in BCM is a cornerstone of effective crisis response."
Gaps and Challenges	25%	• - "There was a lack of investment in BC before events like COVID-19." • "More focus on BC at the head office level than at the branch level." • Need to move away from ad-hoc crisis management." • "Resource constraints can hinder effective BC implementation."
Management Buy-in and Time	10%	• Management buy-in is crucial for the success of BC programs." • Proper BC requires investment in both resources and time • "Need dedicated resources for resilience and disaster management." • "BC allows the organisation to prepare through exercising."

(Survey data, 2024).

Table 4.15 reveals that stakeholder engagement during the development and revision of Business Continuity (BC) is generally practiced but with room for improvement. A slight majority, 52% of respondents, indicate that "some stakeholder engagement is done," suggesting

a partial inclusion of stakeholder perspectives. While a significant 46% report "extensive stakeholder engagement," demonstrating a commitment to thorough consultation, the presence of 1% who report "no stakeholder engagement" highlights a potential gap in inclusivity. This indicates that while efforts are being made to incorporate stakeholder views, there's an opportunity to enhance engagement practices to ensure all relevant perspectives are considered, ultimately strengthening the BC program's effectiveness and relevance.

Table 4. 15 Stakeholder Engagement (N = 67)

	Extensive stakeholder engagement	**Some stakeholder engagement**	**No stakeholder engagement**	**Skipped**	**Total**
Bank Response	30	34	1	2	67
Percentages	44.77%	50.74%	1.49%	2.99%	

(Survey data, 2024).

Table 4.16 outlines the primary challenges and concerns raised by respondents regarding Business Continuity Management (BCM). Technology failure or complexity stood out as the most pressing issue, cited by 45% of respondents. The competence of BC personnel (23%) and the adequacy of financial resources (22%) were also prominent concerns. These findings highlight the technical and human capital dimensions of effective BCM implementation. Other less frequently mentioned but still relevant challenges included limited management support, insufficient employee awareness, regulatory pressures, and time constraints. The distribution of concerns underscores the multifaceted obstacles that commercial banks must navigate to achieve BCM maturity, emphasizing the need for strategic investment in technology, skills development, and leadership commitment.

Table 4. 16 Challenges and concerns (N = 67)

Challenge or Concern	**Number of Respondents**	**Percentage**
Technology failure or complexity	29	45%
Competency of BC personnel	15	23%
Financial resources	14	22%
Management support	3	5%
Employee training and awareness	2	3%
Regulatory pressure	1	2%
Lack of time	1	2%
Total	65	100%

(Survey data, 2024).

4.7 Chapter Summary

Chapter Four has presented the results and findings of the study. Responses were received from 33 banks. The chapter has presented, descriptive, correlation and multivariate analysis of both primary and secondary data. The study has also obtained qualitative responses from the questionnaire. Chapter Five is the last and presents the discussions and conclusions.

CHAPTER FIVE
DISCUSSION OF FINDINGS, CONCLUSION, AND RECOMMENDATIONS

5.1 Introduction

Chapter Five presents the discussions, conclusions, limitations, and recommendations for further studies. Chapter One provides the introduction and background of the study, outlining the three study objectives: to establish the effects of organisational factors on business continuity maturity in commercial banks in Kenya; to evaluate internal stakeholder perspectives on the relevance of business continuity in managing crises; and to evaluate the specific challenges and opportunities faced by these banks in achieving and maintaining BCM. Chapter Two presents the theoretical and empirical studies, utilizing contingency and resilience theories and providing a conceptual framework. Chapter Three details the research design, using a population of 38 banks licensed by the Central Bank of Kenya in 2023, with responses received from 33 banks. Data collection involved online questionnaires, annual reports, and Central Bank reports, and analysis was conducted through correlation and multiple regression. Chapter Four presents the results and findings, with further discussions in Chapter Five we discuss the key findings, conclusions, policy and managerial recommendations, and limitations of the study. The analysis is structured according to the revised study objectives, which seek to explore associations rather than causality. The chapter also addresses implications for practice and future research.

5.2 Summary of Findings

Findings indicate that organisational parameters such as board composition, financial ratios, ownership structure, firm size, and age have no significant impact on BCM in Kenyan commercial banks. However, banks generally exhibit moderate to high levels of BCM, with some achieving completely integrated and optimised procedures while others remain at less mature levels, indicating differences in preparation. Internal stakeholders see business continuity as strategically critical for protecting operations and reputation, despite ongoing worries about limited funds, changing risk environments, and poor alignment with departmental demands. Investment in business continuity is viewed as critical for compliance, crisis management, and long-term viability. Nonetheless, banks confront significant hurdles such as technological complexity, financial limits, limited executive support, and insufficient staff expertise in BCM. There are opportunities to develop BCM through higher investment,

personnel training, stronger stakeholder participation, and greater responsiveness to external and internal risk factors.

5.2.1 Effect of Corporate Governance on Business Continuity Maturity

The findings indicate that board size and board composition have no statistically significant effect on BCM maturity. While larger boards were moderately associated with higher BCM maturity in correlation analysis, regression analysis showed no predictive power. These results question the assumption in contingency theory that structural elements like board size directly drive operational resilience.

Despite statistical insignificance, the correlation between board size and BCM maturity supports the notion that diverse expertise can improve strategic risk oversight, as noted by Dalziel (2003) and Mishra and Kapil (2018). However, these benefits may be counterbalanced by inefficiencies in decision-making within larger boards. For board composition, no meaningful association was observed, indicating that beyond structural presence, behavioural and cultural dimensions may matter more. These findings reinforce the importance of revisiting governance-related hypotheses with greater nuance and possibly incorporating qualitative measures of board engagement.

The study found that listing status was moderately correlated with BCM maturity, but again, it was not a statistically significant predictor in the regression model. Publicly listed banks tended to show more mature BCM programs, aligning with resilience theory's suggestion that external scrutiny and regulatory compliance exert pressure for higher resilience (Assoratgoon & Kantabutra, 2023). The findings have also shown that some banks have attained a synergetic level of BCM (84-100 points: Level 6). At these levels, the commercial banks in Kenya have fully integrated BC practices which are continuously optimised and improved through innovation and synergetic forces with other bank organisational functions. The presence of banks that have attained the synergetic level serves as an industry benchmark for others (Randeree, 2012). For instance, BM practices at ABSA Bank, Cooperative Bank of Kenya, and Diamond Trust Bank could serve as a benchmark for peers to enhance banks' capacity to maintain essential services during disruptions and attain organisational resilience. Besides, the ability of banks to attain a synergetic level can inspire others to invest more in their BC practice (Haidzir, 2018; Russo, 2024). In line with resilience theory, this is to ensure the continuation of mission-critical business functions through predefined policies, plans, strategies, and procedures in the face of unforeseen events (Shala, 2021).

Ownership structure, however, showed no significant correlation or predictive value. This contradicts theoretical assumptions that foreign or institutional ownership imposes higher continuity standards. This outcome may be attributed to the unique ownership dynamics within Kenya's banking sector, where non-listed or locally owned banks may still pursue BCM maturity due to internal strategies or market competition. These results support the need to examine not only structural ownership forms but also the incentives and governance behaviours associated with them.

5.2.2 The Effect of Financial Performance on Business Continuity Maturity

None of the financial performance variables ROE, capital adequacy ratio, or liquidity showed statistically significant effects on BCM maturity. This contradicts findings in other contexts where stronger financial metrics supported resilience investments (Barbero & Zofío, 2023; Jain & Mitra, 2025). The absence of correlation suggests that financial health alone may not drive continuity planning unless supported by strategic prioritization and leadership commitment. It is possible that even well-capitalized banks underinvest in BCM if it is not embedded in their risk culture. This points to the relevance of organisational intent and BCM-specific budgeting as critical intervening variables.

The correlation analysis revealed that both firm size and age had moderate positive associations with BCM maturity, consistent with contingency theory and prior literature (Ha, 2013; Kato & Charoenrat, 2018). Larger banks, due to their complexity and risk exposure, tend to invest more in structured BCM practices. Older banks, by virtue of accumulated experience and institutional learning, also appear to have more mature BCM systems. However, regression analysis found no statistically significant effect for either factor, highlighting the risk of overgeneralizing size or age as proxies for maturity. Organisational culture and continuity-specific policies may play a more decisive role than these demographic indicators.

These findings challenge the conventional assumption of the contingency theory that diverse organisational factors such as corporate governance, financial performance, and bank structure/type directly predict operational practices like BC maturity (Blerona Shala, 2021; Mahmud, 2021; Xingran Liu1, 2020). These findings suggest that other factors other than those addressed in this study significantly predict BC maturity. No inferences can be drawn from the regression analysis findings. To this end, further investigations could examine other aspects such as regulatory environment or organisational culture in driving the maturity level of BC.

5.2.3 The Role of Stakeholder Perspectives in Shaping Business Continuity Maturity

The third objective was attained by gathering perceptions around the strategic importance of BC, the alignment of BC with bank functional needs, the significance of the time and resources that banks invest in BC, and the stakeholder concerns considered during the development and revision of BC programs. Consistent with the organisational resilience theory (Anderson, 2019; Van Breda, 2018), business continuity was considered to hold high strategic importance to commercial banks in Kenya. This is because a robust BC program is essential for effective crisis response (Russo, 2024). Considered a crisis response blueprint, BC programs provide commercial banks with a structured approach to responding to crises. Essentially, banks become proactive during the crisis as they proactively handle any eventuality.

In line with resilience theory, event preparedness, anticipation, and recovery from crises are key to long-term sustainability (Jesse, 2021). Strategically, BC safeguards critical operations in banks. This ranges from both physical assets to intangibles such as bank reputation. This study contends that, when existing BM mechanisms are effective, they help banks restore operations with minimal disruptions to service delivery (Randeree et al., 2012). This positively impacts the bank brand reputation. Similarly, findings indicate that a bank's risk management strategy needs to be aligned with its business strategy and overall objectives. More importantly, a robust BC program forms part of the bank's risk management strategy. This ensures operational resilience during a crisis such as the COVID-19 pandemic.

The findings contend that, while the current bank BC program addresses some needs and potential disruptions faced by various functions in banks, there is a need for improvement. These findings suggest a need for frequent testing and regular BC drills or simulations. The aim is to identify gaps within banks and enhance the BC program's reliability in real-life crises. More importantly, the bank BC programs' failure to fully address functional needs is tied to budget constraints. This obstacle limits the bank's ability to conduct high-level testing and implementation of necessary improvements.

The findings also point to a need for banks to evolve their BC programs with emerging risks. Such risks could range from regulatory changes or cybersecurity threats. It follows that they should incorporate comprehensive Business Impact Analysis (BIA) for better resource allocation. To fully address the functional needs of each department in banks, BC programs could integrate third-party risks and workflow challenges. Banks could tailor BC programs to the unique needs of each bank's branches. These improvements are necessary to not only

safeguard banks against service disruption but also to facilitate the continuation of mission-critical business functions.

Findings on the internal stakeholders' perceived value of BC investment indicate that it is a valuable contribution to commercial banks' crisis preparedness. Dedicating resources to strategic resilience and disaster management is vital to the sustainability of bank operations (McKnight, 2016). This is because the BC resource investment comprises people, systems, and processes. As BC resources contribute to banks' ability to successfully mitigate negative crisis effects, continuous investment cannot be overemphasised. Similarly, BC investments, when done properly, reduce costs and losses during a crisis. BC investments are thus considered key to operational stability and resilience.

Further, findings point out that BC investments ensure commercial banks in Kenya comply with risk management regulations. For instance, banks that had invested well in their BC programs during the 2007 post-election violence or the COVID-19 pandemic managed to set up emergency response plans and remote work setups. These interventions aided in smooth bank operations continuity. Similarly, BC investments' value extends to the preservation of shareholder value during a crisis. It follows that investing time and resources in BC programs is a strategic necessity for resilience and operational continuity for commercial banks in Kenya.

Finally, the findings have unearthed a critical need for holistic shareholder inclusion in BC programs. Consistent with Fabeil (2020), stakeholder input and buy-in are vital for crafting a BC program that addresses potential disruptions or business continuity issues in banks. If banks fail to adequately consider the views of stakeholders, their BC programs risk being ineffective. This is because of a disconnect from real-world contingencies. This study argues that banks should adopt a participatory approach toward crisis preparedness by involving multiple stakeholders in BC development. However, banks must exercise caution in this endeavour as overextending consultation can cripple decision-making.

This study has established that technological failure or complexity is the most significant concern for BC management in commercial banks in Kenya. The findings imply that, in the VUCA world, commercial banks need to invest more in robust and adaptable IT infrastructure to assure BC during a crisis. The aim is to overcome cybersecurity threats and, the risk of technological obsolesce. As Fabeil (2020) postulates, challenges faced by enterprises in crisis situations need tailored support. Therefore, banks need tailored technology that is easy to use

and is useful to internal BC stakeholders. The overreliance on a complex system means that if bank operations stall during the crisis, BC could fail to effectively mitigate risks.

Consistent with Alsharif (2020), findings establish that financial constraints are perceived by commercial banks as a significant impediment to sustaining effective programs such as BCM. This study contends that failure to allocate adequate resources for continuity planning could affect the BC program's sustainability. When BC programs compete for limited resources with other bank priorities, challenges related to risk mitigation ensue (Alsharif, 2020). This could be detrimental to recovery processes during crises such as the COVID-19 pandemic. Therefore, an opportunity lies for banks to give BC budgetary priority as this is essential towards uninterrupted service delivery and reputation protection during crisis events.

Limited management support reflects limited buy-in and support for BC programs from leaders at the executive level in commercial banks in Kenya. It reflects a need for stronger management commitment to BCM if firms are to move to higher maturity levels. Similarly, the findings imply that regulatory compliance in the banking industry is a crucial concern. This is as the industry faces increasing scrutiny on risk management. It follows that banks should balance the need to meet other organisational priorities with regulatory compliance. They could attain this through investing in additional expertise or appropriating more resources to BC programs.

The competence of BC personnel is another notable challenge unearthed by this study. This challenge points to gaps in employees' knowledge, skills, and abilities related to BC management. The nature of contemporary risks that banks are exposed to necessitates specialised BC knowledge if the programs are to be of value to the industry. As such, a shortage of competent BC specialists could stall the effective execution of BC plans. Similarly, employee training and development in relation to BC is insufficient in most banks. While commercial banks in Kenya have indeed invested in BC training, more is required to increase awareness and expert knowledge of BC. This will ensure that bank employees are prepared to respond to disruptions effectively.

The study has also shown that, though not of immediate concern, third-party dependency and lack of enough time to plan and scale BC are potential hindrances to its effective management. Third-party dependence highlights issues of reliability of suppliers, partners, or external vendors during events. The findings highlight that third-party dependence could be a situation concern. This means it varies from one commercial bank to another based on the level of

dependency. However, banks should invest resources toward reducing dependency, or if they have to, set contingencies in place to ensure uninterrupted BC execution.

5.3 Conclusions

The study concludes that organisational factors are nonsignificant predictors of BC maturity in commercial banks in Kenya. The study has also established that BC is considered of strategic importance to commercial banks in Kenya. Challenges such as technological complexity and failure, limited financial resources, waning management support, and regulatory compliance pressure are major barriers to the effect of BC management in commercial banks in Kenya. These findings have both practical and policy implications. Practically, the findings suggest that commercial banks in Kenya need to prioritise the alignment of their BC programs with operational realities. The aim is to ensure bank resilience during disruptions. Despite the nonsignificant effect of organisational factors in predicting BC maturity, banks should adopt a proactive stance to address the challenges identified in this study. From a policy perspective, this research has implications for banking regulators and related policymakers in the banking industry in Kenya. While the CBK's Risk Management Guidelines of 2013 mandate commercial banks in Kenya to establish and maintain comprehensive BC plans, findings have revealed significant challenges that continue to impede effective implementation. In light of these conclusions, this chapter wraps up with managerial and policy recommendations.

5.4 Recommendations

5.4.1 Policy Recommendations

Policymakers need to update current regulatory frameworks to reflect the contemporary complex and emerging risks in the banking industry in Kenya. Additionally, banking industry policymakers could conduct periodic audits to evaluate the maturity level and compliance of bank BC programs to industry standards. More importantly, stress testing could be incorporated into the audit process to validate the BC program's fitness for purpose. Second, regulators such as the CBK could introduce incentives for banks to encourage continuous investment in BC programs. These incentives could come in the form of tax breaks, financial support for BC programs, or recognition awards. Such could encourage commercial banks in Kenya to invest in BC programs and regularly update them.

5.4.2 Managerial Recommendation

This study recommends that banks should invest in technology. With technology failure ranked as the top concern, banks must enhance IT systems to mitigate disruptions. Investments in scalable technological solutions and redundant systems will ensure operational continuity during crises. The goal is to overcome technological complexities and failures. Banks should also provide regular training to their staff. This is to ensure preparedness and response capabilities. Further, bank management should champion BC programs by providing buy-in and leading from the fore on implementing, monitoring, and scaling BC initiatives. Of equal importance is the involvement of stakeholders in the development or revision of commercial banks' BC programs in Kenya. Coupled with regulatory compliance, banks will have robust and synergetic BC programs that ensure operational continuity while protecting their reputations.

5.5 Study Limitations

While this study was robust as it relied on both quantitative primary and secondary data and qualitative primary data, it faced some limitations that future studies can address. To begin with, the study relied on cross-sectional data. This implies that the results are limited to one point in time. Second, this study only focused on organisational factors and their predictive power on the BCM level. Other factors not included in the model could significantly predict the level of BCM. These factors could range from organisational culture, and regulatory environment, to leadership commitment. Future studies could incorporate these dimensions or others that can effectively explain the level of BCM. Finally, this study was exclusive to commercial banks in Kenya. The generalisability of these findings is limited to this context. This means that transferring the findings to other contexts such as the larger financial sector in Kenya may not be possible.

5.6 Suggestions for Further Research

The association between organisational factors and BCM levels could be different if data periods were increased. This limitation could be addressed by examining the association using longitudinal data covering multiple periods over time. Second, future studies could incorporate dimensions such as organisational culture, regulatory environment, and leadership commitment or others that can effectively explain the level of BCM. Lastly, future research could investigate the applicability of these results to other contexts, ranging from different sectors, industries, or even countries in East Africa.

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APPENDICES

Appendix I: Letter Of Introduction

Dear Sir/Madam,

RE: Letter of Request for Permission to Collect Data

I am currently a student undertaking the Master of Business Administration at Strathmore University. I am kindly requesting for your support in providing data on for my research titled '**Organisational Factors Influencing the Maturity of Business Continuity in Commercial Banks in Kenya"**

The data requested will be used for academic purposes and any information that you provide will be treated confidentially.

Yours Sincerely

Stella Simiyu

Student Reg No.

Appendix II: Questionnaire

Thank you for participating in our study on business continuity maturity within the banking sector. Your input is invaluable to our research. Please be assured that all responses provided in this questionnaire will be kept strictly confidential and used solely for research purposes. Your anonymity will be maintained, and ethical standards will be upheld throughout the study. Please proceed to answer the following questions. Your cooperation is greatly appreciated.

Part I: Background Information

1. Please indicate your position/title within the bank.

Management [ ]

Operations [ ]

Risk Management [ ]

Business Continuity Management [ ]

Compliance [ ]

Other (please specify) _____

2. How many years have you been working in the banking industry?

Less than 1 year [ ]

1-5 years [ ]

6-10 years [ ]

More than 10 years [ ]

3. How would you rate your familiarity with business continuity practices within the banking sector?

Very familiar [ ]

Somewhat familiar [ ]

Not familiar [ ]

Part III: Business Continuity Maturity Assessment

ISO 22301 doesn't dictate specific elements for a business continuity plan (BCP) itself, but rather focuses on establishing a Business Continuity Management System (BCMS) that guides

the creation, implementation, and maintenance of your BCP. Here are the key elements of Business Continuity Management as per ISO 22301.

Technology	Meaning
Management Commitment and Policy:	Top-down Support: Senior management actively demonstrates commitment to BCMS and allocates necessary resources. A formal BC policy outlining the organisation's approach to business continuity is established.
Planning and Risk Assessment:	Understanding Threats: The BCMS involves identifying potential threats that could disrupt operations. This risk assessment forms the basis for developing BCPs.
Implementation and Testing	Prioritizing Functions: Critical business functions are identified, and the acceptable downtime for each function is determined through a Business Impact Assessment. BIA
	Recovery Roadmap: Based on the risk assessment and BIA, the BCMS guides the development of recovery strategies and procedures to ensure critical functions can be restored within acceptable timeframes.
	Securing Essentials: The BCMS addresses securing necessary resources for recovery, including personnel, technology, and alternative work arrangements. Clear communication plans are established for internal and external stakeholders during disruptions.
	Preparing the Workforce: Employees are trained on their roles and responsibilities in the BCP. Awareness programs ensure everyone understands the importance of business continuity.
Communication and Awareness	Communication and awareness in BC refer to the strategies and practices an organisation employs to ensure all stakeholders (employees, customers, partners, etc.) understand the importance of business continuity, their roles and responsibilities during disruptions, and how they will be kept informed in the event of an incident.
Monitoring, and Improvement:	Putting Plans to the Test: The BCMS emphasizes regular testing of BCPs through simulations and exercises to identify weaknesses and ensure ongoing effectiveness. The system also includes monitoring of the BCMS itself and implementing improvements based on lessons learned.
Continual Improvement:	Adapting to Change: The BCMS is designed to be a dynamic system that adapts to changes in the organisation, the threat landscape, and best practices in business continuity management.

This questionnaire is intended review your company's business continuity maturity using 5 key functional area. These functional areas are:

- BCM program Management
- Planning and Analysis
- Development of BC plans
- Implementation and Testing
- Measurement and Improvement

For each for each functional area, determine where your company operates in accordance with each statement choosing a response from 1 to 5

1. Program Management

    1. No BCM Policy: No policy exists.
    2. Basic Policy: A policy is part of the IT strategy.
    3. Established Policy: A basic BCM policy is in place.
    4. Comprehensive Policy: A detailed BCM policy covers the whole company.
    5. Integrated Policy: The BCM policy is well communicated, actively implemented, and regularly reviewed.

2. Planning and Analysis

    1. No Assessment: No risk assessment or Business Impact Analysis (BIA).
    2. Limited BIA: BIA only covers IT systems.
    3. Internal BIA: BIA includes all internal operations, but not external factors.
    4. Full BIA: BIA covers all dependencies, including external threats.
    5. Regular Review: BIA is regularly updated to reflect current risks and informs recovery strategies.

3. Development of BC Plans

    1. No Plans: No documented business continuity plans.
    2. Basic IT Plans: Only IT disaster recovery plans exist.
    3. Crisis Management Plans: Plans include crisis management for IT.
    4. Comprehensive Plans: There are detailed plans for all critical functions.
    5. Integrated BC Practices: Business continuity is part of all initiatives.

4. Implementation and Testing

    1. No Testing: No testing or training occurs.
    2. Limited Testing: Some testing and training is done.
    3. Departmental Testing: Regular testing happens in certain departments.
    4. Comprehensive Testing: Testing is conducted across key functions.

5. Ongoing Improvement: Testing and training are continuously improved.

5. Measurement and Improvement

1. No Monitoring: No monitoring or improvement efforts.
2. Basic Monitoring: Some monitoring occurs for specific plans.
3. Departmental Reviews: Regular reviews happen in certain areas.
4. Organisation-wide Monitoring: Monitoring is documented and improvements are made.
5. Systematic Improvement: Continuous improvement is integrated into all practices.

 Level 1: Ad-hoc (Reactive): Minimal or no formal BCM.

 Level 2: Reactive: Basic awareness, but limited structure.

 Level 3: Basic Proactive: Formal plans, but may lack detail.

 Level 4: Advanced Proactive: Comprehensive and integrated BCM

 Level 5: Continuous Improvement (Optimized): BCM is deeply embedded and constantly evolving.

Part IV: Evaluation of Stakeholder Perspectives on the Relevance of Business Continuity in Managing Crisis Situations

1. Strategic Importance:
    a. How important do you believe a robust BC program is in ensuring the organisation's ability to respond effectively to crisis situations?

    _____

2. Alignment with Needs:
    a. How does the current BC program adequately address the specific needs and potential disruptions faced by your department/area?

    _____

3. Investment and Resources:
    a. "How do you perceive the time and resources invested in BC? What are their contribution to crisis preparedness?

    _____

4. Stakeholder Perspectives and concerns

a. To what extent are the perspectives and concerns of stakeholders like yourself considered during the development and revision of the BC program? _____

5. Challenges and Concerns
    a. What are your biggest concerns or challenges related to Business Continuity Management?"

Collected Through Secondary Information :

Secondary data on financial performance metrics (Return on Equity, Capital Adequacy Ratio, and Liquidity Ratio) was extracted from the banks' official websites, The Central Bank of Kenya (CBK) supervision reports and licensed repositories such as the NSE for listed for the financial year 2022 along with structural characteristics such as type of bank ownership and listing status. This data was manually compiled and merged with the primary survey data by matching the participating bank names to ensure alignment.

Appendix III: List of Commercial Banks

Bank
ABC Bank
ABSA Bank
Bank of Africa
Bank of Baroda
Bank of india
Citibank
Consolidated Bank
Cooperative Bank of Kenya
Credit Bank
Diamond Trust Bank
Eco bank
Equity Bank
Family Bank
Faulu microfinance bank
Guardian Bank
Guaranty Trust Bank
Habib Bank
I&M Bank
KCB
Kingdom Bank Ltd
KWFT
Mayfair CIB Bank
M-Oriental Bank
National bank
NCBA Bank
Paramount Bank
Prime Bank
SBM Bank LTD
Sidian Bank
Stanbic Bank
Standard Chartered Bank
UBA Bank
Victoria Bank

Appendix IV: BCM Construct Dimensions and Aggregated Scores Table

Bank	BCM program management	Planning and analysis	Development of BCM plans	Implementation and testing	Measurement and improvement
ABC bank	2	3	2	3	2
Absa mean	4.75	4.75	4.75	4.75	4.75
Bank of Africa	4	4	4	4	4
Bank of Baroda	3	3	2	3	2
Bank of India	3	3	3	3	3
Citibank	5	5	5	5	5
Consolidated Bank mean	3.5	3.5	4	3.5	3.5
Cooperative Bank of Kenya mean	5	4.67	4.67	5	5
Credit Bank	5	5	4	5	5
Diamond Trust Bank mean	5	4.67	4.33	5	4.67
Eco bank	5	5	5	5	5
Equity Bank mean	4.29	4.29	4.29	3.86	3.57
Family Bank mean	3.5	3	3	2.5	2.5
Faulu microfinance bank	4	3	3	3	3
Gaurdian Bank	5	5	4	5	4
Guaranty Trust Bank	4	5	4	2	5
Habib Bank	2	2	2	2	2
I&M Bank	4	4	3	4	4
KCB mean	4.6	4.8	4.4	4.4	4
Kingdom Bank Ltd mean	3.67	4	3.33	3.33	3.33
KWFT	4	4	4	3	3
Mayfair CIB Bank	2	3	2	2	2
M-Oriental Bank	4	5	4	5	3
National bank mean	4.5	3	4.5	3.5	3
NCBA mean	4.75	4.5	4.5	4.25	4
Paramount Bank	3	3	3	3	3
Prime Bank	4	4	4	2	3

SBM Bank LTD mean	4.5	4	3.5	3.5	3
Sidian Bank Limited	4	4	4	3	3
Stanbic Bank Mean	5	4.67	4.67	4.67	4.33
Standard Chartered Bank Mean	4.4	4.2	4.4	4	4
UBA Kenya Bank	3	2	2	2	3
Victoria Commercial Bank	2	2	2	2	2

Appendix V: Ethical Approval

Strathmore UNIVERSITY

8th October 2024

Ms Simiyu Stella,
stella.simiyu@strathmore.edu

Dear Ms Simiyu,

RE: Organisational Factors Influencing the Maturity of Business Continuity in Commercial Banks in Kenya

This is to inform you that SU-ISERC has reviewed and **approved** your above **SU-masters** proposal. Your application reference number is **SU-ISERC2388/24.** The approval period is from **8th October 2024 to 7th October 2025.**

This approval is subject to compliance with the following requirements:

i. Only approved documents including (informed consents, study instruments, MTA) will be used.
ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC.
iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 72 hours of notification.
iv. Any changes anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 72 hours.
v. Clearance for the export of biological specimens must be obtained from relevant institutions.
vi. Submission of a request for renewal of approval at least 60 days prior to the expiry of the approval period. Attach a comprehensive progress report to support the renewal.
vii. Submission of an executive summary report within 90 days of completion of the study to SU-ISERC.

Before commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) https://research-portal.nacosti.go.ke/ and obtain other clearances needed.

Yours sincerely,

Mr Ambrose Rachier,
Chairperson; SU-ISERC

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