

Leadership Communication, Strategic Risk Orientation and Digital Technology Adoption at Kenya Commercial Bank Limited

Simon Gatonye Mburu^{1*}; Noelyne Sande^{2*}

¹Management University of Africa, School of Management and Leadership

²Management University of Africa, School of Management and Leadership

Correspondence Author: Simon Gatonye Mburu^{1*}; Noelyne Sande^{2*}

Publication Date: 2026/10/28

Abstract: Digital technology adoption is central to banking operations, but its sustained implementation depends on organisational leadership as well as the availability of technology. This paper examines two dimensions of strategic leadership—leadership communication and strategic risk orientation—and their relationships with digital technology adoption at Kenya Commercial Bank Limited (KCB). It draws on a cross-sectional survey of employees at KCB Headquarters in Nairobi. The study population comprised 145 employees, from whom a stratified random sample of 106 was selected. Eighty-seven completed questionnaires were returned, representing an 82% response rate. Data were analysed using descriptive statistics, Pearson correlation and multiple regression in SPSS version 29. Leadership communication was positively associated with digital technology adoption ($r = .609, p < .001$) and remained a statistically significant predictor when the other leadership practices were controlled ($\beta = .261, t = 2.719, p = .008$). Strategic risk orientation also had a positive relationship with adoption ($r = .531, p < .001$) and a significant unique contribution in the full regression model ($\beta = .188, t = 2.139, p = .035$). The four-predictor model explained 58.7% of the observed variation in adoption, $F(4, 82) = 29.082, p < .001$. The findings suggest that clear, consistent communication and a balanced, systematic approach to technology risk are associated with digital technology adoption at KCB. Because the study was cross-sectional and based on self-reported responses, the results indicate association rather than causation.

Keywords: Digital Banking, Kenya, Leadership Communication, Risk Orientation, Technology Adoption.

How to Cite: Simon Gatonye Mburu; Noelyne Sande (2026) Leadership Communication, Strategic Risk Orientation and Digital Technology Adoption at Kenya Commercial Bank Limited. *International Journal of Innovative Science and Research Technology*, 11(10), 2009-2014. <https://doi.org/10.38124/ijisrt/26oct1166>

I. INTRODUCTION

Digital technologies have changed how banks deliver services, process transactions, communicate with customers and organise internal work. Mobile banking, internet banking, electronic payments, data analytics and other digital systems can expand access and improve convenience, but their value depends on effective implementation and sustained use. Digital transformation is therefore not simply a matter of purchasing technology; it also requires organisational coordination, employee readiness, risk management and continuing adaptation (Hanelt et al., 2021; Verhoef et al., 2021, as cited in the source project).

Across Africa, mobile-enabled financial services and electronic payment systems have expanded the reach of financial services, although digital adoption continues to be affected by differences in infrastructure, skills, affordability,

security and institutional capacity (African Development Bank, 2024, 2025; World Bank, 2024, as cited in the source project). In Kenya, commercial banks have continued to adopt digital products and technologies while addressing operational, regulatory and cybersecurity risks. The Central Bank of Kenya's Banking Sector Innovation Survey 2024 describes ongoing technological innovation in the sector, including the use of application programming interfaces and cloud computing (Central Bank of Kenya, 2025).

Kenya Commercial Bank Limited provides a relevant case for examining the organisational conditions associated with digital adoption. KCB Group's 2024 Integrated Report stated that transactions through digital channels increased by 21% in 2024 to approximately 1.3 billion, representing 99% of transactions through KCB touchpoints (KCB Group PLC, 2024, as cited in the source project). These figures indicate extensive use of digital channels; they do not, on their own,

explain which leadership practices support continued implementation and use.

This paper focuses on two strategic leadership practices. Leadership communication concerns how leaders explain strategic priorities, clarify the purpose and expected benefits of new systems, communicate implementation requirements, and invite employee feedback. Strategic risk orientation concerns how leaders identify, assess, monitor and respond to risks associated with digital innovation while balancing appropriate controls with the need to adopt useful technologies. In banking, communication can reduce uncertainty about changes in work processes, while risk orientation can help decision-makers manage cybersecurity, privacy, operational, financial and compliance exposures without automatically treating innovation as unacceptable.

➤ *Statement of the Problem*

The problem addressed is the limited institution-specific empirical evidence on the separate contribution of leadership communication and strategic risk orientation to digital technology adoption at KCB. High digital transaction volumes demonstrate extensive use, but do not establish how leadership practices are associated with adoption. The overall study examined strategic leadership practices and digital technology adoption at KCB.

This paper addresses two specific objectives:

- To investigate how leadership communication affects digital technology adoption; and
- To evaluate how strategic risk orientation affects digital technology adoption.

The corresponding null hypotheses are that leadership communication has no statistically significant relationship with digital technology adoption at KCB, and that strategic risk orientation has no statistically significant relationship with digital technology adoption at KCB.

The paper contributes KCB-specific evidence for bank managers considering how to communicate digital change and manage technology-related risks. Its scope is limited to employee responses collected at KCB Headquarters; findings should therefore be interpreted within that institutional and methodological context.

II. LITERATURE REVIEW

➤ *Theoretical Literature*

Upper Echelons Theory provides a basis for understanding leadership communication. Hambrick and Mason (1984) argue that organisational outcomes partly reflect senior managers' experiences, values and interpretations of the environment. Leaders' views about the strategic importance of digital technology can influence the priorities they communicate and the resources and expectations they establish. Communication is one mechanism through which leadership interpretations are conveyed to employees. When managers explain why a system is being introduced, what it is expected to improve,

how implementation will proceed and how staff can raise concerns, employees may be better placed to understand and respond to technological change. The theory is useful for explaining the strategic origin of communication, although it gives less direct attention to the perceptions and actions of employees outside senior management.

Contingency Theory explains why strategic risk orientation should be considered in relation to the organisation's environment and capabilities. Fiedler (1964) emphasised the relationship between leadership effectiveness and situational conditions. Applied to digital banking, this perspective suggests that risk decisions should reflect the nature of the technology, the bank's capabilities, regulatory expectations and the potential consequences of failure. Excessive risk aversion may delay useful innovation, whereas inadequate risk assessment may expose the bank to cybersecurity incidents, service disruption, privacy breaches or compliance failures. Effective risk orientation therefore involves an appropriate balance between safeguards and the pursuit of technological opportunities.

The Technology Acceptance Model (TAM) offers a complementary explanation of digital technology adoption. Davis (1989) proposed that perceived usefulness and perceived ease of use shape acceptance of information technology. Leadership communication may help employees understand a technology's expected usefulness and how to use it. Risk management may also influence confidence in digital systems, especially where security, privacy and reliability are concerns. TAM primarily explains individual acceptance and does not fully capture organisational leadership, resources or institutional pressures; it is therefore complemented here by leadership and contingency perspectives.

➤ *Empirical Review: Leadership Communication and Digital Technology Adoption*

Leadership communication in digital transformation involves more than distributing announcements. It includes the clarity, timeliness and consistency of messages, explanations of the reasons for change, opportunities for feedback and the alignment of communication across organisational units. Employees may find it difficult to adopt new systems when they do not understand the purpose of a change, how it affects their responsibilities or where to obtain support. Two-way communication can also allow staff to report usability problems and implementation risks before these become widespread.

Research discussed in the source project connects communication and employee readiness with digital change. Liu and Li (2022) examine leadership communication and readiness for digital banking transformation, while Men and Yue (2022) discuss strategic internal communication and employee engagement in the digital age. Weber et al. (2022) examine leadership behaviours that support employees through digital transformation. The source project also draws on Nesindande et al. (2024), who describe changes in banking workplaces associated with digital technology implementation and the need for leadership, communication,

awareness, education and employee feedback. These studies support the proposition that communication can help employees interpret and adapt to technological change.

However, communication practices and organisational contexts vary. Evidence from European or Asian financial institutions cannot automatically be generalised to Kenyan commercial banks. Communication may also be associated with other practices, such as staff participation and risk management, making it necessary to examine its unique contribution when related leadership dimensions are controlled. The present study addresses this context-specific question using employee responses from KCB Headquarters.

➤ *Empirical Review: Strategic Risk Orientation and Digital Technology Adoption*

Strategic risk orientation refers to how leaders recognise and assess uncertainty, determine acceptable exposure, monitor threats and opportunities, and respond as conditions change. For digital banking, relevant risks include cybersecurity, privacy, fraud, operational continuity, regulatory compliance, financial exposure and the reliability of new systems. A risk orientation that is too restrictive may slow adoption, while one that overlooks controls may undermine service reliability and customer trust. A balanced approach allows innovation to proceed within proportionate safeguards.

The source project discusses evidence linking digital transformation and risk-management capability. Abdurrahman et al. (2024) consider governance, risk management and compliance alongside digital transformation capabilities in banking. Hoque et al. (2024) examine whether digital transformation reduces bank risk-taking in Vietnamese commercial banks. Li (2025) examines the role of digital transformation in the relationship between fintech and bank risks. These studies indicate that

digitalisation and risk management should be considered together, although their contexts and outcome measures differ from the present study.

A remaining question is whether employees' perceptions of strategic risk orientation are associated with adoption within a Kenyan commercial bank. The relationship is not necessarily straightforward: risk controls can build confidence and support adoption, but burdensome approval processes may delay implementation. The present study tests the direction and statistical significance of the relationship at KCB rather than assuming that all forms of risk control have the same effect.

➤ *Research Gap and Conceptual Framework*

The reviewed literature provides theoretical reasons to expect leadership communication and strategic risk orientation to be associated with digital technology adoption. However, the project identifies a contextual and empirical gap: evidence from other countries and institutions does not establish the unique contribution of these practices at KCB. The paper addresses this gap using the study's employee survey and regression results. The analysis focuses on the two objectives while retaining resource allocation and staff involvement as control predictors in the reported full regression model, because the original model estimated all four practices simultaneously.

The conceptual relationship is that leadership communication (clarity, consistency, timeliness, transparency and feedback) and strategic risk orientation (risk assessment, risk tolerance, risk responsiveness, risk balancing and risk monitoring) are associated with digital technology adoption (technology use, system integration, acceptance, perceived usefulness and continued use). The proposed relationships are positive, subject to empirical testing.

Table 1 Variables and Measures Addressed in this Paper

Predictor	Indicators in the study	Outcome
Leadership communication	Clarity; consistency; timeliness; feedback; transparency	Digital technology adoption
Strategic risk orientation	Risk assessment; risk tolerance; risk responsiveness; risk balancing; risk monitoring	Digital technology adoption

III. METHODOLOGY

The study's overall objective was to examine how strategic leadership practices are associated with digital technology adoption at KCB. A descriptive cross-sectional survey design was used. The study was conducted at KCB Headquarters at Kencom Plaza, Nairobi, Kenya. The target population comprised 145 employees from top and middle management, operational functions and information and communication technology personnel. These groups were selected because their work relates to strategic decisions, banking operations or the implementation and use of digital technologies.

Proportionate stratified random sampling was used to select 106 respondents from the population. The study

received 87 completed questionnaires, representing a response rate of 82%. Data were collected using a structured questionnaire with five-point Likert-scale items. The questionnaire measured leadership communication, strategic risk orientation, resource allocation, staff involvement and digital technology adoption. For this paper, the analysis and discussion concentrate on leadership communication and strategic risk orientation. The other two leadership practices remain in the multiple regression model because the original analysis estimated their unique contributions simultaneously.

The questionnaire scales demonstrated acceptable internal consistency in the source project. Cronbach's alpha was .873 for leadership communication, .754 for risk orientation, .835 for resource allocation, .811 for staff involvement and .844 for digital technology adoption. The

data were analysed using SPSS version 29. Descriptive statistics were used to summarise responses, Pearson correlation assessed bivariate relationships, and multiple regression estimated the unique contribution of each leadership practice while controlling for the other predictors. Statistical significance was evaluated using the reported p-values. The cross-sectional design supports conclusions about association, not causal effects.

The study reports that university, NACOSTI and KCB approvals were obtained. Participation was voluntary, informed consent was sought, and confidentiality and privacy were maintained. Findings were reported in aggregate form.

IV. FINDINGS AND DISCUSSION

➤ Respondents and Measurement Reliability

A total of 87 completed questionnaires were included in the analysis, equivalent to an 82% response rate from the 106-person sample. The reported Cronbach's alpha coefficients for leadership communication and strategic risk orientation were .873 and .754, respectively. Both exceeded the .70 threshold used in the source project, indicating acceptable internal consistency for the questionnaire scales. Reliability does not, by itself, establish construct validity; the results

should be interpreted alongside the study's design and measures.

➤ Objective One: Leadership Communication and Digital Technology Adoption

Pearson correlation showed a positive and statistically significant relationship between leadership communication and digital technology adoption at KCB ($r = .609$, $p < .001$, $n = 87$). Employees who reported stronger leadership communication also tended to report higher levels of digital technology adoption. The magnitude indicates a relatively strong positive association in this sample, but correlation alone does not show that communication caused adoption.

The multiple regression analysis estimated the unique contribution of leadership communication while controlling for strategic risk orientation, resource allocation and staff involvement. Leadership communication had a positive statistically significant standardised coefficient ($\beta = .261$, $t = 2.719$, $p = .008$; unstandardised $B = .344$, $SE = .127$). The null hypothesis that leadership communication has no statistically significant relationship with digital technology adoption was therefore rejected at the 5% significance level. The result indicates that communication retained a significant association with adoption after accounting for the other leadership practices included in the model.

Table 2 Leadership Communication and Digital Technology Adoption

Statistic	Result
Pearson correlation (r)	.609
Significance	$p < .001$
Standardised regression coefficient (β)	.261
t statistic	2.719
Regression p-value	.008
Decision on null hypothesis	Reject

The finding is consistent with the argument that employees need clear and timely explanations of digital initiatives, their expected benefits and their implications for work processes. It also aligns with the literature discussed in the source project, including Liu and Li (2022), Men and Yue (2022), Weber et al. (2022) and Nesindande et al. (2024), which links internal communication and leadership practices with employee readiness and organisational change. At KCB, communication may help employees understand the reasons for introducing technologies, clarify responsibilities and raise practical concerns during implementation.

The regression coefficient is smaller than the bivariate correlation because the regression model accounts for overlap between communication and other leadership practices. Leadership communication was correlated with risk orientation ($r = .539$), resource allocation ($r = .617$) and staff involvement ($r = .433$), each reported as statistically significant in the original correlation table. This overlap reinforces the value of interpreting the regression coefficient as communication's unique association in the model, rather than treating the correlation as an isolated effect. Practically, communication should be integrated with risk management,

employee participation and implementation support rather than treated as a substitute for them.

➤ Objective Two: Strategic Risk Orientation and Digital Technology Adoption

Strategic risk orientation was positively and statistically significantly correlated with digital technology adoption ($r = .531$, $p < .001$, $n = 87$). The result suggests that respondents who perceived greater attention to identifying, monitoring and managing risks also tended to report higher adoption of digital technologies. The association was moderate and positive within the study sample.

In the full multiple regression model, strategic risk orientation remained a statistically significant positive predictor after controlling for leadership communication, resource allocation and staff involvement ($\beta = .188$, $t = 2.139$, $p = .035$; unstandardised $B = .201$, $SE = .094$). The null hypothesis that strategic risk orientation has no statistically significant relationship with digital technology adoption was rejected at the 5% significance level. Its standardised coefficient was smaller than that of leadership communication and staff involvement, but it made a statistically significant unique contribution in the model.

Table 3 Strategic Risk Orientation and Digital Technology Adoption

Statistic	Result
Pearson correlation (r)	.531
Significance	$p < .001$
Standardised regression coefficient (β)	.188
t statistic	2.139
Regression p-value	.035
Decision on null hypothesis	Reject

The result supports a view of risk management as an enabling condition for digital adoption rather than simply a constraint on innovation. In banking, assessment and monitoring of cybersecurity, privacy, operational continuity and regulatory risks can help management make informed implementation decisions and protect the reliability of digital services. This interpretation is consistent with the studies discussed in the source project, including Abdurrahman et al. (2024), which considers governance, risk management and compliance alongside digital transformation capabilities, and Hoque et al. (2024), which examines digital transformation and bank risk-taking in Vietnam.

The finding does not mean that tighter controls always increase adoption. The survey measured perceived strategic risk orientation as a general construct and did not isolate the effects of particular controls or approval procedures. The result instead indicates that, in this sample, stronger reported risk orientation was associated with higher adoption when the

other leadership practices were held constant. Managers should therefore aim for proportionate risk assessment, clear accountability, timely escalation and controls suited to the technology, while avoiding unnecessary delays to well-governed digital initiatives.

➤ Overall Regression Model and Interpretation

The full model included leadership communication, strategic risk orientation, resource allocation and staff involvement. It produced $R = .766$, $R^2 = .587$ and adjusted $R^2 = .566$. The model was statistically significant, $F(4, 82) = 29.082$, $p < .001$, and explained 58.7% of the observed variation in digital technology adoption among the 87 respondents. This is evidence that the four practices jointly predicted reported adoption in the sample. It does not establish causation, and the remaining variation may reflect other organisational, technological or individual factors not included in the model.

Table 4 Multiple Regression Coefficients for the Full Model

Predictor	B	SE	β	t	p
Leadership communication	.344	.127	.261	2.719	.008
Strategic risk orientation	.201	.094	.188	2.139	.035

Both variables addressed in this paper made statistically significant unique contributions to adoption in the full model. Leadership communication had a larger standardised coefficient ($\beta = .261$) than strategic risk orientation ($\beta = .188$), although the coefficients should not be treated as proof of a causal ranking.

The study has limitations. It relied on self-reported questionnaire data from one bank headquarters, and the cross-sectional design cannot establish temporal order or causality. The findings may not represent all branches, other Kenyan banks or banking systems in other countries. The model's explanatory power is meaningful for this sample but should be tested in larger, multi-bank and longitudinal studies. In addition, the source project flags an inconsistency in one descriptive item for continued use of digital technologies: its reported response frequencies imply a mean of approximately 4.15, whereas the table reports 3.25. The original SPSS output should be checked before that item is used to support further conclusions; it does not alter the correlation and regression coefficients reported above, but it limits confidence in that particular descriptive statistic.

V. CONCLUSION AND RECOMMENDATIONS

This paper examined two objectives from the broader KCB study: leadership communication and strategic risk orientation as correlates of digital technology adoption. Leadership communication was positively associated with adoption and remained a significant predictor after controlling for other leadership practices ($r = .609$, $\beta = .261$, $p = .008$ in the regression model). Strategic risk orientation also had a positive association and a significant unique contribution ($r = .531$, $\beta = .188$, $p = .035$). The null hypotheses for both objectives were rejected at the 5% significance level. Given the cross-sectional design, the findings should be interpreted as statistical associations rather than causal effects.

KCB management should communicate digital initiatives in clear, timely and consistent terms. Communication should explain the purpose of each initiative, expected benefits, implementation stages, changes to work processes, staff responsibilities and available support. Two-way channels should enable employees to ask questions and report usability or implementation concerns. These practices should be evaluated through staff feedback and

implementation reviews, not only through the number of messages issued.

Management should also integrate risk assessment into digital planning from the outset. Risk reviews should identify relevant cybersecurity, data privacy, operational, compliance and financial exposures; assign clear ownership; establish proportionate controls; and monitor emerging risks during implementation. Risk procedures should protect the bank and its customers without creating avoidable delays to appropriate innovation. Communication and risk management should be coordinated with staff involvement and technical support, since the full regression model indicates that these practices overlap and jointly relate to adoption.

The study contributes to theory by applying Upper Echelons Theory and Contingency Theory to the organisational context of digital banking adoption, alongside TAM's emphasis on perceived usefulness and ease of use. For practice, it provides institution-specific evidence to inform communication and risk governance at KCB. For policy and sector practice, it suggests that digital banking programmes should consider organisational readiness and risk governance in addition to technology investment. Future studies should test these relationships across multiple Kenyan banks, compare employee and customer perspectives, and use longitudinal or mixed-method designs to examine how communication and risk practices relate to adoption over time.

REFERENCES

- [1]. Abdurrahman, A., Gustomo, A., & Prasetyo, E. A. (2024). Enhancing banking performance through dynamic digital transformation capabilities and governance, risk management, and compliance: Insights from the Indonesian context. *The Electronic Journal of Information Systems in Developing Countries*, 90(2), Article e12299. <https://doi.org/10.1002/isd2.12299>
- [2]. Central Bank of Kenya. (2025). *Banking sector innovation survey 2024*.
- [3]. Davis, F. D. (1989). Perceived usefulness, perceived ease of use, and user acceptance of information technology. *MIS Quarterly*, 13(3), 319–340.
- [4]. Fiedler, F. E. (1964). *A contingency model of leadership effectiveness*. In L. Berkowitz (Ed.), *Advances in experimental social psychology* (Vol. 1, pp. 149–190). Academic Press.
- [5]. Hambrick, D. C., & Mason, P. A. (1984). Upper echelons: The organization as a reflection of its top managers. *Academy of Management Review*, 9(2), 193–206.
- [6]. Hanelt, A., Bohnsack, R., Marz, D., & Antunes Marante, C. (2021). A systematic review of the literature on digital transformation: Insights and implications for strategy and organizational change. *Journal of Management Studies*, 58(5), 1159–1197.
- [7]. Hoque, A., Le, D. T., & Thi, L. (2024). Does digital transformation reduce bank's risk-taking? Evidence from Vietnamese commercial banks. *Journal of Open Innovation: Technology, Market, and Complexity*, 10(2), Article 100260. <https://doi.org/10.1016/j.joitmc.2024.100260>
- [8]. KCB Group PLC. (2024). *Integrated report and financial statements 2024*.
- [9]. Li, X. (2025). Impact of fintech on bank risks: The role of bank digital transformation. *Applied Economics Letters*, 32(6), 895–899. <https://doi.org/10.1080/13504851.2023.2291085>
- [10]. Liu, Y., & Li, H. (2022). Leadership communication and employee readiness for digital banking transformation. *International Journal of Information Management*, 64, Article 102467.
- [11]. Men, L. R., & Yue, C. A. (2022). Strategic internal communication and employee engagement in the digital age. *Public Relations Review*, 48(2), Article 102143.
- [12]. Nesindande, A. R. M., Saurombe, M. D., & Joseph, R. M. (2024). Exploring changes in banking workplaces because of digital technology implementation. *SA Journal of Human Resource Management*, 22, Article a2542. <https://doi.org/10.4102/sajhrm.v22i0.2542>
- [13]. Verhoef, P. C., Broekhuizen, T., Bart, Y., Bhattacharya, A., Dong, J. Q., Fabian, N., & Haenlein, M. (2021). Digital transformation: A multidisciplinary reflection and research agenda. *Journal of Business Research*, 122, 889–901.
- [14]. Weber, E., Büttgen, M., & Bartsch, S. (2022). How to take employees on the digital transformation journey: An experimental study on complementary leadership behaviors in managing organizational change. *Journal of Business Research*, 143, 225–238. <https://doi.org/10.1016/j.jbusres.2022.01.036>