Strategy-induced organisational resilience through dynamic resource orchestration: Perspectives of former Kenyan bankers

Ahmed Eltigani (a)*, James Kilika (b) and Clare Gakenia (c)

(a) PhD Candidate, School of Leadership, Business and Technology, PAC University, Nairobi, Kenya
(b) Ph.D., Senior Lecturer in Management, Department of Business Administration, Kenyatta University
(c) Ph.D., Senior Lecturer, School of Leadership, Business and Technology, PAC University, Nairobi, Kenya

ABSTRACT

Dynamic Capabilities View (DCV) has an illustrious history of having dominated strategic management thinking for more than two decades now (Bleady et al., 2018). However, its pillars have since begun to quake in the wake of growing cataclysmic episodes, which have made it the subject of intense scrutiny by the scholarly community. The DCV view typifies adaptive properties as strategic agility, whose essence is value creation through innovative products and novel business models instead of incremental improvement of existing models and products (Wójcik, 2015). It is instructive to note that the DCV evolved from the Resource-Based View’s (RBV’s) notion of Valuable, Rare, Inimitable and Non-substitutable (VRIN) resources, signaling that theory development in the strategic management space is an infinite evolutionary process characterised by continuous shifts in conceptualisation (Bleady et al., 2018; Schilke et al., 2018). However, the thinking that informed the development of DCV is increasingly being challenged by the growing realisation that every competitive advantage has a shelf-life (Wójcik, 2015). A defence of DCV is nonetheless offered by Helfat et al. (2009), who argue that fast-paced environments are not necessarily always disruptive, and as such, the continued currency of DCV cannot be downplayed.

Introduction

Dynamic Capabilities View (DCV) has an illustrious history of having dominated strategic management thinking for more than two decades now (Bleady et al., 2018). However, its pillars have since begun to quake in the wake of growing cataclysmic episodes, which have made it the subject of intense scrutiny by the scholarly community. The DCV view typifies adaptive properties as strategic agility, whose essence is value creation through innovative products and novel business models instead of incremental improvement of existing models and products (Wójcik, 2015). It is instructive to note that the DCV evolved from the Resource-Based View’s (RBV’s) notion of Valuable, Rare, Inimitable and Non-substitutable (VRIN) resources, signalling that theory development in the strategic management space is an infinite evolutionary process characterised by continuous shifts in conceptualisation (Bleady et al., 2018; Schilke et al., 2018). However, the thinking that informed the development of DCV is increasingly being challenged by the growing realisation that every competitive advantage has a shelf-life (Wójcik, 2015). A defence of DCV is nonetheless offered by Helfat et al. (2009), who argue that fast-paced environments are not necessarily always disruptive, and as such, the continued currency of DCV cannot be downplayed.

A primary consideration in DCV that inspired the emergence of DRBV is that capabilities are typically hardwired in routines, processes and cultures that may not readily apply in novel situations (Wójcik, 2015). According to DRBV, understanding how resources and capabilities evolve is essential for analysing competitiveness in dynamic environments (Helfat & Peteraf, 2003). The DRBV builds on DCV’s central thesis that organisational competitiveness is a function of adaptive properties to market dynamics.
From the perspective of DRBV, such adaptive properties suggest the need to reorient strategic thinking into distinguishing between static resources that formed the hallmark of RBV and dynamic resources in the context of markets characterised by constant shifts (Chaharbaghi & Lynch, 1999). However, just like its predecessors, DRBV uses resource base rather than resource orchestration as its mechanism, suggesting that possession of a resource base, rather than its orchestration, is sufficient to guarantee success in a changing market (Schilke et al., 2018).

The notion of SCA that informed the conceptualisation of DCV and DRBV seems to be based on the assumption that volatility, uncertainty, complexity and ambiguity (VUCA) only emanates from industry forces as framed by Nkuda (2017). However, the increased frequency of systemic disruption episodes incentivises the development, deployment, and testing of alternative postulations that promise a more robust explanation for organisational sustainability. For instance, the explanatory power of DCV and DRBV on organisational sustainability in the face of VUCA due to acts of God is debatable. Nevertheless, extreme weather events rank top in likelihood and third in terms of impact (Karman, 2020). In fact, natural disasters have been considered among the primary factors that are likely to shape the future, with sustainability implications that cannot be navigated using current thinking models (Botzen et al., 2020). The Covid-19 pandemic, for example, has forced the experimentation of new business models that call for a more unambiguous reconceptualisation of SCA (Seetharaman, 2020). Such a reconceptualisation in the context of VUCA refocuses attention to the broad meaning of sustainability as the ability of an enterprise to survive and thrive, which are definitive characteristics of organisational resilience (Raetze et al., 2021; Zwane & Kanyangale, 2019).

By positioning SCA within the broader concept of organisational resilience, DROV is a new postulation that has evolved from DCV and DRBV to fully explain how some firms survive and thrive amid systemic disruption as others collapse (Ahmed et al., 2021b). At the heart of DROV is leadership-induced actions. In effect, DROV elevates leadership strategy as a superordinate resource, with dynamic resource orchestration, rather than resource base, as the differentiating mark that sets resilient organisations apart from the rest. DROV derives its inspiration from the growing realisation that a framework for implementation of dynamic capabilities is not only necessary but the mechanism through which such a framework can springboard warrants scholarly reevaluation (Dyduch et al., 2021). This led to a theoretical postulation that dynamic resource orchestration, moderated by leadership strategy, makes firms resilient and generates SCA in times of systemic disruptions (Ahmed et al., 2021b).

As acknowledged by its proponents, DROV is yet to be subjected to empirical scrutiny (Ahmed et al., 2021a). Prior to the birth of DROV, Onyando (2018) explored leadership behaviour at the intersection of dynamic capabilities and firm performance using manufacturing firms in Kenya as the industry context. Results from 271 firms showed statistically significant effect sizes and emphasised leadership in the dynamic capability deployment (Onyando, 2018). However, an emanating recommendation was that subsequent research was necessary to interrogate the gamut of variables interplaying dynamic capabilities and strategic leadership behaviours to realise desired firm outcomes. In response to this call, the present study utilised the lenses of DROV to mine the perspectives of Kenyan ex-bankers on dynamic resource orchestration at the intersection of strategy-induced organisational resilience.

**Literature Review**

A sampling of the vast organisational resilience literature provides a foundation from which this study has been developed. Among the contributors are Mahdi et al. (2015), who drew from secondary data to scrutinise Adidas and Nike’s competitive strategies and business models amidst VUCA. Results showed that strategy-induced actions ranged from innovation orientation, new product development, differentiation focus, development of multiple brands, and building adaptive capacities. Although the findings provide pointers that parallel the concepts inherent in DROV, there was a need to clarify the results through primary research.

Permata et al. (2017) analysed the mediation of dynamic managerial capabilities between organisational learning and performance of Indonesian SMEs in Surabaya. The study projected dynamic capability as a firm resource and proxied organisational resilience through firm performance. Results revealed that managerial capabilities had mediation power. However, the study did not explain the place of leadership in the mediation relationship, leading to a suboptimal conclusion that dynamic capabilities self-orchestrate.

Johannessen (2018) investigated leadership strategies amid the complexities of emergency operations during a terror attack in Oslo. Findings indicated that leadership and strategy had a whole new meaning that departed from static formalities to dynamic interaction. This signals the salience of dynamism, not just of capabilities but also of leadership in the context of crises. However, the study was conducted within the limits of military operations, whose resource contexts are uniquely different from the private sector.

Yang (2019) undertook a technical examination of literature production between 1988 and 2016 to unpack the meaning and dimensions of organisational resilience. The examination led to the depiction of organisational resilience as a function of dynamic resource orchestration elements collectively referred to in the study as dynamic capabilities. These were: anticipation and sensing, flexible allocation of people and resources, and innovative and timely adaptation to extreme events. The results provided a general lens for making sense of organisational resilience within the Australian context.

Ahmed (2021) reviewed scholarly literature on the role of leadership and ecosystem contingencies in orchestrating recovery mechanisms for banks experiencing distress induced by systemic crises. The review concluded that literature production addressing leadership as the power behind research orchestration towards recovery was scanty. The study’s contribution was leadership...
placement at the heart of organisational resilience before, during and after crises. However, the methodological value was constrained by a lack of empirical validation.

In a subsequent study, Ahmed et al. (2021d) advanced the DROV framework through a qualitative study of non-essential service sector SMEs’ resilience to Covid-19 in Kenya. Their analysis of data from interviews held with 6 SME leaders led to the conclusion that the disruption did not have any material adverse impact on their bottom-lines. Instead, some of the firms were not just surviving but even prospering, thanks to the opportunities that Covid-19 presented. This led to the generation of a taxonomy of organisational resilience drivers, whereby prospering firms initiated almost the complete set of resilience drivers while surviving firms adopted a select set of resilience drivers. The taxonomy of resilience drivers pointed to a range of leadership-induced actions spanning diversification, resource slacking, cooperation, self-reinvention, technology and psychological capital leverage. Inherent in the taxonomy is the notion of dynamic resource orchestration as a leadership-induced action, thus empirically affirming DROV. However, the exclusion of large corporates from the sample was a drawback.

**Methodology**

The study targeted former leaders of commercial banks listed in the Nairobi Securities Exchange (NSE). In-depth interviews were held with 13 retired senior bank executives. This is in keeping with the established principle of data saturation from as low as ten cases (Omona, 2013; Saunders et al., 2016). Participants were either former C-suite members or held senior management positions from the General Manager level or higher. The interviews were aimed to generate their perspectives on the role of leadership in the resilience of commercial banks in Kenya against disruptive events of systemic scales that they witnessed during their tenure.

The following interview questions were used as a guide: In your view, what has been the most remarkable systemic event in the history of banking in Kenya over the last two decades? What would you say about the resilience of banks in Kenya? In your view, what do you think has been the role of bank leadership in achieving or failing to achieve bank resilience? What are some of the strategies your bank deployed when you were in office? Did you have any resource constraints to achieve your goals? What type of resources is the most critical for banks in your view? Did you notice any differentiated response between banks? What were the priority focuses for the bank? Of the crises that you lived during your time in office, which one was the most severe? In retrospect, what could have been done better to make the bank more resilient to systemic disruptions? Do you have any parting shots or questions regarding the subject of bank resilience to systemic crises and large-scale disruptions? Before conducting the interviews, these questions were pretested on Chief Risk Officers from two non-listed banks and validated by industry experts.

The interviews were conducted online via zoom while observing strict adherence to ethical protocols such as informed consent, voluntary participation and signing of non-disclosure agreements. In addition, respondents were reminded of their right to withdraw from the study at any time during the interview without incurring any repercussions. All the interviewees collaborated. Probing techniques such as follow-up questions, pauses, and repeating interviewees’ words helped elicit further commentaries from them (Moerman, 2010). Each interview lasted approximately 40 minutes.

The data was recorded and transcribed by a professionally trained research assistant. Data transcription yielded more than 70 pages translating to about 45,000 words worth of rich textual data. The transcribed data were subjected to thematic analysis using NVivo 12. This data analysis process entailed generating initial codes, determining themes and patterns, identification of latent or composite themes, and final interpretation of themes (Roller, 2019). A summarised visualisation of this process is depicted in Figure 1.

**Figure 1:** Schematic Illustration of Data Analysis Process

As part of data management, verbatim views were coded to protect research participants’ identities and keep their respective organisations anonymous. Further data protection measures such as password protection were assigned to electronic data files to preserve data integrity and adhere to non-disclosure and confidentiality agreements.

**Results and Discussions**

**Strategy-induced Actions with Implications on Bank Resilience**

The study delineated leadership quality and leadership capability as two overarching themes pertaining to leadership strategy. There were three sub-themes under the theme of leadership quality. These were: leadership talent, social intelligence and leadership attitude. The notion of strategic fit in terms of talent repository was recognised by six of the 13 interviewees as central to organisational resilience. Resilient banks recruited, developed, maintained and transitioned the right team members. For instance, QR004 – a former
bank executive with 29 years of experience from an international bank—observed that “all those who have succeeded have been very clever in ensuring they have the right teams surrounding them.” He identified personnel as one of the key issues in setting up a bank for resilience. Supporting this view, another respondent going by the code QR001 emphasised the need for a careful examination of the talent repository to see if the desired change will be driven by the people in the bank’s employment and, if not, replace them accordingly. None-resilient banks were found to trivialise the critical issue of talent repository as expressed thus;

“After failing to do the right thing, it became evident that this institution was going down. The Central Bank of Kenya (CBK) got involved from afar, the board got joggled a little, the management started shifting, people like so and so went home...you can see a lack of succession planning and sole re-callings. ...You find somebody like so and so came in, he had no knowledge of managing a bank, but because he was just lined up, he is the guy who took over. He again within that one year, just did the bank no good at all, and finally, they went for new blood which they got from a successful bank. That guy came with new ideas, he went straight ahead and saw a loss-making building side of the bank, and he said no, that one I don’t want. Those are things that ought to have been done a long time ago” (QR001).

This finding is consistent with Crowley-Henry and Al-Ariss (2018), who characterised talent repository as a pool of highly skilled and talented workforce that possess a raft of competencies and capabilities, including the capability to face unexpected new situations, desire and motivation to learn and apply knowledge in new ways, agility, and resilience. The finding aligns with Siddiqui (2017), who demonstrated a link between talent repository and organisational resilience. This means that developing and maintaining a leadership pipeline as a talent strategy is a leadership strategy that is at the heart of organisational resilience.

There was a consensus from the majority (9 out of 13) of the bank executives interviewed that social intelligence was a crucial aspect of leadership for steering organisational resilience. This was reflected in the respondents’ emphasis on emotional investment in internal and external customers through senior management support and prioritisation of concern for their welfare. This was evident in the following sample verbatim excerpt:

“Oh, my goodness, if you don’t have the bonding, you have died, because the staff are working with the clients... The leadership were at the front, first of all, reassuring the staff that their jobs are still intact, that they’re dealing with it...” (QR000).

The finding agrees with the notion advanced by Ariratana et al. (2015) that social intelligence relates to behavioural aspects of leadership and denote the competencies associated with human skills that foster a collegial working relationship with other organisation members. It further aligns with past empirical research by Walker et al. (2016), who studied crisis leadership during the Great Recession of 2008 in the United States private sector and found that creating a solid sense of trust that fostered collaboration was vital to organisational resilience. The finding, therefore, underscores the significance of social intelligence and affirms the results of König et al. (2020), who explored how CEOs’ emotional intelligence affects their management of organisational crises and found that leaders’ individual characteristics such as empathy substantially impact their responsive behaviour towards crisis. Among the respondents who identified social intelligence as a crucial aspect of leadership in times of systemic disruption were those who lamented that it was lacking in some banks. One such respondent expressed thus;

“We say that, 80% to 85% of any business success rides on the emotional needs of the clients that are being served and also the emotional needs of the staff. Do they feel the bank cares for them so when they go to work, can they give it their all? I think that’s an area that has been neglected.... I think it’s one of the areas, I would say as an Emotional Quotient (EQ) specialist, that the banks need to pay more attention to” (QR002).

This finding suggests that social intelligence was lacking in the leadership of some banks. This lack of social intelligence potentially weakened their resilience capabilities. This means that some leaders were not emotionally sensitive, yet this attitude provides support and relief to people in crisis times.

Leadership attitude towards change was identified by four out of the 13 interviewees as working against the organisation’s resilience to disruptive events. All four respondents observed that an attitude of resistance to change was prevalent among bank executives to the detriment of the banks’ performance. It was evident from the views of the respondents that resistance to change affected the banks’ crisis readiness. As banks that embraced change survived and even thrived through disruption, the banks whose leadership resisted change were headed for collapse, as clearly revealed in the following verbatim account:

“When I went in there, I didn’t find them prepared. In terms of leadership and support for that change, I did not find it... I saw people trying to use a mortgage structure to drive commercial banking, and when you try to change this structure..., you find people resisted because they only know how to do mortgages. To change that structure, to fit a service delivery in a commercial environment, was totally resisted. I saw it killing that initiative which was very key to the bank...and that has affected that bank up to date, because if you look at that bank, it is headed for sale, right now.... They just refused to do the right thing at the right time. While they had the strategy at the table, but they did not want to implement it” (QR001).

The preceding finding contrasts the results of a study conducted by Mahdi et al. (2015), who analysed Adidas and Nike’s competitive strategies and business models in the context of a dynamic environment and established that leaders adopted an attitude of embracing change to remain resilient. This may be explained by the complacency that characterises some banks, especially those where the government had a hand due to the false protection they enjoyed from the government compared to other commercial banks. However,
the interviews revealed that the negative attitude towards change in the banking sector was not unique to local banks only as it manifested even in banks with an international presence. The respondents’ narratives suggest that resistance to change was mainly driven by fear. This slowed down the pace of change within some banks, weakening their resilience to competitive pressure. By extension, this contributed to frustrations of change champions as expressed by one respondent thus;

“Me, I worked for an international bank which was a bit reluctant to mobile banking transactions. We were even shocked at one point when one of our senior directors did not want us to introduce ATMs. We were shocked that he could reason like that because people would be mugged in Kenya...” (QR004).

The finding implies that some banks were characterised by lethargy on the part of leadership, with potentially detrimental consequences on their level of resilience. The finding echoed Korbi’s (2015) identification of the need for leadership to embrace change. This, therefore, means that leadership commitment to change is a crucial ingredient of bank resilience. By extension, it suggests that dynamic capabilities are necessary but insufficient to achieve goals without leadership-induced actions. Indeed, leadership capability was an overarching theme apparent through environmental awareness and adaptability sub-themes. A total of four out of the 13 interviewees identified awareness as an essential demonstration of leadership capability with significant implications on bank resilience. The participants highlighted that constant monitoring was necessary for developing appropriate preparedness strategies. However, environmental awareness was largely lacking within some banks’ leadership ranks, which affected such banks’ resilience to disruptive episodes. For example, this was expressed by one of the respondents who identified interest capping as a disruptive event;

“...I know there’s a bank that was being told that their bank book is minus 2 billion, they need to bring it up to be above. The Central Bank rule is that you have to need at least a billion in reserves, theirs has gone below, it’s gone below by 2 billion, they’re looking for investors to put in money so that they can rescue the organisation” (QR012).

The finding suggests that deliberate orchestration of a bank’s resources to build up organisational slack through cash is mission-critical for organisational resilience. This implies that cash acts as a shock absorber that enables stability and continuity when faced with disruptions. This means that failure to build up slack cash deliberately has existential consequences. This finding is consistent with the results of a study by Drehmann et al. (2020), who examined the role of prudential policy on buffering Covid-19 losses in Switzerland’s financial industry and found that a bank’s resilience capacity is contingent on the maintenance of slack resources.
Potential slack was the second manifestation of resource orchestration from the interviews, and it presented in two variants: slack credit and reputational slack. It was observed that one of the things that the banks did was to help local enterprises tap into grant money from the international community. One example cited by the respondents was Equity Bank which was noted to have made inroads into the grant funding community. The grants channelled through the banks make the position of a bank more resilient to systemic shocks. Not only that, but the banks were also noted to enjoy slack credit through investment in treasury bills which was observed as an easy way of making money. This finding is consistent with discourse highlighted by Didier et al. (2021) relative to financing firms in hibernation during the Covid-19 pandemic within the United States private sector, where they established that credit lines are essential liquidity sources that enable them to survive the pandemic.

Based on the interview results, resource structuring emerged as the most dominant theme reflected in the views of 10 out of the 13 respondents interviewed. This is in line with Ahuja and Chan (2017), whose study on resource orchestration for IT-enabled innovation in Japan surmised that structuring positively influenced firm resilience. Within the resource structuring dimension of resource orchestration were three sub-themes: acquiring, accumulating and divesting. The results showed that mergers and acquisitions were the most manifest form of acquiring. Mergers and acquisitions were noted to enhance the resilience of both the acquired bank and the acquiring bank. The acquired bank is able to safeguard customer deposits using the stronger liquidity position of the acquiring bank, whereas the acquiring bank’s market power is strengthened by the expanded asset base with which to withstand systemic shocks. Weak banks that were not acquired risked being wound up. This was evident in the following verbatim comment:

“Talk of now merging and acquisitions, I think now, that was one of the things that happened in the banking industry in Kenya. Those are some of the things that really happened, quite a number of banks either merged or they were acquired, that was strategic for purposes of survival, so you either merged or you close down. It so happened, especially with where the government had a hand. There are quite a number of banks that had to merge or to be acquired. Like now as we talk, my bank has already been acquired by another bank, because I think we did not really break even as expected. It was either now, it dissolves or it is acquired, what has happened is it has been acquired” (QR06).

This finding suggests that acquiring dimension of resource orchestration had strategic significance for bank resilience and benefited both the acquired bank and the acquiring bank. The resultant effect is a win-win outcome for all bank stakeholders. It means that mergers and acquisitions are a successful resource orchestration strategy for fostering bank resilience. This finding agrees with Choi et al. (2020), who identified the acquisition of essential resources and capabilities that contribute to improved competitiveness and responsiveness to competitive environments as crucial for resilience building.

Respondents noted that most banks suspended dividend payments by imposing payout restrictions in order to strengthen their liquidity positions. One respondent expressed thus;

“You’ve seen also that during this period, there was squeeze on payment of dividends, because many institutions were required to preserve capital. That was one of the other ways of preserving capital: no dividend payments, so it was also brought about by that pandemic” (QR03).

This finding is consistent with Krieger et al. (2021), whose study of the impact of the Covid-19 pandemic on dividends found increased dividend cuts across all industries. The finding signifies resource slacking as an orchestration action instigated by the bank leadership.

Most of the respondents observed that divesting was one of the most manifest forms of resource orchestration strategy for the banks to remain resilient against systemic disruptions. Particularly, retrenchment was the single most evident form of divestment: many redundancies were noted as banked embarked on a strategy of survival of the fittest as productivity and profitability took a deep dive. Some bank branches were also technically retrenched to ease operational costs while remaining staff had to contend with pay cuts as others proceeded on early retirement. This was evident in the following verbatim expressions:

“Most of the banks actually, to say the least, is that they have also been trying to survive. They had the strategy of survival because that’s why redundancies were seen in the banks; there were a lot of early retirement packages because they really wanted to make sure that they safeguard their base” (QR04).

The previous finding implies that banks adopted a strategy of human resource divestment as a resilience strategy. This may be explained by the fact that within the banking sector, as in many service sectors, human resource accounts for one of the most significant shares of recurrent expenditure. This makes the human resource a key target for orchestration through retrenchment. This is in line with widespread retrenchment observed during the season of Covid that transcended nearly all sectors of the economy.

The interview results also yielded resource bundling as another resource orchestration theme that characterised the banking sectors’ resilience to disruptive episodes. This was apparent through two distinct sub-themes: enriching and pioneering. It was evident from the respondents’ views that resource enrichment manifested in various forms. Some banks enriched their human resource by bringing in better talent to help drive the strategic agenda of the banks for better competitiveness. Others did so through staff training and development. For instance, this was reflected in the experience of one respondent as follows;

“I would like to just appreciate the bank where I was working because there was a lot of training on staff. Staff were being trained every now and then. Every now and then, we’ll have e-learnings that would help us to up-skill ourselves and be at par with the world
at large and know how things are doing. Basically, what I’m saying is we’d train our staff more, maintain the staff, the trained staff, so that they don’t have to shift from one bank to another one because if the staff is moving, it means that the performance of the bank is affected in one way or another” (QR02).

The finding suggests that talent enrichment is important for continued value addition and relevance in a turbulent business environment. This finding is in line with the results of a study conducted by Chepkorir (2018), who examined the effect of business continuity management practices on organisational performance among security firms in Nairobi County and found that training and development, as well as resource mobilisation, enhanced organisational resilience.

Most of the respondents observed that a typical pattern in the banking sector was venturing into new market segments and introducing new products. Due to disruptive competition, many banks were forced to redirect their focus to the SME segment, which bankers saw as the next growth frontier. Banks also came up with digital credit products to cope with and leverage Fintech disruptions. One respondent recounted thus;

“We had to focus more on SMEs, personal consumer loans which was not so much there, and things like government lending as well as trading in bonds. Those are some of the things that the bank really had to do, because it was a crisis, either you’re going to change completely your mode of banking or doing business, or you close” (QR03).

The data showed that others diversified into foreign markets where the unbanked population was higher, and thus the growth potential was guaranteed. This was regarded as a strategic move by the banks that had the financial muscle to ramp up their market power. An example is captured in the following excerpt;

“You can see the big boys like Equity…have acquired, I think two banks now and they are becoming the biggest bank in Zaire I think…That strategy going to mobile lending, putting transactional banking, you give it a very big proportion so that you increase your non-funded income instead of relying on interest from traditional loans which are high default and a lot of Non-performing Loans (NPLs) and a lot of costs. Some banks can see that the circulation for further growth is not very encouraging for them to open many other branches and so on, because of the cost involved in having many branches. Maybe, for instance, for the Kenyan market, everything has gone to the platforms, and now what is the next growth frontier? You look at the neighbourhood, the other countries, what is their penetration in terms of access to finance? How many people have accounts? How are their economies performing? It is a good strategy to look at the next frontier for your growth. Most of these markets where Equity is going, they are growth markets, Sudan is a growth market, it is a young market, it is one place for rapid growth. Even Zaire is a growth market, it’s huge, it’s got resources, but I don’t think they are going to go give traditional loans, the traditional lending, they are going for the technology type of revenue streams, transactional income. That one is given that they are going to make a lot of money in Zaire, Sudan as well. Sudan has had their insecurity, but I think once they stabilise, it’s also a growth market. For banks to think along the lines of the next frontier for where they can grow their balance sheet, it’s a very good strategy. You cannot just sit and say, “I am happy to stay in Kenya,” when the neighbourhood is calling you” (QR03).

The results suggest that banks resorted to a strategy of pioneering through market diversification as one of the ways to remain resilient to environmental shocks resulting from competitive disruptions. This finding is in line with the observation by Calvino et al. (2018), who linked diversification with resilience to disruptive competition.

Organisational Resilience Outcomes

The analysis signalled the notion of a resilience continuum that manifested in three overlapping sub-themes: pre-crisis preparedness, within-crisis agility and post-crisis transformation. The dominant opinion held by the respondents was that the impact of disruptive episodes on the banks signalled the lack of adequate preparedness. Most of the respondents noted that the banks were caught unaware, that some systemic disruptions were so unique that they were not anticipated. Most of these respondents referred to the Covid-19 pandemic. For instance, one respondent observed;

“The institution was really pushed, this is something they had not foreseen; they have never thought this could happen. The leadership was not prepared for this kind of a change” (QR01).

A direct contrast to the general notion of lack of preparedness was also notable from a section of the interviewees who believed that not all banks were caught unaware. This is because some banks were already strategically set up to absorb the impact of disruption. Such banks deliberately invested in technology and thus, had many operations already taking place in the digital space such that when disruption came, the impact was comparatively less severe. This suggests that technological resource endowment counted in times of disruption, which was less observable in small banks than in large ones. This was evident in the following verbatim excerpt;

“I would say that, some banks had already prepared in terms of their systems, in terms of customers didn’t really, necessarily need to go into the banking halls and things like that...” (QR02).

The preceding finding implies that organisational resilience is attained by adequate preparedness for disruptive shocks. This finding agrees with (Palmi et al., 2018), who observed that the 2008 financial crisis had a more severe impact on banks caught unprepared than those who had active strategies when the crisis hit. This may be explained by the fact that prepared banks are likely to anticipate and put measures to mitigate the adverse impacts of disruptions of any kind whenever they occur. This action increases their chances
of survival. It also sets them up to seize the market opportunities that come with disruption. This affirms the link that Campos (2016) found between organisational resilience and preparedness. It further supports claims by Wardman (2020) that the battle against disruption is won at the anticipation and preparedness stage.

The theme of within-crisis agility was another manifestation of bank resilience as the outcome of the joint effect of resource orchestration and size of the bank. Agility was observed in the banks’ swiftness to respond to disruptive events. Most of the respondents underscored the importance of timeliness. Many banks quickly convened to develop a response plan, and this went a long way in ensuring their survival through the disruption. This was evident from the following sample response obtained:

“I’d say they had to sit down and come up with solutions as fast as possible, this was something new to all of us. I think the leadership role was to come up with possible ways that banks can continue running. They can also look out for staff welfare, I think mostly, their role was to come up with a way forward and also to guide the staff, and also make sure the staff welfare is well taken care of…” (QR08).

The preceding finding agrees with the results of a study by Flammer and Ioannou (2020), who analysed the credit crunch of 2007 and established that firms that adapted quickly to shifting needs and demands of various stakeholders enhanced organisational resilience.

The leadership’s willingness to embrace change was also identified as a critical marker of within-crisis agility that distinguished resilient banks from non-resilient ones. This included collaboration with Fintech companies to enable the continuity of business operations online. This was evident as implied in the following verbatim comment:

“During this Covid, I think the priority number one is to ensure you’re able to embrace change as it comes, where you’re able to actually move with speed to the changing environment, that is a very key item. …banks had actually to move very fast and even collaborated with the financial technology firms that are in the market …” (QR01).

Within-crisis agility also encompassed the quick establishment of risk management measures as migration of operations to the digital space introduced exposures to cyber security threats. Such measures included customer awareness and education as reflected in the following verbatim comment:

“The bank has put security measures to ensure that no money or frauds are happening, because, you find like when we have a crisis, that’s when fraud starts…the bank has put into place measures to ensure that cybercrime is not there within the digital platforms and all that. Further, that customers are aware of what is happening. I would give an example of my bank. Every week I usually get a notification from the bank telling me that, “Be alert of fraud stars, if you receive an SMS stating this and this, be aware that we do not send such SMS to our customers. Our hotline numbers are these, and you only receive genuine information from this email or this number. That’s how the bank is doing it. I believe, for fraudsters are out there to take advantage of the crisis” (QR08).

The impact of leadership-induced dynamic resource orchestration on bank resilience was most manifest in post-crisis transformation, whereby many banks no longer did business as usual. From the views of most respondents, a post-crisis transformation took two shapes. The most dominant shift was from the brick and mortar banking model to the mass migration into the digital space. One respondent expressed thus;

“When you do a survey, I think most of the banks are not opening branches, what they’re doing, they’re investing in a robust technology. I think technology is a way to go in future where you don’t need brick and mortar premises, but if you have technology, you can be able to serve clients all over the world in a global aspect” (QR07).

The second manifestation of post-crisis transformation was the paradigm shift in business strategy towards the SME market segment. Shaken by competitive disruptions, respondents observed that most banks found themselves opening up to the SME market, which remained neglected for a long time. This was a total transformation towards customer orientation. In some banks, this triggered far-reaching organisational restructuring and reorganisation of the banks’ way of doing business that included an overhaul of human resource and operational model. This was apparent in the voices of respondents interviewed, as exemplified in the following verbatim narration:

“…The bank did a lot of restructuring, in fact, it began from top management, change of top management. Just trying to find out how to now connect with the customers whose demand seemed to be changing very fast. Banking system had to be changed to match the customer’s demands… That’s one of the things the leadership did, the restructuring, changing the leadership and also the system, and also focusing more on IT…. I saw the other thing that when my bank was going down, one of the very serious things they did was downsizing and bringing in professionals now. Marketing experts, HR experts, IT experts, credit experts, which never used to be there because people were just doing general work… Now, the way of banking had to change” (QR03).

In a nutshell, the interview results have demonstrated the link between leadership-induced actions, dynamic resource orchestration, and bank resilience. It has identified talent repository and leadership capability as components of leadership strategy that have implications for organisational resilience among listed banks in Kenya. It has also demonstrated that resource orchestration potentially explains the effect of leadership-induced actions on bank resilience. It has demonstrated how resilience outcomes accrued.
Theoretical Propositions

This article advances two theoretical propositions from the preceding discussions: Organisational Resilience Sphere (ORS) and Resilience-Induced Organisational Spheric Clustering (RIOSC). These two theoretical propositions are discussed in the following section of the paper.

Organisational Resilience Sphere

The study has provided empirical validation of the robustness of DROV in explaining leadership-induced organisational resilience, with dynamic resource orchestration as a source of differentiation. The study has effectively contributed to strategic management scholarship by underscoring the critical role of strategic leadership behaviours, decisions and actions in organisational resilience equation. Figure 2 provides a conceptual illustration for deepening research on the novelty, dimensionality and utility of DROV.

![Organisational Resilience Sphere](image)

The Organisational Resilience Sphere presented in Figure 1 provides a visual synthesis of the drivers of SCA in times of systemic disruptions as well as the dimensionality of organisational resilience. The figure integrates eight salient attributes associated with organisational resilience as a function of leadership-induced actions with implications on SCA. The attributes are adaptive mindset, talent repository, social intelligence, threat sensing, organisational learning, resource slacking, resource structuring and resource bundling. Unlike DCV, which puts salience on dynamic capabilities, the model spotlights leadership as the superordinate unifying resource. Similarly, unlike DRBV, which focuses on dynamic resource base as the source of SCA, the model roots for dynamic resource orchestration as the ultimate differentiating factor. This is not to claim the superiority of DROV over its predecessors. Instead, it demonstrates that DROV is a legitimate extension of DCV, a viable alternative to DRBV and, arguably, a complete metamorphosis of RBV.

Resilience-Induced Organisational Spheric Clustering

From the preceding discussion, an idea of spheric clustering of organisations can be surmised based on their hierarchical level of resilience. Conceptually, organisations can be clustered into three categories: high-resilience organisations (prospering or capitalising organisations), moderate-resilience organisations (surviving organisations), and low-resilience organisations (struggling organisations). The ordering or clustering is based on comparative inherent capabilities that each organisation develops to weather disruptive shocks. According to Ahmed et al. (2021c), “organisations achieve different resilience outcomes based on intrinsic values, preparedness, strategies, and industry characteristics” (p. 396). Based on intrinsic resilience scores induced by their strategic preparedness, organisations are also classified in upper-echelon, mid-echelon, and low-echelon, as illustrated in Figure 2.
Figure 3 further highlights the criticality of comparative potency of organisational resources. In essence, organisations that capitalise and accumulate specific types of dynamic resources are considered more robust and have long survival prowess than organisations that stock static resources (Ahmed et al., 2021a). This resource-based comparative clustering is the essence of the relative comparative advantage of DROV over DCV and RBV, as illustrated in this paper.

Conclusion

We have proposed that a set of leadership-induced actions are critical for organisational resilience. First in rank is leadership talent repository since resilient banks recruited, developed, maintained and transitioned the right team leaders. Leadership capability was also salient in terms of threat sensing, adaptability, and creativity. Most banks initiated strategic investments that secured their operations from material disruption. Leadership also instigated swift reaction to disruption, a key feature that distinguished resilient banks from non-resilient ones. Non-resilient banks were characterised by unpreparedness, lethargy and change resistance on leadership.

We argued that resilient banks were distinguishable by their leadership’s orchestration of dynamic resources. Such banks slackled, bundled and structured their resources to respond effectively to disruptive shocks. Adequate liquidity safeguards characterised resilient banks, whereas distressed banks were not diligent in managing their liquidity. Similarly, a key feature of resilient (thriving) banks was their ability to harness potential slack by attracting unsecured debt as well as investment in government lending through treasury bills. Others survived disruption using their reputational slack.

We found that thriving banks structured their resources through acquisitions and accumulation while surviving banks rescued themselves through mergers and divestments. Banks at the verge of dissolution opted to be acquired. Accumulation was reflected in capital preservation mainly through dividend squeeze while most surviving banks retrenched staff.

We further found that prospering banks were distinguishable by their resource bundling activities, significantly enriching their input factors and pioneering new products and markets. Such banks augmented their pool of human capital by cross-pollinating with fresh blood and regularly training them. They also engaged in product and market diversification. In addition, they reengineered their business processes by investing in technology-assisted processes and systems.

Our findings suggest that leadership-induced organisational resilience was characterised by pre-crisis preparedness, within-crisis agility and post-crisis transformation – three features that set thriving banks apart from the rest. Banks that prospered through disruption strategically embarked on investment in digital banking, which generated considerable dividends in terms of business continuity. In contrast, non-resilient banks lacked leadership foresight and environmental awareness. Furthermore, we advanced a proposition that resilient banks demonstrate within-crisis agility, responding swiftly to disruption by aggressively activating business continuity plans, situational awareness, and stakeholder collaboration. Resilient banks were thriving because they quickly learnt their lessons and instigated enterprise-wide post-crisis organisational transformation by embarking on restructuring and changing core banking systems, recalibrating the C-suite and shifting into new business models.

Acknowledgement

Author Contributions: Conceptualization, EA., JK., CG.; Methodology, EA., JK., CG.; Data Collection, EA., JK., CG.; Formal Analysis, EA., JK., CG.; Writing—Original Draft Preparation, EA., JK., CG.; Writing—Review And Editing, EA., JK., CG. All authors have read and agreed to the published the final version of the manuscript.

Institutional Review Board Statement: Ethical review and approval were waived for this study, due to that the research does not deal with vulnerable groups or sensitive issues.

Data Availability Statement: The data presented in this study are available on request from the corresponding author. The data are not publicly available due to privacy.

Conflicts of Interest: The authors declare no conflict of interest.
References


Moerman, G. (2010). Probing behaviour in open interviews. A field experiment on the effects. https://www.academia.edu/1988438/Probing_behaviour_in_open_interviews_A_field_experiment_on_the_effects_of_prob ing_tactics_on_quality_and_content_of_the_received_information


**Publisher’s Note**: SSBFNET stays neutral with regard to jurisdictional claims in published maps and institutional affiliations.