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BUSINESS MANAGEMENT

BROKERAGE AGREEMENTS, TOP MANAGEMENT SUPPORT AND COMPETITIVE PERFORMANCE OF COMMERCIAL BANKS IN KENYA

[*1]Ann Rose N. Muriithi, [2]Dr. Nehemiah Kiplagat & [3]Dr. John Tanui
[1,2,3]Kabarak University, Kenya
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ABSTRACT

Statement of the Problem: Brokerage agreements remain a widely used vehicle through which commercial banks extend their service offering and defend market share, but the strength of this relationship may depend on the degree to which top management champions and resources such arrangements.

Purpose of the Study: This study examined the effect of brokerage agreements on the competitive performance of commercial banks in Kenya and determined the moderating effect of top management support on this relationship.

Methodology: Adopting a cross-sectional survey design, the study targeted a census of 78 heads of credit and operations departments drawn from the 39 commercial banks headquartered in Nairobi City. Data were collected through structured questionnaires and analyzed using descriptive statistics, Pearson correlation, and simple and moderated linear regression in SPSS.

Findings: The findings revealed that brokerage agreements were strongly embraced by commercial banks, with an overall composite mean of 4.25 (SD = 0.799), while top management support recorded a composite mean of 4.02 (SD = 0.851). Correlation analysis established significant positive relationships between brokerage agreements and competitive performance ($r = 0.459$, $p < 0.01$), top management support and competitive performance ($r = 0.512$, $p < 0.01$), and brokerage agreements and top management support ($r = 0.398$, $p < 0.01$). Regression analysis confirmed that brokerage agreements had a statistically significant positive influence on competitive performance ($B = 0.467$, $p = 0.000$), and that the interaction between brokerage agreements and top management support was statistically significant ($B = 0.089$, $p = 0.001$), indicating that top management support moderates the relationship between brokerage agreements and competitive performance.

Conclusion: The study concludes that brokerage agreements are positively linked to competitive performance, and that this relationship is strengthened when brokerage arrangements are actively championed and resourced by top management.

Recommendation: The study recommends that bank board's institutionalize governance structures around brokerage partnerships and that top management take a more visible, resourced role in their oversight.

Keywords: *Brokerage Agreements, Top Management, Support, Competitive Performance, Commercial Banks*

INTRODUCTION

Fee-based intermediation has become an increasingly important lever through which banks worldwide diversify revenue and strengthen their competitive standing. Investment banking and brokerage-type fee income has grown markedly among global players; Barclays, for instance, recorded a 28 percent year-on-year increase in investment banking fee income in 2024, driven partly by growth in its capital markets and advisory brokerage activity (Evalueserve, 2025). In China, bancassurance and other technology enabled insurance distribution channels have become increasingly important in the development of the insurance sector, with digital platforms and intermediary arrangements contributing to changes in insurance distribution and market structure (Bian et al., 2023).

Within Africa, brokerage type intermediation has followed an uneven but expanding trajectory, particularly through bancassurance arrangements between banks and insurance companies. Agbo and Nwankwo (2020) observed that bancassurance had increasingly developed across African markets as banks leveraged their extensive branch networks to distribute insurance products, although regulatory restrictions, limited customer awareness and competition among intermediaries constrained its development. Similarly, research on bancassurance indicates that the banking channel can provide cost and distribution advantages to insurance firms, particularly where regulatory environments support the coexistence of multiple distribution channels (Boubaker et al., 2022). In Kenya, empirical studies have also demonstrated the growing importance of bancassurance among commercial banks, with research showing that financial and institutional factors influence banks' adoption of bancassurance services (Hussein et al., 2021). The growth of bancassurance in Kenya is further reflected in industry evidence showing that gross written premium distributed through the channel increased from Ksh 19.5 billion in 2019 to Ksh 35 billion in 2023, representing a 79.4 percent increase, while its market share increased from 8.4 percent to 10 percent over the same period (Association of Kenya Insurers, 2024). These developments demonstrate the increasing role of bank based intermediation in expanding financial and insurance services across African markets.

Beyond bancassurance specifically, Kenyan commercial banks have entered a broader set of brokerage arrangements, including standing-order payroll facilitation, bill payment intermediation, stock brokerage, and mortgage brokerage with construction and development

firms. Isinta, Aduda, and Magutu (2019), studying 27 Kenyan commercial banks undertaking bancassurance, found that bancassurance activity contributed to non-interest income, though its translation into overall performance depended on complementary organizational factors.

Kenyan banks now compete on the strength of such fee-based and partnership-driven strategies alongside digital innovation and dynamic capability; Odhiambo and Makau (2024) found that market positioning significantly predicted competitive advantage among Kenyan banks, while Ombongi and Mboya (2024) established that sensing and reconfiguration capabilities significantly shaped competitive advantage among listed banks. Whether such arrangements meaningfully strengthen a bank's competitive standing, and whether this effect depends on the degree to which top management champions and resources these arrangements, has not been sufficiently established. Okwiri and Muathe (2024), studying Tier Three commercial banks in Kenya, found that strategic leadership practices played a material role in shaping bank competitiveness, lending support to the proposition that leadership engagement, rather than the mere existence of a partnership, determines competitive outcomes. This study therefore examined the effect of brokerage agreements on the competitive performance of commercial banks in Kenya, and the extent to which top management support moderates this relationship.

STATEMENT OF THE PROBLEM

Competitive performance among Kenyan commercial banks has fluctuated rather than improved consistently: banks recorded 60 new product applications in 2018, 31 in 2019, and 44 in 2020 (Central Bank of Kenya, 2018, 2019, 2020). Several banks have been unable to withstand competitive pressure, with Imperial Bank placed under receivership and Chase Bank and National Bank of Kenya acquired (Gathaiya, 2017), while the Kenya Bankers Association (2023) reported continued pressure on bank profitability and market share following the 2023 macroeconomic turmoil. In response, many banks have turned to brokerage arrangements, including bancassurance, stock brokerage, and payroll and bill intermediation, to widen their offering and defend market share.

However, existing studies have examined brokerage activity largely in relation to financial rather than competitive outcomes (Isinta, Aduda, & Magutu, 2019), while studies on Kenyan bank competitiveness have focused on digital innovation (Odhiambo & Makau, 2024) and dynamic

capability (Ombongi & Mboya, 2024) without isolating brokerage agreements as a distinct competitive lever. Separately, top management support has been linked to performance in Kenyan state corporations (Njenga, Kariuki, & Wanjohi, 2023) and to bank competitiveness through strategic leadership (Okwiri & Muathe, 2024), but no study has tested it as a moderator of the brokerage agreements-competitive performance relationship specifically. This study addressed this gap.

OBJECTIVES OF THE STUDY

i. To examine the effect of brokerage agreements on the competitive performance of commercial banks in Kenya.
ii. To determine the moderating effect of top management support on the relationship between brokerage agreements and the competitive performance of commercial banks in Kenya.

RESEARCH HYPOTHESES

$H0_1$: Brokerage agreements have no statistically significant effect on the competitive performance of commercial banks in Kenya.

$H0_2$: Top management support does not significantly moderate the relationship between brokerage agreements and the competitive performance of commercial banks in Kenya.

LITERATURE REVIEW

THEORETICAL FRAMEWORK

This study is grounded in two theoretical perspectives: Agency Theory and Upper Echelons Theory.

Agency Theory

Agency Theory, whose foundational ideas are traced to Adam Smith (1937) and later formalized by Ross (1973) and Jensen and Meckling (1976), explains the relationship that arises when a principal delegates authority or responsibility to an agent who may not always act entirely in the principal's interest, owing to divergent goals and asymmetric information between the two parties. Jensen and Meckling (1976) note that this divergence gives rise to agency costs, which firms seek to minimize through monitoring, incentive alignment, and governance mechanisms. The theory has been criticized for assuming that behaviour is easily monitored and controlled, and for

narrowly assuming that principals are concerned only with financial outcomes (Eisenhardt, 1989). Agency Theory offers a directly applicable lens for brokerage agreements, since in such arrangements a bank frequently acts as an agent extending the products of another entity to its own customers, in exchange for commission. Where interests diverge, principal-agent conflict can undermine the arrangement and the competitive value the bank derives from it.

Upper Echelons Theory

Upper Echelons Theory, developed by Hambrick and Mason (1984), holds that organizational outcomes, strategic choices, and performance levels are substantially influenced by the characteristics, cognitions, and values of top management. The theory holds that the attention, experience, and commitment of senior executives filter which strategic opportunities are pursued and how vigorously they are resourced and implemented. A recognized limitation is that it can understate the influence of middle management on how strategic decisions are eventually executed. Applied to this study, the theory suggests that the extent to which brokerage agreements translate into competitive gains depends materially on whether top management understands, champions, resources, and remains actively involved in these arrangements, consistent with Okwiri and Muathe (2024), who found that strategic leadership practices significantly shaped the competitiveness of Tier Three commercial banks in Kenya.

EMPIRICAL REVIEW

Pancak (2010) examined broker minimum service laws in the United States and found that brokerage regulation shapes how firms, including banks acting as brokers, structure their agency relationships with client firms, but the study was legal-analytical rather than empirical and did not examine performance outcomes. Yeshmin and Nasrin (2010) studied listed financial institutions on the Dhaka Stock Exchange using secondary data and descriptive statistics, finding that retail banks had expanded their service networks and that a majority of the sampled banks offered basic brokerage services; the study did not link these services to competitive performance, a gap the current study addressed by testing this link directly.

Rath (2017), analyzing the ten largest investment banks as at December 2013 using secondary financial data, found that broker-dealer activity, encompassing proprietary trading and brokerage commissions, accounted for more than half of the sampled banks' revenue, but did not test any

relationship with competitive standing. Duho and Onumah (2019), examining 32 Ghanaian banks over the 2000 to 2015 period using panel data analysis, established that non-traditional, fee-based income sources, including bancassurance commissions, remained a modest share of bank revenue and that intellectual capital shaped diversification choices, again without a competitive performance dimension.

Locally, Isinta, Aduda, and Magutu (2019), studying 27 Kenyan commercial banks undertaking bancassurance using primary and secondary data and regression analysis, found that bancassurance contributed to non-interest income but that its effect on overall financial performance was contingent on the bank's savings mobilization capacity, an organizational factor closely tied to internal management commitment. Rop, Kibet, and Bokongo (2016), studying 40 Kenyan commercial banks using an exploratory design and inferential statistics, found that insurance investment had a statistically significant positive effect on financial performance, with a unit increase in insurance investment associated with a 16.1 percent increase in financial performance; the study centered on financial rather than competitive performance outcomes, a gap the current study addressed.

On the moderating role of top management, Njenga, Kariuki, and Wanjohi (2023), studying state corporations in Kenya using a descriptive design and regression analysis, found that top management support had a statistically significant positive influence on organizational performance ($\beta = 0.587$), though the study examined support as a direct predictor rather than a moderator and was situated outside the banking sector. Okwiri and Muathe (2024), studying Tier Three commercial banks in Kenya, found that strategic leadership practices were significantly associated with bank competitiveness, providing sector-specific support for the proposition that executive engagement shapes competitive outcomes, though the study did not test leadership as a moderator of a specific partnership-competitiveness relationship.

Odhiambo and Makau (2024), using a descriptive design and census of solvent commercial banks, found that market positioning significantly predicted competitive advantage ($B = 0.292$, $p = 0.003$), while Ombongi and Mboya (2024), using a cross-sectional design among listed commercial banks, found that sensing capability significantly predicted competitive advantage; neither study incorporated top management support as a moderating variable nor examined brokerage agreements specifically, gaps the current study addressed by empirically testing top

management support as a moderator of the brokerage agreements-competitive performance relationship among Kenyan commercial banks.

CONCEPTUAL FRAMEWORK

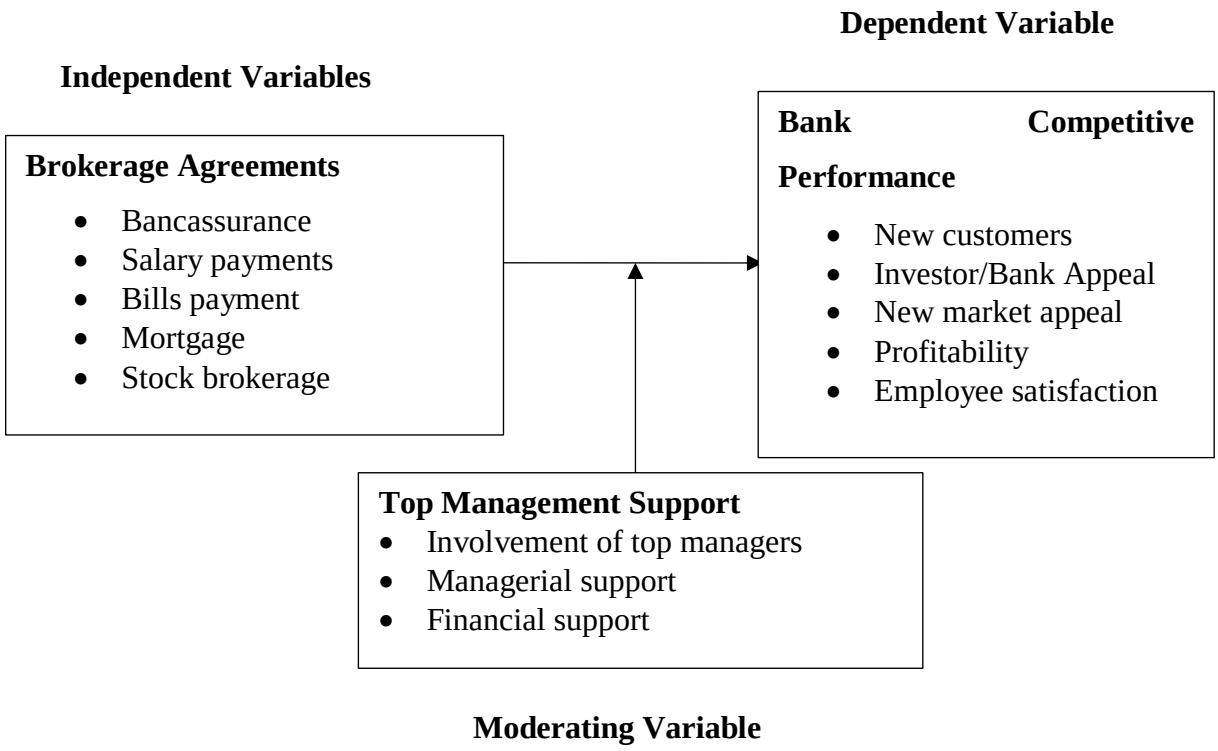


Figure 1: Conceptual Framework

RESEARCH METHODOLOGY

This study adopted a cross-sectional survey research design, appropriate given that data were collected from respondents at a single, well-defined point in time (Kothari & Garg, 2015). The target population comprised 78 heads of credit and operations departments drawn from the 39 commercial banks headquartered in Nairobi City. Given the small and finite size of the population, the study adopted a census approach, in which all eligible respondents were targeted (Kothari & Garg, 2015; Brick, 2011). Data were collected using a structured questionnaire administered on a five-point Likert scale. The instrument was piloted among 8 heads of credit and operations drawn from 4 randomly selected banks, who were subsequently excluded from the main study, and content validity was established through review by assigned university supervisors. Reliability was

assessed using Cronbach's alpha, with the brokerage agreements scale returning a coefficient of 0.7 and the top management support scale a coefficient of 0.8, both exceeding the recommended 0.7 threshold (Nunnally & Bernstein, 1994). Following approval from Kabarak University and a research permit from NACOSTI, questionnaires were administered electronically via Google Forms after respondent consent was obtained.

Data were analyzed using SPSS, combining descriptive statistics with Pearson correlation and hierarchical moderated regression. The direct effect of brokerage agreements on competitive performance was modelled as:

Model 1: $Y = \beta_0 + \beta_1 X_1 + e$

The moderating effect of top management support was tested by introducing the interaction between brokerage agreements and top management support:

Model 2: $Y = \beta_0 + \beta_2 (X_1 \times M) + e$

Where Y represents Bank Competitive Performance; β_0 is the constant term; β_1 is the coefficient of brokerage agreements; β_2 is the coefficient of the interaction term; X_1 represents Brokerage Agreements; M represents Top Management Support; $X_1 \times M$ represents the interaction term; and e is the error term.

RESULTS AND DISCUSSION

Of the 78 heads of credit and operations targeted, 8 respondents drawn from 4 banks participated in the pilot study and were excluded from the main survey. Questionnaires were subsequently issued to the remaining 70 heads of credit and operations drawn from 35 fully operational commercial banks, of which 62 were completed as required, yielding a response rate of 88.57 percent, well above the approximately 60 percent threshold generally regarded as adequate for social science research (Fincham, 2008).

BROKERAGE AGREEMENTS

Table 1: Descriptive Statistics for Brokerage Agreements

Statements	SD (%)	D (%)	N (%)	A (%)	SA (%)	Mean	S.D.
1. Oftentimes, the bank is involved in paying salaries to staff of various organisations through standing orders given by those entities.	0	3.2	3.2	43.5	50.0	4.40	.712
2. The bank offers a latitude to its customers to pay such bills as electricity, water, and internet bills.	0	0	8.1	46.8	45.2	4.37	.633
3. The bank acts as a broker for insurance services through bancassurance, where it has agreed with leading insurance firms in Kenya.	0	3.2	4.8	51.6	40.3	4.29	.710
4. The bank has, for years, been engaged in stock brokerage where customers can trade or invest in shares and other stocks on its platform.	4.8	0	3.2	46.8	42.2	4.27	.926
5. The bank has entered into brokerage agreements with leading construction and development firms to offer mortgages to its customers.	0	14.5	11.3	41.9	32.3	3.92	1.013
Composite score						**4.25**	**.799**

As presented in Table 1, respondents generally agreed that the bank had established brokerage agreements and related services, as shown by the composite mean of 4.25 (S.D. = 0.799). The statement on the bank's involvement in paying salaries to staff of various organisations through standing orders recorded the highest mean of 4.40 (S.D. = 0.712), with 93.5 percent agreeing or strongly agreeing. This indicates that salary payment arrangements are a highly established service through which the bank maintains relationships with organisations and their employees. The statement on the bank providing customers with opportunities to pay electricity, water and internet bills recorded a mean of 4.37 (S.D. = 0.633), with 92.0 percent positive responses. This demonstrates that bill payment services are also widely provided and recognised by customers.

The statement on the bank acting as a broker for insurance services through bancassurance recorded a mean of 4.29 (S.D. = 0.710), with 91.9 percent agreeing or strongly agreeing. This suggests that bancassurance is an important component of the bank's brokerage activities. The finding is consistent with Isinta, Aduda, and Magutu (2019), who observed that Kenyan

commercial banks had increasingly institutionalised bancassurance. It is also consistent with the Association of Kenya Insurers (2024), which reported increased penetration of bancassurance in Kenya. The statement on the bank's engagement in stock brokerage, enabling customers to trade or invest in shares and other stocks through its platform, recorded a mean of 4.27 (S.D. = 0.926), with 89.0 percent giving positive responses. This indicates that investment related brokerage services were also well established.

The statement concerning brokerage agreements with construction and development firms to offer mortgages recorded the lowest mean of 3.92 (S.D. = 1.013). Although 74.2 percent agreed or strongly agreed, the higher standard deviation indicates greater variation in respondents' views. This suggests that mortgage related brokerage arrangements were available but were less consistently experienced or recognised than other brokerage services. Overall, the composite mean of 4.25 confirms that brokerage agreements were a well-established feature of the bank's operations, particularly in salary payments, bill payments, bancassurance and stock brokerage. This finding is consistent with Yeshmin and Nasrin (2010), who found that retail banks in comparable markets widely provided brokerage and related financial services to strengthen their service offerings.

TOP MANAGEMENT SUPPORT

Table 2: Descriptive Statistics for Top Management Support

Statements	SD (%)	D (%)	N (%)	A (%)	SA (%)	Mean	S.D.
The top management has aligned strategic partnership agreements with the bank's vision.	0	3.2	3.2	51.6	41.9	4.32	.696
The top managers in the bank adequately understand the importance of the strategic partnership agreements the bank has entered into.	0	11.3	0	58.1	30.6	4.08	.874
The top managers are directly involved in programmes, projects, and/or activities associated with ongoing strategic partnership agreements.	4.8	0	9.7	58.1	27.4	4.03	.905
The top management encourages all staff to embrace the strategic partnership agreements that the bank has entered into.	3.2	0	21.0	43.5	32.3	4.02	.914
The top management ensures that strategic partnership agreements are allocated sufficient resources to ensure their success.	3.2	3.2	19.4	56.5	17.7	3.82	.878
The bank is accorded full financial and managerial support for its strategic partnership agreements by the senior managers at the head office.	3.2	0	25.8	53.2	17.7	3.82	.840
Composite score						**4.02**	**.851**

Table 2 indicates that respondents generally perceived top management as supportive of strategic partnership agreements, as reflected by the composite mean of 4.02 (S.D. = 0.851). The statement that top management had aligned strategic partnership agreements with the bank's vision recorded the highest mean of 4.32 (S.D. = 0.696), with 93.5 percent agreeing or strongly agreeing. This indicates that strategic partnerships were largely integrated into the bank's overall strategic direction. The statement concerning top managers' understanding of the importance of the strategic partnership agreements recorded a mean of 4.08 (S.D. = 0.874), with 88.7 percent positive responses. This suggests that senior managers generally understood the strategic value of the partnerships. The statement on direct involvement of top managers in programmes, projects and activities associated with ongoing strategic partnership agreements recorded a mean of 4.03 (S.D. = 0.905), with 85.5 percent agreeing or strongly agreeing. This demonstrates that management involvement extended beyond strategic planning to actual partnership activities. The statement on top management encouraging all staff to embrace strategic partnership agreements recorded a mean of 4.02 (S.D. = 0.914), with 75.8 percent positive responses. However, 21.0 percent were neutral, suggesting that management's efforts to promote partnerships may not have been equally visible to all employees.

The statement on management ensuring that strategic partnership agreements received sufficient resources recorded a mean of 3.82 (S.D. = 0.878), with 74.2 percent positive responses. Similarly, the statement on the bank receiving full financial and managerial support from senior managers at head office recorded a mean of 3.82 (S.D. = 0.840), with 70.9 percent agreeing or strongly agreeing. These were the lowest rated aspects, suggesting that while management commitment was evident, resource allocation and head office support could be strengthened. Overall, the composite mean of 4.02 demonstrates strong top management support. This finding agrees with Njenga, Kariuki, and Wanjohi (2023), who found that top management support positively influenced organisational performance in Kenyan state corporations. It also supports Okwiri and Muathe (2024), who found that strategic leadership practices influenced competitiveness among Kenyan commercial banks.

BANK COMPETITIVE PERFORMANCE

Table 3: Descriptive Statistics for Bank Competitive Performance

Statements	SD (%)	D (%)	N (%)	A (%)	SA (%)	Mean	S.D.
The bank has different product options that enhance its competitive performance.	0	0	3.2	69.4	27.4	4.24	.502
The bank has a high brand appeal as it is easily recognizable by the customers, both present and prospective.	0	4.8	8.1	51.6	35.5	4.18	.779
The bank appeals to new markets, a fact which is supported by the fast growth of new branches.	0	4.8	3.2	67.7	24.2	4.11	.680
The bank has a high investor appeal, which is shown by the increase in investors in both numbers and amounts invested.	0	0	24.2	48.4	27.4	4.03	.724
The attractiveness of the bank has increased the customer base (account holders) considerably over the past 5 years.	0	3.2	16.1	59.7	21.0	3.98	.713
Compared to other commercial banks, the bank is, by far, more attractive to new customers.	0	14.5	16.1	54.8	14.5	3.69	.898
The bank's profitability has been increasing consistently.	6.5	11.3	24.2	38.7	19.4	3.53	1.127
The staff working with the bank have high satisfaction levels as exhibited by relatively low labor turnover.	40.3	17.7	17.7	16.1	8.1	2.34	1.366
Composite score						**3.97**	**.775**

Table 3 indicates that the bank's competitive performance was generally favourable, as shown by the composite mean of 3.97 (S.D. = 0.775). The statement that the bank had different product options that enhanced its competitive performance recorded the highest mean of 4.24 (S.D. = 0.502), with 96.8 percent agreeing or strongly agreeing. This indicates that product variety was a major source of competitive strength. The statement on the bank having high brand appeal and being easily recognisable by current and prospective customers recorded a mean of 4.18 (S.D. = 0.779), with 87.1 percent positive responses, demonstrating strong brand recognition.

The statement that the bank appealed to new markets, supported by the growth of new branches, recorded a mean of 4.11 (S.D. = 0.680), with 91.9 percent agreeing or strongly agreeing. This

suggests that branch expansion and market penetration were important indicators of competitiveness. The statement concerning high investor appeal, reflected by increases in the number of investors and amounts invested, recorded a mean of 4.03 (S.D. = 0.724), with 75.8 percent positive responses. The statement on whether the bank's attractiveness had considerably increased its customer base over the previous five years recorded a mean of 3.98 (S.D. = 0.713), with 80.7 percent agreeing or strongly agreeing. These findings suggest that the bank's attractiveness contributed positively to both investor interest and customer growth.

The statement comparing the bank's attractiveness to new customers with that of other commercial banks recorded a lower mean of 3.69 (S.D. = 0.898), although 69.3 percent gave positive responses. This suggests that respondents generally considered the bank attractive to new customers but were less certain that it was substantially more attractive than competitors. The statement on the bank's profitability increasing consistently recorded a mean of 3.53 (S.D. = 1.127), with 58.1 percent agreeing or strongly agreeing. The relatively high standard deviation indicates considerable variation in perceptions concerning the consistency of profitability growth.

The statement concerning staff satisfaction and relatively low labour turnover recorded the lowest mean of 2.34 (S.D. = 1.366), with only 24.2 percent agreeing or strongly agreeing, compared with 58.0 percent who disagreed or strongly disagreed. This indicates that employee satisfaction was a major weakness in the bank's competitive performance. Overall, the composite mean of 3.97 indicates generally favourable competitive performance, particularly in product variety, brand appeal, market expansion and customer growth. However, profitability consistency and employee satisfaction were comparatively weaker. The finding is consistent with Ombongi and Mboya (2024), who found that organisational capabilities significantly contributed to competitive advantage among Kenyan banks, and with Okwiri and Muathe (2024), who established that strategic leadership practices influenced competitiveness among Kenyan commercial banks.

CORRELATION ANALYSIS

Table 4: Correlation Analysis

Variable	Brokerage Agreements	Top Management Support	Competitive Performance
Brokerage Agreements	1.000		
Top Management Support	.398**	1.000	
Competitive Performance	.459**	.512**	1.000

Correlation is significant at the 0.01 level (2-tailed), N = 62.

Brokerage agreements had a positive, moderate, and statistically significant correlation with competitive performance (r = 0.459, p = 0.000), while top management support recorded a somewhat stronger correlation with competitive performance (r = 0.512, p = 0.000), consistent with Njenga et al.'s (2023) finding of a strong positive relationship between top management support and organizational performance.

REGRESSION ANALYSIS

Table 5: Model Summary

Model	R	R-Square	Adjusted R-Square	Std. Error of the Estimate
1 (Direct effect)	.459[a]	.210	.197	.47522
2 (Moderated effect)	.676[b]	.457	.429	.40077

a. Predictors: (Constant), Brokerage Agreements b. Predictors: (Constant), Brokerage Agreements, Top Management Support, Interaction Term

Table 5 presents the regression model examining the direct and moderated effects of brokerage agreements on bank competitive performance. Model 1, which assessed the direct effect of brokerage agreements, produced an R of 0.459 and an R-square of 0.210, indicating a moderate positive relationship and showing that brokerage agreements explained 21.0 percent of the variation in bank competitive performance.

The adjusted R-square of 0.197 indicates that after adjustment, 19.7 percent of the variation was explained by the model, with a standard error of the estimate of 0.47522. Model 2, which introduced top management support and the interaction term, produced a higher R of 0.676 and an R-square of 0.457. This indicates that the moderated model explained 45.7 percent of the variation in bank competitive performance, while the adjusted R-square increased to 0.429. The standard error also declined from 0.47522 to 0.40077, indicating improved model accuracy after introducing the moderator. Overall, the increase in R-square from 21.0 percent to 45.7 percent suggests that top management support substantially improved the explanatory power of the model and strengthened the relationship between brokerage agreements and bank competitive performance.

Table 6: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.609	1	3.609	15.982	.000[b]
	Residual	13.550	60	.226		
	Total	17.160	61			
2	Regression	7.844	3	2.615	16.279	.000[c]
	Residual	9.316	58	.161		
	Total	17.160	61			

a. Dependent Variable: Bank Competitive Performance b. Predictors: (Constant), Brokerage Agreements c. Predictors: (Constant), Brokerage Agreements, Top Management Support, Interaction Term

Table 6 presents the ANOVA results for the direct and moderated regression models. Model 1, which examined the direct effect of brokerage agreements on bank competitive performance, was statistically significant, $F(1, 60) = 15.982$, $p < 0.001$. This indicates that brokerage agreements significantly predicted bank competitive performance. Model 2, which incorporated top management support and the interaction term, was also statistically significant, $F(3, 58) = 16.279$, $p < 0.001$. The increase in the F statistic from 15.982 to 16.279, together with the significant result, indicates that the moderated model provided a statistically significant explanation of variations in bank competitive performance. Therefore, the inclusion of top management support and the interaction term improved the overall regression model, supporting further examination of the

moderating effect of top management support on the relationship between brokerage agreements and bank competitive performance.

Table 7: Regression Coefficients

Model	B	Std. Error	Beta	t	Sig.
Model 1 (Direct effect)					
(Constant)	1.779	.500		3.556	.001
Brokerage Agreements	.467	.117	.459	3.998	.000
Model 2 (Moderated effect)					
(Constant)	1.245	.612		2.034	.047
Brokerage Agreements	.312	.135	.307	2.311	.024
Top Management Support	.198	.121	.211	1.636	.107
Interaction Term (Brokerage × TMS)	.089	.025	.412	3.560	.001

Dependent Variable: Bank Competitive Performance

Brokerage agreements had a positive and significant direct effect on competitive performance (B = 0.467, β = 0.459, t = 3.998, p = 0.000), explaining 21.0 percent of the variation in competitive performance (R^2 = 0.210). This means that for every unit increase in brokerage agreements, competitive performance increased by 0.467 units, holding other factors constant, affirming that arrangements such as bancassurance, bill facilitation, and stock brokerage strengthen a bank's market standing. This is consistent with Isinta, Aduda, and Magutu (2019), who found that bancassurance meaningfully contributed to the non-interest income of Kenyan commercial banks, and extends their work by directly linking brokerage activity to a competitive rather than purely financial outcome.

The interaction term between brokerage agreements and top management support was positive and significant (B = 0.089, β = 0.412, t = 3.560, p = 0.001), confirming that the relationship between brokerage agreements and competitive performance is significantly strengthened when brokerage arrangements are actively championed and resourced by top management. This supports Upper Echelons Theory's proposition that executive attention and commitment shape how effectively strategic initiatives translate into organizational outcomes (Hambrick & Mason, 1984), and is consistent with Okwiri and Muathe (2024), who found that strategic leadership practices

significantly shaped the competitiveness of Tier Three commercial banks in Kenya. The moderated regression equation is expressed as: $Y = 1.245 + 0.312X_1 + 0.198M + 0.089(X_1 \times M)$.

HYPOTHESIS TESTING

Table 8: Hypothesis Testing Results

Hypothesis	Test Statistic	p-value	Decision
$H0_1$: Brokerage agreements have no significant effect on competitive performance	t = 3.998	.000	Rejected
$H0_2$: Top management support does not significantly moderate the brokerage-competitive performance relationship	t = 3.560	.001	Rejected

Since both p-values were below the 0.05 significance threshold, both null hypotheses were rejected. This confirms that brokerage agreements significantly influence the competitive performance of commercial banks in Kenya, and that top management support significantly moderates this relationship.

CONCLUSIONS

The study concludes that brokerage agreements exert a positive and statistically significant influence on the competitive performance of commercial banks in Kenya, consistent with Agency Theory's characterization of banks as agents extending partner institutions' products to their own customer base. The study further concludes that top management support significantly moderates the brokerage agreements-competitive performance relationship, strengthening the effect of brokerage agreements on competitive performance and affirming Upper Echelons Theory's proposition that executive attention and resourcing shape how effectively strategic initiatives are converted into organizational outcomes. Banks which align brokerage arrangements closely with executive strategic vision and resourcing are better positioned to convert brokerage activity into measurable competitive gains than those that treat such arrangements as peripheral, operationally managed undertakings.

RECOMMENDATIONS

The study recommends that bank boards and executive management institutionalize formal review structures, dedicated resourcing, and clear performance accountability for brokerage partnerships, particularly mortgage brokerage, which recorded the weakest and most dispersed endorsement. Banks with comparatively weaker executive engagement should prioritize closing this gap, given the demonstrated amplifying effect of top management support. Regulators, including the Central Bank of Kenya and the Insurance Regulatory Authority, should continue streamlining bacassurance and brokerage licensing processes. Future studies could test this moderating relationship longitudinally and extend the investigation to other categories of strategic partnership.

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