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EFFECTS OF STRATEGIC PLANNING PRACTICES ON PERFORMANCE OF COMMERCIAL BANKS. A CASE OF CO-OPERATIVE BANK OF KENYA

[1*]Shadrack Kiptoo Koech
[1]Post Graduate Student: Jomo Kenyatta University of Agriculture and Technology
[*]Corresponding Author's

[2]Dr. Jared Deya
Lecturer: Jomo Kenyatta University of Agriculture and Technology

Abstract

Purpose: Strategic management is the continuing process of ensuring a competitively superior fit between the organization and its ever-varying environment. The managers have to continuously scan the environment looking for opportunities and threats they face. Commercial banks in Kenya face trials due to the dynamism of the environment in which they function. The general objective of this study was to scrutinize the effects of strategic planning practices on performance of commercial banks, a case of Co-operative Bank of Kenya.

Methodology: The study adapted used a descriptive research design. The target population of this study was the 220 management staff working in the bank's headquarters which was the top, middle and lower level management staffs who are directly dealing with the day to day running of the bank since they are the ones conversant with the subject matter of the study. Stratified proportionate random sampling technique was used to select the sample. Primary data used was both quantitative and qualitative. Data analysis was done with the use of SPSS which produced both descriptive and inferential statistics.

Results: Findings of the study concluded that the independent variable that is strategy formulation, strategy implementation, strategy evaluation and strategy control are the strategic planning practices influencing performance of commercial banks in Kenya. In positions of magnitude, the results indicated that Strategy formulation have the uppermost influence on Performance of commercial banks in Kenya followed by Strategy implementation, Strategy evaluation then Strategy control had the minimum influence on Performance of commercial banks in Kenya. All the variables were substantial as their P-values were less than 0.05.

Unique Contribution to Theory, Practice and Policy: The study recommended that most senior managers should seek more input from the lower-level managers and supervisors in strategy formulation, strategy implementation, strategy evaluation, and strategy control so that the framed plans are real and in line with both short and long term objectives of the organization.

Keywords: Strategic Planning Practices, Strategy Implementation, Strategy Control and Performance

INTRODUCTION

Background to the Study

Strategic management is well-defined as a process of determining the long-term direction and performance of an organization by certifying a careful formulation, suitable implementation and control strategies (Pearce and Robinson, 2006) this is done analysing the environment a business operates in and matching the competences of the organization to the strategy chosen. Strategic management is the ongoing process of ensuring a competitively superior fit between the organization and its ever-changing environment (Teece, 2004). The managers have to continuously scan the environment looking for opportunities and threats they face.

Strategic planning practices are the diverse approaches that a company undertakes to achieve its goals. They entail design of the company's mission while including broad proclamations about its purpose, philosophy and objectives. The company must guarantee that it focuses on its areas of gift so that is does not disillusion its customers. The company also cultivates a company profile that reflects its internal conditions and competencies. Companies also assess their peripheral environment, including both the reasonable and general related factors. They ensure this by approaching up with strategies to beat competition (Yemm Graham, 2013).

Global perspective on Strategic planning practice

Globally Strategic planning practice is a significant drill as it gives a strong stimulus towards firms' achievement across the world. The prominence of strategic management practices in a firm can be countered by looking at the bond between strategic management practices and organizational performance. Strategic management ensures positive influence, mainly in its profitability to the big firms (David, 2013). Japanese contractors have positively out-thought assembly firms in many marketplaces in various parts of the ecosphere because of the consideration they give to business strategy (Hasegawa, 2015). US banks show developed return on parity for banks which had both a planned commitment to forecasting and provided regular planned management training. Firms with good returns to equity such as Sony, The Body Shop and Merck effectively exploit visionary strategies. While, strategic management practices has until recently been a low-profile activity within many assembly firms, it is currently fetching more widely used by many big organizations that are giving substantial resources to the task (Price et al., 2013) and mostly strategic planning practices can progress efficiency in various establishments.

The application of strategic management practices in corporate for various segments has long been implemented as a answer to market demand, disparities in clients' taste and shifting of technology. The assumption of a clear strategic viewpoint in businesses is one of the reasons that affect the performance of these establishments. Taking a noble strategy is also one of the chief factors that enable the organizations/businesses to persist and drive further. Nevertheless, many big assembly companies in Malaysia are yet to formalize the strategic practice (Hasegawa, 2014).

In America Strategic management has advanced into an extra classy and theoretically more powerful tool (Stoney, 2011). The strategic management process needs proficient individuals to ensure its success (Stahl and Grigsby, 2012). The topmost management of an organization has bond to ensure firm success and overcome any opposition that occurs. However, to be extra effective, Hunger and Wheelen (2013) noted that persons at all levels, not just topmost management, must too be involved in strategic management; skimming the environment for critical evidence, signifying variations to strategies and plans to take advantage of situation shifts, and working with all to continuously improve work procedures, methods, and evaluation techniques.

Regional Perspective on Strategic planning practice

In Africa, the introduction of strategic planning practices for example in the country of Tanzania in the later 1990s was led by a number of significant policy decisions. Firstly, in the 1990s, after a realistic period of social economic, the administration of the country decided to review its countrywide development goals, a pronouncement prompted by the datum that while, it was realized that reforms were able to set the country into the right path of liberal economic policies and that the economic growth was steadily being recorded, at least 6% annually(Mongula 2006) , the government also noted that there was additional mystery that needs to be addressed: the increasing levels of poverty in the face of a hastily growing economy. There was emerging consensus among party-political players in the nation that the issue of poverty reduction needed a special government attention and a policy direction (Rugumyamheto, 2004). Externally, this was also a period in which donors were facing fierce criticisms for not doing enough to address poverty in their development aid policies.

Following Strategic planning practices realization in Tanzania the government supported by donors embarked on developing a variety of policies to address poverty issues and to align both efforts and national resources to that effect. The National Poverty Eradication Strategy (NPES) and The Tanzania Development Vision 2025 were both developed in 1997, setting out both economic and social objectives to be attained in the long run. In the Poverty Decrease Strategy Paper (PRSP) followed in 2000, detailing more concrete medium-term and short-term strategies and goals. Specifically the National development Vision 2025 anticipates Tanzania to be a nation imbued with five main attributes: High quality livelihood for its people, Peace, stability and unity, Good governance, A well educated and learning society; and A competitive economy capable of producing sustainable growth and equitably shared benefits. These two strategic policy issues became or are the central building blocks of Tanzanian strategic plans and every institution is required to reflect the aims of these policies in their Strategic planning practice.

Kenyan perspective on Strategic planning practice

In Kenya, Strategic planning practices have diverse tactics that a company's assumes to achieve its objectives. They entail preparation of the company's mission whereas including broad declarations about its goals, philosophy and purpose. The company must guarantee that it focuses on its areas of power so that is does not thwart its customers. The company likewise improves its company profile to reflect its internal conditions and competencies. Companies similarly assess their external atmosphere, including both the competitive and general background factors. The companies do this via coming up through strategies to beat competition. Example is the Coca-Cola Company of Kenya which ventured into the production of juice and water drinks because of the achievement of other water making businesses and Delmonte juice products in Kenya. In totaling, companies likewise analyze their options by corresponding their possessions with the external environment (Pearce and Robinson, 2007).

Through Strategic planning practices Co-operative Bank of Kenya designed a product that beset the youth in Kenya after carrying out a study that saw that the young are the majority in Kenyan population. This occasioned in an increase in their account figures. When this was done, the bank selected a set of long term goals and striking strategies that attained the greatest desirable options. The businesses do this through setting goals for the entire business and dividing these goals equally among the members of staff on a day-to-day, weekly, monthly and yearly. Finally, the business implements the strategic selections by means of budget resource allocations in which the matching of structures, people, structures, technologies and reward systems is underscored (Shannon Sage 2010).

Commercial Banks in Kenya

A commercial bank is a type of bank that provides services such as accepting deposits, offer loans, and basic investment products. They are licensed and regulated pursuant to the provisions of the Banking-Act and the Regulations and Prudential-Guidelines. They are the dominant players in the Kenyan Banking system. There are there are 43 licensed commercial banks. Out of these, 40 commercial banks are Private where 27 are local financial institution and 13 have foreign ownership and 3 are public financial-institutions (CBK, 2013).

Commercial banks are an important part of the Kenya financial landscape they also offer a wide variety of services, customer deposits , lending they also provide market-making activities in municipal, government and corporate bonds. Banks provide consulting and advisory services to customers as well as safekeeping and trust. Kenya’s commercial banks like any other organization are open systems operating in a turbulent environment. Their continued survival depends on the ability to secure a “fit” through the-environment (Central Bank of Kenya, 2010).

Co-Operative Bank of Kenya

A cooperative bank is one among the commercial banks that have been licensed in Kenya by the CBK (CBK, 2013). The bank was established in 1965 when the government directed all the cooperative societies to transfer deposits to the Cooperative bank [Cooperative Bank (COOPBK, 2014). It later became a full commercial bank and increased on the number of products and services that it offered (COOPBK, 2014). Coop Holdings Cooperative Society Limited is the largest shareholder that forms 65% of ownership for cooperative bank while 35% of ownership is of other investors in the bank (COOPBK, 2014). From the CBK statics cooperative bank has grown meaningfully overtime and it is the second-largest bank in Kenya based on the sum of accounts opened (CBK, 2013).

Statement of the Problem

Commercial banks in Kenya encounter pit-falls due to the vigour of the environment in which they operate. Some of the trials include global financial crisis, declining interest margins, growing levels of inflation, exchange rate instability, increased rivalry from other commercial banks and non-banks, technological alterations, product development, and new regulations (CBK, 2012).

The difficulties associated with Strategic planning practices in the commercial banking institutions globally have led to serious managerial problems. This is because either the management in commercial banking institutions is not aware of such difficulties, don’t have the necessary change management initiatives to overcome such difficulties, more importantly do not define the internal and external barriers to the Strategic Planning practices. In addition, particular characteristics of commercial banking institutions seem to cause managerial problems not always encountered in the Microfinance Institutions sector. Some of these characteristics are: weak stakeholders influence; political influences on management decisions; and the separation of policymaking and policy implementation (Bell, 2012).

The business atmosphere in which firms work is vibrant and turbulent with constant and fast paced alterations that often render old strategies irrelevant (Of unya, 2013).According to Kourdi (2009), the hyper-competitive business atmosphere has pushed Co-operative bank of Kenya to limits forcing on it the need to assume strategic planning practices that support choices, plans and decisions that will aid it to competitive advantage and to achieve higher profitability, success and wealth making. Strategic planning practices speaks on the question of why some organizations succeed, others fail (Melchorita, 2013), and it covers the causes for company's triumph or disaster (Porter 2011).

Numerous studies have been carried internationally and in Kenya on the Strategic planning practices on organizational performance. For instance, Melchorita (2013), Bakaret al (2014), Murimbika (2015), Dauda et al (2016) and Of unya (2013) studied the association between strategic planning practices and organizational performance in different organizations but none of them investigated the effects of strategic planning practices on performance of commercial banks. Therefore, this research is aimed at establishing the effects of strategic planning-practices on performance of commercial banks A case of Co-operative bank of Kenya.

LITERATURE REVIEW

Theoretical Review

Contingency Theory

The Contingency Theory is one of the most influential theory applied in strategy and organizational studies (Hofer, 2011) and also the one, which widely is adopted in Strategic Management (Khairuddin, 2015). Contingency Theory is the most nominated theory by scholars as important from other 110 organization theories.

According to Donaldson, (2011) changes in contingencies, such as size or strategy, would render the structure to be unfit with the organization and lead to lower performance. Hence, adjustment to the structure was needed to regain the fit condition, in which would lead to higher performance. These researches on contingencies and organization structure were later known as structural contingency theory.

In an article on Porter's generic strategy based on contingency approach, that the viability of each of Porter's strategy tied to the presence of a number of environmental preconditions. Meaning the viability of generic strategies would be influenced by the existence of some preconditions on the external factors. According to Miller (2012), which is also supported by Kim and Lim (2009), differentiation strategy is more likely to create sustainable competitive advantage in dynamic environment, while cost leadership would be able to achieve competitive advantage in stable environment. Industry conditions would also influence the effect of whether one chosen strategy would produce greater competitive advantage compared to another. And changes in industry conditions would force the strategy to be re-evaluated and adjusted accordingly, as argued by (Gilbert & Strebel, 2007).

The theory is relevant since it emphasizes on changes in contingencies, such strategy formulation, and how it affects organization performance and applied to understanding to various organizations strategies practices which will enhance the findings of this study.

Strategic Fit Theory

This theory, also known as best-fit strategic management or strategic decision theory, clarifies that there are no widespread recommendations of strategic management practices. Wright and Snell (2005) argue that the application of strategic management practices hangs on the organization background, business plan and philosophy. The proponents of the best fit theory further perceive that strategic management practices would be more relevant and effective only once they are correctly integrated with specific business and environmental understanding.

Strategic fit theory explains the significance of making sure that strategic management practices are correct to the circumstances of the organization such as operational processes, external environment and culture. The strategic implementation practices isessential that they consider the specific requirements of both the business and its stakeholders(Wright and Snell, 2005).

The strategic fit theory is also called structural contingency theory that explains the idea that there is no one or single-best way to manage businesses but organizations should always create implementation strategy owing to the condition and state the organization is experiencing (Donaldson & Luo, 2009). Little (2006) perceives that the environment always posed definite requirements which forced the businesses to come up with effectiveness and modernisation in its operations in order for it to endure and prosper.

Resource Based theory

The goal of strategy making is to develop a low cost or differentiated competitive position that leads to a viable advantage that can be preserved over time. The resource based theory stipulates that in Strategic Management practices, the essential sources and drivers to firms' viable advantage and bigger performance are mainly linked with the traits of their resources and competences which are valuable and costly to copy (Barney, 2011; Conner, 2011; Mills, Platts and Bourne, 2013). Edifice on the norms that strategic resources are heterogeneously disseminated across companies and that these variances are stable overtime, Barney (2011) studies the link between firm resources and continual competitive advantage.

The resource-based Strategic Management-philosophy of the firm has appeared in recent years as a popular model of competitive advantage. The term was initially coined by Werner felt in 2014 (Fahy, 2008) and the importance of this contribution is manifest in its being awarded the Strategic-Management -Journal best paper prize in 1994 for details such as being "truly seminal" and "early statement of an important trend in the field" (cited in Fahy, 2008) has articulated that the principal influence of the resource-based theory of the firm has been as a theory of competitive advantage. This theory, resource based theory backs the third objective of the study which is to determine the influence of strategy-evaluation on the performance of commercial banks in Kenya.

Dynamic Capabilities Theory

Dynamic-capabilities-theory hypothesized by Teece (2011) observes how firms assimilate, build, and reconfigure their internal and external firm-specific competencies into new competencies that tie their stormy environment (Roberts & Ashton, 2013). The theory accepts that firms with greater dynamic competences will outperform firms with smaller dynamic competences. The main aim of the theory is to comprehend how firms use dynamic proficiencies to create and sustain a competitive advantage over other businesses by replying to and creating environmental changes (Gao & Riley, 2010).

Competences are a collection of high level, learned, patterned repetitious manners that an organization can perform better relative to its rivals (Nelson & Winter, 2012). Organizational experiences are called zero level (or zero order) capabilities, as they refer to how an association earns a living by enduring to sell the same product, on the same-scale, to the same-customers (Winter, 2013).

Bloom, Canning and Chan (2011) offered a framework that shaped the model of dynamic capabilities. According to the charter, the firm (i) uses its sensing-capabilities to spot, interpret, and pursue openings that it perceives from internal and external stimuli; (ii) uses its learning-capabilities to regulate what business competences must be overhauled, reconstructed, or reconfigured into new information; (iii) uses its assimilating-competences to collectively understand and to make the necessary variations to its operational abilities; (iv)it also uses its coordination-competences to instrument and use the reconfigured operational proficiencies; and (v) lastly it continues to scan internal and external stimuli (Chong, 2010; Bloom, Canning & Chan, 2011).

Conceptual Framework

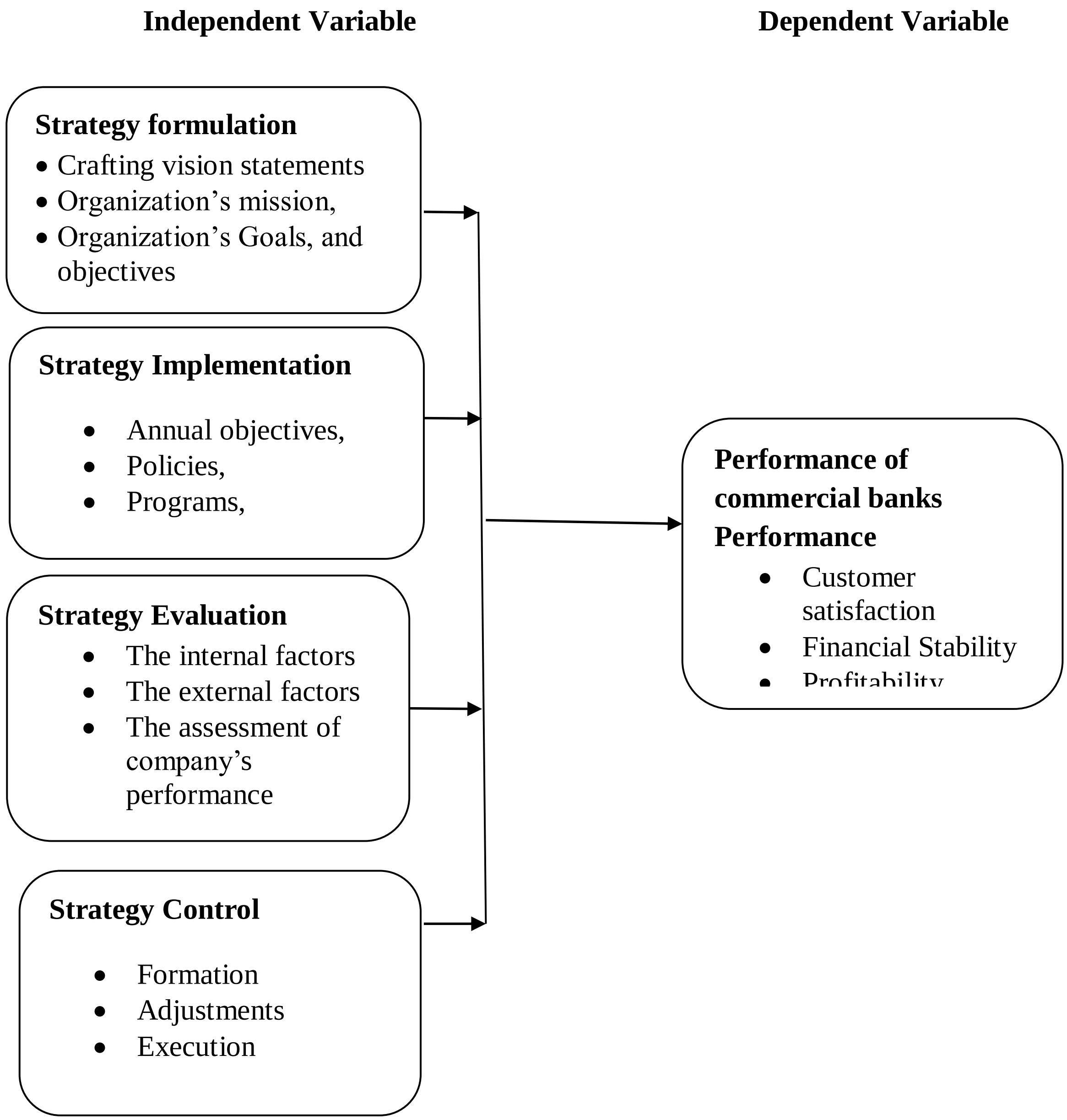

Figure 1: Conceptual framework

Empirical Review

Kruger and Mama (2012) absorbed that strategy formulation embraces developing a business system, spotting an organization's external opening and threats, describing internal flaws and strengths, creating long term goals, together with generating substitute strategies and choosing specific strategies for fulfilment. Strategic creation includes decision building on new business to take, business activities to leave, resource distribution within a business, growth and expansion, expansion to regional or global markets unions or joint ventures and evading hostile takeovers.

Ahuja (2003) asserted that due to limitations of resources organizations must decide which alternative strategies will advantage them the most. Strategy design decisions ties an organization to specific goods or products, markets, resources and tools over an extended period of time. Strategies usually define long term competitive advantage of a business. They have major multifunctional results that have ever lasting effects on an organization. Top managers have the greatest view on appreciative fully the significances of decision construction and have the objectionable authority to commit the resources necessary for application (Pearce and Robinson, 2005).

Several studies have been conducted on strategy implementation in relation to organizational performance. For instance, Njagi and Kombo (2014) recognised that strategy-implementation affected the level of financial and other performances reported by commercial banks in Kenya. The strategies defined the direction that the banks adopted in gaining competitive advantage and differentiating their financial service offerings from other commercial banks in Kenya. The results reported showed that commercial banks in Kenya employed different strategy implementation programs on different strategies with the aimof leveraging their operational efficiency for better return on equity and assets. The banks controlled different resources which they combined in different proportions to realize its competitiveness in the industry. For banks to be more viable and responsive to customer needs, the study recommended continuous improvement on information communication and technology in their operations for operational efficiency.

Rajasekar (2014) examined how different factors affect among electricity-distribution organizations in the Sultanate of Oman by addressing the role played by organizational communications in strategy implementation. Among key factors in strategy implementation included types of leadership, structure of the leadership positions and internal control mechanisms. In a highly competitive current environment, organizations need to adopt various strategies including human resource management and internal competencies.

Strategy evaluation is a critical tool for managers to understand reasons behind failures and success of certain objectives, performance standard and/or any other performance indicator (Strydom, 2011). In this sense, evaluation is used as strategic learning tool and has continued to play a part in strategy-formulation and implementation. Literature on strategy evaluation has proposed several approaches to strategy evaluation exercise. Kunene (2004) in his seminal study identified four types of strategy evaluation criteria. Consistency, suitability, acceptability and feasibility. Strategy evaluation therefore becomes a critical tool and measure in assessing the organization’s strategic position. This enables the management to make sure that the organization is heading in the right direction and that corrective action is taken where needed. There is the necessity for management to unremittingly evaluate its strategies against performance so that any sign that the company is failing to attain its objectives calls for immediate corrective adjustments.

Wheelen and Hunger (2015) expound that strategic control processes remain at their core cybernetic in nature; using one or more 'closed loop' controls to certify that any detected deviations from probable activity or outcomes are underlined to managers who can then interpose to correct or adjust the administration’s future activities.

Gavetti and Ocasio (2015) further argue that strategic control necessarily comprise as mall set of standard elements, the absence of any one of which makes strategic control impossible to achieve. Ketchen and Short (2016) agrees and advances four elements. One of the elements is the articulation of the strategic outcomes being sought. The second is the description of the strategic activities to be carried out in pursuit of the required outcomes. Third is the definition of a method to track progress made against these two elements. This is usually done through monitoring of a small number of performance measures and associated target values. The last element is the identification of an effective intervention mechanism that would allow observers, usually the organization's managers, to change, correct or adjust the organization's activities when targets are not achieved.

Gavetti and Ocasio (2015) posit that Strategic control allows you to step back and look at the big picture and make sure all the pieces are correctly aligned. Past and recent research studies have made it clear that there is an increased internal and external uncertainty due to emerging opportunities and threats, lack of awareness of needs and of the facilities related issues and environment and lack of direction. Many organizations spend most of their time realizing and reacting to unexpected changes and problems instead of anticipating and preparing for them.

RESEARCH METHODOLOGY

The study adapted used a descriptive research design.The target population of this study was the 220 management staff working in the bank's headquarters which was the top, middle and lower level management staffs who are directly dealing with the day to day running of the bank since they are the ones conversant with the subject matter of the study.Stratified proportionate random sampling technique was used to select the sample. Primary data used was both quantitative and qualitative. Data analysis was done with the use of SPSS which produced both descriptive and inferential statistics

FINDINGS

Response Rate

To establish the actual number of the respondents who submitted back the questionnaires for data analysis, analysis of the response rate was conducted as shown in Table 1. The table 1 presents that the response rate was 83.6% of the total sample size and the non response was 16.4%. The recorded high response rate can be attributed to the data collection procedures, where the researcher pre-notified the potential participant's utilized a self-administered questionnaire which respondents completed and picked shortly afterwards and made follow up calls to clarify queries as well as prompted the respondents to fill the questionnaire.

Table 1Response Rate

Response rate	Frequency	Percentage
Response	92	83.6%
Non Response	18	16.3%
Total	110	100%

Pilot Test Results

Validity

To establish the validity of the data collection instruments, the research instruments were given to 8 management staff in co-operative bank of Kenya headquarters in Nairobi County. The management were expected to tick if the item in the questionnaires addresses the effects of strategic planning practices on performance of commercial banks A case of Co-operative bank of Kenya. The content of the responses given by the management was checked against the study objectives and rated using a scale of 5(Strongly agree) to 1 (Strongly disagree). The Content

Validity Index was used to determine the validity by adding up all the items rated using a scale of 3 and 4 by the management and dividing the total sum by the total number of items in the questionnaires. The coefficient of the data gathered from the pilot study was computed with assistance of Statistical Package for Social Sciences (SPSS). A context of validity coefficient index of above 0.75 was obtained and this implied that the questionnaires were valid research instrument for the study (Joppe, 2000).

Reliability Analysis

To measure the reliability of the data collection instruments an internal consistency technique Cronbach's alpha was computed using SPSS. The pilot study involved questionnaires from 8 management staff in different banks. The data obtained from these respondents was analyzed using SPSS Cronbach's alpha. According to Zinbarg, (2005) Cronbach's alpha is a coefficient of reliability that gives an unbiased estimate of data generalizability.

Table 2 indicates that the obtained data was reliable since data obtained from all independent variables had a Cronbach's alpa values of between 0.751 to 0.865 and this was above 0.75 satisfying Zinbarg (2005) that an alpha coefficient higher than 0.75 indicates that the gathered data had relatively high internal consistency and could be generalized to reflect opinions of all respondents in the target population on the effects of strategic planning practices on performance of commercial banks A case of Co-operative bank of Kenya.

Table2 Reliability Results

Constructs	**Cronbach's Alpha Values**	**Comments**
Strategy formulation	0.839	Accepted
Strategy implementation	0.865	Accepted
Strategy evaluation	0.843	Accepted
Strategy control	0.751	Accepted

Descriptive Findings

The study sought to establish the effect of strategic planning practices on performance of commercial banks. Specifically, the study focused on strategy formulation, strategy implementation, strategy evaluation and strategy control.

Strategy formulation

The study sought to determine the extent to which respondents agree / disagree with statement regarding the influence of strategy formulation on the performance of commercial banks in Kenya.

Table 3: Strategy formulation on the performance of commercial banks in Kenya.

Statements	**Strongly Disagree**	**Disagree**	**Undecide**	**Agree**	**Strongly agree**	**Mean**	**Stdev**
Chief executive officer take formal responsibility for the bank's strategic formulation	0	3.7	21	53	21	3.93	.78

Strategy formulation is a Strategic planning practice a top priority activity in CO-OP	0	0	7.8	50	42	4.37	.63
Strategy formulation decisions comm an organization to specific produc markets, resources and technologi over an extended period of time	0	2.6	36.8	34.2	26.3	3.89	.89
strategy formulation comprises developing a business system, recognizing an organization's external prospects and threats, defining internal weaknesses and strengths,	0	0	26.3	36.8	36.8	4.11	.80
Composite Mean and Std						3.99	1.04

The study sought to find out the level of agreement /Disagreement with statements regarding the influence of strategy formulation on the performance of commercial banks in Kenya. From the findings respondents agreed to the statement that chief executive officer take formal responsibility for the bank's strategic formulation; Where: 0% indicated to Strongly disagree, 3.7% disagree, 21% undecided, 53% agree, and 21% strongly agree with a mean of 3.93 and standard deviation of 0.78; That Strategy formulation is a Strategic planning practice a top priority activity in CO-OP, Where: 0% indicated to Strongly disagree, 0% disagree, 7.8% undecided, 50% agree, and 42% strongly agree, with a mean of 4.37 and standard deviation of 0.63; That Competitor analysis. Where: 0% indicated to Strongly disagree, 2.6% disagree, 36.8% undecided,34.2% agree, 26.3% strongly agree with a mean of 3.89 and standard deviation of 0.89. and That Micro and Macro environment Where: 0% indicated to Strongly disagree, 0% disagree, 26.3% undecided, 36.8% agree, 36.8% strongly agree with a mean of 4.11 and standard deviation of 0.80. As indicated by a composite mean and standard deviation of 3.99 and 1.04 respectively. This collates with literature review by Kruger and Mama (2012) directed that strategy formulation comprises developing a business system, recognizing an organization's external prospects and threats, defining internal weaknesses and strengths, establishing long term goals, alongside generating alternative strategies and choosing specific strategies for pursuance.

Strategy implementation

The study sought to establish the extent to which respondents agree with statement regarding strategy implementation on the performance of commercial banks in Kenya. The results are presented in table 4.

Table 4: Strategy implementation on the performance of commercial banks in Kenya

Statements	**Strongly Disagree**	**Disagree**	**Undecided,**	**Agree**	**Strongly agree**	**Mean**	**Stdev**
CO-OP management come up with ways to ensure that all staff are aware of the mission	0	5.26%	25.9%	31.5%	3%	4.07	.92

and vision statement							
Coordination of implementation is not effective enough	2.6 %	7.8%	28.9%	26.3%	34.2%	3.85	1.13
Implementation strategy takes much longer than anticipated	7.8 %	7.8%	28.9%	28.9%	26.3%	3.59	1.19
There is Inadequate leadership and direction by departmental managers on strategy implementation	0	2.6%	31.5%	39.4%	26.3%	3.89	.85
Composite Mean and Std						3.78	1.01

The study sought to find out the level of agreement /Disagreement with statements regarding the effect of strategy implementation on the performance of commercial banks in Kenya. From the findings respondents agreed to the statement that the CO-OP management come up with ways to ensure that all staff are aware of the mission and vision statement; Where: 0% indicated to Strongly disagree, 5.26% disagree, 25.9% undecided, 31.5%agree,36.8%strongly agree with a mean of 4.07 and standard deviation of 0.92.; that Coordination of implementation is not effective enough, Where: 2.6%indicated to Strongly disagree, 7.8%disagree, 28.9%undecided, 26.3%agree, and 34.2%strongly agree with a mean of 3.85 and standard deviation of 1.13.; That Implementation strategy takes much longer than anticipated. Where: 7.8% indicated to Strongly disagree, 7.8%disagree, 28.9%undecided, 28.9%agree, and 26.3%strongly agree with a mean of 3.59 and standard deviation of 1.19. That the There is Inadequate leadership and direction by departmental managers on strategy implementation. Where: 0% indicated to Strongly disagree, 2.6%disagree, 31.5%undecided, 39.4%agree, and 26.3%strongly agree with a mean of 3.89 and standard deviation of 0.85. As indicated by a composite mean and standard deviation of 3.78 and1.01 respectively.

This study collates with literature review by Mbaka and Mugambi (2014) conducted a study on strategy implementation in the Water Sector in Kenya through descriptive design. The findings show that strategy implementation in the water sector was affected to a large extent by the level of management support, inadequacy of resources and technical expertise among staff. The findings further indicated that strategy implementation was affected by the type of management leadership and the communication effectiveness.

Strategy evaluation

The third study sought to determine the extent to which respondents agree with statement regarding strategy evaluation on the performance of commercial banks in Kenya.

Table 5: Strategy evaluation on the performance of commercial banks in Kenya.

Statements	Strongly Disagree	Disagree	Undecide	Agree	Strongly agree	Mean	Stdev
Strategy evaluation at my work place is to ensure compliance to the organizations visions	0	5	31.5%	28.9%	34.2%	4.03	.93
Strategy evaluation at my work place aims to streamline operations to specific objectives	0	1 6	28.9%	21%	34%	3.74	1.09
Strategy evaluation at CO-OP targets correcting strategic variations	7.8 %	1 6	23%	31%	23.6%	3.4	1.18
Strategy-evaluation system should be elaborative and detailed	0	5	31.5%	37.0%	36.8%	3.85	.86
Composite Mean and Std						3.86	0.87

The study sought to find out the level of agreement /Disagreement with statements regarding the influence of strategy evaluation on the performance of commercial banks in Kenya. From the findings respondents agreed to the statement that the Strategy evaluation at my work place is to ensure compliance to the organizations visions; Where: 0% indicated to Strongly disagree, 5.2% disagree, 31.5% undecided, 28.9% agree, 34.7% strongly agree with a mean of 4.03 and standard deviation of 0.93.; That Strategy evaluation at my work place aims to streamline operations to specific objectives, where: 0% indicated to Strongly disagree, 15.7% disagree, 28.9%, undecided, 22.2% agree, 34% strongly agree. With a mean of 3.74 and standard deviation of 1.09; That Strategy evaluation at CO-OP targets correcting strategic variations. Where: 7.8%indicated to Strongly disagree, 13.1% disagree, 23% undecided, 31% agree, and 23.6% strongly agree with a mean of 3.04 and standard deviation of 1.18; and that strategy-evaluation system should be elaborative and detailed. Where: 0% indicated to Strongly disagree, 5.2% disagree, 31.5% undecided, 37% agree, and 36.8% strongly agree with a mean of 3.85 and standard deviation of 0.86; as indicated by a composite mean and standard deviation of 3.86 and 0.87 respectively.

This study collates with literature review by Poureisa, Ahmadgourabi and Efteghar (2013) in order for firms to effectively evaluate their performance, they should not only lend on financial aspects but also should consider their performance from customer, processes, and learning and growth view.

Strategy Control

The study sought to determine the extent to which respondents agree with statement regarding strategy control affects the performance of commercial banks in Kenya.

Table 6: Strategy control affects the performance of commercial banks in Kenya

Statements	Strongly Disagree	Disagree	Undecided,	Agree	Strongly agree	Mean	Stdev
Adequate financial resources are allocated towards strategy evaluation and control	0	7.8%	31.5%	15.7%	44.7%	4.04	1.06
Organisation has an effective control system	0	2.6%	31.5%	36.8%	26.3%	3.89	.85
Managers are trained on control strategy and management	2.6%	18.4%	34.2%	36.8%	7.8%	3.26	.98
Strategy-control systems are elaborative and detailed	0	0	7.8%	50%	42%	4.37	.63
Composite Mean and Std						3.43	0.83

The study sought to find out the level of agreement /Disagreement with statements regarding the influence of strategy control affects the performance of commercial banks in Kenya. From the findings respondents agreed to the statement that Adequate financial resources are allocated towards strategy evaluation and control; Where: 0% indicated to Strongly disagree, 7.8% disagree, 31.5% undecided, 15.7% agree, 44.7% strongly agree with a mean of 4.04 and standard deviation of 1.06; that Organisation has an effective control system, where: 0% indicated to Strongly disagree, 2.6% disagree, 31.5% undecided, 36.8% agree, 26.3% strongly agree. With a mean of 3.89 and standard deviation of 0.85; That Managers are trained on control strategy and management. Where: 2.6% indicated to strongly disagree, 18.4% disagree, 34.2% undecided, 36.8% agree, 7.8% strongly agree with a mean of 3.26 and standard deviation of 0.98; and That strategy- control systems are elaborative and detailed. Where: 0% indicated Strongly disagree, 0% disagree, 7.8% undecided, 50% agree, and 42% strongly agree with a mean of 4.37 and standard deviation of 0.63; as indicated by a composite mean and standard deviation of 3.43 and 0.83 respectively.

This collates with literature review by Wheelen and Hunger (2015) explain that strategic control processes are at their core cybernetic in nature: using one or more 'closed loop' controls to ensure that any observed deviations from expected activity or outcomes are highlighted to managers who can then intervene to correct / adjust the organization's future activities.

Performance of commercial banks in Kenya

The study sought to determine the extent to which key factors notably Customer satisfaction, Financial Stability and Profitability influenced the performance of commercial banks in Kenya. From the findings in table 7, Customer satisfaction had a mean score of 4.523, Financial Stability had a mean score of 4.309 and profitability had a mean score of 4.642. These findings were in line with those of Drunker (2010) who found out that performance of many commercial banks is determined by increases in satisfaction, Financial Stability and increase in profitability. Inferences reveal that satisfaction, Financial Stability, profitability to a large extent determines bank performance.

Table 7 Performance of commercial banks Factors Mean, Std. Deviation and Variance Results

Performance of many commercial banks	N	Mean	Std. Deviation	Variance
Customer satisfaction,	128	4.523	.7404	.548
Financial Stability	128	4.309	.7152	.512
Profitability	128	4.642	.6176	.382
Average	**128**	**4.4920**	**0.6911**	**0.480**

Regression Analysis

Table 8: Regression Analysis Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.853[a]	0.728	0.781	1.780

Predictors: (Constant), strategy formulation, strategy implementation, strategy evaluation and strategy control.

Table 8 is a model fit which establish how fit the model equation fits the data. The adjusted R^2 was used to establish the predictive power of the study model and it was found to be 0.781 implying that 78% of the variations on the performance of commercial banks in Kenya are explained by cstrategy formulation, strategy implementation, strategy evaluation and strategy control 23% unexplained. Therefore, further studies should be done to establish the other factors (23%) influencing performance of commercial banks in Kenya.

Table 9: Summary of ANOVA results of the regression analysis between performance of commercial banks in Kenya and predictor variables

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	152.151	3	43.038	14.365	.000
	Residual	63.2	125	3.220		
	Total	225.351	128			

a. Predictors: (Constant), Strategy formulation, strategy implementation, strategy evaluation and strategy control

b. Dependent Variable: performance of commercial banks in Kenya

The probability value of 0.000 shown in table 9 indicates that the regression relationship was highly significant in predicting how Strategy formulation, strategy implementation, strategy evaluation and strategy control influenced performance of commercial banks in Kenya. The F calculated at 5 percent level of significance was 14.365 since F calculated is greater than the F critical (value = 2.86), this shows that the overall model was significant.

Table 10: Coefficients of regression equation

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	1.349	0.473		2.825	0.0105
	Strategy formulation	0.638	0.172	0.205	3.709	0.0439
	Strategy implementation	0.626	0.155	0.693	3.716	0.0436
	Strategy evaluation	0.595	0.187	0.222	3.235	0.0415
	Strategy control	0.575	0.127	0.222	3.235	0.0411

a. Dependent Variable: Performance of commercial banks in Kenya

The regression findings in table 10 has established that taking all factors into account (Strategy formulation, strategy implementation, strategy evaluation and strategy control) constant at zero Performance of commercial banks in Kenya will be 1.349. The findings presented also show that taking all other independent variables at zero, a unit increase in Strategy formulation would lead to a 0.638 increase in Performance of commercial banks in Kenya and a unit increase strategy implementation would lead to a 0.626 increase in the Performance of commercial banks in Kenya. In addition, the findings shows that a unit increase in strategy evaluation would lead to a 0.595 increase in Performance of commercial banks in Kenya. Further the study also found that a unit increase in strategy control would lead to a 0.575 increase in Performance of commercial banks in Kenya.

In terms of magnitude, the findings indicated that Strategy formulation have the highest influence on Performance of commercial banks in Kenya followed by Strategy implementation, Strategy evaluation then Strategy control had the least influence on Performance of commercial banks in Kenya. All the variables were significant as their P-values were less than 0.05.

The established optimal model for the study was:

$Y = 1.349 + 0.638X_1 + 0.626X_2 + 0.595X_3 + 0.575X_4$

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

The study concluded that firms that intend to participate in community projects should strive towards ensuring that the project implementers involve the community in these projects so as to understand the community needs. It was also revealed that implementers of community projects must assign responsibilities to the employees and community representatives in order to achieve set goals and objectives.

Based on the findings of the study, the researcher concludes that, community involvement particularly the community was critical in contributing towards the success of community programs through effective coordination and unity of all the project stakeholders who were either involved directly or indirectly in the implementation of the project. This saved monitoring costs and improved efficiency in the execution of project activities leading to project success.

It was also possible to conclude that strategy implementation is important but difficult because implementation activities take a longer time frame than formulation, involves more people and greater task complexity, it is influenced by a variety of factors and it is very sensitive to the context in which it is being practiced

The study concludes that Strategy evaluation involves setting control processes to continuously review, evaluate and provide feedback concerning the implemented strategies to determine if the desired results are being attained such that corrective measures may be taken if needed. The study findings established that Co-operative bank of Kenya conducts strategy evaluation where bank evaluated their strategic plans within 12 months. The study concludes that most of the commercial banks in Kenya do take corrective measure on the Strategic planning practice by reviewing them, and their strategic control process was satisfactory.

Recommendations

The study recommends that top-level managers should seek more input from the lower level managers and supervisors when formulating strategy so that the formulated plans are effective and in line with both long and short term objectives of the organization. The study also recommends that best practices identified in the process of strategy implementation should be shared across the industry in order to promote better performance of all players and increase the level of confidence the public has in the industry as whole.

The study has demonstrated that commercial banks in Kenya must develop evaluation strategies to attract customers in order to survive in a highly competitive environment. The banking institutions especially the cooperative bank should ensure suitable strategy control for security of the operation activities. The management specifically senior manager and senior operations manager of the commercial banks should therefore put in place effective and efficient security network to reduce frequent theft, threat to the bank operations and property.

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