STRATEGIC MANAGEMENT PRACTICES AND PERFORMANCE OF KENYA COMMERCIAL BANK IN NAIROBI CITY COUNTY, KENYA

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A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION KENYATTA UNIVERSITY

APRIL, 2019
DECLARATION

This research project is my original work and to the best of my knowledge has not been submitted for an award to any University.

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The research project has been submitted for examination with my approval as the University Supervisor.

Signature…………………………………………..Date……………………………………

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DEDICATION

This work is dedicated to my parents for their love and dedication towards this goal, my uncle Haji Issak for his financial and moral support, lovely wife Fatuma for her unwavering support and inspiration and my two beautiful daughters Zukhrufah and Zulfah who have accorded me the necessary support I have always yearned for to complete this study.
ACKNOWLEDGEMENT

I would like to take this opportunity to sincerely acknowledge everyone who supported me my work on this research project. My sincere appreciation and gratitude goes to my supervisor Dr. Godfrey Kinyua for taking his time in guiding in shaping and developing this research project. I appreciate the efforts of my brothers Issa, Abdullahi, Abdimajid and Abdifatah for their prayers and moral support. My sincere thanks goes to my cousin Mohamed, Harith, Abdirizak and Abdiaziz, for their financial and sincere moral support. I also acknowledge my sisters in-laws Saadia, Hafsa, Zaitun, Halima, Bahju and Jawahira.
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<th>Description</th>
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<tbody>
<tr>
<td>ANOVA</td>
<td>Analysis of Variance</td>
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<tr>
<td>CBK</td>
<td>Central Bank of Kenya</td>
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<td>KCB</td>
<td>Kenya Commercial Bank Group</td>
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<td>NACOSTI</td>
<td>National Council of Science Technology and Innovation</td>
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<td>RBV</td>
<td>Resource Based View</td>
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<td>SMEs</td>
<td>Small and Medium Enterprises</td>
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<td>SPSS</td>
<td>Statistical Package for Social Sciences</td>
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## OPERATIONAL DEFINITION OF TERMS

<table>
<thead>
<tr>
<th>Term</th>
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<tr>
<td><strong>Organizational Performance:</strong></td>
<td>Entails realization of outcomes or results that are desirable to an organization and that favorably compares with the objectives of the enterprise. It includes such measure as effectiveness, efficiency and cycle time, process improvement, waste reduction and regulatory compliance.</td>
</tr>
<tr>
<td><strong>Strategy:</strong></td>
<td>This is management’s action plans for running the business and conducting its operations.</td>
</tr>
<tr>
<td><strong>Strategic Intent:</strong></td>
<td>The declaration about where an organization is going which succinctly provides the stakeholders with a sense of what the organization wants to achieve in the long term. It serves to inspire, motivate and provide clear direction to stakeholders.</td>
</tr>
<tr>
<td><strong>Strategic Management Practices:</strong></td>
<td>Consists in strategic intent, formulation, implementation and control of strategy.</td>
</tr>
<tr>
<td><strong>Strategy Formulation</strong></td>
<td>Involves choosing the most suitable courses of action for achieving the set goals and is an imperative of organization's success. It serves to provides a framework for actions that would ultimately deliver the anticipated results.</td>
</tr>
<tr>
<td><strong>Strategy Implementation</strong></td>
<td>Performance of activities and tasks that would actually result in the realization of set goals and involves institutionalization and operationalization of planned courses.</td>
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Strategy Control

Set of activities used to compare actual execution of activities and tasks with predetermined standards and essentially provides feedback allowing for improvement on the performance of operational activities.
ABSTRACT

As other players in the financial sector, Kenya Commercial Bank is jostling for market share in the face of significant challenges posed by stiff competition emanating from the sector as well as from mobile telephony providers that have introduced innovative alternative products to conventional banking products. This study investigated the effect of strategic management practices on performance of Kenya Commercial Bank in Nairobi City County. In particular, the study sought to determine how strategic intent, strategy formulation, strategy implementation and strategy control affect performance of Kenya Commercial Bank. The researcher made use of descriptive research design to implement the research strategy. The target population of the study consisted of employees of Kenya Commercial Bank whereas data was collected from a sample of employees at the management level selected using stratified random sampling. Both primary and secondary data was collected using a questionnaire and document review respectively. Validity of the questionnaire was ensured using experts’ opinion and literature review. A pilot study was conducted using fourteen employees and aided in testing the reliability of the research instrument. Analysis of descriptive statistics was conducted using frequencies, percentages, mean and standard deviation. Analysis of inferential statistics was performed through bivariate correlation analysis and multiple linear regression analysis in order to confirm if there was a relationship between the research variables. Results of analysis showed that strategic intent, strategy formulation, strategy implementation and strategy control are all strongly correlated to performance. Similarly, strategic intent, strategy formulation, strategy implementation and strategy control are statistically significant to performance at ninety five percent level of confidence. Corporate level managers should formulate policy that guide the development of strategic intent and ensure involvement of stakeholders in the strategic management process. Management of the bank should also ensure that proper scanning of the environment is undertaken in order to enhance the ability of the organization to optimize and leverage on strategic choices. In addition, all the bank’s stakeholders should be adequately facilitated to efficiently and effectively execute their corporate obligations both individually and collectively.
CHAPTER ONE
INTRODUCTION

1.1. Background of the Study
Business enterprises play a significant role in societies and represent a key ingredient of economic performance of developing nations. As has been asserted by Jones, George and Hill (2000), the capacity of an organization to achieve as well as maintain high productivity and performance is a fundamental challenge encountered by management of virtually all corporations today. Notably, strategic management practices have been identified as an imperative for competition and enhanced performance as it improves efficiency in respect of production and allocation of goods and services in the organization. In financial sector, strategic management practices and competition has implications to access to financial resources, allocation of funds, competitiveness and development of service and manufacturing industries, levels of economic growth and the degree of financial stability. Competition can be a basis for stimulating innovation, lowering prices and increasing the quality of products and services produced, which consequently enhances customers’ choice and welfare.

The banking industry has experience mixed results at the global level in the post economic crisis period from 2008-2010, there after it slowed considerably with the growth rate of top 1000 banks worldwide remaining estimated at three percent (Gartner, 2010). Generally, the crisis has been made worse by the environment uncertainty making it extremely difficult to leverage and maintain superior performance. The banking industry has witnessed emerging trends in respect of the global markets where internet based banking solutions are being sought for instance in payment processing among others with a view to enhancing customer experience as well as support customer relationship management.

Regionally, Africa has emerged as the second banking market in respect of growth and profitability (McKinley, 2018) low penetration of banking services and levels of income, and high credit risk have for a long time been considered as drawingmajor
obstacles to the development of the continents banking sector. Drawing performance on 35 banks in sub-Saharan Africa the number of banked Africans increased from 170 million to nearly 300 million in 2012 and 2013 respectively even though it was noted that Africa was facing disappointing returns and sluggish growth, a factor attributed to huge staff costs and labor intensive paper dominated processes with potential of stifling performance (CNBCAFRICA, 2018)

In its, annual supervisory report, the Central Bank of Kenya (CBK) noted that environmental turbulence has not spared the financial sector in Kenya. This scenario has been exacerbated by heightening technology based competition, a hike in operational costs due to the sluggish growth of economy, reduced cost of borrowing, bad debts, capped interest rates among others (CBK, 2017). As a result, several commercial banks have experienced fluctuation in performance that has bordered on financial losses. The ensuing prospect of poor performance has made real the possibility of job cut in the form of retrenchment and layoffs and particularly given the fact a number of commercial banks are currently implementing a radical program of closing down a number of their branches in the name of enhancing efficiency. This unfolding scenario makes it imperative for management embrace strategic management practices albeit to enhance the competitive position and realize improved performance.

Strategic management may be viewed as a collection of decisions and actions that results in the formulation and implementation of plans designed to achieve the objectives of a firm (Pearce & Robinson, 2002; Coulter, 2005). Therefore, strategic management practices encompass a set of organizational activities that results in strategic intent, formulation of plans, execution and control of the performance in a business enterprise. Thompson and Strickland (2007) asserted that the managerial work of formulating a strategy and presiding over its execution has five distinguishable tasks. These tasks include formulating a concept of the business and a vision of where the desired future state of the organization, translating the mission into distinct long-range and short-range performance objectives, crafting a strategy that matches organization’s situation and that has potential to produce the targeted
performance, implementing the chosen strategy efficiently and effectively, evaluating performance and initiating corrective measures. It has been observed that organizations, whether for profit or non-profit, private or public must of necessity engage in strategic management practices to aid in realisation of their corporate goals (Kinyua, 2010).

1.1.1. Organizational Performance

Estimation and measurement of business performance has always been a key concern to management practitioners and researchers. In this regard, some scholars have particularly focused on refining the definitions and measurement of organization performance. Survival in the marketplace, growth as well as profitability has been highlighted as the three economic goals used to define a company’s performance on the basis of its strategic direction (Pearce & Robinson, 2003). Performance outcomes are considered as the most important criteria for assessing organizations’ actions, and environments (Short, McKelvie, Ketchen & Chandler, 2009; Kinyua, Muathe & Kilika, 2015). Furthermore, Abdi and Kinyua (2018) noted that performance demonstrates the ability of an organization to accomplish its mission by engaging in sound management practices, strong governance and persistent rededication to achieving the desired results.

Organizational performance can be measured using both financial and no-financial outcomes (Kaplan & Norton, 2007. The key indicators of performance identified in the balanced scorecard encompass financial, customer service and satisfaction index, organization’s learning and growth and internal business processes. Internal business process is considered as the path to realizing strong financial results and superior customer satisfaction. In respect to financial perspective, performance is a measure of the degree of change of the financial state of an enterprise, or the financial outcomes that results from management decisions and the implementation of such decisions by members of the organization.

Some researchers have used return on assets, profits and return on investments amongst others as financial indicators of corporate performance (Richard, 2009;
Jafari, Jalal, Akhavan & Mehdi, 2010). The argument advanced in favour of financial indicators is that financial performance exists at different levels of the organization as finance is crucial organizational resource that precedes other resources needed for the purpose of pursuing the corporate goals and objectives. Other researchers have used non-financial indicators such as product improvement, new products, speed of response to market crises, new processes and customer retention (Raymond & St-Pierre, 2005, Sifuna, 2014; Kinyua, Muathe & Kilika, 2015). Those using non-financial indicators have contended that such indicators represent a more precise picture than financial indices whose results are merely superficial and cannot therefore be used for planning future operating conditions of a company.

1.1.2. Strategic Management Practices
It has been noted that strategic management is an effective tool for strengthening performance in an organization as it acts as a guide to effective decision making (Mitchell, 2000). The rapid nature of change in the environment requires a set of perspectives different from what is needed during stable times. Organizations thus need to adapt strategic management practices to enable them develop and revise future strategies in order to achieve its objectives. This should be in consideration of its capabilities, constraints and the environment in which it operates.

Strategic management practices involve the critical dimensions of strategic intent, formulation, implementation, control of strategy (Andrews, 2010). It is a collection of managerial decisions and actions that have a bearing on the long term performance of a corporation. According to Coulter (2005), strategic management practices are a process of steps applied to holistically so as to facilitate creation and realization of competitive advantage. These practices ensure the enterprise as a whole is able to define its character and direction. It involves a pattern of decisions that defines what business a firm is in and defines thus, its image. Furthermore, Andrews avers that while some aspects of such a pattern of decisions in an established corporation may not change over long periods of time, others must continually evolve with the changes the business environmental. Strategic management practices are also concerned with the current and future orientation of the firm by determining its purpose and
framework of operation. Pearce and Robinson (2002) have extended the view that the use of strategic management practices enable managers at all level of the firm interacts in planning, implementing and controlling organization’s operations.

Strategic intent may be viewed as a revolutionary concept in strategic management discipline and practice that is associated with significant development and changes in the manner in which business enterprises function (Hamel, 2008). In strategic management literature, the concept of strategic intent has been recognized as crucial to enhancing the understanding of the strategic direction in which a firm is headed (Sneddon & Mazzarol, 2002). Strategic intent is considered as a preoccupation with winning at all the levels of an organization, which is sustained over a long period time (Hamel & Prahalad, 1989). Indeed, strategic intent can be regarded as the philosophical base of strategic management process which implies the purpose that an organization endeavors to achieve. Hamel and Prahalad (2010) posit that strategic intent envisions a desired position of leadership and establishes the criterion the firm can use to chart its progress. Therefore, strategic intent encompasses an active management processes that has potential to remarkably focus organization’s attention on the essence of winning, inspiring people by communicating the value of the goal, providing room for contributions from individuals and teams, sustaining enthusiasm through providing new operational definitions in line with changes in circumstances and using intent consistently to guide allocations of corporate resources.

The essence of formulation of strategy is to enhance the ability of a firm to cope with competition (Pierce & Robinson, 1991; Kinyua, 2010). Strategy formulation is the process by which an organization chooses the most appropriate courses of action to achieve its defined goals and is essential to an organization's success, because it provides a framework for the actions that leads to the anticipated results. Formulation of strategy is inextricably related to organizational performance, success and survival in any industry. Otiso (2008) notes that organizations operate in environments that pose a lot of challenges and sensitivity is an imperative for remaining competitive. The sensitivity involves discerning the environment accurately and formulating appropriate strategies for adaptation and alignment with environmental conditions.
Indeed, Mintzberg and Quinn (1991) noted that ninety percent of well formulated strategies fail at the execution stage mainly because of inadequacies in the administrative processes of evaluation and control of strategy. Strategy formulation mainly consists in a set of analytical activities primarily concerned with selection of strategic choices within an environmental context.

According to MacLennan (2011), execution of strategy entails translating strategy into action that has the ability of enabling the organization to realize outcomes or results that are desirable and that favorably compares with the objectives of the enterprise. Implementation of strategy encompasses set actions that move an organization along its chosen route towards the realization of its intended results. Strategy execution relates to how deliberate strategy is translated into concrete organizational activities and tasks that would actually result in achievement of the envisaged future. Management of organizations is essentially required to continuously organize and structure the operational activities the firm. The process of execution of strategy broadly involves institutionalization and operationalization of the formulated strategy (Grant, 2000; Pearce & Robinson, 2002; Porter, 2008). Strategy implementation comprises of various sub-activities that are administrative in nature and thus involves the coordination of resources and competencies of a firm with the singular aim of realizing the strategic intentions as formulated (Adrews, 1987).

Strategy control takes into account the changing assumptions that determine the extent of success of strategy implementation, and thus entails evaluation of execution of organizational activities, taking the necessary action to adapt the operational activities to the changes in the business environment. Mockler (1972) views controlling as a systematic effort used to compare actual performance with predetermined standards and essentially provides feedback allowing for improvement on the performance of operational activities. Through control of strategy (Kuratko, Ireland & Hornsbyal, 2001), management is able to influence the sub-units and members to behave in such ways that lead to the attainment of organizational goals and objectives and should therefore lead to better execution of strategy and enhance
corporate performance. Strategy control serves to provide an early warning system by constantly monitoring the behavior of the environment and uncovering events that may significantly affect the course of implementation of organizational strategy.

1.1.3. Kenya Commercial Bank Group

Kenya Commercial Bank Group is a commercial bank and financial services holding company based in the African Great Lakes region. The bank has its head offices located in Nairobi, the capital city of Kenya, with subsidiaries in Kenya, Burundi, Rwanda, South Sudan, Tanzania and Uganda. KCB Group is among the oldest commercial banks operating in the East Africa region. As of December 2012, the Group was ranked as the largest financial services organization in the African Great Lakes.

The banking industry just like other businesses is turning to strategic management process drivers so that they can gain and retain their market share (Ongore & Kobonyo, 2011). In 2016, Kenya Commercial Bank was granted a long term corporate credit rating of high by the Global Credit Ratings Company a leading emerging market focused ratings agency. The credit rating was done on the basis of a solid track record of improved performance attributed to the bank over the years, as well as the experience associated with top management team. In the same year, Kenya Commercial Bank undertook a successful capital mobilization program, which witnessed the issuance of bond and rights Issue. The success of the capital mobilization initiatives is widely considered as a demonstration of a vote of confidence in the long-term growth strategy of the bank.

The year 2016 marked a remarkable period in the KCB strategy cycle, which demanded a shift of strategic focus towards small and medium sized enterprises (SMEs) and introduction of the KCB M-Benki services. This shift was aimed at exerting the bank position in respect of supporting SMEs and rebalancing the bank’s business to ensure future sustainable growth and returns (Mulei, 2016). The strategic shift revolutionized banking in Kenya taking it to another level in terms of innovation, convenience access and extended banking hours becoming the first bank
to roll out to the market. This has helped provide financial inclusion, benefited the SMSEs and the micro sector to enjoy formal banking, and ensured less paper usage saving on paper shortening service time. This ease of access and change in strategy by the bank has led to growth in 2018 in the first financial quarter realizing an increment in net profit by over ksh 5 billion.

1.2. Statement of the Problem
The emerging trends and the dynamic conditions of the financial sector make it imperative for commercial banks to consider developing mechanisms for competition in order to enhance the ability to survive and succeed in the market place (CBK, 2014). The heightened competition in the banking industry in the recent past has been associated with fluctuations of market share and performance among the players. The advancement in technology has made it possible for customers to gain unfettered information about competing products that was hitherto not available, catalyzing increasing demand for higher quality services and product albeit at lower prices. As other players in the financial sector, Kenya Commercial Bank is jostling for market share in the face of significant challenges posed by stiff competition emanating from the sector as well as from mobile telephony providers that have introduced innovative alternative products to conventional banking products (KCB, 2016).

Pateman (2015) examined the effect of strategic intent on knowledge creation and transfer in the Australian logistics industry. This empirical investigation was exploratory in nature but made use of a mixed research design to allow the researcher to collection of both qualitative and quantitative information. The current study is has contextual bias towards performance Kenya Commercial Bank in Kenya in Nairobi City County. At the local setting, Njagi and Kombo (2014) conducted a study in the banking sector and established that strategy implementation impacted a lot on the degree of performance of Commercial Banks operating in Kenya.

It has been suggested that the emphasis placed on strategy implementation as a practice for enhancing performance is an imperative of firms given that its contribution to strategic management practices is vital (Mbithi, 2016). Sorooshian et
al. (2010) undertook an empirical study on strategy implementation and performance in small and medium enterprises in Iran. The study showed that strategy implementation is related to performances of SMEs. This study was carried out among SMEs in Iran and therefore its findings cannot be used as a basis for making recommendations to management of Kenya Commercial Bank. Deriving from the weaknesses identified, this study therefore sought to investigate the effect of strategic management practices on performance of Kenya Commercial Bank in Nairobi City County, Kenya.

1.3. Objectives of the Study

1.3.1. General Objective of the Study
The general objective of this study was to investigate the effect of strategic management practices on performance of Kenya Commercial Bank in Nairobi City County, Kenya.

1.3.2. Specific Objectives of the Study
The investigation sought to address the following specific objectives;

i. To establish the effect of strategic intent on performance of Kenya Commercial Bank in Nairobi City County, Kenya.

ii. To establish the effect of strategy formulation on performance of Kenya Commercial Bank in Nairobi City County, Kenya.

iii. To determine the effect of strategy implementation on performance of Kenya Commercial Bank in Nairobi City County, Kenya.

iv. To examine the effect of strategy control on performance of Kenya Commercial Bank in Nairobi City County, Kenya.

1.4. Research Questions of the Study
The study was guided by the following questions;

i. What is the effect of strategic intent on performance of Kenya Commercial Bank in Nairobi City County, Kenya?

ii. What is the effect of strategy formulation on performance of Kenya Commercial Bank in Nairobi City County, Kenya?
iii. What is the effect of strategy implementation on performance of Kenya Commercial Bank in Nairobi City County, Kenya?

iv. What is the effect of strategy control on performance of Kenya Commercial Bank in Nairobi City County, Kenya?

1.5. Significance of the Study
The conclusion of this study is important to strategic management policy makers in Kenya Commercial Bank as it informs and enhances their understanding concerning the link between strategic management practices and performance. More often than not, the challenges of organization performance are associated with failure on one or a combination of the various aspects of strategic management practices. Therefore, the findings of this study are essentially necessary for formulating important policies on strategic management practices that ultimately helps in improving inherent practices in Kenya Commercial Bank.

Future researchers equally benefit from the conclusion of this study. On one hand, the findings and recommendations adds to the existing research literature in strategic management and organizational performance. On the other hand, the recommendations of this study serves as spring board for future research involving organizational performance in other commercial banks as well as in organizations in others sectors and industries.

1.6. Scope of the Study
The study was confined to strategic management practices and performance as the independent dependent variables respectively. The investigation was carried out in Kenya Commercial Bank and data was gathered from management employees on the consideration that these employees have the information of interest to the researcher regarding strategic management practices and performance. Descriptive research design was used in order to guide the entire research process. Data was gathered during the month of October, in the year 2018.
1.7. **Limitations of the Study**

Notably, non-response rate is a prevalent challenge facing descriptive survey design. This was mitigated through the use of easy to understand questions, a letter of introduction and making regular telephone call as a follow-up. Some respondents were unwilling to provide certain sensitive information for fear or due ethical requirements. This problem was mitigated by assuring the respondents of high level of confidentiality and also using codes to conceal identities of respondents. Secondary data was also be used in order to confirm objectivity and honesty of the information provided by the respondents drawn from the population.

1.8. **Organization of the Study**

Chapter one of the study consists of the background of the study with both conceptual and contextual literature, statement of the problem, general and specific objectives, significance, delimitations, limitations as well as organization of the study. Chapter two comprises of the theoretical and empirical literature review, summary of research gaps, and the conceptual framework. Chapter three comprises of research design, population of study, sampling process and sample size, research instrument, test of validity, test of reliability, procedure for data collection, analysis and presentation of data, and ethical issues related to research. Chapter four presents results of data analysis, research findings and a matching discussion. The chapter in particular comprises of analysis of response and non-response rate, biographic information of respondents, analysis and discussion of descriptive statistics, inferential statistics and qualitative data. Chapter five consists of summary, conclusion, recommendations for policy and practice, and recommendations for future studies.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction
The chapter focuses on review of theoretical and empirical literature. It specifically presents a review of theories that are related to the study including resource based view, contingency theory, and dynamic capability theory. It also focuses on past researches that are related to the variables of this study. In addition, the chapter presents summary of the reviewed literature and research gaps as well as the conceptual framework.

2.2 Theoretical Literature Review
2.2.1 Resource Based View of the Firm
The resource based view (RBV) of the firm can be originally traced to the work of Penrose (1959). Other scholars that contributed to the development of the resource base view included Wernerfelt (1984), Barney (1991), and Prahalad, and Hamel (1991) among others. The key focus of the resource based view is tangible and intangible assets that comprise the stock of firm specific factor with potential to enhance performance (Crook et al., 2008). The resource based view theory highlights the importance of internal resources within the firm and the use of such resources in formulating strategy that can help in creation of sustainable competitive advantage in the market place (Schroeder et al. 2002).

Firms develop competencies from the assortment of resources within their control and when developed well, they tend to become a source competitive advantage (Pearce & Robinson, 2007). This implies that resources play a vital role in the strategic management practices embraced by a firm and more so the implementation activities which if not effectively managed may significantly hamper performance and survival of an organization.. Learned et al. (1969) formulated the resources approach noting that whatever a firm is capable of doing is no just a function of its opportunities but stock of resources in its possession and control. The insights provided tend to support the inside-out perspective of firms strategy that necessary for pursuing, entrenching and sustaining competitive advantage
The resource-based theory has its origin in the management philosophy that considers the resources of firm’s as the source of competitive advantage as opposed to their positioning in the external environment. Therefore, rather than simply evaluating the environmental opportunities and threats when conducting business in the firm, competitive advantage should be built around firm-specific resources and capabilities (Barney, 1995). The resource-based theory therefore contends that certain types of resources that are owned and controlled by firms have potential to generate competitive advantage and relatively superior performance (Ainnuddin et al., 2007).

In strategic management literature RBV emphasizes utility of strategies that are focused and very efficient in operations and those strategies that are rapidly responsive to the dynamic and competitive operating environment since the firms that survive are the fittest and most adaptable to the environment (Abdullah, 2010). Extant empirical literature on relationship between performance and diversification provides evidence to this proposition (Wermerfelt & Montgomery, 1988).

### 2.2.2 Contingency Theory

The contingency theory of leadership was propounded by an Austrian psychologist Fred Edward Fiedler in a landmark article "A Contingency Model of Leadership Effectiveness" published in 1964 article (Robbins & Coulter, 2002). It proposes that the most effective and appropriate governance structural design is the one where the organizational structure matches its contingencies. The theory therefore asserts that when managers make decisions regarding operations within their organizations, they must consider all aspect of current situation and act on those aspects that are significant to the situation at hand (Olum, 2004). Prescriptions of solutions to management problems and issues depend on particular environments prevailing in the organization (Andrews et al, 2012).

Execution of strategies therefore should be contingent upon the prevailing context or situations. This implies that different business environments with varying conditions would require diverse approaches for managing the organizational problems and thus suggesting a correlation between discernment of the environment and performance of
an organization in a particular situation (Donaldson, 2001). Critics have faulted the” the rule of the thumb and one best way approach that prescribes specific solutions for issues in organizations universally and instead proposes that strategic management practices should lead the firm in attaining an appropriate alignment with its environment (McLaughin et al, 2002).

Hambrick and Fredrickson (2005) contend that the main goal of an organization main goal is to achieve sustainable growth overtime. The management of business enterprises bears the vision and strategic goals which have practical implication on the direction, choices execution of choices and evaluation of execution of the adopted courses of action. It is therefore important for a company to create a fit between capabilities and resources to leverage on opportunities in the marketplace and thus gain competitive advantage (Garlichs, 2011). Mazzarol (2004) suggests that innovation which is a key ingredient for sustainability of a firm is also an imperative for growth and differentiation from competition. Companies that are keen to grow their customer base ought to seek innovation to obtain a strategic fit for channeling their growth ambitions (Ries, 2011).

Contingency theory holds that an organization is an open system that relies on the environment and serves the environment (Morgan, 2007). This therefore brings to the fore the relevance of this theory to practicing managers since it supports the need for organizations environmental scanning in the selection and adoption of strategic choices that must be executed in a manner that is sensitive to environmental dynamics and provide for mechanisms for adaptation with an object to realizing optimal performance outcomes that can guarantee survival and success of business enterprises in the long-term (chandler, 1962).

### 2.2.3 Dynamic Capabilities Theory
The concept of dynamic capabilities was defined by David Teece, Gary Pisano and Amy Shuen, in their 1997 paper ‘dynamic capabilities and strategic management,’ as the ability of a firm to integrate, build, and reconfigure internal and external competences to address the challenges of rapidly changing environments (Teece,
The main assumption of dynamic capabilities framework is that the basic competencies of an organization should be used to create short-term competitive positions that can be developed into long-term competitive advantage (Helfat, et al., 2009; Tim, 2013). The theory of dynamic capabilities involves crafting of strategies by management team of successful companies for adapting to radically discontinuous change, while simultaneously maintaining optimal capability standards to aid in competitive survival and success (Ludwig, Gregory; Pemberton & Jon, 2011). Teece et al. proposed that dynamic capabilities confer a firm with the ability to remain flexible and responsive to the changing needs of a competitive environment. Dynamic capabilities enhance a firm’s ability to survive and succeed in the marketplace since management has the prerequisite capacity to make chart innovative courses of action with potential to generate higher value for the customers of the firm.

The theory of dynamic capabilities emphasizes the need for companies to direct and focus their investment on developing a stock of internal resources such as systems, assets, processes, knowledge, and technology that position it ahead of the competition resulting in lower production costs or superior level of quality in their products consequently boosting their performance (Teece, 2007). Similarly, it serves as a bridge between the economics-based strategy literature and evolutionary approaches to organizations particularly because it link the concept of resource based view of the firm to "routines" in evolutionary theories of organization (Nelson, 1982; Sytse & Heinm, 2002). According to Teece, Pisano, and Shuen (1997), the ability of employees to learn quickly and to build new strategic assets, the integration of new
strategic assets and the transformation or reuse of existing assets which have depreciated are three dynamic capabilities that are necessary for an organization to meet new challenges.

2.3 Review of Empirical Literature
2.3.1 Strategic Intent and Performance

Ondita and Bella (2015) carried out an investigation on effect of strategic intent on performance of organizations in the banking industry in Delta State in Nigeria. The design of this study was cross-sectional survey. Strategic intent was measured using organizational vision, organizational mission and organizational objectives. The study concluded that the different dimensions of strategic intent have varying positive contribution to organizational performance. This study has a weakness to the extent that the sample was selected using a non-random sampling procedure and was therefore not representative enough to support drawing conclusion on the population. The current study seek to overcome this challenge by using stratified proportionate sampling so as to attain a sample that fairly represent the target population.

Pateman (2015) studied the effect of strategic intent on knowledge creation and transfer in the logistics industry in Australia. Although this was an exploratory study, mixed research design was used in collect qualitative and quantitative information. The sample was selected using random sampling procedure that included systematic sampling method. The results of the investigation revealed that strategic intent provides a frame of reference that supports alignment that was thus important for formation of collaborative ventures. In addition, strategic intent was found to serve as a basis for development of absorptive capacity through provision of a platform for enhancing understanding. In this case, absorptive capacity is viewed as the mechanism through which collaborative ventures facilitates creation and transfer of knowledge. This study failed to analyse the quantitative data at the level of inferential statistics, instead, maintaining emphasis on descriptive measures. There is also a contextual weakness as the current study is biased towards Kenya Commercial Bank in Kenya.
Richard (2015) conducted a study on the relationship between strategic intent, capabilities and financial performance of Pharmaceutical Industry. Firm-level secondary data was gathered from the pharmaceutical industry for a period of ten years from 1993 to 2003. Strategic intent was measured using differences in expenditures regarding key areas consisting of research and development, marketing, and fixed asset from one year to the next. The study found that for firms enjoying high levels of strategic intent there is an inherent accumulation of capabilities in the form of patent applications. Patent applications encompass firm specific resources that exist in unique combinations so as to attain monopoly rights. Pharmaceutical firms were found to be overinvesting in patent capabilities as the returns were not positively associated with these types of capabilities. The study made use of financial measures of performance which are retrogressive and may not inform current and future practices of the organizations as is the case with the non-financial measures of performance chosen for the current study.

2.3.2 Strategy Formulation and Performance

Strategy formulation helps firms to build and sustain performance; therefore it bolster organizations ability to hold their ground in a dynamic and complex environment particularly in the short-run (Zajac & Shortell, 1989; Amburgey et al., 1990). According to Taiwo and Idunnu (2010), managers play an important role in strategy formulation of driving functional strategies, which have short-term horizons but are an imperative for achieving corporate strategies. Strategies are carefully crafted by organizations to aid in the achievement of more favorable positions in the market place (Porter, 1985; Buzel & Bradley 1987; Waruhiu (2004).

Bassa (2015) investigated the link between strategic planning practice and strategy implementation in public universities in Ethiopia. The research data for this study was collected through questionnaires administered to staff and students as well as through interviews involving the members of management team of selected public universities. Similarly, Anichebe and Agu (2013) studied the effect of strategy formulation on implementation of strategy in business organizations in Enugu State in Nigeria. The study was assessed the extent of application and workability of
formulated strategies in the target universities. This study was however carried out in Nigeria and thus its conclusion may not directly apply in the case of Kenya Commercial Bank.

Ongonge (2013) sought to determine how strategic planning has assisted Action Aid Kenya (AAK) to improve in performance of its programs. This study was conducted using case study approach in Action Aid Kenya. Opano (2013) conducted an investigation to ascertain strategic planning and implementation practices at the Kisii County Government in Kenya. The researcher gathered qualitative data from the County Secretary, Deputy Speaker, County Development Officer (CDO) and county executives. The qualitative data gathered was analysis using content analysis and the findings could not be generalized. In addition, the study by Opano involved Kisii County Government and thus the recommendation for policy and practice could not be relevant in the case of Kenya Commercial Bank.

2.3.3 Strategy Implementation and Performance

Njagi and Kombo (2014) established that strategy implementation had significant impact on the degree of performance of Commercial Banks operating in Kenya. Several changes tend to occur in organizations during strategy implementation with major implications on its success (Pearce II & Robison 1991). Kuye (2013) argues that the upsurge in globalization of markets and dynamic technological advancement has exerted immense pressure on organizations to improve their profits by devoting resources to corporate innovations.

Similarly, Mbaka and Mugambi (2014) found that to a larger extent strategy execution ought to be embraced through commitment of sufficient resources and technical support in order for a firm to improve its performance. Mbithi (2016) observed that strategy implementation as a practice for improving performance is an imperative to firm’s performance since its contribution in strategic management practices is vital. Sorooshian et al. (2010) did an empirical study on relationship between implementation of strategy and performance of small and medium enterprises (SMEs) operating in Iran. The study showed that strategy implementation is related to performances of SMEs. This study was carried out among SMEs in Iran.
and therefore cannot provide the required information in relation to strategy implementation and performance of Kenya Commercial Bank.

Njagi and Kombo (2014) analyzed the effect of strategy implementation on performance of commercial banks in the Kenyan context. The study specifically intended to establish the effect of operationalization and institutionalization of strategy on performance of commercial banks. The research plan that guided this study was correlational research design where a census of all the commercial bank was carried out. The current study is focusing on strategy implementation and performance of Kenya Commercial Bank and is using descriptive research design. On the contrary, exploratory research design seeking to correct qualitative data is more relevant for conducting a census study.

2.3.4 Strategy Control and Performance
Babafemi (2015) underscores the importance of having strategy control in mind when crafting organizational strategies. Indeed, strategy control practices are used to evaluate the degree of alignment between business activities, strategies and environmental factors. Moreover, control of strategy ensures integration of activities in the separate business units (Gummer et al., 1992).

Nyariki (2013) proposed that strategy evaluation and control should be embraced by management of SMEs as an approach for improving corporate performance and to support coping with the changes and challenges of turbulent business environment and the global economy. Strategy evaluation and control essential for measuring actual achievement against the intended and ultimately providing the requisite feedback for making adjustment during the implementation phase (Vollert, 2012). The essence of strategic control is not to bring to the fore past errors but rather to suggest the corrections that are needed so as to steer the firm in the desired direction (Pearce & Robinson, 2009).

Ondoro (2017) undertook a conceptual review of strategy control and organization social performance. The study was anchored on control theory and adopted library
review approach. It explored, synthesized and critiqued literature on the subject of strategic control and organization social performance with a view of developing a conceptual framework. Ondoro noted that empirical literature was scanty on investigations involving strategy control particularly the aspects of description of strategic control activities to be carried out in pursuit of strategic outcomes. The conclusion of this conceptual review was that the existing empirical evidence is not specific and adequate in respect of the relationship between strategic control and organization social performance. The current study seeks to provide a basis for the empirical examination of the relationship between control of strategy and performance of Kenya Commercial Bank in Nairobi City County.

Liviu, Sorina and Radu (2008) carried out a conceptual review of strategic control and the performance measurement systems. The purpose of the theoretical paper was to compare the widely used performance management frameworks including the balanced scorecard that can aid in implementation and improvement of organization’s performance. The conclusion of the study was that control and performance measurement are part of the business improvement process. Therefore, performance measurement must therefore be part of a system, which reviews actions of the organization and informs the changes that are necessary concerning business operations. This study did not involve making observations and gathering of data for the purpose of examining the effect of strategy control on performance.
### 2.4 Summary of Literature Review and Research Gaps

**Table 2.1: Summary of Research Gaps**

<table>
<thead>
<tr>
<th>Researcher/s</th>
<th>Focus of the Research</th>
<th>Research Findings</th>
<th>Knowledge Gaps</th>
<th>Emphasis of Current Study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ondita &amp; Bella (2015)</td>
<td>Strategic Intent and Organizational Performance in the Banking Industry in Delta State Nigeria</td>
<td>Strategic intent contribute positively to organizational performance</td>
<td>Used non-random sampling to select the sample</td>
<td>Intends to use stratified sampling</td>
</tr>
<tr>
<td>Pateman (2015)</td>
<td>Role of strategic intent in knowledge creation and transfer in the Australian logistics industry</td>
<td>Strategic intent provides a basis for the development of absorptive capacity</td>
<td>Involved Australian logistics industry</td>
<td>Involves Kenya Commercial Bank</td>
</tr>
<tr>
<td>Bassa (2015)</td>
<td>Practice of strategic planning and strategy implementation in public universities of Ethiopia.</td>
<td>There was a relationship between strategic planning, strategy implementation and performance</td>
<td>Study done in Ethiopia</td>
<td>Intends to do the study in Kenya</td>
</tr>
<tr>
<td>Opano (2013)</td>
<td>Strategic planning and performance of Action Aid Kenya programs</td>
<td>Strategic planning affected performance of programs</td>
<td>Qualitative data was used</td>
<td>Quantitative data was be used</td>
</tr>
<tr>
<td>Sorooshian et al. (2010)</td>
<td>Relationship between strategy implementation and performance in small and medium enterprises in Iran</td>
<td>Strategy implementation is related to performances of SMEs</td>
<td>Involved firms in Iran</td>
<td>The study was done in Kenya Commercial Bank</td>
</tr>
<tr>
<td>Njagi and kombo(2014)</td>
<td>Strategy implementation and performance of Commercial Banks in Kenya</td>
<td>Strategy implementation affects performance</td>
<td>Involved only the strategy implementation</td>
<td>Intend to have a wider scope involve strategic management practices in Kenya Commercial Bank</td>
</tr>
</tbody>
</table>

*Source: Author (2018)*
2.5 Conceptual Framework

Deriving from critical review of existing theories and related researches, a conceptual framework is presented in figure 2.1.

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Dependent Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic Intent</strong></td>
<td><strong>Performance</strong></td>
</tr>
<tr>
<td>- Vision</td>
<td>- Efficiency</td>
</tr>
<tr>
<td>- Mission</td>
<td>- Effectiveness</td>
</tr>
<tr>
<td>- Objectives</td>
<td>- Customer retention</td>
</tr>
<tr>
<td>- Polices</td>
<td>- New processes</td>
</tr>
<tr>
<td><strong>Strategy Formulation</strong></td>
<td></td>
</tr>
<tr>
<td>- External analysis</td>
<td></td>
</tr>
<tr>
<td>- Internal analysis</td>
<td></td>
</tr>
<tr>
<td><strong>Strategy Implementation</strong></td>
<td></td>
</tr>
<tr>
<td>- Institutionalization</td>
<td></td>
</tr>
<tr>
<td>- Operationalization</td>
<td></td>
</tr>
<tr>
<td><strong>Strategy control</strong></td>
<td></td>
</tr>
<tr>
<td>- Standard practices</td>
<td></td>
</tr>
<tr>
<td>- Actual practices</td>
<td></td>
</tr>
<tr>
<td>- Feed back</td>
<td></td>
</tr>
<tr>
<td>- Corrective measures</td>
<td></td>
</tr>
</tbody>
</table>

Figure 2.1: Conceptual Framework

Source: Author (2018)

The conceptual framework shows the interaction between the research variables including strategic intent, strategy formulation, strategy implementation, and strategy control conceptualized as the independent variable, and performance as the dependent variable.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction
Chapter three consists of the research design, target population for the study, sampling design, sample size, instrument for data collection, test of validity, test of reliability, procedure for data collection, analysis and presentation of data, and research ethics.

3.2 Research Design
A research design is a blue print for conducting research involving an investigation concerning the current situation and other phenomena using diverse sources of research data to support drawing of conclusions that are valid (Kothari, 2004). The researcher made use of descriptive research design to facilitate investigation of the relationship between the study variables. Saunders (2007) contends that descriptive survey design provides a quantitative description of certain trends and opinions including attitudes of a population by studying a sample of that population. Descriptive research design was appropriate because it enabled systematic collection of factual information that is crucial for making decisions, identifying current practices, conditions, and relationships associated with the research variables (Bryman, 2006).

3.3 Target Population
A population is viewed as an exhaustive enumeration of cases, individuals, elements, subjects and objects with common observable characteristics, (Mugenda & Mugenda, 2003). The target population of this study comprised of employees at managerial level at the head office of Kenya Commercial Bank in Nairobi. These employees consisted of senior management team, middle-level managers as well as managers at functional level as shown in Table 3.1.
Table 3:1 Target Population

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Managers</td>
<td>24</td>
<td>16.9</td>
</tr>
<tr>
<td>Middle Level Management</td>
<td>46</td>
<td>32.4</td>
</tr>
<tr>
<td>Functional managers</td>
<td>72</td>
<td>50.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>142</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: KCB (2017)

The total target population comprised of 142 employees including 24 senior management, 46 middle-level managers and 72 functional-level managers. In percentages, senior management team comprises the smallest proportion at 16.9% whereas functional level manager has the largest proportion of the total population at 50.7%.

3.4 Sampling Procedure and Sample Size

The researcher made use stratified random sampling technique in selecting a representative sample from the total population. O’leary (2004) suggests that stratified random sampling entails sub-dividing the target population into various homogenous strata and then taking a simple random sample within each stratum. According to Cooper and Schindler (2006), a randomly chosen sample of about 10% of a population is fairly representative of the population being studied. Similarly, Mugenda and Mugenda (2003) proposed that a sample of not less than 10% of the target population can be sufficient with Kothari (2004) suggesting that such a sample should have a minimum of 30 subjects. Consequently, the researcher made use of 50% of the population of interest for the purpose of making (Mugenda & Mugenda, 2003; Kothari, 2004; Cooper and Schindler, 2006).

Table 3.2 Distribution of Sample Size

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Sampling Ratio</th>
<th>Sample Size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate managers</td>
<td>24</td>
<td>0.5</td>
<td>12</td>
<td>16.9</td>
</tr>
<tr>
<td>Middle level management</td>
<td>46</td>
<td>0.5</td>
<td>23</td>
<td>32.4</td>
</tr>
<tr>
<td>Functional managers</td>
<td>72</td>
<td>0.5</td>
<td>36</td>
<td>50.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>142</td>
<td>0.5</td>
<td>71</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Author (2018)
In Table 3.2, a sample of 73 employees was selected using 0.5 as the sampling ratio/factor. This sample was proportionately distributed across all the three strata of management. Senior management team with the smallest population made the least contribution of 16.6%. However, functional level manager resulted in the largest contribution of 50.7%.

3.5 Data Collection Instruments

Primary and secondary data was used for the purpose of conducting this study. Primary data was collected through a structured questionnaire constructed on 5-point Likert scale. The questionnaire had a set of closed ended questions that allows the respondent to select a response form a range five possible alternative responses. The questionnaire had two major sections. The first section focused on general information regarding employees’ personal profile. However, the second section comprised of questions on specific information relevant to the objectives of the study and was sub-divided into five sub-sections with questions regarding strategic intent, strategy formulation, implementation, control, and performance. The researcher also collected secondary data through a review of published reports and documents available on the website of Kenya Commercial Bank and central Bank of Kenya. The published materials comprised of Kenya Commercial Bank’s Report and CBK Banks’ Supervisory Reports.

3.6 Validity and Reliability of Research Instrument

3.6.1 Test of Validity

Validity is concerned with ensuring the integrity of the conclusions that derive from an investigation. Similarly, it is viewed as the extent to which a research instrument measures what it purports to measure. In addition, validity is used to provide estimates on how accurately the data in the study is representative of a given construct (Mugenda & Mugenda, 2003). The tests of validity focused on face, content and construct validity of the questionnaire. To ensure face validity of the questionnaire, the researcher solicited opinions from experts such as the faculty in the field of management and the supervisors. Content and construct validity was attained through extensive review of theoretical as well as empirical literature considered
relevant to the set of research variables in this study. This provided the basis for revision and modification of the research instrument thereby enhancing its validity.

### 3.6.2 Test of Reliability

Reliability is the tendency towards internal consistency (Shanghverzy, 2003) and therefore, different measures of the concept or similar measurements performed repeatedly over time have the ability to produce the identical results (Treiman, 2009). Cronbach Alpha index is arguably the most appropriate index for measuring internal consistency of a set of items and is attributed to the mean value of correlations of the set of measures used for a research variable (Anastasiadou, 2006). Reliability can be increased through the inclusion of many closely related items for measuring a research variable. It is commonly used in respect of ascertaining whether the measures devised for concepts in business are consistent.

A pilot study was conducted involving fourteen employees that were chosen from the target population. The subjects involved in the pilot study were precluded from the group that was ultimately sampled and observed in the final research. The purpose of the pilot study was to determine the reliability of data collection instrument. Cronbach’s Alpha index was computed using SPSS to establish whether the survey instrument had a favourable level of internal consistency. The outcome of the analysis of pilot data for internal consistency are presented in Table 3.3.

**Table 3.3 Results of Reliability Analysis**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach's Alpha</th>
<th>Frequency</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Intent</td>
<td>0.798</td>
<td>6</td>
<td>Reliable</td>
</tr>
<tr>
<td>Strategy Formulation</td>
<td>0.752</td>
<td>6</td>
<td>Reliable</td>
</tr>
<tr>
<td>Strategy Implementation</td>
<td>0.845</td>
<td>7</td>
<td>Reliable</td>
</tr>
<tr>
<td>Strategy Control</td>
<td>0.762</td>
<td>5</td>
<td>Reliable</td>
</tr>
<tr>
<td>Performance</td>
<td>0.726</td>
<td>6</td>
<td>Reliable</td>
</tr>
<tr>
<td><strong>Aggregate</strong></td>
<td><strong>0.779</strong></td>
<td><strong>30</strong></td>
<td>Reliable</td>
</tr>
</tbody>
</table>

Source: Pilot Data (2018)

The results in Table 3.3 demonstrate that the measures of the study variables were reliable given that the least and highest values of Cronbach’s alpha were 0.726 and
0.845 for performance and strategy formulation. Field (2009) proposes a Cronbach's alpha index of not less than 0.70 as an appropriate measure for demonstrating the reliability of a research instrument. The aggregate score of Cronbach’s alpha associated with the five research variables was 0.779. In this case, individually and collectively, the study variables had Cronbach’s alpha values that were greater than the 0.70 threshold recommended by Field.

3.7 Data Analysis and Presentation

The data that was gathered was edited to minimise errors as well as detect any inconsistencies and problems resulting from the use of the questionnaire. The responses were coded to allow the researcher to minimize errors during data entry and processing and support interpretations of results of analysis. After coding, the data was carefully entered into the SPSS software using the codes assigned and a final check performed to ascertain the level of accuracy, completeness and consistency. The research data gathered was analysed to generate the measures of both descriptive and inferential statistics. Descriptive statistics included such measures as frequency count, percentages, sample mean, and sample standard deviation; however inferential statistics involved the use of bivariate correlation analysis and multiple linear regression analysis.

The study was guided by the multiple regression models presented in model 3.1

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \] ..................................3.1

Where;

\[ Y \text{ = Performance} \]
\[ X_1 \text{ = Strategic intent} \]
\[ X_2 \text{ = Strategy formulation} \]
\[ X_3 \text{ = Strategy implementation} \]
\[ X_4 \text{ = Strategy control} \]
\[ \beta_0 \text{ = Beta coefficient for the constant} \]
\[ \beta_1, \beta_2, \beta_3, \beta_4 \text{ and } \beta_5 \text{ = Beta coefficients for the independent variables} \]
\[ \varepsilon \text{ = Error term} \]
The results of multiple regression analysis were tested for statistical significance using 95% level of confidence. Therefore, where p values associated with a given coefficients was at most 0.05 the relationship between the research variables was confirmed to have statistical significance at 95% confidence level.

3.8 Ethical Considerations
The researcher sought a research permit from the National Commission for Science, Technology and Innovation (NACOSTI). Similarly, the researcher sought formal permission from the human resources manager of Kenya Commercial Bank so as to gather data from the target respondents. The researcher sought informed consent from all those participating in the study. Any respondent that for some reason was not willing to participate in the study was excluded from the investigation. The identity of respondents’ were not indicated anywhere on the data collection tools for confidentiality and information gathered was only be used for academic purpose.
4.1 Introduction

This chapter presents the results of analysis of response rate, sample measures and inferential statistics associated with the empirical data collected from management employees of Kenya Commercial Bank. In addition, the chapter presents a discussion of the empirical results.

4.2 Response Rate of the Study

The proportion of questionnaires that were received from the field was analyzed in order to understand the response and non-response rate that characterized this study. The results of this analysis are presented in Figure 4.1.

![Figure 4.1: Analysis of Response Rate](source: Field Data (2018))

The results in displayed in Figure 4.1 shows that out seventy one management employees that had been provided with the questionnaire, forty nine dully filled
questionnaires were received back by the researcher. This translated to a response rate of sixty nine percent and non-response rate of thirty one percent. Mugenda and Mugenda (2003) proposed that a response rate of 50% is sufficient for statistical analysis and making of conclusions.

4.2 Biographical Information of Respondents

The background information of the respondents that were observed in this study was analysed in terms of gender, tenure of office and level of management. The results of this analysis are presented in Table 4.1.

<table>
<thead>
<tr>
<th>Table 4.1 Analysis of Background Information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Category</strong></td>
</tr>
<tr>
<td>Gender</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Length of Service</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Level of Management</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Source: Field Data (2018)

The results in Table 4.1 showed that a majority of the management employees involved in this study were of male gender at 55%. The rest of the management employees comprising 45% were of the female gender. These proportions of participation in the study demonstrated that there was a fair representation of both genders in the study.

The analysis also showed that the category of management employee that had worked for a period of ten to fifteen years was the most dominant with representation of 32.7%. Nevertheless, participants who had worked for at least five years comprised the smallest proportion at 16.3%. Other categories of management employees that were observed had worked with KCB for at least fifteen years and between five and
ten years respectively. Therefore, the length of service of the management employees involved in this study was sufficient to enable them to provide the information that was required by the researcher.

Furthermore, the analysis of biographical information of respondents indicated that majority of the respondents at 53.1% were at the level of functional management. The other levels comprising of middle and senior management had representation of 32.6% and 14.3% respectively. This distribution of participants across the three cadres of management considered crucial for the purpose of this study illustrated that there was fair representation of target levels of management in the study.

4.4 Descriptive Statistics
Sample mean and sample standard deviation were used generate the summary measures suitable for describing the characteristics of the sample. Descriptive statistics was analyzed on the responses obtained from the respondents on the five variables that were at the core of this research. The results of this analysis formed the basis for statistical analysis and making of inferences.

4.4.1 Strategic Intent
The researcher performed the analysis of responses that had been obtained on the measures of strategic intent with a view to generating the sample measures. The results of the analysis are presented in Table 4.2.
Table 4.2 Descriptive Statistics for Strategic Intent

<table>
<thead>
<tr>
<th>Reason for existence of the bank is widely communicated</th>
<th>n</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awareness of the desired future</td>
<td>49</td>
<td>3</td>
<td>5</td>
<td>4.33</td>
<td>0.47</td>
</tr>
<tr>
<td>Inspired by the direction and purpose</td>
<td>49</td>
<td>3</td>
<td>5</td>
<td>4.16</td>
<td>0.69</td>
</tr>
<tr>
<td>Purpose of existence creates a sense of belonging</td>
<td>49</td>
<td>3</td>
<td>5</td>
<td>4.12</td>
<td>0.48</td>
</tr>
<tr>
<td>Identifies freely with the objectives</td>
<td>49</td>
<td>4</td>
<td>5</td>
<td>4.39</td>
<td>0.49</td>
</tr>
<tr>
<td>Sense of ownership of the objectives and policies</td>
<td>49</td>
<td>3</td>
<td>5</td>
<td>4.37</td>
<td>0.60</td>
</tr>
<tr>
<td><strong>Aggregate score for strategic intent</strong></td>
<td>49</td>
<td>3</td>
<td>5</td>
<td>4.27</td>
<td>0.57</td>
</tr>
</tbody>
</table>

**Source:** Field Data (2018)

The results presented in Table 4.2 showed that the sample mean attained for the various responses ranged between 4.12 and 4.39 which approximated to 4.00 on the Likert scale. This meant that the respondents were in agreement that the set of activities implied by the statements on strategic intent were performed in Kenya Commercial Bank. Moreover, the sample standard deviation for individual responses varied between 0.47 and 0.69 signifying that the responses were clustered together around the sample mean as the variation was narrow. Furthermore, the aggregate scores for sample mean and sample standard deviation for strategic intent were 4.27 and 0.57 respectively. Consequently, aggregate coefficient of variation of the responses on strategic intent is 13% which indicates that on average there was a narrow variability across responses on the measures of strategic intent. In this case, the sample mean was a good estimator of the population mean and thus can support making generalizations from the sample to the population. Moreover, the low level of variability depicted that the activities that were used as measures of strategic intent are practiced in Kenya Commercial Bank and are thus important for the bank performance.

4.4.2 Strategy Formulation

The researcher performed the analysis of the data collected on the measures of strategy formulation with the object of establishing the sample mean and sample standard deviation. The results of this analysis are presented in Table 4.3.
Table 4.3 Descriptive Statistics for Strategy Formulation

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Involved in formulation of strategy</td>
<td>49</td>
<td>3</td>
<td>5</td>
<td>4.37</td>
<td>0.60</td>
</tr>
<tr>
<td>Information is gathered about the</td>
<td>49</td>
<td>3</td>
<td>5</td>
<td>4.08</td>
<td>0.48</td>
</tr>
<tr>
<td>internal factors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resources are provided to support</td>
<td>49</td>
<td>3</td>
<td>5</td>
<td>4.19</td>
<td>0.69</td>
</tr>
<tr>
<td>gathering of information</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information is gathered about the</td>
<td>49</td>
<td>3</td>
<td>5</td>
<td>4.33</td>
<td>0.41</td>
</tr>
<tr>
<td>external factors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information gathered is analysed for</td>
<td>49</td>
<td>3</td>
<td>5</td>
<td>4.22</td>
<td>0.69</td>
</tr>
<tr>
<td>the purpose of making decision</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adequate resources are allocated for</td>
<td>49</td>
<td>3</td>
<td>5</td>
<td>4.16</td>
<td>0.72</td>
</tr>
<tr>
<td>performance of tasks and activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aggregate score for strategy</td>
<td></td>
<td></td>
<td></td>
<td>4.23</td>
<td>0.60</td>
</tr>
<tr>
<td>formulation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Field Data (2018)

The results of descriptive analysis presented in Table 4.3 indicates that sample mean associated with individual responses ranged between 4.08 and 4.37 approximating to 4.00 on the Likert scale that had been used in this study. These values of sample mean implied that the respondents were in agreement that the various specific activities represented by the statements on strategy formulation were embraced in Kenya Commercial Bank. On the other hand, the sample standard deviation for the separate responses ranged between 0.41 and 0.72. The level of sample standard deviation relative to the sample mean demonstrates that the variability of responses was low and as such responses from the respondents were clustered together around the sample mean. In addition, the aggregate scores for sample mean and sample standard deviation for strategy formulation were 4.23 and 0.60 respectively yielding a low score of 14% of aggregate coefficient of variation on strategy formulation. The low variability of responses provides strong indication that the response were close together around the aggregate sample mean of 4.23. The small variability of responses suggest that the aggregate sample mean was a stable estimator of the population mean and was therefore appropriate for making inferences. Similarly, the low variability of responses confirms that the set of activities for measuring strategy formulation are practiced and are considered an imperative for performance of Kenya Commercial Bank.
4.4.3 Strategy Implementation

The researcher carried out the analysis of responses that were collected on the measures of strategic implementation with the object of generating the measures for the describing the sample as presented in Table 4.4.

Table 4.4 Descriptive Statistics for Strategy Implementation

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource allocation is matched with the bank’s objective</td>
<td>49</td>
<td>3</td>
<td>5</td>
<td>4.03</td>
<td>0.48</td>
</tr>
<tr>
<td>Stakeholders are sensitive to wastage when using of available resources</td>
<td>49</td>
<td>3</td>
<td>5</td>
<td>4.22</td>
<td>0.70</td>
</tr>
<tr>
<td>Stakeholders skills are matched with their responsibilities</td>
<td>49</td>
<td>4</td>
<td>5</td>
<td>4.48</td>
<td>0.49</td>
</tr>
<tr>
<td>systems are aligned with objectives, strategies and plans</td>
<td>49</td>
<td>3</td>
<td>5</td>
<td>4.37</td>
<td>0.60</td>
</tr>
<tr>
<td>Action plans are collectively developed</td>
<td>49</td>
<td>3</td>
<td>5</td>
<td>4.37</td>
<td>0.60</td>
</tr>
<tr>
<td>clear communication on who is responsible of a set of given activities</td>
<td>49</td>
<td>3</td>
<td>5</td>
<td>4.12</td>
<td>0.48</td>
</tr>
<tr>
<td>a clear communication of the expected level of execution of activities</td>
<td>49</td>
<td>4</td>
<td>5</td>
<td>4.33</td>
<td>0.42</td>
</tr>
<tr>
<td>Aggregate score for performance</td>
<td></td>
<td></td>
<td></td>
<td>4.27</td>
<td>0.54</td>
</tr>
</tbody>
</table>

Source: Field Data (2018)

The results displayed in Table 4.4 show that sample mean for individual responses varied between 4.03 and 4.48 tending to 4.00 on the Likert scale. These values of sample translated to agreement amongst respondents that the set of activities represented by the statements on strategy implementation were in essence undertaken in Kenya Commercial Bank. Moreover, the sample standard deviation for the separate responses varied between 0.42 and 0.70 demonstrating that the individual responses were clustered together around the values of sample mean. Similarly, the aggregate scores for sample mean and sample standard deviation for strategy implementation were 4.27 and 0.54 respectively. In this case, the overall coefficient of variation of the responses on strategy implementation was 12.6% which depicted that collectively variability of responses was narrow for the set of measures of strategy implementation. Therefore, the sample mean for strategy formulation is a suitable estimator of the population parameter and thus can support making conclusions concerning the population. The resulting low level of variability confirmed that the activities that were used as measures of strategy implementation
are practiced in Kenya Commercial Bank and are indeed crucial for the bank performance.

4.4.4. Strategy Control

The researcher conducted the analysis of the data obtained from respondents on the indicators chosen for strategy control. The results of this analysis are displayed in Table 4.5.

Table 4.5 Descriptive Statistics for Strategy Control

<table>
<thead>
<tr>
<th>Target deriving from the objectives of the bank are mutually developed</th>
<th>n</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual level of execution of activities is monitored continuously</td>
<td>49</td>
<td>3</td>
<td>5</td>
<td>4.16</td>
<td>0.65</td>
</tr>
<tr>
<td>Comparison amongst actual and expected level of execution of activities is undertaken continuously</td>
<td>49</td>
<td>3</td>
<td>5</td>
<td>4.04</td>
<td>0.44</td>
</tr>
<tr>
<td>continuously appraised on their level of execution of activities</td>
<td>49</td>
<td>4</td>
<td>5</td>
<td>4.44</td>
<td>0.49</td>
</tr>
<tr>
<td>Timely corrective measure are undertaken to address any shortcoming identified</td>
<td>49</td>
<td>4</td>
<td>5</td>
<td>4.33</td>
<td>0.41</td>
</tr>
<tr>
<td>Aggregate score for performance</td>
<td></td>
<td></td>
<td></td>
<td>4.22</td>
<td>0.49</td>
</tr>
</tbody>
</table>

Source: Field Data (2018)

The results presented in Table 4.5 indicate that the sample mean for individual responses ranged between 4.04 and 4.34. These values of sample mean generally tends to 4.00 on the Likert scale used in this study and thus translates to agreement amongst respondent in respect to the activities implied by the statements. Similarly, the sample standard deviation for the different responses ranged between 0.41 and 0.65 demonstrating that the responses were fairly close together around the sample mean as the variability was narrow. Furthermore, the aggregate scores for sample mean and sample standard deviation for strategy control were 4.22 and 0.49 respectively. Consequently, the aggregate coefficient of variation of the responses on strategy control was 11.6% which indicated that the variability across responses obtained from the respondents was on average small. In this view, the sample mean
was suitable for estimating the population mean and for supporting making of generalizations from the sample to the population. The reported low level of variability demonstrated that the activities that were used as measures of strategy control are practiced in Kenya Commercial Bank and are considered important for the bank performance.

4.4.5 Performance of Kenya Commercial

The researcher performed the analysis of the data on responses to the statement regarding performance of Kenya Commercial Bank with the object of generating the sample mean and sample standard deviation. The results of this analysis are presented in Table 4.6.

**Table 4.6 Descriptive Statistics for Performance**

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic management practices results in reduction in turn-around time</td>
<td>49</td>
<td>3</td>
<td>5</td>
<td>4.37</td>
<td>0.60</td>
</tr>
<tr>
<td>Strategic management practices enhance the speed of response to customers issues</td>
<td>49</td>
<td>3</td>
<td>5</td>
<td>4.11</td>
<td>0.48</td>
</tr>
<tr>
<td>Strategic management practices support repeat purchases by customers</td>
<td>49</td>
<td>4</td>
<td>5</td>
<td>4.33</td>
<td>0.43</td>
</tr>
<tr>
<td>Strategic management practices result in superior offerings</td>
<td>49</td>
<td>3</td>
<td>5</td>
<td>4.12</td>
<td>0.48</td>
</tr>
<tr>
<td>There are reduced cases of customer complaints</td>
<td>49</td>
<td>3</td>
<td>5</td>
<td>4.22</td>
<td>0.71</td>
</tr>
<tr>
<td>Strategic management practices support development processes that are customer friendly</td>
<td>49</td>
<td>4</td>
<td>5</td>
<td>4.40</td>
<td>0.49</td>
</tr>
<tr>
<td><strong>Aggregate score for performance</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>4.26</strong></td>
<td><strong>0.53</strong></td>
</tr>
</tbody>
</table>

**Source: Field Data (2018)**

The results displayed in Table 4.6 showed that the aggregate sample mean for the set of six measures used to indicate performance of Kenya Commercial Bank was 4.26 translating to agree on the five point Likert scale adopted by the researcher in this study. The aggregate coefficient of variation of 12.4% deriving from the aggregate scores of performance is notably low. Similarly, the sample measures on responses to the individual statement range between 4.11 and 4.40 for sample mean and 0.43 and 0.71 for sample standard deviation. This behavior of sample measures demonstrated
that the responses from the respondents were close together and thus the sample mean was a reliable estimator of the population mean. Furthermore, the statistics reported in Table 4.6 on aggregate scores demonstrate that the activities that were used to indicate and therefore measure performance are practiced in Kenya Commercial Bank.

4.5 Inferential Statistics

4.5.1 Correlation Analysis

The researcher used both bivariate correlation analysis and multiple linear regression analysis in order to investigate the relationship between strategic management practices and performance of Kenya Commercial Bank. Bivariate correlation analysis was conducted using Statistical Package for Social Sciences (SPSS) to measure the degree of relatedness of the four dimensions of strategic management practices and performance. The results of product moment correlation analysis are presented in Table 4.7.

**Table 4.7: Pearson Correlation Coefficient**

<table>
<thead>
<tr>
<th>Strategic Intent</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Intent</td>
<td>Pearson</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>49</td>
</tr>
<tr>
<td>Strategy Formulation</td>
<td>Pearson Correlation</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>49</td>
</tr>
<tr>
<td>Strategy Implementation</td>
<td>Pearson Correlation</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>49</td>
</tr>
<tr>
<td>Strategy Control</td>
<td>Pearson Correlation</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>49</td>
</tr>
<tr>
<td>Performance</td>
<td>Pearson Correlation</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>49</td>
</tr>
</tbody>
</table>

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

Source: Field Data (2018)

The results in Table 4.7 show the Pearson product moment correlation coefficient for the various pairs of variables that were of center of focus in this study. The
correlation coefficient for strategic intent and performance was 0.820 at a level of significance of 0.000 for two tailed test. This correlation coefficient demonstrates that there is statistically significant strong positive linear relationship between strategic intent and performance. Similarly, the correlation coefficient for strategy formulation and performance was 0.784 at a level of significance of 0.000. The correlation coefficient and the significance level confirm that there is statistically significant strong positive linear relationship between strategy formulation and performance.

The Pearson product moment correlation coefficient for strategy implementation and performance was 0.728 at a level of significance of 0.000 for two tailed test. The value of correlation coefficient coupled with it’s calculated probability demonstrates that there is strong positive linear relationship between strategy implementation and performance and that this relationship is statistically significant. In addition, the reported correlation coefficient and level of significance for strategy implementation and performance were 0.837 and 0.000 respectively. This correlation coefficient and calculated probability confirm that there is a statistically significant strong positive linear relationship between strategy control and performance.

4.5.2 Multiple Linear Regression Analysis

Multiple regression analysis was performed using SPSS in order to estimate the quantitative model that can be used to predict or determine the effect of each dimension of strategic management practices on performance of Kenya Commercial Bank. In order to accomplish this objective, the four dimensions of strategic management practices were jointly regressed on performance. The results of this statistical analysis are reported in Tables 4.7, 4.8 and 4.9.

Table 4.7: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.895</td>
<td>.801</td>
<td>.789</td>
<td>.08543</td>
<td>2.469</td>
</tr>
</tbody>
</table>

a. **Dependent Variable**: Performance  
b. **Predictors**: (Constant), Strategic Intent, Strategy Formulation, Strategy Implementation, Strategy Control

**Source**: Field Data (2018)
Table 4.7 provides the output of the model summary of the multiple regression analysis. The result supports the findings on correlation analysis as the correlation coefficient between the four dimensions of strategic management practices and performance is 0.895 implying a strong positive linear relationship. This is further confirmed by the value of coefficient of determination of 78.9% which implies that the four dimensions of strategic management practices are jointly responsible for 78.9% of variations in performance of Kenya Commercial Bank.

The output of the test of analysis of variance (ANOVA) that sought to establish if the estimated model was statistically significant is presented in Table 4.8.

Table 4.8: Results of Analysis of Variance

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>4</td>
<td>1.719</td>
<td>4425.648</td>
<td>.000b</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>44</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>48</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance
b. Predictors: (Constant), Strategic Intent, Strategy Formulation, Strategy Implementation, Strategy Control

Source: Field Data (2018)

The results of analysis of variance (ANOVA) show that the estimated regression model sufficiently fitted the set of observed data with the value of F-statistic as 4425.648 at a level of significance of 0.000 which is less than the p-value of 0.05 that had been adopted as threshold for making decisions and inferences at 95% level of confidence. This implied that the coefficient of determination that indicates the explanatory power of strategic management practices on performance occurred randomly.

The output of the regression coefficients that provide information on the actual effect of each of the four dimensions of strategic management practices on performance of Kenya Commercial Banks are presented in Table 4.9.
Table 4.9: Results of Regression Coefficients

<table>
<thead>
<tr>
<th>Source: Field Data (2018)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>95% CI for β</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beta</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>.138</td>
<td>.037</td>
<td>2.675</td>
<td>.010</td>
<td>.025 - .175</td>
</tr>
<tr>
<td>Strategic Intent</td>
<td>.413</td>
<td>.037</td>
<td>11.142</td>
<td>.000</td>
<td>.339 - .488</td>
</tr>
<tr>
<td>Strategy Formulation</td>
<td>.327</td>
<td>.018</td>
<td>17.875</td>
<td>.000</td>
<td>.290 - .364</td>
</tr>
<tr>
<td>Strategy Implementation</td>
<td>.726</td>
<td>.018</td>
<td>40.224</td>
<td>.000</td>
<td>.690 - .763</td>
</tr>
<tr>
<td>Strategy Control</td>
<td>.380</td>
<td>.024</td>
<td>15.540</td>
<td>.000</td>
<td>.331 - .429</td>
</tr>
</tbody>
</table>

a. **Dependent Variable:** Performance  
b. **Predictors:** (Constant), Strategic Intent, Strategy Formulation, Strategy Implementation, Strategy Control

The results of statistical analysis reported in Table 4.9 aided in the estimation of the linear regression model presented below.

\[
\text{Performance} = 0.138 + 0.413 \text{ Strategic Intent} + 0.327 \text{ Strategy formulation} + 0.726 \text{ Strategy Implementation} + 0.380 \text{ Strategy Control}
\]

In the first specific objective, the study sought to determine the effect of strategic intent on performance of Kenya Commercial Bank. The results of regression analysis in Table 4.9 showed that strategic intent is statistically significant at \( \beta = 0.413; t = 11.142; p = .000 \). The confidence interval for hypothesis testing has both the lower and upper limits as .339 and .488 respectively confirming that the estimated beta coefficient for strategic intent actually lies in the interval. These results imply that at 95% level of confidence strategic intent has a positive effect on performance of Kenya Commercial Bank. The results confirm that an increase of one unit in strategic intent is responsible for increasing performance by 0.413. The study therefore concludes that strategic intent affects performance of Kenya Commercial Bank. The findings corroborate the conclusion made by Ondita and Bella (2015) that different dimensions of strategic intent have positive contribution to organizational performance. Furthermore, the findings made by Pateman (2015) that strategic intent provides a basis for the development
of absorptive capacity and in essence enhances corporate performance are substantially supported by the results of correlation and regression analysis.

In the second specific objective, the researcher intended to establish the effect of strategy formulation on performance of Kenya Commercial Bank. The results reported in Table 4.9 showed that strategic intent is statistically significant at $\beta=.327$; $t = 17.875$; $p = .000$. The lower and upper limits of the confidence interval are .290 and .364 respectively confirming that the estimated beta coefficient for strategy formulation actually lies within the interval. These results indicate that at 95% level of confidence strategy formulation has a positive contribution to performance of Kenya Commercial Bank. The findings confirm that an increase of one unit in strategy formulation causes an increase of 0.327 in performance. The researcher therefore concludes that strategy formulation affects performance of Kenya Commercial Bank. These results support the findings of the study conducted by Anichebe and Agu (2013) on the effect of strategy formulation on implementation of strategy in business organizations in Enugu State in Nigeria. In addition, the results of this study corroborate the inferences made by Bassa (2015) that there is a relationship between strategic planning and performance.

In the third specific objective, the researcher sought to determine the effect of strategy implementation on performance of Kenya Commercial Bank. The results of coefficients of regression analysis showed that strategy implementation is statistically significant at $\beta=0.726$; $t = 40.224$; $p = .000$. The confidence interval for hypothesis testing has both the lower and upper limits as .690 and .763 respectively clearly demonstrating that the estimated beta coefficient for strategy implementation is confined within the interval. These results imply that at 95% level of confidence strategy implementation positive affects performance of Kenya Commercial Bank. The results further indicate that an increase of one unit in strategy implementation is responsible causing an increase of .726 in performance. The researcher thus concludes that strategy implementation affects performance of Kenya Commercial Bank. The findings of this study validate the conclusion made by Njagi and Kombo (2014) that strategy implementation has a positive effect on performance. Similarly, the results of this study corroborate the conclusion drawn by Bassa (2015) that there is a
relationship between strategy implementation and performance. Opano (2013) also inferred that strategic planning affects performance of programs. Moreover, Sorooshian et al. (2010) also concluded that strategy implementation is related to performance of organizations.

In the fourth specific objective, the researcher intended to establish the effect of strategy control on performance of Kenya Commercial Bank. The results reported in Table 4.9 showed that strategy control is statistically significant at $\beta = .380; t = 15.540; p = .000$. The lower and upper limits of the confidence interval are .331 and .429 respectively confirming that in essence the estimated beta coefficient for strategy control actually lies within the interval. These results indicate that at 95% level of confidence strategy formulation has a positive contribution to performance of Kenya Commercial Bank. The findings confirm that an increase of one unit in strategy control causes an increase of 0.380 in performance. The researcher therefore concludes that strategy control has a positive effect on performance of Kenya Commercial Bank. These findings support the conclusion made by Nyariki (2013) to the effect that strategy evaluation and control are imperatives for improving corporate performance and to support coping with the changes and challenges of turbulent business environment and the global economy. Further, the results of this study are in agreement with the findings of Liviu, Sorina and Radu (2008) that strategy control is integral part of the business improvement process and has the potential of enhancing corporate performance. Similarly, Ondoro (2017) noted that strategic control activities are necessary in the pursuit of organizational strategic outcomes.

In addition, the findings are in agreement with the Contingency theory that an organization is an open system that relies on the environment and serves the environment (Morgan, 2007). This theoretical proposition has an important implication for practicing managers since it supports the need for organizations environmental scanning in the selection and adoption of strategic choices. Similarly, it informs practitioners on the need for constant monitoring of the environment during the process of execution and control of strategy in order to respond promptly and favorably to the changes in the environmental conditions. The finding of the study
also corroborate the proposition of resource based view on critical role played by organizational resources in enhancing the ability of an organization to compete and outperform other firms in the industry. Indeed, institutionalization of strategy during the implementation phase envisages a proper alignment between resources of the firms and strategy. The propositions of dynamic capabilities theory that survival and success of firms is contingent on the ability of integrate, build, and reconfigure its competences to address the challenges of rapidly changing environments are equally supported by the findings on strategy formulation and control.
CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This chapter presents the summary of findings, conclusion, recommendations for policy and practice, and suggestions for further studies.

5.2 Summary
The researcher sought to investigate the effect of strategic management practices on performance of Kenya Commercial Bank in Nairobi City County, Kenya. Strategic management practices were construed to comprise of four critical aspects including strategic intent, strategy formulation, strategy implementation and strategy control. Performance was measured using non-financial indicators to have a more precise picture relating to the present and future operating conditions of Kenya Commercial Bank. The first objective of the study aimed at determination of the effect of strategic intent on performance of Kenya Commercial Bank. This objective emphasized the fundamental role played by activities that seek to formulate the vision, mission, objectives and policies of the overall organization. The results of analysis of descriptive statistics confirmed that collectively the activities that measured strategic intent were considered crucial and therefore were practiced in Kenya Commercial Bank. Further statistical analysis of the data gathered indicated that strategic intent has a positive effect on performance of Kenya Commercial Bank.

The second objective of the study focused on establishing the effect of strategy formulation on performance of Kenya Commercial Bank. This objective emphasized the importance of monitoring the internal and external conditions of Kenya Commercial Bank in order to make sound decisions on the optimal strategic choice to pursue for enhanced performance. The descriptive measures of sample mean and sample standard deviation associated with strategy formulation confirmed that the set of operation activities for this variable were practiced in Kenya Commercial Bank. Inferential statistical analysis demonstrated that strategy formulation positively affects performance of Kenya Commercial Bank.
The third objective of the study sought to establish the effect of strategy implementation on performance of Kenya Commercial Bank. This objective focused on activities regarding the two phases of strategy institutionalization and operationalization that are central to implementation of strategy in an organization. Sample mean and sample standard deviation confirmed that collectively the activities that indicated strategy implementation were considered important and were therefore practiced in Kenya Commercial Bank. Furthermore, statistical analysis of the data that was collected on the variable indicated that strategy implementation has a positive effect on performance of Kenya Commercial Bank.

Furthermore, the last specific objective of the study was intended to determine the effect of strategy control on performance of Kenya Commercial. This objective focused on the imperative of participatory target setting, standard practices, performance measurement, feedback and remedial action in order to realise the strategic intent of Kenya Commercial Bank. The descriptive measures of sample mean and sample standard deviation for strategy control favorably confirmed that the set of activities used to measure this variable were considered critical and were therefore practiced in Kenya Commercial Bank. Inferential statistical analysis demonstrated that strategy control positively affects performance of Kenya Commercial Bank.

5.3 Conclusion
Corporate performance is dominant theme in both theoretical and empirical studies and is a central concern for practitioners in modern business organizations. Indeed corporate performance emphasizes attainment of certain outcomes that are of interest to the management and other stakeholders. It is for this reason that this study sought to investigate the effect of strategic management practices on performance of Kenya Commercial Bank. The results of analysis of quantitative data provide an empirical basis for drawing important conclusions on each of the specific objective of this study. The first specific objective sought to establish the effect of strategic intent on performance. The results of statistical analysis demonstrated that strategic intent has a
positive effect on performance. The conclusion of the study therefore is that market strategic intent positively affects performance of Kenya Commercial Bank.

The focus of the second specific objective was to establish the effect of strategy formulation on performance of Kenya Commercial Bank. The findings from statistical analysis showed that strategy formulation has an effect on performance. Therefore the researcher infers and concludes that strategy formulation positively affects performance of Kenya Commercial Bank. In the third specific objective, the study aimed at determining the effect of strategy implementation on performance of Kenya Commercial Bank. This was necessary because empirical literature strongly demonstrates that strategic management mainly fails at the execution phase. The results of statistical analysis showed that strategy implementation affects performance. The therefore conclusion informed by this statistical results is that strategy implementation positively affects performance of Kenya Commercial Bank. Finally, the last specific objective sought to establish the effect of strategy control on performance of Kenya Commercial Bank. The findings deriving from statistical analysis indicated that strategy control has a positive contribution to performance. The conclusion of the study is that strategy control positively affects performance of Kenya Commercial Bank.

5.4 Recommendations for Policy and Practice
Strategic intent was found to have a positive effect on performance of Kenya Commercial Bank. In this case, it’s important for management of Kenya Commercial to entrench and foster activities and practices associated establishing strategic intent for the organization. These activities and practices revolve around formulation of vision, mission, objectives and Polices. Corporate level managers should formulate policy that guide the development of strategic intent and ensure involvement of stakeholders in the strategic management process. The study demonstrated that strategy formulation has a positive effect on performance. It is therefore necessary for management of Kenya Commercial Bank to ensure that proper scanning of the environment is undertaken in order to enhance the ability of the organization to optimize and leverage on strategic choices. Sound practices on environmental
analysis would aid the Kenya Commercial Bank in establishing a good match amongst the strategic choice and all its institutional factors.

The study confirmed that strategy implementation has a positive effect on performance. Therefore, it is crucial for management of Kenya Commercial Bank to enhance the activities and practices that would ensure institutionalization and operationalization of strategy are efficiently undertaken. Communication should be enhanced to provide prompt and sufficient information to all stakeholders as per the strategic choices made by Kenya Commercial Bank. All the stakeholders should be adequately facilitated to efficiently and effectively execute their corporate obligations both individually and collectively. In addition, the study found that strategy control has a positive contribution to performance. Management of Kenya Commercial Bank should foster activities and practices on participatory target setting, standard practices, performance measurement, feedback and remedial measures.

5.5 Suggestions for Further Study
The conclusions of this empirical study are delimited to strategic management practices and performance of Kenya Commercial Bank. In this case, future researchers should conduct similar empirical studies in other commercial banks as well as other firms as this would help in validating the findings and conclusions of this study. Similarly, future research work should focus on investigating the effect of the different aspects of strategic management practices and particularly strategy control which existing empirical literature confirms has not been given adequate attention and coverage. In addition, other factors that may not have been accounted for in this investigation as suggested by the coefficient of determination may warrant the attention of researchers.
REFERENCES


Ndegwah D.M. (2014), Factors Affecting The Implementation Of Strategic Plan In Public Secondary Schools In Nyeri County Kenya, 3(2).


Robert B. Carton B.S. 2004 Duke, Measuring Organizational Performance: An Exploratory Study by University, the University Of Georgia, a Dissertation Submitted To the Graduate Faculty of the University Of Georgia in Partial
APPENDICES

APPENDIX I: APPROVAL OF RESEARCH PROJECT PROPOSAL

KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduates@kun.ac.ke
Website: www.kun.ac.ke

Internal Memo

FROM: Dean, Graduate School
DATE: 18th October, 2018

TO: Osman Sheikh Gahow
C/o Business Administration Dept.

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL

This is to inform you that Graduate School Board at its meeting of 11th October, 2018 approved your Research Project Proposal for the MBA Degree entitled, "Strategic Management Practices and Performance of Kenya Commercial Bank in Nairobi City County, Kenya".

You may now proceed with your Data Collection. Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking Forms per semester. The form has been developed to replace the Progress Report Forms. The Supervision Tracking forms are available at the University’s Website under Graduate School webpage downloads.

Thank you.

FOR: DEAN, GRADUATE SCHOOL

cc. Chairman, Business Administration Department.
Supervisor:

1. Dr. Geoffrey Kinyua
C/o Department of Business Administration
Kenyatta University
APPENDIX II: RESEARCH PERMIT

THIS IS TO CERTIFY THAT:

MR. OSMAN SHEIKH GABOW
of KENYATTA UNIVERSITY, 0-200
NAIROBI, has been permitted to conduct
research in Nairobi County

on the topic: STRATEGIC MANAGEMENT
PRACTICES AND PERFORMANCE OF
KENYA COMMERCIAL BANK IN NAIROBI
CITY COUNTY, KENYA

for the period ending:
2nd November, 2019

Signature

Permit No : NACOSTI/P/18/24144/26708
Date Of issue : 3rd November, 2018
Fee Received: Ksh 1000

Director General
National Commission for Science,
Technology & Innovation

THE SCIENCE, TECHNOLOGY AND
INNOVATION ACT, 2013

The Grant of Research Licences is guided by the Science,
Technology and Innovation (Research Licensing) Regulations, 2014.

CONDITIONS
1. The Licence is valid for the proposed research, location and
   specified period.
2. The Licence and any rights thereunder are non-transferable.
3. The Licencee shall inform the County Governor before
   commencement of the research.
4. Excavation, filming and collection of specimens are subject to
   further necessary clearance from relevant Government Agencies.
5. The Licence does not give authority to transfer research materials.
6. NACOSTI may monitor and evaluate the licensed research project.
7. The Licencee shall submit one hard copy and upload a soft copy
   of their final report within one year of completion of the research.
8. NACOSTI reserves the right to modify the conditions of the
   Licence including cancellation without prior notice.

National Commission for Science, Technology and Innovation
P.O. Box 30613 - 0010, Nairobi, Kenya
TEL: 020 600 7600, 0713 708787, 0753 406245
Email: dg@nacosti.gov.ke, registry@nacosti.gov.ke
Website: www.nacosti.go.ke

Serial No. A 21735
CONDITIONS: see back page

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APPENDIX III: RESEARCH AUTHORIZATION

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Ref No. NACOSTI/P/18/24144/26708

Osman Sheikh Gabow
Kenyatta University,
P.O. Box 43844-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on “Strategic management practices and performance of Kenya Commercial Bank in Nairobi City County, Kenya” I am pleased to inform you that you have been authorized to undertake research in Nairobi County for the period ending 2nd November, 2019.

You are advised to report to the Chief Executive Officer, Kenya Commercial Bank, the County Commissioner and the County Director of Education, Nairobi County before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit a copy of the final research report to the Commission within one year of completion. The soft copy of the same should be submitted through the Online Research Information System.

DR. STEPHEN K. KIBIRU, PHD.
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The Chief Executive Officer
Kenya Commercial Bank.

The County Commissioner
Nairobi County.
APPENDIX IV: TRANSMITTAL LETTER

Osman Sheikh Gabow
Kenyatta University
School of Business
P.O Box 43844 - 00100
Nairobi.

13th September, 2018

Dear Sir/Madam,

RE: AUTHORITY FOR DATA COLLECTION

I am a postgraduate student in the School of Business of Kenyatta University undertaking a research project on “Strategic Management Practices and Performance of Kenya Commercial Bank in Nairobi City County, Kenya”

To accomplish this scholarly pursuit, you have been selected to participate in this academic research. In view of this you are kindly requested to participate in the research project by filling in the attached research questionnaire. The information that you will avail will be exclusively used for academic reasons and will be treated with utmost confidence. The researcher will make available a copy of the final report upon your request.

Your kind consideration in this matter is highly appreciated

Yours sincerely,

Osman Sheikh Gabow
D53/0L/CTY/26408/2015
APPENDIX V: RESEARCH INSTRUMENT

PART I: GENERAL INFORMATION
Instructions
Kindly tick in the spaces provided as appropriate.
1. Kindly indicate your gender.

   Male [ ]   Female [ ]

2. For how long have you worked in this bank?

   5 years and below [ ]
   5-10 years [ ]
   10-15 years [ ]
   15 years and above [ ]

3. What is your position in the bank?

   Senior management [ ]
   Middle-level management [ ]
   Functional-level management [ ]

PART II: SPECIFIC INFORMATION

Section A: Strategic Intent
4. Kindly indicate your level of agreement with the statements given below.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Moderate</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The reason for existence of the bank is widely communicated</td>
<td></td>
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<td></td>
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<tr>
<td>Stakeholders are aware of the desired future of the bank</td>
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<tr>
<td>Stakeholders are inspired by the direction and purpose of the bank</td>
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<tr>
<td>The purpose of existence creates a sense of belonging amongst stakeholders</td>
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<td></td>
</tr>
<tr>
<td>Stakeholders identifies freely with the objectives of the bank</td>
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<tr>
<td>There is a sense of ownership of the objectives and policies of the bank amongst stakeholders</td>
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</tr>
</tbody>
</table>
## Section B: Strategy Formulation

5. Kindly indicate your level of agreement with the statements given below.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Moderate</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stakeholders are involved in formulation of strategy for the bank</td>
<td></td>
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</tr>
<tr>
<td>Information is gathered about the internal factors of the bank</td>
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<tr>
<td>Bank resources are provided to support gathering of information about the bank’s environment</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Information is gathered about the external factors of the bank</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The information gathered is analyzed for the purpose of making decision</td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

## Section C: Strategy Implementation

6. Kindly indicate your level of agreement with the statements given below.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Moderate</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adequate resources are allocated for performance of tasks and activities</td>
<td></td>
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<tr>
<td>Resource allocation is matched with the bank’s objective</td>
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<tr>
<td>Stakeholders are sensitive to wastage when using of available resources</td>
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<tr>
<td>Stakeholders skills are matched with their responsibilities</td>
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<tr>
<td>The banks systems are aligned with objectives, strategies and plans of the bank</td>
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<tr>
<td>Action plans are collectively developed</td>
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<td></td>
</tr>
<tr>
<td>There is clear communication on who is responsible of a set of given activities</td>
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<td></td>
</tr>
</tbody>
</table>
Section D: Strategy Control
7. Kindly indicate your level of agreement with the statements given below.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Moderate</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is a clear communication of the expected level of execution of activities amongst stakeholders</td>
<td></td>
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<tr>
<td>Target deriving from the objectives of the bank are mutually developed</td>
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<tr>
<td>Actual level of execution of activities is monitored continuously</td>
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<tr>
<td>Comparison amongst actual and expected level of execution of activities is undertaken continuously</td>
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<tr>
<td>Stakeholders are continuously appraised on their level of execution of activities</td>
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<tr>
<td>Timely corrective measure are undertaken to address any shortcoming identified</td>
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</tbody>
</table>

Section E: Performance
8. Kindly indicate your level of agreement with the statements given below;

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Moderate</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic management practices results in reduction in turn-around time</td>
<td></td>
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<tr>
<td>Strategic management practices enhance the speed of response to customers issues</td>
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<tr>
<td>Strategic management practices supports repeat purchases by customers</td>
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<tr>
<td>Strategic management practices result in superior offerings by the bank</td>
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<tr>
<td>There are reduced cases of customer complaints</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Strategic management practices support development processes that are customer friendly</td>
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</tbody>
</table>

THANK YOU
## APPENDIX VI: DOCUMENT REVIEW GUIDE

<table>
<thead>
<tr>
<th>Type of Document</th>
<th>Nature of Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. CBK Bank Supervision Annual Report</td>
<td>Banking Industry</td>
</tr>
<tr>
<td>3. KCB Annual Report and Financial Statement</td>
<td>KCB</td>
</tr>
<tr>
<td>4. Personnel Manuals</td>
<td>Respondents</td>
</tr>
</tbody>
</table>