

**STRATEGIC MANAGEMENT PRACTICES ON THE PERFORMANCE OF
COMMERCIAL BANKS IN THIKA TOWN, KENYA**

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SCHOOL OF BUSINESS

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DECLARATION

This research project is my original work and has never been presented to any academic institution or university for academic credit.

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I confirm that this research project has been carried out by the student and submitted for examination with my approval as the University Supervisor.

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DEDICATION

My first dedication of this work goes to my Supervisor, Dr. Anne Muchemi. No words can describe you! You can only be an Angel that was sent to shape my academic life. It is amazing the passion you have had to see me graduate. Your commitment to the completion of this study went beyond the call of duty. You have become a household name and the pillar of my academic success. Am so blessed to have met you!

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OPERATIONAL DEFINITION OF TERMS

Strategic Management	It involves setting objectives, analyzing the competitive environment, analyzing the internal organization, evaluating strategies, and ensuring the roll out of the strategies across the organization.
Performance	This is the accomplishment of given tasks which needs the application of knowledge, abilities, and skills.
Commercial Bank	Financial institution which performs functions of accepting deposits from the public and giving loans for investments with aim of earning profits.
Strategy Formulation	Process of developing and reviewing a firm's goals, mission, and vision statements, hence, organization will then choose the most suitable courses of action to attain the set goals, vision statements, and missions.
Strategy Implementation	It is a process which puts plans and strategies into actions with the aim of attaining the desired goals.
Strategy Evaluation	It is the process that is used to determine the effectiveness of a particular strategy in attaining the organizational objectives.
Strategy Control	the process used by organizations to control the formation and execution of strategic plans
Strategy	A plan action designed to achieve a long-term or overall aim
Organization	An entity comprising one or more people that have a common purpose.

ABBREVIATIONS AND ACRONYMS

CBK	Central Bank of Kenya
CEO	Chief Executive Officer
EBS	Equity Building Society
KBA	Kenya Bankers Association
MBA	Master's in Business Administration
NGO	Non-Governmental organizations
R & D	Research and Development
RBV	Resource Based View
ROA	Return on Assets
ROE	Return on Equity
SWOT	Strengths Weakness Opportunity and Threats

ABSTRACT

The significance of strategic management in any company can be attained by having an extensive analysis of strategic management practices and the organization's performance. Using strategic management will cause a better effectiveness within companies. Additionally, the strategy will assist companies in obtaining competitive advantages in the market, thereby, outperforming their competitors. This study analyzed the effect that strategic management practices have on the performance of commercial banks in Thika town, Kenya. The research assessed the outcomes of formulating strategies on the performance of commercial banks in Thika, with the aim of determining effects of strategy implementation on performance of commercial banks in Thika town and the effect of strategy evaluation and control on the performance of commercial banks in Thika town. Organizational performance was assessed using non-financial and financial indicators. The research employed a census study method to select all the 14 active commercial banks in Thika town. This research chose Managers in-charge of Finance, Administration, Institutional Banking, Retail Banking and overall branch managers from each of the 14 commercial banks in Thika town, as the class of respondents from each bank which led to a total of 70 respondents, applicable data was gathered from 60 respondents from the commercial banks (representing 86%) response rate. Equally primary and secondary statistics were applied. Questionnaires were utilized in gathering primary data. The research tested reliability by Cronbach's Alpha Reliability test while content validity was evaluated using expert outlook. Secondary data was gathered from the yearly financial reports, website, journals, and other bank reports. The research used both descriptive and inferential statistics in analyzing the study and correlation and regression examination as significant logical models. A descriptive research design was used for this study and data was gathered using a questionnaire for collection of quantitative data. The data collected was input in excel and cleaned. Tables and charts were developed using MS excel. Data was then exported to SPSS Version.21 for analysis. The findings of the study has shown that a unit increase in strategy formulation led to a (0.528) increase in performance of commercial banks in Thika town; a unit increase in strategy implementation led to a (0.641) increase in Performance of commercial banks in Thika town; a unit increase in strategy evaluation and control led to a (0.693) in performance of commercial banks in Thika town, this implies that the most significant variable was strategy evaluation and control, followed by strategy implementation and finally strategy formulation in that order. Strategy evaluation and control stood out to be the most because it had a significant p value of (0.0412). In terms of magnitude, the findings indicated that all the variables were important as their P-values were less than (0.05). The study recommended further on look of strategic management practices as demonstrated to enhance performance and build a competitive advantage of the commercial banks in Thika town. Investors, top management teams, government, scholars, and academicians will greatly benefit from this study since it will offer great insights that will guide them in future.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The world is widely embracing globalization, and this is leading to the growth of a volatile and an unpredictable global business environment Achrol, (1991). The changes in commercial environment in regards to competing, technology, innovating, de-regulation as well as regulation continue to affect multiple banking institutions in a manner that they have to improve their business procedures to survive, which is proving to be increasingly competitive Ansoff, (1987). As such, the history of modern business discloses that multi-lateral corporations try to unlock value through bringing into line their structures to fit their strategies Kaplan & Norton, (2005). As a result, firms embark on embracing strategic changes so as to ensure the strategies they employ in their businesses conform to the prevailing environment, and eventually being at par with their activities as well as resources to the said environment Jarzabkowski & Whittington, (2008).

In attempts to sustain both internal and the external business pressure, banks are becoming innovative in all their processes so as to satisfy customer demands and equally offer products that are widely acceptable and profitable in their respective market niche. As Mintzberg (1987) asserts, organizations ought to be always vigilant in anticipating and implementing change to the very end. In addition, organization's ability to foresee change and manage its adaptation in a more acceptable and timely manner is a key success aspect for competitiveness as well as wealth creation for enterprises within economies. Moreover, Rossi, Lipsey and Freeman, (2004) notes that enterprises ought to learn adapt and equally conform to the dynamic environment if they are to remain competitive for a longer period as the environment continues to change. Such a process should be intentional and properly planned to lead to systematic readjustments amid the business

environment and an organization's strategic orientation that leads into improved performance and effectiveness.

Besides, Aosa (1992) asserts that a strategic problem usually arises in the event there is a mismatch between the organization and the business environment, usually orchestrated by failing to respond in time to changes as they occur in the environment. As Ansoff & Mac Donnel (1990) observes, strategic problems call for strategic responses. Further, strategic response refers to a set of actions as well as decisions that inform an organization to formulate and implement plans in regard to attain organizational objectives Pierce & Robinson, (2011) while Porter (2008) asserts that firms ought to understand the underlying origin of their competitive pressure so as to come up with an actionable agenda.

1.1.1. Strategic Management Practices

The term strategy has occupied a position in the world of business because of competition and a myriad of challenges enterprises are faced with, more so in market. Thus, as notes Mintzerg & Quinn (1988) there is a non-existent widely accepted definition for 'strategy'. Although, different narratives of the term are advanced by different authors in which one may understand the perception of strategy. For instance, Chandler (1962) refers to strategy as the process of putting in place long term goals as well as objectives within an institution, including acting plus resource allocation to realize set goals. For Quinn (1980), strategy is about plans or rather patterns whose aim is to integrate an institution's key goals, policies as well as action sequences into a unified whole. According to Schultz (2011) strategic management is a procedure that top firms carry out, seeking to provide guidance, course and boundaries for management. It is an official procedure used to govern the strategies for the firm (Thomson & Strickland, 2003). Strategic management is also referred to as an assortment of administrative pronouncements and activities that establish the longstanding performance of an enterprise (Johnson & Scholes, 2003).

According to the strategic management outlook which seeks to integrate business environment, Miles & Snow, (1978) describes strategy by the way a firm's products or rather services are strategically positioned in the environment. For Hill and Jones (2004), the basic aim of a strategy is achieving competitive advantage for organizations. Hence, a strategy helps firms to attain competitive advantage as well as profitability. Besides, Porter (1980) defines a strategy as a firm's deliberate inquiry into a proposal of action that helps in developing a business' competitive advantage and eventually compounding it.

For generic strategies, two distinct approaches are used to develop competitive advantage more so within a dynamic business environment: it may be through value addition for clients, who foot premiums that cover high costs, or through offering cost-based leadership that avails services as well as products at a relatively lower cost Porter (1980). In addition, Hill, and Jones (2004) stress on the need for institutions to 'fit' in its internal abilities as well as resources to its external conditions. Further, Quinn (1980) reveals that organizations with well formulated strategy helps a lot in marshalling and allocating a business' exceptional and viable image based on its internal competencies as well as shortcomings, projected changes within environment, and contingent steps initiated by opponents who work smarter.

Strategic management practices have three phases: Formulation, Implementation and Evaluation. Strategy formulation process is mainly having to develop or review an organization's vision, mission, and long-standing goals; through carrying out an external and internal scrutiny to single out the firm's strengths, weaknesses, opportunities and the threats (SWOT); developing and evaluation and a selection mechanism, and being able to select strategies that is in the best interest to strategically position the organization relative to the competitors (David, 2001).

Thus, in the process of strategy formulation, there is situational analysis that seeks to evaluate a firm's exterior and interior atmosphere to identify the SWOT. This is aimed at identifying a firm's strategic opportunities as well as threats that influences the path a firm adopts in pursuit of

its mission. For instance, Hill and Jones (2004) assert that three kinds of interrelated environments ought to be analyzed at this level. They include the most immediate atmosphere in which a firm operates, then, the wider macro environment. During internal analysis in the strategic management process, both strengths as well as weaknesses of a firm are analyzed. Thus, to build and equally sustain competitive advantage, a firm needs to attain quality, superior efficiency, innovation as well as responsiveness of their clients. Therefore, a firm's strengths lead a firm into attaining superior performance while weaknesses are translated into inferior performance.

Strategy implementation has to do with allocation of ideal and sufficient resources that will see to it that selected policies are finally accomplished well David, (2001). The major aim is seeing to it that strategies and policies passed are actualized into accomplishment through programs developed, budgets and processes. Further, Pearce (2011) observes that strategy implementation refers to the real action phase, or rather an actualization or the execution phase within an organization. Mostly, strategy implementation herald's strategy formulation in that the firms express their mission, objectives or rather goals after the implementation of the strategies.

Besides formulating strategies, firms also have a responsibility to implement the very strategies efficiently to realize its set goals. Most of times, implementation is associated to goal setting culture, where, the goal setting refers to the systematic culture that is usually associated with management objectives. Thus, implementation process usually helps in urging a company to act on its plans and often makes sure that the assignments are actualized in a way that achieves the organization's plans as outlined in the objectives Mintzberg, (2008).

Rossi (2004), describes evaluation and control as a rigorous, systematic as well as meticulous use of approved scientific approaches in assessing the design, implementing as well as improving outcomes of a firm's strategy. Mostly, this process needs a lot of resource from time to time, expertise, personnel, time as well as a relatively good budget. Moreover, Stufflebeam and

Webster (1980) refers to strategy evaluation and control as an analysis whose aim is to help firms to be able to assess their strategy's merits as well as worth. Here, the attention is based on facts and equally value laden judgments of the interventions' outcomes as well as their worth. Such process involves two distinct levels, tactical as well as strategic evaluation. The tactical approach to evaluation seeks to compare organizational performance against set plans and can identify changes that ought to be affected for smooth implementation of a firm's strategy. Its further entails having to review assumptions against what is taking place in the firm's environment. The aim is exposing strategic assumptions that are rendered inaccurate or rather those forecasted not to be accurate within a short term Ladato, (2014).

1.1.2. Firm's Performance

Performance measurement is the procedure that measures an action's effectiveness and usefulness Neely, Gregory and Platts, (1995). Performance gauging is the change of the intricate authenticity in performing among symbols that are organized and are related, while being relayed in similar situations Lebas, (1995) .In the existing business administration, performance gauging is viewed to be in a highly significant role associated to quantification and accounting Koufopoulos, Zoumbos and Argyropoulou, (2008).

Bititci, Carrie and McDevitt (1997) also echo this as they defined performance management as the procedure whereby the firm handles its performance to meet its functional and corporate policies and objectives. Furthermore, the organization's worth can be defined as the profits that are because of the organization's shares held by the shareholders Rouf, (2011). A business' performance is gauged through the financial statements that are released by the company. Subsequently, a good performing enterprise will strengthen administration for quality discovery Herly & Sisnuhadi, (2011).

A company's performance is evaluated in terms of Return on Assets as well as through the organization's sales growth ratios, which are translated into financial performance evaluation

ratios Majeed, (2011). For instance, Wang & Lo (2003) evaluated firm's excellence by use of efficient organizational internal processes. Thus, in this study, performance of the commercial banks in Thika was measured by accessing the firm's inputs relative to its outputs. This was arrived at by calculating sales return, the yield, Return on Investment, Market split, output, and the manufactured goods or rather services growth Wang & Lo, (2003).

1.1.3 Commercial Banks in Thika Town

The banking sector in the country for the past few years has registered a considerable improvement and growth. For instance, the sector was robust and equally stable, which led to an enhanced performance as at 2013 CBK- Bank Supervision Annual Report, (2013). This is backed by the growth of 15.9 % of the sector's total net assets as well as increased customer deposits of 13.5% in the very year.

As of 2013, there were 43 commercial banks, 1 mortgage finance, 6 microfinance institutions, 5 representative offices for foreign banks, 111 foreign exchange bureaus and 2 credit reference bureaus operating in Kenya Central Bank of Kenya, (2013). In Thika town, several commercial banks including Equity bank, Family Bank, Co-operative bank, Kenya Commercial Bank, Post bank and various micro financing institutions have established branches. Thus, Kenya's banking sector is dominated by commercial banks. Of the 83 commercial banks, 40 owned privately with 27 being local financial institutions while 13 are affiliated with foreign ownership, and 3 are public owned institutions Central Bank of Kenya, (2013).

Commercial banks hold a significant position in a financial system which avails credit that is needed for the country's economy. Besides having to work within guidelines put in place by monetary authorities, commercial banks through their various credit decisions strive to avail deposits that are used for effective supply of money that enhance operation of business activities. Hence, apart from their noble responsibility of providing financial requirements particularly to business entities, individuals and the government, commercial banks still have a responsibility

for guaranteeing deposit security Baughnv & Walker, (1997). Further, Ford (1989) reveals that bank strive to fulfill their responsibility as financial intermediary. This is to mean, they play an intermediary role as they help in moving finance from entities with surplus, although temporarily, to entities having a deficit. Simply put, banks do channel funds deposited by those whose accounts are credited to borrowers that operate in debit.

Commercial banks in Thika play an important role in Kenya's financial landscape as they have a wide variety of services to offer, which include but not limited to customer deposits, lending and accepting deposits. Banks act as a consultant because they offer consultation and giving advises to their customers, safekeeping, and trust. The banking sector players like any other organizations nationally are open systems which operate in stormy environments. For their continued survival, it will depend on the capability to secure a "fit" with the environment Central Bank of Kenya, (2010).

1.2 Statement of the Problem

Corporate strategy is to do with a firm's basic direction into its prospects; its aim, ambition as well as resources, and how well it utilizes such in interacting with the environment it operates in. Organizations having well-formulated and executed strategy benefits a lot. Such strategies offer a long-term roadmap for such firms, their ability to cope with change and equally enhances such firms to focus its efforts as well as resources towards achieving their strategic objectives Pierce & Robinson, (2011). Further, strategy helps firms in attaining competitive advantage in the market niche. As such, the firm is better placed to outperform their competitors Porter, (2008).

Thus, lately commercial banks, including those in Thika, are faced with a few challenges as well as risks in their daily operations should they lack appropriate strategy in place. Such risks usually trigger occasional systemic challenges. For instance, there is liquidity risk in the event many depositors happen to withdraw more than the bank's available funds. Also, there is credit risk; the likelihood of those owing the bank not to repay, and interest rate risk; the likelihood of the

banks being rendered unprofitable with the rising interest rates. Another challenge is failure of banks to gain competitive advantage within their area of operation CBK, (2017). These risks and challenges may render commercial banks into making losses and eventual closure in the event they lack a well formulated strategy and its eventual implementation and evaluation.

Thika town is an industrial hub. The main economic activities carried out include but are not limited to agricultural processing, particularly in horticulture and pineapple, coffee, cooking oils and processing animal feed. There are several other industries in Thika town such as motor vehicle assembly, textile – specifically cotton, wheat, macadamia nuts, manufacturing cigarettes, packaging, industrial chemicals, and tannery. There are more than 20 large scale factories and close to 100 smaller industries within and around the town. Another well represented industry in the town is the service sector as there is a significant growth of educational establishments and financial institutions. Municipal council of Thika, (2016)

There is growing pressure for commercial banks to meet performance targets from the government, and the customer's ever-changing needs and behavior, to cope. The industry drivers ought to have the ability of formulating strategy, implement the strategy and equally be able to evaluate and put in place necessary control measures for their strategy to harness enhanced performance. By so doing, commercial banks will be better placed to adopt, and restructure to challenge emergent constraints from the environment. Thus, whether commercial banks in Thika have laid down strategic management practices that influence its performance is subject to inquiry for this research.

A study by John Parnell (2006) focused more on implementation of competitive strategies by several banking institutions. Further, he examined generic strategies after twenty years, a re-conceptualization of competitive strategy. The result was that, building based on Porter's low cost differentiation mechanism, the study amalgamates researches on resource-based model of

the organization, and the proposed worth as well as controlling the market to the most outstanding aspects in formulation of business strategy.

Ultimately, from these previous studies, none of them addresses how commercial banks strategic management practices influence performance. Thus, this research sought to fill this knowledge gap in Kenya's banking sector. More so, little knowledge exists as regards how commercial banks formulates their strategy, implements, and evaluates their strategy from previous studies. Thus, this study sought to address a holistic concept of the bank's strategic management practices right from formulation through its evaluation and control and how such continues to influence its performance by beating odds in the sector to register a sustained and steady growth.

1.3 Research Objective

1.3.1 General Objective

The study sought to establish effects of strategic management practices on performance of commercial banks in Thika town, Kenya.

1.3.2 Specific Objectives

The research was guided by the below specific objectives:

- i) To investigate the effect of strategy formulation on the performance of commercial banks in Thika town, Kenya.
- ii) To establish the effect of strategy implementation on the performance of commercial banks in Thika town, Kenya.
- iii) To investigate the effect of strategy evaluation and control on the performance of commercial banks in Thika town, Kenya.

1.4 Research Questions

This study sought to answer the following questions:

- i) What effect does strategy formulation have on the performance of commercial banks in Thika town, Kenya.?

- ii) What effect does strategy implementation have on the performance of commercial banks in Thika town, Kenya.?
- iii) What effect does strategy evaluation and control have on the performance of commercial banks in Thika town, Kenya?

1.5 Significance of the Study

This study is essential to the succeeding categories of persons: Commercial banks' management: Results of this research will be of great guide to Commercial Banks' top management in evaluating how effective their strategic management practices influence performance. Also, the Industry players(banks) will benefit by identifying significant success aspects in the banking sector and use it as a benchmark to scale up the industry. Further, for Academicians, this study will serve as a stimulus for conducting further research in similar and associated sectors with a view of growing on the existing body of knowledge.

The study findings are also significant to managers of firms in other industries in Kenya as they will know the strategic management practices to put in place to suit into their unique company needs. Additionally, the research findings will avail a chance for comparing and assessing their strategic management practices with those of other firms within Kenya's banking sector. This will assist commercial banks to identify their strategic management practices' strengths as well as weaknesses.

Finally, the study will be an asset to the government and equally different agencies of the government like the CBK, auditors as well as NGOs dealing with budget plans. They will benefit by their ability to allocate resources that match their objectives as well as goals.

1.6 Scope of the Study

The study was carried out Thika Sub County and included all fourteen commercial banks within Thika town to figure out the consequences of Strategic Management Practices on Performance of Kenya's commercial banks in Thika town. The targeted population constituted of 70 respondents

including finance managers, Administration managers, retail banking manager, Institutional banking managers and branch managers of all the 14 commercial banks in Thika town. The justification for this study is because banks are considered as to be the lifeblood of modern economy.

1.7 Limitations of the Study

Limitations are inevitable in a study of this kind; hence findings of the study were interpreted with a considerable number of limitations. Firstly, it was very difficult for the researcher to get hold of the top managements of commercial banks for one-to-one interviews, however, this void was filled by the branch managers who answered the questions that were reserved for the CEOs. Due to the busy schedules of the respondents, the questionnaires were not filled within the stipulated timelines set out by the researcher, which lead the researcher to allocate more time for them to allow the respondents to fill the questionnaires. Another limitation was anxiety by the participants on the intended use of information collected, which lead to difficulties in collecting the desired information. The researcher however, dispelled these doubts by obtaining an official permit to proceed with the research from the bank head. The document was also used in conjunction with the consent that was issued by the researcher's institution.

The researcher assured the participants that the study will observe strict confidentiality regarding any information received from them, and that the research was primarily an academic process. Finally, the researcher found it a challenge to distribute all the questionnaires by themselves, hence proving it difficult to determine whether all the respondents understood all the questions in the same way. The research made a point of sitting with the branch manager as reference and go through the questioner with them to understand what is expected of the same. And if the respondents did not understand something, the manager would break it down for them.

1.8 Organization of the Study

The study was systematized into five chapters as follows: Chapter one had the introduction and the study of the background, it also focused on the problem statement, the study objectives, research questions, implication of the study, and the short-comings of the research. Chapter two highlighted a widespread literature review of the main research variables, the conceptual framework clearly indicating the relations that exist amid the independent and dependent variables under research. Chapter three unveils research methodology used, study design, procedures, target population, sampling design, tools for collecting statistics, data analysis systems and finally data exhibition. Chapter four provides an analysis of the study, findings and discussions. Chapter five discusses the summary, conclusions and recommendations that were made after the findings of the research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews the theoretic and empirical literature that is most appropriate to answer the study questions posed by the research. Under theoretical review, a few management theories aligned to the study are discussed. For the empirical review, the researcher introduces strategy formulation and performance, strategy implementation and performance, and finally strategy evaluation and control and performance. Lastly, is a diagrammatic conceptual outline proving the link amongst the studies' independent and the dependent variable.

2.2 Theoretical Review

The study is aided by theories that are common in the strategic management studies. They include Michael Porter five forces model, resource- based value theory, contingency theory, institutional theory, and the balance score card.

2.2.1 Michael Porter's Five Forces model

This model was established by Michael porter (1980). It is based on industry structure, organizational conduct as well as organizational performance that may be summed as, "structure-conduct-performance" mechanism Teece, (1984). As such, for effective analysis of any business environment, Porter's five forces model is fitting. As for Porter, five forces exist which influences a firm's performance within an industry. They include competition within the industry, a risk posed by new entrants, a risk to substitutes, buyer's bargaining power and the suppliers' bargaining power. Further, Porter asserts that an organization ought to establish a 'fit' position in its sector out of which they gain their competitive edge against market forces Porter, (1985).

Competition within a given sector amounts to rivalry among competing firms and it equally reflects the magnitude of competition of the rivalry firms in that industry. Enhanced competition within an industry tends to reduce the competitive nature of that very sector and as a result, the overall profits

tend to reduce. Threat by new entrants occurs in the event new competitors enter a given industry which in effect tends to reduce the market share as well as profitability of the already prevailing firms (Porter, 1985).

Threats of substitutes refers to scenarios in which products that serve similar needs are introduced in the industry hence affecting prices that organizations can charge profitably. Bargaining power of suppliers refers to scenarios where there is powerful suppliers with the ability to sell their services to organizations at increased prices or rather have the ability to reduce quality of their services or even goods without the firm's control. This eventually leads to reduced profitability of firms within such industry. Bargaining power of buyers refers to a scenario in which clients possess much power and as a result may influence quality, prices as well as service levels to their benefits. Equally, they may have ability to play firms against each other (Porter, 1985).

The theory is relevant to this research because it was used to analyze commercial banks' work environment that influences the strategic management practices to be adopted get an advantage competitively. Mostly, the model dwelled on banking industry structure, the conduct of firms within the industry and finally on how the organizations in this industry performed.

2.2.2 Resource- Based View Theory

This model was developed by Penrose (1959) and was afterward extended by a few scholars including, Wernerfelt's (1984), Rumelt (1984), Dierickx and Cool (1989) and ultimately Barney (1996). They differently explain and describe the impact that insubstantial resources and substantial resources have on organizations performance Crook et al., (2008). Schroeder et al (2002) state that the resource-based model amplifies the significance of the internal assets within the organization and the utilization of these assets in developing and establishing a strategy to accomplish viable benefits within the organization's competitive markets. The theory says that, an organization's internal ability dictates the strategic decisions it settles on in contending in its external surrounding.

This is in accordance with the impact that strategic management procedures have on how firms perform.

Kogut and Kulatilaka (2001) affirmed that abilities, assets, and information gained in due course present alternatives for prospect business investigation and provide an organization with control over its contenders. In the view of these facts, Loasby (2002) analyzed the perspective that acquisitions in assets and abilities are decisions settled on in the context of vulnerability and that it is the amalgamation of these aspects that make genuine alternatives significant.

Galbreath (2005) elucidated the contention of resources and abilities, stating that resources are what an organization possesses while abilities are what an organization carries out. Both have the aptitude to establish the foundation for both strategic plotting and long-term programming hence bringing about organizational financial achievement. To explicate the blend of resources and abilities deeper, Rogers and Wright (1998) endeavor to connect the fundamental resources of human labor and the degree of competency as well as the expertise portrayed by the personnel.

In the situation of the commercial banks in Thika town, the resource-based theory is was used to distinguish and investigate labor capabilities as well as the strategic programming frameworks that can facilitate commercial banks to oversee present schemes and seize prospect business possibilities, hence, expanding their portfolio.

2.2.3 Contingency Theory

This theory was developed by Lawrence and Lorsch (1967) in an experimental research displaying that the consequences of an organizational structure on relational financial performance were reliant on the environmental features. Contingency theory thus provides a fusion of two contradictory study standards in organization theory as both claim collective virtue.

Lawrence and Lorsch (1967) state that companies need to be both distinguished and combined to a degree of optimality, which was reliant on the uncertainty of the environment. A “contingent”

proposal is one which theorizes a restrictive collaboration of two or more independent variables which leads to a dependent result. Fry and Schellenberg, (1984).

The theory has subjugated the research of organizational design and performance in the past two decades. It is a highly complex and expounded approach that is compared to the universal effects perception since it believes that strength and course of the performance bearing on particular success factors are dependent on the environment Ferguson and Ketchen, (1999). The theory maintains that individual organizations familiarize to their environments. The environment is viewed as posing necessities for proficiency and innovation which a firm must adhere to, allowing it to survive and prosper Hage and Aiken, (1970).

Contingency theory is pertinent to strategic management since it authenticates the evaluation of both internal and external environments as a core procedure within strategic management. It highly impacts the strategic decisions as an enterprise concentrates on long-range sustainability and enhanced performance.

This theory holds view that there is completely not a best approach for managing organizations. As a result, firms ought to coil their management strategy depending on the prevailing condition and condition they experience. Hence, in the procedures of invention, implementation, and assessment of a strategy, these models are highly applicable during day to day organizational management as key tools that help in arriving at strategic as well as guided managerial decisions. Morgan, (2007)

This theory was be applicable to this study as during strategy formulation, implementation and evaluation, the industry environment is dynamic and from time to time, organizations are left no choice but to change strategy for it to fit in the prevailing environment. This led to re-allocation of resource, re-evaluation of environment of operation and making changes in the implementation plans to fit in prevailing situation that had not been planned for prior.

2.2.4 Institutional Theory

As advanced by Raynard (2015), the theory indicated that a significant percentage of strategic management research argue on two different fronts. It first argued that a manager's roles are inclusive of both internal and external conditions for companies which seek to create an impartial reality which will fall under assessment and scrutiny. Secondly, it argued that the hypothesis that organizational managers are inclined to behave in a highly articulate and critical way that befits their organization's world.

A portion of the essential standards of institutional hypothesis incorporates, firms are never autonomous operators that try to benefit from their financial potential yet they rather exist and fit in with a social snare of desires just as standards which control and similarly shape a company's administrative decision, social solutions are similarly diverted to firms through organs like the state, experts, proficient bodies, media, advisors and different elements with convictions just as thoughts concerning perfect administration attitude, social cures could be in the long run be "underestimated", for example, being regulated and accordingly, in this way getting intense to oppose or even modify. Raynard, (2015).

That, complying with social solutions and not taking care of 'task conditions' inevitably affects productivity just as other monetary parameters of execution, however, could improve a company's long-haul endurance possibilities. Hence, in the occasion an association is confronted with a few, potential clashing, rationales which lead to various blueprints, as it is dependent to institutional modernity; in circumstance which causes strain, struggle and similarly an association's precariousness. Finally, that few practically identical associations at one-point experience comparative social possibilities, for example, conventionalism, for the most part they grasp comparative techniques in blend with administrative game plans. This is known as the 'isomorphism' process Raynard, (2015).

Accordingly, institutional theory advocates accepted that there is an alternate allowance of believes that are based on expectations which encompass the attributes of social development, for example,

the exterior just as internal universe of associations is the direction that is expected by those working in a specific organization. Basically, organizational managers other than social benchmarks just as expectations impacting them, they view their reality unmistakably and similarly carry on therefore Raynard, (2015).

The hypothesis was legitimate in the research as it aided in clarifying the social remedies directors are confronted with in their work environments, that decides the sort of the management methodologies they select to acknowledge and actualize, in order to improve execution in their organizations.

2.2.5 Balanced Score Card Model

The model was developed by Kaplan and Norton (1991) and advanced by Shadbolt (2007). This model states, a balanced score card assists an organization in expanding their obsolete money related measures related to benchmarks that indicate execution in an association's significant non-monetary highlights. These features include an organization's outside association with their clients, their substantial internal procedures, and their learning points and growths. At the point when an association includes such execution measurements in the money related measurements, as they figure out how to understand their presentation and they become better sorted out through sticking to a deliberate system Shadbolt, (2007). Therefore, a score card served the organization's sophisticated tools which aid in coordinating and fine-tuning an organization's operations and businesses, through lining up activities that align with the company's strategy.

Hence, having an even score card is exceptionally dependent on four unique methodology to interpret an organization's momentary methodologies into long haul hierarchical objectives. Right off the bat, the score card helped in interpreting the association's vision. It has helped organizational heads to have an accord on the most ideal approaches to use in operational punch their organizations' vision. The score card is basic in conveying and connecting inside the firm. This is acknowledged by spreading a score card in the two bearings of descending and upwards on the

authoritative diagram. Along these lines, doing so will assist the association's arrangements with becoming effectively available to everybody in the firm. Thirdly, a decent score card is an ideal instrument utilized for arranging organizations in the firm. An association is in a superior situation in incorporating spending plan and vital arranging which ensures that the money related objectives promptly bolster the vital objectives. At long last, a reasonable score card is the best for accepting input finding a good pace purposes inside a firm (Harvard Business Review, Using the Scorecard as a vital Management System).

This specific hypothesis is pertinent in this study as it aided the commercial banks in Thika town to get input from their customers in view of their products and services. Through such, lessons were learnt and well-coordinated in the ensuing vital surveys for better administrations for their potential clients.

2.3 Empirical Literature Review

This section broke down the literature of this study that had been recently directed by different researchers. The substance incorporated a broad investigation of detailing methodology and execution, actualizing technique, and execution, lastly, assessing system control and execution.

2.3.1 Strategy Formulation and Performance

David (2001) in a study on Strategic Management Concepts contends that the process of strategy formulation mainly is to do with having to develop or review an organization's vision, mission, as well as long-standing goals; through carrying out an external and internal analysis to single out the firm's strengths, weaknesses, opportunities and the threats (SWOT); developing and evaluation and a selection mechanism, and being able to select strategies that is in the best interest to strategically position the organization relative to the competitors.

Thus, in the process of strategy formulation, there is situational analysis that seeks to evaluate a firm's exterior and interior atmosphere to identify the SWOT. This is aimed at identifying a firm's strategic opportunities as well as threats that influences the path a firm adopts in pursuit of its

mission. For instance, Hill and Jones (2004) assert that three kinds of interrelated environments ought to be analyzed at this level. They include the most immediate atmosphere in which a firm operates, then, the wider macro environment. During internal analysis in the strategic management process, both strengths as well as weaknesses of a firm are analyzed. Hence, to build and equally sustain competitive advantage, a firm needs to attain quality, superior efficiency, innovation as well as responsiveness of their clients.

Hill and Jones (2004) notes that, strategy formulation process comprises of six basic processes; determining a firm's objectives, evaluating the firm's environment, putting in place quantitative targets, establishing departments to be tasked with realization of set goals in accordance with divisional plans, performance analysis, and finally, strategy choice. This forms the final process during strategy formulation in which the most ideal and best strategy is arrived at having considered the firm's goals, strengths, potential, limitations, and the prevailing external opportunities.

Bakunda (2002) reveals that, strategic choice refers to the act of choosing a particular strategy among the several alternatives that serves to meet a firm's objectives. This essentially involves having to filter and eliminate strategy options while paying attention to a few. This is done by being guided with the selection factors, evaluating prevailing alternatives while following set criteria before arriving at the final strategy to implement. More significantly, given strategies will always be many; it is advisable that strategy choice process should be carried out scientifically guided by well-set criteria for purposes of surety that the ultimate strategy is the best.

Sutton (1998) revealed that commercial Banks scan their functional environment both external and internal so as to have an overview of prevailing external forces of change in order to come up with effective responses that cements its positioning into the future. Moreover, such scan is made to avoid surprises, know their threats as well as opportunities, and be able to gain competitive advantage while improving long- term as well as short term plans.

2.3.2 Strategy Implementation and Performance

David, (2001), Steiner, (1997) contends that strategy implementation is to do with allocation of ideal and sufficient resources that will see to it that selected strategies are finally executed well. The significant aim of this study is making sure that techniques and strategies passed are realized energetically through projects created, spending plans and strategies.

Watuka (2014) on the impact of strategic management procedures on the growth of commercial banks in Kenya, revealed that commercial banks formulate various performance and business growth strategies, for instance, differentiation, cost leadership, diversification, market penetration and product development strategies.

Pearce (2010) observes that strategy implementation refers to the real action phase, or rather an actualization or the execution phase within an organization. Mostly, strategy implementation herald's strategy formulation in that the firms express their mission, objectives or rather goals after the implementation of the strategies. Besides formulating strategies, firms also have a responsibility to implement the very strategies efficiently to realize its set goals.

Mintzberg, (2008) established that most of times, implementation is associated to goal setting culture, where, the goal setting refers to the systematic culture that is usually associated with management objectives. Thus, implementation process helped in translating an organization's strategies into action and sees to it that such assignments are actualized in a way that achieves the firm's plans as outlined in the objectives.

Hill & Jones (2004) postulates that after selecting a set of different strategies to enable a firm to attain competitive advantage as well as increasing performance, managers are tasked with the responsibility to actualize such strategies. Equally, Bakunda (2002) asserts that by the virtue that a firm selects a given strategy, it is not a guaranteed gate pass for such a strategy to succeed, what matters most is such strategy to be implemented effectively. For instance, a lot of good strategies fail to attain their intended purpose because of poor implementation. Thus, implementation is

significant as it lays the roadmap and visualizes in a precise manner how the strategic choice will be like in the long-term.

Bakunda (2002) divulges that the implementation procedure of a plan is dependent on issues like; whether the organization is developing a totally new strategy or whether it is just a modifying the existing one. Equally, it is dependent on aspects like; whether the organization is emerging or whether it is an old one in the market. Hence, implementation process includes the act of communicating the measurable corporate goals as well as corporate strategy; having to determine significant tasks that ought to be executed, assigning tasks to different departments within the firm and authority delegation

Summarily, the implementation phase involves; aligning initiatives, a new strategy may imply setting new priorities as well as new activities within the firm Bakunda, (2002). Each activity must be re-evaluated against its conformity with the new strategy. Also, align budgets and performances in departments that can be managed and actualized, then, performance controls are aligned to strategic goals in the entire firm, and in every division as well as staff. Thirdly, the structure has to be in conformity with the strategy by allowing provisions for cascading the strategy down and across the firm in a manner that supports efficient delivery of the strategy.

Hurbbad, (2009), puts emphasis on engaging staff in the whole process. This forms the basis as to why most organizational strategies never succeed as the management fails to get behind such strategies. Most staffs relax especially when not closely monitored to actualize the strategy. Also, some significant stakeholders in the process have little knowledge as regards the strategy to be implemented, a thing that may lead to strategy failure as they only rely on staff for implementation with their less input.

2.3.3 Strategy Evaluation and Control and Performance

According to Rossi (2004), evaluation and control is described as a rigorous, systematic as well as meticulous use of approved scientific approaches in assessing the design, implementing as well as

improving outcomes of a firm's strategy. Mostly, this process needs a lot of resource from time to time, expertise, personnel, time as well as a relatively good budget.

Stufflebeam and Webster (1980) refers to evaluation and control as an analysis whose aim is to help firms to be able to assess their strategy's merits as well as worth. Here, the attention is based on facts and equally value laden judgments of the interventions' outcomes as well as their worth.

Ladato (2014) reveals that such process involves two distinct levels, tactical as well as strategic evaluation. The tactical approach to evaluation seeks to compare organizational performance against set plans and can identify changes that ought to be affected for smooth implementation of a firm's strategy. Its further entails having to review assumptions against what is taking place in the firm's environment. The aim is exposing strategic assumptions that are rendered inaccurate or rather those forecasted not to be accurate within a short term.

Rue and Byars (1992) contends that an organization's performance is evaluated in terms of results. Performance as a terminology is to do with ascertaining a degree of achievement out of a set of operations in line with the firm's goals as well as objectives. Additionally, Sita (2003) reveals that such operations could be in place formally for purposes of monitoring and evaluating an organization's possibility to successfully attain the set goals, assess employees as well as stakeholders' responsiveness of the lessons learned, by adopting efficient structures, capital investments and systems.

Ittner and Larcker (2003) postulates that objective indicators that measure performance must be in place for monitoring processes as well as evaluating a firm's performance and change while reporting any deviations from the firm's expectations. Using such criteria, a firm can address contributors to failure and perfect on success scored. Further, performance measurement's aim is control and oversight over progress, recognize, reward performers as well as encourage and improve non-performers.

Caroline (2008) states that strategic management procedures and performance at Cooperative bank of Kenya revealed that, the bank just like other commercial banks uses strategies like cost leadership and market penetration to enhance performance and growth. Further, the research has discovered that strategic management procedures do influence commercial bank's performance as sales as well as profits for the bank increased during the period the bank embraced strategic planning practices.

2.4 Summary of Literature Review and Research Gaps

Although there has been little research on strategic management practices influencing commercial bank's performance, some other related studies in Kenya have been carried out. For example, an examination on the competition and effectiveness in the financial business done by Arrawati (2015), focused on the Indian market revealed the existence of an upward pattern for competition from 1996 and 2004, thereby later, the industry witnessed a decline in competition.

It came to the existence that competitive strategies tend to positively affect the banking industry's performance, efficiency and the opposite is also true. Further, Mathooko and Ogutu (2015) evaluated Porter's five competitive forces and similar attributes that affect choices of responding strategies that are employed by Kenyan public universities. It was established that Porter's five competitive forces mechanism highly affects universities' choice of responding strategies.

There are several other consequences such as; regulating as well as the changes in policies by the government, pressure from the stakeholder', modifications in the education segment, institutions' location, and the unethical responding strategies that have an effect on the choice of strategy that an institution chooses.

According to Kungu (2014), there are particular levels that competitive strategies achieve effectiveness in commercial banks such as the case of Equity bank Kenya, which proved that the institution uses several strategies such as; focus strategy, cost leadership strategy, combination

strategy, and differentiation strategy. It also brought to the limelight how the bank is remaining competitive in the banking industry in Kenya, through employing several organizational changes.

These studies have focused on the banking industry in Kenya; however, they have failed to highlight the different strategic management procedures that are in regards of formulating strategy, implementation strategy, evaluation strategy control which influences the commercial banks' performance. Therefore, this exploration is looking to fill this void through assessment of commercial bank's strategy plan, execution and assessment and control that impacts its presentation in the Kenyan financial industry.

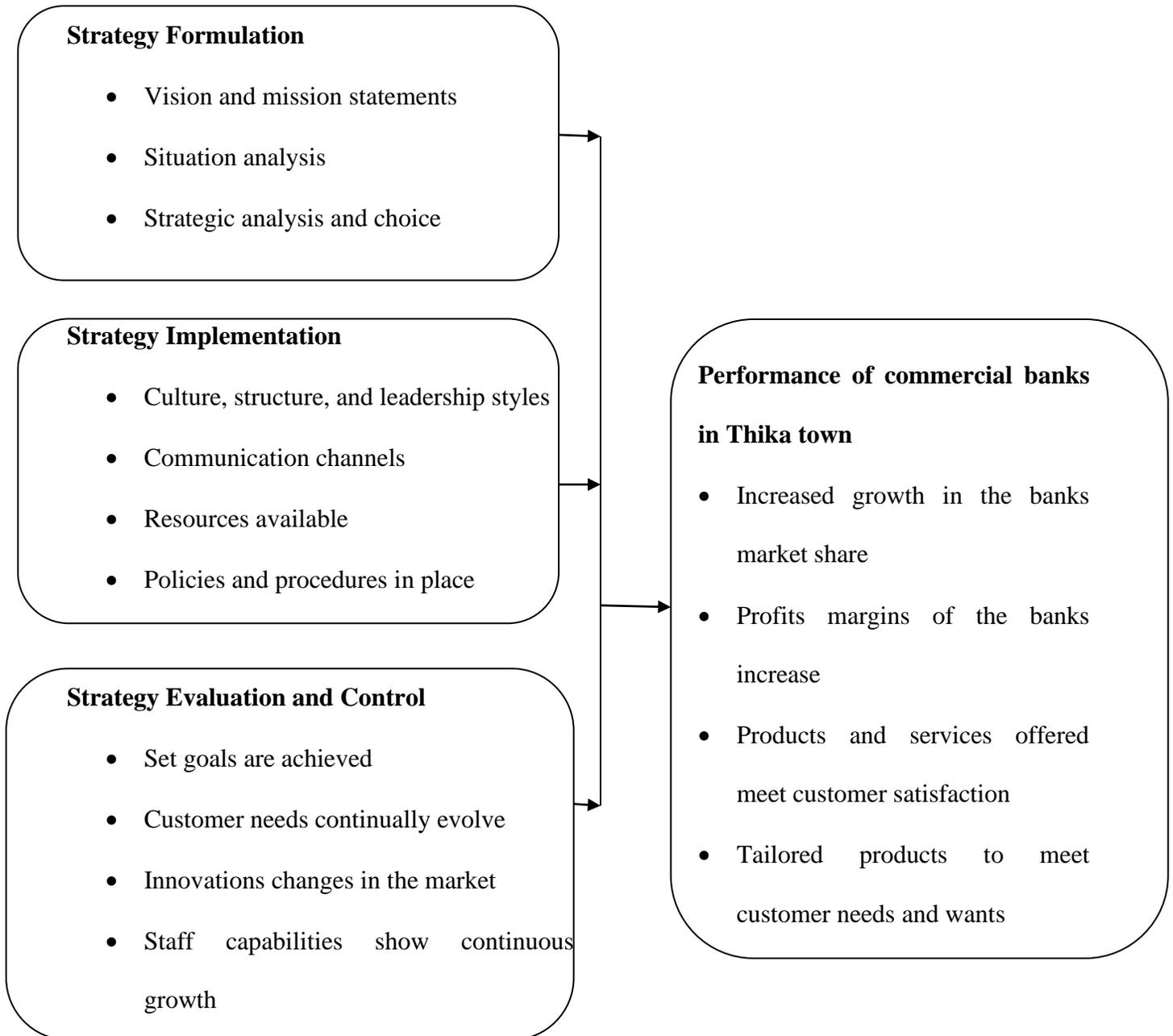
2.5 Conceptual framework

Mugenda (2008) defined conceptual framework as a succinct explanation of the occurrence under study supplemented by a graph representation of the main variable of the study. The dependent variable in the study was performance while independent variables included strategy formulation, strategy implementation, and strategy evaluation and control. Figure 2.1 shows the conceptual model on the connection between dependent and independent variables.

Figure 2.1 Conceptual framework

Independent variable

Dependent variable



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The section clarified the strategies of research that were utilized in the study. They incorporate; philosophical establishment of the research, research configuration, population size of the research, instruments utilized in gathering information, unwavering quality and legitimacy of information assortment instruments, information assortment method, dissecting information, and moral issues applied in the exploration.

3.2 Research Design

A research configuration is an instrument of design utilized by the researcher, thus getting answers to research about inquiries. As indicated by Cooper &Schindler (2008), the plot is the general scheme or program of the analyst which incorporates the outline of what the researcher does from formulating theories, operationalizing the study factors to the clearing up investigation of data. Furthermore, research design tries to give confirmation that the outcomes from the plan capture the reality and have elevated levels of legitimacy and unwavering reliability.

Considering the purpose of the research, a descriptive design is the instrument that was used for collecting information. Moreover, the researcher had the option to prepare for inclination since they had zero control as she was unable to have the authority to control the hypothesis. As indicated by Saunders (2009), the illustrative research design searched for explanations on the idea of specific relationships and examined the root impact connection between variables. If overviews are precisely directed, they frequently offer a speedy and exact methods for assessing data Zikmund, (2003). A review likewise attempts to quantify the social phenomena particularly on issues which are prevailing in a community.

3.3 Population of the Study

A population is the group which shares similar aspects out of which individuals or rather units of analysis are selected to be part of a study Mugenda & Mugenda, (2003). This study's population were Managers in-charge of Finance, Administration, Institutional Banking, Retail Banking, and overall branch managers from each of the fourteen commercial banks in Thika town. Thus, the target population constituted 70 respondents.

Table 3.1 Population of the Study

POSITION	NO OF RESPONDENTS	POPULATION PROPOTION
Finance manager	14	20%
Administration manager	14	20%
Institutional banking manager	14	20%
Retail banking manager	14	20%
Branch manager	14	20%
TOTAL	70	100%

Source: Research Information (2019)

According to the Banking Act (Cap 488) banking institution means an organization which carries on, or has proposed to carry on, the business of banking in Kenya with the exclusion of the Central Bank of Kenya. Their business includes accepting cheques, accepting money the public on deposit to be repaid within the expiry of a fixed timeline; accepting money from the public on payment and current account, and employing of money held on deposit or current account. Hence, since there were only 14 commercial banks in Thika town, a census approach was adopted.

3.5 Data Collection Instrument

The primary instrument that was used to collect data include questionnaires from strategic management studies that had researched on comparable variables with adjustments that were aimed in addressing specific objectives. The targeted respondents were Managers in-charge of Finance, Administration, Institutional Banking, Retail Banking, and Branch managers in each of the banks as they are believed to be more knowledgeable in the areas under study. Questionnaire design was based on literature that is relevant to the study. Additionally, it was administered by having personal interviews with the research sampled respondents to avail brilliant data in their departments.

Primary information was gathered through utilization of open and closed questions in achieving the research objectives since feedback was received directly from respondents. The importance of the open-ended questions is that it enables the respondents to give their responses liberally and freely, give more justification and back up their concepts. The close ended questions were a choose made from selections given. Some of the questions were coded to the five scale Likert design so that strength of view given can be measured as delivered by respondents of the study.

3.6 Pilot Testing

The pilot testing was undertaken with the objective to examine the validity of the questioners. Trained assistants were used to help in the pilot study. The key goal of the pilot study was to perceive any potential inadequacies exclusion and blunders in the questioner and dispense them earlier than its far utilized to accumulate the real facts. Brotherton, (2008)

A pilot study was carried out where 6 respondents were engaged for pilot study. As indicated by cooper and schindler (2003), pre-test gathering extend/start with 5 to 100 queries; however, it does not require being chosen statistically. Respondents chosen were based on convenience since measurable conditions were not mandatory for the pre-test.

3.7 Validity and Reliability of Research Instruments

3.7.1 Validity

Validity of an instrument relates to its ability to measure the constructs as purported. It arises since social sciences measurements are indirect (Mugenda and Mugenda, 2003). Validity considered the meaningfulness and precision of results which were constructed on answers from the study Bryman & Cramer, (2005). The three kinds of validity that were considered relevant for this research included construct, face, and content validities.

Face validity dealt with subjective evaluation of the validity of the measuring instrument by the researcher, hereafter, the range in which the researchers believed the research tool is suitable. This research relied on instruments which had been established in similar studies, and ideas that were developed from an extensive assortment of proper literature content validity was guaranteed by subjecting the questionnaire to a double check. This made sure that it covers all the important areas of the study. Finally, expert judgment was employed to confirm if theoretical dimensions emerged as conceptualized.

Construct validity was accomplished through operationalization of the factors in the research, to imitate the hypothetical expectations that strengthened the theoretical structure.

3.7.2 Reliability

Reliability is the measurement of the extent in which a research tool can provide unswerving results even after several trials and tests. Reliability focuses on the consistency of similar measures producing the same outcomes under similar conditions Crano & Brewer, (2002). A reliable indicator gives the full information which does not fluctuate because of the features of the instrument, indicator, or measurement design itself. Neuman (2006) found out that there exist three kinds of reliability: equivalence, stability, and representative.

Stability reliability has addressed the possibility of a measure either delivers a similar response across diverse periods or not as examined through the test-retest method. Representative dependability concerned sub-populations while addressing whether measures offer similar responses around diverse sub-populations. Lastly, equivalence reliability concerned several pointers, that is, the question of whether diverse indicators yielded constant answers. This study focused on the dependability by using Cronbach alpha statistical test. Tests were performed and results grounded for items found to be greater than 0.70 which represented a reasonably high internal uniformity. The Cronbach alpha coefficient normally ranges from 0 to 1 and the higher the coefficient, the more reliable the scale.

The questionnaire was piloted to three banks to determine whether the questions therein gauge the expected hypothesized variables in the conceptual framework. Participants were required to comment on the clarity and the period they would need to fill one survey, the last was then be adjusted based on the outcomes sourced from the pilot test and the finishing up variant was from there on evolved to be utilized in the study.

3.8 Data Collection Procedures

The researcher booked appointment a sample of the study at each branch and held a consultation session. Later, organized surveys were circled to every one of the respondents to fill. Sufficient time was allocated to the methodology before polls were gathered. The researcher also had six qualitative interviews with acknowledged groups of interest amid the informers seeking more information that would act as the accompaniment to the collected questionnaires.

3.9 Data Analysis and Presentation

Data analysis alludes to the arranging, requesting, taking care of and checking on information in order to find solutions to the research questions. Therefore, both information and data were exposed to checks for fulfillment. The questionnaires that were accurately filled had their information all around abridged, coded lastly arranged. Information was gathered in both

quantitative and subjective. Subjective information was examined by dissecting the substance and introduced in topics. Further, quantitative information was assessed utilizing clear insights, for example, mean and standard deviation. Likewise, inferential measurements were utilized remembering various relapse examinations for the type of tables, charts, and diagrams.

The regression model used is presented below

$$Y = a + bx_1 + bx_2 + bx_3 + e$$

Whereby:

Y = Performance

a = Commercial Banks in Thika town

b = The regression intercept demonstrating predictable worth of the dependent variable if all independent variables are zero

bx₁ = Strategy Formulation

bx₂ = Strategy Implementation

bx₃ = Strategy Evaluation and Control

e = Error term

Quantifiable data was demonstrated by utilization of graphic representation, frequency distribution tables which are strong, easy to calculate, comprehend and infer the results Saunders, (2009). The tables also helped to deliver an outstanding exhibition for easier comprehension and announcement Kumar (2008). Descriptive statistics in the practice of proportions, averages, and measures of dispersion was utilized to define, establish, and issue quantifiable data for simplicity of data exhibition. Additionally, graphic representation clearly brought it the pertinent features of set of data collected Gengler, klenosky and Mulvey (1995). A variety of inferential statistical measures were also used.

3.10 Ethical Consideration

During the briefing meeting, the researcher discussed with the respondent about moral issues that guided the research. For example, confidentiality affirmation of respondents and the data they gave, goals of the investigation, assent looking for before one participates in the examination and the criteria of withdrawal was talked about. Finally, the note worthiness of the investigation to the banking industry was also discussed.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This part gives an in-depth conversation of research discoveries, exploration as well as understanding. The survey's essential goal was to set up the impact of vital administration policies on the performance of Commercial Banks in Thika town. In endeavors to understand the research's objective, the researcher utilized the questionnaires during data collection to get fundamental information for the research.

4.2 Analysis of the Response Rate

The researcher looked to set up the response rate of the respondents in Thika town based commercial banks.

Table 4.1: Respondent's Response Rate

Response Rate	Frequency	Percentage
Attained Response	60	86%
Declined Response	4	6%
Pilot Study Response	6	8%
Aggregate Scores	70	100%

Source: Research Information, (2019)

From Table 4.1 above, the study was analyzed and obtained from sixty (60) out of the targeted seventy (70) respondents for the study. This is since there were 70 respondents, six (6) of the respondents were used to pilot test the questionnaire and thus were not included in the final study and the remaining four (4) declined to respond to the questionnaire. As such, the research's overall valid response rate was 86% which was substantial to offer both a reliable as well as a valid conclusion regarding the effect of strategic management practices on the performance of Thika town based Commercial banks.

From past studies, it is notable that surveys are related with low response rates. Along these lines, the questionnaire ought to be trailed by a point by point cover letter and cover page which will give guidelines with respect to the research subject, the researcher's and manager's details as this will expand the response rate (Balta, 2008). The present study followed a comparable procedure since this was expected to improve response rate.

While most researchers don't appear to concede to the satisfactory degree of reaction rate to frame the reaction rate for the research, Nachmias and Nachmias (2004) have pointed that a survey explores of low reaction rate that seldom goes above half. As needs be, they recommend that a reaction rate of 50% or more is acceptable and presents a decent reason for data analysis. Further, Mangione (1995) gave the accompanying classification of reaction rate: Over 85% magnificent, 70% - 85% generally excellent and 60%-70% satisfactory and underneath half not adequate.

The current study therefore falls under the excellent range as it attained 85.7% response rate. This is typical for research using senior managers as respondents and is not uncommon when focusing on commercial banks. Geletkanycz (1997) points out that it is typical in the United States to get response rates of 10%-12% for surveys that are mailed to CEOs. Indeed, the attained response rate represented not only a better response rate than that suggested by Geletkanycz (1997), but it

also provided better results compared to similar studies that have used smaller samples to draw conclusions.

4.3 Results of the Pilot Test

4.3.1 Reliability Analysis

In effort to ascertain the reliability of the instruments for data collection, the researcher used the inner reliability approach, which was calculated by use of SPSS. The pre-test constituted of questionnaires from six bank managers in-charge of finance, administration, institutional banking, retail banking and the branch manager for three banks, Cooperative bank, Eco bank and Credit bank in Thika town. The SPSS was used to analyze information obtained from the respondents. This was done in accordance to Cronbach’s alpha. Zinbag (2005) reveals that Cronbach’s alpha serves as a coefficient of reliability which provides a neutral estimation of generalizing research data.

Table 4.2: Reliability Results

Constructs	Cronbach’s Alpha Values	Comments
Strategy Formulation	0.772	Accepted
Strategy Implementation	0.821	Accepted
Strategy evaluation and control	0.761	Accepted

Source: (Research Information, 2019)

The above Table 4.2 reveals that the attained information was reliable since given that information acquired from the study’s independent’s variables revealed Cronbach’s alpha values between 0.751 to 0.821 that is beyond 0.75 thus validating Zinbarg’s (2005) assertion that any alpha coefficient above 0.75 which implies the collected information had moderately greater

interior uniformity and could be comprehensively applied in revealing estimates of entire respondents in the target population on the influence of strategic management practices on performance of Kenya's performance banks in Thika town.

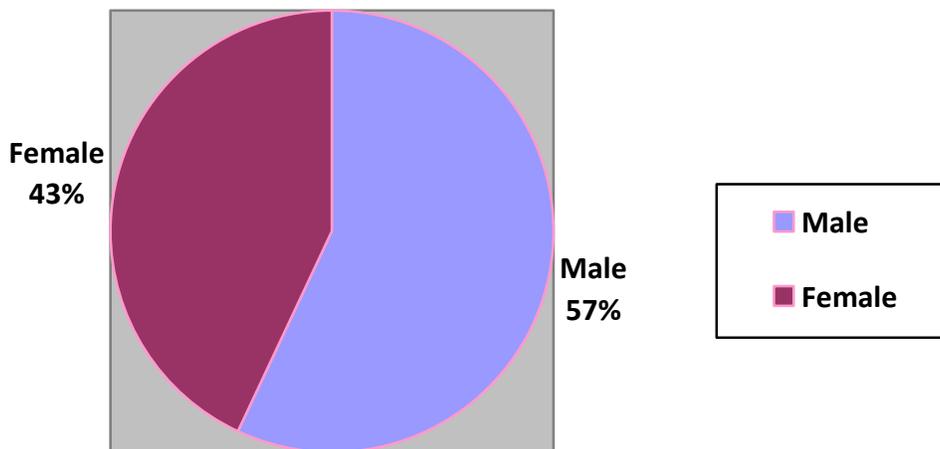
4.4 Respondent's Bio Data

During the study, the researcher sought to ascertain biographic information of respondents in terms of gender, age, education level and the years they served in their respective positions. This was in line with attaining the study objectives.

4.4.1 Gender of the Respondent

The researcher sought to establish the respondent's gender to ascertain the composition of respondents in terms of gender. Figure 4.1 below represents gender of respondents.

Figure 4.1: Gender of respondent



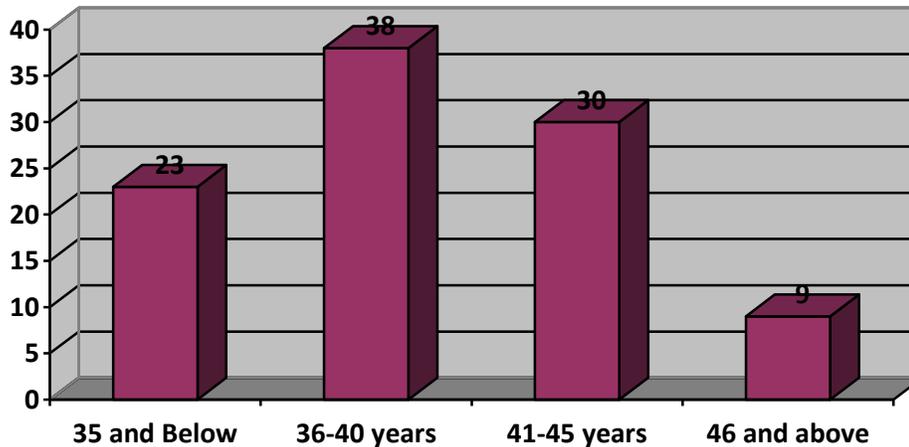
Source: Research Information, (2019)

Out of the respondents who took part in the survey, 34 were male while 26 were female. This is translated into 57% and 43% male and female respondents, respectively. This reveals that majority of management positions at Thika town based Commercial banks are occupied by the male gender.

4.4.2 Respondent Age Bracket

The study looked to discover the age group conveyance of the respondents. Figure 4.2 beneath shows the age section of respondents.

Figure 4.2: Age Bracket of respondents



Source: (Research Information, 2019)

Regarding the respondent's age, 14 responding managers were below 35 years, 23 responding managers were between 36-40 years, 18 responding managers were between 41-45 years while 5 responding managers were 46 years and above. Thus, this implies reveals that management responsibility at the Commercial banks in Thika is held by those whose age is a little advanced. Most of managers were 36 years and above.

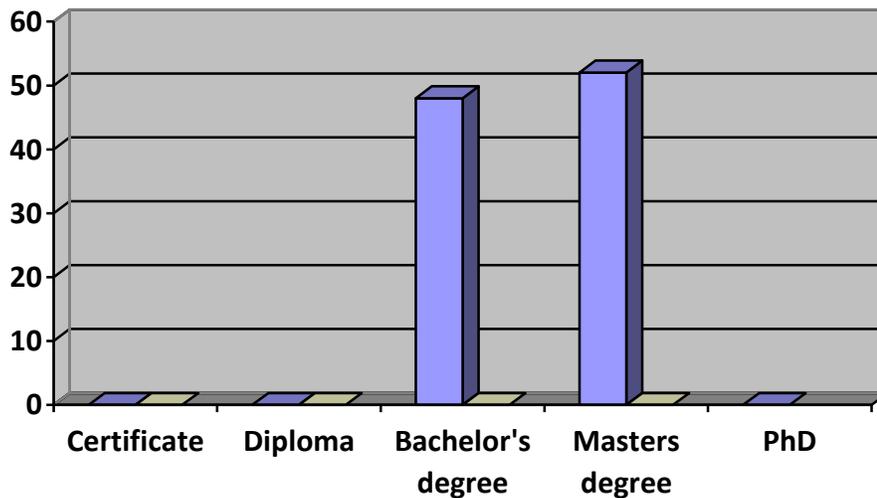
The finding consequently implies that the respondents were mature enough to deliver valuable responses that related to the effect of strategic management practices on the performance of commercial banks in Thika town, Kenya.

4.4.3 Education Level of Respondents

Additionally, the researcher sought to ascertain the education and training level of respondents in a bid to establish whether academic levels of respondents had an influence on strategic

management practices and the performance of commercial banks in Thika town. Figure 4.3 below reveals the education levels of respondents.

Figure 4.3: Respondent’s Education level



Source: Research Information, (2019)

Education-wise, out of respondents who participated in the study, none had a doctorate as their highest academic level, 31 had attained Master’s degree as their highest academic level and 29 had attained bachelor’s degree as their highest academic level. Equally, none of the respondents had Diploma and High School Certificate as their highest academic levels. This translates into 48% and 52% bachelors’ and masters’ holder, respectively. This implies most of management positions at Thika based Commercial banks are held by Masters’ holders.

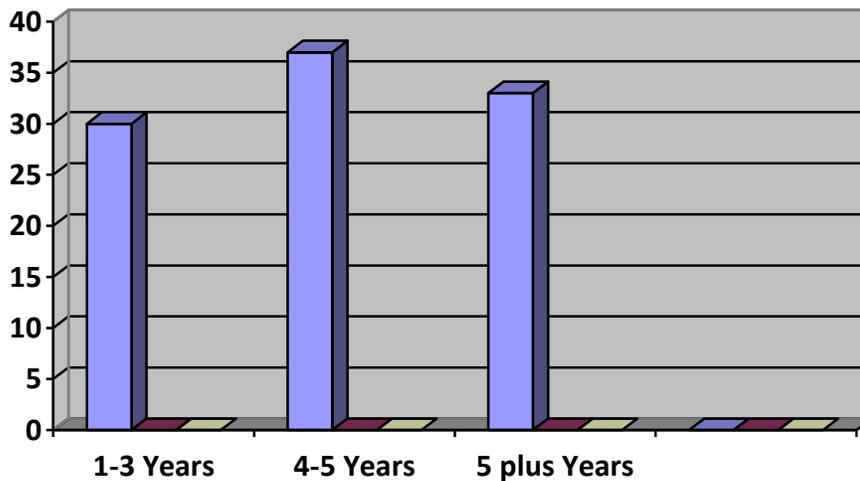
From the results, a big percentage of the respondents had the necessary academic qualification matching their employment description and can consequently be conclude that education level influences strategic management and performance of commercial banks in Thika town, Kenya.

4.4.4 Years of Service

Finally, the researcher sought to establish the respondents served in their respective banks.

Figure 4.4 below shows the respondent’s years of service.

Figure 4.4: Respondent's years of service



Source: (Research Information,2019)

Ultimately, regarding years of service, the survey revealed that 18 managers served between 1-3 years, 22 managers served between 4-5 years while 20 managers served for 5 and above years. This translates into 30%, 37% and 33.4% respectively. The survey thus revealed that none of the responding managers worked in their banking organization for less than a year and as such they all took part in strategic management practices In a study on the association between management and performance, Maria (2013) asserted that management depends highly on the experience of the management.

From the findings consequently, a big proportion of the respondents had work experience and therefor were greatly informative on matters pertain to strategic management practices and performance of commercial banks in Thika town.

4.5 Descriptive Analysis

This area presents a discussion of descriptive statistics of the different variables as employed in the study; strategy formulation, strategy implementation, strategy evaluation and control and the

performance of commercial banks in Thika town. Thus, a summary of the key features for the study variables is presented.

4.5.1 Strategy Formulation

Several aspects are put into consideration in the process of crafting organizational strategic plans. As a result, such plans bring about change in terms of organizational structure while influencing performance with time. This is mostly reflected in the vision as well as the organizational mission statements. The vision and the mission give birth to direction (goals) while explaining how such objectives are to be realized. The entire 14 commercial banks within Thika town revealed to be having Vision and Mission statements which act as a guide to realize their set objective.

The survey sought to ascertain the level to which strategy formulation and the tools used influence performance of Commercial Banks in Thika town. Table 4.3 below presents the findings

Table 4.3: Response on Strategy Formulation

	N	Mean	Std. Dev.
Our Vision Statements affects overall performance	60	4.6	0.82
Our Mission Statement affects overall performance	60	4.6	0.66
The Situation Analysis Process affects the overall performance	60	3.8	0.93
Strategic Choice applied by managers affect the overall performance	60	4.2	0.96
Strategic Analysis Tools applied affect the overall performance	60	3.6	0.85

Aggregate Scores

4.16

0.844

Source: Research Information, (2019)

As Table 4.3 above reveals on the influence of strategy formulation on Thika town based commercial banks' performance, most of responding managers revealed that vision statement together with mission statements come first with 4.6 as the mean. Strategic choice came second with a mean of 4.2, then followed situation analysis a mean of 3.8 and lastly was strategic analysis tools that had a mean of 3.6. Generally, strategy formulation's influence on performance among commercial banks in Thika town had 3.7 as the mean score. This reveals that, to a large extent, vision statements, mission statements, strategic choice, situational analysis, and strategic analysis during strategy formulation process influence the performance of commercial banks in Thika town. These study findings thus agree with David (2001) study on Strategic Management Concepts who asserts that strategy formulation in the strategic management practice majorly involves development of vision and mission statements, carrying out strategic analysis and choice after conducting SWOT analysis and finally settling at strategies that attract competitive edge over competing firms.

Additionally, the findings are in line with Hill & Jones (2004) who contends that the process of strategy formulation involves six key processes; determining objectives of a firm, scanning environment, carrying performance analysis, setting quantitative targets, putting in place key departments for management of the process and finally, the strategy choice which eventually influence a firm's performance. Finally, the study outcome is equally in line with the Reynard's institutional theory of 2015. Accordingly, Raynard (2015) reveals that managers are faced with social prescriptions during strategy formulation, SWOT analysis process in order to arrive at best strategies to implement in order to enhance performance of their respective firms

Table 4.4: Response on analytical tools' Influence on Performance

	N	Mean	Std. Dev.
Our Vision/ Mission statements have a positive effect on the overall performance	60	4.5	0.97
PEST & PESTEL analysis have a positive effect in the overall performance	60	4.1	0.68
Porter's five forces have a positive effect in the overall performance	60	4.4	0.76
Benchmarking has a positive effect in the overall performance	60	4.3	0.89
SWOT analysis has a positive effect in the overall performance	60	4.6	0.82
Value Chain Analysis has a positive effect in the overall performance	60	4.0	0.71
Aggregate Scores		4.31	0.805

Source: Research Information, (2019)

Still in line with strategy formulation, Table 4.4 above on analytical tools used during strategic management and their influence on performance of Thika town based commercial banks, majority of responding managers indicated that SWOT analysis as first with a mean score of 4.6, then, followed vision/mission statements with a mean score of 4.5, third was Porter's five forces with a mean score of 4.4. Fourth placed was benchmarking that had a mean score of 4.3, fifth placed was PEST & PESTEL with a mean score of 4.1 and finally was value chain analysis at number six with a mean score of 4.0. This outcome thus indicates that, the above analytical tools (vision/mission statements, PEST & PESTEL analysis, Porter's five forces, benchmarking,

SWOT analysis and ultimately value chain analysis) employed by commercial banks in Thika town influence their performance to a large extent. Equally, outcome coincides with that of David (2001) who eludes that strategy formulation process encompasses SWOT analysis as well as application of other tools mentioned above in evaluating organization's interior and exterior atmosphere during strategy formulation.

4.5.2 Strategy Implementation

During strategy implementation, plans as well as strategies are actualized so as to realize set goals. The process involves having to assign duties and setting timelines which assists firms to attain its respective goals. The researcher identified various strategy implementation tools that ultimately influence organizational performance. The responding managers were then requested to give a rating on the extent to which they influenced performance of commercial banks in Thika town.

As such, the survey aimed to establish whether Thika town based commercial banks performance was influenced by the following strategy implementation tools. Table 4.5 below presents the findings.

Table 4.5: Response on Strategy Implementation Tools' influence on Performance

	N	Mean	Std. Dev.
Organizational Culture have a positive effect on performance	60	4.3	0.96
Organizational structure in place have a positive effect on performance	60	4.1	1.16
Leadership styles in the organization have a positive effect on performance	60	4.3	0.82
Communication channels in the organization	60	4.2	1.04

have a positive effect on performance			
Organizational resources have a have a positive effect on performance	60	4.3	0.77
Policies and procedures adapted have a positive effect on performance	60	4.2	0.81
Aggregate Scores		4.23	0.93

Source:(Research Information, 2019)

Based on Table 4.5 above on strategy implementation tools influencing performance among commercial banks in Thika town, majority of respondents revealed that to “large extent” the tools applied influence performance, followed by to “very large extent”, then to “small extent” and finally those that were “not sure”. In overall, majority of the responding managers revealed that the use of above tools during strategy implementation to a large extent influenced performance in their respective banks.

4.5.3 Strategy Evaluation and Control

Strategy evaluation and control happens to be the ultimate stage during strategic management. The aim of this phase is to ascertain whether a chosen strategy realizes the set goals of a given organization. Mostly this is achieved through constant review of both organizational external and internal factors, measurement of performance as well as taking corrective actions.

The study sought to ascertain the level to which strategy evaluation and control influenced the performance of Thika town based commercial banks. Table 4.6 below presents the findings.

Table 4.6: Response on Strategy Evaluation and Control’s influence on Performance

	N	Mean	Std. Dev.
Set goals and objectives have been achieved and have increased on performance	60	4.2	0.69
Customer needs have evolved hence there is a notable increase on performance	60	3.6	0.53
Innovation changes have been embraced, hence, increasing on performance	60	4.1	0.62
Capability growth has been achieved hence, increasing on performance	60	4.5	0.81
Aggregate Scores		4.1	0.57

Source: (Research Information, 2019)

In regard to evaluation and control and its influence on performance in Table 4.6 above, attainment of capability growth was identified as the most influencing factor on performance with a mean of 4.5, the followed the attainment offset goals and objectives with a mean of 4.2, thirdly was embracing of innovation changes with a mean of 4.1 and lastly was evolved customer needs with a mean of 3.6. Generally, the outcome implies that evaluation and control influences performance among Thika town based commercial banks.

4.5.4 Performance

Additionally, the survey aimed to ascertain whether commercial banks within Thika town were performing. Strategy success at the banks was thus accessed in terms of growth, return on investment, profitability, customer satisfaction, and low employee turnover and branch growth.

Table 4.7 below presents the findings.

Table 4.7: Response on Strategy Success Measure in Thika town based Commercial Banks

	N	Mean	Std. Dev.
Growth	60	4.1	0.82
Return on Investment	60	4.2	0.79
Profitability	60	4.3	0.81
Customer satisfaction	60	4.0	1.06
Low employee turnover	60	3.9	1.14
Branch growth/ expansion	60	4.3	0.96
Aggregate Scores		4.1	0.93

Source: (Research Information, 2019)

As revealed in Table 4.7 above, on performance measure at commercial banks within Thika town, most of the responding managers indicated profitability and branch growth/ expansion as number one performance measures with each a mean of 4.3. Then it followed with return on investment that had a mean of 4.2, thirdly was general growth with a mean of 4.1. At number four was customer satisfaction with a mean of 4.0 and lastly number five was low employee turnover with a mean of 3.9. This implies that, as much as performance at Thika town based commercial banks was mostly realized through profits and through branch growth/ expansion, other measures that were used to measure performance included return on investment, growth, customer satisfaction and low employee turnover as revealed in the above table.

4.6 Inferential analysis

Table 4.8: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.435 ^a	0.692	0.831	1.680

Source: Research Information, (2019)

- a. Predictors: (Constant), strategy formulation, strategy implementation and strategy evaluation and control.
- b. Dependent Variable: Performance of commercial banks in Thika town.

R value as shown in the above table is 0.435 which shows existence of a positive correlation between strategic management practices and the performance of commercial banks in Thika Town. Besides, R square (R^2) of 0.692 indicates that 69.2% of the prevailing variations on commercial banks performance in Thika Town are explained by strategy formulation, strategy implementation and strategy evaluation and control, while the remaining 30.8% are attributable to other elements which are completely separate from the model as put in place by the commercial banks to enhance their performance. As such, additional studies ought to be carried out so reveal the other attributes (30.8%) that affect the performance of commercial banks in Thika town.

Table 4.9: ANOVA of the Regression Model

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	24.000	5	5.883	6.001	.000 ^a
	Residual	41.206	46	0.926		
	Total	65.206	51			

Source: Research Information, (2019)

- a. Predictors: (Constant) Strategy Formulation, Strategy Implementation and Strategy Evaluation and Control.
- b. Dependent Variable: Performance of Thika town commercial banks.

According to the ANOVA table above, the F. statistic = 6.001 as shown above. Given that the calculated appears greater than the F statistic, it implies that the model is statistically significant. Therefore, there is strong evidence that the regression results are statistically significant and the variation in the results is insignificant, hence, in case of change in the study units (population), there will not be much difference. This study is in agreement with a study by Muogo (2013) that reveals that, practicing strategic management has a positive and significant relationship to employee's performance while its realization had amplified organizational productivity more so for the manufacturing firms and equally enhances the firms' structural development. Besides, Oswago (2018) equally reveals exercising strategic management ideals enhances a firm's performance in terms of sales volume, profits, and general organizational growth. Finally, the study finding also agrees with Nyanaro & Bett (2018) whose findings reveal a strong correlation

between strategic planning and performance of commercial banks that ultimately contributes to growth and increased productivity of commercial banks.

Table 4.10: Coefficient of Regression Equation

Model	Unstandardized		Standardized		
	Coefficients		Coefficients		
	B	Std. Error	Beta	T	Sig.
1 (1 Constant)	1.381	0.452		2.752	0.0102
Strategy formulation	0.528	0.163	0.4020	3.326	0.0320
Strategy implementation	0.641	0.141	0.3953	0.617	0.0103
Strategy evaluation & Control	0.693	0.125	0.5163	0.712	0.0412

Source: Research Information, (2019)

- a. Dependent Variable: performance of commercial banks in Thika town. In the above table, regression analysis reveals that by considering all factors (strategy formulation, strategy implementation and strategy evaluation and control) constant at zero influence of commercial banks performance in Thika town led to 1.381.

The results above reveal that when all the other independent variables are at zero, a unit upturns on strategy formulation led to 0.528 increases in the performance of commercial banks in Thika town, while a unit upturns on strategy implementation led to 0.641 increases in the performance of commercial banks in Thika town, and a unit upturn on strategy evaluation and control led to 0.693 increases in the performance of commercial banks in Thika town. As such, it can be revealed that the most significant variable was strategy evaluation and control, then strategy

implementation and finally strategy formulation. Besides, strategy evaluation and control emerged as the most significant variable with a significant p value of 0.0412.

Regarding magnitude, the results revealed that the entire variables remained significant as their P- values were less than 0.05.

The established optimal model for the study was:

$$Y = 1.381 + 0.528X_1 + 0.641X_2 + 0.693X_3 + e$$

4.6.1 Effect of Strategy Formulation on Performance

The first hypothesis of the study was that Strategy Formulation has no statistical significance to performance of Thika town based commercial banks. According to the findings of the study, strategy formulation had a P-value of 0.0320 that was below the significance level of 0.05. Hence, based on the guiding principle of significance, the study rejects the null hypothesis and goes ahead to conclude that strategy formulation has a significance influence on the performance of commercial banks in Thika town.

Therefore, the study outcome agrees with a study carried out by Mulei (2016) which reveals that a positive correlation exists between strategy formulation practices on the growth and performance of NIC Bank. That, the kind of strategies formulated and aligned to a bank's vision, mission statement and to the objectives greatly influences a bank's growth and performance. Also, David (2001) on Strategic Management Concepts who asserts that strategy formulation in the strategic management practice majorly involves development of vision and mission statements, carrying out strategic analysis and choice after conducting SWOT analysis and finally settling at strategies that attract competitive edge over competing firms.

4.6.2 Effect of Strategy Implementation on Performance

The second hypothesis of the study was Strategy Implementation has no statistical significance to the performance of commercial banks within Thika town. According to the findings of the study, strategy implementation had a P-value of 0.0103 which is below the significance level of

0.05. Thus, as guided by the principle of significance, the study rejects the null hypothesis and moves on to conclude that strategy implementation have a significance influence on the performance of commercial banks within Thika town.

The research findings thus agree by Njagi and Kombo (2014) who carried out a study to establish the effect of strategy implementation on performance of commercial banks in Kenya. It revealed that a strong correlation exists between strategy implementation and commercial bank's performance. Additionally, Blahova and Knapkova (2011) reveals that successful implementation of an organization's strategy enhances its performance. Finally, in a study carried out on Nigerian banking sector by Omotayo, Michael and Andre (2018) further agree with this study as it revealed a strong relationship exists between a bank's strategic planning and corporate performance.

4.6.3 Effect of Strategy Evaluation and Control on Performance

The third and final hypothesis of the study was that Strategy Evaluation had no statistical significance to the performance of commercial banks in Thika town. Based on the findings, strategy evaluation had a P-value of 0.0412 that was less than the significance level of 0.05. As such, according to the guiding principle of significance, the study rejects the null hypothesis and concludes that strategy evaluation has a significance influence on the performance of commercial banks in Thika town.

Therefore, the results agree with a research by Muiruri (2017) that says that having in place strategy evaluation practices that follow significant procedures tend enhance an organization's performance. Raynard (2015) reveals that managers are faced with social prescriptions during strategy evaluation, SWOT analysis process in order to arrive at best strategies to implement in order to enhance performance of their respective firms. Finally, Hill and Jones (2004) who contends that the process of strategy formulation, strategy implementation and evaluation and control involves six key processes; determining objectives of a firm, scanning environment,

carrying performance analysis, setting quantitative targets, putting in place key departments for management of the process and finally, the strategy choice which eventually influence a firm's performance.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This section presents a summary of study findings, presents conclusions in accordance with the findings and ultimately makes appropriate recommendations as well as insights into further areas for future research.

5.2 Summary of the Study

The researcher's general target was to build up the impact of strategic administration practices on the performances of business banks in Thika town. The significant study discoveries are condensed right now in this section. It traces the outline of the results in accordance with the objectives of the study.

5.2.1 Strategy Formulation on Performance

The finding indicated that strategy formulation does help the banks in Thika town to define strategies which play a big role in helping the organizations to perform better than competitors. It was also clear that strategy formulation does allow the banks to plan their capital budgeting. Banks collect and examine information about its external environment before making any form of decision. Evidently, most responding managers revealed that “vision and mission statements” were instrumental in the strategy formulation as they had the highest mean score of 4.6, followed by strategic choice at 4.2, then situational analysis process at 3.8 and finally strategic analysis tools at 3.6 thus affirming the fact that strategy formulation influences the performance of commercial banks in Thika town.

Subsequently, as per the outcomes, the speculation that: system formulation strategies have no impact on performance of commercial banks in Thika town, Kenya, was dismissed.

5.2.2 Strategy Implementation on Performance

Additionally, the research ascertained that commercial banks within Thika town equally embrace strategy implementation practice and the strategies are broadly communicated to the members of staff. The findings further indicated that the banks strategies are matched to the organizational structures in place and the resources allocated to strategy implementations are satisfactory. Evidently, most responding managers revealed to a large extent that, ‘organizational culture influence’, ‘leadership styles’ and ‘organizational resources’ influences strategy implementation as they had the highest mean score of 4.3 each therefore affirming the fact that strategy implementation influences the performance of commercial banks in Thika town.

Hence, according to the results, the hypothesis that: Strategy Implementation practices have no effect on overall performance of commercial banks in Thika town, Kenya, was rejected.

5.2.3 Strategy Evaluation and control on Performance

It is through strategy evaluation that the banks can identify which corrective actions are necessary to bring their performance back in line with set objectives. This goes ahead to create an opportunity for the banks to create a new set of goals and objectives that reflect the progress and challenges the business is facing. Clear communication channels within the banks exist which at the long run enable the banks to evaluate their performance. The findings agree with those of responding managers in regard to strategy control and evaluation where, ‘attaining capability growth influences performance’ had a mean of 4.5 while ‘attaining set goals influences performance’ had a mean of 4.2 thus affirming that strategy evaluation and control influences the performance of commercial banks in Thika town.

Hence, according to the results, the hypothesis that strategy evaluation and control has no effect on performance of commercial banks in Thika town, Kenya was rejected.

5.3 Conclusions of the study

The research ultimately arrived at a conclusion in respect to strategic management practice i.e. strategy formulation, strategy implementation and strategy evaluation and control on performance of commercial banks in Thika town.

5.3.1 Strategy Formulation on Performance

Regarding strategy formulation, the investigator ascertained that the management of commercial banks in Thika town is guided by the banks' mission statements in shaping their respective organizational cultures. Further, the vision for the banks offers a direction where the banks intend to move towards. All investment decisions are made under guidance of the vision. Strategy formulation equally enables the commercial banks to plan for their capital budgeting. Therefore, the researcher found that the relationship between strategy formulation and the performance of commercial banks in Thika town was found to be positive and hence, statistically significant ($P=0.528$)

5.3.2 Strategy Implementation on Performance

The researcher established that commercial banks in Thika town allocate sufficient resources to their respective strategy implementation. This is done with an aim of attaining high performance. It was ascertained that commercial banks' strategies are implemented while guided by the institution's objectives and expected outcomes. Moreover, there were motivational structures within commercial banks in Thika town whose aim was to ensure all strategies being implemented succeeded. Further, the study revealed that a positive and statistically significant association existed between strategy implementation and the performance of commercial banks in Thika town, where ($P=0.641$).

5.3.3 Strategy Evaluation and Control on Performance

Besides, the study outcome revealed that strategy evaluation opens an avenue for commercial banks in Thika town to craft new goals which reflected progress as well as challenges the institutions faced. Further, evaluation process was ideal as it acted as an avenue for adjusting and overcoming challenges to realize enhanced performance. Thus, the researcher established a positive and statistically significant correlation between strategy evaluation and the performance of commercial banks in Thika town, where ($P=0.693$).

5.4 Recommendations of the study

The research recommends that Thika town based commercial banks should invest heavily in their strategic management practices (strategy formulation, implementation, evaluation and control) in order to have strategies that are equally strong as well as watertight for enhanced bank performance.

The research found out that banking sector among commercial banks in Thika town is dynamic and depends on the environment. Thus, for survival's sake in such competitive atmosphere, commercial banks should embrace strategies that render them competitive in the market. Therefore, the researcher recommends that the banks should carry out an extensive and clear articulate environmental scanning of the weaknesses and opportunities in the environment.

The study also reveals that the banks have adopted inclusion of an emerging and evolutionary process. This is where banks encounter a process that was not initially in the plan, but since it meets the overall objective and is useful, the process is included. Senior management should therefore not be limited to laid down theories but allow for flexibility when coming up with strategies for their institutions.

5.5 Suggestions for Further Research

The study objective was to evaluate the effect of strategic management practices on performance of commercial banks in Thika, Kenya. The researcher recommends that more research studies should be carried out to instate if conclusions made out of the research remain relevancy towards other business and companies in other towns in Kenya , since from this study the model is still relevant in shaping competition and performance in the banking sector.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

This questionnaire aims at establishing strategic management practices that influence performance of commercial banks in Thika town, Kiambu County. Kindly respond to all the questions with utmost accuracy as this will be crucial to the success of the research project.

PART A: BACKGROUND; RESPONDENT AND COMMERCIAL BANK

Tick [√] where appropriate

1. Bank name _____

2. Gender

Male

Female

3. What is your highest level of education?

High school certificate

College diploma

Bachelor's degree

Master's degree

Doctorates

4. Year of service in your current organization.

1-3 years

4-5years

More than 5 years

5. Age of respondents

Less than 35 years

35- 40 years

41- 45 years

More than 45 years

6. Indicate your management level.

Finance manager

Administration manager

Institutional manger

Retail banking manager

Branch manager

PART B: STRATEGIC MANAGEMENT PRACTICES

Strategy Formulation

For each of the following statements, please indicate by ticking whether you agree with them in relation to strategy formulation practices influence on overall performance in your organization using the below rating scale

Strongly agree (5), Agree (4), Tend to agree (3), Disagree (2), Strongly disagree (1) (kindly tick [√] where applicable)

Statements	5	4	3	2	1
1. Our vision statements affect the overall performance in our organization					
2. Our mission statement affects the overall performance in our organization					
3. The situation analysis process affects the overall performance in our organization					
4. Strategic choice applied by managers affect the overall performance in our organization					
5. Strategic analysis tools applied affects the overall performance in our organization					

To what extent do you believe the below listed analytical tools used in strategic management planning have a positive effect in the overall performance in your organization. Using the rating scale, tick the extent that best describes your response.

Very large extent (5), Large extent (4), Not sure (3), Small extent (2), Not at all (1). (kindly tick [√] where applicable)

Strategy Management Analytical tools	5	4	3	2	1
1. Vision and mission statements					
2. PEST & PESTEL					
3. Porter's five forces					
4. Benchmarking					
5. SWOT analysis					
6. Value chain analysis					

Strategy Implementation

To what extent do you believe the following strategy implementation tools have a positive effect the overall performance of your organization? Using the rating scale, tick the extent that best describes your response.

Very large extent (5), Large extent (4), Not sure (3), Small extent (2), Not at all (1). (kindly tick [√] where applicable)

Strategy Implementation Tools	5	4	3	2	1
1. Organization culture in place					
2. Organization culture in place					
3. Leadership styles in the organization					
4. Communication channels in the organization					
5. Organization resources					
6. Policies and procedures adopted					

Strategy Evaluation and Control

To what extent do you believe the following strategy evaluation and control measures achieved have increased performance in your organization? Using a rating scale, tick the extent that best describes your response.

Very large extent (5), Large extent (4), Not sure (3), Small extent (2), Not at all (1). (kindly tick [√] where applicable)

Strategy evaluation and control measures	5	4	3	2	1
1. Set goals and objectives					
2. Evolved customer needs					
3. Embraced innovation changes					
4. Capabilities growth					

PART C: PERFORMANCE

To what extent do you attribute Strategic management practices success to the following performance measures? Using a rating scale, tick the extent that best describes your response.

Very large extent (5), Large extent (4), Not sure (3), Small extent (2), Not at all (1). (kindly tick [√] where applicable)

Measures	5	4	3	2	1
Growth					
Return on Investment					
Profitability					
Customer Satisfaction					
Low employee Turnover					
Growth (Branch expansion)					

APPENDIX II; TARGET POPULATION

- i) Bank of Africa Kenya
- ii) Barclays bank of Kenya
- iii) Consolidated bank
- iv) Cooperative bank of Kenya
- v) Family bank
- vi) Standard chartered bank
- vii) Fina bank ltd.
- viii) Credit bank
- ix) Diamond trust bank
- x) Eco-bank
- xi) Equity bank
- xii) Guaranty trust bank
- xiii) Housing finance company ltd – bank
- xiv) Kenya commercial bank

APPENDIX III: LETTER OF TRANSMITTAL

Mwangi Phyllis Wanjiru

P.O Box 53999-00200,

Nairobi.

21st May 2019.

Dear respondent,

RE: DATA COLLECTION FOR A STUDY ON STRATEGIC MANAGEMENT PRACTICES ON THE PERFORMANCE OF KENYA'S COMMERCIAL BANKS IN THIKA TOWN

Currently I am a student at Kenyatta University pursuing Master of Business Administration,

specializing in strategic management. I am in the process of carrying out a study on **Strategic Management Practices on the Performance of Kenya's Commercial banks in Thika town**, which is part of the university requirement in partial fulfillment of the above-mentioned postgraduate degree.

In that regard, I have come up with a questionnaire intended to obtain relevant data to conclude the study. I wish to humbly request you to accord me some of your valuable time to respond to the questionnaire as directed. Information collected will be purely for academic use only.

I commit myself to treat information collected with greatest privacy.

Thank you in advance.

Yours faithfully,

Mwangi Phyllis Wanjiru,

Tel. No: (+254) 723 654965.