

STRATEGY IMPLEMENTATION AND PERFORMANCE OF COMMERCIAL BANKS IN MACHAKOS COUNTY, KENYA

Ruth Mueni Kimeu

Master in Business Administration (Strategic Management), Kenyatta University,
Kenya

Dr. Samuel Maina

Department of Business Administration, Kenyatta University, Kenya

©2018

**International Academic Journal of Human Resource and Business Administration
(IAJHRBA) | ISSN 2518-2374**

Received: 9th June 2018

Accepted: 16th June 2018

Full Length Research

Available Online at:

http://www.iajournals.org/articles/iajhrba_v3_i1_434_450.pdf

Citation: Kimeu, R. M. & Maina, S. (2018). Strategy implementation and performance of commercial banks in Machakos County, Kenya. *International Academic Journal of Human Resource and Business Administration*, 3(1), 434-450

ABSTRACT

Commercial Banks in Kenya are nowadays being operated in a more dynamic business environment that is caused by the new directives issued by the Central Bank of Kenya which have affected overall performance of banking industry. To counter these changes, Commercial Banks require proper strategy formulation and implementation to improve performance and ensure sustainability. The study seeks to prove the impacts of strategy implementation have on the performance of Kenyan commercial banks. The main objectives of the study were to establish the effect of strategy resource allocation, strategy communication and strategy supervision on performance of commercial banks in Machakos County. This study was based on the theory of Resource based view theory and Mckensy's 7s theory of strategy implementation. This study used the descriptive research design and about a population of 150 respondents was considered. A sample of 25% was taken generating 38 respondents. Both structured and unstructured questionnaires with both open-ended and closed questions were used intensively to gather relevant data that was used in this study. Different questions were used to give the respondents a wide variety and allow room for respondents to answer the objectives in question as exhaustively as it is established. The quantitative data collected was analyzed and determined based on use of descriptive statistics using SPSS (Version 22) and presented inform of percentages, frequencies, standard deviations and means. In addition, the study

conducted a multiple regression analysis so as to estimate the study model. Presentation of the data analyzed was in form of tables, charts, frequencies, and graphs for interpretation and to bring out conclusions and make a recommendation thereafter. The study found that mobilization of strategy resources and resource accountability are greatly implemented in their commercial bank, that project performance of organization in other industries and past performance of the business industries were greatly used to project future performance, that means of communication, efficient communication channels and timely communication greatly influence strategy implementation and performance and that strategy evaluation and reports and updates greatly influence performance. The study concluded that strategy supervision activities had the greatest effect on performance of Commercial banks in Machakos County, followed by Strategy resource allocation, then performance targets while strategy communication had the least effect on performance of Commercial banks in Machakos County. The study recommends that Commercial Banks need to enhance communication in strategy implementation throughout the Organization and improve on Senior Managers commitment towards the same and that there is a need for commercial banks to concentrate on strategies that are aimed at increasing profitability result to shareholders wealth and product and service development strategies leading to satisfied customers. The study also recommends that financial institutions should engage benchmarking to enable them improves products, services or work processes as it

enhance its competitive strategy and performance.

Key Words: *strategy implementation, performance, commercial banks, Machakos County, Kenya*

INTRODUCTION

Strategic ideas have no value unless they are implemented and this is the most important element of the strategy management process. Thompson and Strickland (2012) observe that achieved strategy implementation depends on the abilities and skills of working through others, organizing, and motivating. Implementation practices play a major role in controlling and monitoring of strategy by gauging performance against plan, frequently reviewing strategy into action and building an organization culture which should be aligned to the strategy. It is also important to identify appropriate resources and competences to support strategy, in addition allocate resources appropriately and control performance (Johnson and Scholes, 2007). Therefore the organization needs trained and motivated managers, responsive systems and structure to ensure organization optimal performance (Macmillan & Tampoe, 2010).

Strategic management comprises various theories that support efficient and effective strategy implementation practices in the modern business today, which is confronted with unique challenges caused by rapidly changing environment and diversity (Haynes and Murkhjee, 2001). Profit maximizing and competition theory is the driver of any organization as it ensures competitive advantage but to ensure sustainable competitive advantage organizations should focus on human resources management which leads to resource based theory.

Banking sector in Kenya has undergone drastic change in the last ten years mainly due to the conversion of many Non – Banking financial institutions (MFI) into fully fledged banks, rapid technological changes such as invention of money transfer and utility bill payment through mobile phones. In addition, introduction of strict regulatory frameworks by the Central Bank of Kenya (CBK) as regards interest rates and the enlightened and exposed general public (Ernest & Young , 2012) have come up with new products and services in the market thereby resulting to cut throat competition amongst the Banks.

Strategy Implementation

Actualization of a strategy is vital yet hard on the grounds that the practice and exercise takes a long time than its formulation, it includes many people and its assignment is mind boggling, and has a requirement for successive and synchronous speculation on part of implementation managers (Hrebiniak& Joyce, 2011). In view of the above components, Research and strategy implementation is likewise hard for it includes the need to check at it after some time; presents calculated and methodological difficulties as it includes various factors which collaborate with each other and show corresponding causality (Fajourn, 2010).

The improvement of technique usage research can be followed to Europe, where by consideration was attracted to the obligations of energy as an effect on procedure comes about (Pettigrew 2003). The part of culture was examined and after the joined impacts of culture and power were considered (Pettigrew 2011). A progression of enormous scale experimental examinations (whipp and Pettigrew 2011, Pettigrew et al 2012) built up a procedure approach that consolidated the procedure, content, setting of progress with longitudinal information gathered at numerous levels of investigation, in this way bringing the component of time into the examination and taking into consideration different levels of examination however coordinated. In this manner process research about has opened up the company's internal process for study, and given a catalyst on the role of time and flow in tending to issues of vital decision and change. Strategy implementation is an action phase of the strategic management process as stated by (Heracleous, 2010).

Strategy implementation process has been progressively the concentration of different examinations, particularly in light of the fact that the procedure from methodology definition to technique usage isn't compelling and henceforth not sufficient in the present business condition (Cited in Sorooshian et al. 2010). Executing technique is using and putting the picked system into work on, resourcing the methodology, designing the association's way of life and structure to fit the procedure and furthermore overseeing change (Campbell et al., 2012).

Organization Performance

Organizations are a managed system which exists within the external environment and is designed and operated to achieve specific set of objectives. The key element of an organization is the people and their relationships with one another because an organization exists when people consciously interact with one another to accomplish certain goals that individual members cannot achieve by themselves, Bateman and Zeithaml, (2010).

In addition organizations performance contains the real aftereffects of an association as estimated against its spending which are destinations and objectives. These are fundamentally three regions which are money related execution estimated in benefits and profit for speculations, the item showcase execution which estimated by deals volume and piece of the overall industry lastly investor return estimated as aggregate investor return, and financial esteem included. These has however been enhanced in modern times and organization performance is measured using the balanced scorecard methodology, which comprises of financial performance, Customer service, social responsibility and employee motivation (Kaplan and Norton, 2012). According to Lynch (2009) organizational s structure is predominantly created to convey its destinations and mission and for any association to be financially compelling there should coordinate process between the association technique and its structure; association structure is basically created to convey its main goal and targets.

Organization's performance is taken as the measure of endorsed indicators of efficiency, environmental obligation and adequacy, for example, profitability, administrative consistence, waste reduction and process duration. Performance may in like manner implies the estimations relating to how a specific request is managed, or the show of fulfilling something viably; utilizing learning as recognized from simply having it. It is the result of the greater part of operations or activities and procedures of a firm (Aaltonen and Ikåvalko, 2012). It is likewise the degree to which a man meets the assumptions with respect to how he should lead in a specific setting, occupation, circumstance or condition.

Commercial Banks in Kenya

The Kenya's banking industry is divided into three tiers with a total of 43 banking houses. These include both commercial and public banks although strictly speaking, there is no such thing as a public bank since all of them aim to make profits openly with common burdens of unpaid loans as well as risky ventures in their day to day operations. The Central Bank of Kenya (CBK) reports that there are 43 banks currently operating in Kenya with 6 banks found in the top tier controlling almost 50 percent of the market followed by 16 Tier 2 banks that control another 42 percent of the market leaving out a paltry 8 percent of the market controlled by Tier 3 banks which are mainly 21 small private banks.

In effect, the Tier 1 banks are the old stable large banks composed of Cooperative, Commercial, Equity, Barclays, Standard Chartered and CBA. Some of the major Tier 2 banks include Diamond Trust, NIC, Family bank, Eco bank, HFCK, NIC, I&M and CFC Stanbic. The final Tier 3 banks include such banks as Baroda, Jamii Bora, Fidelity, ABC and Guardian.

STATEMENT OF THE PROBLEM

The commercial Banks in Kenya are currently operating in a more enthusiastic business environment caused by the new directives issued by the Central Bank of Kenya and customer awareness which have impacted on their goals and objectives. To counter these changes, Commercial Banks require proper strategy formulation and implementation to improve performance and ensure sustainability. All commercial banks have initiated a raft of new strategies with an orientation towards continued international expansion, capacity building in ICT infrastructure, renewed customer focus, partnerships and products, human capital management, small and medium-sized enterprises (SMEs) and corporate social investment. However, commercial banks have good products and banking services like mobile, Advantage and Internet. Some of the products and services were poorly planned and implemented or rolled out while some experienced success in implementation. In-order to achieve its intended objectives, it needs to effectively implement its chosen strategies to sustain its competitive advantage and remain the biggest bank in the region. The study examined the execution of various past strategic programs by Commercial Banks and discovers the factors and their influence that led to the programs successes and failures. Several studies have been carried out

on strategy implementation which reveals that there are few researches conducted on implementation compared to strategy formulation (Okumus and Roper, 2008). In addition Alexander (2011) notes that more focus is put on long range planning and strategy as opposed to actual strategy implementation and given that implementation is more complex than formulation then there are greater chances of failure in implementation. Aaltonen and Ikavalko (2012) notes that the main reason for these failures is the poor execution of strategic plans emanating from poor organization, lack of communication, lack of motivation and monitoring. In addition Corboy and O'corrui (2009) concur and state that implementation fails due to lack of commitment and also understanding of how strategy process should be implemented and staff failing to appreciate the responsibility in change process. There exists a knowledge gap in emergent economies for instance Kenya where there is limited both theoretical and empirical review about strategy implementation and its influence on performance of commercial banks. Given the importance of the strategy implementation process, this study therefore sought to discover the influence of strategy implementation on performance of Commercial banks in Machakos County.

GENERAL OBJECTIVE

The main set objective of the study was to establish the influence of strategy implementation on performance of Commercial banks in Machakos County.

SPECIFIC OBJECTIVES

1. To establish the effect of strategy resource allocation on performance of Commercial banks in Machakos County, Kenya.
2. To determine the relationship between performance target on performance of Commercial banks in Machakos County, Kenya.
3. To assess the influence of strategy communication on performance of Commercial banks in Machakos County, Kenya.
4. To analyze the effect of strategy supervision on performance of Commercial banks in Machakos County, Kenya.

THEORETICAL REVIEW

Resource Based Theory

This theory was proposed by Barney 1991 and asserts that the most sustainable competitive advantage is achieved when the company has a human resource pool that cannot be substituted by its rivals. Investment in training and development is a means of retaining and winning people and the returns expected are performance improvement, productivity, innovation that results to increased levels of knowledge and competence. David (2013) states that the human resource plays a crucial role in strategic implementation to be achieved through involvement of both

employees and managers of the organization and these can be achieved through regular department meetings.

Schultz (2001) argues that both skill and knowledge power are a form of capital whose concept implies investment in group of people through training and education which leads to increased productivity in a positive rate of return leading to growth in organization, increased profits, high remuneration and low staff exits. Shane (2003) concurs and reiterates that the human resource is one of the main parameters in organization performance. Highly educated managers utilize their knowledge and when they combine this with their social contacts manage to acquire appropriate human resources required to create a highly performing firm.

Mckinsey's 7S Theory

The McKinsey 7S theory is a management tool that was developed by Robert and Peters (1984). The 7s model is an assessment and monitoring tool an organization can use with significant relevance to strategy implementation. It is a holistic framework that continually analyses and improves the effectiveness of an organization, Tomas, Robert and Julien (2011). The seven fundamental elements referred to as 7S of this framework comprises of skills, structure, systems, strategy, shared values, style and staff. These elements can be categorized as the simple elements such as staff, shared values ,skills and style while the difficult elements are strategy, structure and systems.

The framework is a vital tool in strategy implementation since a firm with the right skill set and staff numbers, shared values aligned properly with the good structure, strategy and operational or monitoring systems can operationalize its' implementation objectives well. Thus a firm's management looks to which degree a firm has these elements that it can count on as internal strengths and plan for future strategic changes. According to (Arthur, et al.2010), lack of shared values and systems is a liability which makes a firm vulnerably weak during strategy implementation. Shared values are central to all the elements; they represent the company's culture, vision, beliefs that define the organizations future orientation and what it stands for. The elements that are difficult are easier to change while the soft elements are more difficult to change since they have humanistic elements, values, competencies, corporate culture and values acquired over time. All the elements are mutually reinforcing and a change in one causes effects on the functions of the others.

EMPIRICAL REVIEW

Resource Allocation and organisational performance

According to (Okumus, 2013) resource allocation ensures provision of time, financial, human and knowledge resources vital for strategy implementation. (Sterling, 2003) notes that chronic lack of resources, capital and capacity hinders effective strategy implementation. This adequacy

is minimum in parts influenced by the nature of people engaged with the procedure, (Govinda rajan, 1989). Quality for this situation identifies with the attitude abilities, experience, capacities and furthermore different attributes of a group of individuals required for a particular assignment (Litteljohn, 2001).

This practice emphasizes mostly on integrating human resources and also on implementing strategic performance management system. The achieved strategy implementation depends mostly on better internal organization of resources which mostly enhance organization systems that respond to the needs and wants of frameworks, and capable personnel through nurturing and building skills and selecting individuals for key positions. Robinson and Pearce (2010) agrees on the importance of having a robust guideline on resource allocation and states that they in addition need guidance on what to do through short term objectives which are measurable and outcome achievable in one year. In addition should develop smart goals examining areas of quality improvement, product performance and competitive performance, and performance of business processes, retention, customer satisfaction and customer loyalty.

Performance Targets and Organisational performance

Performance targets focus on the outputs of a company such as product profits, quality, or revenues. These main are referred to as key performance indicators (KPI'S). This exercise enhances organization responding to high level of change outcome such as rapid reorganization of business or growth which is controlled end results measured through organization goals on performance indicators (P.I) and these are usually accompanied by rewards and incentives that relates to success of the set goals. This approach mainly applies to balanced scorecard which combines both qualitative and quantitative measures mainly financial, customer, internal and innovation. Norton and Kaplan (2012) introduced the final balanced scorecard and uses financial and strategic measures to assess the results of a chosen strategy.

The four main strategy perspectives that require to be revealed on every scorecard are financial perspectives, which translates mission into action and clarifies what is wanted. Customer perspective looks at customer oriented strategy which involves market share data, while customer perspective looks at the retention and satisfaction of customers and internal perspective measures internal performance in relation to productivity and innovation and learning perspective (Johnson & Scholes, 1997). As indicated by Haynes and Mukherjee (2001), contriving a viable impetuses and reward administration framework and furthermore connecting it to execution results its altogether in light of key execution which is the principle target. Delineating assignments and employments as far as what is to be proficient influences the workplace to come about arranged and execution is the objective bolstered by a corporate culture that advances great system execution process. Ansoff (2010) uncovers that impetuses and prizes whether in light of development, authentic execution and activity are the key things.

Communication and Organisational performance

Miniace and Falter (2006), state that the main factor which has led success in strategy implementation is communication. A comprehensive communication plan is vital for the effective roll-out of implementation programs. Communicating strategy means exchanging information regarding a change in systems, processes and behavior in the firm. Communication should be open between top management and lower levels of the firm to inculcate trust, sharing of knowledge and guide decision making process in strategy implementation. It is believed by numerous specialists that correspondence can either deliberately or unwittingly happen by composing, perusing, taking, tuning in or moving any piece of the body, which imparts a remark individual, or gathering of individuals. This in this way implies correspondence can happen in any frame in the association. Correspondence being a procedure of affecting change to a framework, new correspondence strategies ought to be produced to stand the adjustment in the association and hence it winds up noticeably vital for uplifting mentalities to prompt imperative fruitful projects (Kotter, 1996), since protection from change is one of the greatest obstructions to overcome. Moreover, to have a viable correspondence it requires a level of 'subjective hierarchical reorientation' understanding and valuation for the proposed change. Elving and Hansma (2008) led a meeting research amongst employees and administration amid authoritative change.

The fundamental point closed was that the achievement of the adjustment and scattering of hierarchical change altogether relies on instructive aptitudes and informative of directors at all levels. In spite of the fact that the pioneers appears to have known about quick change inside association (Bolden and Gosling, 2006), conveying that change is hard. Bennebroek-Gravenhorst et al. (2006) found that alongside the obligation of administration on the commitment of the workforce to the approaching change, genuine correspondence and dispersion of data with respect to the requirement for the change and the expressed targets of the adjustment in business association are additionally basic.

According to (Alexander, 2005) successful implementation and execution requires top management to inform clearly about the new strategic decision to all stakeholders and operational members. (Rappert and Wren, 2010) findings in a survey suggest that organizations with open supportive communication environment tend to out-perform organizations with restricted communication environment (cited in Rapert, Velliquete and Garretson, 2012). Communication is conducted through written, formal and informal means and pervades throughout the organizational structure and context of implementation programs.

Strategy Supervision and Organisational performance

This practice involves direct control of strategic decisions by one or a few individuals. Often the practice is found in family businesses and small medium Enterprises (Sme's).and requires that the administrator comprehends what the activity they are managing involves. As indicated by

Ansoff et al, (1990) this approach requires involvement of all directors will's identity in charge of usage and additionally of managers and different people who settle on key commitments to the basic leadership process. Before implementation, instruction and preparedness of users are given to the members in the pertinent ideas, abilities and procedures. This is accomplished by guaranteeing there is methodology illumination whereby individuals comprehend the system with a specific end goal to grasp it and help bolster its usage. Correspondence is pivotal as it guarantees responsibility and falling procedure wraps everything in guaranteeing effective usage of technique (David, 2003).

The Company's directors must put into account controls that give vital control and the capacity to modify systems, duties and targets because of the consistently changing future conditions (Pearce and Robinson, 2007). Managers leading the strategy process through shaping values, cultures and keeping the organization responsive by initiating corrective actions to improve strategy execution. The stronger the strategy supportive fit are, the greater the chances of successful strategy implementation (Thompson & Strickland, 2009).

In organizational commitment writing the extent of the examinations were explained and researchers affirmed that representatives may focus on organization, superiors, occupations, and working units (Wasti and Can, 2008). Representatives feel more near predominant than organization, when they see the organization in general. As indicated by Bentein (2010), representatives who show more elevated amounts of authoritative duty are compensated by their administrator and therefore it may expand their responsibility regarding the organization. Also, representatives who are affected by superior will indicate more faithfulness to their better than the organization (Cheng et al., 2003). Despite the fact that there are a few duties, responsibility regarding unrivaled is the most influential one (Meyer and Allen, 1997).

As indicated by Cheng et al. (2003) regardless of whether a worker chooses to stay or to stop and feels fulfilled or unsatisfied, the responsibility regarding his/her director would be considered as an imperative factor, notwithstanding his/her authoritative duty. They additionally found a positive connection between supervisory responsibility and employment execution. As we had a similar idea, our investigation concentrated on particularly sense of duty regarding superior.

RESEARCH METHODOLOGY

Research Design

The study applied a descriptive research design during the period of determining relationships strategy implementation and commercial banks performance in Kenya. As indicated by Cooper and Schindler (2006), a descriptive study concerns with determining time, place and the process involved in carrying out the research.

Target Population

As indicated by Ngechu (2004), a population is a very much characterized or set of individuals, services, components, occasions, groups of things or families that are being researched. In this examination, the targeted population was made out of the 150 administration staffs of Commercial Banks in Machakos County, Kenya. The structure of Banks has placed staff in three classifications; top administration level comprised of the administrators; center administration includes practical heads while low level administration involved routine workers.

Sample Population

The sampling design depicts how the examining unit, sampling outline, examining methods and the specimen measure for the study (Cooper & Schindler, 2003). The researcher applied Stratified random sampling method since the population can be sub-divided into several sets or stratus to get the sample size. From the above populace of one hundred and fifty, a sample of 25% was chosen from each set in extents that each set bore to the study population, hence the sample size was 38 respondents.

Data Collection Instrument

Researcher used semi-structured questionnaire to collect data. According to Mugenda and Mugenda (1999) a questionnaire gathers information for purpose of analysis. The researcher physically dropped and picked the questionnaires in the respective county offices.

Data Collection Procedure

The researcher physically dropped and picked the questionnaire at the county offices. The questionnaire was precisely outlined and prior tested with a couple of individuals from the populace for improvement. The researcher used closed ended questions in formulation of the questionnaire therefore minimizing the number of related reactions in order to get more valid data. The open-ended questions provides additional information that might not have been captured in the closed-ended questions.

Data Analysis and Presentation

The researcher collected quantitative data and analyzed through statistical means. In describing the data and determining the extent used, the researcher used tools such as SPSS and MS Excel. Presentation of findings was done by means of tables and charts. The Likert scales was used to analyze the mean score and standard deviation, this helps in investigating the relationship between strategy implementation practices and performance of Commercial banks in Kenya. Data analysis used frequencies, percentages, means and other central tendencies. In addition, the researcher carried out a multiple regression analysis so as to determine the relationship between the dependent and independent. The regression equation was:

$$(Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon)$$

Where: Y = Performance of Commercial Banks; X₁ = Strategy Resource allocation; X₂ = Performance targets; X₃ = Strategy communication; X₄ = Strategy supervision; β₁, β₂, β₃, β₄ = Regression Coefficients; ε = Error term

RESEARCH RESULTS

The study sought to establish the effect of strategy resource allocation on performance of Commercial banks in Machakos County, Kenya. The study found that mobilization of strategy resources and resource accountability are greatly implemented in their commercial bank. The study found that allocation based on priority and effective allocation of resources is also greatly implemented in their commercial bank. The study found that efficiency of resource allocation and availability of strategy resources were moderately implemented in their commercial bank.

The study sought to determine the relationship between performance targets on performance of Commercial banks in Machakos County, Kenya. The study found that project performance of organization in other industries and past performance of the business industries were greatly used to project future performance. The study found that those goals of the organization industries and projected performance of competitors industries were also greatly used to project future performance. The study found that mission of the organization industries was moderately used to project future performance. The study further revealed that improve corporate image and operations management are greatly enhanced by the strategy implementation in the institution. The study found that quality management and business excellence is greatly enhanced by the strategy implementation in the institution.

The study sought to assess the influence of strategy communication on performance of Commercial banks in Machakos County, Kenya. The study found that means of communication, efficient communication channels and timely communication greatly influence strategy implementation and performance. The study found that timely communication and effective communication and form of communication moderately influence strategy implementation and performance.

The study sought to analyze the effect of strategy supervision on performance of Commercial banks in Machakos County, Kenya. The study found that strategy evaluation and reports and updates greatly influence performance. The study found that project review and rescheduling and strategy implementation monitoring also greatly influence performance. The study found that feedback mechanism moderately influence performance.

REGRESSION ANALYSIS

Regression analysis shows how dependent variable is influenced with independent variables. The study sought to establish the influence of strategy implementation on performance of Commercial banks in Machakos County.

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.841	0.707	0.666	0.198

Table 1 is a model fit which establish how fit the model equation fits the data. The adjusted R² was used to establish the predictive power of the study model and it was found to be 0.666 implying that 66.6% of the variations on the performance of Commercial Banks is explained by strategy supervision activities, strategy resource allocation, performance targets as well as strategy communication leaving 33.4% unexplained.

Table 2: ANOVA results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.946	4	0.737	16.917	0.000
	Residual	1.219	28	0.044		
	Total	4.165	32			

The probability value of 0.000 indicates that the regression relationship was highly significant in predicting how strategy supervision activities, strategy resource allocation, performance targets as well as strategy communication influenced performance of Commercial banks in Machakos County. The F calculated at 5 percent level of significance was 16.917 since F calculated is greater than the F critical (value = 2.7141), this shows that the overall model was significant.

Table 3: Coefficients of Determination

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.782	0.239		3.272	0.003
Strategy resource allocation	0.816	0.287	0.386	2.843	0.006
Performance targets	0.746	0.129	0.832	5.783	0.000
Strategy communication	0.713	0.222	0.462	3.212	0.002
Strategy supervision	0.878	0.305	0.368	2.879	0.006

The established model for the study was:

$$Y = 0.782 + 0.816 X_1 + 0.746 X_2 + 0.713 X_3 + 0.878 X_4$$

The regression equation above has established that taking all factors into account (strategy supervision activities, strategy resource allocation, performance targets and strategy communication) constant at zero, the performance of Commercial banks in Machakos County was 0.782. The study also found that a unit increase in strategy resource allocation would lead to a 0.816 increase performance of Commercial banks in Machakos County. The variable was significant since $0.006 < 0.05$. Robinson and Pearce (2010) agrees on the importance of having a robust guideline on resource allocation and states that they in addition need guidance on what to do through short term objectives which are measurable and outcome achievable in one year.

Further the study found that a unit increase in the scores of performance targets would lead to a 0.746 increase performance of Commercial banks in Machakos County. The variable was significant since $0.000 < 0.05$. This was in line with Norton and Kaplan (2012) who introduced the final balanced scorecard and uses financial and strategic measures to assess the results of a chosen strategy. Further, the findings shows that a unit increases in the strategy communication would lead to a 0.713 increase performance of Commercial banks in Machakos County. The variable was significant since $0.002 < 0.05$. This corresponds to Alexander (2005) who argues that successful implementation and execution requires top management to inform clearly about the new strategic decision to all stakeholders and operational members.

The findings presented also show that taking all other independent variables at zero, a unit increase in strategy supervision activities would lead to a 0.878 increases performance of Commercial banks in Machakos County. The variable was significant since $0.006 < 0.05$. David (2003) agrees with the findings by arguing that correspondence is pivotal as it guarantees responsibility and falling procedure wraps everything in guaranteeing effective usage of technique. Overall, strategy supervision activities had the greatest effect on performance of Commercial banks in Machakos County, followed by Strategy resource allocation, then performance targets while strategy communication had the least effect on performance of Commercial banks in Machakos County. All the variables were significant ($p < 0.05$).

CONCLUSIONS

The study concluded that strategy resource allocation affect performance of Commercial banks in Machakos County. This is as a result of commercial bank implementing mobilization of strategy resources and resource accountability. The commercial banks also greatly allocation based on priority and effective allocation of resources.

The study concluded that performance targets are significantly related to performance of Commercial banks in Machakos County. The banks were found to use project performance of organization in other industries and past performance of the business industries to project future performance. Banks also make use of goals of the organization industries and mission of the organization industries to project future performance.

The study concluded that there is a significant influence by strategy communication on performance of Commercial banks in Machakos County. The study found that means of communication, efficient communication channels and timely communication greatly influence strategy implementation and performance.

The study concluded that strategy supervision affects performance of Commercial banks in Machakos County positively. This is as a result of strategy evaluation and reports and updates as well as project review and rescheduling and strategy implementation monitoring greatly influence performance.

RECOMMENDATIONS

Strategy implementation is an integral part of strategy management which deals with the allocation of available resources to put a chosen strategy in motion, with a view to profit maximization and shareholders wealth. It is evident that Commercial Banks in Kenya have a strategy in place but poor strategy implementation. Commercial Banks need to enhance communication in strategy implementation throughout the Organization and improve on Senior Managers commitment towards the same. They wish to fully achieve strategy implementation that would lead to increased profitability and reduced costs.

The study has found that there is a positive relationship between performance targets and the performance of the Commercial banks hence to realize the desired results they should ensure close monitoring and evaluation of strategy is done. Most commercial Banks place emphasis to profitability and believe strategy implementation practice has greater impact on these indicator, hence explains why Commercial Banks concentrate on strategies that are aimed at increasing profitability resulting to shareholders wealth and product and service development strategies leading to satisfied customers.

The study recommends that Commercial Banks can get most extreme advantage by putting resources into innovation and putting in a superior ICT saving money arrangements that work for them. Dynamic strategies that make ICT managing an account available and moderate to most of the populace is vital for empowering the utilization of ICT saving money inside microfinance and for the improvement of the microfinance part.

Commercial Banks need to enhance communication in strategy implementation throughout the Organization and improve on Senior Managers commitment towards the same. They wish to fully achieve strategy implementation that would lead to increased profitability and reduced costs. In order for commercial Banks to remain competitive, they need to be more innovative and invest on human capital to ensure sustainable competition.

The study recommends that financial institutions should engage benchmarking to enable them improves products, services or work processes as it enhance its competitive strategy and

performance. The banks should also evaluate the best practices benchmarked from other firms to help gain strategic, operational and financial advantage for the formulation of realistic and challenging targets in internet banking program.

The study recommends that the banks executive should formulate policies that engages strategy evaluation as a vital part of any planned ICT program and should be considered while planning at the beginning of a project. This is because strategy evaluation ensures coherence and continuity of a project from design to its implementation thus enhancing a reliable banking programme.

REFERENCES

- Aaltonen, P & Ikavalko, H. (2002). *Implementing Strategies Successfully*. MCB UP
- Alexander, L.D. (1991). *Strategy Implementation, nature of the problem*: International Review of strategic management vol 2, pp 73-91
- Clegg, S, Carter, C, Kornberger, M & Schweitzer, J (2011). *Strategy theory and practice*. Sage Publications Limited
- Ansoff, H.I. & McDonnell, E. (1990). *Implanting Strategic Management (2nd ed)*. New Jersey: Prentice Hall
- Aosa, E. (1992). *An Empirical Investigation of Aspects of Strategy Formulation and Implementation within Large Private Manufacturing Companies*.
- Barney, J.B (1991). *Firm resources and sustained competitive advantage*: Journal of Management vol 17, pp 99-120
- Bateman, T & Zeithaml, C (1990). *Management function and strategy*. Chapel Hill: University of North Carolina
- Burnes, B. (2004). *A strategic approach to organizational dynamics; (4th ed)*. Hampshire: Ashford Colour Press Ltd.
- Burns, R.B & Burns, R.A (2008). *Business Research methods and statistics using SPSS*.
- Capon, C. (2008). *Understanding strategic Management*. Staffordshire University: Prentice Hall
- Central Bank of Kenya (2012). *Economic Report for the Financial Year Ended 2012*. Central Bank of Kenya.
- Central Bank of Kenya (2013). *Developments in the Banking Sector*. Bank.
- Chandler, A. (1962). *Strategy and Structure: Chapters in the History of Concepts and Cases. (11th ed)*. Prentice Hall.
- Consumer Banking Survey (2012). Retrieved from <http://new.erg.com/GL/en>
- Haynes, W & Mukherjee, S (2001). *21st Century management*. Calcutta: Central
- Corby, M & O'Corrbui, D (2009). *Successful strategy implementation*.
- David, F.R. (2003). *Strategic Management Concepts. (9th ed)*. Prentice Hall
- Ernest and young (2012). *The voice of today Banking Customer*. Global Educational Enterprises

- Ireland, R. D. & Hoskisson, R.E & Hitt, M.A. (2013). *The Management of Strategy. Concepts and Cases 10th ed*, Canada.
- Johnson, G & Scholes, K & Whittington, R. (2008). *Exploring Corporate strategy; 8th ed.* Pearson Education Limited
- Johnson, G. & Scholes, K (1997). *Exploring Corporate Strategy; (3rd ed)*. New Delhi: Prentice Hall of India.
- Johnson, G. & Scholes, K (2003). *Exploring Corporate Strategy; (6th ed)*. New Delhi: Prentice Hall of India.
- Kaplan, R.S & Norton, D.P (1992). *The balanced scorecard- measures that Drive performance*: Havard Business review, January- February, 71-114.
- Kothari, C.R (2004). *Research methodology*, New Age international.
- Lynch, R (2009). *Strategic Management; (5th ed)*. Delhi: Prentice hall
- Macmillan, H & Tampoe, M (2000). *Strategic Management process, content* Limited
- Mburu, M. (2011), *Strategy implementation and performance in Barclays Kenya*. Unpublished MBA Research project, University of Nairobi
- Mugenda, M, O & Mugenda, G, A (2003). *Research Methods. Quantitative and Qualitative Approaches*, Nairobi: Acts Press.
- Ndungu, C. (2013), *Strategy implementation process in Commercial Banks in Kenya* Unpublished MBA research project, University of Nairobi
- Okumus, F & Roper, A (1998). *Great strategy. Shame about implementation*. Proceeding of the 7th annual Hospitality research conference, Glasgow
- Pearce II, J.A & Robinson, R.B (2011). *Strategic Management formulation, implementation and Control; (12th ed)*. New Delhi: Tata Mcgraw-Hill
- Pearce II, J.A, Robinson, R.B & Mital, A (2010). *Strategic Management Formulation implementation and Control; (10th ed)*. New Delhi: Tata Mcgraw-Hill
- Pearce, J.A & Robinson, R.B. (1997). *Strategic Management: Formulation, Implementation and Control*. Boston, U.S.A: Irwin McGraw-Hill
- Pearce, J.A & Robinson, R.B. (2007). *Strategic Management: Formulation, Implementation and Control*. Boston, U.S.A: Irwin McGraw-Hill
- Porter, M. (1996). *Competitive Strategy*. Free Press.
- Schein, E.H (1992) . *Organizational culture and Leadership*. San Francisco
- Schultz, T.W (1961). *Investment in Human capital*. University of Chicago
- Supervision Annual Report (2013). Central Bank of Kenya.
- Thompson, A.A & Strickland, J.A. (1989). *Strategy formulation and implementation*. New York, U.S.A: Irwin McGraw-Hill
- Thompson, A.A & Strickland, J.A. (2003). *Crafting and Executing Strategy*. New York, U.S.A: Irwin McGraw-Hill
- Wheelen, T. L & Hunger, J. D. (2008). *Strategic Management and Business Policy*: