INFLUENCE OF STRATEGIC CONTROLS ON PERFORMANCE OF COMMERCIAL BANKS IN NAIROBI COUNTY, KENYA

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International Academic Journal of Human Resource and Business Administration

(IAJHRBA) | ISSN 2518-2374

Received: 12th October 2022

Published: 18th October 2022

Full Length Research

Available Online at: https://iajournals.org/articles/iajhrba_v4_i1_328_345.pdf

Citation: Murunga, N. J., Deya, J. (2022). Influence of strategic controls on performance of commercial banks in Nairobi County, Kenya. *International Academic Journal of Human Resource and Business Administration, 4*(1), 328-345.

ABSTRACT

The study sought to establish the influence of strategic controls on performance of commercial banks in Nairobi County, Kenya. The specific objectives of the study were to assess the influence of premise controls on performance of banks in Nairobi County; to determine the influence of strategic surveillance controls on performance of banks in Nairobi County; to evaluate the influence of special alerts controls on performance of banks in Nairobi County; and to establish the influence of implementation controls on performance of banks in Nairobi County. The target population composed of the 1226 management staffs employed at the 42 commercial banks in Nairobi County, Kenya. A sample of 10% was selected from within each group in proportions. Stratified random sampling technique was used. This generated a sample of 123 respondents. The study used of a semi-structured questionnaire administered individually to all respondents. The study selected a pilot group of 12 individuals from the target population at Commercial Banks in Kiambu County to test the construct validity as well as internal consistency using Cronbach's alpha, where an alpha value of above 0.7 was considered acceptable. Data analysis involved coding, editing and cleaning of data for processing using Statistical Package for Social Sciences (SPSS). Descriptive statistics such as mean, frequencies, standard deviation, and percentages were used to profile major patterns emerging from the data. Quantitative data was presented in tables and figures. Multiple linear regression analysis was used to indicate the direction, strength and significance of the relationships. The study found that the banks have adopted premise controls to a very great extent. In addition, the commercial banks in Nairobi County have adopted strategic surveillance controls and special alert controls in their operations to great extents while they adopted implementation controls to a moderate extent. The t-value of premise controls variable was 1.99, strategic surveillance controls variable had a t-value of 1.92, special alerts controls variable had a t-value of 1.96, and implementation controls variable had a t-value of 1.96. Since higher t-value imply greater confidence in regression coefficients, the t-value of premise controls variable imply that premise controls is reliably the most predictor variable. Based on the output obtained Unstandardized beta coefficient of premise controls variable was 0.684, strategic surveillance controls variable had 0.860, special alerts controls variable had 0.715, and implementation controls variable had 0.739. The study concludes that organizational aspects, industrial elements and environmental factors influence the performance of the banks. Competitor surveillance, industrial trends monitoring and strategic environmental scanning influence the performance of commercial banks. The banks have a crisis management tool designed to identify vulnerable areas, develop alternative plans, and practice reactions to the crisis; special alert controls keep the banks ready for a time of crisis. There is need to formulate dynamic policy plans to counter the dynamic environment experienced by the commercial banks. Strategic surveillance controls should be designed in such a manner that enables the banking organisations to uncover important and unanticipated information from multiple information sources. The management of the commercial banks should develop implementation controls to become strategically positioned and oriented in market through strong organizational cultures.

Key words: Strategic controls, organizational performance, premise controls, strategic surveillance controls, special alerts controls and implementation controls

INTRODUCTION

Banks serve as financial intermediaries as they form a crucial link which facilitates transactions and other banking services for their customers. Githui (2019) alludes that the changing operating environment, social trends, rivalry and globalization have caused the banking sector to undergo persistent changes which affect their performance. Increased cost of operations has greatly impacted the commercial banks overall performance (Kanwal & Yousaf, 2019). Being profit oriented, banks formulate, implement and execute strategies that are aimed at enhancing their performance. Rantyanti and Halim (2020) averred that global banking crisis over the recent past have shown that there is need for effective strategies in order to gain the sustainable competitive advantage in the marketplace.

Hadrian, Milichovský and Mráˇcek (2021) define strategic controls as the processes by which managers monitor the ongoing activities of an organization and its members to evaluate whether activities are being performed efficiently and effectively and to take corrective action to improve performance. Strategic controls are formed on the basis of certain assumptions or premises about the complex and turbulent organizational environment. According to Kanwal and Yousaf (2019), strategic controls in banks are uniformly based different aspects and techniques used by banks to put it into practice across regions. In Kenyan firms, strategic controls provide a set of control systems for the primary, the support and the external parties' activities of the organization (Gabow, 2019). Kenya's banks boasting of vibrant and dynamic strategic controls in the region, the banking industry suffers from inconsistent performance due to service quality problems and customer satisfaction problem.

According to Chowdhury (2018), the 2007 global financial crisis was a result of regulatory failure. The success and failure of global organizations in different environments could be achieved by understanding the competitiveness in their environments of operations and their alliance formation strategies in the emerging markets. Chowdhury (2018), categorized the regulatory failure in two; economic regulation and prudential regulation. The maintenance of interest rates and credit allocation was supported by economic regulation while the prudential regulation safeguarded the depositors and financial systems stability. Strategic controls in globalized nations are indeed strategic functions in the sense that the adoption of strategic control techniques has led to improvement in financial and non-financial performance of regional organizations.

The economic and climatic condition of the Canadian and USA economy are somewhat similar. Nonetheless, over the past years, most of the banking institutions in the USA have undergone a major financial crisis as compared to those based in Canada (Ingves, 2019). Independent Commission on Banking (2021) indicated that strategic controls in European banks is uniformly based different aspects and techniques used by banks to put it into practice across regions with Germany and United Kingdom leading in the adoption of strategic controls. According to International Monetary Fund. (2020), the success of the capital mobilization initiatives is widely considered as a demonstration of a vote of confidence in the long-term growth strategy of the banks that have adopted strategic controls. In addition, product development strategies were associated with all four strategic control archetypes.

Africa has emerged as the second banking market in respect of growth and profitability (McKinley, 2018) low penetration of banking services and levels of income, and high credit risk have for a long time been considered as drawing major obstacles to the development of the continents banking sector. According to Ali (2019), issues control is indeed a strategic function in the sense that the adoption of strategic control techniques has led to improvement in financial and non-financial performance of regional organizations that are with different socio-economic issues. Drawing performance on 35 banks in sub-Saharan Africa the number of banked Africans increased from 170 million to nearly 300 million in 2012 and 2013 respectively even though NBC AFRICA (2018) noted that Africa was facing disappointing returns and sluggish growth, a factor attributed to huge staff costs and labor intensive paper dominated processes with potential of stifling performance.

In Zimbabwe, Kamundi (2018) studied the effects of strategic choice on financial performance among oil firms in Zambia. The focus of the was on selected oil marketing companies. Kamundi’s (2018) results confirmed that there are strategic controls where managers determine whether the chosen strategy is achieving the organizations’ objectives respectively. Additionally, strategic leadership of top managers and their skills through their functional track have helped them to cope with a changing environment in this firm had the highest means and had affected financial performance. To Chirima (2018), strategic controls have led to increased customer retention which has affected the Zimbabwean organizations positively to a very great extent. Consequently, the growing competitive environment leads to price wars which affect organizational outcomes of many firms in Africa.
Mungiria and Tirimba (2019) established that credit reference bureau checks have a role in the financial intermediation (non-performing loans) in commercial banks in Kenya. As such, a

relationship exists between credit reference bureau information and the level of financial intermediation as shown through non-performing loans in Kenya commercial banks. Kenyan banks have been riding on the digital revolution wave to improve their operational efficiency. Increased adoption of alternative channels of transactions such as mobile, internet and agency banking, has led to increased transactions carried out via alternative channels and out of bank branches, which have been reduced to handling high value transactions and other services such as advisory (Mulwa, 2020). Through such controls, financial institutions can manage to mitigate their risks in their investment decisions.

The Kenyan commercial banks operate in open system just like other organizations, and this makes their business environment murky they must have the “right fit” within the environment for them to survive (Mohamed, 2016). The headquarters of these banks are in Nairobi County and they serve both retail and corporate customers. According Mulwa (2020) a several banks have also expanded into neighboring countries offering bancassurance among other financial products. CBK (2020) reported that over the last 10years, commercial banks in Kenya have continued to grow in assets, deposits, profitability and products offered. Numerous banks like Standard chartered bank are leveraging more on technology as a customer retention strategy as more and more people are embracing the digital life. Commercial banks such as Equity, ABSA Bank Ltd, Africa Banking Corporation Ltd and Family Bank Ltd in Kenya advance credit to customers with a view to make profit (CBK, 2020). Thus, delivering high quality service to clients is just as important as delivering performance that meets or exceeds their expectations.

Statement of the Problem

Commercial banks play critical intermediary roles in the economy as the system of payment for exchange of goods and services as well as the accelerator of financial investments through deposit acceptance, savings mobilization, loans/credit provision and financial advise (Rantyanti & Halim, 2020). Chowdhury (2018) reiterated that the heightened competition in the banking industry in the recent past has been associated with fluctuations in overall performance among the players. Hanoon, Khalid, Rapani, Aljajawy and Al-Waeli (2021) reported that the banking industry contributes enormously to socio-economic developments of regions and countries across the globe. However, the CBK (2020) Report indicates that despite Kenya's banks boasting of vibrant and dynamic strategic controls in the region, the banking industry suffers from inconsistent performance due to service quality problems and customer satisfaction problem. Mbai, Nyamute, Ochieng and Muthoni (2022) reported that there has been a gradual decline in the ROE of the banks from 26.6% in 2014 to 25.2% in 2015, 24.5% in 2016 and 21.8% in 2019 before substantially falling to 13.9% in 2020. A fluctuating trend was reported on ROA which decreased from 3.2 % in 2016, to 2.60 % in 2017, before increasing to 2.76% in 2018, then decreasing to 2.6% in 2019 and further drastic decrease 1.7% in 2020. Abdi and Kinyua (2018) indicated that in order to deal with the business challenges and to attain the superior organizational performance, the banking organizations need to be strategically positioned, market oriented and to develop and encourage strong organizational cultures. Strategic controls are considered among the most important factors that contributes in achieving the enhanced organizational performance. Lubanga (2020) opined that performance of banks increases when they develop and continuously adopt strong strategic controls. Mang'eni (2018) investigated the Effects of bank specific guidelines on financial performance of commercial banks in Kenya and revealed that there is high practice of strategic control amongst commercial banks in Kenya. The income growth in the commercial banks remained subdued in 2020, as banks increased provisioning levels by 48.0 % to cover potential bad loans. Given the increased provisioning levels, the sector recorded a 19.2 percent decrease in Profit Before Tax (PBT) to Kshs 23.6 billion, down from Kshs 29.2 billion in quarter 3 of 2020 (Cytonn, 2021). The sector's Return on Assets (ROA) fell by 0.2% points to 1.6% from 1.8% in quarter 3 of 2020, while the Return on Equity (ROE) fell by 1.3% points to 13.8% from 15.1% in quarter 3 of 2020 (Cytonn, 2021). This resulted in a decrease in total profitability for listed banks in 2020 compared to 2019. In terms of revenue diversification, Non-Funded Income increased by 6.4% weighted average in the financial year 2020, compared to 17.4% in financial year 2019. The banking sector's Non-Funded Income to Operating Income ratio also fell, falling to 35.4% in 2020 from 37.4 % in 2019, contributing to weaker earnings growth throughout the sector (Cytonn, 2021). However, there was little attempt to discuss the influence of strategic controls on the performance of the banks in Nairobi County, Kenya. This was a modest attempt to fill the contextual, conceptual and methodological gaps by investigating the influence of strategic controls on performance of commercial banks in Nairobi County, Kenya.

Objectives of the Study

The study sought to establish the influence of strategic controls on performance of commercial banks in Nairobi County, Kenya.

The study was guided by the following specific objectives;

1. To assess the influence of premise controls on performance of commercial banks in Nairobi County, Kenya
2. To determine the influence of strategic surveillance controls on performance of commercial banks in Nairobi County, Kenya
3. To evaluate the influence of special alerts controls on performance of commercial banks in Nairobi County, Kenya
4. To establish the influence of strategic implementation controls on performance of commercial banks in Nairobi County, Kenya

THEORETICAL REVIEW

Resource-Based View Theory

The Resource-Based View (RBV) as explained by Wernerfelt (1984), states that it is possible to achieve competitiveness by ensuring superior services are delivered to customers. The main emphasis of the extant literature is the strategic understanding of the manner in which resources are used to achieve a competitive advantage in an organization, (Borg & Gall, 2009). The significance of the resource-based view (RBV) in this study is that it brings out strategic management of resources which affects strategy implementation in the commercial banks. Resources in the Company constitute physical, technological, commercial, finances, products, and human resource factors during the performance of particular function. The main areas into which they are classified include knowledge of employees, experience and skills, employee reputation, and procedures within an organization. The focus of the theory in this study is to explain the impacts of commitment of the management on implementation of strategy in the banking sector in Kenya. The RBV for this situation stresses inside assets and abilities of firms in figuring techniques to accomplish practical upper hands in the commercial center. It is therefore the crucial theory that explains the influence of premise controls on performance of commercial banks in Nairobi County, Kenya.

Systems Theory

The Systems Theory has been in practice since the early 1950's. Proposed by biologist Ludwig Von Bertalanffy and further developed by psychologist Ross Ashby, systems theory states that analyzing an entity as part of a larger whole or system is beneficial in determining the proper course of action for said entity. A large part of understanding systems theory is the self-correcting feedback loop that an entity goes through when adhering to the principles of systems theory. That is, an entity can evaluate the results of its actions in regard to all the parts of the system that it is within, and can correct its future actions based on those results. Organizations adopt strategic controls like special alerts to manage their operations and ensure that there have positive results consistently and that those who are working in these banks are competent (Kometa, 2013). The theory is thus important in ensuring that all the personnel involved in various aspects of operations in the organizations have the right cognition of the alerts in regard to strategic controls so as to ensure performance. This theory was thus useful in evaluating the influence of special alerts on performance of commercial banks in Nairobi County, Kenya.

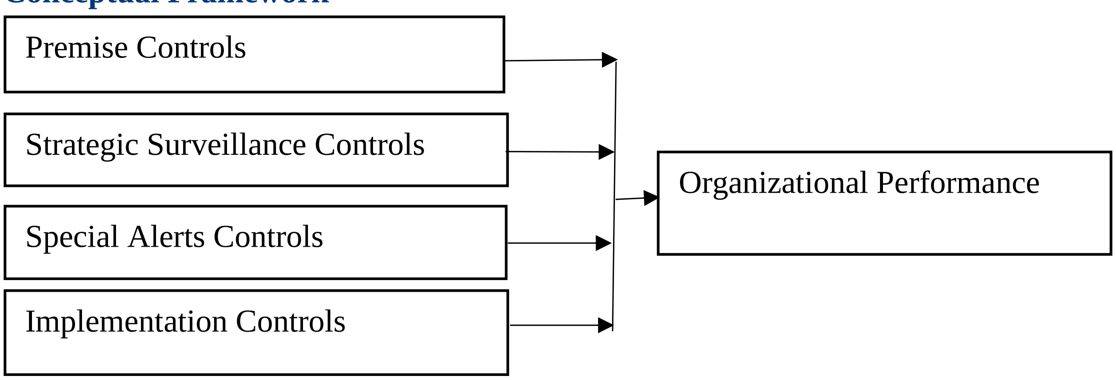
Game Theory

Game theory was developed by John Von Neumann and Oskar Morgenstern in the year 1944. It is the science of strategy which mathematically and logically explains the actions and choices made by a participant in complex circumstances and situations to secure the best outcome for themselves. It also a very popular method used in statistical economics and business for mapping competing behaviors of interacting parties. People will seldom take choices in an empty space, the correct option they pick may depend upon the choices made by other individuals (Hidalgo-Gallego, 2017). In turn, the profits and satisfaction of these other individuals also depends on the actions taken by the others. In this theory, real-world interactions are modeled as simplified abstractions. Strategy implementation is often viewed among rival organizations as ploy and the focus and each player in the environment is make the situations as complex as simply possible for the other party. The steps taken by the competitors thus depend on the other party's decisions and actions. This applies for both internal competitions within team members and external among rival organizations. The game theory therefore came in handy in assessing the influence of strategy implementation control on performance of commercial banks.

Modern Portfolio Theory (MPT)

Harry Markowitz (1952) pioneered a philosophy popularly known as the modern portfolio theory (MPT). MPT explains how risk-averse investors should create investment approaches to maximize or enhance investment returns depending on a given degree of market uncertainty, noting that higher yields are correlated with higher risks. According to (Markowitz, 1952), it is possible to build an investment portfolio to offer the highest potential returns for a given amount of risk. This theory argues that investment return characteristics and risk should not be the only determinants. The theory shows how rational investors diversify in order to optimize their portfolios. Strategic planning is important whether the organization's structure and direction demand reviewing, whether the current priorities have changed and additionally whether the means of achieving desired objectives need to be adjusted due to pressure from internal or external forces effecting goal delivery. MPT thus helped establish the influence of strategic surveillance controls on organizational performance.

Conceptual Framework



Premise Controls and Organizational Performance

According to Karkowska (2019), premise control is a tool for systematic and continuous monitoring of the environment to verify the validity and accuracy of the premises on which the strategy has been built. It primarily involves monitoring two types of factors. Emanuel, Eduardo, Helio and Rosimeire (2019) studied strategic premise controls in the Armenian Airline Company. Theirs was a quantitative study, using a survey as the data collection technique. 73 questionnaires were validated, after being completed by those responsible for the controlling or related area of these enterprises over the period between February and April of 2014. The data analysis was performed using the structural equations modeling technique. Their results indicated that viewed as the organizational approach which provides scope and direction over a long period of time to achieve advantages for a given organization through configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations.

Govindarajan and Fisher (2018) analyzed the relationship between premise control strategies in a context of resource sharing between business units in Europe. The results found indicated that in order to obtain a competitive advantage an adjustment is necessary between premise controls and overall strategic implementation controls. Their study concluded that the benefits of exchanges between units depend on a suitable relationship between the premise control and organizational structure. Additionally, strategic leadership of top managers and their skills through their functional track have helped them to cope with a changing environment in this firm had the highest means and had affected financial performance to a great extent. From these results, it is evident that the premise control plays a proactive role in the process of strategic change.

Strategic Surveillance Controls and Organizational Performance

Rantyanti and Halim (2020) pointed that strategic surveillance controls are an unfocused control and is usually kept open and should be executed in an unstructured manner to enable an organisation to uncover important yet unanticipated information from multiple information sources. strategic surveillance controls are designed as a safeguard to protect a whole range of established strategy in a constant way. While one of the main objectives of a planning system is monitoring the environment for opportunities, the basic task of a control system is observing threats for the current strategy (Schreyögg & Steinmann, 2018).

Hanoon *et al.*, (2021) investigated the impact of strategic surveillance control components on the financial performance, in the Iraqi Banking Sector. A quantitative approach using Structural Equation Modelling (SEM) was utilized as the main study design. The data was collected from a group of respondents comprising CFO, CEO, Accountants, Internal Auditors, and Audit Committee selected through non-random purposive sampling. The actual survey questionnaire was distributed to 365 respondents, and the data were analyzed using SEM to determine the impact between Internal Control Components and Financial Performance. Their study results that the Internal Control Components have a significant impact on Financial Performance. The positive significant relation was control activity (β =0.311, $p<0.05$), followed by risk assessment (β =0.203, $p<0.05$), monitoring (β=0.176, $p<0.05$), control environment (β=0.164, $p<0.05$) and information & communication (β=0.157, $p<0.05$).

Special Alerts Controls and Organizational Performance

Special alert control is a crisis management tool designed to identify vulnerable areas, develop alternative plans, and practice reactions to the crisis. Special alert control keeps organizations ready for a time of crisis, as they need to be more cautious about high level risks, which have the potential to their strategies (Band & Scanlan, 2019). Ali (2019) examined the effect of strategic controls in the Australian logistics industry and reported that strategic management including strategic controls, strategy objective, strategy formulation, strategy implementations and strategy evaluation had significant effects on organizational performance of financial and non-financial firms. The foundation of strategic controls in many sectors forms a firm and rigorous evaluation and control system.

Woldmeskel (2020) assessed strategy evaluation and control methods in the education sector using a case of Hope University College Addis Ababa. They established that issues control is indeed a strategic function in the sense that the adoption of strategic control techniques has led to improvement in financial and non-financial performance of regional organizations that are with different socio-economic issues. Strategic leadership of top managers and their skills through their functional track have helped them to cope with a changing environment in this firm had the highest means and had affected financial performance. Consequently, the growing competitive environment leads to price wars which affect organizational outcomes of many firms in Africa. From these evidence, special alert controls in the globalized banks are associated with formal rules but was not found to be associated with formal targets.

Implementation Control and Organizational Performance

Implementation control involves placing objectives, strategies, and policies into action through the development of programs, budgets, and procedures. According to Bandile (2019), implementation control is the most rigorous and demanding part of the entire strategic control process and requires the most input of the organization’s resources. Implementation control covers all the necessary areas, which include milestones reviews, timeliness of implementation and financial resources allocation. Ghazi and Abbas (2018) implementation focuses on moving the organization to a future desired state and covers the purpose and mission of the organization. strategy implementation makes a noticeable impact on the organization.

Varelas and Apostolopoulos (2020) investigated strategic implementation control in the hospitality businesses during times of crisis. This research emphasizes the connection between the strategic management approaches of 131 tourism organizations and hospitality business performance by analyzing entrepreneurs' opinions and hospitality business markets. The results reveal that a significant percentage of the participants understand and use some strategic management procedures, and some strategy in general, but there is a lack of a concrete strategy for managing the turbulent environment caused by an economic crisis. However, a large percentage of small tourism businesses are completely unaware of strategic management approaches, and their knowledge of implementing a strategy during an economic crisis is limited.

RESEARCH METHODOLOGY

Research Design

The study adopted a descriptive survey research design. The quantitative and qualitative approaches assisted in establishing the existent state of multiple variables at a specific point in time, and whether or if there is a link between them.

Target Population

This was a study of all the 42 banks in Nairobi County, Kenya. The target respondents composed of the management staffs currently employed at the 42 commercial banks in Nairobi County, Kenya. This study involved the top level, middle level and low level managers working in the head offices of the commercial banks in Nairobi County Kenya. It was estimated that on average there were 1226 top, middle and low level management staff working in the head offices of the commercial banks in Nairobi County Kenya. As such, the total target respondents included the 1226 departmental heads, assistant departmental heads, and management staffs working in the head offices of the 42 commercial banks in Kenya.

Sampling Frame

From the population of 1226, a sample of 10% was selected from within each group in proportions that each group bears to the study population. This sample was appropriate because the population is not homogeneous, and the units are not uniformly distributed. This generated a sample of 123 respondents.

Data Collection

The study used a survey questionnaire administered to each member of the sample population. In addition, secondary data was gathered to complement the primary data. This secondary data was gathered from the previously published information from the Central Bank of Kenya, individual commercial banks, industry analysis reports and peer reviewed journals. These sources of secondary data were authentic thus reliable, suitable, and valid. The secondary data sought included aspects of performance of banks over the recent five years.

Pilot Study

The study selected a pilot group of 12 individuals (10% of the sample population) from the sample population at four (4) commercial banks (10% of 42 banks) in Kiambu County to test the reliability of the research instrument. The pilot study enabled the study to be familiar with research and its administration procedure as well as identifying items that required modification. The result helped the study to correct inconsistencies arising from the instruments, which ensured that they measure what is intended.

Data Analysis and Presentation

Data analysis involved preparation of the data collected data - coding, editing and cleaning of data so that it may be processed using Statistical Package for Social Sciences (SPSS) which was used to analyze the quantitative data. Quantitative data was analyzed by the use of descriptive and inferential statistics and presented in tables and figures. The Pearson correlation matrix was used to indicate the direction, strength and significance of the relationships. The independent variables and dependent variable for this study were modeled using multiple regression method. The multiple regression model for the study was:

$Y= \beta_0 + \beta_1X_1+ \beta_2X_2+ \beta_3X_3 + \beta_4X_4+ \varepsilon$……………………………………Equation 1

Where:

Y represented performance of commercial banks (Financial performance measured by ROA while non-financial performance is measured in terms of customer satisfaction and market share)

β_0 represents Constant; β_1, β_2, β_3 & β_4 represents Regression coefficients of the independent variables, respectively.

X_1 represented premise controls; X_2 represented strategic surveillance controls; X_3 represented special alerts controls; X_4 represented implementation controls; ε represents Error term.

RESEARCH FINDINGS AND DISCUSSIONS

Background of the Respondents

The study was based on 94 out of 123 sample respondents who filled in and returned the questionnaires contributing to 76.4% response rate. 59.6% of the respondents were male while 40.4% of them were female. 41% of the respondents had obtained Bachelors' Degrees as their highest level of education, 45.7% of them had acquired post graduate level of education, and

12.8% of the respondents showed that they had acquired other academic qualifications such as higher national diploma and other professional qualifications. 50.0% of the respondents were working as assistant managers in the commercial banks. In addition, 35.1% of them were top management staff, while 14.9% of the respondents were departmental/functional/branch managers.56.4% of the respondents indicated that they had worked in their roles for a period of 11-20 years, 36.2% of them had worked in their roles for a period of about 10 years while 7.4% of the respondents indicated that they had been working for commercial banks for a period of more than 20 years.

Premise Controls and Organizational Performance

The study found that the banks have adopted premise controls in their operations to a very great extent. This was according to 39.4% of the respondents. From the study, organizational aspects influence the performance of the commercial banks to a great extent as shown by a mean score of 3.936; Industrial elements affect the performance of banks to a great extent as shown by a mean score of 3.777 and environmental factors have a great influence on the banks' performance as shown by a mean score of 3.755. The study established that there is a thorough process of selecting premises that are likely to change and would severely impact the functioning of the organization and its strategy; there are specific units in their banks that regularly monitor the industry factors such as competitors, suppliers and substitutes; the benefits of exchanges between units depend on a suitable relationship between the premise control and organizational structure; there are controls in place to monitor the organizational aspects that can affect the banks' performance and; there is continuous monitoring of the environment to verify the validity and accuracy of the premises.

Strategic Surveillance Controls and Organizational Performance

The study found that commercial banks in Nairobi County Kenya have adopted strategic surveillance controls to a great extent. This was according to 45.7% of the respondents. The study established that industrial trends monitoring has a great effect on the performance of commercial banks, competitor surveillance affects the performance of commercial banks to a great extent and that strategic environmental scanning plays a great role on the performance of banks. According to majority of the respondents strategic surveillance controls are designed as safeguards to protect the established strategy in a constant way; The banks have been monitoring various sources of information to uncover unanticipated information having a bearing on the organizational strategy; The strategic surveillance controls are useful in drawing a roadmap for the organization's future; The Organization utilizes various sources of information to capitalize on its strengths and weaknesses of its competitors; and the banks keep track records of events to easily survey and monitor the recurrent events and draw strategic plans to enhance its performance.

Special Alerts Controls and Organizational Performance

The study further established that the commercial banks have adopted special alert controls in their operations to a great extent. This was in accordance with 46.8% of the respondents. revision of risk management influences the performance of the commercial banks to a great extent; and as well rapid response mechanisms and reaction tools and procedures influence the performance of the commercial banks to great extents. Accordingly, the banks employ various special alert controls to survive in the mounting pressure in the industry; the special alert controls help the banks to be more cautious about high level risks which have the potential to affect their performance; the banks have crisis management tools designed to identify vulnerable areas, develop alternative plans, and practice reactions to the crisis; special alert systems are frequently used in organizations to impact their overall performance and; special alert controls keep the banks ready for a time of crisis.

Implementation Controls and Organizational Performance

The study results revealed that the banks have adopted implementation controls in their operations to a moderate extent. This was indicated by 43.6% of the respondents. From the study structural plans affect the performance of commercial banks to a moderate extent; time aspects of implementation controls affect the performance of commercial banks to a moderate extent; financial resources affect the performance of commercial banks to a moderate extent and; milestone reviews affect the performance of commercial banks to a moderate extent. There was neutrality on that the implementation controls in the banks involved placing objectives, strategies, and policies into action through the development of programs, budgets and procedures; the banks convert major strategic plans into concrete, sequential actions that form incremental steps; implementation controls provide guidelines for imparting sufficient training for employees which directly influence the performance of the banks and; that implementation control provides the overall plan against which management can excel in difficult times.

Organizational Performance

The study found that in the last five years, strategic controls greatly contributed to increase in average market share of banks in Nairobi County Kenya from 5.2% in 2017 to 6.1% in 2021. There was a gradual increase in ROA from 23.6% in 2017 to 30.7% in 2019 before a slight drop to 21.8% in 2020 followed by an increment to 22.8% in 2021. The Customer Satisfaction Index increased from 68.6% in 2017 to 75.4% in 2019 then dropped to 65.3% in 2020 before rising drastically to 81.6% in 2021.

Inferential Analysis

Model	R	R Square	Adjusted R Square	Std. Error of Estimate
1	0.894	0.799	0.726	0.0244

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.684	4	2.736	2.519	.010(a)
Residual	0.0122	89	1.0858		
Total	0.6962	93			

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.542	0.487		3.167	0.021
Premise controls	0.684	0.344	0.089	1.99	0.048
Strategic surveillance controls	0.860	0.448	0.034	1.92	0.021
Special alerts controls	0.715	0.364	0.603	1.96	0.042
Implementation controls	0.739	0.378	0.037	1.96	0.032

From the Model Summary Table, the R-squared coefficient of determination depicts how changes in the predictor variables affect the response variable. As per the results above, the R-square value is 0.799, suggesting that strategic controls (premise controls, strategic surveillance controls, special alerts controls and implementation controls) account for 79.9% of the performance of commercial banks in Nairobi County, Kenya. The F-value which is calculated at 5% significance level was 3.426 with the significance value of 0.010 which is less than the critical value at 5% level derived from a 2-tailed test. The F calculated in this model is greater than the F critical (at 4, 89, F critical= 2.42). This is an indication of the overall significance of the model. From the regression coefficients, the regression model ($Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$) becomes.

$$\mathbf{Y=1.542 +0.684X_1+0.860X_2+0.715X_3+0.739X_4}$$

Based on the output obtained Unstandardized beta coefficient of premise controls variable was 0.684, strategic surveillance controls variable had 0.860, special alerts controls variable had 0.715, and implementation controls variable had 0.739. The t-value of premise controls variable was 1.99, strategic surveillance controls variable had a t-value of 1.92, special alerts controls variable had a t-value of 1.96, and implementation controls variable had a t-value of 1.96. Since higher t-value imply greater confidence in regression coefficients, the t-value of premise controls variable imply that premise controls is reliably the most predictor variable.

CONCLUSIONS

The study concludes that the commercial banks in Kenya have embraced premise controls as a strategic approach in executing their banking operations. There are various aspects of premise controls that influence the performance of the commercial banks including organizational aspects, industrial elements and environmental factors.

The study also concludes that there has been a great level of adoption of strategic surveillance controls which play a crucial role on the performance of commercial banks in Kenya. From the findings there exist various strategic surveillance controls aspects that influence the performance of commercial banks including competitor surveillance, industrial trends monitoring and strategic environmental scanning.

The study further deduces that the commercial banks in Kenya have adopted special alert controls in their operations to great levels. There is clear evidence that special alert controls have an outstanding influence on the performance of the commercial banks in Kenya. The banks have a crisis management tool designed to identify vulnerable areas, develop alternative plans, and practice reactions to the crisis; special alert controls keep the banks ready for a time of crisis; The banks employ various special alert controls to survive in the mounting pressure in the industry; and special alert systems are frequently used in organizations to impact their overall performance.

The study finally concludes that there has been a moderate uptake of implementation controls among the commercial banks in Nairobi County, Kenya. Implementation controls affect the performance of commercial banks in Kenya. Implementation controls provide guidelines, strategies, policies and overall plans necessary for program development, progressive steps, and management training for better performance of banks.

The study further deduces that strategic controls have a great influence on performance of commercial banks in Nairobi County, Kenya. There is a significant positive relationship between strategic controls and performance of banks. Strategic surveillance controls contributes the most to the performance of commercial banks followed by implementation controls, then special alerts controls while premise controls contributes the least.

RECOMMENDATIONS

The study established that banks have adopted premise controls in their operations where organizational aspects, industrial elements and environmental factors have a great influence on these banks' performances. Accordingly, there is need to formulate dynamic policy plans to counter the dynamic organizational environment that is experienced by the commercial banks in Kenya and beyond.

Strategic surveillance controls have been found to exert a significant influence on the performance of banks in Kenya. Specifically, industrial trends monitoring, competitor surveillance and strategic environmental scanning play great roles on the performance of banks. As such, strategic surveillance controls should be designed in such a manner that enables the banking organisations to uncover important and unanticipated information from multiple information sources. In addition, strategic surveillance controls should be designed as solid safeguards to protect whole range of established banking strategies in constant ways.

From the study findings and conclusions the commercial banks in Kenya have adopted special alert controls in their operations. These controls include revision of risk management, rapid response mechanisms and reaction tools and procedures which have great influence on the performance on banks. In this regard, it is essential for the banks to put in place well equipped staff to monitor risk and develop appropriate response mechanisms to cushion the banks from economic shocks that affect their performance.

According to the study, implementation controls including structural plans, time aspects, financial resources and milestone reviews have a considerable effect on the performance of commercial banks. Accordingly, the study recommends the management of the commercial banks to develop implementation controls to become strategically positioned and oriented in market through strong organizational cultures. This will ensure that the banks achieve competitive advantages through configuration of resources in the challenging environment thus improving their performance.

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