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Influence of Strategic Planning on Financial Performance of Listed Commercial Banks in Kenya

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Abstract: **The main objective of the study was to establish the influence of strategic planning on the financial performance of listed commercial banks in Kenya. The specific objectives of the study were to determine the influence of strategy formulation on financial performance of listed commercial banks, to establish the influence of strategy implementation on financial performance of listed commercial banks and to assess the influence of strategy evaluation and control on the financial performance of listed commercial banks in Kenya. This study unit of measurement was the departmental heads, departmental supervisors, branch managers and branch supervisors categorized as senior management, middle level management, and lower-level management consisting of 132 respondents. The research study used descriptive research design. A census survey was carried out on all the 11 listed commercial banks in Kenya. A questionnaire was used as the data collection instrument, with both descriptive and inferential statistics performed. From the research findings it was revealed that strategy formulation, strategy implementation, strategy evaluation and control all had positive significant influence on the financial performance of listed commercial banks. Thus, it can be concluded that strategic planning process influence the financial performance of the listed commercial banks. The study recommends that commercial banks adopt strategic planning processes as a way of enhancing their financial performance.**

Keywords: **strategy creation, strategy implementation, strategy evaluation, and strategy control.**

I. INTRODUCTION

1.1 Background of the Study

Strategic planning as stated by Grant (2014) is the procedure of creating and upholding consistency between the establishments of goals and its prospects. Strategic Planning is a process of documenting your plans for the business to determine where you are and where you are going, it gives you a place to document your organisation's vision, mission, and objectives as well as long term goals and how to achieve them to bring the desired performance, Eric VO, (2018). Hunjraet al, (2014) carried out a study in Islamabad, Pakistan, on the impact of strategic planning on financial performance of micro finance banks and found out that strategic planning has a positive relation with Return on Investment, return on Equity and return on Assets. The study further stated that the management characteristics show significant relation with financial performance in the microfinance banks.

Kriemadis, (2009) carried out a study on strategic planning in University Athletic Departments in the United Kingdom and found out that strategic planning provides employees with clear objectives of the organization and direction towards the desired future and increase their motivation and satisfaction. Kalevuet al, (2010) carried out a comparison study across countries and sector on strategic planning and firm performance and found out that there are performance differences across these countries, industries and firm size and that strategic planning explains performance better than any other contextual characteristics. The study focused on developed economies as USA, Netherlands, Germany, Spain and emerging economies such as China, Malaysia and India.

A study carried out in Nigeria by Adeyemi et al (2012), posit that the process of decision making is interactive and continuous, which require feedback. Among the key features being goal setting, analysis, strategy formation, strategy implementation and strategy evaluation. Arafat El-Mobayed, (2006), Mahembe, (2011) and Murimbika, (2011) researched on the South African SMMEs and found out that most of them performed poorly and most of the times fail at their early stages. However, it's argued that strategic planning is the key to addressing the problem of poor financial performance and failure in SMMEs. Therefore, all decision-making processes should be done proactively and not reactively.

A study by Lipunga (2014) aimed to evaluate the determinants of profitability of listed commercial banks in developing countries, focusing on Malawi for the period 2009-2012. Return on Assets (ROA) and Earnings Yield (EY) were used as measures of profitability. The study applied correlation and multivariate regression analysis which revealed that bank size, liquidity and management efficiency have a statistically significant impact on ROA but this was not the case for capital adequacy. In terms of Earnings Yield however, bank size, capital adequacy and management efficiency had a significant influence on bank performance but not liquidity.

A study carried out by Solomon & Barrack, (2015) on the influence of strategic planning practices in construction firms in Kenya, posit that strategies are yet to be implemented effectively in the sector despite being supervised by qualified individuals and they fail due to lack of strategic planning processes. Oloo (2011) conducted a study on Kenya's finest banks from 2001 to 2010 and discovered that, despite high overall financial performance, many banks claimed losses due to poor planning.

A study by Mahoro, (2017) on the effects of strategic planning on the firm's performance posits that strategic planning structures and systems contribute towards building organizational capabilities that drive performance. The study indicated that managers are keen on monitoring and identifying trends or cycles to find patterns of the market trend by collecting information in the environment, sort out relevant information and adjust their plans to meet future forecasts.

1.2 Statement of the Problem

Financial performance of each bank is crucial not only for financing activities but also in provision of activities related to finance and according to Abesiga, et al, (2015) argument, it's improvement is central to strategy of any organization. According to Madueke & Kamala (2016), it encompasses an organization's financial objectives and helps managers to track financial success and shareholder value.

A report by Cytonn (2018) indicates that listed commercial banks in Kenya are currently facing major internal and external challenges of fierce competition, poor financial performance, rapid change, diversity of customer desires, renewable technology, social responsibility, and other factors. Although the report acknowledged poor financial performance, Central Bank of Kenya report (2018) indicate that the banking sector registered improved performancein 2018 with profit before tax increasing by 14.6 percent to Ksh.152.7 billion in December 2018 from Ksh.133.20 billion in December 2017.

Similarly, Kariuki (2020), in her study established that banks have poor financial performance and as a consequentsuggested the need for strategic planning to improve financial performance. Traditionally, organizational performance was measured using financial measures like return on investment, cash flow, return on capital employed and financial results. Such traditional measurements systems did not consider the value of strategic planning which is increasingly becoming important in our knowledge-based economy (Maduekwe& Kamala, 2016).

Various studies indicate a positive relationship between strategic planning and performance of an organization (Arasa& K'Obonyo,2012). In the banking sector strategic planning is an important factor towards continuation of the sector, increasing profitability, improving customer relations, and developing new services (Nzewi&Ojiagu, 2015; Ali & Al-Jaradi,2016).Cytonn (2018) reported that the performance of listed commercial banks depends on the strategies employed.Although several studies have been carried out on the relationship between strategic planning and financial performance, mixed and inconclusive findings still exist.

Since listed banks have a common goal and share the same market, which is financial performance, it makes the industry be viewed as partner in business sector. However, the listed banks operate as separate entities making the strategic planning mechanisms difficult to share, for instance, these banks only share client information on credit reference bureaus. Owing to these challenges, it is essential to examine the influence of Strategic Planning (strategy formulation, strategy implementation, Strategy evaluation and control) that cut across all the listed banks as this will reveal some openings leading to ways of improving financial performance among commercial banks in Kenya and other sectors.

1.3: Objectives of the Study

1.3.1 General Objective of the Study

The general objective of the study was to examine the influence of Strategic Planning on Financial Performance of commercial banks in Kenya with specific regard to commercial banks in Kenya.

1.3.2 Specific Objectives of the Study

i. To establish the influence of strategy formulation on financial performance of commercial banks in Kenya.

ii. To determine the influence of strategy implementation on financial performance of commercial banks in Kenya.

iii. To assess the influence of strategy evaluation and control on financial performance of commercial banks in Kenya.

1.4 Research Questions of the Study

i. How does Strategy Formulation influence financial performance of commercial banks in Kenya?

ii. How does strategy Implementation influence financial performance of commercial banks in Kenya?

iii. To what extent does strategy Evaluation and Control influence financial performance of commercial banks in Kenya?

1.5 Justification of the Study

Management of Commercial banks

This research allows bank executives to evaluate their management model and match it with the organization's policies to improve financial performance. Because they are the business's drivers, their management style has an impact on the company's financial performance. The finding helps them evaluate their performance and the effectiveness of their strategies and focus more on internal control, and maximum utilization of opportunities to increase the shareholder's return.

Stakeholders

The findings of this study benefit the bank's stakeholders since they can assess the banks performance over the stipulated period. Potential investors always seek profitable ventures hence making sound investment decision. Customers will be able to tell whether their deposits are safe in the bank, and this will boost their confidence to bank more hence better liquidity position.

Scholars

The study acts as a point of reference by researchers in the future on Strategic Planning and financial performance. Upon publication other researchers will use it as a source of reference and as a source of suggestion for further studies. The recommendation from researcher will help future researchers to identify gaps and further carry out their research towards filling those gaps.

1.6 Scope of the Study

The study focused on Kenya's publicly traded commercial banks. Branch managers, branch supervisors, department heads, and departmental supervisors were among the attendees. Strategic planning variables such as strategy creation, strategy implementation, strategy evaluation, and strategy control were examined in connection to financial success in this study.

II. LITERATURE REVIEW

2.1 Theoretical Review

The research was be linked to three major theories: Systems Theory, Resource Based view theory and Human Capital theory.

2.1.1 Systems Theory

Ludwig Von Bertalanffy, a Hungarian scientist, proposed systems theory in 1928. (Kast& Rosenzweig, 1972; Scott, 1981; Olum, 2004). The core of systems theory is that all of an organization's components are interconnected, and that changing one variable can have a large impact on many others, or that if one sub-system fails, the entire system is jeopardized. Grace, (2013), states that organizations are viewed as open systems that are continually interacting with their environment.

According to Gibson et al (1997), organization's system is related to a larger system that introduces the importance of feedback that reflects the outcomes of an act or series of acts by an individual, group, or organizations. Mullins, (2005) argued that the systems approach attempts to reconcile the technical aspect requirements of an organization and its needs in an environment where organization has no people and people have no organization.

In relation to strategy formulation, systems theory helps the top management to look at an organization more broadly and appreciate the interrelationships among the various variables and the existing parts. The theory plays a very important role in examining how strategy formulation process influences the financial performance in the organization. Strategic planning formulation models are based on processes and systems approach that are interrelated. Its therefore vital to find the extent these processes and systems are applicable in commercial banks.

2.1.2 Resource Based View Theory.

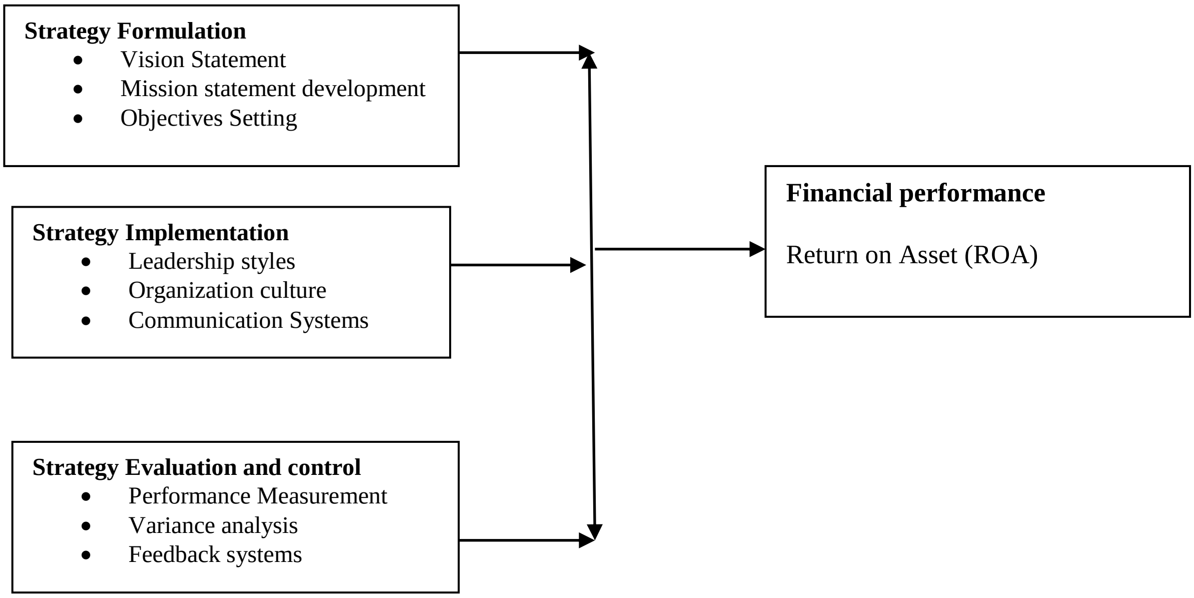
This theory as stated by the following scholars Wernerfelt, 1984, Rumelt,1984 and Barney,1986 states that a firm's resources (both tangible and intangible) and capabilities are the fundamental determinants of competitive advantage and performance. Barney's (1991) defines the firm's resources as assets, capabilities, organizational processes, firm attributes, information, and knowledge. According to Carpela& Gordon (2011), tangible resources are financial, physical, technological, and organizational resources and intangible as human, image, and innovation. Wernerfelt (1984), argues that competitiveness can be achieved by creatively delivering higher-ranking value to customers. A central premise of the resource-based view theory is that firms compete based on their resources and capabilities. It adopts two assumptions in analyzing sources of competitive advantage in an organization, Conner and Prahalad (1996) asserts that it is more advantageous for an organization to pursue a strategy that is not currently being implemented by any other competing firm. RBV theory is relevant to the study since it enables the firm to look at the internal resources as key to superior firm performance and not to focus on the external environment. An organization can achieve sustained competitive advantage by exploiting internal resources rather than external resources. It must strive to achieve sustained competitive advantage by continually adopting to changes in external trends by use of its internal capabilities, competences, and resources and by effectively implementing strategies that capitalize on gaining competitive advantage.

2.1.3 Human Capital Theory

This theory stems from the works of Adam Smith, (1776) and Alfred Marshall, (1890). It was proposed by Schultz (1961) and developed extensively by Becker (1964). The key assumption is that time and money spent on education builds human capital hence one should be able to estimate the rate of return (ROR) on such investment. It further points out that formal education is highly important and necessary in improving the production capacity of a population. The theory further suggests that education and training raise the productivity of employees by imparting knowledge and skills, hence raising their future income by increasing their lifetime earnings (Becker, 1994).

.In relation to strategy evaluation and control organizations should seek to source employees with good qualifications for a given job description for efficient output, still organizations should encourage existing employees on the need to further their education and embrace trainings both on-the job and off-the job trainings, which goes in line with Human capital theory that argues that education increases the productivity and efficiency of workers by doing so the organization stands to benefit with increased output, less wastages, technological innovations and less costs on trainings.

2.2 Conceptual framework



Independent Variables **Dependent Variable**

Figure 2.1: Conceptual Framework

2.2.1 Strategy Formulation

Strategy formulation is a process of determining the organization's mission, goals, and objectives by crafting the appropriate strategy, Borza et al (2007). According to Pearce II and Robinson (2011) strategy formulation guides top managers to define the business their firm is in, the ends it seeks, and the means to use to accomplish these ends. Rothaermel (2017) states that strategy formulation passes through three phases: vision statement development, mission statement development and objectives setting. Wheelen& Hunger (2008) states that strategy formulation involves the review of organizational key objectives, identifying available alternatives, evaluating alternatives, and deciding on the most appropriate alternative. This variable will be measured by the questions from (1) to (4) in the questionnaire under strategy formulation section.

Vision statement determines the future path of the organization, what the organization intends to reach and the center it aims to achieve. Vision statement is important in an organization as it guides it to move in a chosen direction. It provides direction where the business is headed and what it can be as it gives long term direction Obeidat (2016). According to Taiwo et al, (2016), an organization's vision is the root for success as it focuses on determining the business's market potential and position the business within the marketplace.

Mission statement of an organization represents the products and services that the organization aims to provide and the markets that it intends to penetrate (Rothaermel, 2017). An organization's customers, their needs, and ways to satisfy their needs should be taken into consideration during the mission statement enactment Hill et al, (2009). Thompson et al (2007) postulate that effective communication of mission statement is a valuable management tool for enlisting the commitment of an organizational personnel to actions to get the company moving in the intended direction. Strategic mission only becomes real when it is imprinted in the minds of employees and then translated into hard objectives and strategies.

Organization's strategic objectives are the results intended to be achieved through outputs that the organization delivers in form of products or services with specified features that lead to the intended results Rothaermel, (2017). According to Thompson, (2007) strategic objectives are the end results of planned activity that state what to be accomplished by when and it should be quantified. It is the organization's performance targets that is planned to be achieved. Botten (2009), indicates that strategic objectives perform five functions in an organization namely, setting the responsibilities of managers, provide the framework for planning, they are used for the integration of organizational activities and acts as a motivator to employees to work hard to achieve the targets and are finally used to evaluate and control the performance of managers. Eastlack and McDonald (1970), discovered that the involvement of managers in objective setting improved performance.

2.2.2 Strategy Implementation

Strategy implementation refers to putting the strategy into action and making sub-organizational units to implement their roles in the strategic plan successfully by building the right organizational culture, having competent leaders, and having the right communication systems Babafemi, (2015). This variable will be measured in the questionnaire by the questions from (1) to (4) in the strategy implementation section.

A leader's leadership style is a collection of features, actions, and characteristics that he or she employs when interacting with subordinates(Mitonga&colleagues, 2012). Modern leadership styles are classified by Haris (2007) as transformative, culture-based, transactional, democratic, charismatic, and visionary. According to Ebrahim (2018), in a study on the impact of leadership style on organizational performance, leadership style is a key determinant that is associated with the success and failure of any organization. The study focused on six types of leadership styles: transactional, transformational, democratic, charismatic, bureaucratic, and autocratic leadership styles. The study found transformational, autocratic, and democratic leadership styles to have a positive influence on organizational performance while transactional, charismatic, and bureaucratic leadership styles were found to have a negative impact on the organizational performance in the organizations taken for study.

Organization culture is everything that people do, have, and think as members of their society, Fletcher & Jones (2012). Culture represents the character of an organization. It is a concept that directs employees in their daily working relationships and guides them on how to communicate and behave within an organization. It has a strong bond with the competitive performance in an organization since it serves many purposes including that of creating a common set of norms that employees follow by unifying them, Lim (2015). Organizational culture is the assumptions, beliefs, and values that members of a group in an organization are guided by based on the rules and regulations, it is the personality of an organization Adetowubo (2018).

Ccommunication is an important element of strategy implementation process because it can help to coordinate the efforts, resources, people, and the activities Neves & Eisenberger (2012). It is a major component that should be recognized, and its activities funded adequately, Hantiro&Maina (2020). Communication system is found to be of importance to the communication of vision and mission statement, and objectives of an organization to the strategy. Kibe(2014) concludes that proper communication in an organization is an integral part of strategy implementation due to its ability to provide information on time to the stakeholders hence empowering them to act in good time. The study further states that poor communication can influences the level of competitiveness negatively and can lead to lags in action by stakeholders hence causing inconveniences to customers and employees.

2.2.3 Strategy Evaluation and Control

Strategy evaluation and control is a process that involves continuous review and provision of feedback concerning the strategies implemented to deter mine if the intended results are being attained for corrective measures to be taken (Maroa& Willy, 2015). It is the systematic investigation carried out by an organization to determine the reasons why certain objectives, performance standards and any other performance indicator failed Strydom (2011).

According to Pearce & Robinson (2005) effective strategy evaluation must follow the following four steps: setting of performance standards, actual performance measurement, variance analysis and taking corrective action where necessary. Pearce & Robinson (2009) states that strategy evaluation is the process where an organization's performance results, and desired performance are monitored to ensure that the strategy chosen is properly implemented and is meeting the objectives of the organization.

Performance management is a process that organizationsundertake that entails consolidating goal setting, performance appraisal, and development into a single shared system. Its objective is to ensure that employees performance, productivity supports the organizations strategic objectives (Umar et al, 2018). According to Umar (2018), managers define employees goals and work, develop employee capabilities, evaluate and give rewards to the one's that achieve the set goals.

Performance measurement is an important activity in an organization's management. An organization that does not practice performance measurement would hardly deal efficiently and effectively with the uncertainty inherent to the environment, resulting in poor use of resources and consequently increasing the probability of failure (Beuren& Teixeira, 2014). Formal feedback systems are used by managers to evaluate whether an organization is achieving the desired results (Wanjohi, 2013).

Variance analysis is an important tool in strategy evaluation because it reveals and play essential role in the financial analysis and decision making by the managementKabiruet al,(2013). According toKabiruet al, (2013), variance analysis helps to identify areas of alarm that enables the management todevise a tool to monitor and control general performance of the organization.

2.2.4 Financial Performance Measurement

According to Naz et al, (2016), financial performance refers to the financial health of an organization over a period. It refers to the activities that are used to generate higher sales, profitability and worth of a business or market premium of a business (Naz, Ijaz, & Naqvi, (2016). Campbell et al, (2008) posit that it is a measure of an organization 's financial condition or financial outcomes resulting from management decisions carried out by organization members.

Kuhleet al, (2009) posit that financial performance refers to financial measures, such as return on equity (ROE), return on investment (ROI), operating profit, and sales growth rate. These indicators are the best in identifying whether an organization is doing things right and hence can be used as the primary measure of organization success (Pratheepkanth, 2011). It also refers to the level of companies' financial performance relative to their major competitors over the past years (Chi &Gursoy 2009).

According to Mella (2012), profitability is used as a general measure of a firm 's overall financial health over a given period and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. Mella (2012) stated that there are four useful profitability ratios and measures that can be used to measure profitability. These are the return on assets (ROA), return on equity (ROE), operating profit margin and net income. The ROA measures the returns to all assets and is often used as an overall index profitability and the higher the value, the more profitable the business. ROE measures the rate of return on the owners 'equity employed in the business. It is useful to consider ROE in relation to ROA to determine if the firm is making profitable returns on their borrowed money (Walsh, 2006). Protopappa and Seifert (2010) posit that profitability is the most common measure of performance in companies.

2.3 Empirical Review

This section outlines the past studies related with the variables under study. The studies present their finding and the research gap hence the need for this study. This section outlines the past studies related with the variables under study. The studies present their finding and the research gap hence the need for this study.

2.3.1 Strategy Formulation

Pearce& Robinson, (2013) state that strategy formulation guides the organization's top managers to define the business they are involved in and to find ways of achieving the desired set goals. It is through effective strategy formulation that this anticipated outcome is achieved. Van Gelderenet al, (2000) contend that organizations competitive advantage is achieved through effective strategy formulation and strategic planning process.

Auka and langat (2016) conducted a study on the impact of strategic planning on small and medium enterprise performance, using strategy formulation as an indicator of the strategic planning process, and found that strategy formulation has an impact on small and medium enterprise performance. In a study of microfinance institutions (MFIs) in Nairobi, Kenya, Odongo et al, (2016) hypothesized that strategy design influences MFI financial performance.

2.3.2 Strategy Implementation

Strategy implementation is the process of turning the plan into action. It is an important component of strategic planning process Pride & Ferrell, (2003). According to Kotler et al, (2001) strategy implementation addresses the where, when how and who to carry out organizational activities to achieve the set results. Successful implementation of a strategy entails involvement of both managers and employees in decision making and communicating the process (David 2003).

According to Pearce & Robinson (2011) strategy implementation is viewed as a process that translates the strategic thought into action, it is a process where managers move from planning to action. It turns the formulated strategy into action that ensures the achievement of the set vision, mission, and strategic objectives. A study by Ogbeideet al, (2009) states that the top-level management involvement in strategy implementation relates positively with a firm's financial performance. Monday et al, (2015) argue that organizations with good strategy implementation processes had much sounder organizational performance compared to those with a poor or fair strategy implementation processes.

2.3.3 Strategy Evaluation and Control

Freeman et al, (2004) states that strategy evaluation and control is a systematic and rigorous application to assess organizations design. It is a process of comparing the company's actual performance and the desired results. Thompson et al, (2016) postulates that organisations directions and strategy may be aligned to industry and competitive conditions and performance targets being met. Meanwhile Coulter (2008) postulates that strategy evaluation and control involve the examination of the underlying bases of a firm's strategy comparing expected results with actual and taking corrective action to ensure performance conforms to the plans.

Wheelen& Hunger, (2008) further postulate that strategic evaluation is carried out through five steps and the first being what to measure, the second is standard of performance, the third is to measure the performance and the fourth is to make a comparison between actual and the set standard and the fifth is to take corrective action if the actual performance doesn't produce the desired results. Otieno, (2012) states that strategy evaluation helps an organization gain competitive advantage through defining business and it enables organizations to steer towards the right direction.

Lastly, based on the evidence provided Gomera (2018), strategy control and evaluation were found to have a positive relationship with organisational performance among the sampled SMMEs in the Buffalo City Municipality. Hakimpoor (2014) established that organisations that used the strategy control and evaluation had a better chance of performing well than those that did not use strategy control and evaluation. Similarly, Monday et al,(2015) that there is a positive relationship between strategy control and evaluation and organisational, financial performance in manufacturing companies in Nigeria.

2.3.4 Financial Performance

Financial performance reflects the business sector outcomes and results that shows the overall health of the sector over a specified period (Naz 2016). According to Naz (2016) financial performance indicates how well an entity is utilizing its resources to maximize on the shareholders' value and profitability. Based on Codjia (2010), financial performance of commercial banks can be measured by its profitability.

Codjia (2010) states that financial performance looks at the statement of an accounting summary that details a business organization's revenues, expenses, and net income. It argues that a corporation may prepare a statement of financial performance on a monthly, quarterly, or annual basis (Codjia, 2010). According to Alexandruet al, (2008) banks design different strategies to realize the grand objective of profit making and to measure the profitability of commercial banks there are variety of ratios used that include Return on Asset (ROA), Return on Equity (ROE) and Net Interest Margin (Alexandruet al, 2008) Khrawish (2011) states that ROE is a financial ratio that refers to how much profit a company earned compared to the total amount of shareholder equity invested. A business that has a high return on equity is more likely to be one that can generate cash internally. Return on Assets (ROA) indicates the profitability of a bank. It is a ratio of Income to its total asset (Khrawish, 2011). Net interest margin measures the gap between the interest income the bank receives on loans and securities and interest cost of its borrowed funds. It reflects the efficiency of the bank. The higher the net interest margin, the higher the bank's profit and the more stable the bank is. Thus, it is one of the key measures of bank profitability (Khrawish, 2011).

2.4 Critique on Literature Review

Anichebe (2013), conducted a study on the Effects of strategy Formulation and Implementation in Business Organizations in Enugu State Nigeria to assess the extent of application and workability of formulated strategies in the organization and concluded that a well-conceived and formulated strategy matched with appropriate structure increases productivity in the organization and that behavioural and systemic resistance to strategic changes render strategy formulation ineffective in the organization. However, the study stated that the top management should integrate management functions through the process of organizations design in terms of strategy implementation.

A study in Bahrain by Rahman (2019) that aimed to test the impact of strategic planning on enhancing the strategic performance of Bahraini banks concluded that the strategic planning has a good statistically significant impact on financial, customer, and learning and growth. The results of the study also showed a medium statistically significant impact of strategic planning on internal business process. The study used four perspectives including environmental scanning, strategy formulation, strategy implementation, and strategy evaluation. However, the study recommended focusing on all aspects of the strategic performance in the banks under study, specifically the internal business process perspective.

Efendiogulu (2010) in a Turkish study on the impact of strategic planning on financial performance of Major Industrial Enterprises found out that many domestic and foreign firms in their sample have a strategic process in place. The study was a longitudinal study that examined a set of institutions to identify changes in their performance over time, as they incorporate the use of strategic tools in a dynamic competitive environment. Strategic planning was considered an annual process and a very important organizational activity. The study however concluded that it would be a useful contribution to investigate the use of planning techniques and the pervasiveness of the process in service organizations in developing country since all the firms in their sample were manufacturing firms, hence the current study.

2.5 Research Gap

From the research literature review, studies show that there are conflicting findings or argument concerning strategic planning and financial performance in various institutions. Gomera (2018) in South Africa found that there is a link between strategic planning and financial performance within an organization setting. Bahman (2019)concluded that strategic planning implementation has a positive impact on strategic performance by using the four perspectives, namely financial, customer, internal business processes, and learning and growth. As for the internal business process, the relationship between strategic planning and the internal business process perspective was medium. This result indicates that the commercial banks should review the internal business process perspective to make sure that the services are provided to customer with higher quality and faster response. Improving internal business process will be reflected on increasing customer satisfaction, retention, and loyalty, which in turn will be reflected on increasing financial performance. This study covered the commercial banks in Bahrain.

Contrary to the above-mentioned findings, Auka and Langat (2016) in their study on the effect of strategic planning and performance found out that there is a weak positive relationship between the two variables.This idea was also backed by a different scholar such as Mankins and Steele (2005) that supported that strategic planning relies on innovations for successful financial performance.It is against these conflicting findings or argument that this enquiry seeks to fill the gap that exist between strategic planning and financial performance of commercial banks in Kenya.

The study aims to investigate the impact of strategy design, strategy implementation, and strategy evaluation on the financial performance of commercial banks in Kenya through a financial performance analysis.

III. RESEARCH METHODOLOGY

3.1 Research Design

Research design as defined by Kombo and Tromp (2006) is the structure of research. It is the glue that hold all the elements in a research project togetherThe research problem was studied using descriptive design due to the advantage to integrate qualitative and quantitative method of data collection as stated by Kothari (2004).

3.2 Target Population

The study involved a census of all 11 listed commercial banks in Kenya. Unit of observation was 132. The target population was based on branch managers, branch supervisors, departmental heads and departmental supervisors that were classified into three categories of senior management, middle level and lower Level. The population was selected based on the availability of information and understanding of strategic planning process as compared to other members of staff.

3.3 Sampling Frame

Sampling frame constituted list of managers, heads of departments and supervisors of listed commercial banks.

3.3.1 Sample and sampling technique

The study used stratified random sampling technique to put the entire management staff population into three strata. According to Hamed (2016), stratified random sampling technique produce estimates of overall population parameters with greater precision. These are the heads of departments, managers, and supervisors. The researcher administered the questionnaire to the entire population of 132 respondents using census method. This was because the population was small (Burmeister and Aitken,2012). This brought the accuracy and reliability in the study because the researcher reached every respondent individually.

3.4 Data Collection Instruments

The research study used both primary and secondary sources of data.

3.4.1 Primary Data

A closed ended questionnaire was used to source for the primary data. The questionnaire was self -administered to gather the relevant information needed for the study. The researcher used this instrument due to its reliability of information and because the target respondents were literate and could fill at their own convenient time. The closed ended questionnaire was chosen because it allowed the researcher to reach a larger number of people in a shorter amount of time and at a cheaper cost. Because all respondents were asked the identical questions, the questionnaire lowered the odds of respondent bias. Apart from the questionnaire, the researcher also used a data collection form on profits to understand the respondents understanding of their bank's financial performance.

3.4.2 Secondary Data

The main source for the secondary data used in the study was the financial reports from the Central bank of Kenya for the listed banks for a period. This shows the actual financial performance for the period stated.

Table 3.1: Banking Sector Profitability

Banking Sector Profitability - Dec 2010-Dec 2020			
Year	**Profit/(Loss) Before Tax (Ksh.M)**	**Total Assets (Ksh.M)**	**RETURN ON ASSETS(ROA) (PBT/TA) Percentage (%)**
2020	112,145	5,405,746	2.07%
2019	159,072	4,811,962	3.31%
2018	152,700	4,408,593	3.46%
2017	133,196	4,002,741	3.33%
2016	147,445	3,695,943	3.99%
2015	134,017	3,492,643	3.84%
2014	141,145	3,199,396	4.41%
2013	125,760	2,703,394	4.65%
2012	107,898	2,330,335	4.63%
2011	89,453	2,020,818	4.43%
2010	74,272	1,678,112	4.43%
TOTAL	**1,377,104**	**37,749,683**	**3.65%**

Source, CBK reports

Table 3.2: Banking Sector Profitability for the listed banks

Banking Sector Profitability for the listed banks Dec 2010 - Dec 2020											
Return on Asset (ROA)											
	PBT/TA (%)										
Listed Bank	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
Absa Bank Kenya Plc	2.2	3.2	3.2	3.68	4.02	5.01	5.44	5.8	7	7.18	6.24
Stanbic Bank Kenya Ltd	1.96	2.8	3.1	2.34	3.37	3.56	4.31	4.1	3.5	2.23	1.96
NCBA Bank Kenya PLC	1.41	2	3.1	2.94	3.66	3.99	4.44	4.6	4.2	4.57	4.41
Co-operative Bank of Kenya Ltd	3.41	4.5	4.3	4.31	5.15	4.14	4.43	4.7	4.8	3.68	3.61
I & M Bank Ltd	3.63	4.7	3.8	4.09	5.27	5.66	5.64	5.5	5.2	5.8	4.8
KCB Bank Kenya Ltd	3.11	4.9	5	4.94	5.64	5.01	5.93	5.5	5.2	4.98	5.17
Standard Chartered Bank Kenya Ltd	2.15	4.2	4	3.34	5.1	3.83	6.42	6	5.9	5.03	5.37
Diamond Trust Bank Kenya Limited	1.26	3.2	3.3	3.05	3.64	3.69	4.47	4.9	4.9	4.19	4.9
National Bank of Kenya Ltd	0.25	-0.7	0.5	0.67	0.14	-1.34	1.9	1.9	1.7	3.56	4.49
Equity Bank Kenya Ltd	2.13	5.1	5.6	5.68	6	6.56	7.26	7.7	7.4	6.84	6.95
HFC Ltd	-1.77	0	-0.7	0.63	2.12	2.52	2.12	2.6	2.2	3.1	1.91

Source, CBK Reports

*Barclays Bank of Kenya ltd rebranded to Absa Bank Kenya PLC, * NCBA Bank Kenya PLC is a merger of CBA bank ltd & NIC PLC.

3.5 Data Collection Procedures

The researcher obtained an introduction letter from Jomo Kenyatta University of Agriculture and Technology (JKUAT) academic office to facilitate data collection. The researcher visited the listed banks offices and self-administered the collection of data using a questionnaire. The target respondents were the heads of departments, managers, and the bank supervisors. The questionnaires were accompanied by a cover letter explaining the objectives of the study and assuring the respondents that the information they were giving would be treated with utmost confidentiality.

3.6 Pilot Study

The purpose of pilot study was to test the validity and reliability of the research instrument.

3.7 Data Analysis and Presentation

In this study, completed questionnaires were examined for completeness and consistency. The data was coded and checked for any errors and omissions (Kothari,2014). The data were then entered into computer for computation of descriptive statistic by use of statistical package for social sciences. Descriptive statistic such as mean and standard deviation were used to analyse and present data to facilitate interpretation.

In this study, inferential statistics involved the use of multiple regression to predict the value of dependent variable based on the predictor's variable (independent). The coefficient of determination (r-square) resulting from the linear regression was used to determine the goodness of fit. To determine the relative importance of each of the independent variables on the dependent variable beta co-efficient(slope) was tested for significance at 5% significance level. Pearson correlation coefficient was used to establish the strength of relationship between one variable and another. Based on this background, the following linear regression model was used into test the linear relationships between individual predictor variable and the dependent variable, strategic planning, and financial performance of commercial banks in Kenya.

$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon$

Where:

Y=Financial Performance

X_1= Strategy Formulation

X_2= Strategy Implementation

X_3= Strategy Evaluation and Control

β_0= Constant

β= Beta Coefficient

ε = Error term

IV. RESEARCH FINDINGS AND DISCUSSIONS

4.1 Response Rate

The study was a census of all 11 listed commercial banks in Kenya. The sample size was 132 derived from branch managers, branch supervisors, departmental heads and departmental supervisors that were classified into three categories of senior management, middle level, and lower-Level management. Out of the 132 respondents, 92 responded translating to a response rate of 70%.

4.2 Respondent Distribution by Gender

The findings showed a fair distribution between male and female respectively with the male being at 45.7% and female being at 54.3%.The findings demonstrated that most of the employees in the banking industry were female and followed closely by the males which is an indication of gender balance in the banking industry in Kenya.

4.3 Respondent Distribution by Age

The findings showed that most of the respondents were in the age bracket 41-50 years at 57.6% followed by the age bracket 50 years and above at 34.8% and lastly the age bracket 31-40 at 7.6%. Most of the respondents in the categories 41-50 and 50 years and above serve under management positions compared to 31-40 who were in the supervisory level.

Table 4.1: Respondent Distribution by Age

Respondent Distribution by Age	Frequency	Percent	Cumulative Percent
31-40 years	7	7.6	7.6
41-50 years	53	57.6	65.2
50 years and above	32	34.8	100.0
Total	92	100.0	

Source: Researcher (2021)

4.4 Respondent Distribution by Highest Education Level

The findings show that the respondents had at least a bachelor's degree at 69.6% followed by master's degree at 26.1%. Respondents with Phd were at 4.3%. It was therefore deduced from the findings that employees of banks in Kenya, to a large extent, have good quality education that include both bachelor's degree and post graduate levels of education.

Table 4.2:Respondent Distribution by Highest Education Level

Distribution by Highest Education Level	Frequency	Percent	Cumulative Percent
Degree	64	69.6	
Masters	24	26.1	95.7
Phd	4	4.3	100.0
Total	92	100.0	

Source: Researcher (2021)

4.5 Respondent Distribution by Employment Terms

The analysis of employment terms provides information on the percentage of permanent and contract staff. The findings indicate that majority of the respondents at 78.3% were employed on permanent terms while 21.7% were employed on contract terms. The findings are in line with those on age and experience revealing that employees get confirmed from contract terms to permanent employment as they gain experience.

Table 4.3: Respondent Distribution by Employment Terms

Employment Terms	Frequency	Percent	Cumulative Percent
Contract	20	21.7	21.7
Permanent	72	78.3	100.0
Total	92	100.0	

Source: Researcher (2021)

4.6 Respondent Distribution by Experience

Analysis of experience provides information relating to the number of years that the respondents had served in the banking industry. Experience level influences the level of understanding of the task, the organization, department, and industry at large. Majority of the respondents had worked in the banking industry for 3-10 years at 67.4% followed by those with above 10 years' experience at 32.6%.This shows that the respondents understand strategic planning in the banking sector having been in the sector for a for not less than 3 years. This was in tandem with findings by Braxton, (2008) that respondents with a high working experience provide reliable data on the sought problem since they have technical experience on the problem being investigated. The findings are presented in table 4.5.

Table 4.4: Respondent Distribution by Experience

Distribution by Experience	Frequency	Percent	Cumulative Percent
3-10 years	62	67.4	67.4
Above 10 years	30	32.6	100.0
Total	92	100.0	

Source: Researcher (2021)

4.6.1 Descriptive Statistics

Respondents were requested to give their opinion regarding the influence of strategy formulation, implementation evaluation and control on financial performance of banks. The findings of the study were analyzed in order of the specific objectives. Frequencies and descriptive statistics are presented first followed by inferential statistics. The questionnaire responses were based on a Likert scale which was coded with numerical values for ease of data analysis.

4.5: Financial Performance of Commercial Banks

	SA%	A%	N%	D%	SD%	Mean	Std. Deviation
Bank has good improvement of Return on Asset in the past three years	15.2	69.6	14.1	-	1.1	3.97	.77002
Bank has a better Return on Asset compared to the industry average	15.2	66.3	14.1	3.3	1.1	3.91	.72099
Bank's profitability has been on the rise for the past three years	14.1	76.1	7.6	8.3	2.2	4.00	.64621
Bank's total assets have grown impressively for the past three years	13.0	71.1	15.2	-	-	3.97	.62859
Bank has better profitability level compared to the industry's average	17.4	63.3	18.5	1.1	-	3.96	.63680
Valid N (listwise)	92						

Source: Researcher (2021)

4.6.2 Strategy Formulation

The analysis of strategy formulation is divided into three major sections mainly vision, mission and goal setting. Each of the subcategories is presented in the following section.

4.6.2.1 Vision statement as a component of strategy formulation

Table 4.6: Vision statement as a component of strategy formulation

	SA%	A%	N%	D%	SD%	Mean	Std. Deviation
The bank uses the vision statement to establish the future needs of its customers	10.9	66.3	17.4	1.1	4.3	3.78	.82310
The bank's goal has been clearly defined and is well known to all the stakeholders	17.4	59.8	12.0	2.2	8.7	3.75	1.05482
The bank has achieved part of the set goal	10.9	75.0	12.0	-	2.2	3.92	.65017
Valid N (listwise)	92						

Source: Researcher (2021)

4.6.2.2 Mission statement as a component of strategy formulation

Table 4.7:Mission statement as a component of strategy formulation

	SA%	A%	N%	D%	SD%	Mean	Std. Deviation
All the employees understand the mission statement of the bank.	27.2	58.7	5.4	1.1	7.6	3.96	1.03192
The bank's mission statement is clear to its purpose	29.3	58.7	9.8	1.1	1.1	4.14	.71991
The mission statement meets the stakeholder's expectations	16.3	68.5	12.0	3.3	2.2	3.97	.64584
Valid N (listwise)	92						

Source: Researcher (2021)

4.6.2.3 Goal setting as a component of strategy formulation

Table 4.8: Goal setting as a component of strategy formulation

	SA%	A%	N%	D%	SD%	Mean	Std. Deviation
Employee's involvement in formulation of short-term operational objectives	26.1	65.2	7.6	1.1	-	4.16	.59811
Bank's short-term objectives influence the financial performance	15.2	65.2	12.0	2.2	5.4	3.82	.90916
Bank Employees working towards goal achievement	16.3	72.8	7.6	3.3	-	4.45	4.32578
Valid N (listwise)	92						

Source: Researcher (2021)

4.6.3 Strategy Implementation

The analysis in this section relates to the components of strategy implementation namely leadership style, organizational culture, and communication systems.

4.6.3.1 Leadership Style as a component of strategy implementation

Table 4.9: Key Strategy Implementation Elements at Strategy Implementation

	SA%	A%	N%	D%	SD%	Mean	Std. Deviation
Bank Leadership effectively supports employees in strategy implementation	30.4	57.6	10.9	1.1	-	4.17	.65648
Leaders reward the employees for achieving set targets	13.0	71.1	12.0	2.2	1.1	3.93	.65974
Leaders compromise with the bank's policies to achieve operational objectives	1.1	1.1	8.7	65.2	23.9	4.09	.68033
Valid N (listwise)	92						

Source: Researcher (2021)

4.6.3.2 Organizational Culture

Table 4.10: Key Organizational Culture Elements at Strategy Implementation

	SA%	A%	N%	D%	SD%	Mean	Std. Deviation
Bank's culture influences the process of strategy implementation	16.3	73.9	6.5	2.2	1.1	4.02	.6458
Employee culture in strong harmony with strategy implementation	19.6	58.7	18.5	3.3	-	3.94	.7165
Employees adaptable to strategy implementation changes	20.7	69.6	7.6	1.1	1.1	4.07	.6501
Valid N (listwise)	92						

Source: Researcher (2021)

4.6.3.3 Communication

Table 4.11: Key Communication Elements at Strategy Implementation

	SA%	A%	N%	D%	SD%	Mean	Std. Deviation
Management communicates to employees before implementation	10.9	65.2	14.2	2.2	8.7	3.67	1.007
Lack of Communication has led to the poor implementation of strategy	15.2	68.5	14.1	-	2.2	3.95	.701
Communication systems adopted effectively supports strategy implementation	17.4	64.1	14.1	2.2	2.2	3.92	.774
Valid N (listwise)	92						

Source: Researcher (2021)

4.6.4 Strategy Evaluation and Control

The analysis in this section relate to the components of strategy evaluation and control, namely Performance Measurement, Variance Analysis and Feedback Systems.

4.6.4.1 Performance Measurement

Table 4.12: Performance Measurement Elements at Strategy Evaluation and control

	SA%	A%	N%	D%	SD%	Mean	Std. Deviation
Establishment of extent to which strategies have been applied and achieved through profitability review	16.3	58.7	14.1	8.7	2.2	3.78	.899
Bank carries out regular performance reviews by generating performance reports for formal monitoring	23.9	65.2	6.5	1.1	3.3	4.05	.803
Bank's profitability has increased over the past three years	17.4	70.7	7.6	1.1	3.3	3.97	.770
Valid N (listwise)	92						

Source: Researcher (2021)

4.6.4.2 Statistics Analysis at Strategy Evaluation and control

Table 4.13: Statistics Analysis at Strategy Evaluation and control

	SA%	A%	N%	D%	SD%	Mean	Std. Deviation
Management analyzes performance variances and communicate to employees for corrective action	13.0	73.9	9.8	2.2	1.1	3.96	.6445
Evaluating variances requires short-term goals to be in line with the overall strategic direction	10.9	68.5	17.4	2.2	1.1	3.86	.6725
Bank has competent employees that deliver set targets	15.0	73.9	-	7	4.1	4.00	.5136
Valid N (listwise)	92						

Source: Researcher (2021)

4.6.4.3 Feedback Systems

Table 4.14: Feedback Systems at Strategy Implementation

	SA%	A%	N%	D%	SD%	Mean	Std. Deviation
Bank takes corrective action whenever there is strategy deviation within the shortest time	15.2	57.6	16.3	6.5	4.3	3.73	.9504
Management supports Employee feedback during strategy evaluation	12.0	68.5	9.8	7.6	2.2	3.80	.82860
Bank supports customer feedback to improve internal processes	12.0	65.2	15.2	4.3	3.3	3.78	.83635
Valid N (listwise)	92						

Source: Researcher (2021)

4.7 Inferential Statistics

4.7.1 Linear Correlation Analysis

Table 4.15: Summary of Correlations

		Average Financial Performance of the Bank	Effect of Strategy Formulation	Effect of Strategy Implementation	Effect of Strategy Evaluation and Control
Average Financial Performance of the Bank	Pearson Correlation	1	.244*	.513**	.577**
	Sig. (2-tailed)		.019	.000	.000
	N	92	92	92	92
Effect of Strategy Formulation	Pearson Correlation	.244*	1	-.001	-.016
	Sig. (2-tailed)	.019		.990	.876
	N	92	92	92	92
Effect of Strategy Implementation	Pearson Correlation	.513**	-.001	1	.350**
	Sig. (2-tailed)	.000	.990		.001
	N	92	92	92	92
Effect of Strategy Evaluation and Control	Pearson Correlation	.577**	-.016	.350**	1
	Sig. (2-tailed)	.000	.876	.001	
	N	92	92	92	92

*. Correlation is significant at the 0.05 level (2-tailed).

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

A positive significant relationship of .244* was established between strategy formulation and financial performance in commercial banks. Strategy formulation entails establishment of bank vision, mission, and strategic goals.

A positive significant relationship of .513** was established between strategy implementation and financial performance in commercial banks. The key elements at strategy implementation include leadership styles, organizational culture, and communication systems.

A correlation coefficient of .577** was obtained between strategy evaluation and control and financial performance in commercial banks. Strategy evaluation and control entails Performance Measurement, Variance Analysis and Feedback Systems.

4.7.2 Analysis of Variance (ANOVA)

Analysis of Variance was conducted to establish the relationships between the independent variables and the dependent variable. The findings are presented in table 4.17.

Table 4.16: Analysis of Variance (ANOVA)

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.982	3	.994	14.018	.000[b]
	Residual	6.240	88	.071		
	Total	9.222	91			

a. Dependent Variable: Average Financial Performance of the Bank

b. Predictors: (Constant), Strategy Formulation, Strategy Implementation, Strategy Evaluation and Control

An F-value ($F(3,88) = 14.018, p=.000$) for strategic planning was significant at $P<0.05$ level of significance. Therefore,strategic planning (strategy formulation, strategy implementation and strategy evaluation and control) have a significant influence on financial performance in commercial banks.

4.7.3 Model Summary on Overall Model

The summary of the overall model is presented in table 4.18.

Table 4.17: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.569[a]	.323	.300	.26629

a. Predictors: (Constant), Strategy Formulation, Strategy Implementation, Strategy Evaluation and Control

R of 0.569a shows that there is a positive correlation between the independent variables (Strategy Formulation, Strategy Implementation, Strategy Evaluation and Control) and the dependent variable (Financial Performance in commercial banks).

The model further depicts that independent variable, (Strategy Formulation, Strategy Implementation, Strategy Evaluation and Control) taken together account for 56.9% of the total variance in financial performance in commercial banks.

4.7.3 Regression Coefficient Analysis

The coefficients were derived from table 4.19 and used to fit the regression model equation that was proposed in chapter three as follows.

Table 4.18:Coefficients

Coefficients						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	2.481	.277		8.971	.000
	Strategy Formulation	.075	.027	.242	2.736	.008
	Strategy Implementation	-.008	.037	-.019	-.212	.833
	Strategy Evaluation and control	.307	.052	.515	5.851	.000

a. Dependent Variable: Average Financial Performance of the Bank

The multiple regression model below proposed in chapter three was used in analyzing the relationship among the variables.

$$\mathbf{Y = \beta 0 + \beta 1X1 + \beta 2X2 + \beta 3X3 + \varepsilon}$$

$$\mathbf{Y = 2.481 + 0.07X_1 - 0.008\ X_2 + 0.307\ X_3 + \varepsilon}$$

Where:

Y=Financial Performance

X1= Strategy Formulation

X2= Strategy Implementation

X3= Strategy Evaluation and Control

β0= Constant

β= Beta Coefficient

ε= Error term

V. SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

The study sought to establish the influence of strategic planning on financial performance of listed commercial banks in Kenya.Specifically, the study sought to establish the influence of strategy formulation on financial performance of commercial banks in Kenya,determine the influence of strategy implementation on financial performance of commercial banks and assess the influence of strategy evaluation and control on the financial performance of commercial banks in Kenya.

5.1.1 To establish the influence of strategy formulation on financial performance of commercial banks in Kenya

A positive significant relationship of .244 was established between strategy formulation and financial performance in commercial banks. Strategy formulation entails establishment of bank vision, mission, and strategic goals. The findings indicated that the banks use their vision statement to determine future needs of their customers, that mission statement guides the employees and that managers involve the employees in setting goals. Therefore, a well formulated strategy translates to positive financial performance hence managers should always formulate short- or long-term strategies that help the bank to achieve its set financial goals.

5.1.2 To determine the influence of strategy implementation on financial performance of commercial banks

A positive significant relationship of .513 was established between strategy implementation and financial performance in commercial banks. The key elements at strategy implementation include leadership styles, organizational culture and communication systems. Findings showed that the banks leadersadopted a style that support employees during implementation of the study. Communication systems adopted also effectively support strategy implementation.

5.1.3 To assess the influence of strategy evaluation and control on the financial performance of commercial banks in Kenya.

A correlation coefficient of .577 was obtained between strategy evaluation and control and financial performance in commercial banks. Strategy evaluation and control entails Performance Measurement, Variance Analysis and Feedback Systems. From the findings the banks perform regular reviews of the performance by generating reports to identify deviations that require corrective action.

5.2 Conclusion of the Study

The study findings showed that strategic planning process that include strategy formulation, strategy implementation, strategy evaluations and control significantly contribute to financial performance of commercial banks in Kenya.There is a positive relationship among the independent variables (Strategy Formulation, Strategy Implementation, Strategy Monitoring and Evaluation) and the dependent variable (financial performance) in commercial banks. The independent factors (Strategy Formulation, Strategy Implementation, Strategy Monitoring and Evaluation) considered for 56.9% of the difference in financialperformance in commercial banks. Thus, it can be concluded that strategic planning processes have a positive influenceon Return on Assets.

5.3 Recommendations of the Study

5.3.1Management of Commercial banks

An organization attains its competitive advantage by exploiting its unique resources and capabilities. Managing an organization strategically involves exploiting the firm’s unique resources and capabilities and continually strengthening these resources.Based on the study findings,strategy formulation, strategy implementation, evaluation and control were established to have significant influence on financial performance of the banks. Thus, the study recommends that the management should focus on formulating short term and long-term strategies that will lead to attainment of the bank's strategic goals.

The study also recommends that the banks management evaluate their management model and match it with the organization's policies to improve the financial performance. Effective communication of mission statement is a valuable management tool for enlisting the commitment of organizational personnel to actions to get the company moving in the intended direction. Strategic mission only becomes real when it is imprinted in the minds of employees and then translated into hard objectives and strategies.

In relation to strategy evaluation and control,banks should seek to source employees with good qualifications for a given job description for efficient output, still organizations should encourage existing employees on the need to further their education and embrace trainings both on-the job and off-the job trainings.

5.3.2 Stakeholders

The study recommends that the banks stakeholders monitor the banks financial performance to assess the performance. This will help in making investment decisions. Customers also will be able to make sound decisions on the banks performance before they bank their business proceeds.

5.4 Areas for Further Research

This study focused on the banking sector. Further research is required in other sectorsboth private and public.The study involved strategic planning process. However, there are other components of strategic planning process that were not included in the study. Therefore, the study recommends the need to include other components and factors not included in this study

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