

**EFFECTIVENESS OF STRATEGIC CONTROL AMONG COMMERCIAL
BANKS IN KISUMU CITY, KENYA**

BY

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DECLARATION

I declare that this research project report has not been presented anywhere for any award and that all sources of information have been acknowledged by means of references

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DEDICATION

This research project report is dedicated to my dear husband, Michael Oliech and my loving mother Genoveva Salasya Mambo.

ABSTRACT

According World Bank report banking industry contributes enormously to socio - economic developments of regions and countries. Banks employ, finance and contribute to GDP. However, a report by Central Bank of Kenya indicates that Kenya's banking industry suffers from service quality problems. Further, Economic Survey of the year 2015 report customer satisfaction problem among commercial banks in Kisumu City. An attempt to solve these problems focused on regulation and is manifested in the banking Act that allowed banks to outsource service. The challenge continues to exist. There no efforts directed towards investigating the banks strategic practices including strategic control, which has a direct bearing on customer satisfaction and service quality. Empirical literature on other sectors has also failed to address personal selling strategies. For this reason, no empirical information is available on extent of strategic control, factors contributing to effectiveness of strategic control and challenges of strategic control among firms, the banks in Kenya and Kisumu City. This study therefore sought to establish effectiveness strategic control in the banking industry in Kisumu City, Kenya. Specifically, the study sought to determine extent of strategic control, factors contributing to effectiveness of strategic control and challenges facing strategic control among these banks. The study was guided by Control Theory. Descriptive cross sectional survey research design was adopted. The population will comprise all the 102 branch managers, operations managers and relationship managers. Saturated sampling was used. Data was collected from secondary and primary sources. The former, from relevant documents, such as records of the banks, government reports and publications and; the latter from respondents using structured questionnaire. Validity and reliability of questionnaire was tested on pilot data targeting 12 respondents. Reliability test at Cronbach's Alpha threshold of 0.7 was done using pilot test results obtained from a survey of 12 managers and yielded a coefficient of above 0.701 implying internal consistency. Face, Construct and Content validity test were done using expert reviewers. Descriptive statistics was used to analyze the three objectives. The findings were that the rating of strategic control in the banking industry in Kisumu is high. The highly rated elements were premise control (Mean = 4.000, Std. Dev =1.385), implementation control (Mean = 4.00, Std. Dev = .967), and special alert control (Mean = 4.00, Std. dev = 1.337) while the least rated element was strategic surveillance control (Mean = 3.00, Std. Dev = 1.217); rating of factors contributing to strategic control effectiveness amongst banks in Kisumu city is high and the rating of challenges of strategic control in the banking industry in Kisumu is high. The highly rated challenges were poor coordination of strategic control implementation (Mean = 4.000, Std. Dev =1.023), lack of stakeholder commitment (Mean = 4.00, Std. Dev = 1.189), and top managerial support (Mean = 4.00, Std. dev = 1.097) while the least rated element was insufficient financial resources (Mean = 3.00, Std. Dev = 1.213). The study concludes that that the extent of practice of strategic control amongst commercial banks in Kisumu city is high; the contribution of factors to strategic control effectiveness is high and the highly rated challenges facing strategic control were poor coordination of strategic control implementation, lack of stakeholder commitment and top managerial support while the least rated element was insufficient financial resources. The recommendations of the study are that managers of commercial banks in Kisumu city should continue executing the strategic control elements; should continue considering that contributes highly to the strategic control effectiveness and come up with measures to mitigate the prevalent challenges facing strategic control notably poor coordination of strategic control implementation, lack of stakeholder commitment and top managerial support. The results may be used by policy makers involved in the banks. Researchers may also pursue further research from this study.

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LIST OF ABBREVIATIONS AND ACRONYMS

| | |
|-------|---|
| ALPS: | Action Aid's Accountability, Learning and Planning System |
| CRM: | Customer Relationship Management |
| JIT: | Just in Time |
| ROCE: | Return on Capital Employed |
| CDO: | City Development Officer |
| AAK: | Action Aid Kenya |
| SCP: | Strategic Competitive Positioning |
| OL: | Organization Learning |
| ICT: | Information Communication Technology |

OPERATIONAL DEFINITION OF TERMS

Control is checking current performance against pre-determined standards contained in the plans with a view to ensure adequate progress and satisfactory performance.

Performance is the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost and speed.

Effectiveness: The degree to which objectives are achieved and the extent to which targeted problems are solved within the banks as a result of the personal selling strategies

Strategy: A planned set of maneuvers by a bank aimed at defeating competitor of the bank

Strategic Control refers to the process used by firms to control the formation and execution of strategic plans

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CHAPTER ONE

INTRODUCTION

This chapter presents the background to the study, statement of the problem, research objectives, hypotheses, justification for the study and the conceptual framework. It also highlights the context of the study which is banking industry in Kisumu City.

1.1 Background of the Study

Strategy refers to a set of maneuvers a firm uses to outwit competition (Grant, 2010). Strategy is the pattern of decision making process based on the premise that strategic management is a structured rational discipline relying on rigorous market and competitive analysis (Morden, 2007; Chevalier-Roignant and Trigeogis, 2011). Well formulated and implemented strategies are critical to firm's performance. Strategy is a company's game plan.

According to Wheelen and Hunger (2015) strategic control is a term used to describe the process used by firms to control the formation and execution of strategic plans and it is a specialized form of management control which differs from other forms of management control in respect of its need to handle uncertainty and ambiguity at various points in the control process. It focuses on achievement of future goals rather than the evaluation of past performance. The point for strategic control is not to bring to light past errors but to identify needed corrections so as to steer the firm in the desired direction (Pearce and Robinson, 2009). A good strategic control can ensure a topmost position for the weakest firm among other superior competitors.

Gavetti and Ocasio (2015) posit that Strategic control allows you to step back and look at the big picture and make sure all the pieces are correctly aligned. Past and recent research studies have made it clear that there is an increased internal and external uncertainty due to emerging opportunities and threats, lack of awareness of needs and of the facilities related issues and environment and lack of direction. Many organizations spend most of their time realizing and reacting to unexpected changes and problems instead of anticipating and preparing for them. According to Grant (2010) strategic control consists of four elements as proposed by. These elements were initially proposed by in a 3-step model as premise control, implementation control, and strategic surveillance and later, special alert control, was added as an additional element (Chevalier-Roignant and

Trigeogis, 2011). Special alert control to handle low probability and high impact threatening events.

Empirical evidence on the subject of strategic control is lacking. Field results are rather general. A study by Pelihan (2007) for example, delved into the role of management control systems in strategy implementation. Mpoke and Njeru (2015) studied effect of strategic management processes on the organizational performance of selected government research institutions Njagi and Kombo (2014) did strategy implementation and performance while Maroa and Muturi (2015) studied strategic management practices and performance. Anichebe and Agu (2013) did look at strategy Formulation and Implementation. Kibachia, Iravo and Luvanda (2014) looked at challenges in strategic planning process. Junqueira et al. (2015) looked at effect of strategic choices and management control systems on organizational performance. Muthini (2013) studied strategic alignment and organizational performance. Abok (2014) investigated factors affecting implementation of strategic plans. Sev and Anghahar (2014) investigated factors that are responsible for organizational growth. Kairu (2013) examined strategic responses, strategic alliances and operational performance.

Okwachi, Gakure and Ragui (2013) examined managerial practices and implementation of strategic plans., Uzel (2015) looked at strategic management drivers and performance. Kinyumu (2013) capacity planning and growth. Li, Guohui and Eppler (2008) reviewed the factors for strategy implementation. Opano (2013) examined strategic planning and implementation practices. Chege, Wachira and Mwenda (2015) analyzed leadership styles and implementation of strategic plans. Andrews, et al. (2009) examined strategy formulation, strategy content and organizational performance. Bassa (2015) investigated strategic planning and strategy implementation. Studies have not been focused on the subject but rather general. Djordjevic and Drucker (2014) did a study focused on generation and evaluation of alternative strategies, as well as selecting strategies to pursue. Emeka, Ejim and Amaka (2015) investigated the Effect of Strategy formulation on organizational performance. Njagi and Kombo (2014) on the other hand investigated effect of strategy implementation on performance of commercial banks. Empirical literature is robust on the subject of strategy. The studies however have focused on strategic planning, strategy implementation, strategy formulation, strategic organization leadership, strategic management practices, environmental scanning and strategic

management drivers. Others touch on managerial control. None of the studies focus on strategic control yet according to Wheelen and Hunger (2015) a number of benefits accrue from strategic control including improved performance in efficiency and effectiveness. Specifically, there is no empirical evidence that detail the extent of adoption of strategic control among firms, banks included. Studies that expose effectiveness of strategic control that the banks engage in are also lacking. Empirical evidence on challenges faced in formulation and execution of strategic control is absent.

The banking sector is a major industry and a key driver to livelihood either directly or indirectly from selling (Jobber and Lancaster, 2009). The banking industry in Kenya comprises of 43 registered commercial banks with the same market share of branches in Kisumu City. The banking industry operates subject to variety of laws and regulations. In Kenya, the banking Industry is governed by the Companys' Act (CAP 486) and the Banking Act, (Chapter, 488). The Central Bank of Kenya and the various prudential guidelines issued by the Central Bank (CBK, 2010). This has enabled operationalization of the banking sector in Kisumu since inception. In the recent past, the banking sector registered improved performance as indicated by the size of assets which stood at Kshs.879 billion, deposits of Kshs.1.3 trillion & profit before tax of 53.2 billion as at the third quarter of 2010.

According to customer surveys that have been carried out on customer satisfaction, clearly indicate that quality service delivery to customers by Commercial Banks in Kenya still has remained a challenge (www.cbk.co.ke). In response to this challenge, commercial banks in Kenya engage in strategic practices including strategic control but the challenge of quality financial services still continues to exist. Attempts have been made in other directions to mitigate on the challenge. For example, Banking Act will be amended through the Finance Act, 2009, to permit banks to contract third parties to provide certain banking services on their behalf (Ndung'u(2010)).

The economy of Kisumu is dependent on various service sectors; the Banking Industry has made the business environment in Kisumu City very vibrant with its offerings. The City boasts of 34 bank branches according to Economic Survey (2015) which has realized economic growth in the financial sector. One of the recent challenges for managers in Kisumu banking sector is to provide and sustain customer satisfaction

(Economic Survey, 2015). Strategic control and its effectiveness has not been investigated in relation to this challenge.

1.2 Statement of the Problem

Banks provide employment, finance economy and contribute to GDP. Their continued existence is paramount but provision of quality serving among commercial banks has remained a challenge. Banks in Kisumu face a challenge of providing customer satisfaction. The banks have been allowed to contract third parties for some of their services to improve on quality and customer satisfaction but this is yet to be realized. These banks engage in strategies and strategic control which theoretical arguments contend should improve their service delivery. Studies on this subject of strategy are broad and general. There is no empirical evidence that detail the extent of adoption of strategic control among firms, banks included. Studies that expose effectiveness of strategic control in the banks are also lacking as are studies on challenges faced in formulation and execution of strategic control

1.3 Objectives of the Study

The main objective of this study was to determine the effectiveness of strategic control in the banking industry in Kisumu City. The study was guided by the following specific objectives

- i. To establish extent of strategic control in the banking industry in Kisumu City,
- ii. To determine the factors contributing to effectiveness of strategic control in the banking industry in Kisumu City.
- iii. To establish the challenges of strategic control in the banking industry in Kisumu City.

1.4. Research Questions

The study was guided by the following research questions:

- i. What is the extent of strategic control in the banking industry in Kisumu City?
- ii. What factors contribute to effectiveness of strategic control in the banking industry in Kisumu City?
- iii. What are the challenges of strategic control in the banking industry in Kisumu City?

1.5 Scope of the Study

The study covered banks in Kisumu City. Kisumu City is situated in western part of Kenya. Kisumu City is one of the new devolved counties of Kenya. Its borders follow those of the original Kisumu District, one of the former administrative districts of the former Nyanza Province in western Kenya. Its headquarters is Kisumu City. The land area of Kisumu City totals 2085.9km². Kisumu City's neighbors are Siaya town to the West, Vihiga town to the North, Nandi town to the North East and Kericho town to the East. Its neighbor to the South is Nyamira town and Homa Bay town is to the South West. The City has a shoreline on Lake Victoria, occupying northern, western and a part of the southern shores of the Winam Gulf. The banks are concentrated in Kisumu City but others have branches within the sub-counties. The study will focus on the three areas as articulated in the objectives. The study was a cross sectional, concerned responses at a point in time.

1.6 Justification for the Study

The study gives opportunity to banks in Kisumu City to assess their strategy implementation. It is expected that the findings of the study will be beneficial to policy makers within these banks and also to policy makers within these governments but outside the function. The banks concerned may base their argument for and against strategic control on these findings. The national government is also likely to benefit from the outcome of the study as it may inform it on the direction of regulation and policy for the banks. Researchers could also benefit from the study by applying knowledge provided by the study and using the study as a basis for additional research.

1.7 Conceptual Framework

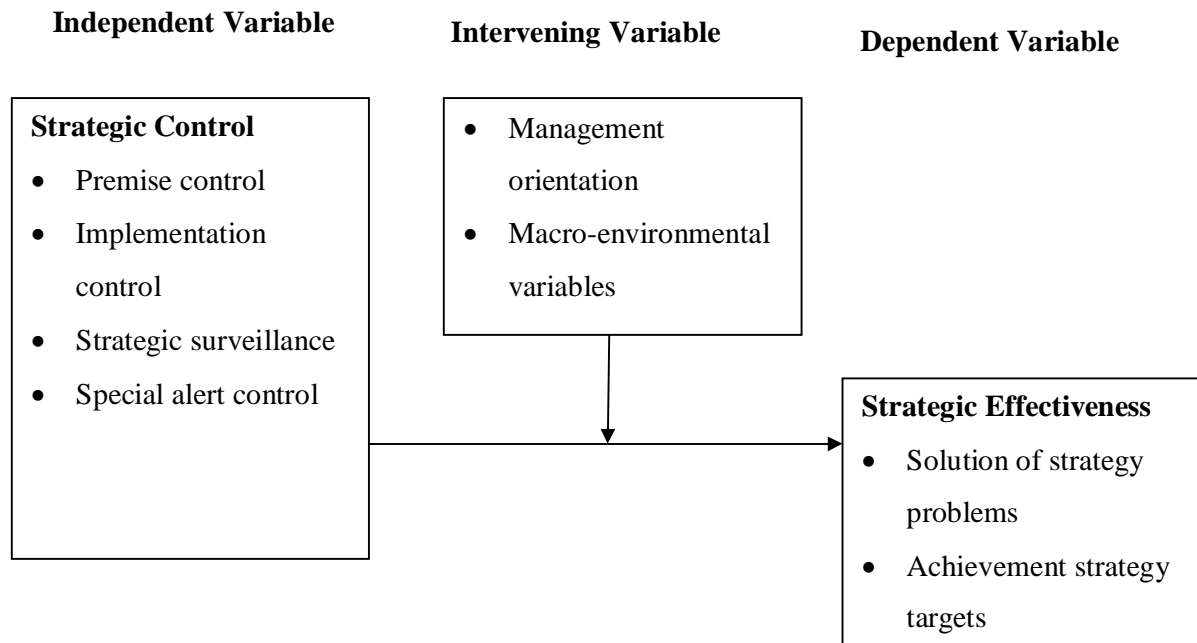


Figure 1.1: Contribution of Strategic Control to Strategy Effectiveness

Source: Adapted from Grant (2010) and Chevalier-Roignant and Trigeogis (2011).

In the conceptual framework, Figure 1.1, strategic control which indicated, premise control, implementation control, strategic surveillance and special alert control; is expected to contribute to strategy effectiveness which is indicated by degree of solution of strategy problems and degree of achievement of strategy targets. It is also observed that the relationship is influenced by other variables such as management orientation and macro-environmental variables.

CHAPTER TWO

LITERATURE REVIEW

This chapter focuses on the theoretical foundations on which the study is built and also explores comparative empirical literature which helps to explain the gap which the study seeks to address after discussing concept of strategic control.

2.1 Theoretical Review

2.1.1 Modern Control Theory

Theoretical review points to the Modern Control Theory (MCT) as the theory that anchors this study. MCT has the distinct characteristic of being derived from the study of mechanical processes. It originated with Wiener's (1948) Cybernetics, but has been around dating back to Plato. Initially this theory was applied to physical systems; however, it can also be applied to human behavior. This theory connects multiple disciplines such as anthropology, biology, electrical engineering, mathematics, neurophysiology, and psychology. It is able to link these fields together by describing how separate systems are able to function as a whole. Control Theory breaks down each system into specific pieces and studies the relationships and connections between them. In order for the control theory to be applicable to humans, it is necessary to show that there are direct similarities between both the concepts associated with machines and the concepts which we can associate with humans (PSUWC, 2016). While this overview offers a simplistic look at the genesis of Control Theory, the application of the theory is actually quite complex.

In the late 1950's and early 1960's problems were emerging in the field of engineering and economics that were not covered in any existing theories (Kalman, 2016). Eventually, these other theories were adjusted and the new idea of the Control Theory emerged. Control Theory has always existed from the use of water mills in Greece starting in the third century to the current use of windmills in California. Control Theory is not just used in engineering, it also relates to business by learning ways to streamline or optimize processes. While Control Theory is based in mathematics, it can be applied to organizations by using surveys or determining when performance-relevant information registers the sensor determining the control (Sanderlands, Glynn, Larson, 1991). When the information is processed and checked against what memory has stored, the decision receptors adjust the goal based on the information gathered. Though Control Theory can

be quite difficult to understand in a theoretical sense, attempting to use it to analyze, or in applying it to real-world situations is equally complicated. The basic idea is that people seek feedback and then set goals based on that feedback. Control theory anchors propositions on this paper as it explains that there're should processes and outcomes should confirm intentions. In strategy control, strategy implementation is evaluated against plans.

2.1.2 Concept of Strategic Control

Strategic control is a term used to describe the process used by organizations to control the formation and execution of strategic plans; it is a specialized form of management control, and differs from other forms of management control (in particular from operational control) in respects of its need to handle uncertainty and ambiguity at various points in the control process (Djordjevic and Drucker, 2014). The definition of strategic control is in the traditional review and feedback stages which constitute the last step in the strategic management process. Strategic control focuses on the dual questions of whether the strategy is being implemented as planned; and whether the results produced by the strategy are those intended. Pearson and Robinson (2009) refers to strategic control as the critical evaluation of plans, activities, and results, thereby providing information for and triggering action.

Normative models of the strategic management process have depicted it as including three primary stages: strategy formulation, strategy implementation, and strategy evaluation. Strategy evaluations concerned primarily with traditional controls processes which involves the review and feedback of performance to determine if plans, strategies, and objectives are being achieved, with the resulting information being used to solve problems or take corrective actions (Pearce, and Robinson, 2009).. Although control systems must be tailored to specific situations, such systems generally follow the same basic process.

Regardless of the type or levels of control systems an organization needs, control may be depicted as a six-step feedback model. The first step is to determine what to control in the process establishing the objectives the organization hopes to accomplish. The second step is to set control standards. The organization establishes the targets and tolerances. Third is to measure performance in to determine what the actual standards are (Djordjevic and

Drucker, 2014). The next step is to compare the performance the performance to the standards. The organization finds out how well the actual matches the plan. Fifth step is to determine the reasons for the deviations. The organization explores whether the deviations are due to internal shortcomings or due to external changes beyond the control of the organization. The last step is to take corrective action. The organization establishes corrections needed in internal activities to correct organizational shortcomings, or are changes needed in objectives due to external events and implements these corrections.

Feedback from evaluating the effectiveness of the strategy may influence many of other phases on the strategic management process. A well-designed control system will usually include feedback of control information to the individual or group performing the controlled activity. Simple feedback systems measure outputs of a process and feed into the system or the inputs of a system corrective action to obtain desired outputs. The consequence of utilizing the feedback control systems is that the unsatisfactory performance continues until the malfunction is discovered. One technique for reducing the problems associated with feedback control systems is feed forward control. Feed forward systems monitor inputs into a process to ascertain whether the inputs are as planned; if they are not, the inputs, or perhaps the process, are changed in order to obtain desired results.

Recent conceptual contributors to the strategic control literature have argued for anticipatory feed forward controls that recognize a rapidly changing and uncertain external environment. Schreyogg and Steinmann (1987) have made a preliminary effort, in developing new system to operate on a continuous basis, checking and critically evaluating assumptions, strategies and results. Schreyogg and Steinmann argue that two central characteristics of this feedback control is highly questionable for control purposes in strategic management. They are that feedback control is post-action control and that standards are taken for granted. They proposed an alternative a 3-step model of strategic control as alternative to the classical feedback model of control. This model includes premise control, implementation control, and strategic surveillance. Pearce and Robinson extended this model and added a component "special alert control" to deal specifically with low probability, high impact threatening events.

2.1.3 Premise Control

Planning premises/assumptions are established early on in the strategic planning process and act as a basis for formulating strategies. "Premise control has been designed to check systematically and continuously whether or not the premises set during the planning and implementation process is still valid. It involves the checking of environmental conditions. Premises are primarily concerned with two types of factors. First are environmental factors for example, inflation, technology, interest rates, regulation, and demographic/social changes. Second are industry factors for example, competitors, suppliers, substitutes, and barriers to entry. All premises may not require the same amount of control. Therefore, managers must select those premises and variables that are likely to change and would have a major impact on the company and its strategy if they did occur.

2.1.4 Implementation Control

Implementation control provides an additional source of feed forward information. Implementation control is designed to assess whether the overall strategy should be changed in light of unfolding events and results associated with incremental steps and actions that implement the overall strategy. Strategic implementation control does not replace operational control. Unlike operations control, strategic implementation control continuously questions the basic direction of the strategy. There are two basic types of implementation control. First is monitoring strategic thrusts (new or key strategic programs). Two approaches are useful in enacting implementation controls focused on monitoring strategic thrusts. One way is to agree early in the planning process on which thrusts are critical factors in the success of the strategy or of that thrust and the other approach is to use stop/go assessments linked to a series of meaningful thresholds (time, costs, research and development, success, etc.) associated with particular thrusts. Second is milestone Reviews. Milestones are significant points in the development of a programme, such as points where large commitments of resources must be made. A milestone review usually involves a full-scale reassessment of the strategy and the advisability of continuing or refocusing the direction of the company. In order to control the current strategy, must be provided in strategic plans.

2.1.5 Strategic Surveillance:

Compared to premise control and implementation control, strategic surveillance is designed to be a relatively unfocused, open, and broad search activity. Strategic surveillance is designed to monitor a broad range of events inside and outside the company that are likely to threaten the course of the firm's strategy. The basic idea behind strategic surveillance is that some form of general monitoring of multiple information sources should be encouraged, with the specific intent being the opportunity to uncover important yet unanticipated information. Strategic surveillance appears to be similar in some way to "environmental scanning." The rationale, however, is different. Environmental scanning usually is seen as part of the chronological planning cycle devoted to generating information for the new plan. By way of contrast, strategic surveillance is designed to safeguard the established strategy on a continuous basis.

2.1.6 Special Alert Control

A special alert control is the need to thoroughly, and often rapidly, reconsider the firm's basis strategy based on a sudden, unexpected event. The analysts of recent corporate history are full of such potentially high impact surprises such as natural disasters, chemical spills, plane crashes, product defects and hostile takeovers. While Pearce and Robinson suggest that special alert control be performed only during strategy implementation, Preble recommends that because special alert controls are really a subset of strategic surveillance that they be conducted throughout the entire strategic management process.

2.2 Empirical Review

A number of studies have been carried out around the subject of strategy. Researchers have focused on strategic planning and strategy formulation. For example, Emeka, Ejim and Amaka (2015) investigated the Effect of Strategy formulation on organizational performance. They focused on Innoson Manufacturing Company Ltd Emene, Enugu using survey research. The study revealed that a well conceived and formulated strategy matched with appropriate structure located in Espirito Santo, using Contingency Theory as the theoretical framework. It is 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. The main results indicate that: (i) competitive forces shape the strategy adopted by the organizations surveyed, however, contrary to what the literature predicts, those companies that operate in more competitive environments choose a strategy of cost leadership instead of differentiation; (ii) the design and use of the MCS is influenced by the strategy chosen, and the use of contemporary management practices is associated with a differentiation strategy; (iii) strategic choices and the MCS have a positive impact on organizational performance. In addition, those companies that combine differentiation strategy with contemporary management practices perform better than the other companies analyzed.

Maroa and Muturi (2015) studied the influence of strategic management practices on the performance of Floriculture Firms in Kenya. The focus was carried out in Kiambu City in central Kenya. A descriptive survey design was used with a target population of 21 floricultural firms out of which 10 firms were selected by simple random sampling, and 5 respondents from each of the 10 firms purposively chosen. Structured questionnaires were used to collect primary data. Chi-Square (χ^2) test was used to test the four hypotheses to establish significance of association. The findings established that majority of the firms had a strategic plan implemented their strategic plans as planned, conduct strategy evaluation and control on their strategic management practices. Further, that strategy formulation, implementation, evaluation and control had significant influence on the performance of flower firms to a moderate extent.

Anichebe and Agu (2013) studied of the effects of strategy Formulation and Implementation in Business Organizations in Enugu State. The focus was Anammco, Emene, Enugu. The study was carried out to assess the extent of application and workability of formulated strategies in the organization. Descriptive research method, specially survey and case study were employed in carrying out the study. The organization had a population of 185 workers, comprising of management, senior and junior staff. A sample size of 106 was derived using the Freund and Williams formula for sample size determination from a finite population. The simple random sampling technique was used to determine the elements of the sample space. Data were collected through questionnaire administration, oral interviews, personal observations, books, journals and other publications. Data were analyzed using simple percentages and mean \bar{X} responses. Based on the analyses, it was discovered that the organization loses sales

as a result of change in consumption pattern of their customers. Secondly, that a well conceived and formulated strategy matched with appropriate structure increases productivity in the organization and thirdly, that behavioral and systemic resistance to strategic changes render strategy formulation ineffective in the organization.

Njagi and Kombo (2014) did a study to determine the effect of strategy implementation on performance of commercial banks in Kenya. The specific objectives of the study were to determine the effect of operationalization of strategy on performance of the banks and to determine the effect of institutionalization of strategy on performance of the banks. To achieve these objectives, the study adopted correlational research design. The target population was the forty three commercial banks in Kenya. Given the small number of commercial banks, a census study was conducted. The data gathered was analyzed using descriptive statistics such as percentages to summarize the data. Pearson's correlation coefficient was used to determine the nature and strength of the relationship between strategy implementation and organizational performance. To determine the effect of strategy implementation on organizational performance, a multiple regression model was developed. The results reveal that there is a moderately strong relationship between strategy implementation and organizational performance. The researcher therefore recommends that for institutions to thrive and compete they must implement strategies effectively.

Kibachia, Iravo and Luvanda (2014) A common challenge faced by all organizations, whether private or public, is how to successfully they manage strategic planning process for attainment of organizational objectives. Some researchers have noted that organizations fail to implement up to 70 per cent of their strategic plans. This study sought to determine the challenges faced by the Kenya Bureau of Standard in its efforts to implement its strategic plans. Specifically, the study tried to find out how organization structure, leadership style, top management, staff involvement and organizational change affect implementation of strategic plans in the Organization. It also tried to identify the role of funds in strategic plan implementation. The study was explanatory in nature since its main purpose was to explain the factors that affect implementation of strategic plans in the public sector and especially in the Kenya Bureau of Standard. It adopted a stratified random sampling technique to get a sample of 27 respondents being 15% of the 178 members of staff who form Organization's entire staff compliment. Data for the study was

collected by use of questionnaires and analyzed using descriptive and inferential statistics to establish the relationship between the dependent and independent variables. Quantitative data was analyzed by use of means of percentages, standard deviations and frequency distributions. It is expected that the results of the study will assist the top management and staff of the Organization, as well as other stakeholders, to understand the factors that affect implementation of strategy in the public sector and more so, in the Kenya Bureau of Standard. From the findings strategic planning process has been faced with various risk factors including inadequacy of funds and less involvement of staff in the whole process of strategic planning. The researcher would recommend that the Kenya Bureau of Standard should address the factors that affect strategic planning process because the strategic plan is the key route to improved business performance and has an important role in every organizational setting. To mitigate or even avoid severe effects on the performance of the organization by the government, the organization should adhere to its regulations concerning attainment of funds.

Muthini (2013) purposed to establish the effect of strategic alignment on organizational performance at Kenya Revenue Authority. The research design was a case study aimed at establishing the effect of strategic alignment on performance at Kenya Revenue Authority. The target population consisted of respondents deemed to be knowledgeable of the effect of strategic alignment on organizational performance. Data collection was based on both primary and secondary sources. An interview guide was used to collect data from the respondents. Content analysis was used to analyze the qualitative primary data which had been collected by conducting interviews. Secondary data was collected from organizational records. The findings of the study were that KRA has developed strategies that are designed to enhance performance through the four perspectives of the Balanced Score Card. Policy implication for strategic alignment is that the level of strategic alignment and organizational performance are closely related. Kenya Revenue Authority management can clearly identify organizational goals during a strategic alignment initiative thereby achieving organizational performance. Future research should consider the role of time, contextual factors, various employer representatives and their role as sense-givers in any strategic alignment initiative.

Kairu (2013) established the effect of strategic responses such as ICT development, staff training, customer relationship management and strategic alliances on operational performance of Kenya Revenue Authority. The research design used for this study was descriptive survey design. The population of this study was top management, middle management and supervisory employees of Kenya Revenue Authority and who have been with the institution for a minimum period of one year. Data was collected by use questionnaires. The questionnaire consisted of structured closed ended statements. Data was analyzed mainly by use of descriptive and inferential statistics. Descriptive statistics included mode, mean, median, standard deviation. Inferential statistical techniques like correlation and regression coefficients were used to draw a causal relationship between the various strategic responses and performance. Data was presented by use of graphs, pie charts and tables. Correlation results indicated that ICT, staff training, customer relationship management and strategic partnership practices in KRA positively affects performance. Further regression results indicated that customer relationship management and strategic alliance were significant with positive correlations. The latter implied that an increase in effectiveness of ICT, staff training, customer relationship management and strategic partnership practices will lead to an increase in KRADs performance. The study provided recommendations to the management of Kenya Revenue Authority to put more emphasis on staff training and continuously carry out training to employers through seminars or other professional interaction programs to facilitate employees to maintain high competency in their field of specialization. KRA needs to align its strategic alliance in accordance to the objective it needs to. In addition, that clear reporting lines should be put in place to avoid miscommunication. Further recommendation for KRA and other public institution have to emphasize on the need to develop their technology and customer relationship management with the objective of increasing their revenues.

Okwachi, Gakure and Ragui (2013) sought to investigate how managerial practices affect the implementation of strategic plans by SMEs in Nairobi City in Kenya. The study endeavored to establish the influence of managerial practices on implementation. To achieve the main objective, a survey of 96 SMEs was conducted from a population frame of 810 SMEs registered by the Nairobi City Council. Both quantitative and qualitative data were collected. A questionnaire containing both open-ended and closed questions was used for data collection. The response rate of 91.67% was achieved. Data collected was analyzed using the Statistical Package for Social Sciences (SPSS) software. The

study results indicate that managerial practices affect implementation of strategic plans in Kenyan SMEs. Based on the findings, the study has recommended that SMEs should take initiatives to improve their management practices through lobbying, professional and industry organizations, adoption of best practices and taking advantage of both government and private sector initiatives.

Sev and Anghahar (2014) sought to establish the factors that are responsible to organizational growth level in Dangote group of companies. Four (4) companies from Dangote conglomerate quoted on the Nigerian Stock Exchange market namely; Dangote Cement Pic, Dangote Flour Pic, Dangote Sugar Refinery Company Pic and National Salt Company of Nigeria Pic were surveyed with a population size of 5060. The sample size survey was 371. 209 respondents from Dangote Cement Company Pic, 75 respondents from Dangote Flour Mill Pic, 48 respondents from Dangote Sugar Refinery Company Pic and 39 respondents from National Salt Company Pic using judgmental and convenience sampling technique. The Quasi-experimental survey technique especially the cross-sectional design method was adopted. The Friedman Ranking test was carried out in testing the formulated hypothesis. The test of the result revealed that there is a relationship between organizational factors such as market share growth, sales volume growth (turnover), profitability growth, effective strategy application, competitive advantage and share capital size and organizational growth in the Dangote Cement Company Pic and Dangote Flour Mills Pic with a 0.425 and 0.360 strength of association respectively and the hypothesis was rejected while for Dangote Sugar Refinery Company Pic and National Salt Company of Nigeria Pic, that was not the case and the hypothesis was accepted that organizational factors such as market share, sales volume (turnover), profitability growth, effective strategy application, competitive advantage and share capital growth does not influence organizational growth hence their hypothesis were accepted at 0.023 and 0.003 respectively.

Djordjevic and Drucker (2014) focused on generation and evaluation of alternative strategies, as well as selecting strategies to pursue. It introduces concepts that can help strategists generate feasible alternatives, evaluate those alternatives, and choose a specific course of action. Behavioral aspects of strategy formulation are described, including politics, culture, ethics, and social responsibility considerations. Modern tools for formulating strategies were described, and appropriate role of a board of directors is

discussed. Special attention was paid to the process of generating and selecting strategies including a comprehensive strategy-formulation framework, as well as the cultural aspect and the politics of strategy choice.

Uzel (2015) examined the effect of strategic management drivers on the performance of hotels in Kenyan coast. The general objective of the study was to establish the influence of strategic management drivers on the performance of hotels in Kenyan Coast. The strategic management drivers selected for the study and which formed the specific objectives of the study were to determine the effect of customer relationship management, strategic planning, strategic competitive positioning, Information Communication Technology and organizational learning on the performance of the hotel industry in Kenya's Coast. The study adopted a quantitative research with the specific research design being a cross sectional survey design. The population of the study was the classified hotels in Kenya's Coast. The sampling frame was 180 hotels arising from the Hotels Classification List out of which sample sizes of 123 hotels were extensively surveyed to ascertain the influence of strategic management drivers on their performance. The sampling technique used was stratified random sampling. Primary data was collected by use of questionnaires which were administered through drop and pick method. The overall results indicated that there was a significant linear relationship between CRM strategy and hotel performance and a moderately significant linear relationship between strategic planning (SP) and strategic competitive positioning (SCP) and hotel performance. There was also a significant positive relationship between Information communication technology (ICT) and hotel performance. There was a significant positive relationship between organizational learning (OL) and hotel performance. After each driver was tested individually it had showed a positive significance. Similarly, when all the strategic management drivers of hotel performance were tested altogether it was established that they had moderately low significance.

Opano (2013) sought to ascertain strategic planning and implementation practices at the Kisii City government in Kenya. The researcher collected qualitative data from the City secretary, Deputy Speaker, City Development Officer (CDO) and City executives. The total number of targeted respondents was 10 and the researcher managed to interview 7 of the respondents. The study was a case study of Kisii City in Kenya. The data was collected through face to face interviews with the respondents. It was revealed that Kisii

City has a number of challenges that can be solved through proper strategic planning. The City has a well stated vision and mission that focus on the country's vision 2030. Stakeholders such as the electorate, the City executive, professional and civic leaders are involved in the strategic planning and implementation process. It is also clear that financial and human resources are the main resources that are required in the implementation of the strategic plan. The main challenge in strategic planning and implementation is financial constraints. The study reveals that the City has made significant steps towards the strategic planning process. Among the notable strategic planning activities that the City government has done is to conduct citizen surveys. The essence of the citizen surveys was to collect views and the situation as it were on the ground in order to determine the most immediate needs of the citizens in the City. This was aimed at assisting the City government to be able to come up with long and short term strategic plans for implementation purposes. The findings indicated that policy roundtable discussions were also conducted in order to discuss various issues that needed to be addressed in the strategic plan for the City. The study further revealed that the City strategic plan was also given to civic leaders as well as professionals and academic and community leaders for scrutiny and review, resources are the main resources that are required in the implementation of the strategic plan.

Ongonge (2013) sought determine how strategic planning has assisted ActionAid Kenya (AAK) to improve in performance of its programmes. This study was conducted as a case study of ActionAid Kenya. Primary data sources were used in this study where data was obtained through interactive interviews with 12 management staff and 5 partner organizations. The nature of data collected was qualitative and was therefore analyzed using content analysis technique. Action

Aid has adopted multiple strategy planning approaches and a number of tools to enhance organization performance. Taking Stock and resource allocation framework are fundamental processes to aligning strategy to implementation in Action Aid. Action Aid's organization performance evaluates impact against the Strategy Papers. Action Aid's Accountability, Learning and Planning System (ALPS) is widely recognized as an important innovations in "downward accountability, "enabling partners, funding and program participants to engage and assess its programme impact. The empirical findings and analysis conducted in Action Aid Kenya shows that strategic planning directly

contributes to organizational performance. The study concludes that strategy planning and organization performance in Action Aid Kenya involves drawing from national context and global plans and priorities to shape and ensure strategy alignment and relevance. The study also concludes that there is a difference between the results and approaches to measuring strategic planning effectiveness and organization performance, which confirms the case that selecting the appropriate approach to measuring relationship between strategic planning and organization performance must be done with caution.

Kinyumu (2013) assessed the impact of Supply chain and capacity planning in the growth of SME's in Kisumu City, to determine how Logistics and inventory control impact on the growth of SME's in Kisumu City, to ascertain the impact operational structure and production in the growth of SME's in Kisumu City and to establish the role of information communication and technology in the growth of SME's in Kisumu City. This research adopted a descriptive survey design where the population of interest in the City SME was visited and data collected through questionnaire, interview and conversation analysis. The target population for this study was 7000 SME's from all the licensed businesses within Kisumu City (Data from single business permit licenses Kisumu City council 2012). Stratified Random Sampling procedure was used for this research as it enabled the population of interest if not homogeneous to be subdivided into groups or strata so as to obtain a representative sample. It also gave each SME in the population an equal chance of being selected. The researcher used a questionnaire as the primary data collection instrument. The organized data was interpreted on account of concurrence and standard deviation to objectives using assistance of computer packages especially SPSS and Microsoft Excel to communicate research findings. Tables and other graphical presentations as appropriate were used to present the data collected for ease of understanding and analysis. Majority of the respondents argued that all the above factors were almost equally very important to the growth of the business as they all greatly influenced the efficiency and effectiveness of the product/production/ service offering of the business.

Chege, Wachira and Mwenda (2015) sought to analyze the effect of leadership styles on implementation of strategic plans in Small and Medium Enterprises (SMEs). Specifically the study: analyzed the effect of autocratic leadership style, assessed the effect of democratic leadership style and evaluated the effect of laissez faire leadership style on

implementation of strategic plans in SMEs. Descriptive research design was used. The study population consisted of 4531 SMEs registered by Ministry of Industrialization and Enterprise development. A sample of 354 SMEs was selected using stratified random sampling. A questionnaire composed of open and closed ended questions was used to collect primary data. Quantitative data was analyzed using Statistical Package for Social Sciences (Version 21). In addition, a multivariate regression model was generated to assist in determination of the relative importance of each of the three variables to implementation of strategic plans. The regression showed that autocratic leadership had the highest effect of implementation of strategic plans with a coefficient of 0.488, followed by democratic leadership with a coefficient of 0.384 and laissez faire with a coefficient 0.269. The study recommends that organizations should use all the three leadership styles to maximize implementation of strategic plans.

Bassa (2015) purposed to investigate the practice of strategic planning and strategy implementation in public universities of Ethiopia. Data were collected through questionnaires from staff members (from both academic and administrative) and students; and through interviews from the management team members (Vice Presidents and Directors) of three selected public universities. The results of this study showed that in the sampled public universities: stakeholders 'participation in the process of strategic planning was found to be low; less emphasis was given to critically assessing their ever changing external environment while planning; the practice of clearly communicating their preferred strategies and activities to both academic and administrative staff was found to be minimal and ineffective; there was also lack of adequate monitoring, follow up and feedback systems; moreover, major decisions were made without aligning them with the university's preferred areas of priority and major objectives as stipulated in the strategic plan document.

Mpoke and Njeru (2015) sought to determine the effects of strategic management processes, and more specifically, the influence of strategy formulation, effects of strategy controls and impact of strategy implementation on organizational performance of selected government research institutions. The study established that all the six government research institutions studied embraced strategic management processes to a very great extent. Furthermore, management practices indicate that these institutions draw their activities from carefully formulated strategic plans developed to run for periods of five

(5) years. The study also established that the control of strategy is key to achievement of set objectives through a system of tracking, monitoring and evaluating the effectiveness of the strategies that have been implemented. Such control allows for improvements of processes during implementation stage, and therefore greater chances of achieving desired goals. This study demonstrated that strategic management processes as measured through the three predictors of strategy formulation, strategy control and strategy implementation have a positive influence on organizational performance by a factor of about 42%, suggesting that there exist other key critical predictors or factors that influence organizational performance. Further studies to delineate such factors are recommended.

The literature as summarized above gives the impression that many studies have been carried out on the subject of strategic planning, strategy implementation, strategy formulation, strategic organization leadership, strategic management practices, environmental scanning and strategic management drivers. None of the studies focus on strategic control and organization performance. Information is lacking on strategic control and its relationship with organization performance. While theoretical literature argues for a positive relationship to exist, empirical evidence to confirm or disconfirm this is missing.

Ondieki (2013) sought to determine the effect of internal audit on financial performance in commercial banks in Kenya. Internal audit was looked at from the perspective of internal audit standards, professional competency, internal controls and independence of internal audit. The study selected one senior manager in the finance department. The researcher administered a survey questionnaire to each member of the target population since it was the most appropriate tool to gather information. Quantitative analysis and regression analysis were used as data analysis technique. Descriptive statistics such as mean, standard deviation and frequency distribution were used in the analysis of data. Data presentation was done by use of tables for ease of understanding and interpretation. From the findings, the study concludes that internal audit standards, independence of internal audit, professional competency and internal control had a positive relationship with financial performance of commercial banks, the study found that a unit increase in internal audit standards would lead to increase in financial performance of commercial

banks, a unit increase in independence of internal audit would lead to increase in financial performance of commercial banks, a unit increase in professional competency would lead to increase in financial performance of commercial banks and further unit increase in internal control would lead to increase in financial performance of commercial banks. The study recommends that management in commercial banks in Kenya should adopt effective internal audit practices such as internal auditing standards, independence of internal audit, professional competency and internal controls to enhance financial performance of the banks

Sinchuen and Ussahawanitchakit (2009) investigated the influence of strategic audit planning on audit performance through audit judgment and quality. They also examined two moderating effects: environment uncertainty and time pressure influence on the relationships. We developed the new components of strategic audit planning: internal control system evaluation, business risk assessment, fraud risk analysis, and technology intensity. Data were collected from 154 tax auditors. The results indicated that the greater degree of strategic audit planning is more likely to achieve higher audit judgment and quality but no influence of a moderator environment uncertainty. The results also demonstrated that auditor with higher degree of audit judgment and quality potentially promotes greater audit performance. Additionally, the moderate effect of time pressure on the relationships is partially significant.

Al-Matari , Al-Swidi, & Fazil, (2014) set out to fill up the gap in the literature and provide an opportunity for future research to deeply to investigate this relationship. They proposed a structure of the relationships between the internal audits characteristics (IAC); such as professional qualifications of the chief audit executive of the Internal Audit (IA), size, experience, and qualification; and firm performance. Consistent with previous studies of the importance of internal audit, this study provides comprehensive oversights on the relationship between internal audit and firm performance.

Kamau (2014) sought to determine the effect of internal control system on financial performance of manufacturing firms in Kenya. The findings revealed that most manufacturing firms had a control environment as one of the functionality of internal controls of the organization that greatly impacts on the financial performance of the firms. It was also established that the management had put in place mechanisms for

mitigation of critical risks that may result from fraud. The study examined the effect of control activities on the financial performance of manufacturing firms in Kenya. The results also revealed that the staff were trained to implement the accounting and financial management systems and that the security system identified and safeguarded organizational assets.

Ratanasongtham and Ussahawanitchakit (2015) examined the effect of strategic audit planning on audit quality via the mediating influences which include audit efficiency, audit excellence, and audit effectiveness. The author improved a novel component of the strategic audit planning: internal control system evaluation, business risk assessment, audit resource allocation, audit method determining, and audit practice scheduling. Data was collected from 161 CPAs in Thailand by questionnaire mail survey and key informant is CPAs. The statistic used to analyze is the ordinary least square regression. The results of OLS regression reveal that four of five dimensions of strategies audit planning have significant positive influence on auditing outcomes and auditing outcomes have significant positive influence on audit quality. Also, the results indicated that audit vision and audit environment changes as the antecedents of strategies audit planning.

Ilori (2015) reviewed the literature on strategic planning and performance evaluation, and summarizes the key elements of planning in large organizations. These elements included the top-down communication of corporate vision, goals and core values. In this paper, based on a survey of literature, it has been established that effective strategic planning indeed has a positive impact on performance. Although formal planning only will not bring about better performance, effective implementation will suffice. The paper concludes that strategic planning is vital for ensuring continued good corporate performance and only those organizations that practice some form of strategic planning will survive. It recommends that the process of strategic planning should be given its deserved attention in terms of all the prescribed steps within the existing literature. Management should focus on the strategic issues, on the important issues facing the business as a whole, including where it is headed and what it will or should become.

Akinyele and Fasogbon (2010) examined the impact of strategic planning on organizational performance and survival. The main objective of this study was to re-evaluate the planning performance relationship in organization and determine the extent

to which strategic planning affects performance in an organization, of which First Bank of Nigeria, Pic (FEN) will be used as case study. Based on the above objective, relevant literatures were thoroughly reviewed and three hypotheses were formulated and tested in this study. The results showed that Strategic planning enhances better organizational performance, which in the long nm has impact on its survival and that strategic planning intensity is determined by managerial, environmental and organizational factors.

Musa and Shehu (2014) examined impact of audit quality on financial performance of quoted firms in Nigeria. The study is descriptive in nature and the correlational and ex-post facto designs were adopted in carrying out this research. Data were obtained basically from the published annual reports and accounts, and notes to the financial statements of the four firms that represent the sample of the study. The data collected were quantified and presented in tables. Multiple regression analysis using the SPSS Version 15.0 was employed in analyzing the data and testing the stated hypotheses. The results of the findings shows that auditor size and auditor independence have significant impacts on the financial performance of quoted cement firms in Nigeria. However, auditor independence has more influence than auditor size on financial performance. The study recommends that the management of quoted cement firms in Nigeria increase the remuneration of auditors in order to improve their financial performance. The study further recommends that management should employ the services of audit firms whose character and integrity is beyond question.

Obinozie (2016) addressed the perceived relationships among management control systems, business strategy, and organizational performance in U.S. minority-owned manufacturing businesses. Hofer's contingency theory provided a framework for the study, which included a quantitative, survey-based correlational design. Results of the principal component analysis, Pearson's zero order correlation coefficient, and multiple regression analysis indicated that financial- and nonfinancial-based management control systems and differentiation strategies were significantly positively related to organizational performance. Low-cost leadership strategy was positively related to organizational performance but was not statistically significant. This study could promote positive social change by providing organizational finance managers with information regarding the appropriate mix of financial and nonfinancial management control system strategies necessary to achieve desired organizational performance.

Mugo J.M. (2013) investigated and sought to establish the relationship between internal control systems and financial performance in Technical Training Institutions in Kenya. Internal controls were looked at from the perspective of Control Environment, Internal Audit and Control Activities whereas Financial performance focused on Liquidity, Accountability and Reporting as the measures of Financial performance. The Researcher set out to establish the causes of persistent poor financial performance from the perspective of internal controls. The study found that management of the institutions is committed to the control systems, actively participates in monitoring and supervision of the activities of the Technical Training Institutions in Kenya, all the activities of the Institution are initiated by the top level management, that the internal audit department is not efficient, is understaffed, doesn't conduct regular audit activities and doesn't produce regular audit reports although the few reports produced by the internal audit department address weaknesses in the system. It was further revealed that there is a clear separation of roles, weaknesses in the system are addressed, and there is a training program for capacity building in the institutions. However, the study also found out that there is lack of information sharing and inadequate security measures to safeguard the assets of the Technical Training Institutions in Kenya. It was also noted that there isn't enough cash to meet intended obligations effectively as and when they fall due, that the fees charged to students are not appropriate to cover costs, that all fees meant to be remitted to the Technical Training Institutions in Kenya are not collected. It was however, revealed that all revenues and expenditures are properly classified, and that assets of the Technical Training Institutions in Kenya have generally increased. The study established a significant relationship between internal control system and financial performance.

Zuraidah, Johari & Jamaliah (2015) examined the effectiveness of internal control system, financial management and accountability practices of mosques in Malaysia. The study suggested that a proper and accurate recording of financial transaction, enhancing the accountability of chairman and treasurer in order to improve the productivity and performance effectiveness. The inclusion of these variables provides important implications for expanding our understanding of financial management practices in non-profit organizations and creating new research opportunities. The result provides on how Malaysian mosque enhances internal control system and performance to achieve the mission and goals of mosque. An effective way to improve the productivity and efficiency of financial management practices and management control system in the

mosque.

Kamau (2014) sought to determine the effect of internal control system on financial performance of manufacturing firms in Kenya. To achieve the objective of this study, the study used hypothesis testing research design. The findings revealed that most manufacturing firms had a control environment as one of the functionality of internal controls of the organization that greatly impacts on the financial performance of the firms. It was also established that the management had put in place mechanisms for mitigation of critical risks that may result from fraud. The study examined the effect of control activities on the financial performance of manufacturing firms in Kenya. The results also revealed that the staff were trained to implement the accounting and financial management systems (M=3.24, S.D=T.334), the security system identified and safeguarded organizational assets (M=4.20, S.D =1.334). The statistical results from the regression analysis show that there is a positive relationship between internal control and financial performance of manufacturing firms in Kenya. The independent variables (Control Environment, Risk Assessment, Control Activities, Information and Communication and monitoring) contributed to 75.7% of the variation in financial performance as explained by adjusted R² of 0.75.7% which shows that the model is a good prediction. It was concluded that manufacturing firms that had invested on effective internal control systems had more improved financial performance as compared to those manufacturing firms that had a weak internal control system. Most large scales manufacturing firms that fully invested in strong internal control systems.

Polle (2012) sought to find out responses by audit firms as to the challenges they face in implementing strategy. The objectives of the study were to determine the challenges of strategy implementation facing audit firms in Nairobi and to establish the responses of audit firms to strategy implementation challenges. The study found that there are several challenges facing audit firms in the implementation of strategy, mostly due to insufficient financial resources and that the audit firms are not only technical efficient but have also embraced technology in their operations.

Kurendi (2013) sought to determine the factors that influence Strategy Implementation among flower firms in Naivasha, Kenya. Major findings from this study were that both internal and external factors influence strategy implementation to a large extent. This

study revealed that whilst flower firms do document their strategies, effective implementation is a big hurdle, highlighting factors such as top management commitment, clear identification of activities to be carried out to effectively implement strategy, existing legal requirements, existence of budgetary allocation and internal control mechanisms, as those that must be adhered to if successful implementation of strategy is to take place.

Kithinji (2012) sought to establish the challenges involved in formulation and implementation of strategy as observed at Achelis Kenya Ltd. The study found that that successful strategy implementation can go a long way in helping a company gain a competitive edge, help in defining the business of the organization and also help in achieving right direction. The study also found that those involved in strategy implementation process in the organisation were senior managers, middle level managers and top management and all the other employees. Communication was also found to be a key success factor within strategy implementation.

Nour (2013) aimed at identifying strategy implementation challenges faced by INGOs in Somaliland. The research question was answered through the use of cross-sectional study. The study found that all INGOs operating in Somaliland have mission statement, strategy plans, and annual objectives. Majority of the INGOs have vision statement, and functional strategies. Most of the INGOs applied formal planning practices. Greater part of the INGOs revealed that program strategies, functional strategies, and annual objectives are derived from corporate strategy in combination with donor guidelines, management meetings, and stakeholders' feedback among others. Majority of the NGOs refer strategy plan when developing project proposals. The study established eight main strategy implementation challenges faced by INGOs in Somaliland. Eight major problems that were identified in the study included co-ordination was not sufficiently effective, people were not measured or rewarded for executing the plan, insufficient financial resources to execute the strategy, major problems surfaced which had not been identified earlier, changes in security levels impact implementation, took more time than originally allocated, lack of stakeholder commitment, and key formulators of the strategic decision did not play an active role in implementation. Lastly, the study established that majority of the INGOs reviewed their strategy plans on yearly basis. Also, most of INGOs frequently achieved their intended outcome and in that regards, they also

achieved their financial targets that enabled them to reach the target goals while operating within allocated resources.

Ondieki (2012) sought to determine the effect of internal audit on financial performance in commercial banks in Kenya. Internal audit was looked at from the perspective of internal audit standards, professional competency, internal controls and independence of internal audit. The study selected one senior manager in the finance department. The researcher administered a survey questionnaire to each member of the target population since it was the most appropriate tool to gather information. Quantitative analysis and regression analysis were used as data analysis technique. Descriptive statistics such as mean, standard deviation and frequency distribution were used in the analysis of data. Data presentation was done by use of tables for ease of understanding and interpretation. From the findings, the study concludes that internal audit standards, independence of internal audit, professional competency and internal control had a positive relationship with financial performance of commercial banks, the study found that a unit increase in internal audit standards would lead to increase in financial performance of commercial banks, a unit increase in independence of internal audit would lead to increase in financial performance of commercial banks, a unit increase in professional competency would lead to increase in financial performance of commercial banks and further unit increase in internal control would lead to increase in financial performance of commercial banks.

2.3 Summary of Literature and Gaps

From the literature presented, it can be observed that they focused on different areas and contexts. Whereas Junqueira et al. (2015) looked at effect of strategic choices and management control systems on organizational performance. Muthini (2013) studied strategic alignment and organizational performance and Emeka, Ejim and Amaka(2015) investigated the Effect of Strategy formulation on organizational performance and focused on Innoson Manufacturing Company Ltd Emene, Enugu using survey research, These works are similar to those by Per and Klause (2013) who also investigated the relationship between Strategic Planning and Company Performances in Chinese companies. Njagi and Kombo (2014) also did a similar study by determining the effect of strategy implementation on performance of commercial banks in Kenya. Close to this was the work of Maroa and Muturi (2015) who studied the influence of strategic management practices on the performance of Floriculture Firms in Kiambu City, Kenya, the work of

Kanini (2012) who investigated strategic planning practices and performance of state corporations in Kenya and that of Anichebe and Agu (2013) who studied of the effects of strategy Formulation and Implementation in Business Organizations in Enugu State focusing on Anammco, Emene. Enugu. Kibachia, Iravo and Luvanda(2014) looked at the common challenge faced by all organizations, whether private or public, is how to successfully they manage strategic planning process for attainment of organizational objectives. On the other hand, Muthini (2013) purposed to establish the effect of strategic alignment on organizational performance at Kenya Revenue Authority while Sev and Anghahar (2014) sought to establish the factors that are responsible to organizational growth level in Dangote group of companies.

Kairu (2013) added a lone voice. He established the effect of strategic responses such as ICT development, staff training, customer relationship management and strategic alliances on operational performance of Kenya Revenue Authority while Okwachi, Gakure and Ragui (2013) sought to investigate how managerial practices affect the implementation of strategic plans by SMEs in Nairobi City in Kenya. Whereas Djordjevic and Drucker (2014) focused on generation and evaluation of alternative strategies, as well as selecting strategies to pursue, Uzel (2015) examined the effect of strategic management drivers on the performance of hotels in Kenyan coast and Kinyumu (2013) assessed the impact of Supply chain and capacity planning in the growth of SME's in Kisumu City.

Opano (2013) sought to ascertain strategic planning and implementation practices at the Kisii City government in Kenya close to effort by Muchira (2013) who assessed the relationship between strategy implementation and performance in commercial banks in Kenya. While Chege, Wachira and Mwenda (2015) sought to analyze the effect of leadership styles on implementation of strategic plans in Small and Medium Enterprises (SMEs), Andrews, et al. (2009) tested the independent effects of strategy formulation and strategy content on organizational performance. Mpoke and Njeru (2015) were broader. They sought to determine the effects of strategic management processes, and more specifically, the influence of strategy formulation, effects of strategy controls and impact of strategy implementation on organizational performance of selected government research institutions.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter presents the methodology that the researcher intends to use to conduct the study. It outlines the research design, study area, target population, sample size, sampling technique, data type and source, data collection method, instrument validation and reliability test, data analysis and presentation.

3.1 Research Design

This study was based on descriptive cross sectional survey design. This is expected to which provide insights into the dynamics of the variables under study. Cross sectional surveys have been used for profiling, defining, segmentation, estimating, predicting, and examining associative relationships (Mugenda & Mugenda 2003). This is because the data will be collected at a point in time. The descriptive approach will help establish explore and describe extent of strategic control and factors contributing to effectiveness of strategic control. Further the approach supports establishing strategic control among the banks.

3.2 Study Area

The area of study was Kisumu City. Kisumu City is the headquarters of Kisumu City. Kisumu City is situated in western part of Kenya. Kisumu City is one of the new devolved counties of Kenya. Its borders follow those of the original Kisumu District, one of the former administrative districts of the former Nyanza Province in western Kenya. Its headquarters is Kisumu City. The land area of Kisumu City totals 2085.9km². Kisumu City's neighbors are Siaya City to the West, Vihiga City to the North, Nandi City to the North East and Kericho City to the East. Its neighbor to the South is Nyamira City and Homa Bay City is to the South West. The City has a shoreline on Lake Victoria, occupying northern, western and a part of the southern shores of the Winam Gulf. The banks are concentrated in Kisumu City but others have branches within the sub counties.

3.3 Target Population

A target population is the entire population of interest in a particular catalog. It represents the requisite population in focus that under study and comprises of the sample of the population under study that is reflective within the confines of a research study (Cooper

2006). It is from the population that the specific units of analysis are derived. For the current study the population consisted of 34 operations managers, 34 Customers Relationship Managers and 34 branch managers of the 34 banks in Kisumu totaling to 102 managers.

3.4 Sample Size and Sampling Method

Sample size is the number of observations used for calculating estimates of a given population; it is a very important issue because big samples are expensive in terms of time and resources. Samples that are too small on the other hand may lead to inaccurate results (Peter & Olson, 2008) emphasizes that researcher must clearly define the features of the population, ascertaining the required sample size and select the best method for selecting members of the sample from the larger population in order to ensure that the sample accurately represents the population. There was no need of using any sampling technique for the research since the population was relatively small. This has been used in a number of Studies (Thuku, 2009). Saturated sample or census was used. All the 102 managers was targeted as respondents.

3.5 Data Collection

3.5.1 Data type and source

Both primary and secondary data was used. Primary data was obtained from respondents while secondary data was collected from documents in the custody of the banks concerned. The researcher also gathered secondary data from the governments' records and related reports concerning banking industry.

3.5.2 Data Collection Instrument

Primary data was collected using self-administered structured and semi structured questionnaire. Secondary data was collected through document review. Drop and pick methods was used to administer the questionnaires. To increase the response rate, follow up calls were made.

3.5.3 Instrument Validation and Reliability Test

Expert opinion was sought on the data collection instruments. The researcher's supervisor's bank practitioners will provide this opinion. This helped in validity check. It was also pre-tested on 12 conveniently chosen respondents to check for reliability.

Reliability test was ascertained through Cronbach's Alpha determination at a coefficient of 0.7 and above. Kothari (2004) explains that a measuring instrument is reliable if it provides consistent results. As proposed by Mugenda and Mugenda (1999), the pilot was administered on 12 respondents leaving an effective sample of 90 respondents. These 12 respondents who participated in the pilot were not included in the final study.

Table 3.1: Pilot results based on Cronbach’s Alpha Reliability Test

| Variables | No. of Items | Cronbach’s Alpha |
|---|--------------|------------------|
| Strategic control | 4 | 0.776 |
| Factors contributing to strategic control effectiveness | 4 | 0.863 |
| Strategic control implementation challenges | 4 | 0.891 |

Source: Field Data, 2017

All the variables had alpha values of above 0.701, indicating strong internal consistency among measures of variable items.

3.6 Data Analysis and Presentation

As supported by Sandals (2007) and Horner and Swarbrooke (2009), quantitative data was analyzed using descriptive statistics. Means, frequencies, variance, cross tabulations and standard deviation were used. Content analysis was used for qualitative data analysis. Results were presented in tables and figures.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

This chapter presents results and discussions of the study according to the study objectives.

4.1 Response Return Rate

The researcher administered the questionnaires in person to the respondents. Out of the 90 questionnaires administered to the respondents, 87 of them were returned constituting a response rate of 96.67 % of the administered questionnaires.

4.2 Demographic Characteristics of the Sample

The study sought to establish the background of the respondents in the study in terms of gender, age bracket, highest education level attained and professional experience. The results were as shown in the following sections.

Table 4.1: Respondents gender

| Gender | Frequency | Percent | Valid Percent | Cumulative Percent |
|--------|-----------|---------|---------------|--------------------|
| Male | 51 | 58.6 | 58.6 | 58.6 |
| Female | 36 | 41.4 | 41.4 | 100.0 |
| Total | 87 | 100.0 | 100.0 | |

Source: Field data (2017)

Table 4.1 indicates that majority (58.6%) of respondents in the sample were males indicating that senior managers in the banking industry are males.

Table 4.2: Respondents age bracket

| Age bracket | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------|-----------|---------|---------------|--------------------|
| 20-30 years | 12 | 13.8 | 13.8 | 13.8 |
| 31-40 years | 16 | 18.4 | 18.4 | 32.2 |
| 41-50 years | 41 | 47.1 | 47.1 | 79.3 |
| Above 50 years | 18 | 20.7 | 20.7 | 100.0 |
| Total | 87 | 100.0 | 100.0 | |

Source: Field data (2017)

As shown in Table 4.2, the majority (47.1%) of respondents were aged between 41-50 years, while the least (13.8%) were aged between 20-30 years. This indicates that majority of bank managers in Kisumu city are mature people with wealth of experience in banking strategy and control.

Table 4.3: Highest education/qualification attained

| Highest education level | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Professional diploma | 16 | 18.4 | 18.4 | 18.4 |
| Bachelor's degree | 39 | 44.8 | 44.8 | 63.2 |
| Master's degree | 30 | 34.9 | 34.9 | 98.1 |
| PhD degree | 2 | 2.3 | 2.3 | 100.0 |
| Total | 87 | 100.0 | 100.0 | |

Source: Field data (2017)

Table 4.3 indicate that 39 (44.8 %) of the respondents are bachelor's degree holders, 30(34.9 %) are master's degree holders while only 2(2.3%) have attained PhD level. This implies that data for the study was obtained from learned respondents who are seasoned strategic control decision makers hence the reliability of the data.

Table 4.4: Professional experience

| Experience | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------|-----------|---------|---------------|--------------------|
| Below 1 year | 12 | 13.8 | 13.8 | 13.8 |
| 1-4 years | 29 | 33.3 | 33.3 | 47.1 |
| Above 5 years | 46 | 52.9 | 52.9 | 100.0 |
| Total | 87 | 100.0 | 100.0 | |

Source: Field data (2017)

Table 4.4 shows the respondents professional experience in strategic control decision makers. The results indicate that majority (52.9 %) of bank managers had worked in their respective companies for over 5 years which is an indication of low labor turnover, 13.8 % had worked for the period less than 1 year while 33.3 % had worked for a period between 1- 4 years. This implies that the data was obtained from respondents who had gotten experience on strategic control decisions of their banks.

4.3: Extent of Strategic control in the banking industry

The extent of strategic control in the sample was measured using five items. Respondents were asked to rate the extent of strategic control elements practiced by banks in Kisumu city. Responses were elicited on a 5-point scale (1-very low, 2-low, 3-moderate, 4-high, and 5-very high). These responses were then analyzed using frequencies, means and standard deviations.

Table 4.5: Rating of Extent of Strategic Control in the Banking industry

| Constructs | 5 | 4 | 3 | 2 | 1 | Mean | Std. Dev |
|-----------------------------------|-----------|-----------|-----------|-----------|----------|------|----------|
| Overall Mean = 4.00 | | | | | | | |
| a. Premise control | 37(43.5%) | 13(14.9%) | 17(19.5%) | 12(13.8%) | 8(9.2%) | 4.00 | 1.385 |
| b. Implementation control | 44(50.6%) | 19(21.8%) | 19(21.8%) | 5(5.7%) | 0(0.0%) | 4.00 | 0.967 |
| c. Strategic surveillance control | 14(16.1%) | 28(32.2%) | 22(25.3%) | 14(16.1%) | 9(10.3%) | 3.00 | 1.217 |
| d. Special alert control | 31(35.6%) | 13(14.9%) | 20(23.0%) | 17(19.5%) | 6(6.9%) | 4.00 | 1.337 |

Key: *Very high=5, High =4, Moderate=3, Low=2, Very low=1*

Source: Field data (2017)

Results presented in Table 4.5 indicate that the rating of strategic control in the banking industry in Kisumu is high. The overall mean response score for all the elements was 4.000, coded as high meaning that extent of strategic control is highly practiced by commercial banks in Kisumu city. The highly rated elements were premise control (Mean = 4.000, Std. Dev =1.385), implementation control (Mean = 4.00, Std. Dev = .967), and special alert control (Mean = 4.00, Std. dev = 1.337) while the least rated element was strategic surveillance control (Mean = 3.00, Std. Dev = 1.217). This result is in tandem with the finding of Amaka, 2015 and Djordjevic and Drucker, 2014 who found that strategic control practices were highly practiced by managers in organizations. On the contrary, the finding is at variance with that of Maroa and Muturi, 2015 who found that strategic control was lowly practiced by enterprises in manufacturing sector.

4.4: Factors contributing to effectiveness of strategic control in the banking industry

Factors contributing to effectiveness of strategic control in the banking industry were measured using five items. Respondents were asked to rate choice and extent of factors contributing to effectiveness. Responses were elicited on a 5-point scale (1-very low, 2-low, 3-moderate, 4-high, and 5-very high). These responses were then analyzed using frequencies, means and standard deviations.

Table 4.6: Rating of Factors contributing to effectiveness of strategic control in the banking industry

| Factors | 5 | 4 | 3 | 2 | 1 | Mean | Std. Dev |
|---------------------------------------|-----------|-----------|-----------|-----------|---------|------|----------|
| Overall Mean = 4.00 | | | | | | | |
| a. Top management commitment | 40(46.0%) | 21(24.1%) | 12(13.8%) | 13(14.9%) | 1(1.1%) | 4.00 | 1.146 |
| b. SWOT analysis | 48(55.2%) | 17(19.5%) | 10(11.5%) | 10(11.5%) | 1(1.1%) | 4.00 | 1.126 |
| c. Legal requirements | 25(28.7%) | 19(21.8%) | 24(27.6%) | 13(14.9%) | 6(6.9%) | 4.00 | 1.247 |
| d. Existence of budgetary allocations | 51(58.6%) | 17(19.5%) | 11(12.6%) | 4(4.6%) | 4(4.6%) | 4.00 | 1.28 |

Key: *Very high=5, High =4, Moderate=3, Low=2, Very low=1*

Source: Field data (2017)

Table 4.6 indicates that the rating of factors contributing to strategic control effectiveness amongst banks in Kisumu city is high. The overall mean response score for all the factors was 4.000, coded as high meaning that contribution of factors is high. This result is in tandem with the finding of Okwachi, Gakure and Ragui, 2015; Sev and Anghahar, 2014 who found top management commitment and legal requirements factors highly contributed to effectiveness of strategic control among firms. On the contrary, the findings are at variance with that of Uzel, 2015 and Bassa, 2015 who found that strategic control was moderately practiced by enterprises in services sector.

4.5: Challenges of strategic control in the banking industry

Respondents were asked to rate choice and challenges of strategic control in the banking industry. Responses were elicited on a 5-point scale (1-very low, 2-low, 3-moderate, 4-high, and 5-very high). These responses were then analyzed using frequencies, means and standard deviations.

Table 4.7: Rating of Challenges of strategic control in the banking industry

| Challenges | 5 | 4 | 3 | 2 | 1 | Mean | Std. Dev |
|--|-----------|-----------|-----------|-----------|----------|------|----------|
| Overall Mean = 4.00 | | | | | | | |
| a. Poor coordination of strategic control implementation | 50(57.5%) | 15(17.2%) | 16(18.4%) | 5(5.7%) | 1(1.1%) | 4.00 | 1.023 |
| b. Lack of stakeholder commitment | 19(21.8%) | 34(39.1%) | 17(19.5%) | 10(11.5%) | 7(8.0%) | 4.00 | 1.189 |
| c. Insufficient financial resources | 15(17.2%) | 27(31.0%) | 24(27.6%) | 12(13.8%) | 9(10.3%) | 3.00 | 1.213 |
| d. Top managerial support | 37(42.5%) | 17(19.5%) | 25(28.7%) | 6(6.9%) | 2(2.3%) | 4.00 | 1.097 |

Key: *Very high=5, High =4, Moderate=3, Low=2, Very low=1*

Source: Field data (2017)

Results presented in Table 4.7 indicate that the rating of challenges of strategic control in the banking industry in Kisumu is high. The overall mean response score for all the challenges was 4.000, coded as high meaning that challenges of strategic control are highly dominant among commercial banks in Kisumu city. The highly rated challenges were poor coordination of strategic control implementation (Mean = 4.000, Std. Dev =1.023), lack of stakeholder commitment (Mean = 4.00, Std. Dev = 1.189), and top managerial support (Mean = 4.00, Std. dev = 1.097) while the least rated element was insufficient financial resources (Mean = 3.00, Std. Dev = 1.213). This result is in tandem with the finding of Kibachia, Iravo and Iuvanda, 2014; Muthini, 2013 who found that poor coordination of strategic control implementation, lack of stakeholder commitment and top managerial support were the most prevalent challenges facing strategic control. On the contrary, the finding is at variance with that of Kairu, 2013 who found that the most dominant challenge facing strategic control was insufficient financial resources.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents a summary of study findings, conclusions and recommendations based on the major findings.

5.1 Summary of Findings

Based on descriptive statistics, objective one found that the rating of strategic control in the banking industry in Kisumu is high. The overall mean response score for all the elements was 4.000, coded as high meaning that extent of strategic control is highly practiced by commercial banks in Kisumu city. The highly rated elements were premise control, implementation control and special alert control while the least rated element was strategic surveillance control.

Objective two found out that the rating of factors contributing to strategic control effectiveness amongst banks in Kisumu city is high. The overall mean response score for all the factors was 4.000, coded as high meaning that contribution of factors is high.

Lastly, the findings of objective three were that the rating of challenges of strategic control in the banking industry in Kisumu is high. The overall mean response score for all the challenges was 4.000, coded as high meaning that challenges of strategic control are highly dominant among commercial banks in Kisumu city. The highly rated challenges were poor coordination of strategic control implementation, lack of stakeholder commitment and top managerial support while the least rated element was insufficient financial resources.

5.2 Conclusions of the Study

From the findings of objective one, it is concluded that the extent of practice of strategic control amongst commercial banks in Kisumu city is high. From the findings of objective two, it can be concluded that contribution of factors strategic control effectiveness is high. Lastly, from the findings of objective three, it can be concluded that the highly rated challenges facing strategic control were poor coordination of strategic control

implementation, lack of stakeholder commitment and top managerial support while the least rated element was insufficient financial resources.

5.3 Recommendations of the Study

Based on conclusion of objective one, managers of commercial banks in Kisumu city should continue executing the strategic control elements. From the conclusion of objective two, commercial banks in Kisumu city should continue considering that contributes highly to the strategic control effectiveness. Similarly, from conclusion of objective three, commercial banks in Kisumu city should come up with measures to mitigate the prevalent challenges facing strategic control notably poor coordination of strategic control implementation, lack of stakeholder commitment and top managerial support.

5.4 Limitations of the Study

The outcome of the study cannot be generalized to all cities in Kenya since the study was limited to Kisumu and did not incorporate all commercial banks in Kenya. The study adopted a descriptive research design which can only describe the phenomenon and did not test the cause and effect using correlation research design.

5.5 Suggestions for Further Research

In order to improve this study, the researcher would like to suggest the following for further investigation. An exclusive study on the financial and non-financial constraints facing strategic control in Kenya should be carried out. Future research should be conducted on determinants of strategic control mechanisms in Kenya. Future studies could also explore the relative importance of factors contributing to effectiveness of strategic control. Lastly, future research efforts could dwell on comparative analysis of factors affecting strategic control choice among commercial banks in Kenya and use more robust research designs such correlation research designs.

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APPENDICES

Appendix I: Letter of Introduction

CONCEPTA AYUMA
C/O DEPARTMENT OF BUSINESS ADMINISTRATION
SCHOOL OF BUSINESS AND ECONOMICS
MASENO UNIVERSITY

DATE

TO WHOM IT MAY CONCERN

Dear Sir/Madam -

RE: ACADEMIC RESEARCH

I am a student at Maseno University pursuing Master of Business Administration. As part of the requirements, I am carrying out this research entitled, Effectiveness of Strategic Control among commercial Banks in Kisumu City, Kenya. Please assist to answer the questions provided in a questionnaire. Your Identity is not required and the information you provide will be treated in strict confidence.

Yours Sincerely

Concepta Ayuma
(MBA/BE/00039/2014)

RESEARCH SUPERVISOR

Dr Charles Ondoro
Maseno University

Appendix II: Questionnaire for Respondents

SECTION A: GENERAL INFORMATION

1. Respondent gender (please select one).
Male Female
2. Indicate your age bracket (please tick one)
20-30 years 31-40 years 41-50 years above 50 years
3. The highest education/qualification attained
Professional diploma Bachelor's degree Master's degree PhD
4. Indicate the duration you have worked in the current designation
Below 1 year 1-4 years above 5 years

b) Extent of strategic control

To what extent have you practiced the following elements of strategic control in your bank

| Elements of Strategic control | EXTENT | | | | |
|---|---------------|----------|--------------|---------|-------------|
| | Very High (5) | High (4) | Moderate (3) | Low (2) | Very low(1) |
| • Premise control (consideration of environmental and industry factors) | | | | | |
| • Implementation control (incorporation in the planning process costs, research and development and key success factors) | | | | | |
| • Strategic surveillance (conducting environmental scanning via PESTL) | | | | | |
| • Special alert control (checking and anticipating any possibilities of natural disasters, product defects and hostile takeovers) | | | | | |

c) **To what extent do the following factors contribute to the implementation of strategic control** (Tick one box to indicate extent)

| Factors | EXTENT | | | | |
|--|--------------|----------|--------------|---------|--------------|
| | Very High(5) | High (4) | Moderate (3) | Low (2) | Very low (1) |
| Top management commitment: impact of moral and financial support on strategic control effectiveness | | | | | |
| SWOT analysis: Clear identification of activities to be carried out to effectively implement strategy. | | | | | |
| Legal environment: impact of existing legal requirements on strategic control effectiveness | | | | | |
| Existence of budgetary allocations to support strategic control | | | | | |

c) **To what extent do you face the following challenges when implementing strategic control in your bank?**

(Tick one box to indicate extent)

| Challenges of implementing strategic control | EXTENT | | | | |
|--|--------------|----------|--------------|---------|--------------|
| | Very High(5) | High (4) | Moderate (3) | Low (2) | Very low (1) |
| Poor coordination of implementation activities | | | | | |
| Lack of stakeholder commitment | | | | | |
| Insufficient financial resources to execute the strategy | | | | | |
| Top management support | | | | | |

Thank you for participating!