

**EFFECTS OF STRATEGIC DECISIONS ON PERFORMANCE OF
COMMERCIAL BANKS IN KENYA: A CASE OF KCB GROUP
LIMITED**

BY

LINA WAWERU

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

SUMMER 2018

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LINA WAWERU

**A Research Project Report Submitted to the School of Business in
Partial Fulfillment of the Requirements for the Degree of Masters in
Business Administration (MBA)**

UNITED STATES INTERNATIONAL UNIVERSITY – AFRICA

SUMMER 2018

STUDENT'S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed: _____

Date: _____

Lina Waweru (ID: 648418)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: _____

Date: _____

Dr. James Ngari, PhD

Signed: _____

Date: _____

Dean, Chandaria School of Business

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ABSTRACT

The aim of the study was to find out the effect of strategic decisions on performance of commercial banks in Kenya with key focus on Kenya Commercial Bank Limited. The research questions addressed in this study included: what are the effects of strategic pricing on performance of KCB Group Limited? What are the effects of strategic human resource management on the performance of Kenya Commercial Bank? What are the effects the use of strategic information technology on KCBs performance?

The descriptive research design was applied by use of a survey that was conducted at Kenya Commercial Bank Head Office using a questionnaire. The purpose of the survey was to find out the answers to the aforementioned research questions. Samples of 48 respondents were used to undertake the survey with structured questionnaires issued to the given sample. The sample of 48 respondents was arrived at by application of the stratified random sampling technique. The data was entered into the Statistical Package for Social Sciences software (SPSS) tool to generate correlated figures along with corresponding percentages and frequencies. The data was then presented by use of tables and figures.

The study investigated the effect of strategic pricing on performance of Kenya Commercial Bank Group Limited. It was established from the study that indeed there are effects of strategic pricing on performance of KCB Group Limited. The findings were that strategic pricing enhances market penetration of KCB Group products, increases the market share of the bank, increases the brand image associated with market share superiority and enhances competitiveness of the bank's products. The research found that there is a correlation between the strategic pricing of KCB Group Limited and the enhanced performance indicators that build the profitability aspect of the bank. As such, it is in order to conclude that the strategic pricing strategies applied by KCB Group have an effect on its performance. It was recommended that KCB Group should uphold the implementation of strategic pricing decisions to keep abreast with enhanced performance especially with the market share, product penetration and superiority of brand image.

Further, the study sought to establish the effects of strategic human resource management decisions on the performance of KCB Group Limited. It was established that there is an effect of strategic decisions regarding human resource management which directly impact on key performance indicators at KCB Group. The study established that Business

Continuity Planning strategies on the human resource of the bank had an effect on consistency of performance and its autonomy. Further, strategic human resource decisions were found to enhance teamwork and technical abilities through staff training, staff motivation that ensures drive for performance and strategic staffing that is key in objectivity of assigned roles, a key factor in shaping the focus of operational performance. The research found that indeed there is a relation between strategic human resource management and the performance of KCB Group Limited. It thus can be termed that at KCB Group Limited, strategies on human resource management affect performance of the bank. Hence, it was recommended that the implementation of strategic human resource management should be upheld by KCB Group Limited. In addition to upholding the existing strategic human resource decisions, it was recommended that KCB undertake further staff training to strengthen that specific performance indicator that is key in enhancing performance of staff.

In its finality, the research investigated the effects of application of strategic information technology on the performance of KCB Group Limited. The study found out that there is the effect of strategic information technology on performance of KCB Group and the same was established as follows: strategic information technology was found to earn KCB Group a competitive edge due to efficiency that in turn grows customer confidence and improves market share which is a key performance indicator; enhanced efficiency of service for the banking staff and clients, an aspect which enhances the performance of the bank in terms of turnaround time, market penetration, brand capacity as well as customer confidence and that entirely, the bank's brand image was found to be enhanced as a result of strategic decision making on information technology. It was found out that as a result of strategic application of information technology, the brand has become more reputable, brand growth has brought about increase in financial performance, earning customer loyalty and create a brand reputation in an honest and reliable manner that boosts market penetration. The research found a relationship between strategic information technology and the bank performance, thus strategic information technology and accrued decisions affect performance of KCB Bank Limited. It was recommended that the bank adopts more information technology strategic decisions in an informed manner to avoid undertaking strategies that may be costly yet less productive. It was further recommended that KCB Group uphold the current strategies on Information Technology as they place the bank competitively in the market.

ACKNOWLEDGEMENT

Above all, I am incredibly grateful to God who gave me strength, good health, sound mind and also provided the necessary resources throughout my study.

I express my sincere gratitude to able supervisor Dr. James Ngari for his guidance in every aspect during the study. I am also grateful to the lecturers who impacted me with knowledge throughout my course work.

I wish to pass my sincere gratitude to my family, colleagues and friends who have supported me throughout this journey in prayers and encouragement.

DEDICATION

This research proposal is dedicated to my parents who taught me the values of life, knowledge, respect, integrity, hard work, and self-improvement. Most importantly, they made me learn that life will never be straight line, we have to work hard every day and strive to remain positive in all circumstances and that when I fall, I should not remain down but wipe off the dust and soldier on.

I dedicate this work to my family, my colleagues, friends, classmates and students in the field of business administration and finance. May the Almighty God continue to bless you.

TABLE OF CONTENTS

STUDENT'S DECLARATION	i
COPYRIGHT	iii
ABSTRACT	iv
ACKNOWLEDGEMENT	vi
TABLE OF CONTENTS	viii
LIST OF TABLES	xi
LIST OF FIGURES	xii
CHAPTER ONE	1
1.0 INTRODUCTION	1
1.1 Background of the Study	1
1.2 Statement of the Problem	6
1.3 Purpose of the Study	7
1.4 Research Questions	8
1.5 Significance of the Study	8
1.6 Scope of the Study	9
1.7 Definition of Terms	10
1.8 Chapter Summary	10
CHAPTER TWO	11
2.0 LITERATURE REVIEW	11
2.1 Introduction	11
2.2 Effect of Strategic Pricing on Performance of Commercial Banks	11
2.3 Effect of Strategic Information Technology on Performance of Commercial Banks	17
2.4 Effect of Strategic Human Resource Management on Performance of Commercial Banks	22
2.5 Chapter Summary	25

CHAPTER THREE	26
3.0 RESEARCH METHODOLOGY	26
3.1 Introduction	26
3.2 Research Design.....	26
3.3 Populations and Sampling Design	27
3.4 Data Collection Methods.....	30
3.5 Research Procedures	30
3.6 Data Analysis Methods	31
3.7 Chapter Summary.....	33
CHAPTER FOUR	34
4.0 RESULTS AND FINDINGS	34
4.1 Introduction	34
4.2. Demographics	34
4.3 Effect of Strategic Pricing on the Performance of KCB Group Limited	39
4.4. Effect of Strategic Human Resource Management on the Performance of KCB Limited	43
4.5. Effect of Strategic Information Technology on the Performance of KCB Bank	47
4.6 Chapter Summary.....	51
CHAPTER FIVE	52
5.0 DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS	52
5.1 Introduction	52
5.2 Summary	52
5.3 Discussions.....	53
5.4 Conclusions	58
5.5 Recommendations	59
REFERENCES	61

APPENDICES	68
APPENDIX 1: LETTER OF INTRODUCTION.....	68
APPENDIX 2: QUESTIONNAIRE.....	69

LIST OF TABLES

Table 3.1: Target Population	27
Table 3.2: Sampling Frame.....	29
Table 4.1: Cronbach's Alpha on the Strategic Pricing Variable.....	40
Table 4.2: Effects of Strategic Pricing on Performance of KCB Group Limited	41
Table 4.3: Correlation of Strategic Pricing and its Effect on Performance of KCB Limited	43
Table 4.4: Cronbach's Alpha on the Variable Strategic Human Resource Management..	44
Table 4.5: Effects of Strategic HRM on Performance at KCB Limited	45
Table 4.6: Correlation of Strategic HRM and KCB Bank performance.....	46
Table 4.8: Effects of Strategic Information Technology on KCB Bank Performance	49
Table 4.9: Correlation of Strategic Information Technology and the Effect on KCB Performance	51

LIST OF FIGURES

Figure 4.1: Gender of KCB Group Head Office Respondents	35
Figure 4.2: Age of Respondents at KCB Group Limited	36
Figure 4.3: Years of Service by the Respondents at KCB Group Limited	36
Figure 4.4: Response on the Custodians of Strategic Decision Making at KCB Group Ltd	36
Figure 4.5: Response on Nature of Strategic Decisions made at KCB Bank Limited	36
Figure 4.6: Respondent's Perspective on the Effects of Strategic Decisions on KCB Bank Performance	36

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

Banking is one turbulent industry whose competitive nature has prompted the need for application of consistent and tactful decision making globally to cope with the dynamism therein. The essential approach to dealing with an ever-changing industry environment involves the use of strategic management which is the process of uniquely identifying an organization's objectives, constructing policies and plans on how to achieve these goals and executing the same using appropriate resource allocations. Dijksterhuis (2004) argues that strategic decision making stands out as the highest management activity whose burden solely lies with the top executive and is toward providing the company with an overall direction. The complexity of strategic management requires the complete comprehension and synchronization of decisions made to deliver on objectives set (Johnson & Scholes, 2000). It is more of a top to the bottom approach of the vision, mission and goals of an institution that must put into consideration the resources utilized and the criterion applied in acquiring, using and disposing of the given resources. Strategic decisions also put into regarding the opportunities available within and without the institution, the potential to exploit these and the probable gains made from exploitations incurred to give the company an edge over others (Henry, 2004).

In a concerted effort to utilise resources, a firm has the task to identify potential resources, evaluate the same and score them by viability, uniqueness and non-substitutability. These are the key pointers of the Resource-Based View theory (RBV) in which Wernerfelt (1984) argues that company resources have to fulfil the VRIN criterion which stands for Value, Rare, In-imitability and Non-substitutability aspects. Any remedy that fits the VRIN criterion is viable as it is channeled into value-creating strategies that earn a competitive edge over other players in the industry or that cushions the company and reduce weaknesses (Amit& Schoemaker, 1993). It is vital to note that in the global banking industry, the cost incurred while investing in a strategy must always be significantly less than the future discounted cash flows that arise from engaging the very approach (Peteraf, 1993). This strengthens the business assumption that strategic decisions made have to earn a profit if financial or significantly contribute to positive growth if non-financial.

Strategic decisions are born of an analysis of the business environment which divides into external and internal business environment. The foreign business environment comprises of economic factors, political factors, competitors as well as industry regulations while the internal environment consists of the input resources which include human resources, strategic risks, innovation, financial considerations and managerial factors. Based on how the company interacts with these sets of the environment, its analysis is into stages that commence at the formulation of strategy, execution and lastly evaluation to ascertain strategic successes based on predetermined parameters (Johnson, 1987). Pearce and Robinson (2009) perceive that effective strategic management must first formulate a vision and mission, analyse current company situation, develop strategies and select the most appropriate setting to execute.

Strategic decisions are also a culmination of the input from all departments and functions of a company to allow choices that have desired influence on operational and administrative goings of the firm (McMillan, 2002). This notion is supported by Johnson and Scholes (2002) who posit that the result of strategy is to satiate the expectations of the company's stakeholders. Classical Strategic theory as argued by Popescu (2009) emphasizes that strategic decisions made are an intended, deliberate planning procedure that is based on thorough analysis of the banking industry with the aim of determining a single but comprehensive initiative to drive perpetuity. The structure of strategic decisions is itself a stepwise approach whose first step is the mission. The lack thereof of a mission statement alludes to forecast failure due to a lack of synchronized organizational direction (Starkey, 2004). A mission statement is the most straightforward initial strategy and can be defined as the election and creation of a wholesome policy upon which forecast decisions and operations have to be based (Byars, 2001).

In every organization, strategic management involves a set of various independent variables that lean toward performance, a dependent variable. Performance refers to the actual output measured against intended output (McGrath, 1999). It is attributed by Bass (1990) as the conversion of inputs to production in a production process. The purpose of the performance is to inform of the effectiveness of decisions made at input level. It seeks to outline whether the input (Strategic choices) is cost-effective but still ensuring that output is as intended and optimal or maximum. Performance is thus dependent on what conclusions have to be made, and the success of an institution is proportional to the

strategic management initiatives put in place. Delaney and Mark (1996) posit that organizational performance entails actual output within a given period, say a fiscal year, marked against given inputs which must always be driven by a set of strategic decisions. Beeker and Barry (1996) support this with their conclusion that performance in an organization should depict the cost-effectiveness (economics) of strategies and optimal output (efficiency) such that the better the desired output, the more efficient the procedure initially applied.

A summary of the critical aspects of organizational performance can be drawn into various indicators. In simplistic understanding, performance indicators are measurable parameters of a given institution. These include Return on Investments, Market Share and Financial Performance. Bernadine and Russel (2009) argue that performance is the record of results which is gained from the execution of work in a specified duration. This record of achievements is pegged on the key business indicators.

In the global banking industry, depository intermediaries refer to financial institutions that create the link between commercial savers and financial borrowers without necessarily having to accept time deposits (Sealey, 1980). Such organizations include savings and credit associations, credit unions, mutual banks and commercial banks (Aurbach, 1985). The kind of services these institutions offer collectively makes the banking industry which is subject to homogenous influences. In the United States of America (USA), there are various regulatory structures for the banking industry, but the most key of these is the Depository Institution Deregulatory and Monetary Control Act of 1980 and the Garn-St. Germain Act of 1982 which has a deregulatory counterpart in the Europe, United Kingdom – The Bank of England Act 1998 and in Asia, Japan- 2013 Amendment of the Banking Act of 1981. These countries are among the key influencers of the banking industry globally, and as such, the Acts above with several amendments have since been adopted the world over. This is very important to note since the given Acts allowed for ease of new entrants into the banking industry by reducing critical entry-level restrictions. Auerbach (1985) argues that ascension of these acts into law consequently allowed for increased competition in the sector. Thus, in later years there has been the need to continually align strategic decisions that are initiated and executed by industry players' especially commercial banks (Schmenner, 1995). The causative objective of the need for strategic decisions is to shape the banking environment as well

as to improve the bank's performance (Bettinger, 1986) effectively. Erratic findings from banking industry related researchers have since not determined whether or not strategic decisions and strategic management in the whole result in improvements in commercial banks performance. Gup and Whitehead (1989) in their research found that some institutions with fully fledged strategic decisions making had way lower Returns on Investments as compared to some who did not have organized formal structures for the same.

Commercial banks in Japan are postulated by Haberg & Rieple (2008) as having exhibited strong effects of strategy on performance and the country's banking industry as a whole. They draw attention to the property and shares boom of the late 1990s and early 2000s which left Japan's banking industry in a falling price state. Collectively, the banks in Japan notably the Bank of Japan initiated interest rate cut strategies that went to as low as zero, stimulating borrowing and reviving a slow but steady growth in bank loan books as well as mortgage financing.

In Europe and Asia, banks such as the Standard Chartered Bank, Barclays Bank and Mitsubishi UFG Group have adopted Overseas Market Servicing Strategies that help cope with local competition (Cannon & Willis, 1983). Despite the vast geographical location difference, critical strategies as this are similar across the globe and have enhanced tier one bank's growth and capacity as argued by Peria & Mody (2004). However, strategies such as this also have little in-depth research that establishes if strategic management consequently yields positive performance since there have been contrary indicators such as the recent decision by Barclays Bank to divest in Africa (Arnold, 2017).

In Africa, commercial banking institutions cite Strategic Management as a critical asset in achieving a competitive edge over other industry players (Chigada, 2014). Regionally there has been the consistent implementation of strategic decisions for a while with the exponential application of the same happening over the past two decades (Kinyua, Muathe & Kilika, 2015). Commercial banks within the Common Market for East and Central Africa (COMESA) have exhibited the emphasis on analysis of the industry and accorded the arising strategies a vital part of ensuring success and sustainability. In South Africa, the engagement of strategic management by banks such as Nedbank and ABSA has been enhanced through streamlining of processes, reducing role redundancy, improving data integrity and innovation among many other approaches to strategic

decision making that drives efficiency (Cong & Pandya, 2013). Efficient Strategic decision making for banks regionally helps in optimum utilization of limited resources that primarily involves making the difficult choices about the organizations' long term goals (Goedhuys & Vuegelers, 2008).

Traditionally, the Kenyan banking industry over-relied on size and asset base as the cornerstone for competition (Simiyu & Waithaka, 2015). However, in the recent past, as has been the emerging trend on the global banking scene, perspectives have changed. With deregulation of the industry, many microfinance institutions, as well as foreign banks, moved in to capitalize on the opportunity. This impacted the existing market players with the much-felt competition that required immediate substitutes for asset base and size as the critical definitions of race. Strategic management and accompanying decisions had to be initiated to cope. Banks such as Equity Group and Co-operative Bank adopted customer-based market strategies that sought to get onboard all the lower cadre clients initially not targeted (Rono, 2011).

1.1.4 KCB Group

Kenya Commercial Bank (KCB) is one of the oldest banks in Kenya dating back to 1896 when its predecessor, the National Bank of India opened an outlet in Mombasa. Eight years later in 1904, the Bank extended its operations to Nairobi, which had become the Headquarters of the expanding railway line to Uganda. Upon independence, the Government of Kenya acquired 60% shareholding in National & Grindlays Bank to bring banking closer to the majority of Kenyans. In 1970, the Government purchased 100% of the shares to take full control of the most significant commercial bank in Kenya. National and Grindlays Bank was renamed Kenya Commercial Bank. In 1972, Savings & Loan (K) Ltd was acquired by KCB Group to specialize in mortgage finance. In 1997, another subsidiary, Kenya Commercial Bank (Tanzania) Limited was incorporated in Dar-es-Salaam, Tanzania to provide banking services and promote cross-border trading. Since then, the affiliate has 11 branches.

By asset base, KCB is the most significant bank in Kenya with an asset base estimated at over KShs. 280 Billion. In pursuit of its Vision: To be the preferred financial solutions provider in Africa with a global reach, in May 2006 KCB extended its operations to South Sudan to provide conventional banking services. The subsidiary has 19 branches. The latest addition to the KCB family came in November 2007 with the opening of KCB Bank Uganda Limited which has 14 offices and in Kigali, Rwanda in December 2008.

There are currently nine branches spread out in Rwanda. In 2010 S&L was merged with KCB providing access to mortgage finance through the bank's extensive branch network of 222 offices with a total of about 5492 employees.

Despite its successful performance in the recent past, the bank needs to retain and grow its profitability continuously. Planning adherents have long asserted that formal strategic planning provides benefits that ultimately produce economic value. It's in this light that KCB sought to improve its customer services by reaching the customer in unbanked regions as well as making awareness of their service through ABCs like ATMs, Agency Banking (KCB Mtaani), internet banking and mobile banking services (like KCB-Mpesa account). The bank has been continuously improving its product and service offering, leveraging on technology to offer innovative and tech-savvy products. This study sought to investigate the effects of strategic decisions by KCB Group on its performance.

1.2 Statement of the Problem

Market liberalization of the banking industry, as well as the execution of other critical operational, regulatory changes, meant that banks in Kenya became subject to market forces of demand and supply. This is based on the Government of Kenya Economic Survey (2010). The ripple effects of these changes were that the industry started to experience extreme competition among market players. Various commercial banks thus incurred losses or primarily low performance which was indicative of their inadequacy in strategic management to cope with the stiff competition. It also meant that commercial banks had an uphill task in establishing a link between the decisions they made and the performance they were incurring (Harzing, 2010).

There have been numerous studies conducted in the banking industry since the emergence of the trends arising from market liberalization and banking deregulation, only that those have been focused on different aspects of the industry other than the effects of strategic decisions on the performance of commercial banks. For instance, Karuri (2006) researched the challenges of strategy implementation in commercial banks and established that various stakeholders were not involved in strategic decision making. She recommended that further research is undertaken concerning research on hurdles experienced in the implementation of strategic decisions. Kiptugen (2003) analyzed effective strategic responses by Kenya Commercial Bank about changes in competition. He determined that Kenya Commercial Bank responded to changes in the banking

environment by restructuring, adopting innovation in information technology, culture changes as well as enhancing marketing drive. Wambui (2004) focused her research on factors driving strategic planning by corporations whereas Ajwag (2009) did a study on the relationship between corporate culture and organizational performance, a survey of Kenyan state corporations. These, among many other types of research undertaken, have not sought to study and determine the apparent effects of strategic decisions on the performance of commercial banks in Kenya, thus the research gap.

To establish why this research gap is a problem, Grosse (2005) argues that the difficulty in finding a statistical link between the incidences of strategic decision making and company performance translates to more of a visionless approach to the organizational environment. This means that with a lack of research findings on this topic, there exists the potential risk of organizations (commercial banks) repeating the same operational and administrative mistakes. It also means that instances of poor performance cannot be directly linked to specific strategic decisions and thus, solutions to challenges faced cannot be wholly achieved.

The inability to fill this research gap poses enormous challenges to the management of the Kenya Commercial Bank Group who are liable to investors, the general public, clients, human resources as well as regulatory bodies of the banking industry. Dibb (2007) argues that a failure to address this problem results in the registry of negative financial results. These impacts negatively on staff morale, leading to further losses by commercial banks. The market confidence in any institution that does not address this problem is that clients will have reduced confidence in products and services rendered leading to less and erratic market presence. There is also the risk of losing existing and potential investors as well as having to face the punitive measures of industry regulators if service level agreement standards are not satiated (Central Bank of Kenya, 2012). The negative consequences as highlighted immediate the need to carry out this research that sought to establish viable findings and recommendations for KCB Group's adopting. Therefore this study aimed to investigate the effects of strategic decisions on the performance of commercial banks in Kenya with the specific focus on KCB Group.

1.3 Purpose of the Study

The general objective of the study was to investigate the effects of strategic decisions on performance of commercial banks in Kenya: A case of KCB Group Limited.

1.4 Research Questions

This study sought to answer the following questions:

1.4.1 What are the effects of Strategic Pricing on the performance of KCB Group?

1.4.2 What are the effects of Strategic Human Resource Management on the financial performance of commercial banks?

1.4.3 What are the effects of the use of Strategic Information Technology on KCB's performance?

1.5 Significance of the Study

1.5.1 Importance to KCB and Other Commercial Banks

Through this research, KCB Group and commercial banks in Kenya would get enlightened as to their strategic decision and firm performance, their endeavors and also causes of failure. If rectified, would provide better services to its customers. This is hoped that their service would improve after the research findings are made and known. The top management would be informed on how to articulate, envision and maintain flexibility and to empower others to create strategic change, which would help its long-term survival.

1.5.2 Importance to Regulators and Policy Makers

The study would provide insights on the strategies that can enhance the sector's growth, and hence guide in regulation and policy formulation. This would, therefore, help policymakers of the banking sector such as Central Bank and The Treasury among others with the development and review of existing policies to achieve synergy with the existing circumstance.

1.5.3 Importance to Management of Financial Institutions in Kenya

Managers of other financial institutions in Kenya (such as MFIs, SACCOs, insurance companies among others) would have increased understanding and appreciation of the strategic management approaches such as strategic decisions that relate to the industry. The study would also assist other firm managers to make appropriate choices following the sample strategies that have been implemented by the commercial banks in Kenya to expand their operations successfully. Managers would also be made aware of the

challenges that have been experienced in the adoption and implementation of particular strategies this would help them make appropriate adjustments to counter these problems and achieve optimal results.

1.5.4 Importance to Academicians and Researchers

The study would highlight other important relationships that require further research; this would be in the areas of relationships between firms' resources and the strategic management practices to impact on their performance. The results of this study would also be invaluable to researchers and scholars, as it would form a basis for further research. The students and academicians would use this study as a basis for discussions on strategic decisions and performance. The study would be a source of reference material for future researchers on other related topics; it would also help other academicians who undertake the same topic in their studies.

1.6 Scope of the Study

The concept of this study covered strategic organizational decisions. The specific context of interest would be decisive in the banking industry in Kenya with particular reference to commercial banks. This study would be limited to commercial banks in Kenya where the specific focus would be on the Kenya Commercial Bank Group head office in Nairobi. This would involve collecting relevant information from the bank's management staff. The choice for KCB Group Head Office is optimal in collecting the data required due to accessibility and cost efficiency.

The limitations of the study included the monetary amounts needed to conduct the study through all KCB Group branches that would be very substantial, yet such a broad scope would give far-reaching findings. As such, the researcher employed a cost-effective and accessible option as the use of KCB Group Head Office from which she drew a representative sample that was acceptable and manageable within the given time frame and financial budget. Some of the strategic information was classified and its accessibility quite limited, consequently limiting the research. However, the researcher used proper official channels to access this kind of information.

1.7 Definition of Terms

1.7.1 Financial Performance

Financial performance refers to the subjective measure of how best a firm can use resources in generating revenues for the business and is usually measured in terms of growing sales levels, revenues, and profitability, market shares, efficiency of processes (Sweeting, 2015).

1.7.2 Strategic Pricing

Strategic pricing refers to the manner in which an institution outlays how it fixes prices of its various products and services, usually differently, in order to make maximum profits from transaction of the products or services (Simiyu & Waithaka, 2015).

1.7.3 Strategic Human Resource Management

Strategic human resource management is the application of various policies and principles in managing personnel to synchronize their operations to optimally match the goals of an institution (Wenerfelt, 1984).

1.7.4 Strategic Information Technology

Strategic information technology refers to the accuracy of acquisition and allocation of executable technology to a process or product with the aim of optimizing given process and achieving a complete edge over competitors in a given market (Haberg & Rieple, 2008).

1.8 Chapter Summary

This chapter briefly introduces the concept of strategic decisions as a proactive measure to help in improving firm performance. Furthermore, the section discusses the background on strategic decisions and their effect on performance of commercial banks. The next chapter, i.e. chapter two will deliberate the literature review relating to the study, while chapter three will provide the research approaches to be adopted for the study. In chapter four, the findings of the study will be presented while chapter five will provide the summary, discussions and the study recommendations.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

The second chapter of the study presents the literature review with respect to the research questions of the research study. The chapter underscored deeply all the available literature on the strategic decisions and the effects thereof on the performance of the organization, in terms of brand, staffing and financial performance employees' performance. Further, the chapter analyses how an organization can align the strategic decisions with the prospected goals to realize positive effects. Under this section there is the utility of the theoretical literature, empirical literature and the general literature available with regards to strategic decisions' effects on organizational performance. The chapter compares available literature vide reviewing the same from various books, journals, press releases, research work and organizational reports. The chapter is in three sections representing each research question specifically strategic pricing, strategic human resource management and strategic application of information technology and the respective effects on performance of the organization.

2.2 Effect of Strategic Pricing on Performance of Commercial Banks

There are various means of establishing an organization's or commercial bank's financial performance. The various factors impacting on an organization that often end up impacting its performance are categorised into internal and external factors or internal dominants and external dominants. Controllable factors are termed as internal while those out of control of the commercial bank's organizational ability are external factors. One can term internal factors as those depicted in the company policies and are constructed around the utility, capital, liquidity as well as expense management of the organization (Rothenberg & Hull, 2008). The impacts of management of the said funds can be shown from the business profitability as indicated on the records of finance such as statements of financial position, profit accounts among other financial statements. Moreover, the efficiency in management when controlling revenues and costs determine profitability level in regard to pricing and expected returns thereof. In terms of effective and strategic pricing and product market pricing, sustainability and achieving the profitability goals of the firm, the external performance of the company demonstrates the strategic decision to put to use the resources for the benefit of stakeholders and the society.

Usually, a strategic approach gives an enterprise the capacity of reviewing their operations and evaluating how their present operations to maximize profit might affect their long term goals of wealth creation through strategic pricing. This also helps them realize the value of being strategic pricing and accrued inputs. However, when employing the strategic approach the corporations should identify the problems associated with conflict of interest between different stakeholders. The shift from pure profit approach to potentially ethical approach should not only consider the economic but should go to the extent to which the pricing may impact on product reception in the markets.

2.2.1. Positive review of strategic pricing and performance of commercial banks

The empirical literature that relates to the relationship between the performance of the enterprise and strategic pricing could be reviewed by using the qualitative and the quantitative studies. The quantitative studies have been undertaken on the basis of regression and events studies that have led to results that are conclusive as stated by Weber (2008). Qualitative studies, on the other hand, focus on establishing a relationship that exists between the competitiveness of a firm and the associated strategic decisions made and these is inclusive of strategic pricing, which indicates an increase in the financial performance. A commendable instance is the study by Siegel & McWilliams (2000); they found out that a biased relationship exists between strategized pricing of products and services and profitability. Also, a study conducted by Graves (1997) depicted that due to strategic pricing, an improvement of performance for organizations was realized. There exists a positive impact of the strategic pricing and the financial performance of an organization.

The popularization of strategic pricing depicts a link between the very concept and the financial performance and this has raised interests on practitioners and researchers. There exists two standpoints on the relationship between the financial performance and the strategic pricing concept. First, the management benefits from being able to process the needed skills in managing a company that is superior resulting in financial performance of the company that is very competitive. Secondly, the incurred cost from the strategic pricing activities that increased is recovered from the increased competitive advantage of the company (Gossling, 2011).

When reputation index is put in place for evaluation of strategic pricing performance, it becomes subjective because it is difficult to measure and perform an evaluation of the reputation derived from the strategic pricing decisions. Thus the study does not aim at the reputation but the performance. Whatever the case performance must be affected and entirely the final result would be the financial performance of the company that has been improved, and the outcome is increased profitability due to strategic pricing.

That relationship that exists between the strategic pricing and performance of the organization has not only been an interest to many investors but also important in managing the business. Some scholars have viewed that strategic pricing has a negative impact on the businesses' financial performance, while others have seen the beneficial part of the strategic pricing to the business, and recommend that it should be applied. The pedagogical objective of the commercial banks is to maximize the stakeholders or shareholder profits. The activities of strategic pricing create a situation that is win-win for the shareholders and the stakeholders (Urip, 2013). Engagement in the strategic pricing benefits the business by keeping a powerful and good relationship to enable perform their operations seamlessly. This leads to market performance that is high, the return on investments and pricing profitability that is enhanced.

The strategic pricing theory suggests that the firms undertaking strategic pricing possess capabilities and resources that are superior compared to the businesses that do not implement the same. Therefore, good performance of the strategic pricing leads to competition that is superior that translates to market reach that is larger, great returns on the investments made and profitability from increased pricing levels that are higher. Therefore means that the enterprise gets financial performance that is positive as such lead to increased brand image of the company that can lead to increased pricing levels. The strategic pricing investments were found to affect the assets return positively and the equity returns. As shown by Keller & Price (2015), it was discovered that every dimension of investment of strategic pricing translates to positive financial and nonfinancial impacts that are short and long-term. This translates to the firm's profitability.

Commercial banks strategic decision making increases the ability to attract competent employees in the business as evidenced in the study by Porter & Kramer (2011). By use of strategic pricing, the attraction of good talent is experienced which increases the advantage of the competition of a business and makes the production processes more

efficient. Efficiency leads to the satisfaction of the customer, which promotes the loyalty of the customer hence enhancing brands and market share. In the long term, productivity is achieved because the relation of the employees is improved on the basis of strategic pricing which leads to the financial performance being increased because of organizational capacity that is increased.

In elaborating the relationship that exists between the financial performance and the strategic pricing, it is explained via the traditional financial performance measure that it was obvious that the use of strategic pricing impacts financial performance. In addition, the given decisions were considered as factor that was contributing to the company's financial performance, in which it has been considered as a wealth maximizing strategy by being attracting the consumers who dictate customer loyalty that is long-term, which improves the sales volumes and profits of such an enterprise (Haynes et al. (2012). Hence, the value of the firm based on the financial performance of return on capital invested and profitability is realized.

On another perspective, the study by Marcia, (2013) investigated whether commercial banks in aggregate were taking substantive strategic decisions and if the same changed their financial capacity in performance. The study used publicly available data on strategic pricing to analyse strategic pricing strengths. it found out that the largest banks consistently had more strategic pricing strengths and strategic pricing concerns during the sampled financial years. Further, this group saw a steep increase in strategic pricing strengths and a steep drop in strategic pricing concerns as the worst of the financial crisis passed. The study also found that more profitable banks, banks with higher capital ratios, and banks that charged lower fees on deposits had significantly higher strategic pricing strengths.

2.2.2. Negative review of strategic pricing on performance of commercial banks

Contrary to the studies showing a positive relationship between strategic pricing and Pricing, one can term strategic pricing decisions in the organization could reduce profitability. This approach was of the argument that management has only one role and that role is to engage in a decision that would maximize the benefits of its shareholders by expanding the market share because managers are agents of shareholders. As such, any other activity that the managers engage in is seen as an activity that decreases the income

of an organization strategic pricing included. Therefore, this approach is against the management decision of engaging in strategic pricing as it sees it as an activity that reduces the shareholder's profitability. In addition, the engagement in strategic pricing improves organizational disadvantage and may lead to a relationship that is negative between strategic decision making and market performance (Friedman, 1970). There is a negative relationship between strategic pricing activities and performance of the organization. The approach by the author also supported the Neo-classical approach in relation to financial performance and this shows a negative relationship between stock price performances and strategic pricing that did not work as intended.

When the cost of strategic pricing increases, then there is reduced achievement of the business objective because the business would have used a large part of its profit in financing strategic pricing decisions instead of giving value to its shareholders. If strategic pricing decisions are implemented in a manner that is correct, then, in the long run, the bank is able to reduce its operations cost by increasing the pricing levels which increase the financial benefits as established by Porter & Kramer (2011). For instance, by reducing the business risk associated with the business reputation which may negatively impact the business profitability, the organization is able to get loyal customers. Thus, investing in strategic decision making might be a present cost, but eventually, after the organization becomes more reputable and the brand image increases. Its financial performance and growth are achieved. Thus, the study demonstrates a positive relationship between strategic pricing and financial performance where, investing in strategic pricing increases the financial performance of institutions in terms of profitability and return on investment.

However, Nilsson & Nyquist (2011) conducted a study which argued against the implementation of strategic pricing in a more relative approach. The study by Nilsson & Nyquist (2011) was conducted to identify the effect of strategic pricing on the financial performance Scandinavian organizations, where the financial performance was measured together with the market value and impact on brand image. The study concluded that the best strategic pricing were a cost to the business as it does not only take a large part of the business earnings but also affects the market value of the business. The study also stated that investment in market is only made at the expense of the profitability of the business implying that the investors will, therefore, have different reactions if their

returns are decreased yet the corresponding risk has not decreased (Nilsson & Nyquist, 2011). An argument that was supported by Hassel et al. (2011) who stated that the orientation of the markets is short term, for this reason, the investors are concerned with the short term information in order to make their investment decisions. Thus, they concluded that companies, which reflect the high rating market performance, are not rewarded by investors.

On the other hand Chandler (2015) noted that when the view of pure profit oriented organisation is employed, the more the organization prefer to use strategic decision making and the better position they are placed in for good financial performance in the long run. The reason for this has been traced from the fact that, if the organisation applies best strategic pricing, then the customer attitude and their buying behavior are affected positively, increasing the purchase intention which results in profit maximization opportunity. Babbie (2013) emphasized that among the various ways that an enterprise can achieve its competitive edge is through the fundamental shift on how and where their strategies impact in the market. For instance by focusing their efforts on pricing strategies with lower profit margins but an increased market share, the sales volumes enhance market penetration and the profits are higher as compared to focus on strategic that have higher profit margins but with less sales volumes. The enterprise is able to maximize its profit, which is the sole goal for existence, especially for the profit making commercial banking organizations.

2.2.3. Local Context of strategic pricing on performance of commercial banks

Locally Kinyua (2013) found out that there was a positive relationship between strategic pricing and performance. The authors tested the relationship between investments in strategic pricing and sustained the growth of commercial banks in Nairobi County. The researchers sought to establish the relationship between banks sustained growth in profitability and strategic pricing among other parameters. The findings revealed an increasing positive attitude towards strategic pricing in terms of investment. There was a general agreement that strategic pricing was essential for the success of the firm in terms of increased profit levels and sales volumes. Since commercial institutions work to generate profits by offering the best services to customers, they would provide proper care to retain its customers on the basis of fair but strategic pricing such as bundle pricing. The researchers found out that investment in strategic pricing had a positive

effect on a banks' sustained profitability growth. The findings indicate that there was a weak positive relationship between the variables and that only 11% of bank-sustained growth could be explained by investing in strategic pricing decisions.

2.3 Effect of Strategic Information Technology on Performance of Commercial Banks

There are various key performance indicators associated with information technology strategies. In a direct manner, the application of strategic information technology impacts greatly on commercial banks branding and the market at large. The key indicator here thus is the market and its aspects such as market share. Market share is defined by Gill (2013) as the total customer purchase of services or products; it is the percentage of what goes to the company relative to the total demand in the market. In other words, market share can be seen as the proportion of customers purchasing a specific product relative to the total number of the customers purchasing the similar product but from other sellers. Market share according to Motwani (2012) is seen as a measure of firm's performance over a specific period of time as a result of customer satisfaction among other factors which are verily dependent on strategic information technology. These factors contribute mainly to the increase in demand for a specific bank products that makes customers prefer the product over other supplier's products or services due to applied benefits of strategic information technology.

The information technology concept dwells on the benefits of efficiency as a vantage over competitors. There however needs to be ethics in the best practice of strategic information technology prompting the ethical approach to these kind of decision making. It outlays emphasis on the operations of an organisation morally in meeting its demands to be efficient. The strategic information technology decisions concept argues against the profit oriented approach is prime in determining which strategies to apply. For instance, the cost of initial utility of the technology, the cost of maintenance, the return on the given investment et al. The approach argues that the organisation should engage technology that is ethically approved and not detrimental to the laid policies of fair play in the industry but with great consideration on the returns being more than the cost incurred in using the given strategy (Brennan, 2011). As such, the ethical theory indicates that the overall goal of the organisation should be establishing strategies that are not negative to brand image in the manner in which they affect its operations and that the

technological strategies should greatly be aimed at enhancing a flawless system of operation.

In short the perspective indicates that the goal must shift from all about how they will maximize profit to how the strategies can agree well with the existing rules of engagement in the industry. However, in most cases, the desire for profit drives the key need to strategically engage information technology. The argument and approach in a great way support the argument that the organizations strategic decision making should not jeopardize its future sources of wealth because of the current desire for profit maximization (Lee & Kotler, 2013). It implies that technological strategies applied should be considerate of not self-destructing the institution in any way.

2.3.1. Strategic Information Technology Perspectives for Commercial Banks

There are parameters impacted by use of strategic application of information technology. These parameters consequently impact performance and include market share, brand image, efficiency of operations as well as competitive edge. Market share is measured on basis of volumes or values (Gossling, 2011). A measure of market share in terms of values indicates that the total company value is measured in terms of the total company share relative to the total segment pricing. Thus, this is done by evaluating the pricing values of the company in comparison to the total values from all the competitive companies to identify the value of the company. While the aforementioned holds as an argument, it is prime to appreciate that pricing is greatly affected by input capacity that is solely determined by the information technology strategies applied in the production process. Engaging costly technology means the pricing is high at the end of the process and little profit margins are engaged. One cannot achieve a high market share if the technology applied is expensive relative to competitors due to the impact it has on pricing (Gill, 2013). Usually the volume and value market share does not exist as a linear equation because the units may be high values of pricing but to a low number of customers or in other words, there is a high number of customers who are buying products in low volumes, and these are the norms of the market share which are impacted indirectly by application of a given costing on the strategic information technology. The given cost is always translated to the final pricing of the commercial bank's products or any other institution.

The market share is indicative of the brand image of the commercial banks products. Implementation of superb information technology strategies is prime in improving brand image in such a way that is not intertwined with quality of products and services. This is due to the efficiency aspect of strategic decisions made on implementing strategic information technology. The case here being that if products are not as great from a given commercial bank, but the technology applied in delivering of the services is efficient, then there is high chance that the market share will be boosted by the parameter of efficiency only (McWilliams, 2000). Consequently, higher efficiency and market share derived solely for up scaled information technology means that the commercial banks gains more from expanding or retained market segments. The institution thus performs depending on investment on the efficiency of strategic technology. This implies that strategic information technology really impacts performance of commercial banks.

2.3.2. Global perspective of effects of strategic information technology on performance

This provides an overview of how an organisation can apply and adhere to given regulations that are universally accepted relating to the strategic application of information technology (Harzing, 2010). There is the aspect of ethicality on a global front in such a way that applied technological strategies have to be within given limits to minimize unnecessary impacts on the environment and other market players. These may touch on integrity of the organization as there are technological strategies that are fraudulent and may benefit the commercial banks more but due to a global guideline of practice, the same are not undertaken.

The ethical perspective is admissible on various other fronts such as fraud, customer responsibility, technology et al and is referred by Keller& Price (2011) as the stakeholders' management approach. This given approach seeks the benefit maximization for the stakeholders and can be interrelated with technological strategies in the they have to increase profits on a budgeted costing The aim of this is making sure that efforts have been made towards increasing the benefits of the stakeholders and such efforts also increase the wealth of the business in the processes of strategic decision making that now encompasses strategic information technology. In this case, the firm should voluntarily benefit the stakeholders which in other words mean that the firm should be morally responsible and accountable for every strategic technology action that

they take (World Bank, 2013). The United Nations approach to strategic technology dictates that the organisation should be responsible in its operations such as not to negatively impact on stipulated guidelines, the shareholders and its customers for the long term benefits which include increased customer preference, fair competition and profit maximization.

Gill (2013) states that strategies do not necessarily earn enough market share, because it is not good for a company to gain 100% market share due to the risks associated with the market actions. Just like there is change, the company stands to suffer heavily from the impact in a change of market dynamics. In addition, there is a very high cost and killing effort for a company to maintain 100% market share against local, nimble and more aggressive smaller competitors. Thus, companies target which is just beyond the cost of acquiring the given technologies and the profit from the incremental gain (Gossling, 2011).

Studies have been conducted to explain the relationship and effect of strategic information technology and on the market share, brand image, customer loyalty among other performance indicators. For example, the study by Ajide (2014) investigated the impacts of strategic information technology among large banking companies in Nigeria companies on the market share and customer loyalty. The study found out that companies who had engaged in the strategic information technology gained a larger market share than those who did not engage in the same or to a larger extent, undertook little or weaker technological application. The study further established the impact of this on the stock price and indicated that in the short-term, the stock price might go low as the market share increases. However, in the end, the stock price increases with the increase in the market share. The correlation showed no direct relationship between strategic technological application and the performance of stock price among large Nigerian companies (Ajide, 2014).

Kiptugen (2009) established the relationship between strategic application of information technology and performance in terms of reduced risk and costs in large manufacturing companies in China. The study established that companies, which have invested heavily in strategic information technology stand to gain from increased levels of pricing as a result of increase market share in terms of share value and share volumes in the face of reduced costs of production and time taken to complete processing, which points to

efficiency. As a result, the cost of production and distribution is reduced as well as the shareholders' risk because higher market share reflects a higher performance of the business. This is the major contributor to the customer preference to the company products as they are produced cheaply, fast and accessed more efficiently all due to technology strategic decisions applied.

2.3.3. Local Context of Strategic Information Technology on Performance Parameters

In business reporting, the concept of strategic implementation of information technology is more critical than ever, every business has already established or is establishing strategic information technology policies and producing audit reports on how they engage this phenomenon (Ajwag, 2012). Strategic information technology was found to touch greatly the relationship between local and global corporations, the government of different states as well as individual citizens on a daily basis almost involuntarily. Locally, strategic information technology definition has been viewed to associate the manner in which banking and business in general is made efficient and with minimized costing yet in a manner that maximizes profits and uniquely curtails much of physical movement. The concept of strategic information technology thus can be seen as one that guides the organisation towards engaging in cost effectiveness while maximizing profit, reducing the processes of production and making efficient the delivery of services to achieve a competitive edge in the market.

In the local context, there is a relationship between strategic information technology and financial performance of not only banking institutions but other businesses as well. For instance, Ongolo (2012) investigated the relationship between strategic information technology touching on corporate responsibility and market share of supermarkets in Kisumu City for the period 2006 to 2010. He sought to determine the 25 factors that motivated the practice of strategic implementation of technology in daily operations amongst supermarkets in Kisumu City.

The findings revealed that there was a strong relationship between strategic information technology and performance indicators, specifically those touching on the market share and associated parameters. Institutions that had invested more on strategic information technology had high market share. The researcher also realized that there was a positive

correlation coefficient between market share index and strategic information technology. Larger supermarkets preferred cost effective technological processes and incentives to clients such as use of smart cards as well as maintaining key databases for a reward system for employees.

2.4 Effect of Strategic Human Resource Management on Performance of Commercial Banks

2.4.1. Organizational Human Resource Management

Human Resource Management can only be termed as overseeing employee affairs with the intent to drive the organization's goals. Legge (1995) defines human resource management as the monitoring of employee aspects from recruitment, job specification, personnel welfare, training, benefits, remuneration, dispute resolution, performance appraisal, communication, benefit schemes as well as talent identification. This can also be referred to as personnel management.

Strategic human resource management thus seeks to efficiently have control over the well-being of employees such that they have adequate resources and support to fulfill given duties. The importance of human resources is so essential that hardly any work can go on in an institution without this component. Performance of an organization as reviewed by Hendry (2012) can be intended or unintended based on the behavior and innovation of the human resource. Fostering an innovative culture and a peaceful environment for this support is almost a specific approach to arrive at the desired performance. Perception of remuneration and the reward system plays a substantial motivational role to human resources if simple, clear and unbiased (Oglvie, 1986).

Oglvie (1986) also argues that the organization in question must exhibit unshaken commitment toward meeting the needs of its employees to keep them focused on the production process which in turn impacts on the performance of the company. Market presence, customer service responsibility, customer experience, product innovation, efficiency and financial profitability are but a few of the aspects of commercial banks affected directly by changes in the strategies applied on the human resource.

Strategic Human Resource management decisioning impacts also on key business indicators such as market share, branding, business continuity and contingency planning

among other indicators that affect performance. Entirely, the aforementioned indicators all impact on branding making it the most critical. For instance, if the brand of a Kenya Commercial Bank Limited is bad, the market share drops, and the contrary is true. Also, if the business interruptions are frequent and no strong business continuity is upheld, the brand is affected and finally, if the staff are not well articulated in terms of staffing issues, then the brand stands no chance in the market, thus it is vital a parameter. Smith (2013) defines a brand as a product of an organization's strategy, image, mission or activities.

The corporate brand is the one that acts as the distinguishing factor from the competitors and acts as the orientating factor to the customer's mind, yet the various factors under strategic human resource management directly impact on the brand. Thus, since the business is geared toward the client, and the client's perception is what the brand is all about, then it means the strategies applied on human resource management affect the performance of the organization through positive or negative translated impacts on the brand (Barns & Groove, 2012). Thus, Strategic Human Resource management is prime in an organization and more so the commercial banks set up where competition is cut throat.

2.4.2. Effect of Human Resource Management on performance parameters

Three components are considered by Porters (1985) model as ways in which the business is able to achieve competitive advantage through under human resource management. Key of the model is that the brand image be upheld and as such, the components are prime in driving perception indices that touch greatly on the brand. The parameters associated with performance with respect to human resource management are business continuity, staff training, competitive remuneration and strategic staffing. The first component under Porters model is how the commercial entity does or can affect the business environment. The effect is achieved through talent building of staff which basically revolves around staff training needs. The second is the production factors which encompasses in part, the first. Thus, the organization has to enhance its capacity to sustain production and this is achievable through strategic business continuity. Strategic business continuity involves having staff and other human resources at hand in case of interruptions, to be in a position to propagate business despite major break downs. The third component is the self-replenishing aspect. Under this, the organization is tasked with ensuring it can sustain itself regardless of the financial and technical constraints. At this point, it means the organization has to hire sufficient personnel to run technical

aspects of it in proper manner. Through strategic human resource management, competitive staffing is a strategy that enables commercial banks to have such capacity. The job designs as well as rigorous recruitment processes are part of the strategies employed for this component (Bryman, 2007).

Schindler (2014) posits that it is evident that an organization that supports strategic human resource management creates a brand reputation in an honest and reliable manner that the customers tend to assume that products from such institutions would be of higher quality than the ones from competitors who do not enjoy this perception. It is in such measure that one can interlink the capacity of strategic human resource translating to performance. Similar remarks were shared by Schwartz (2011) who stated that corporations are perceived be highly reputable if they treat their staff well and basically employ strategic human resource management in a reputable manner. It is even more so that potential employees would want to work with such institutions and that attracts competitive staff who in turn drive the performance of the institutions. Competitive remuneration as a strategy in addition to proper rewarding systems enable staff to deliver more than the required goals, a boost in performance. Superior profit outcomes are determined by superior input of resources. However, of all the resources, the human resource if strategically applied often interacts with the rest of capital and other factors of production in a manner that raises the performance of the commercial banks to an optimum level. For instance, having recruited a reputable chief executive officer, a human resource strategy on staffing, KCB Group enhanced its perception in the market that in turn impacts on brand value, market share as well as consumer confidence thus enabling the bank to perform greatly in the recent years (Mugenda, 2012).

It is interesting to establish that most empirical studies did not conclusively directly link the effects of strategic human resource management with the financial performance as argued by (Huber, 2013). The concept of brand and reputation directly brings to the light how specifically financial performance is influenced by strategic human resource management. A good instance is that it is evident that the financial rewards that an organization gets are directly linked to the direct consequences of the positive brand image or reputation gained through strategic human resource management decisions (Cooper, 2003).

Fisher (1991) concludes that bigger corporations normally have bigger motivation base for undertaking strategic human resource management decisions unlike the smaller organizations. The observation above is due to size and the fact that bigger organizations tend to receive more attention from the public, and they are prone to scrutiny. As such, they have to engage top notch human resource management to avoid compromising the brand image which is key in building other performance indicators such as market shares and consequent profits.

2.5 Chapter Summary

In the chapter, all the literature sources were undertaken by deeply reviewing all the available literature on the effects of strategic decisions and their effect on the performance of commercial banks with KCB Group Limited as a focus. The various strategies are brought into focus and how they affect performance of KCB Group on the pure basis of literal research. In addition, it analysed how an organization can align the strategic decisions with given goals to achieve positive impacts. The chapter put to use the theoretical literature; empirical literature as well as the general literature available to address the given issues brought forward. The main three sections that provided an area of empirical literature review included effects of strategic decisions with regards to strategic pricing, human resource management and strategic application of information technology to enhance key performance indicators of commercial banks. Having completed chapter two, chapter three discusses the research methodology.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlined different phases and stages requisite in the completion of the study. It involved a blueprint for the collection, measurement, and analysis of data. This section is an overall scheme, plan or structure conceived to aid the researcher in attaining the research objectives. In this stage, most decisions about how research was executed and how respondents were approached, as well as when, where and how the study was completed was detailed. Therefore in this section, the research identified the procedures, techniques and the rigor of and collection, processing, and analysis of data. Specifically, the following subsections were included; research design, population and sampling design, data collection approaches, data analysis and a final summary.

3.2 Research Design

This research problem was studied through the use of descriptive research design. According to Cooper & Schindler (2011), a graphic study is concerned with finding out the what, where and how of a phenomenon. Burns & Grove (2012), posit that a research model is “a blueprint for conducting a study with maximum control over factors that may interfere with the validity of the findings.” Among those above, this research thus adopted the descriptive research design, was non-experimental, applied the use of quantitative technique and was contextual. However, aspects of qualitative approach were used to gain a better understanding that was more critical in the interpretation of the results from the quantitative study. The descriptive research model was best suited for the study as justified by the nature of subjects under investigation. The questions were characterized by the facts that: the research problem involved participants in a natural and unchanged setup, the data collection techniques in descriptive research provided for vast information that was qualitative or quantitative thus allowing for a multifaceted approach to analysis, the design in its graphic form is a pointer to future research based on other variables that can be identified (Vaus, 2013). The above attributes made it the most appropriate design to be applied. Kenya Commercial Bank was the focus of the study, and set in a natural environment in which data was collected.

3.3 Populations and Sampling Design

3.3.1 Population

According to Cooper & Schindler (2011), a population is the total collection of elements about which we wish to make inferences. Target population represents all cases of people or organizations which possess specific characteristics; it is the larger group from which a sample is taken. According to Ngechu (2004), a population is a well-defined or set of people, services, elements, and events, group of things or households that are being investigated. The community can be divided into sets, population or strata and which are mutually exclusive. Mugenda and Mugenda (2012) explain that the target population should have some observable characteristics, to which the researcher intends to generalize the results of the study. This definition assumes that the community is not homogeneous. This research focused on all the staff employed at Kenya Commercial Bank Head office in Nairobi. The target respondents included the 240 staff from the Kenya Commercial Bank's head office in Nairobi.

Table 3.1: Target Population

Sections	Population (Frequency)	Percentage %
Top management	26	11
Middle level management	91	38
Low level management	122	51
Total	240	100

Source: Kenya Commercial Bank, (2018)

3.3.2 Sampling Design

Kothari (2003) defines a sample as part of the target population that has been procedurally selected to represent it. Sampling is the process of selecting units like the population in an organization to form a community of interest so that by studying, the sample may reasonably generalize our resource back to the population in which they were chosen from. The sample design is the method by which the selection of primary elements of study and analysis are determined to respond to the research questions.

3.3.2.1 Sampling Frame

The sampling frame is that part of the population that can be accessed during a study, i.e., the realistic version of the population, the ones which can be identified and located. It consists of a listing of all sampling units. The sampling frame may be the whole

population or part of a community. The essence of sampling is to allow conclusions about the entire population to be drawn just by the results or observations of the selected elements from a population. Bryman (2007) defines a sampling frame as the listing of all the units in the population from which the researcher can make a sample. Often, a researcher may not get direct access to the entire population of interest thus they rely on the sampling frame to represent the whole population. The study focused on top, middle and low-level management staffs working at the Head offices of KCB in Nairobi. The sample of the survey constituted of 240 management staff.

3.3.2.2 Sampling Technique

Levy and Lemeshow (2013) define sampling technique as the selection of specific methods to apply in determining the entities in a study. The purpose of implementing the given procedures is to reduce the vastness of data that would otherwise be collected for analysis. The less the amount of data, the easier it is to review and large amounts of data provide challenges relating to impracticality and expenses of data collection from potential units of the population.

Stratified random sampling technique was used to stratify the population into strata that are homogenous. The layers consisted of the top level management, mid-level management, and lower level management. It is essential to create a sampling frame for application in the stratified random sampling technique because it allows for selection of representative data from the whole population. The above is vital in giving a chance to every respondent to be sampled and for this study, to be questioned or interviewed. It is the high process that every entity will partake purely by chance to concede to the rule of thumb in the research.

The choice to use random stratified sampling is justified by the attribute it upholds to produce estimates of overall population parameters with greater precision and ensures a more representative sample is derived from a relatively homogeneous population (Cooper & Schindler, 2003). Stratification aims to reduce standard error by providing some control over variance usually defined as the error term (Huber, 2011). Stratification random sampling technique was used since the population of interest was not homogeneous and could be subdivided into groups or strata to obtain a representative sample.

Random sampling minimizes the sampling error in the population. This, in turn, increases the precision level of any estimation methods used. This sampling method is suitable because of ease of assembling the sample, and it is also considered as a fair way of selecting a sample from a given population since every member is given the equal opportunity of being selected. The simple random sampling is representative of the population and offers an unbiased selection which is essential in concluding the results of the study. Due to its representativeness of a sample obtained, it is reasonable to make generalizations from the results of the example back to the population. Cooper & Schindler (2006) argue that if well chosen, samples of about 10% of a population can often give excellent reliability.

3.3.2.3 Sample Size

The sample size is the selection of a given number of subjects from a defined population as representative of that population which in this case was KCB Bank Limited Head Office staff who were 240 in number. A sample was drawn from the target respondents including the general manager, finance manager, regional sales manager, finance business partners, chief accountant, cost accountants and the respective assistants or representatives. The above made the target staff since they were conversant with the effects of strategic decisions on the performance of Kenya Commercial Bank.

The actual sample size was 240 in view of the human resource at KCB Head office and the constraints on logistics that hindered the inclusion of a far much bigger population sample from other branches.

Thus, on the basis of the actual head office staff population, a sample of 20% was selected from within each group in proportions such that each group abided to the study population. Further, given the time and resource constraints the sampling of at least 30 elements is recommended by Mugenda and Mugenda (2012). A sample of 48 respondents which the study sought information from was generated making it easier to get adequate and accurate information necessary for the research. The selection was as in table 3.2

Table 3.2: Sampling Frame

Sections	Population (Frequency)	Sample Ratio	Sample
Top management	26	0.2	5
Middle management	91	0.2	18
Low level management	122	0.2	24
Total	240	0.2	48

3.4 Data Collection Methods

Kothari (2004) defined data collection as a means by which information is obtained from the selected subjects of an investigation. Data collection instruments refer to the tools used in obtaining information from respondents. According to Ngechu (2004) there are many methods of data collection. The choice of a tool and instrument depends mainly on the attributes of the subjects, research topic, problem question, objectives, design, expected data and results. This is because each tool and instrument collects specific data. Also, Best & Kahn (2004) positions that data may be collected by a wide variety of methods. Primary data was gathered and generated for the project at hand using a research questionnaire. Primary data is information gathered directly from respondents and for this study questionnaires were used.

The study used a survey questionnaire administered to each member of the sample population. The questionnaire had both open and close-ended questions. The close-ended questions provided more structured responses to facilitate tangible recommendations. The closed ended questions were used to test the rating of various attributes and this helped in reducing the number of related responses in order to obtain more varied responses. The open-ended questions provided additional information that may not have been captured in the close-ended questions. The questionnaire was designed and tested with a few members of the population to ensure validity and reliability. This was done in order to enhance its validity and accuracy of data collected for the study.

3.5 Research Procedures

The study administered the questionnaire individually to all respondents of the study. Initially a pilot study was undertaken by requests made to various expert employees at KCB Group Limited Head Office. The group was made up of twelve employees picked based on diversification in experience, level of authority and availability. The study exercised care and control to ensure all questionnaires issued to the respondents were received by maintaining a register of questionnaires sent and received. The researcher started by explaining to all participants in the study the role they were expected to play and the importance of providing honest information through a cover letter forwarding the questionnaire. The researcher also assured the participants that the information they gave would be treated with strict confidence.

An envelope marked “questionnaire” and thesis topic was provided so that once the employee completed the questionnaire, they sealed it to ensure confidentiality is maintained within the organization and guarded against potential victimization by the human resource division or the person designated by the Corporation to co-ordinate the process. The researcher then proceeded to administer the questionnaires through the designated officers and coordinated with them to ensure respondents have adequate time to complete them. The questions include both closed and open-ended questions with subheadings where necessary to guide the respondents respectively. The data was collected from the organization’s departments such as human resource, IT, finance, operations, marketing and strategic management. This issue confirmed the validity of the data and relevant results. The researcher employed a drop and wait strategy whereby the questionnaires were sent to clients and accorded them enough time to respond to the questions before picking the same. The strategy was prime in ensuring a high response rate.

3.6 Data Analysis Methods

Before processing the responses, the filled in questionnaires were edited for completeness and consistency. The data was then be coded to enable the responses to be grouped into various categories. Data collected was purely quantitative and it was analyzed by descriptive analysis using descriptive statistics by way of calculating the Mean, Variance and Standard Deviation.

3.6.1 Consistency Test and Analysis

The data collected was also subjected to Reliability Tests by use of Cronbach’s Alpha which measures “how closely related a set of items are as a group” (Tavakol & Dennick, 2011). The Alpha is standardized, calculated and analyzed as below;

$$\alpha = \frac{N \cdot \bar{c}}{\bar{v} + (N - 1) \cdot \bar{c}}$$

Where N is the number of items collected, c-bar is the aggregate covariance among the items collected and v-bar the mean variance.

The Alpha coefficient that is acceptable for social sciences is generally pegged at 0.7-0.9. In its analysis, if the data tends toward 1 and is less than 0.9 then it will be deemed acceptable and reliable.

3.6.2 Validity Test and Analysis

The validity of the data collected was tried and analyzed using the three approaches to Factor Analysis. Exploratory Factor analysis is applicable in multivariate statistics and involves establishing underlying relationships between given variables. Discriminatory Factor Analysis on the other hand involves prediction of a dependable variable based on various or one independent variable. The Confirmatory factor analysis/path analysis on the other hand is applicable in establishing underlying latent constructs of the variables in the data collected. The Exploratory Factor Analysis will be undertaken using the Statistical Package for Social Sciences software (SPSS).

In addition to the three validation analyses that were involved, the data collected was tested to determine normality. Normality of the data is especially essential due to the fact that if the data obtained is non-normal, then all the statistical tests and analysis done will be inaccurate thus giving a false result of the analysis and the research in whole. The Kolmogorov-Smirnov also known as the KS test will be applied for this analysis. The KS analysis bases on the empirical distribution functions of the data obtained tend toward establishing the best line of fit for specific distribution curves. KS test is defined as $E_N = n(i)/N$ where $n(i)$ = number of points less than Y_i and the Y_i are values ordered from least to the largest in the data. Kolmogorov-Smirnov test is best suited for normality analysis as it is an exact test.

The study was further analyzed on the Correlation of two measurable and continuous variables with respect to how they relate. This analysis helped the researcher figure out how two or more variables collected from KCB Bank Limited, were related. Further to the findings of the correlation analysis, the researcher engaged Regression analysis in order to confirm the findings. The two analyses above were undertaken using the SPSS software by feeding it with the collected data from the sample population.

Presentation of findings was done in tabulated form where it was used to summarize responses for further analysis and facilitate comparison on the effect of strategic decisions on performance of Kenya Commercial Bank. Quantitative reports were generated through

tabulations, percentages, and measures of central tendency. Cooper &Schindler (2003) notes that the use of percentages is important because it simplifies data by reducing all the numbers to range between 0 and 100 and it translates the data into standard form with a base of 100 for relative comparisons. This provided the generalization of the findings on the effect of strategic decisions on performance of Kenya Commercial Bank.

3.7 Chapter Summary

This section plots distinctive stages imperative in completion of the research. It includes a plan for the accumulation, estimation and investigation of data. This segment is a general structure considered to help the research in achieving the exploration targets. In this stage, most choices about how research will be executed and how respondents will be approached, and the when, where and how the study will be finished. Thus, in this segment the research recognizes the strategies, procedures and the thoroughness of gathering, processing and analyzing of information. Particularly the segment has outlined the research design, population and sampling design, data collection approaches and data analysis. The consequent chapter, chapter four shall undertake the discussion of the results and findings and analyse the same in detail.

CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

The chapter encompasses the discussion of data analysis results on the study of the effect of strategic decisions on performance of commercial banks in Kenya having KCB Group Limited as the case study. The essential research objectives and/or questions were the effect that strategic pricing, human resource management, Strategic information Technology and reporting have on performance of KCB Group Limited. The researcher intended to get a sample of 48 respondents. However, 37 research questionnaires were complete and valid for the purpose of data analysis. Mugenda and Mugenda (2003), states that a good research should feature at least 70% response rate. Having 37 out of 48 is a good response rate which amounts to 77.08%. Thus, this response rate was sufficient to make conclusions of the study.

4.2. Demographics

4.2.1 Gender

The questionnaire sought to establish in its first section the demographics of the sample population. The respondents were asked about their gender and the survey revealed that there are more female than male employees/respondents at KCB Group Limited Head Office. The females account for 57% while male respondents account for 43%. The research is not in any way based on gender, thus was not affected by the specific trait of the demographics.

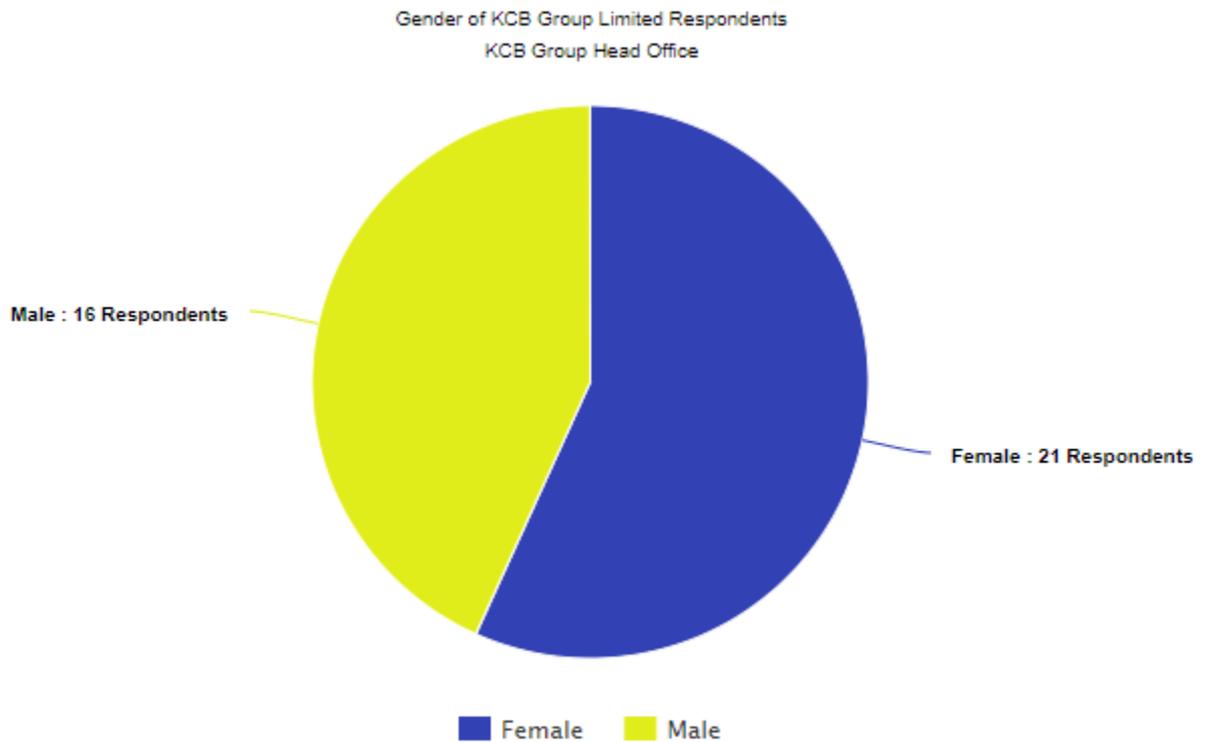


Figure 4.1: Gender of KCB Group Head Office Respondents

4.2.2 Age of respondents

The specific survey investigating the age of respondents at KCB Group Limited established that 33.33% of respondents age between 21-30 years, 43.24% of the respondents were aged between 31-40 years, 18.91% between 41-50 years and 5.41% are 51+ years. The highest percentage of respondents are aged between 31-40 years which is indicative of staff who have worked a while in the bank and understand well the strategic decisions, the processes and the unique effects thereof on KCB Group Limited performance.

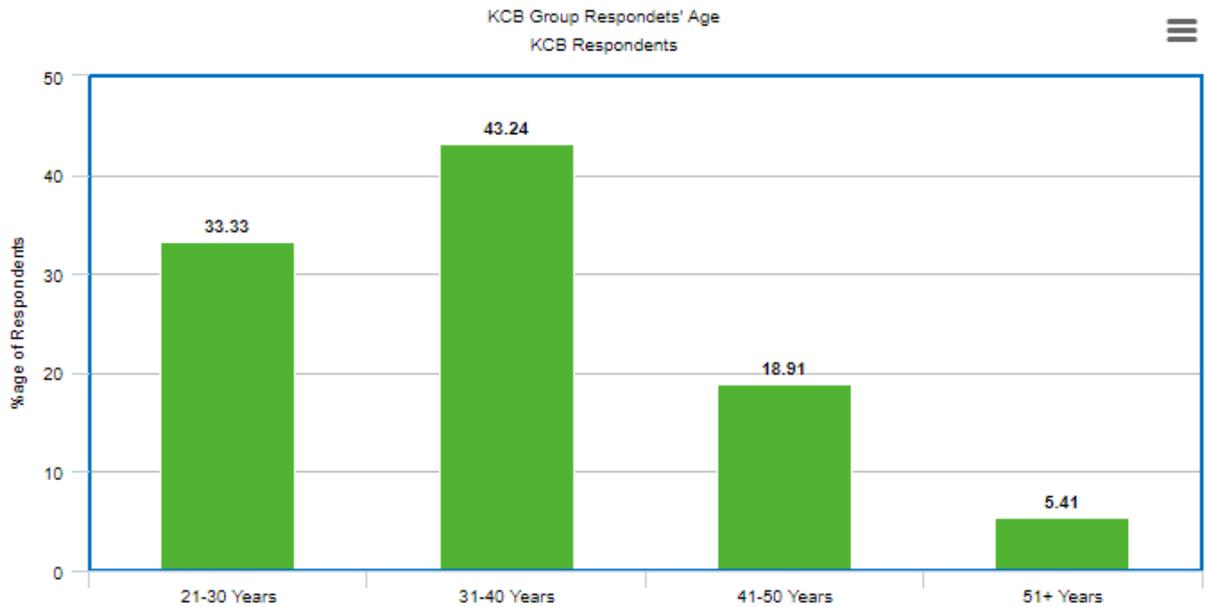


Figure 4.2: Age of Respondents at KCB Group Limited

4.2.3 Years Worked

The survey seeking to determine the years worked by the respondents at KCB Limited established that 37.2% of the respondents had worked for 1-5 years, 43.7% for 5-10 years, 11.7% 11-15 years, 16+ Years had 7.4%. 55.4% of the respondents have worked at KCB Group for between 6-15 years making them the most suitable candidates on the knowledge of the strategic decisions effected over the past years and the impact on performance.

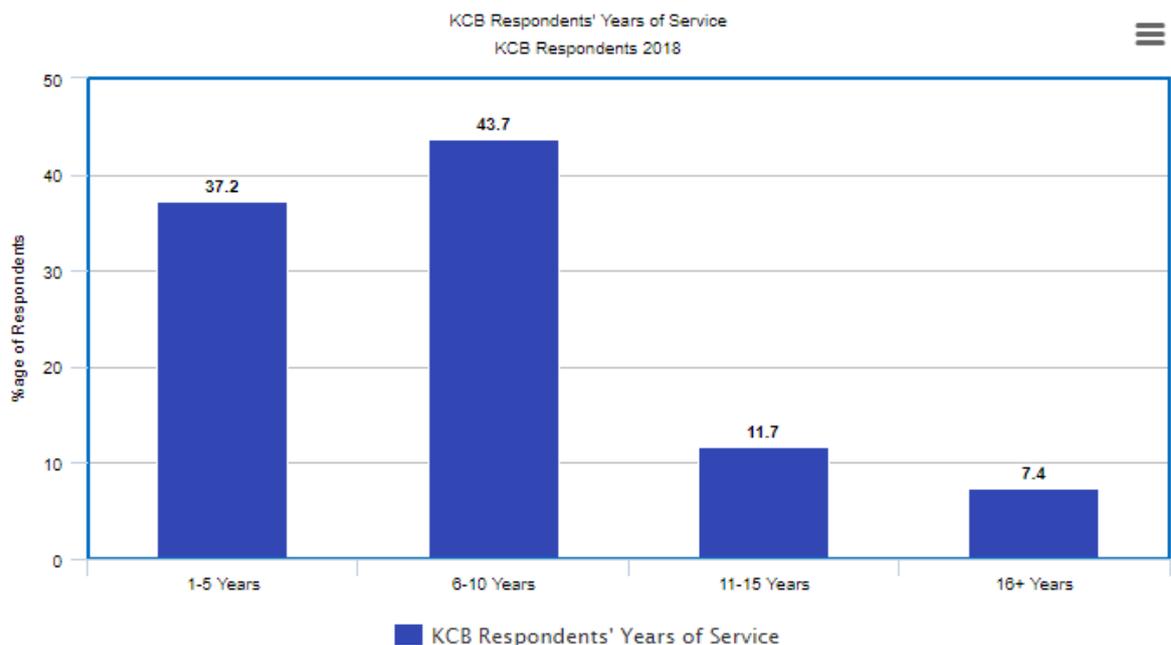


Figure 4.3: Years of Service by the Respondents at KCB Group Limited

4.2.4 Awareness of the Decision Making Levels

The survey sought to find out if the respondents were aware of who makes the strategic decisions at KCB Group and what the decision making levels are. The result was that 93% cited the Board of Directors make the strategic decisions based on the feedback collected by managerial level staff. With the consideration that the Board of Directors is the final strategic decision maker in any organization and oversees the implementation of the same by management, the researcher was able to pin point the originators of strategic decisions.

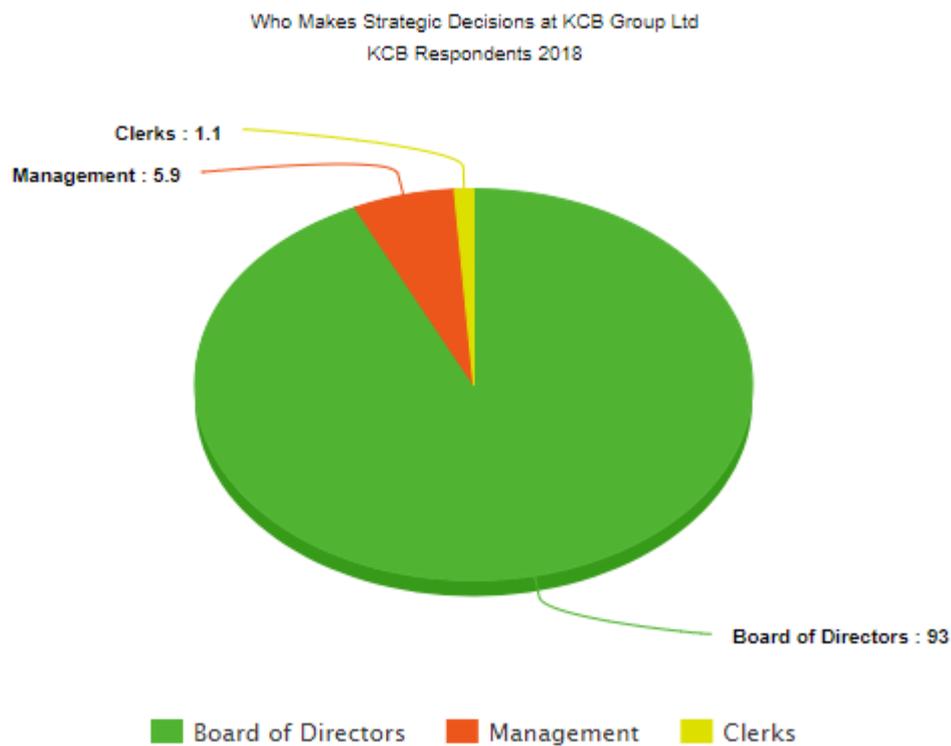


Figure 4.4: Response on the Custodians of Strategic Decision Making at KCB Group Ltd

4.2.5 How informed are the strategic decisions

The survey further sought to establish from the respondents to what level the strategies decided upon are informed from the feedback retrieved for the operational staff in their course of daily duty. The question was closed ended such that they would agree or disagree on the basis of knowledge. The respondents' 86.5% agreed that the quality of strategic decisions at KCB Group are indicative of a Board of Directors that takes into consideration the feedback from staff in their operations. There was 10.8% disagreement and 2.7% did not respond completely.

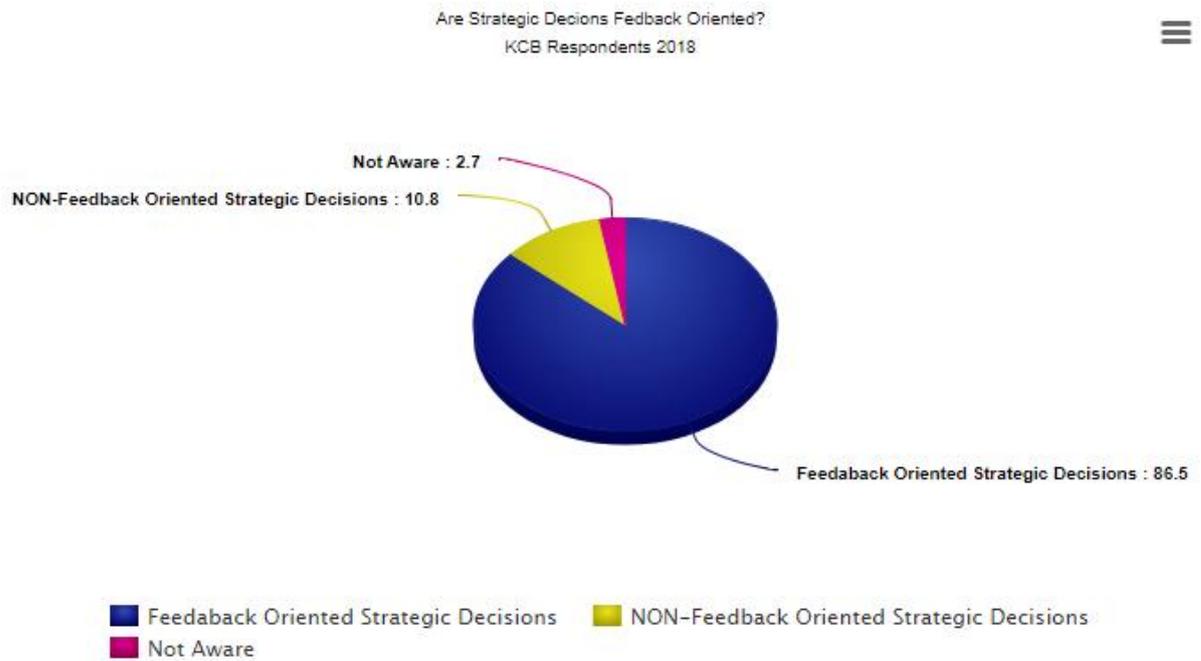


Figure 4.5: Response on Nature of Strategic Decisions made at KCB Bank Limited

4.2.6 Awareness of KCB Strategic decisions and effects

The survey, in its second section incorporated an initial question regarding whether or not the given strategic decision was thought to affect performance of KCB Group in whole. This tested for awareness and identification of the strategies and if they are in line with the very ones the company has put in place. The respondents identified the strategies such that for each of the strategies, a varied agreement or disagreement was determined. Strategic pricing had a score of identification as having an effect on performance at 36 in agreement and 1 disagreement. Strategic Human resource management had a score of 31 for and 6 against. Strategic information Technology had a score of 35 to 2 who disagreed and Strategic Reporting had a score of 33 in agreement that it does affect performance while 4 respondents disagreed.

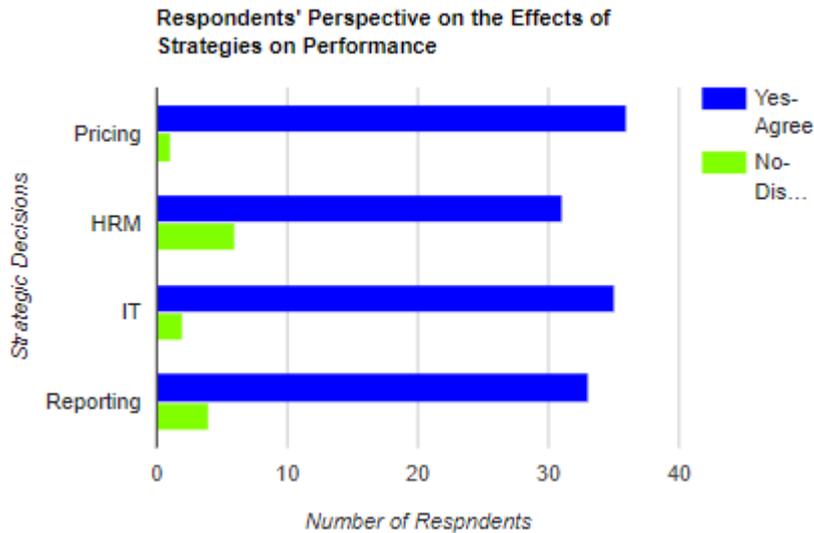


Figure 4.6: Respondent's Perspective on the Effects of Strategic Decisions on KCB Bank Performance

4.3 Effect of Strategic Pricing on the Performance of KCB Group Limited

4.3.1 Validity Test and Analysis of Strategic Pricing Effects on Performance of KCB

The respondents gave feedback on the effect of strategic pricing on performance of the bank. The feedback involved showing to what level they agreed or disagreed with given statements on the impact of strategic pricing to performance of the bank. The findings were tabulated in Table 4.2 with the variations in agreement status coded as: 1-strongly disagree, 2-disagree, 3-neutral, 4-agree and 5-strongly agree. The mean and standard deviation of the collected data was also tabulated. To test validity of the Strategic Pricing variable, the researcher applied the use of the Cronbach's Alpha using the SPSS software. The Cronbach's Alpha measures the reliability and consistency of data. It was a key measure that ensures the data actually measures what it was intended. The results were analyzed as per table 4.1 and the Cronbach's Alpha for Strategic Pricing as a variable determined as $\alpha=0.71634308$. In its analysis, the Cronbach's Alpha is interpreted as below;

$\alpha > 0.9$ Excellent

$0.9 > \alpha \geq 0.8$ Good

$0.8 > \alpha \geq 0.7$ Acceptable

$0.7 > \alpha \geq 0.6$ Questionable

$0.6 > \alpha \geq 0.5$ Poor

$0.5 > \alpha$ Unacceptable

Table 4.1: Cronbach's Alpha on the Strategic Pricing Variable

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Rows	0.00020535	3	24.1312287	4.84388E-06	0.999999984	3.490294819
Columns	747.4619528	4	186.8654882	13.22358389	0.000235504	3.259166727
Error	169.5747444	12	6.84499			
Total	917.0369026	19				

Cronbach's Alpha **0.71634308**

The Cronbach's Alpha for Strategic Pricing is 0.7163 was in table 4.1 meaning it is a variable whose data is Acceptable as measuring its purpose. Thus is valid, consistent and reliable. Further, to measure consistency, the standard deviation would fall below 1.5. The mean is indicative of the level of knowledge the respondents possess with respect to performance being affected by strategic pricing. A mean greater than or equal to 3 would be sufficient to affirm the level of comprehension.

Table 4.2 has findings that determine that 49.3% of the respondents agreed that there is a relationship between economy pricing as a pricing strategy and sales for KCB Limited products. 21.3% of the respondents were neutral while 5.3% disagreed with the assumption. The response had a mean of 2.20 and standard deviation of 1.284. The sales volume at KCB Limited increased due to KCB's strategic pricing which was backed by an agreed value of 45.3% of the respondents and strongly agreed by 16.5% and a mean and standard deviation of 2.17 and 1.178 respectively. 45.3% of the respondents with a mean of 1.97 and standard deviation of 0.972 agreed and strongly agreed respectively that bundle pricing as a means of strategy enabled the increase in market share for KCB Limited. Engagement in the economy and bundle pricing of bank products benefits through keeping a powerful and good relationship with the clients as they do perform their operations on a cost friendly basis such that in the end, they gain and the bank earns more as well. Thus, there is enhanced financial performance, the return on investments and sales profitability increases. High levels of investment in pricing strategies is a way of reverting the high rivalry among competitors which boosts brand image among customers, and other stakeholders which in turn leads to high market performance, increased profitability from sales and return on investments of the business (Chandler, 2015).

The study established that there had been an increase in return on capital which enhances competitiveness by KCB as a result of price skimming which is detailed as agreed by 46.7% of the respondents with a mean of 2.05 and standard deviation of 1.089. Holladay (2012) posits that the firms' value in terms of financial performance such as sales increase, return on capital invested and profitability is realized from their pricing together with social. Thus the study implies that strategic pricing has a direct and vast effect on the competitiveness of KCB Limited.

Table 4.2: Effects of Strategic Pricing on Performance of KCB Group Limited

Effects of Strategic Pricing on Performance of KCB Bank	1	2	3	4	5	MEAN	STD DEV
	%	%	%	%	%		
There is a relationship between economy pricing by KCB Ltd and the market penetration of the products sold.	--	5.3	21.3	49.3	24.0	2.20	1.284
The market share for KCB Ltd products has increased over years due to bundle pricing strategies	--	8.0	30.7	45.3	16.0	2.17	1.178
KCB limited maintains market share superiority due to application of premium pricing strategies.	-	--	6.7	48.0	45.3	1.97	0.972
To enhance competitiveness, KCB Ltd implements price skimming for its new products earning the most from their launch.	--	10.7	33.3	46.7	9.3	2.05	1.089

4.3.2 Correlation of Strategic Pricing and Key Performance Indicators of KCB Limited

An analysis of correlation between strategic pricing and its effect on sales volume was depicted in Table 4.3. There is a significant or insignificant relationship between the two variables if the P (R) value is <0.05 - normally Significant and if >0.05 , termed Insignificant). Determination of the strength of the relationship is illustrated as; 0.81-1 very high correlation, 0.61-0.8 high correlation, 0.41-0.6 moderate correlation , 0.21-0.4 low correlation, 0-0.2 very low correlation of the Strategic Pricing variable against that of financial performance indicators of the bank such as sales and market share.

Pearson Correlation analysis establishes the relationship between Strategic Pricing components and performance exhibited both positive and negative traits. A very low significant relationship of 0.063 at ($R < 0.05$ at 0.003) was established between economy pricing and Sales volumes at KCB Limited. In addition, a very low significant relationship was also established between Premium Pricing and increase bank product market share of sales at a significant level of 0.11 at ($R < 0.05$ at 0.009). A very low significant relationship was also found between Price Skimming and increased competitiveness as a result of increased sales as indicated by Pearson Correlation of 0.094 ($R < 0.05$ at 0.042). It is worth noting that there was a positive relationship between Strategic pricing and better sales levels.

On the other hand, the Pearson correlation also identified an insignificant relationship between Strategic pricing especially skimming and Return on capital employed and return on investment because $R > 0.05$ at 0.783 for return on capital employed and $R > 0.5$ at 0.958 for return on investment. It can be argued that there is a positive relationship between most of the elements of sales as well as market share volume and the strategic pricing mechanisms at KCB Bank.

Table 4.3: Correlation of Strategic Pricing and its Effect on Performance of KCB Limited

Correlation of Strategic Pricing and Performance of KCB Ltd	Correlation
There is a relationship between economy pricing by KCB Ltd and the market penetration of the products sold.	0.063* 0.003
The market share for KCB Ltd products has increased over years due to bundle pricing strategies	0.011* 0.009
KCB limited maintains market share superiority due to application of premium pricing strategies.	0.094* 0.042
To enhance competitiveness, KCB Ltd implements price skimming for its new products earning the most from their launch.	-0.032 0.783

4.4. Effect of Strategic Human Resource Management on the Performance of KCB Limited

4.4.1 Validity Test and Analysis of Strategic HRM effects on Performance of KCB

The respondents gave feedback on the effect of strategic Human Resource Management on performance of the bank. The feedback involved showing to what level they agreed or disagreed with given statements on the impact of strategic Human Resource Management to performance of the bank. The findings were tabulated in Table 4.5 with the variations in agreement status coded as: 1-strongly disagree, 2-disagree, 3-neutral, 4-agree and 5-strongly agree. The mean and standard deviation of the collected data was also tabulated. To test validity of the variable, the Cronbach's Alpha was applied using the SPSS software. The Cronbach's Alpha measures the reliability and consistency of data. It was a key measure that ensures the data actually measures what it was intended. The results were analyzed as per table 4.4 and the Cronbach's Alpha for Strategic human resource management as a variable determined as $\alpha=0.8843$. In its analysis, the Cronbach's Alpha is interpreted as below;

$\alpha > 0.9$ Excellent, $0.9 > \alpha \geq 0.8$ Good, $0.8 > \alpha \geq 0.7$ Acceptable, $0.7 > \alpha \geq 0.6$ Questionable, $0.6 > \alpha \geq 0.5$ Poor, $0.5 > \alpha$ Unacceptable

Table 4.4: Cronbach's Alpha on the Variable Strategic Human Resource Management

ANOVA

<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Rows	1.14E-13	3	13.78956	3.27E-15	1	3.490295
Columns	607.8155	4	151.9539	13.10425	0.000246	3.259167
Error	139.1493	12	1.595772			
Total	746.9647	19				

Alpha 0.8843

The Cronbach's Alpha for strategic Human Resource Management is 0.8843 as in table 4.4 meaning it is a variable whose data is Excellent as measuring the effect of strategic human resource management on performance of KCB. Thus is valid, consistent and reliable. The standard deviation below 1.5 indicated consistency in the respondent's responses, while mean above 3.0 showed high employees understanding the effects of human resource management to the perpetuity of the bank as well as the performance.

Survey investigating the effect of business continuity planning as a strategy in human resource management made findings on KCB Limited as follows from Table 4.5. The survey established that there is a relationship between strategic business continuity and the performance of KCB Limited. The aforementioned was agreed by 49.3% as opposed to only 12% of the respondents who disagreed at a mean of 2.05 and standard deviation of 1.173. Business Continuity Plans ensure that the lapse in human resources allows for immediate uptake and propagation by another resource so as to have a seamless approach to serving the bank clients. Training and development at KCB Limited increased trust and performance due to initiative that builds loyalty from staff who wish to serve clients better. As a result training survey was agreed by 45.3% of the respondents while 25.3% disagreed at a mean of 2.15 and standard deviation of 1.182. 41.3% of respondents agreed at a mean of 2.23 and standard deviation of 1.214 that proper remuneration by KCB creates confidence in employs who then settle to work and deliver thus improving performance. The same is evidenced by the reduced staff turnover at KCB bank over the years 2013 to 2017.

Strategic job designing enables the accuracy of duties and avoids duplication of work. The respondents mostly agreed that the structured job designing enables make efficient

the performance of KCB Bank. They agreed and strongly agreed by 44.0% of the respondents respectively at a mean of 2.00 and standard deviation of 0.944. The study further established the impact of various criteria for promotion such as leadership, skills on technicalities among other have led to employee confidence in the human resource such that the process is fair and credible. In return, deserving positions are filled with very competent personnel which enhances the performance of KCB Bank. It can thus be concluded that the welfare of human resource can best be undertaken through strategized decision making, consequently translating to a seamless flow of operations that are geared toward efficiency, which is a key indicator of performance.

Table 4.5: Effects of Strategic HRM on Performance at KCB Limited

Effects of Strategic HRM on performance	1	2	3	4	5	MEAN	STD DEV
	%	%	%	%	%		
KCB Bank engages Business Continuity Planning to ensure consistency in performance and autonomy.	--	12.0	22.7	49.3	16.0	2.05	1.173
Through training and development of staff, KCB Ltd has enhanced its performance in the banking industry.	--	12.0	25.3	45.3	17.4	2.15	1.182
KCB Bank offers competitive remuneration packages that in turn motivate staff to drive the bank's financial outlay.	4.0	13.3	30.7	41.3	10.7	2.23	1.214
Through strategic staffing and job designing, KCB structures specific role allocation that drives performance	--	--	12.0	44.0	44.0	2.00	0.944

4.4.2 Correlation of Strategic Human Resource Management and Performance of KCB Bank

Pearson Correlation analysis between strategic Human Resource Management and performance based effects are presented in Table 4.6. The correlation can show significant or insignificant relationship if the P (R) value is <0.05 (Significant) and if >0.05 (Insignificant). The strength of the relationship is depicted as follows: 0-0.2 very low correlation, 0.21-0.4 low correlation, 0.41-0.6 moderate correlation, 0.61-0.8 high correlation and 0.81-1 very high correlation between strategic human resource management and performance of the bank.

The Pearson Correlation analysis found both significant and insignificant relationship between the mentioned variables. There was a significant moderate relationship of 0.442 (R<0.05 at 0.00) between performance of the bank and how it strategically enacts its human resource strategies. Further, there was a significant low relationship of 0.014 (R<0.05 at 0.009) the training variables and performance of the bank. Also, there was a significant relationship of 0.210 (R<0.05 at 0.007) between remuneration packages and employee preference for KCB Limited as compared to competitors. The above findings agreed with the study by McWilliams (2000) who noted that performance by employees translates to a larger market share which is significant in a number of ways, making it a prime competitive advantage.

The general findings from the study can be summed that there is a positive relationship between strategizing in human resource policy implementation and performance for KCB Limited.

Table 4.6: Correlation of Strategic HRM and KCB Bank performance

Correlation of Strategic HRM and Performance	Correlations
KCB Bank engages Business Continuity Planning to ensure consistency in performance and autonomy.	0.442* 0.000
Through training and development of staff, KCB Ltd has enhanced its performance in the banking industry.	0.014* 0.009
KCB Bank offers competitive remuneration packages that in turn motivate staff to drive the bank's financial outlay.	-0.047 0.690
Through strategic staffing and job designing, KCB structures specific role allocation that drives performance	-0.026 0.824

4.5. Effect of Strategic Information Technology on the Performance of KCB Bank

4.4.1 Validity Test and Analysis of Strategic IT effects on Performance of KCB

The respondents gave feedback on the effect of strategic Information Technology on performance of the bank. The feedback involved showing to what level they agreed or disagreed with given statements on the impact of Strategic IT to performance of the bank. The findings were tabulated in Table 4.8 with the variations in agreement status coded as: 1-strongly disagree, 2-disagree, 3-neutral, 4-agree and 5-strongly agree. The mean and standard deviation of the collected data was also tabulated. To test validity of the variable, the Cronbach's Alpha was applied using the SPSS software. The Cronbach's Alpha measures the reliability and consistency of data. It was a key measure that ensures the data actually measures what it was intended. The results were analyzed as per table 4.7 and the Cronbach's Alpha for Strategic Information Technology as a variable determined as $\alpha=0.7919$. In its analysis, the Cronbach's Alpha is interpreted as

$\alpha > 0.9$ Excellent, $0.9 > \alpha \geq 0.8$ Good, $0.8 > \alpha \geq 0.7$ Acceptable, $0.7 > \alpha \geq 0.6$ Questionable, $0.6 > \alpha \geq 0.5$ Poor, $0.5 > \alpha$ Unacceptable

Table 4.7: Cronbach's Alpha on the Variable Strategic Information Technology

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Rows	0.040789	3	7.013596	0.001823	0.999884	3.862548
Columns	513.7642	3	171.2547	22.95689	0.000149	3.862548
Error	67.13857	9	1.459841			
Total	580.9435	15				

0.791856

The Cronbach's Alpha for strategic Information Technology is 0.7919 as in table 4.7 meaning it is a variable whose data is excellent as measuring the effect of strategic management on performance of KCB. Thus is valid, consistent and reliable.

The survey investigating the effect of strategic information technology on KCB Bank Limited performance indicated that KCB Bank applies strategic information technology

Strategic information Technology for potential brand value creation as agreed by 58.7% of the respondents with a mean of 2.05 and standard deviation of 1.355. Further, 44% of the respondents agreed at a mean of 2.41 and standard deviation of 1.357 that by engaging strategic information technology activities, KCB Bank brand has become more reputable bringing about reputable performance in the long run as opposed to 5.3% of those who disagreed. Also, brand growth as a result of strategic information technology is reflected in the financial performance of KCB Bank as strongly agreed by 40% of the respondents and agreed by 37% at a mean of 2.55 and standard deviation of 1.349. These findings agreed with the study by Schwartz (2011) who stated that corporations are perceived be highly reputable if they engage strategic information technology and this way, they are able to sustain superior profit outcomes over time. Using this reasoning then, the brand value/reputation with its integrative approach as put forward by the study of Babbie (2013) served as the alternative estimator of performance instead of the conventional indicator of the performance of a firm, yet the brand is best built through best technology.

Furthermore, because of strategic information technology, KCB Bank has been able to earn customer loyalty, which is an indication of brand growth as strongly agreed by 44% of the respondents at a mean of 2.61 and a standard deviation of 1.404. Finally, As a result of support for strategic information technology, KCB Bank creates a brand reputation in an honest and reliable manner that the customers tend to assume that bank products from such institutions would be of higher quality than the ones from competitors who do not enjoy this perception as strongly agreed by 45.3% of the respondents at a mean of 2.67 and standard deviation of 1.359. These findings agreed with the study by Amalodoss and Manohar (2013) who found out that the corporate brand is in itself a corporate reputation component. As such, we can conclude that strategic information technology at KCB Bank Limited has an effect on its brand.

Table 4.8: Effects of Strategic Information Technology on KCB Bank Performance

Effects of strategic information technology on KCB Bank Brand	1	2	3	4	5	MEAN	STD DEV
	%	%	%	%	%		
KCB Bank adopts strategic information technology for the purpose of earning competitive advantage to enhance performance.	--	6.7	5.3	58.7	29.3	2.05	1.355
By implementing strategic information technology measures, KCB makes efficient its provision of services to achieve a larger market share.	--	5.3	16.0	44.0	34.7	2.41	1.357
KCB brand growth is as a result of effective application of information technology strategies	--	10.7	12.0	37.3	40.0	2.55	1.349
Strategic Information technology enables KCB Ltd drive for efficiency in operations.	1.3	10.7	6.7	37.3	44.0	2.61	1.404

4.3.2 Correlation of Strategic Information Technology and its Effect on KCB Bank Performance

Similarly the Pearson Correlation analysis between strategic information technology and its effect on KCB Bank performance has been presented in Table 4.9. The correlation can show significant or insignificant relationship if the P (R) value is <0.05 (Significant) and if >0.05 (Insignificant). The strength of the relationship is as follows; 0-0.2 very low correlation, 0.21-0.4 low correlation, 0.41-0.6 moderate correlation, 0.61-0.8 high correlation and 0.81-1 very high correlation between strategic information technology and KCB Bank performance as observed over the years.

The Pearson Correlation analysis from Table 4.9 indicated that there was both significant and insignificant relationship between strategic information technology Strategic information technology at KCB Bank Limited and brand. For instance, there was a significant moderate relationship of 0.442 ($R < 0.05$ at 0.000) between Strategic information Technology and KCB Bank performance that creates new brands of great value. In addition, there was a significant low relationship of 0.231 ($R < 0.05$ at 0.046) between Strategic information Technology and reputable performance at KCB Bank in the long run. Further, a significant low relationship of 0.163 ($R < 0.05$ at 0.016) between strategic information technology and KCB Bank being able to increase its financial performance as a result of brand growth, creative products and efficiency. However, there was also an insignificant relationship between strategic information technology and aspects of KCB Bank brand in cases where there was an insignificant relationship of 0.047 ($R > 0.05$ at 0.680) between Strategic information Technology and customer royalty at KCB Bank limited. Finally, there was an insignificant relationship of 0.146 ($R > 0.05$ at 0.213) between Strategic information Technology and KCB Bank performance in an honest and reliable manner that customer tends to assume that products from such institutions would be of higher quality than the ones from competitors who do not enjoy this perception. These findings on insignificant relationship tends to agree to some extent with the study by Freedman and Butler (2013) who raised the question to support the view that the manner in which social responsibility is approached by corporations does not seem to regard strategic information technology as a very crucial and important function of the business, that which needs to be embedded in its overall strategy. The author argued that there is a tendency or organization pursuing strategic information technology as a reaction or response to the stakeholders' pressure. Nonetheless, we can argue that there is a significant relationship between strategic information technology and KCB bank performance.

Table 4.9: Correlation of Strategic Information Technology and the Effect on KCB Performance

Correlation of strategic information technology and its effect on KCB Bank performance	Correlations
KCB Bank adopts strategic information technology for the purpose of earning competitive advantage to enhance performance.	0.442*
	0.00
By implementing strategic information technology measures, KCB makes efficient its provision of services to achieve a larger market share.	0.231*
	0.046
KCB brand growth is as a result of effective application of information technology strategies	0.163*
	0.016
Strategic Information technology enables KCB Ltd drive for efficiency in operations.	0.047
	0.689

4.6 Chapter Summary

The research investigated the effect of strategic decisions on the performance of KCB Group Limited. The aspects of performance that were investigated in this survey included the effect of strategic human resource management, strategic pricing, strategic reporting and strategic information technology on the overall performance of KCB Group Limited. From the findings, it was evident that the researcher finds the strategic decisions having an effect on the various key performance indicators of KCB Bank limited. The correlation factors illustrated the relationship that exists between the strategic decisions made at KCB and how they directly or indirectly impact the performance. The next chapter provides conclusions and recommendations.

CHAPTER FIVE

5.0 DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter is a presentation of discussions, conclusion and recommendations on the basis of the findings of chapter four. The results gathered are interrelated with the literature review so as to provide recommendations to future research work and to KCB Group as well.

5.2.1 Summary

The aim of the study was to find out the effect of strategic decisions on the performance of banks in Kenya with a focus on KCB Group Limited. The research questions thus addressed in this study are as follows: What are the effects of Strategic Pricing on the performance of KCB Group? What are the effects of Strategic Human Resource Management on the financial performance of commercial banks? What are the effects of the use of Strategic Information Technology on KCB's performance?

A survey was initiated and enabled the researcher obtain answers to the research questions. The survey was conducted at KCB Group Limited using descriptive design. The sample size of 48 respondents was used to conduct the survey by use of questionnaires issued to the selected respondents; the technique used was stratified sampling technique. Analysis was undertaken using SPSS statistical tool to generate key correlation figures, frequencies and percentages. The presentation of data was done using figures and tables and later interrelated with the literature review.

The study established that there is an effect of strategic decisions made at KCB Group Limited on the performance of the said bank. The research findings established that as a result of strategic decision making there has been rise in headline earnings, reduced ration of non-performing loans to total loans, growth in profit after tax, increased investment in Information Technology and related products, reduced staff turnover as well as a rise in insider loans over the years researched from 2013 to 2017. Due to the correlation of enhanced strategic decision making and the relative improvement in key financial performance indicators, it is worth noting that the researcher established that the strategic decisions undertaken by KCB Bank affect in a great way the performance of the bank, thus the same is applicable to every other bank in Kenya.

In its in-depth analysis, the study established that there is an effect of strategic pricing on the volume of sales for the products of the bank such that the more informed the pricing of loans and operational costs were to the clients, the more the sales increase over the sampled periods of 2013 to 2017. It was found out that as a result strategic reporting that improves the company's image and brand, the market share has grown immensely especially with the reporting on the features and launch of internet based products. Also, gradual improvements on the banks information technology has acquired it a larger market share and reduced turnaround time for serving clients at any point of contact. The bank has witnessed reduced staff turnover between years 2013 and 2017, a trend supported by the gradual implementation of strategic human resource decisions such as staff training, improved health and welfare as well as standardized remuneration.

In its finality, the study found out that there is an effect of information technology on the brand and corporate image of KCB Group limited. The more efficient the technology was as effected through the sampled years 2013 to 2017 by investments increase, the more the bank improved on its headline earnings as well as profit before and after tax. There is growth in the reputation of the banking institution, enhanced customer loyalty, increased market share as well as improved financial performance. It is clear from the findings that the strategic decisions made on Information Technology such as increasing investments input in the same, have resulted in and increased market share and an undisputed brand image which is a key performance indicator in the banking sector.

5.3 Discussions

5.3.1 Effect of Strategic Pricing on Performance of KCB Group Limited

The study investigating the effect of strategic economy pricing on sales established that 49.3% of the respondents agreed that there is a relationship between corporate social responsibility and sales at KCB Limited as opposed to 21.3% who were neutral and 5.3% of the respondents who disagreed with a mean of 2.20 and standard deviation of 1.284. The sales levels of KCB Limited have increased as a result of bundle pricing strategies as agreed by 45.3% of the respondents and strongly agreed by 16.5% with a mean of 2.17 and standard deviation of 1.178. Further, 48.0 and 45.3% of the respondents with a mean of 1.97 and standard deviation of 0.972 agreed and strongly agreed respectively that the profitability rise at KCB bank was due to an increase in premium pricing strategies. The results are supported by Urip (2013) who noted that the strategic pricing is more of a

social observation feedback process that creates a win-win situation for buyers and sellers in which case the latter are banks.

Strategic pricing decisions undertaken by KCB Group enabled the observation of the various parameters at play that affect performance. For instance, the strategy to price new products lucratively in order to earn more from clients before competitors come up with similar products. In the short run, KCB Group earn supernormal profits from this strategy and in the long run, when competition sets in, the banks still earns profit at prevailing pricing levels in the market despite the same having declined. Chandler (2015) notes that high levels of investment in strategic pricing due to market social research is a way of reverting the high rivalry among competitors increasing the brand image among customers, and other stakeholders creating high bank performance, profitability from sales and return on investments. It is worth noting that an aspect of pricing strategically is informed by the cost of pricing and as such, the selected strategies by the bank are cost effective. In essence, the less cost used in pricing provides the opportunity to raise profits optimally.

Further, the study investigating the effect of strategic pricing features on sales established that there had been an increase in return on capital applied at KCB Limited. The return on capital was found to be associated with minimized costs of the production process that are in tandem with pricing costs. The same was agreed by 46.7% of the respondents with a mean of 2.05 and standard deviation of 1.089. It was agreed by 49.3% of the respondents with a standard deviation of 0.920 and mean of 1.87; There has been an increase in return on investment because of increase in sales and market share volumes due to proper pricing.

The relationship between strategic pricing and the effect on bank sales had a positive and negative relationship. An example is the very low significant relationship of 0.063 at ($R < 0.05$ at 0.003) between bundle pricing and sales volumes. Very low significant relationship was further established between strategic pricing and increase in market share for KCB Bank at a significant level of 0.11 at ($R < 0.05$ at 0.009). The findings conform to the study where there was a positive relationship between strategies applied in banking prices and other initiatives and increased sales and share market and/or competitive market levels. The strategies in pricing applied b KCB Group Limited are evidenced in performance on the basis of positive correlation with sales volumes. It implies higher purchase emanate from proper pricing strategies. Thus, the researcher

concluded that companies, which reflect the high rating in strategic pricing earn more edge than those that don't especially in the market share and sales volume aspects.

5.3.2 Effect of Strategic Human Resource Management on Performance of KCB Limited.

Study investigating the effect of strategic human resource on performance at KCB Limited established that there is a relationship between strategic business continuity planning of human resources as agreed by 49.3% as opposed to only 12% of the respondents who disagreed at a mean of 2.05 and standard deviation of 1.173. Training and development at KCB Limited increased trust and performance due to initiative that builds loyalty from staff who wish to serve clients better. As a result training survey was agreed by 45.3% of the respondents while 25.3% disagreed at a mean of 2.15 and standard deviation of 1.182. 41.3% of respondents agreed at a mean of 2.23 and standard deviation of 1.214 that proper remuneration by KCB creates confidence in employs who then settle to work and deliver thus improving performance. The same is evidenced by the reduced staff turnover at KCB bank over the years 2013 to 2017. The application of strategic Human Resource management is prime for a commercial bank such as KCB Group. Through strategic hiring and staffing, the findings depict that the bank hires based on the assigned roles and technical abilities of staff. The strategy to hire relevant professionals is key in ensuring staff are motivated as they undertake the roles of preference; allows for creativity that enables new products and processes that are vital for improved service provision which in time leads to more profits through sales and increased market penetration. For instance, the hiring of a reputable chief executive officer by KCB Group Limited made consumer confidence to rise as the market has a given perception of the officer that boosts the uptake of products sub-cautiously among clients. Strategic job designing enables the accuracy of duties and avoids duplication of work. Accuracy of roles assigned is prime in ensuring employees like what role they are undertaking and at the same time, grows careers. The space to undertake what one likes is key in increasing productivity and performance.

The respondents mostly agreed that the structured job designing enables make efficient the performance of KCB Bank. They agreed and strongly agreed by 44.0% of the respondents respectively at a mean of 2.00 and standard deviation of 0.944. The study further established the impact of various criteria for promotion such as leadership, skills

on technicalities among other have led to employee confidence in the human resource such that the process is fair and credible. In return, deserving positions are filled with very competent personnel which enhances the performance of KCB Bank.

Leadership training as well as technical capacity building as a strategy for KCB Bank serves well to build the performance culture of the staff who are well equipped to deliver within their requisite roles. Business continuity planning was also found to be crucial to KCB as a strategy. In this case, every employee has a corresponding partner that can step in case the former is not available. Job roles are trained across board and there are designated personnel to undertake given roles whenever they fall vacant until when next the bank will be in position to fill them. It can thus be concluded that the welfare of human resource can best be undertaken through strategized decision making, consequently translating to a seamless flow of operations that are geared toward efficiency, which is a key indicator of performance.

The reward system at KCB was found to be also very strategic in such a way that there are clear definitions on what to earn in case one performs in a given way and the relevant punitive measures of non-performance. The existence of a reward strategy is prime in ensuring little to no bias in performance and non-performance, both of which are vital in enabling KCB stay afloat the financial performance areas.

The findings revealed that there was a strong relationship between strategies applied by KCB Bank on Human Resource Management and the bank's performance and market share. The various strategies applied by the bank include: strategic hiring of staff, strategic training and personnel equipping, job designing as well as strategic business continuity. Institutions that put more in human resource management tend to have a seamless operational structure as staff are settled and have the comfort to focus on work.

5.3.3 Effect of strategic Information Technology on Performance of KCB Bank

The study investigating the effect of information technology on the performance of KCB limited indicated that the bank makes gains via technology by the potential brand value creation as agreed by 58.7% of the respondents with a mean of 2.05 and standard deviation of 1.355. 44% of the respondents agreed at a mean of 2.41 and standard deviation of 1.357 that by undertaking information technology there is room for enhanced reputation through better efficiency of systems as exhibited by the bank over the years in service provision especially the internet based systems. 5.3% respondents disagreed.

Also, performance at KCB Bank is made to thrive due to technological advancements that earn the institution an edge over competitors. Results for strongly agreed was 40% of the respondents and agreed by 37% at a mean of 2.55 and standard deviation of 1.349. These findings agreed with the study by Schwartz (2011) who stated that corporations are perceived as highly reputable if they engage in sophisticated technology and this way, they are able to sustain superior profit outcomes over time.

Technological strategies and facilities have enabled KCB Bank to earn customer loyalty, which respondents noted as strongly agreed by 44% of the respondents at a mean of 2.61 and a standard deviation of 1.404. It is prime to note that through strategic information technology, a lot of positive effects happen to performance. For instance, technology allows for reduced consumption of time in the production processes of KCB Group thus allowing new products to reach the market in prime time. Technology further was found to create efficiency in service delivery to clients, building trust through applied technological security measures as well as impacting greatly on perception indices from clients. Better reputations are a construct of timely and creative technological strategies. This is supported by a response strongly agreed by 45.3% of the respondents at a mean of 2.67 and standard deviation of 1.359.

Finally, the Pearson Correlation analysis indicated that there was both significant and insignificant relationship between KCB Bank performance and strategic Information technology. For instance, there was a significant moderate relationship of 0.442 ($R < 0.05$ at 0.000) between performance and information technology. There was a significant low relationship of 0.231 ($R < 0.05$ at 0.046) between information technology and reputable performance at of KCB in the long run. Further, the significant low relationship between information technology and banks performance will enhance the growth of the institution.

The results on insignificant relationship tends to agree to some extent with the study by Freedman and Butler (2013) who raised the question to support the view that the manner in which social responsibility is approached by corporations does not seem to regard strategic information technology as a very crucial and important function of the business, that which needs to be embedded in its overall strategy. The failure to incorporate strategic information technology can be catastrophic for business due to the fact that processes may take longer, commercial banks security may be compromised and the knowledge of such by the market implies ruined confidence and a drastic reduction in

market share. The fall in market shares is key in arriving at losses which are not the desired financial performance.

The author argued that there is a tendency of organization pursuing strategic information technology as a reaction or response to the stakeholders' pressure. Nonetheless, we can argue that there is a significant relationship between strategic information technology and KCB bank performance.

5.4 Conclusions

5.4.1 Effect of Strategic Pricing on Performance of KCB Group Limited

From the study, it was established that there are effects of strategic pricing on performance of KCB Group Limited. It was found that as a result of various strategies in pricing including bundle pricing, economic pricing and premium pricing, KCB Group is able to attract more consumers for new products at high prices in the short run. Also, there is an increase in sales due to economy pricing strategies whereby prices are set slightly lower than other clients and attracts clients. Due to best pricing strategies above, the sales volumes for KCB have increased as evidenced in the financial performance thereof over the past years. In addition, the research found a strong relation between strategic pricing and profit growth for KCB implying a steady performance. As such, it can be said that strategic pricing decision making has an effect on performance of commercial banks.

5.4.2 Effect of Strategic Information Technology on Performance of KCB Group Limited

The study also established that there is effect of strategic information technology on financial performance of KCB Group Limited. It was established that due to efficiency created by strategic application of information technology, KCB Group Limited products and services were more preferred by clients meaning there was more market share gained and penetrated. The consumer confidence thus increased due to great technological advances and in turn, more sales were made over various fiscal periods. Strategic information technology was found to earn a competitive edge against competitors on the basis of security of funds and products, an aspect which enabled the growth of capacity for KCB in performance. It is due to the aforementioned that one concludes that there strategic information technology affects performance of KCB Group Limited.

5.4.3 Effect of Strategic Human Resource Management on Performance of KCB Group Limited

The study found out that there is effect of strategic human resource management on performance of KCB Group Limited. The same was observed on the basis of various strategies including staffing strategies, business continuity, remuneration as well as training of staff. Through accuracy of job designs, staffs are able to focus on given roles that eventually contribute to efficiency and high productivity. Also, through business continuity planning the operations of KCB are perpetual and business interruptions were found to not adversely affect profit maximization. Further, the remuneration and reward system is definite such that it attracts and retains competent staff who are trained by the bank from time to time to enhance their capacity. All the above enhance processes of the operations of KCB and grow productivity that impacts on sales and consumer confidence that in turn boost performance. As such, it can be said that KCBs performance is affected by strategic Human Resource Management.

5.5 Recommendations

5.5.1 Recommendations for Improvement

Having concluded the chapter, this section provides recommendations to KCB Limited Management on how they can enhance the effect of strategic pricing, strategic Human resource management and strategic information technology on performance.

5.5.1.1 Recommendations on Effect of Strategic Pricing on Performance of KCB Group Limited

KCB Group should continue implementing the strategic pricing decisions within reach as they were found to be beneficial. The continued implementation enables the growth of profits which is the key function of running the bank. Such continued implementation would ensure that the company continues to enjoy the benefit of good brand reputation, increased sales revenues and larger size of market share. Nonetheless, even as the sales levels increases, KCB must ensure that the product quality is high so as to meet the customer needs efficiently even as the sales values increases as a result of innovative pricing.

5.5.1.2 Recommendations on Effect of Strategic Information Technology on Performance of KCB Group Limited

The researcher recommends that KCB Group should embrace technology in its daily operations to oversee the efficiency that is highly desired in the banking industry. The researcher finds the use of strategic information technology as very crucial in achieving a competitive edge in the market and thus the same affects performance positively. However, not all technology should be undertaken due to challenges such as initial expense and untimely adoption of the same which can lead to losses. There are instances where technology can be too costly to undertake yet the value achieved in return does not match the investment input. Also, the time taken to break even on the basis of value invested in adopting technology can prove futility in undertaking technological strategies at KCB Bank. There are challenges such as the cost of maintenance of adopted strategies and the risk exposure when the same fails, which in a way may critically impact the performance of the bank negatively.

5.5.1.3 Recommendations on Effect of Strategic Human Resource Management of Performance of KCB Ltd

The researcher recommends that for improvement purposes, KCB Group should have defined periods of staff training to enhance capacity building. Further, there is need to undertake a review of the rewards system such that staff can gain more on areas of exceptional performance, innovation as well as leadership. The above recommendations are prime in ensuring internal competition, lack of bias in training needs met for staff as well as handling of people issues that is a key functionality of human resources management.

5.5.2 Recommendations for Future Studies

This study mainly focused on the impact of strategic decisions on performance of commercial banks in Kenya. Future researchers can investigate the impacts of the strategies on competitive advantage and how the decisions have helped the company under investigation achieve a competitive edge over its competitors through the increase of sales as well as how they influence the specific aspects of market share, i.e. the market volume and market value and how each aspect interrelate. It is also recommended that the researchers may broaden the scope to intercontinental perspective.

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APPENDICES

APPENDIX 1: LETTER OF INTRODUCTION

Waweru Lina Muthoni

P.O. Box-00100,

Nairobi.

8th June, 2018

Dear Sir/Madam

RE: RESEARCH STUDY QUESTIONNAIRE

I am undertaking a research study on the 'EFFECTS OF STRATEGIC DECISION MAKING ON THE PERFORMANCE OF COMMERCIAL BANKS IN KENYA: A CASE STUDY OF KCB GROUP LIMITED'. The research is geared towards the partial fulfillment of the requirements for the award of the Degree of Masters in Business Administration (MBA) at The United States International University-Africa.

In this regard, I request for your support in filling the attached questionnaire which has been designed to collect relevant information for the study. The same should take a few minutes to complete. The data collected will be used for statistical purposes and published in aggregate only. As expected, it shall be used for academic purposes only and thus will be treated with utmost confidence.

We shall be glad to share the research findings with you on request.

Thanking you in advance

Kind regards

Linah Muthoni Waweru

APPENDIX 2: QUESTIONNAIRE

RESEARCH PROJECT ON THE EFFECTS OF STRATEGIC DECISIONS ON PERFORMANCE OF COMMERCIAL BANKS IN KENYA: A CASE OF KCB

GROUP LIMITED

QUESTIONNAIRE

Please read the questions carefully and tick as applicable

SECTION 1: GENERAL CHARACTERISTICS OF THE BANK

a) Under which of the occupational categories below do you work in at KCB Group Ltd?

- Managerial
- Supervisory
- Clerical
- Others (Please specify) _____

b) What is your Gender: Male Female

c) What is your Age : _____ years

d) How long have you worked at KCB Group Ltd? _____ years

e) Have you worked in a banking institution before you joined KCB Group Ltd?

- Yes No

If Yes, was it a managerial, supervisory or clerical position?

f) Who makes the strategic decisions at KCB Group Ltd?

- Board of Directors
- Management
- Clerical Officers

g) Do the strategic decisions of KCB Group Limited reflect the feedback obtained from staff in the course of undertaking their daily operations?

Yes No

h) How many personnel does KCB Group Limited have on the below categories?

Employee Category	Number of Staff
Managerial Level	
Supervisory Level	
Clerical Level	

SECTION 2: EFFECTS OF STRATEGIC DECISIONS

A. Effects of Strategic decisions on the performance of KCB Ltd

1. Do strategic decisions affect the performance of Kenya Commercial Bank Limited?

Yes

No

2. Kindly indicate to what extent you agree or disagree with the listed strategies and how they affect the performance of Kenya Commercial Bank Ltd. Tick the option that best suits your opinion.

Strategies	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Strategic Product and Services' Pricing impacts on performance of KCB Ltd					
Human Resource Management plays a key role in the final					

financial outlay of KCB Ltd					
Strategic Information Technology application impacts the performance of KCB Ltd					
Strategic Reporting for KCB Ltd affects its performance					

B. Effect of strategic pricing of bank products on the performance of KCB Ltd

1. Kindly indicate whether or not strategic pricing of KCB Ltd products affects the performance of the bank.

Yes

No

2. Please show the level of agreement with the statements on the effect of strategic pricing on performance of KCB Ltd. Tick the option that best fits your opinion.

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
There is a relationship between economy pricing by KCB Ltd and the market penetration of the products sold.					
The market share for KCB Ltd products has increased over years due to bundle pricing strategies					
KCB limited maintains market share superiority due to application of premium pricing strategies.					

To enhance competitiveness, KCB Ltd implements price skimming for its new products earning the most from their launch.					
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C. Effect of Strategic Human Resource Management on KCB Ltd Employee Performance

1. Indicate whether or not strategic human resource management has an impact on the performance of KCB Ltd.

- Yes
- No

2. Please show the level of agreement with the statements on the impact of various human resource strategies on the performance of staff and KCB Bank as a whole. Tick the option that best fits your opinion.

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
KCB Bank engages Business Continuity Planning to ensure consistency in performance and autonomy.					
Through training and development of staff, KCB Ltd has enhanced its performance in the banking industry.					
KCB Bank offers competitive remuneration packages that in turn motivate staff to drive the bank's					

financial outlay.					
Through strategic staffing and job designing, KCB structures specific role allocation that drives performance					

D. Effects of Strategic Reporting on the performance of KCB Bank

1. Does strategic reporting affect the investor perceptions on performance as well as the overall performance of KCB Ltd?

Yes

No

2. Please indicate to what level you agree with the statements on the effect of strategic reporting on KCB Ltd’s performance in the market. Tick the option that best fits your opinion.

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Strategic Reporting enhances the brand that is KCB Ltd					
Consumer and Investor confidence in KCB has grown due to effective strategic reporting.					
Strategic reporting is indicative of the areas of weakness for KCB thus enabling for corrective measures to improve performance.					
Due to Strategic Reporting KCB has earned customer loyalty that is					

indicative of market share growth.					
Strategic reporting reflects on the compliance standards at KCB Ltd which places the company highly in the overall industry rating					

E. Effect of Strategic Application of Information Technology on Performance of KCB

1. Does the strategic application of information technology and related systems impact the performance of KCB Ltd?

Yes

No

2. Please show the level of agreement with the below statements on the effect of implementation of strategic information technology on the performance and brand of KCB Bank Ltd. Tick the option that best fits your opinion.

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
KCB Bank adopts strategic information technology for the purpose of earning competitive advantage to enhance performance.					
By implementing strategic information technology measures, KCB makes efficient its provision of services to achieve a larger market share.					
KCB brand growth is as a result of					

effective application of information technology strategies					
Strategic Information technology enables KCB Ltd drive for efficiency in operations.					

SECTION 3: PERFORMANCE METRICS

a. List the headline earnings for KCB Group Ltd in the following years:

- 2013 _____ (KShs)
- 2015 _____
- 2017 _____

b. What was the liquidity ratio for KCB Group Limited over the following years:

- 2013 _____ (KShs)
- 2015 _____
- 2017 _____

c. What are the Ratios of Non-Performing Loans to Total Loans over the years listed:

- 2013 _____ (KShs)
- 2015 _____
- 2017 _____

Is the change in the ratio of Non-Performing Loans to Total Loans over the years reflective of effective strategic pricing?

Yes No

Explain _____

d. What is the Profit After Tax for KCB Group Limited for the following years:

- 2013
- 2015
- 2017

Is the change in the Profit after Tax over the years reflective of strategic decisions made by KCB Group Limited?

Yes No

Explain _____

Does the change in Profit after Tax over the given years imply application of better strategies in Information Technology and Strategic Reporting?

Yes No

Explain _____

e. What is the total capital invested in Information Technology Systems the following years?

- 2013 _____ (KShs)
- 2015 _____
- 2017 _____

Is the change in capital invested in Information Technology reflective of upgrades in the same?

Yes No

f. What is the average Turnaround Time for KCB Group Limited over the following years:

- 2013 _____ (Minutes)
- 2015 _____
- 2017 _____

Is the change in average Turnaround Time for services provided reflective of strategic application of Information Technology?

Yes No

Explain _____

g. What is the client uptake for web based products such as internet and mobile banking in the following years?

- 2013 _____
- 2015 _____
- 2017 _____

Does the change in the number of clients taking up technology based products over the years reflect KCB Group Limited's strategic Information Technology as well as Reporting?

Yes No

Explain _____

h. What is the staff turnover for KCB Group Limited for the following years?

- 2013 _____
- 2015 _____
- 2017 _____

i. List four selection criteria for reward and/or promotion of staff at KCB Group Limited

Do the above listed criteria reflect the staff turnover at KCB Group Limited over the years 2013 to 2017?

Yes No

Explain _____

j. What is the Insider Loans value for KCB Group Limited for the following years:

- 2013 _____ (KShs)
- 2015 _____
- 2018 _____

Does the magnitude of value for the Insider Loans at KCB Group Limited reflect rational strategic Human Resource decisions over the years?

Yes No

Explain _____

END

Signature _____ (Optional) Date _____

Thank you for taking your time to complete this questionnaire