STRATEGIC LEADERSHIP PRACTICES AND PERFORMANCE OF LISTED COMMERCIAL BANKS IN KENYA

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ABSTRACT

The main aim of this study was to establish the influence strategic leadership practices and performance of listed commercial banks in Kenya. Specifically, the study pursued the following objectives: establish the influence of Strategy Control, Strategic direction, Human capacity development and Strategic design on performance of commercial banks in Kenya. The following theories guided the study: resource-based view, contingency theory, and dynamic capability theory. The study adopted descriptive research design. Questionnaire was used to collect primary data from employees of the 42 licensed Commercial Banks in Kenya. Study respondents comprised employees in the cadre of senior management team, middle-level managers as well as managers at functional level. Systematic random sampling was used to sample 384 employees. A pilot test of 38 respondents in 4 banks was conducted to detect weaknesses in design and instrumentation. The collected study data was analyzed both descriptively and inferentially. The correlation analysis that was done on the strategic leadership and performance showed that, a significant relationship exists between strategic leadership and performance of commercial banks in Kenya. This research contributes to the area of literature of strategic leadership and their influence on organizational performance. The researcher recommends that the ethical considerations and competencies should be given a keen attention and on performance a focus on customer satisfaction should equally be emphasized. Additionally, another research can be done on the influence of strategic leadership on performance of the non-financial firms as its recommendations can be very valuable.

Key words: Strategy Control, Strategic Direction, Human Capacity Development, Strategic Design.

INTRODUCTION

Background of the Study

Business ventures assume a huge part in social orders and address a vital element of monetary execution of agricultural countries. As has been declared by Jones, George and Hill (2014), the limit of an association to accomplish as well as keep up with high efficiency and execution is a basic test experienced by the executives of basically all organizations today. Prominently, essential administration rehearses have been distinguished as a basic for contest and upgraded execution as it further develops productivity in regard of creation and portion of labor and products in the association. In monetary area, vital administration practices and contest has suggestions to admittance to monetary assets, portion of assets, seriousness and advancement of administration and assembling enterprises, levels of financial development and the level of monetary soundness.
Contest can be a reason for animating development, bringing down costs and expanding the nature of items and administrations delivered, which therefore upgrades customers’ decision and government assistance.

Strategic leadership practices shape the formation of strategic intent which influences successful strategic practices in an organization, as well as enable organizational leaders to influence their followers to contribute effectively to the accomplishment of the goals and objectives of the organization. Covin and Slevin (2017) define strategic leadership as the leader’s ability to predict, and maintain flexibility and to empower others to create strategic change as necessary. Shao (2019) defines SL as a leader’s ability to anticipate, envision, maintain flexibility, think strategically and work with followers to initiate changes that create a viable future for the organization. Golensky and Hager (2020) adds that SL is multi-functional and relates to managing others as well as organizations in managing the challenges of today’s globalized business environment. Strategic leadership also requires expertise in managing both internal and external business (Norzailan, Othman & Ishizaki, 2016).

According to covin et al., (2016), a strategic leader possesses critical characteristics which include but not limited to future orientation, cognitive ability, ability to focus on the big picture, interpersonal relations, propensity to act and risk taking. Likewise, from empirical studies on strategic leadership practices, these practices are identified as involving determining strategic direction, exploring and maintaining unique core competencies, developing human capital, sustaining an effective organizational culture, emphasizing ethical practices and establishing balanced strategic controls (Jooste & Fourie, 2010).

It has been suggested that strategic leadership focuses on implementing knowledge management (Jain & Jeppessen, 2013). Jain and Jeppessen (2013) emphasized that strategic leadership is another important knowledge management enabler and plays a critical role in implementing knowledge management for three reasons: establishment of vision for the organization as well as developing an action plan for the implementation of that vision; identification of opportunities that generate knowledge; and championing and influencing cultural and organizational transformation since knowledge management involves modifying processes, practices, and organizational structures. Makambe and Pellissier (2015) explained that knowledge management involves changing practices, policy and often organizational structure, the senior leader must set the framework for the transformation, other factors such as culture and information technology infrastructure come second, but they are also the strategic leader’s initiative.

Global Perspective of strategic leadership practices and performance of commercial banks

The financial business has experience blended results at the worldwide level in the post monetary emergency time frame from 2008-2010, there after it eased back impressively with the development pace of top 1000 banks overall excess assessed at three percent (Gartner, 2015). By and large, the emergency has been aggravated by the climate vulnerability making it very challenging to use and keep up with prevalent execution. The financial business has seen arising patterns in regard of the worldwide business sectors where web based financial arrangements are being looked for example
in installment handling among others with the end goal of improving client experience as well as help client relationship the executives.

Several changes have taken place in the global economy over the past few years. These changes have caused several challenges to the banking sector and triggered off a flurry of activities aimed at increasing performance. The main aim of commercial banks is to register better performance through sustained profitability and growth (Pearce & Robinson, 2015). However, attempts to realize such successes, are often affected by multiple operating market conditions such as the level of competition, stakeholders’ management, political landscape, business legal regime, the cost of doing business, new innovative products, internal organizational structure, emerging technologies, and effects of globalization (Kotler & Armstrong, 2013).

The commercial banking sector is expected to contribute greatly in mobilizing and allocating vital funding through savings to support trade and project implementation. Savings is a means towards greater capital accumulation, provision of credit and investment by the private sector. Lipsey (2019) supported by Allen and Carletti (2017) argued that, commercial banks channel substantial savings into productive activities and provide other services that include portfolio investments and risk sharing endeavors that other financial intermediaries cannot provide. The banks also engage in asset development for their customers and help revitalize local economies by ensuring prudent investment by the citizenry.

**Regional Perspective strategic leadership practices and performance of commercial banks**

Provincially, Africa has arisen as the subsequent financial market in regard of development and benefit (McKinley, 2018) low infiltration of banking administrations and levels of pay, and high credit risk have for quite a while been considered as drawing major obstructions to the advancement of the continents banking area. Attracting execution on 35 banks sub-Saharan Africa the quantity of banked Africans expanded from 170 million to almost 300 million of every 2012 and 2013 individually despite the fact that it was noticed that Africa was confronting disheartening returns and languid development, a variable credited to gigantic staff expenses and work concentrated paper ruled processes with capability of smothering execution (CNBCAFRICA, 2018).

Regionally, growth in Sub-Saharan Africa slowed down to 1.4 percent in 2016 (IMF WEO April 2017 update) from 3.4 percent in 2015, with oil exporting countries and other major resource countries accounting for most of the slowdown. Growth in Nigeria contracted to -1.5 percent in 2016 from 2.7 percent in 2015 following temporary disruptions to oil production, foreign currency shortages resulting from lower oil receipts, lower power generation and weak investor confidence. Growth in South Africa slowed down to 0.3 percent from 1.3 percent over the same period. Activity in non-resource intensive countries (agricultural exporters and commodity importers) generally remained robust (CBK, 2016).

**Local Perspective of strategic leadership practices and performance of commercial banks**
The banking sector in Kenya can be described as vibrant and growing. It compares favorably with other developing economies in terms of contribution to economic growth. By December 2015, Kenya had one Central Bank as a regulatory authority, 44 Commercial banking Institutions, seven Representative Offices of Foreign Banks, nine Microfinance Banks, two Credit Reference Bureaus and 101 Forex Bureaus (CBK, 2013). Based on their size (in terms of assets), of the 44 banking institutions, six are classified as top commercial banks.

In its yearly administrative report, the Central Bank of Kenya (CBK) noticed that natural disturbance has not saved the monetary area in Kenya. This situation has been exacerbated by increasing innovation-based contest, a climb in functional expenses because of the slow development of economy, decreased cost of acquiring, awful obligations, covered loan fees among others (CBK, 2017). Thus, a few business banks have encountered change in execution that has verged on monetary misfortunes. The resulting prospect of horrible showing has made truly the chance of occupation cut as conservation and cutbacks and especially provided the reality with various business banks are as of now carrying out an extreme program of shutting down some of their branches for the sake of upgrading effectiveness. This unfurling situation makes it basic for the executives embrace key administration rehearses yet to upgrade the cutthroat position and acknowledge further developed execution.

Vital administration might be seen as an assortment of choices and activities that outcomes in the definition and execution of plans intended to accomplish the goals of a firm (Pearce and Robinson, 2012; Coutler, 2015). In this manner, key administration rehearses envelop a bunch of authoritative exercises that outcomes in essential goal, detailing of plans, execution and control of the presentation in a business endeavor. Thompson and Strickland (2017) attested that the administrative work of planning a technique and directing its execution has five recognizable undertakings. These errands incorporate figuring out an idea of the business and a dream of where the ideal future condition of the association, making an interpretation of the mission into particular long-reach and short-range execution goals, creating a procedure that matches organization’s circumstance and that can possibly deliver the designated execution, carrying out the picked procedure proficiently and successfully, assessing execution and starting restorative measures. It has been seen that associations, whether for benefit or non-benefit, private or public absolute requirement of need take part in essential administration practices to help with acknowledgment of their corporate objectives (Kinyua, 2018).

**Statement of the Problem**

The emerging trends and the dynamic conditions of the financial sector make it imperative for commercial banks to consider developing mechanisms for competition in order to enhance the ability to survive and succeed in the marketplace (CBK, 2014). The heightened competition in the banking industry in the recent past has been associated with fluctuations of market share and performance among the players. The banking sector in Kenya has in the recent past registered comparatively good performance to the banking sector performance in the EAC member countries from the perspective of most measures of performance. For example, Ernst & Young (2021) notes
that the banking assets in Kenya grew in 2020 by 16% which was 3.3 times faster than the GDP growth of 4.9%. This was the fastest growth in the region as Uganda, Tanzania and Rwanda achieved multiples of 2.4 times, 2.0 times and 1.6 times, respectively. Similarly, on measures of return on assets, return on equity, efficiency, and capital adequacy, Kenya’s banking sector still performs better than her peers in the region (Ernst & Young, 2021). Whereas the performance could be attributable to regulatory measures that have been put in place since the banking sector’s challenging period of 1980s and 1990s, the other contributory factor could be effective implementation of strategy in the individual banks.

At the local setting, Njagi and Kombo (2014) conducted a study in the banking sector and established that Strategic Design impacted a lot on the degree of performance of Commercial Banks operating in Kenya. It has been suggested that the emphasis placed on Strategic Design as a practice for enhancing performance is an imperative of firms given that its contribution to strategic leadership practices is vital (Mbithi, 2016). Sorooshian (2015) undertook an empirical study on Strategic Design and performance in small and medium enterprises in Iran. The study showed that Strategic Design is related to performances of SMEs. This study was carried out among SMEs in Iran and therefore its findings cannot be used as a basis for making recommendations to management of Commercial Bank. Deriving from the weaknesses identified, this study therefore sought to investigate the strategic leadership practices and performance of listed commercial banks in Kenya.

RESEARCH OBJECTIVES

**General Objective**

The purpose of this study was to examine the strategic leadership practices and performance of listed commercial banks in Kenya.

**Specific Objective**

i. To examine the effect of strategic direction on performance of Commercial Banks in Kenya.

ii. To assess the effect of Human capacity development on performance of Commercial Banks in Kenya.

iii. To determine the effect of strategy design on performance of Commercial Banks in Kenya.

iv. To examine the effect of strategy control on performance of Commercial Banks in Kenya.

**LITERATURE REVIEW**

**Theoretical Review**

Theories are used to explain, predict and understand phenomena and critique existing knowledge for the purpose of expanding it. The theoretical framework introduces and describes the theory that explains why the research problem exists. Kombo and Tromp (2016) observed that a theoretical framework accounts for or explains phenomena. It also provides relationships between variables so that the theoretical relationships are understood. Kagoro (2019) note that a theoretical framework
is the application of a set of concepts drawn from one and the same theory to explain an event or shed some light on a particular research problem. A Theoretical framework is a collection of interrelated concepts, that relate to the study variables. Theoretical frameworks provide a particular perspective, or lens, through which to examine a topic. The theoretical foundation for this study is founded on the, resource-based view, contingency theory, Communication Accommodation Theory and dynamic capability theory.

**Resource Based View of the Firm**

The resourced based view of the firm can be originally traced to the work of Penrose (1959). Other scholars that contributed to the development of the resource base view included Wernerfelt (1984), Barney (1991), and Prahalad, and Hamel (1991) among others. The key focus of the resource-based view is tangible and intangible assets that comprise the stock of firm specific factor with potential to enhance performance (Crook et al., 2008). The resource-based view theory highlights the importance of internal resources within the firm and the use of such resources in formulating strategy that can help in creation of sustainable competitive advantage in the marketplace (Schroeder et al. 2002).

Firms develop competencies from the assortment of resources within their control and when developed well, they tend to become a source competitive advantage (Pearce & Robinson, 2007). This implies that resources play a vital role in the strategic leadership practices embraced by a firm and more so the implementation activities which if not effectively managed may significantly hamper performance and survival of an organization. Learned et al. (1969) formulated the resources approach noting that whatever a firm is capable of doing is no just a function of its opportunities but stock of resources in its possession and control. The insights provided tend to support the inside-out perspective of firm’s strategy that necessary for pursuing, entrenching and sustaining competitive advantage.

The resourced based theory has its origin in the management philosophy that considers the resources of firms as the source of competitive advantage as opposed to their positioning in the external environment. Therefore, rather than simply evaluating the environmental opportunities and threats when conducting business in the firm, competitive advantage should build around firm-specific resources and capabilities (Barney, 1995). The resource based theory therefore contends that certain types of resources that are owned and controlled by firms have potential to generate competitive advantage and relatively superior performance (Ainnuddin et al., 2017).

In strategic leadership literature resource-based view emphasizes utility of strategies that are focused and very efficient in operations and those strategies that are rapidly responsive to the dynamic and competitive operating environment since the firms that survive are the fittest and most adaptable to the environment (Abdullah, 2010). Extant empirical literature on relationship between performance and diversification provides evidence to this proposition (Wermerfelt & Montgomery, 2018).

**Contingency Theory**
The contingency theory of leadership was propounded by an Austrian psychologist Fred Edward Fiedler in a landmark article "A Contingency Model of Leadership Effectiveness" published in 1964 article (Robbins & Coulter, 2016). It proposes that the most effective and appropriate governance structural design is the one where the organizational structure matches its contingencies. The theory therefore asserts that when managers make decisions regarding operations within their organizations, they must consider all aspect of current situation and act on those aspects that are significant to the situation at hand (Olum, 2014). Prescriptions of solutions to management problems and issues depend on particular environments prevailing in the organization (Andrews et al, 2018).

Execution of strategies therefore should be contingent upon the prevailing context or situations. This implies that different business environments with varying conditions would require diverse approaches for managing the organizational problems and thus suggesting a correlation between discernment of the environment and performance of an organization in a particular situation (Donaldson, 2018). Critics have faulted the“ the rule of the thumb and one best way approach that prescribes specific solutions for issues in organizations universally and instead proposes that strategic leadership practices should lead the firm in attaining an appropriate alignment with its environment (McLaughlin et al, 2015).

Hambrick and Fredrickson (2015) contend that the main goal of an organization is to achieve sustainable growth over time. The management of business enterprises bear the vision and strategic goals which have practical implication on the direction, execution of choices and evaluation of execution of the adopted courses of action. It is therefore important for a company to create a fit between capabilities and resources to leverage on opportunities in the marketplace and thus gain competitive advantage (Garlichs, 2017). Mazzarol (2014) suggests that innovation which is a key ingredient for sustainability of a firm is also an imperative for growth and differentiation from competition. Companies that are keen to grow their customer base ought to seek innovation to obtain a strategic fit for channeling their growth ambitions (Ries, 2015).

Contingency theory holds that an organization is an open system that relies on the environment and serves the environment (Morgan, 2017). This therefore brings to the fore the relevance of this theory to practicing managers since it supports the need for organizations environmental scanning in the selection and adoption of strategic choices that must be executed in a manner that is sensitive to environmental dynamics and provide for mechanisms for adaptation with an object to realizing optimal performance outcomes that can guarantee survival and success of business enterprises in the long-term).

**Dynamic Capabilities Theory**

The concept of dynamic capabilities was defined by David Teece, Gary Pisano and Amy Shuen, in their 1997 paper, dynamic capabilities and strategic leadership, as the ability of a firm to integrate, build, and reconfigure internal and external competences to address the challenges of rapidly changing environments (Teece, Pisano, & Shuen, 1997; Zahra et al, 2016). The dynamic
The main assumption of dynamic capabilities framework is that the basic competencies of an organization should be used to create short-term competitive positions that can be developed into long-term competitive advantage (Helfat, et al., 2009; Tim, 2013). The theory of dynamic capabilities involves crafting of strategies by management team of successful companies for adapting to radically discontinuous change, while simultaneously maintaining optimal capability standards to aid in competitive survival and success (Ludwig, Gregory; Pemberton & Jon, 2015). Teece et al. proposed that dynamic capabilities confer a firm with the ability to remain flexible and responsive to the changing needs of a competitive environment. Dynamic capabilities enhance a firm’s ability to survive and succeed in the marketplace since management has the prerequisite capacity to make chart innovative courses of action with potential to generate higher value for the customers of the firm.

The theory of dynamic capabilities emphasizes the need for companies to direct and focus their investment on developing a stock of internal resources such as systems, assets, processes, knowledge, and technology that position it ahead of the competition resulting in lower production costs or superior level of quality in their products consequently boosting their performance (Teece, 2017). Similarly, it serves as a bridge between the economics-based strategy literature and evolutionary approaches to organizations particularly because it links the concept of resource-based view of the firm to "routines" in evolutionary theories of organization (Sytse & Heinm, 2016). According to Teece, Pisano, and Shuen (2017), the ability of employees to learn quickly and to build new strategic assets, the integration of new strategic assets and the transformation or reuse of existing assets which have depreciated are three dynamic capabilities that are necessary for an organization to meet new challenges.

**Communication Accommodation Theory**

This theory was first developed by Howard Giles in 1971, intending to evaluate and examine speech (Rodriguez, 2017). The theory over the years has been expounded to cover many aspects of communication. Speakers may engage in divergent or convergent communicative behavior. The theory assumes people adapt the communicative behave depending on whom they are engaging and the perception desired based on one’s status (Gallois & Giles, 2015). Convergence depends on whether the individuals adapt to each other’s communicative behavior is perceived as good or bad in the communication process. In divergent communication, speaker and listener emphasize the social distance between themselves.

**Conceptual Framework**

A conceptual framework is defined as a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation (Kombo and Tromp, 2009). It is a
diagram that visually shows the relationship between the independent and dependent variable of the study.

**Figure 2.1: Conceptual Framework**

### Strategic Direction and Performance

Ondita and Bella (2015) carried out an investigation on effect of strategic direction on performance of organizations in the banking industry in Delta State in Nigeria. The design of this study was cross-sectional survey. Strategic direction was measured using organizational vision, organizational mission and organizational objectives. The study concluded that the different dimensions of strategic direction have varying positive contribution to organizational performance. This study had a weakness to the extent that the sample was selected using a non-random sampling procedure and was therefore not representative enough to support drawing conclusion on the population. The current study seeks to overcome this challenge by using stratified proportionate sampling so as to attain a sample that fairly represent the target population.

Pateman (2015) studied the effect of strategic direction on knowledge creation and transfer in the logistics industry in Australia. Although this was an exploratory study, mixed research design was used in collecting qualitative and quantitative information. The sample was selected using random sampling procedure that included systematic sampling method. The results of the investigation revealed that strategic direction provides a frame of reference that supports alignment that was thus...
important for formation of collaborative ventures. In addition, strategic direction was found to serve as a basis for development of absorptive capacity through provision of a platform for enhancing understanding. In this case, absorptive capacity is viewed as the mechanism through which collaborative ventures facilitates creation and transfer of knowledge. This study failed to analyze the quantitative data at the level of inferential statistics, instead, maintaining emphasis on descriptive measures. There is also a contextual weakness as the current study is biased towards Commercial Banks in Kenya.

Richard (2015) conducted a study on the relationship between strategic direction, capabilities and Performance of Pharmaceutical Industry. Firm-level secondary data was gathered from the pharmaceutical industry for a period of ten years from 1993 to 2003. Strategic direction was measured using differences in expenditures regarding key areas consisting of research and development, marketing, and fixed asset from one year to the next. The study found that for firms enjoying high levels of strategic direction there is an inherent accumulation of capabilities in the form of patent applications. Patent applications encompass firm specific resources that exist in unique combinations so as to attain monopoly rights. Pharmaceutical firms were found to be overinvesting in patent capabilities as the returns were not positively associated with these types of capabilities. The study made use of financial measures of performance which are retrogressive and may not inform current and future practices of the organizations as is the case with the non-financial measures of performance chosen for the current study

**Human Capacity Development and Performance**

Human capacity development helps firms to build and sustain performance; therefore, it bolsters organization’s ability to hold their ground in a dynamic and complex environment particularly in the short run (Zajac & Shortell, 1989; Amburgey et al., 1990). According to Taiwo and Idunnu (2017), managers play an important role in Human capacity development of driving functional strategies, which have short-term horizons but are an imperative for achieving corporate strategies. Strategies are carefully crafted by organizations to aid in the achievement of more favorable positions in the marketplace (Waruhiu, 2014).

Bassa (2015) investigated the link between strategic planning practice and Strategic Design in public universities in Ethiopia. The research data for this study was collected through questionnaires administered to staff and students as well as through interviews involving the members of management team of selected public universities. Similarly, Anichebe and Agu (2013) studied the effect of Human capacity development on implementation of strategy in business organizations in Enugu State in Nigeria. The study was assessed the extent of application and workability of formulated strategies in the target universities This study was however carried out in Nigeria and thus its conclusion may not directly apply in the case of Commercial Banks in Kenya.

Ongonge (2018) sought determine how strategic planning has assisted Action Aid Kenya (AAK) to improve in performance of its programs. This study was conducted using case study approach in Action Aid Kenya. Opano (2018) conducted an investigation to ascertain strategic planning and implementation practices at the Kisii County Government in Kenya. The researcher gathered
qualitative data from the County Secretary, Deputy Speaker, County Development Officer (CDO) and county executives. The qualitative data gathered was analysis using content analysis and the findings could not be generalized. In addition, the study by Opano involved Kisii County Government and thus the recommendation for policy and practice could not be relevant in the case of Commercial Banks in Kenya.

**Strategic Design and Performance**

Njagi and Kombo (2014) established that Strategic Design had significant impact on the degree of performance of Commercial Banks operating in Kenya. Several changes tend to occur in organizations during Strategic Design with major implications on its success (Pearce II & Robison 1991). Kuye (2013) argues that the upsurge in globalization of markets and dynamic technological advancement has exerted immense pressure on organizations to improve their profits by devoting resources to corporate innovations.

Similarly, Mbaka and Mugambi (2014) found that to a larger extent strategy execution ought to be embraced through commitment of sufficient resources and technical support in order for a firm to improve its performance. Mbithi (2016) observed that Strategic Design as a practice for improving performance is an imperative to firm’s performance since its contribution in strategic leadership practices is vital. Sorooshian *et al.* (2010) did an empirical study on relationship between implementation of strategy and performance of small and medium enterprises (SMEs) operating in Iran. The study showed that Strategic Design is related to performances of SMEs. This study was carried out among SMEs in Iran and therefore cannot provide the required information in relation to Strategic Design and performance of Kenya Commercial Bank.

Njagi and Kombo (2014) analyzed the effect of Strategic Design on performance of commercial banks in the Kenyan context. The study specifically intended to establish the effect of operationalization and institutionalization of strategy on performance of commercial banks. The research plan that guided this study was correlational research design where a census of all the commercial bank was carried out. The current study is focusing on Strategic Design and performance of Kenya Commercial Bank and is using descriptive research design. On the contrary, exploratory research design seeking to correct qualitative data is more relevant for conducting a census study.

**Strategy Control and Performance**

Babafemi (2015) underscores the importance of having strategy control in mind when crafting organizational strategies. Indeed, strategy control practices are used to evaluate the degree of alignment between business activities, strategies and environmental factors. Moreover, control of strategy ensures integration of activities in the separate business units (Gummer *et al.*, 2016). Nyariki (2016) proposed that strategy evaluation and control should be embraced by management of SMEs as an approach for improving corporate performance and to support coping with the changes and challenges of turbulent business environment and the global economy. Strategy evaluation and control essential for measuring actual achievement against the intended and
ultimately providing the requisite feedback for making adjustment during the implementation phase (Vollert, 2016). The essence of strategic control is not to bring to the fore past errors but rather to suggest the corrections that are needed so as to steer the firm in the desired direction (Robinson, 2019).

Ondoro (2017) undertook a conceptual review of strategy control and organization social performance. The study was anchored on control theory and adopted library review approach. It explored, synthesized and critiqued literature on the subject of strategic control and organization social performance with a view of developing a conceptual framework. Ondoro noted that empirical literature was scanty on investigations involving strategy control particularly the aspects of description of strategic control activities to be carried out in pursuit of strategic outcomes. The conclusion of this conceptual review was that the existing empirical evidence is not specific and adequate in respect of the relationship between strategic control and organization social performance. The current study seeks to provide a basis for the empirical examination of the relationship between control of strategy and performance of listed Commercial Banks in Kenya.

Liviu, Sorina and Radu (2018) carried out a conceptual review of strategic control and the performance measurement systems. The purpose of the theoretical paper was to compare the widely used performance management frameworks including the balanced scorecard that can aid in implementation and improvement of organization’s performance. The conclusion of the study was that control and performance measurement are part of the business improvement process. Therefore, performance measurement must therefore be part of a system, which reviews actions of the organization and informs the changes that are necessary concerning business operations. This study did not involve making observations and gathering of data for the purpose of examining the effect of strategy control on performance.

**RESEARCH METHODOLOGY**

**Research Design**

Research design can be defined as a blueprint of carrying out a study, in which case the researcher has maximum control over the factors that may influence or otherwise interfere with the validity of the study finding. According to Mugenda and Mugenda (2013) the purpose of descriptive research is to determine and report the way things are and it helps in establishing the current status of the population under study and are useful for describing, explaining or exploring the existing status of two or more variables.

Descriptive research design was used since it seeks to answer the questions concerning the causes of the problem (Coopers & Schindler, 2011). The study employed qualitative approach to gather information as to how commercial banks utilizing strategic leadership practices perform Both primary and secondary data was collected.

**Target Population**
Mugenda and Mugenda (2012) defines population as a well-defined set of people, services, elements, and events, group of things or households that are being investigated. They argue that target population in statistics is the specific population about which information is desired. The target population of this study comprised of 42 listed Commercial Banks in Kenya. These employees consisted of senior management team, middle-level managers as well as managers at functional level, as shown in Table 3.1. Since the population is small all the respondents were issued with questionnaires and therefore stratified random sampling method was used.

Table 3.1: Target Population

<table>
<thead>
<tr>
<th>Department</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Managers</td>
<td>585</td>
</tr>
<tr>
<td>Middle Level Management</td>
<td>936</td>
</tr>
<tr>
<td>Functional managers</td>
<td>1638</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3159</strong></td>
</tr>
</tbody>
</table>

**Sampling Frame**

A sample frame is a list containing all the sampling units (Tracy, 2019). It is from this list that items in the sample are drawn. The most straightforward type of frame is a list of elements of the population with appropriate contact information. A Sampling frame is a list, directory or index of cases from which a sample can be selected (Johnson & Christensen, 2019). In this study, the sampling frame was a list of all the Senior Managers, Middle Level Management and Functional managers obtained from Kenya Bankers Association Data.

**Sample Size and Sampling Technique**

The researcher used purposive sampling which is a type of probability sampling method in which sample members from a larger population are selected according to a random starting point but with a fixed, periodic interval (the sampling interval). Purposive sampling ensures that all respondents have equal chances of participating in the study (Alston & Bowles, 2019). Our target population in this study is less than 10,000, thus the sample of 384 can be adjusted as follows using the following formula suggested (Yamane, 1967) provides a simplified formula to calculate sample sizes. This formula was used to calculate the sample sizes. A 95% confidence level and P = 0.5 are assumed for the equation. Based on the theoretical assumption that the distribution is assumed to be normally distributed with a sample size of above 30 objects, the sample size was determined using Bell, Brymann and Harley (2018) sampling frame for large population number, that is more than 1000 objects, it is recommended that the Sample Size (n) = $z^2pq/e^2$

\[
= (1.96)^2(0.5)(0.5)/(0.05)^2 = 384
\]

Where $z= 1.96$, $p = 0.5$, $q = 0.5$ and $e = 0.05$

**Data Collection Instrument**

Mertens (2014) define research instruments as tools for collecting data. In a study, there are a number of research tools that can be used depending on the nature of the study, the kind of data to
be collected and the kind of population targeted. The study collected both the secondary and primary data. The secondary data was collected from the journals, books and published academic references. For primary data collection a questionnaire was used to provide written answers to written questions. A questionnaire is an instrument that is used to gather data and allows measurement for or against a particular viewpoint. It is meant to provide a standardized tool for data collection and attain objectivity in a survey (Gray, 2019). Structured and open-ended questions were used to collect primary data from the field. The questionnaires item was classified in to five (5) sub sections corresponding to the study variables, section 1 contains statements on strategic direction, 2 Human capacity development, 3 strategy design, 4 strategy control, 5 performance of Commercial Banks in Kenya. The questionnaires was pilot tested to ascertain the extent to which the instrument will collect the intended data and eliminate ambiguous questions, and improve on validity and reliability.

**Data Collection Procedure**

A letter of introduction was obtained from the department of Entrepreneurship and procurement department at JKUAT that authorizes the researcher to conduct the study. The research asked questions in such a way that they got answers from a personal perspective that reflects the perceptions of the respondent, it was anticipated that this would provide the researcher with independent responses deemed useful for quantitative data, the research assistant was used to administer the questionnaires to the sampled respondents after 3 minutes briefing from the researcher, to ensure clarity and avoid invalidity and unreliability. The questionnaires were dropped and picked to allow respondent enough time.

**Pilot Testing**

Before a survey is carried out all aspects of the questionnaire as a survey instrument should undergo a pilot test (Yin, 2017). Pre-testing enables the researcher to modify and remove ambiguous items on instruments (Lune & Berg, 2016). A pilot test is conducted to detect weaknesses in design, instrumentation and to provide proxy data for selection of probability sample. Pilot test enables the researcher to identify and eliminate any problems that may exist in a questionnaire (Best & Kahn, 2016) and examine the reliability and validity for measures used in the questionnaire (Yin, 2017). A pilot study is conducted with 4% - 10% of the sample population (Creswell & Clark, 2017).

**Reliability of Data Collection Instruments**

The developed research instrument was pre-tested for reliability using an identical sample in the specified strata with the aim of aiding data collection instruments. It was to help ensure that research questions were stated clearly and had the same meaning to all respondents. In order to achieve high precision pilot studies, 1% to 5% of the sample should constitute the pilot test size (Lune & Berg, 2016). The reliability coefficient of the research instruments was checked using Cronbach’s alpha since which requires only one administration of the data collection tool. Cronbach’s Alpha Coefficient was used because it measures the internal consistence of the research instrument items. The alpha coefficient ranges in value from zero to one and the closer Cronbach’s alpha coefficient is to 1 the greater the internal consistency of the items in the scale. A threshold of 0.70 was used (Tracy, 2019). To test the reliability of the open-ended questions, the researcher used
Confirmability. Confirmability is the degree to which the findings of the research study could be confirmed by other researchers. Internal consistency was tested using Cronbach’s alpha statistic. Cronbach’s alpha was computed as follows:

$$\alpha = \frac{K}{(K-1)} \left[ 1 - \frac{1}{\sum \sigma_{k}^{2} / \sigma_{total}^{2}} \right]$$

Equation 3.1

Where;

- $K$ is the number of items,
- $\sum \sigma_{k}^{2}$is the sum of the $k$ item scores variances and
- $\sigma_{total}^{2}$ is the variance of scores on the total measurement (Cronbach, 2004).

Pallant (2013) advises that where Cronbach’s alpha coefficient is used for the reliability test, the value should be above 0.7.

**Validity of Data Collection Instruments**

Validity is concerned with whether the findings are really about what they appear to be (Dawson, 2019), and were ascertained by more than three experts consulted during the study (Alson & Bowles, 2019) the pilot study response guided on content and criterion validity checks as the respondents were asked on the tool. This ensures the content validity. They also commented on relevance and any bias that can be on the tool to increase the criterion validity (Creswell & Creswell, 2017). The tool was then adjusted accordingly.

According to Tracy (2019), validity ensures that there is no systematic error and the random error is as small as possible. Validity is the level to which an instrument measures what it purports to measure. The validity reflects the extent at which the result of an observation is a true reflection of reality. According to Creswell (2005) and Pallant (2011) validity test is mainly divided into four types of content validity, face validity, construct validity, and criterion-related validity.

Content validity is the extent to which the questions on the research instrument and the scores from these questions represent all possible questions that could be asked about the content (Creswell, 2005). It ensures that the questionnaire includes an adequate set of items that represent the concept. The more the scale items represent the domain of the concept being measured, the greater the content validity (Shekharan & Bougie, 2015). There is no statistical test to determine whether a measure adequately covers a content area, content validity usually depends on the judgment of experts in the field (Mohajan, 2018). According to Mohajan (2018), the unclear and obscure questions can be amended, and the ineffective and nonfunctioning questions can be discarded by the advice of reviewers. In this study, the questionnaire was reviewed by the researcher and the supervisors. Unclear questions were reframed, some questions added, and others discarded. Content validity was also increased by studying questionnaires and questions used in similar studies.

Face validity is the degree to which a test appears to measure what it claims to measure (Leedy & Ormrod, 2004). It is a quick assessment of what the test is measuring (Mohajan, 2018). It is the simplest and least precise method of determining the validity and it relies entirely on the expertise and familiarity of the assessors concerning the subject matter (Nwana, 2017). If the research instrument is known to have content validity, face validity can be assumed, but face validity does not ensure content validity (Mohajan, 2018). Since the content validity for the research instrument under this study was known, it was assumed to have face validity.
Construct validity is the degree to which the scores on a test are related to the scores on another test, already established as valid, designed to measure the same construct. A test administered at the same time or to some other valid criterion available at the same time. It is necessary when a test for is constructed with a view to replacing less efficient one in used (Mohajan, 2018).

According to Tracy (2019), validity ensures that there is no systematic error and the random error is as small as possible. Validity is the level to which an instrument measures what it purports to measure. The validity reflects the extent at which the result of an observation is a true reflection of reality. To ensure internal validity, the questionnaire was simplified in a language that all participants are familiar with. The researcher determined validity by posing a series of standardized questions. The results of the pilot test established that the questionnaire was easy to answer, and the respondents could easily understand the questions.

**Data Processing and Analysis**

The generated quantitative data from the structured questionnaire. Descriptive and inferential statistics were used to analyze quantitative data after appropriate data coding. Descriptive statistics describe patterns and general trends in a data set. Descriptive statistics were used to examine or explore one variable at a time. Descriptive statistics included frequencies, percentages, mean and standard deviation. Mean is a measure of central tendency used to describe the most typical value in a set of values. Standard deviation shows how far the distribution is from the mean.

Inferential statistics were used to test the research hypotheses as they were trying to establish the associations and relationships between the independent variable) and the dependent variable. The relationship between level of the independent and dependent variables was measured using Pearson Correlation and regression analysis. This informed whether the independent variables significantly matter in influencing project success at a significance level of 0.05 thereby test the research hypotheses. The researcher conducted a linear regression analysis in order to establish the relationship between the stakeholder’s management practices and the project success. Regression analysis was used to predict the value of the dependent variable on the basis of the independent variables using R square. This was also used to get regression model coefficients. Linear regression was used to test relationship between variables due to linear relationship between the variables. The following regression model was used for quantitative procedures examining the relationship between independent and dependent variables. The regression model used is as shown below.

\[ Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon \]

Where;

- \( Y \) = performance of listed Commercial Banks in Kenya;
- \( \beta_1, \beta_2, \beta_3, \beta_4 \) = Coefficient of the Independent Variables;
- \( X_1 \) = Strategic direction;
- \( X_2 \) = Human capacity development
- \( X_3 \) = Strategic Design
- \( X_4 \) = Strategy Control
- \( \beta_0 \) = Constant= Error term. The assumption of this model is that there must be a linear relationship between the outcome variable and the independent variable.
Diagnostic Tests

The relationship between the dependent and the independent variables should satisfy the assumption of normality and multi-collinearity. Before conducting the regression analysis; it is advisable to conduct several diagnostic tests to establish the appropriateness of the data for making inference.

Test for Normality

Tests for normality calculate the probability that the sample was drawn from a normal population. Statistical tests for normality are more precise since actual probabilities are calculated (Habib et al., 2014). So when testing for normality: Probabilities > 0.05 mean the data are normal. Probabilities < 0.05 mean the data are not normal. In order to test for normality in this study Kolmogorov-Smirnov and the Shapiro-Wilk were used since they are more reliable test for determining skewness and kurtosis values of normality. Large probabilities in this study were taken to denote normally distributed data.

Test for Heteroscedasticity

Heteroscedasticity is present when the size of the error term differs across values of an independent variable. The impact of violating the assumption of homoscedasticity was a matter of degree, increasing as heteroscedasticity increased (Habib et al., 2014). For ordinary least squares; it was assumed that the error terms of the model had constant variance and that they are mutually uncorrelated. If that was not the case, then OLS is no longer efficient, so that we can possibly get more accurate estimates by applying different methods. To test for heteroscedasticity in this study, plots of the least squares’ residuals and their squares as well as scatters of these variables against explanatory variables or against the fitted values were made.

Test for Linearity

The linear relationship of the independent variables on the dependent variable was tested using Pearson’s correlation co-efficient between the listed commercial banks performance and each of the hypothesized explanatory variables as proposed by. Correlation coefficient shows the strength as well as the direction of the linear relationship. A negative correlation indicates an inverse relationship where an increase in one variable causes a decrease in the other, whereas positive correlation indicates a direct influence, where an increase in one variable causes an increase in the other variable.

Test for Multicollinearity

Multicollinearity is unacceptable high level of intercorrelation among independent variables such that the effects of independents cannot be separated. If there is a high degree of correlation between independent variables, we have a problem of multicollinearity. If there is a multicollinearity
between any two predictor variables, then the correlation coefficient between these two variables were near to unity. In such a situation we should use only one set of the independent variable to make our estimate (Kothari, 2014). Under multicollinearity, estimates are unbiased but assessment of the relative strengths of the explanatory variables and their joint effects are unreliable (Habib et al., 2014).

Large correlation coefficients in the correlation matrix of predictor variables indicate multicollinearity. As rule of thumb intercorrelation among the independents above 80 signals a possible problem. High multicollinearity is signaled when high R-squared and significant F-test of the model occur in combination with non-significant t-tests of the coefficients. None of the t-ratios for the individual coefficients is statistically significant, yet the overall F statistic is. If the absolute value of Pearson correlation is greater than 0.8, or close to 0.8 (such as 0.7±0.1), collinearity is likely to exist. In this case one of the collinear variables will have to be removed.

RESEARCH FINDINGS AND DISCUSSIONS

Response Rate

Three hundred and eighty-four questionnaires were handed out to management employees from registered commercial banks. From the 384 questionnaires distributed the study received 337 of them having been filled to satisfactory levels. As shown in Table 4.1, the questionnaires returned added up to 87.7% response rate that was taken to be excellent. This is because according Mugenda and Mugenda (2013), research achieves a response good enough to proceed with when it attains a 50% response rate, it is sufficient when it is at 60% any response above 70% is considered excellent. Posting an 87.7% response rate the study’s response can be employed in the realization of other goals such as reporting.

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Questionnaire</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returned</td>
<td>337</td>
<td>87.7</td>
</tr>
<tr>
<td>Un-returned</td>
<td>47</td>
<td>12.3</td>
</tr>
<tr>
<td>Total</td>
<td>384</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Demographic Information

Respondents Length of Service in the Organization

Determining how long research participants had been employees in the company helps the study to understand whether they are able to give useful information. Table 4.2 presents what was obtained by the findings.

Most (38.3%) of the study’s respondents had served in the companies for 6-10 years as indicated in table 4.2, 32% had been in employment for between 11-15 years and 12% had over 15 years of experience. This showed the chosen respondents had been employed by their respective companies for varied periods of time. Many had however served for 6-10 years, meaning respondents used had been employees of the organizations for long enough to be able to give critical information on the subject.
Table 4.1: Respondents Length of Service in the Organization

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5 years</td>
<td>60</td>
<td>17.7</td>
</tr>
<tr>
<td>6-10 years</td>
<td>129</td>
<td>38.3</td>
</tr>
<tr>
<td>11-15 years</td>
<td>108</td>
<td>32.0</td>
</tr>
<tr>
<td>Above 15 years</td>
<td>40</td>
<td>12.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>337</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

**Respondents Position in the Bank**

Knowing the position of respondents in the bank enabled the researchers know how well the respondents were well vast with bank operations, Table 4.3 presents the results of the research. Most (45.9%) of the research participants selected for the study as shown in table 4.3 were Functional-Level Management, 32.4% were Middle Level Management and 21.6% were Senior management. These results are evidence of varied level leadership in the organizations. All of them had gotten some skills through work that likely placed them in the position they were in their respective companies. Such respondents were therefore best to provide information on strategic leadership practices and performance of listed commercial banks in Kenya (Omolo, 2018).

Table 4.2: Respondents Position in the Bank

<table>
<thead>
<tr>
<th>Position in the Bank</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior management</td>
<td>73</td>
<td>21.6</td>
</tr>
<tr>
<td>Middle Level Management</td>
<td>109</td>
<td>32.4</td>
</tr>
<tr>
<td>Functional-Level Management</td>
<td>155</td>
<td>45.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>337</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

**Descriptive Analysis**

In this section Likert scale questions are presented by the study where research participants were required to tell their opinion on a number of statements concerning strategic leadership practices relates to performance of listed commercial banks in Kenya. The research utilized a five-point Likert scale ranked as follows, 1-strongly disagree, 2-disagree, 3-moderate, 4-agree, 5-strongly agree. The standard deviations and means employed in the interpretation of the findings where a mean value of 1-1.4 was strongly disagree, 1.5-2.4 disagree, 2.5-3.4 neutral, 3.5-4.4 agree and 4.5-5 strongly agree.

**Strategic Direction**

To obtain information about the first independent variable Strategic direction, several statements were asked and the respondents required to provide feedback. On the statement “The reason for existence of the bank is widely communicated” 5.6% of the respondents disagreed to the statement, 23.5% of the respondents neither agreed nor disagreed to the statement, 33.78% of the respondents agreed to the statement whereas 13.1% of the respondents strongly agreed to the statement, with a mean of 3.78 and standard deviation 0.739. On the second statement “Stakeholders are aware of the desired and the future of the bank?” 19.1% of the respondents neither agreed nor disagreed to the statement, 41.0% of the respondents agreed to the statement while 38.9% of the respondents strongly agreed to the statement, with a mean of 4.21 and standard deviation 0.741. On the statement “Stakeholders are inspired by the direction and purpose of the bank, 2.8% disagreed with the statement, 38.6% of the respondents neither agreed nor disagreed to the statement, 32.3% of the
respondents agreed to the statement whereas 26.3% of the respondents strongly agreed to the statement, with a mean of 3.82 and standard deviation 0.885. Regarding the statement “The purpose of existence creates a sense of belonging amongst Stakeholders”, 13.1% strongly disagreed to the statement, 10.4% of the respondents disagreed to the statement, 23.9% of the respondents neither agreed nor disagreed to the statement, 35.5% of the respondents agreed to the statement whereas 17.1% of the respondents strongly agreed to the statement, with a mean of 3.33 and standard deviation 1.251.

On the statement “Stakeholders identifies freely with the objectives of the bank.” 8.4% strongly disagreed to the statement, 23.9% disagreed to the statement, 23.5% of the respondents neither agreed nor disagreed to the statement whereas 13.1% of the respondents strongly agreed to the statement, with a mean of 3.17 and standard deviation 1.178. On the statement “There is a sense of ownership of the objectives and policies of the bank amongst stakeholders.” 8.0% strongly disagreed to the statement, 23.9% disagreed to the statement, 26.3% of the respondents neither agreed nor disagreed to the statement, 33.5% of the respondents agreed to the statement whereas 8.4% of the respondents strongly agreed to the statement, with a mean of 3.10 and standard deviation 1.105.

**Table 4.4: Strategic Direction Frequencies**

<table>
<thead>
<tr>
<th>Strategic Direction</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neither Agree nor Disagree</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The reason for existence of the bank is widely communicated</td>
<td>-</td>
<td>5.6</td>
<td>23.5</td>
<td>337.8</td>
<td>13.1</td>
<td>3.78</td>
<td>.739</td>
</tr>
<tr>
<td>Stakeholders are aware of the desired and the future of the bank</td>
<td>-</td>
<td>-</td>
<td>19.1</td>
<td>41.0</td>
<td>38.9</td>
<td>4.21</td>
<td>0.741</td>
</tr>
<tr>
<td>Stakeholders are inspired by the direction and purpose of the bank</td>
<td>-</td>
<td>2.8</td>
<td>38.6</td>
<td>32.3</td>
<td>26.3</td>
<td>3.82</td>
<td>.885</td>
</tr>
<tr>
<td>The purpose of existence creates a sense of belonging amongst Stakeholders.</td>
<td>13.1</td>
<td>10.4</td>
<td>23.9</td>
<td>35.5</td>
<td>17.1</td>
<td>3.33</td>
<td>1.251</td>
</tr>
<tr>
<td>Stakeholders identifies freely with the objectives of the bank.</td>
<td>8.4</td>
<td>23.9</td>
<td>23.5</td>
<td>31.1</td>
<td>13.1</td>
<td>3.17</td>
<td>1.178</td>
</tr>
<tr>
<td>There is a sense of ownership of the objectives and policies of the bank amongst stakeholders.</td>
<td>8.0</td>
<td>23.9</td>
<td>26.3</td>
<td>33.5</td>
<td>8.4</td>
<td>3.10</td>
<td>1.105</td>
</tr>
</tbody>
</table>

**Human Capacity Development**

On the statement “Stakeholders are involved in formulation of strategy for the bank” 15.1% strongly disagreed to the statement, 13.9% of the respondents disagreed to the statement, 35.5% of the respondents neither agreed nor disagreed to the statement, 24.7% of the respondents agreed to the statement whereas 10.8% of the respondents strongly agreed to the statement, with a mean of 3.02 and standard deviation 1.195.
On the statement “Information is gathered about the internal factors of the bank” 13.5% strongly disagreed to the statement, 8.8% of the respondents disagreed to the statement, 10.8% of the respondents neither agreed nor disagreed to the statement, 43.8% of the respondents agreed to the statement whereas 24.1% of the respondents strongly agreed to the statement, with a mean of 3.54 and standard deviation 1.306. On the statement “Bank resources are provided to support gathering of information about the bank’s environment”, 5.2% strongly disagreed to the statement, 23.9% of the respondents disagreed to the statement, 19.1% of the respondents neither agreed nor disagreed to the statement, 20.7% of the respondents agreed to the statement whereas 31.1% of the respondents strongly agreed to the statement, with a mean of 3.49 and standard deviation 1.291. Regarding the statement “Information is gathered about the external factors of the bank”, 4.8% strongly disagreed to the statement, 15.9% of the respondents disagreed to the statement, 7.6% of the respondents neither agreed nor disagreed to the statement, 47.0% of the respondents agreed to the statement whereas 24.7% of the respondents strongly agreed to the statement, with a mean of 3.71 and standard deviation 1.145.

On the statement “The information gathered is analyzed for the purpose of making decision” 4.8% strongly disagreed to the statement, 29.9% disagreed to the statement, 5.2% of the respondents neither agreed nor disagreed to the statement, 41.8% of the respondents agreed to the statement whereas 18.3% of the respondents strongly agreed to the statement, with a mean of 3.39 and standard deviation 1.223.

Table 4:5: Human Capacity Development Frequencies

<table>
<thead>
<tr>
<th>Human Capacity Development</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neither Agree nor Disagree</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stakeholders are involved in formulation of strategy for the bank.</td>
<td>15.1</td>
<td>13.9</td>
<td>35.5</td>
<td>24.7</td>
<td>10.8</td>
<td>3.02</td>
<td>1.195</td>
</tr>
<tr>
<td>Information is gathered about the internal factors of the bank.</td>
<td>13.5</td>
<td>8.8</td>
<td>10.8</td>
<td>43.8</td>
<td>24.1</td>
<td>3.54</td>
<td>1.306</td>
</tr>
<tr>
<td>Bank resources are provided to support gathering of information about the bank’s environment.</td>
<td>5.2</td>
<td>23.9</td>
<td>19.1</td>
<td>20.7</td>
<td>31.1</td>
<td>3.49</td>
<td>1.291</td>
</tr>
<tr>
<td>Information is gathered about the external factors of the bank</td>
<td>4.8</td>
<td>15.9</td>
<td>7.6</td>
<td>47.0</td>
<td>24.7</td>
<td>3.71</td>
<td>1.145</td>
</tr>
<tr>
<td>The information gathered is analysed for the purpose of making decision.</td>
<td>4.8</td>
<td>29.9</td>
<td>5.2</td>
<td>41.8</td>
<td>18.3</td>
<td>3.39</td>
<td>1.223</td>
</tr>
</tbody>
</table>

Strategic Design

On the statement “Stakeholder’s skills are matched with their responsibilities” 2.0% strongly disagreed to the statement, 2.8% of the respondents disagreed to the statement, 11.6% of the respondents neither agreed nor disagreed to the statement, 30.7% of the respondents agreed to the statement whereas 53.0% of the respondents strongly agreed to the statement, with a mean of 4.30 and standard deviation 0.922.
On the statement “The banks systems are aligned with objectives, strategies and plans of the Bank” 5.6% strongly disagreed to the statement, 7.2% of the respondents disagreed to the statement, 5.6% of the respondents neither agreed nor disagreed to the statement, 53.8% of the respondents agreed to the statement whereas 27.9% of the respondents strongly agreed to the statement, with a mean of 3.91 and standard deviation 1.058. On the statement “Action plans are collectively developed, 5.6% strongly disagreed to the statement, 27.1% of the respondents disagreed to the statement, 27.5% of the respondents agreed to the statement whereas 20.7% of the respondents strongly agreed to the statement, with a mean of 3.31 and standard deviation 1.229.

Regarding the statement “Resource allocation is matched with the banks objective.”, 10.4% strongly disagreed to the statement, 2.8% of the respondents disagreed to the statement, 19.1% of the respondents neither agreed nor disagreed to the statement, 41.8% of the respondents agreed to the statement whereas 25.9% of the respondents strongly agreed to the statement, with a mean of 3.70 and standard deviation 1.188. On the statement “Adequate resources are allocated for performance of tasks” 21.9% strongly disagreed to the statement, 29.1% of the respondents neither agreed nor disagreed to the statement, 39.0% of the respondents agreed to the statement whereas 10.0% of the respondents strongly agreed to the statement, with a mean of 3.15 and standard deviation 1.284.

On the statement “Information is gathered about the external factors of the bank” 9.6% of the respondents neither agreed nor disagreed to the statement, 41.0% of the respondents agreed to the statement whereas 49.4% of the respondents strongly agreed to the statement, with a mean of 4.40 and standard deviation 0.658. On the statement “The information gathered is analyzed for the purpose of making decision” 2.8% strongly disagreed to the statement, 5.6% of the respondents disagreed to the statement, 29.5% of the respondents agreed to the statement whereas 14.3% of the respondents strongly agreed to the statement, with a mean of 3.47 and standard deviation 0.904. Finally, on the statement “Stakeholders are sensitive to wastage when using of available resources” 7.6% strongly disagreed to the statement, 5.6% disagreed to the statement, 17.9% of the respondents neither agreed nor disagreed to the statement, 52.6% of the respondents agreed to the statement whereas 16.3% of the respondents strongly agreed to the statement, with a mean of 3.65 and standard deviation 1.061.

Table 4.6: Strategic Design Frequencies
Strategic Design

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neither Agree nor Disagree</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stakeholder’s skills are matched with their responsibilities.</td>
<td>2.0</td>
<td>2.8</td>
<td>11.6</td>
<td>30.7</td>
<td>53.0</td>
<td>4.30</td>
<td>0.922</td>
</tr>
<tr>
<td>The banks systems are aligned with objectives, strategies and plans of the Bank.</td>
<td>5.6</td>
<td>7.2</td>
<td>5.6</td>
<td>53.8</td>
<td>27.9</td>
<td>3.91</td>
<td>1.058</td>
</tr>
<tr>
<td>Action plans are collectively developed.</td>
<td>5.6</td>
<td>27.1</td>
<td>19.1</td>
<td>27.5</td>
<td>20.7</td>
<td>3.31</td>
<td>1.229</td>
</tr>
<tr>
<td>Resource allocation is matched with the bank’s objective.</td>
<td>10.4</td>
<td>2.8</td>
<td>19.1</td>
<td>41.8</td>
<td>25.9</td>
<td>3.70</td>
<td>1.188</td>
</tr>
<tr>
<td>Adequate resources are allocated for performance of tasks</td>
<td>21.9</td>
<td>-</td>
<td>29.1</td>
<td>39.0</td>
<td>10.0</td>
<td>3.15</td>
<td>1.284</td>
</tr>
<tr>
<td>Information is gathered about the external factors of the bank.</td>
<td>-</td>
<td>-</td>
<td>9.6</td>
<td>41.0</td>
<td>49.4</td>
<td>4.40</td>
<td>0.658</td>
</tr>
<tr>
<td>The information gathered is analyzed for the purpose of making decision</td>
<td>2.8</td>
<td>5.6</td>
<td>47.8</td>
<td>29.5</td>
<td>14.3</td>
<td>3.47</td>
<td>0.904</td>
</tr>
<tr>
<td>Stakeholders are sensitive to wastage when using of available resources.</td>
<td>7.6</td>
<td>5.6</td>
<td>17.9</td>
<td>52.6</td>
<td>16.3</td>
<td>3.65</td>
<td>1.061</td>
</tr>
</tbody>
</table>

Strategic Control

On the statement “There is a clear communication of the expected level of execution of activities amongst stakeholders” 2.8% strongly disagreed to the statement, 2.0% of the respondents disagreed to the statement, 13.5% of the respondents neither agreed nor disagreed to the statement, 51.8% of the respondents agreed to the statement whereas 29.9% of the respondents strongly agreed to the statement, with a mean of 4.04 and standard deviation 0.875. Regarding the statement “Target deriving from the objectives of the bank are mutually developed”, 8.0% strongly disagreed to the statement, 18.7% of the respondents disagreed to the statement, 16.3% of the respondents neither agreed nor disagreed to the statement, 51.8% of the respondents agreed to the statement whereas 5.2% of the respondents strongly agreed to the statement, with a mean of 3.27 and standard deviation 1.177.

On the statement “Actual level of execution of activities is monitored continuously”, 2.8% strongly disagreed to the statement, 12.4% of the respondents neither agreed nor disagreed to the statement, 56.6% of the respondents agreed to the statement whereas 28.3% of the respondents strongly agreed to the statement, with a mean of 4.08 and standard deviation 0.809. On the statement “Comparison amongst actual and expected level of execution of activities is undertaken continuously” 2.8% strongly disagreed to the statement, 25.5% of the respondents neither agreed nor disagreed to the statement, 337.8% of the respondents agreed to the statement whereas 13.9% of the respondents strongly agreed to the statement, with a mean of 3.80 and standard deviation 0.780. On the statement “Stakeholders are continuously appraised on their level of execution of activities” 10.4% strongly disagreed to the statement, 14.3% of the respondents disagreed to the statement, 26.7% of the respondents neither agreed nor disagreed to the statement, 37.5% of the respondents agreed to the statement whereas 11.2% of the respondents strongly agreed to the statement, with a mean of 3.25 and standard deviation 1.150. On the statement “Timely corrective measure are undertaken to
address any shortcoming identified” 2.8% strongly disagreed to the statement, 8.0% of the respondents disagreed to the statement, 35.9% of the respondents neither agreed nor disagreed to the statement, 47.8% of the respondents agreed to the statement whereas 5.6% of the respondents strongly agreed to the statement, with a mean of 3.45 and standard deviation 0.830. On the statement “Change management strategy has involved the integration of all institutional functions and with the external environment” 10.4% strongly disagreed to the statement, 8.8% of the respondents disagreed to the statement, 16.7% of the respondents neither agreed nor disagreed to the statement, 39.8% of the respondents agreed to the statement whereas 24.3% of the respondents strongly agreed to the statement, with a mean of 3.59 and standard deviation 1.237. Concerning the statement “There has been organization leadership change that positively impacted on performance” 2.8% strongly disagreed to the statement, 2.8% of the respondents disagreed to the statement, 29.1% of the respondents neither agreed nor disagreed to the statement, 44.2% of the respondents agreed to the statement whereas 21.1% of the respondents strongly agreed to the statement, with a mean of 3.78 and standard deviation 0.905. Lastly, on the statement “There has been organization resistance to change that sometimes undermine the change vision” 8.8% strongly disagreed to the statement, 5.2% of the respondents disagreed to the statement, 25.5% of the respondents neither agreed nor disagreed to the statement, 44.2% of the respondents agreed to the statement whereas 16.3% of the respondents strongly agreed to the statement, with a mean of 3.54 and standard deviation 1.100.

Table 4:7: Strategic Change Frequencies

<table>
<thead>
<tr>
<th>Strategic Change</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neither Agree nor Disagree</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is a clear communication of the expected level of execution of activities amongst stakeholders</td>
<td>2.8</td>
<td>2.0</td>
<td>13.5</td>
<td>51.8</td>
<td>29.9</td>
<td>4.04</td>
<td>0.875</td>
</tr>
<tr>
<td>Target deriving from the objectives of the bank are mutually developed</td>
<td>8.0</td>
<td>18.7</td>
<td>16.3</td>
<td>51.8</td>
<td>5.2</td>
<td>3.27</td>
<td>1.177</td>
</tr>
<tr>
<td>Actual level of execution of activities is monitored continuously</td>
<td>2.8</td>
<td>-</td>
<td>12.4</td>
<td>56.6</td>
<td>28.3</td>
<td>4.08</td>
<td>0.809</td>
</tr>
<tr>
<td>Comparison amongst actual and expected level of execution of activities is undertaken continuously</td>
<td>2.8</td>
<td>-</td>
<td>25.5</td>
<td>337.8</td>
<td>13.9</td>
<td>3.80</td>
<td>0.780</td>
</tr>
<tr>
<td>Stakeholders are continuously appraised on their level of execution of activities</td>
<td>10.4</td>
<td>14.3</td>
<td>26.7</td>
<td>37.5</td>
<td>11.2</td>
<td>3.25</td>
<td>1.150</td>
</tr>
<tr>
<td>Timely corrective measure is undertaken to address any shortcoming identified.</td>
<td>2.8</td>
<td>8.0</td>
<td>35.9</td>
<td>47.8</td>
<td>5.6</td>
<td>3.45</td>
<td>0.830</td>
</tr>
</tbody>
</table>

**Performance of commercial banks in Kenya**

On the statement “Strategic leadership practices results in reduction in turn-around time.” 10.4% of the respondents neither agreed nor disagreed to the statement, 64.9% of the respondents agreed to the statement whereas 24.7% of the respondents strongly agreed to the statement, with a mean of
4.14 and standard deviation 0.3376. On the statement “Our organization has realized improved level of employees’ performance”, 5.6% strongly disagreed to the statement, and 16.7% of the respondents neither agreed nor disagreed to the statement, 337.0% of the respondents agreed to the statement whereas 20.7% of the respondents strongly agreed to the statement, with a mean of 3.87 and standard deviation 0.929. Regarding the statement “Strategic leadership practices enhance the speed of response to customers issues”, 2.0% strongly disagreed to the statement, 13.1% disagreed to the statement 21.5% of the respondents neither agreed nor disagreed to the statement, 49.4% of the respondents agreed to the statement whereas 13.9% of the respondents strongly agreed to the statement, with a mean of 3.60 and standard deviation 0.951. On the statement “Strategic leadership practices supports repeat purchases by customers”, 2.8% strongly disagreed to the statement, 12.4% of the respondents neither agreed nor disagreed to the statement, 40.6% of the respondents agreed to the statement whereas 44.2% of the respondents strongly agreed to the statement, with a mean of 4.24 and standard deviation 0.874. On the statement “Strategic leadership practices result in superior offerings by the bank” 2.8% strongly disagreed to the statement, 22.7% of the respondents neither agreed nor disagreed to the statement, 47.0% of the respondents agreed to the statement whereas 27.5% of the respondents strongly agreed to the statement, with a mean of 3.96 and standard deviation 0.869. On the statement “There are reduced cases of customer complaints.” 11.6% strongly disagreed to the statement, 13.5% strongly disagreed to the statement, 17.1% of the respondents neither agreed nor disagreed to the statement, 31.9% of the respondents agreed to the statement whereas 25.9% of the respondents strongly agreed to the statement, with a mean of 3.47 and standard deviation 1.318. On the statement “Strategic leadership practices support development processes that are customer friendly” 2.8% of the respondents neither agreed nor disagreed to the statement, 18.3% of the respondents agreed to the statement 48.6% of the respondents strongly agreed to the statement, whereas 30.3% of the respondents strongly agreed to the statement, with a mean of 4.04 and standard deviation 0.859.

### Table 4.8: Performance of commercial banks in Kenya

<table>
<thead>
<tr>
<th>Performance of commercial banks in Kenya</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neither Agree nor Disagree</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic leadership practices result in reduction in turn-around time.</td>
<td>-</td>
<td>-</td>
<td>10.4</td>
<td>64.9</td>
<td>24.7</td>
<td>4.14</td>
<td>0.3376</td>
</tr>
<tr>
<td>Our organization has realized improved level of employees’ performance</td>
<td>5.6</td>
<td>-</td>
<td>16.7</td>
<td>337.0</td>
<td>20.7</td>
<td>3.87</td>
<td>0.929</td>
</tr>
<tr>
<td>Strategic leadership practices enhance the speed of response to customers issues</td>
<td>2.0</td>
<td>13.1</td>
<td>21.5</td>
<td>49.4</td>
<td>13.9</td>
<td>3.60</td>
<td>0.951</td>
</tr>
<tr>
<td>Strategic leadership practices support repeat purchases by customers.</td>
<td>2.8</td>
<td>-</td>
<td>12.4</td>
<td>40.6</td>
<td>44.2</td>
<td>4.24</td>
<td>0.874</td>
</tr>
<tr>
<td>Strategic leadership practices result in superior offerings by the bank.</td>
<td>2.8</td>
<td>-</td>
<td>22.7</td>
<td>47.0</td>
<td>27.5</td>
<td>3.96</td>
<td>0.869</td>
</tr>
</tbody>
</table>

**Pilot Study Results**
The research instrument was tested for validity and reliability. A sample of thirty-eight (38) questionnaires drawn from the commercial banks were subjected to the pilot study. According to Creswell (2008), the rule of thumb is that 10% of the sample should constitute a pilot test.

**Validity of Research instrument**

Validity was tested by employing face validity and content validity to ensure correctness of the questionnaire. Through content validation and in consultation with strategy experts, strategy professionals, strategy lecturers and my supervisors, it was confirmed that the items were a representative sample of all items within the content domain of interest and that they would address the desired issues.

**Reliability of Research instrument**

Cronbach Alpha was used to determine the reliability of the questionnaire. The overall Cronbach Alpha was 0.858 which was found to be very good and hence the research instrument was reliable for the current study. George and Mallery (as cited in Kimaku, Omwenga & Nzulwa, 2019) stated that the reliability of the constructs were acceptable based on the rule that when Cronbach’s alpha value is greater than 0.9, it is considered excellent; when value is 0.8 is deemed very good and when it is 0.7, it is rated as good.

**Table 4.1: Overall reliability coefficients (Cronbach Alpha) of the independent variables**

<table>
<thead>
<tr>
<th>S/No.</th>
<th>Variable</th>
<th>No. of Items</th>
<th>Cronbach Alpha Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Human Capacity Development</td>
<td>7</td>
<td>0.825</td>
</tr>
<tr>
<td>2</td>
<td>Strategic Direction</td>
<td>8</td>
<td>0.915</td>
</tr>
<tr>
<td>3</td>
<td>Strategic Control</td>
<td>8</td>
<td>0.854</td>
</tr>
<tr>
<td>4</td>
<td>Strategic Design</td>
<td>8</td>
<td>0.904</td>
</tr>
<tr>
<td>5</td>
<td>Performance of listed commercial bank in Kenya</td>
<td>7</td>
<td>0.790</td>
</tr>
<tr>
<td></td>
<td><strong>AVERAGE</strong></td>
<td><strong>7.6</strong></td>
<td><strong>0.858</strong></td>
</tr>
</tbody>
</table>

**Table 4.2: Overall reliability coefficients (Cronbach Alpha) for the dependent variable**

<table>
<thead>
<tr>
<th>S/No.</th>
<th>Variable</th>
<th>No. of Items</th>
<th>Cronbach Alpha Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Performance of listed commercial banks in Kenya</td>
<td>10</td>
<td>0.869</td>
</tr>
</tbody>
</table>

**Inferential Statistics**

Both correlation and regression analyses were performed to find out the degree of relationship between the variables and the contribution of independent variables towards the dependent variable for correlation and regression respectively.

**Correlation Analysis**
Correlation analysis identified the existence or otherwise of relationship between performances of listed Commercial Banks in Kenya and all the other variables. Pearson Product Moment Correlation coefficient was used, the correlation coefficient (r) was used to establish whether there was linear relationship between the variables of interest in the study. The coefficient of determination (r²) was used to check for goodness - of - fit. The value of r ranges between -1 and +1, r = 0 implies no correlation, r = 1 means perfect correlation.

**Correlation analysis for performance of listed Commercial Banks in Kenya**

From table 4.8 below, there is a positive significant relationship between performance of listed Commercial Banks in Kenya and Strategic direction. The Pearson’s correlation coefficient was 0.653, p-value <0.001. This implied that 65.3% of performance of listed Commercial Banks in Kenya in Kenya is explained by Strategic direction. Likewise, there was a strong positive significant relationship between performance of listed Commercial Banks in Kenya and Strategic Design, with a Pearson’s correlation coefficient of 0.763 and a p-value<0.001, implying that 76.3% of performance of listed Commercial Banks in Kenya in Kenya is explained by Strategic Design. Between performance of listed Commercial Banks in Kenya and Strategy Control the Pearson’s correlation coefficient was 0.800 and a p-value <0.001, which implied a strong positive significant relationship. The results imply that 80.0% of performance of listed Commercial Banks in Kenya in Kenya is explained by Strategy Control.

Congruently, the correlation coefficient between performance of listed Commercial Banks in Kenya and Human capacity development was 0.700 and p-value < 0.001 respectively, implying a high positive significant relationship between the two variables, implying that 70.0% of performance of listed Commercial Banks in Kenya in Kenya is explained by Human capacity development.

<table>
<thead>
<tr>
<th>Correlation coefficient</th>
<th>Y</th>
<th>X1</th>
<th>X2</th>
<th>X3</th>
<th>X4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>.653**</td>
<td>.763**</td>
<td>.800**</td>
<td>.700**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>N</td>
<td>251</td>
<td>251</td>
<td>251</td>
<td>251</td>
<td>251</td>
</tr>
</tbody>
</table>

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

A similar study by Kibera, F.N and Oduor, J.A. (2018) on strategic leadership and financial performance of commercial banks in Kenya co-pined the same. The study found out that strategic leadership had significant positive correlation effect on financial performance of commercial banks in Kenya. Specifically, the study found that strategic leadership practice such as visioning, teamwork, innovation and risk taking had positive significant effect and return on asset.

**Correlation analysis for Strategic direction**
Table 4.9 below shows that there were strong positive significant relationships between Strategic direction and all other independent variables and the moderating variables. The correlation coefficients were 0.598, 0.780, 0.617, and 0.540, all with p-values less than 0.001.

**Table 4:9: Correlation matrix for Strategic direction variable**

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Y</th>
<th>X1</th>
<th>X2</th>
<th>X3</th>
<th>X4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson</td>
<td>.653**</td>
<td>1</td>
<td>.598**</td>
<td>.780**</td>
<td>.617**</td>
</tr>
<tr>
<td>Correlation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>N</td>
<td>251</td>
<td>251</td>
<td>251</td>
<td>251</td>
<td>251</td>
</tr>
</tbody>
</table>

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

Rajamohan, S., & Sundar, V. (2015) studied on strategic direction and performance of Indian banks. The study examined the relationship between strategic direction and financial performance of Indian banks. The study used correlation analysis to investigate the relationship between strategic direction and key financial ratios such as return on assets, return on equity, and net interest margin. The results of the study showed a positive correlation between strategic direction and financial performance of Indian banks.

**Correlation analysis for Strategic Design**

Table 4.10 below shows that there were strong positive significant relationships between Strategic Design and Strategic direction, Strategic Control, Human capacity development and organization culture. The correlation coefficients were 0.598, 0.804, 0.872, and 0.817, all with p-values less than 0.001. Córdoba-Pachón, J. R., & Pérez-López, R. (2020) studied strategic design orientation and business performance with a focus on small and medium-sized enterprises. The study examined the relationship between strategic design orientation and business performance of small and medium-sized enterprises (SMEs). The study used correlation analysis to investigate the relationship between strategic design orientation and key business performance indicators such as sales growth, profitability, and market share. The results of the study showed a positive correlation between strategic design orientation and business performance of SMEs.

**Table 4:10: Correlation matrix for Strategic Design variable**

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Y</th>
<th>X1</th>
<th>X2</th>
<th>X3</th>
<th>X4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson</td>
<td>.763**</td>
<td>.598**</td>
<td>1</td>
<td>.804**</td>
<td>.872**</td>
</tr>
<tr>
<td>Correlation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>N</td>
<td>251</td>
<td>251</td>
<td>251</td>
<td>251</td>
<td>251</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
From table 4.11 below, it is shown that there were strong positive significant relationships between Strategic Control variable and Strategic direction, Strategic Design, Human capacity development. The correlation coefficients were 0.780, 0.804, and 0.760 all with p-values less than 0.001. This implied that 78.0% of Strategic Control was explained by Strategic direction, 80.4% of Strategic Control was explained by Strategic Design, and 76.0% of Strategic Control was explained by Human capacity development.

Ersahin, N., & Keskin, H. (2019) conducted a study on the relationship between strategic control and firm performance as evidenced in Turkey. This study examined the relationship between strategic control and firm performance in Turkey. The study used correlation analysis to investigate the relationship between strategic control and key financial performance indicators such as return on assets, return on equity, and market value. The results of the study showed a positive correlation between strategic control and firm performance in Turkey.

Table 4.11: Correlation matrix for Strategic Control variable

<table>
<thead>
<tr>
<th></th>
<th>Y</th>
<th>X1</th>
<th>X2</th>
<th>X3</th>
<th>X4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>0.800**</td>
<td>0.780**</td>
<td>0.804**</td>
<td>1</td>
<td>0.760**</td>
</tr>
<tr>
<td>X3</td>
<td>Sig. (2-tailed)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>N</td>
<td>251</td>
<td>251</td>
<td>251</td>
<td>251</td>
<td>251</td>
</tr>
</tbody>
</table>

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

Correlation analysis for Human capacity development

Table 4.121 below shows that there were strong positive significant relationships between Human capacity development variable and Strategic direction, Strategic Design, Strategic Control and Human capacity development. The correlation coefficients were 0.617, 0.872, 0.760, and 0.841, all with p-values less than 0.001. This implied that 61.7% of Human capacity development was explained by Strategic direction, 87.2% of Human capacity development was explained by Strategic Design.

Udeh, F. N., Okolie-Osemene, I. I., & Iwu, C. G. (2019) studied human capacity development and organizational performance in relation to the role of employee competencies in Nigerian SMEs. This study examined the relationship between human capacity development, employee competencies, and organizational performance in Nigerian SMEs. The study used correlation analysis to investigate the relationship between human capacity development, employee competencies, and key organizational performance indicators such as productivity and profitability. The results of the study showed a positive correlation between human capacity development, employee competencies, and organizational performance in Nigerian SMEs.

Table 4.12: Correlation matrix for Human capacity development variable
### Correlations

<table>
<thead>
<tr>
<th></th>
<th>Y</th>
<th>X₁</th>
<th>X₂</th>
<th>X₃</th>
<th>X₄</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pearson Correlation</strong></td>
<td>1.00</td>
<td>0.617**</td>
<td>0.872**</td>
<td>0.760**</td>
<td>1.00</td>
</tr>
<tr>
<td><strong>Sig. (2-tailed)</strong></td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>N</strong></td>
<td>251</td>
<td>251</td>
<td>251</td>
<td>251</td>
<td>251</td>
</tr>
</tbody>
</table>

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

#### 4.5.1.6 Summarized correlations for all variables

Table 4.13 below depicts a summary of correlations of all the variables.

**Table 4.1: Correlation matrix for all variables**

<table>
<thead>
<tr>
<th></th>
<th>Y</th>
<th>X₁</th>
<th>X₂</th>
<th>X₃</th>
<th>X₄</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pearson Correlation</strong></td>
<td>1.00</td>
<td>0.653**</td>
<td>0.763**</td>
<td>0.800**</td>
<td>1.00</td>
</tr>
<tr>
<td><strong>Sig. (2-tailed)</strong></td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>N</strong></td>
<td>251</td>
<td>251</td>
<td>251</td>
<td>251</td>
<td>251</td>
</tr>
</tbody>
</table>

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

### Diagnostic Tests
Before conducting regression analysis computation, the research tested whether assumptions of regression analysis were met by the data. The data was therefore tested for assumption violations of linearity and normality, multicollinearity and Autocorrelation.

**Linearity Test**

Another assumption held in regression analysis is that the independent variable which is the predictors and the dependent variable which is the predicted have a linear relationship. Linear relationship come into existence when the dependent variable’s (Y) values and the independent variable’s (X) values fall on a straight line when plotted on a graph. It does not matter whether the line falls in a positive or negative slope. As shown in Figure 4.1, strategic leadership practices have positive linear relationship with Performance of Commercial Banks in Kenya. The results suggest that increased strategic leadership practices results in the rise of Performance of Commercial Banks in Kenya.

*Figure 4.1: Scatter plot for strategic leadership practices and Performance of Commercial Banks.*

### 4.6.2.2 Normality Test

In this research, investigation for normality was done by Shapiro Wilk test. The null hypothesis for Shapiro Wilk test was that the population is normally distributed; since there is enough evidence that the data is normally distributed.

From the results in Table 4.14, all the variables contained p-values higher than 0.05. This suggests that we proceed with the null hypothesis and make a conclusion that the data was obtained from a normal population, i.e., the normality assumption is met.

*Table 4.14: Shapiro-Wilk Test of Normality*

<table>
<thead>
<tr>
<th></th>
<th>Shapiro-Wilk Statistic</th>
<th>Df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic direction</td>
<td>.794</td>
<td>337</td>
<td>.256</td>
</tr>
<tr>
<td>Human capacity development</td>
<td>.671</td>
<td>337</td>
<td>.213</td>
</tr>
<tr>
<td>Strategy design</td>
<td>.850</td>
<td>337</td>
<td>.240</td>
</tr>
<tr>
<td>Strategy control</td>
<td>.833</td>
<td>337</td>
<td>.215</td>
</tr>
<tr>
<td>Performance of Commercial Banks</td>
<td>.770</td>
<td>337</td>
<td>.311</td>
</tr>
</tbody>
</table>

**Autocorrelation**
The study checked for autocorrelation utilizing Durbin-Watson test in linear regression model. Durbin-Watson’s test’s hypothesis is that the residuals are not linearly auto correlated. The d value has a range of 0 to 4, in case the d values are; 1.5 < d < 2.5 it shows the lack of data autocorrelation. Findings presented in Table 4.15 show that no autocorrelation was observed in the data.

**Table 4.15: Durbin-Watson Autocorrelation Test**

<table>
<thead>
<tr>
<th>Model</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2.228</td>
</tr>
</tbody>
</table>

**Multicollinearity**

Variance inflation factor (VIF) proved useful in testing multicollinearity. If VIF is greater than 5 but below 10, this indicated moderate presence of multicollinearity. When VIF is greater or equal to 10, this it shows high multicollinearity. Table 4.16 shows the results. From the findings, the VIF values for the four independent variables were below than 10, an indication multicollinearity was present, but it was not severe. Therefore, regression analysis can be computed because there is no severe multicollinearity observed.

**Table 4.16: Multicollinearity Assumption**

<table>
<thead>
<tr>
<th>Collinearity Statistics</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic direction</td>
<td>.139</td>
<td>7.173</td>
</tr>
<tr>
<td>Human capacity development</td>
<td>.190</td>
<td>5.268</td>
</tr>
<tr>
<td>Strategy design</td>
<td>.188</td>
<td>5.319</td>
</tr>
<tr>
<td>Strategy control</td>
<td>.146</td>
<td>6.834</td>
</tr>
</tbody>
</table>

**Multiple Regression Analysis**

To determine how strategic leadership practices affects performance of Commercial Banks in Kenya, the study computed multiple regression analysis. The results were placed on three tables presented and discussed in coming subsections.

The amount of dependent variable variation attributed to the behaviour of the independent variables was determined by computing a model summary. This study measured variation in Performance of Commercial Banks in Kenya as a result of changes in strategic direction, Human capacity development, Strategy design and Strategy control.

According to the results presented in Table 4.12, the value of R square is 0.877. This shows that 87.7% difference in financial performance can be credited to these changes in strategic direction, Human capacity development, Strategy design and Strategy control. The remaining 12.3% suggests other factors exist that are helpful in explaining variation in Performance of Commercial Banks excluded in this study. The results also suggest the independent variables (strategic direction, Human capacity development, Strategy design and Strategy control).

**Table 4.17: Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>$R$</th>
<th>$R$ Square</th>
<th>Adjusted $R$ Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.936$^a$</td>
<td>.877</td>
<td>.868</td>
<td>.033767</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Strategy control, Human capacity development, Strategic direction, Strategy design

According to a study titled "Effect of Strategic Leadership Practices on Performance of Commercial Banks in Kenya" by Kennedy Ogollah Otiso and Dr. Isaac Ochieng of Jomo Kenyatta University of Agriculture and Technology (JKUAT), strategic leadership practices had a significant impact on
the performance of commercial banks in Kenya. The study found that effective strategic leadership practices, such as visioning, strategic planning, communication, and organizational culture, were positively correlated with the financial performance of commercial banks in Kenya.

**Analysis of Variance**

Variance analysis shows the developed model’s significance. In this research, the model significance was tested at significance level of five percent. From the findings in Table 4.18, the significance of 0.000 is below the chosen significance level of 0.05, meaning it can be considered significant. These results prove that the F-calculated value (16.344) was above the F-critical value ($F_{4,333}=2.550$); this insinuates that the variables, strategic direction, Human capacity development, Strategy design and Strategy control can be used to predict Performance of Commercial Banks in Kenya.

**Table 4.18: ANOVA**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>1.233</td>
<td>4</td>
<td>.308</td>
<td>92.716</td>
<td>.000b</td>
</tr>
<tr>
<td>1 Residual</td>
<td>.173</td>
<td>333</td>
<td>.003</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1.406</td>
<td>337</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*a. Dependent Variable: Performance of Commercial Banks*  
*b. Predictors: (Constant), Strategy control, Human capacity development, Strategic direction, Strategy design*

**Regression Coefficients of the Study Variables**

This regression equation model was used to fit the regression coefficient.  
$Y= \beta_0+ \beta_1X_1+\beta_2X_2+ \beta_3X_3+ \beta_4X_4+ \epsilon.$ Where, $Y=$ Performance of Commercial Banks in Kenya, $\beta_0=$ constant (coefficient of intercept), $X_1=$ Strategic direction s; $X_2=$ Human capacity development; $X_3=$ strategy design; $X_4=$ strategy control; $\epsilon =$ error term.  
From the findings presented in table 4.19 below, the following regression equation was fitted:

**Multiple regressions**

$$Y = 1.347 + 0.347 X_1 + 0.196 X_2 + 0.338 X_3 + 0.279 X_4$$

Observing the equations, it can be noted that when all the other variables (strategic direction, Human capacity development, Strategy design and Strategy control) remain at constant zero, a constant value of 1.347 was held by the Performance of listed Commercial Banks.

The results depict strategic leadership practices significantly impacting Performance of listed Commercial Banks ($\beta=0.347, p=0.001$). These results insinuate that strategic direction is significantly influences Performance of Commercial Banks in Kenya in a positive way. Meaning, a unit rise in strategic leadership practices leads to a rise in Performance of Commercial Banks in Kenya, by 0.347 units.

Consequently Muchira (2013), conducted research on strategy implementation and performance of commercial banks in Kenya. He established that strategic implementation contributed to the
employee satisfaction and reduced their turnover; he asserted that strategy implementation involves all employees. This is the assertion that this research has made that strategy formulation involves the employees because they will participate in its implementation. Ongore et al (2016), conducted research on determinants of financial performance on commercial banks in Kenya. He found out that the quality of staff and the ability of management to deploy resources efficiently contributes to the financial performance of the banks in Kenya. Based on these assertions the findings of this research concur with the findings of other researchers reviewed. It is the assertion of this study that when banks have a clear vision and mission, have clearly and participatory formulated strategies, organize the business portfolios by allocating enough resources and emphasize ethical values among the employees result to a significant improvement in performance.

The study found that Strategic control has an influence on Performance of listed Commercial Banks ($\beta=0.279$, $p=0.013$). As a result, a unit rise in Strategy control led to a 0.279 unit rise in the Performance of listed Commercial Banks in Kenya. The study's findings support Maki's (2012) finding that there is a positive significant relationship between Performance of Commercial Banks and Strategy control. Strategic design has an influence on Performance of listed Commercial Banks ($\beta=0.338$, $p=0.018$). The studies also revealed that decision-making procedures on investment had a desirable impact on Performance of Commercial Banks. These findings imply that investing decision-making procedures exhibit a favourable impact on Performance of Commercial Banks. As a result, a unit increase in Strategy design processes leads to a 0.338 unit rise in the Performance of Commercial Banks in Kenya. The study's findings accord with Mweresa (2018) that investment in manufacturing has a huge effect on a company's Performance of Commercial Banks.

Leperleen (2014), conducted a study on leadership styles and performance of commercial banks in Kenya. She established that there was significant correlation between leadership style employed and the performance of commercial banks in Kenya. Part of the styles she studied was the democratic leadership type. This study established that there was an increase in performance when employees are all involved in strategy formulation, which asserts on involvement and consultations. Human capacity development has great effect on Performance of listed Commercial Banks ($\beta=0.196$, $p=0.041$). The outcomes went ahead to suggest that Human capacity development have positive influence on financial well being. These results show that Human capacity development positively and significantly influence financial wellbeing. Meaning, a unit rise in Human capacity development will leads to a rise in Performance of Commercial Banks in Kenya by 0.196 units.

Many researchers have researched on the area of leadership and others specifically on strategic leadership. The output of this research work can be compared with the output of other researchers. This comparison will aid in identifying the specific contributions of this work in the strategic leadership literature. Nthini (2016) conducted research on the influence of strategic leadership on the outcome commercial and financial state corporations in Kenya; in her study she established that the correlation of the variables was strongly significant. Strategic direction and the satisfaction of clients were found to be strong positive correlation This is an assertion of the significance of the strategic leadership. She also found out that human capacity development has a positive correlation with performance. This study established a strong correlation between the management of the
resource portfolio, and emphasis of ethical values to customer satisfaction. Strategy design equally had a positive correlation to performance in the study.

Table 4.1: Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.347</td>
<td>0.258</td>
<td>5.221</td>
<td>.000</td>
</tr>
<tr>
<td>Strategic direction</td>
<td>0.347</td>
<td>0.103</td>
<td>0.439</td>
<td>3.369</td>
</tr>
<tr>
<td>Human capacity development</td>
<td>0.196</td>
<td>0.077</td>
<td>0.226</td>
<td>2.545</td>
</tr>
<tr>
<td>Strategy design</td>
<td>0.338</td>
<td>0.138</td>
<td>0.402</td>
<td>2.449</td>
</tr>
<tr>
<td>Strategy control</td>
<td>0.279</td>
<td>0.108</td>
<td>0.327</td>
<td>2.583</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance of Commercial Banks in Kenya

**SUMMARY, CONCLUSION AND RECOMMENDATIONS**

**Summary of Findings**

The specific study’s objectives to establish the influence of strategic direction, Human capacity development, strategic design and Strategy control on Performance of Commercial Banks in Kenya. Findings of the research showed that majority of the respondents had early on worked in other institutions and banks by 94% that indicated that it gave the first experience to perform their duties effectively thus satisfying the bank objectives while 6% of the respondents indicated that they had not worked in any other institution nor bank before, therefore their banks were their first institutions of work.

**Strategic Control**

From this study, strategic leadership is very significant in influencing the performance of commercial banks. Effective strategic leadership in most banks have visions and missions which are widely shared throughout the organization, this was established to impact significantly on the various aspects of performance like it contributes to return on assets and on the return on equity. When banks have long term strategies that are broken into different levels of businesses and functional areas, experience and performance increase. Effective strategic leaders acquire employees with adequate requisite skills and establish the workflow charts and service delivery chatters and allocate resources to different business portfolio in data informed approach increase their performance. When strategic leaders emphasize ethical values in service delivery that seeks to take care of the customer’s satisfaction and responsible to the environment and public safety, the performance of their organizations increased. It is established that all factors held constant strategic leadership accounts for huge percentage of the organization performance.

**Strategic Design**
The study concludes that strategic design influences the performance Commercial Banks in Kenya. This implies that good strategic design has a direct impact on the level or rate of achieving competitive advantage by Commercial Banks in the Kenyan banking industry. It also implies that the employees in the overall designing planning, the training of staff on strategic planning and the allocation of resources for planning process positively affects the realization of performance of listed Commercial Banks in Kenya. This is an indication that there is a positive relationship between effective design and the performance of listed Commercial Banks in Kenya. Further, the study concludes that involving staff at all levels while coming up and reviewing its Vision and Mission, involving staff in different departments while setting objectives for self and the bank and evaluating of external threats and opportunities was included in different department’s strategic design improves banking performance.

**Strategic Direction**

The study concludes that strategic direction influences the performance of listed Commercial Banks in Kenya. This implies that good strategic direction has a direct impact on the level or rate of achieving competitive advantage by Commercial Banks in the Kenyan banking industry. It also implies that the employees in the overall direction, planning, the training of staff on strategic direction and the allocation of resources for planning process positively affects the realization of performance of listed Commercial Banks in Kenya. This is an indication that there is a positive relationship between effective design and the performance of listed Commercial Banks in Kenya.

**Human Capacity Development**

The study sought to establish the effect of human capacity development on the performance commercial Banks in Kenya. The research findings showed that there was a positive significant effect of human capacity on the performance commercial Banks in Kenya. This implied that good Human capacity development would inform better performance of listed Commercial Banks in Kenya.

**Conclusion**

The study concluded strategic leaders should reorganize their organizations by aligning their systems, through the strategy operationalization by ensuring that all departments of the organizations are changed to reflect the strategy commonly agreed and implemented. The study concluded that strategic leadership is about envisaging where you want the organization be or be like in the future articulated in a clear vision, formulating strategies that will facilitate the attainment of the visualized ideal, and then implementing the strategies through a clear framework to achieve the objectives or goals. The study also concluded that leadership interacts and determines nearly all factors of strategy implementation, making it a very critical factor in the performance of the organizations. The study also established that leadership is the pivot or plays a pivotal role in creating the most essential connection or joint between different elements, units and departments of an organization to craft unanimity of resolve and also singularity of focus essential for success in
the organization. Strategic leaders come up with the vision and mission of the organization and serve as an important link between the factors of strategy implementation.

**Recommendations**

Allocation of adequate resources to different business portfolios and ensuring that the resources are released at the right time to ensure the smooth running of internal processes is recommended in this study. Resources engaged in production or a service play a key to ensure quality, timely delivery and in the right quantities. Therefore, business portfolios that are suffocated of resources are not likely to deliver on their expectations. It is the recommendation of the researcher that ethical issues should be coined within the culture of the organizations. When employees work from a very solid ethical considerations, it goes a long way to enhance to a very significant extent the customer satisfaction and this enhances a customer loyalty. Customers are the key marketers of the organization and once they feel that they are treated according to their expectations and are regarded as important they will come back with their family members and friends and in one way or the other the lead to the growth of the organization.

**Suggestions for further research**

Because the study only focused on the commercial banks in Kenya, the researcher therefore recommends a replication of the study in other entities like manufacturing, production sector as well as other service industries in order to establish the relatable trends in regard to strategic leadership practices on their performance. Finally, the researcher further recommends future studies to adopt other research designs (e.g., experimental, causal or descriptive research designs) in studying issues on strategic leadership practices on performance.

Further a study on impact of digital transformation on strategic leadership practices and performance of commercial banks in Kenya, on how digital technologies continue to reshape the banking industry, there is a need to understand how effective strategic leadership practices can help banks to leverage digital tools and improve their performance. Lastly, the study suggested that there should be a study on the role of stakeholder engagement in strategic leadership practices and performance of commercial banks in Kenya: While effective communication and collaboration with employees is important, there is a need to understand how strategic leadership practices can help banks to engage other stakeholders such as customers, regulators, and the wider community in driving performance.

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