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Influence of Strategic Control on Organisation Performance in Commercial Banks in Kenya

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Abstract:
The literature addressing the topic of strategic controlis diffuse, and lacks an empirical foundation of basic descriptive research. Thus, many fundamental questions about the nature of strategic controls in organizations have not yet been clearly asked, let alone answered. We examined formal and informal practices and procedures the commercial banks in Kenya use to monitor, evaluate, adjust, and control their performance processes. A descriptive survey of 121 was conducted to examine the influence of strategic control on performance of commercial banks in Kenya using questionnaires for data collection and Statistical Package for Social Sciences (SPSS) used for data analysis to generate both descriptive and inferential statistics. We found that while premise control was negatively and insignificantly related to organization performance, implementation control, and strategic surveillance control and special alert control positively and significantly related to organization performance though the amount of explained variation in performance was 30%. This is an early attempt to explain the influence of strategic surveillance on bank performance on a Kenyan sample. It is recommended that further research be done to cover strategic controls in other sectors and on other control in order to arrive at more conclusive findings since this study can be of benefit to other organization in Kenya and the world.

Keywords: *Strategic Control, Organisation Performance, Banks, Kenya*

1. Introduction

Competitive business environment in financial sector in Kenya compels banks to adopt performance management tools that enhance performance and competitiveness. Strategic Controls are some of the instruments they use to maintain and sustain their strategic advantage over time. Strategic controls allow corporate-level managers to evaluate business-level performance on objective criteria, deliberate on day-to-day corporate operations, assess performance of employees and managers in each business unit, and examine the fit between what the firm might do and what it can do. Strategic controls are objective criteria that allow corporate managers to evaluate the returns earned by individual business units. Strategic controls have been put in place to ensure safe custody of all bank assets; to avoid misuse or misappropriation of commercial Banks assets and to detect and safeguard against probable frauds (GOK, 2009).

Because strategic controls serves many component purposes, there are increasing calls for better control systems; under financial control internal control is looked upon more and more as a solution to a variety of potential problems (COSO 2011). According to Hubbard, (2008), strategic controls are controls systems comprising of the control of environment and control procedures. They further state that strategic control systems include all the policies and procedures adopted by the directors and management of an entity to assist in achieving objectives and efficiency of conducting its business, including adherence to internal policies, the safeguarding of assets, detection of fraud and its prevention, the accuracy and achievement of the accounting records and well-timed preparation of reliable financial information in the sector.

1.1. Strategic Control

Strategic control is a term used to describe the process used by organizations to control the formation and execution of strategic plans and focuses on the achievement of future goals, rather than the evaluation of past performance it comprises four sub-constructs namely, premise control, implementation control, strategic surveillance control and special alert control. While premise control involves the systematic and constant methodic check on whether the premises upon which a strategy is grounded on are still valid, implementation control deals with the assessment on whether the overall strategy should be changed in light of unfolding events and

results associated with incremental steps and actions that implement the overall strategy On the other hand, strategic surveillance is about monitoring of a broad range of events inside and outside the company that are likely to threaten the course of the firm's strategy, and lastly, special alert control is concerned with the process by which organization need to thoroughly, and often rapidly, reconsider the firm's basis strategy based on a sudden, unexpected event such as natural disasters, chemical spills, plane crashes, product defects, hostile takeovers in Financial sector an example of sudden financial crisis such as inflation management,

1.2. Organisational Performance

Organisational performance is defined as an unstable balance between efficiency and effectiveness (Ostroff and Schmitt, 1993). It can also be seen as a state of the enterprise's competitiveness, reached by a level of effectiveness and efficiency that ensure sustainable market presence (Niculescu and Lavallette, 1999). Organisational Performance involves also the economic concept of creation of wealth or value to the organization. Thus, organisational performance is a relation between cost (operation cost of the organization) and the value of benefits obtained (Lorino, 2001).

1.3. Strategic Control in the Kenyan Banking Sector

Kenya as a developing nation has strengthened the strategic control system, through their agencies such as the Central Bank. The Ministry of finance encourages the commercial Banks to emphases on implementation of effective strategic control system. The board of directors of every commercial Banks are empowered to approve proper policies and procedures, and adequate overall strategic control systems, for monitoring and controlling the risks for each line of business and market served by such bank or financial institution, including credit, financial, market, operations, legal and any other risk affecting or likely to affect such bank or financial institutions (BAFIA, 2006).

The Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK) govern the Banking industry in Kenya hence act as strategic controls. The CBK, which falls under the Minister for Finance's docket, is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system which forms strategic control in the sector to help checks and balances. The CBK publishes information on Kenya's commercial banks and non-banking financial institutions, interest rates and other publications and guidelines which gives outcomes of the operations of the institutions. The banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the banks' interests and addresses issues affecting its members (Kenya Bankers Association annual Report, 2008).

The ministry of finance, the Central Bank of Kenya and the Kenya Bankers Association have for example been at the forefront in the introduction of Credit Information Sharing (CIS) to the credit market. The reason for introducing this mechanism was because there was a need to access reliable information on their customers in order to make lending more efficient and thus accounts for performance in these institutions. Today we have a working CIS that enables all commercial banks to share their credit information through licensed Credit Reference Bureaus (CRBs) and this will give detailed information on how banks are performing to help in the lending and as well in their sustainability(GoK, 2009). Despite the efforts to improve banks performance from bother regulatory and operational levels, empirical evidence on the relationship between strategic control at firm level and performance of organisations, is scarce, specifically among commercial banks in Kenya.

2. Literature Review

2.1. Theory

At its most basic level, contingency theory argues that organization structure and control system design depends on contextual factors existing within the organization's environment. The Agency theory describes firms as necessary structures to maintain contracts, and propounds that through firms, it is possible to exercise control which minimizes opportunistic behaviour of agents while the Control theory states that the inputs and outputs of a continuous control system are generally related by differential equations. The Conventional Economics theory states that the empirical evidence points a positive link on economic performance that drives firms due to the subsidies to joint network partners, and close cognitive distance of collaborative partners within a cluster.

2.2. Strategic Control

Strategic control is an off-shoot of performance and is nowadays referred to as corporate planning measure. According to (Olukanye, 2001) Strategic control is the process by which policies are formulated and strategies are selected and evaluated to achieve the performance goals and objectives of an institution. Both concepts of strategic control measures and performance are normally used interchangeably. According to Kotler, strategic control measures is the managerial process of developing and maintaining a viable relationship between the institution and its environment, through the development of performance based purpose, objectives and goals, growth strategies and business portfolio plans for company-wide operations. Strategic control is also seen as the institution key planning process towards what it wants to achieve in the long-term. It must convey a significant stretch for the institution, a sense of direction, discovery and opportunity that can be communicated as worthwhile to all employees. It should not focus so much on today's problems but rather on tomorrow's opportunities (Kotelnikov, 2007).

According to Fashoyin (2005), strategically control measures undertaken by banks are the most fundamental to all organizations. This involves visualization and determination of a future course of action that will lead a financial institution to achieving its desired objectives; that is the setting of objectives and the determination of how to achieve those objectives in order to perform. Banks

therefore need to come up with appropriate strategic control measures in creating unique brands, customer friendly products or services that will bring about brand preference and customer confidence in their day to day performance. Henceforth, the application strategies designed and tailored for the achievement of the objective of the organization requires to be fashioned out such that it will not only help in retaining the market share controlled, but also, the overall organisational performance inform of increased earnings at minimum costs (Goold, 2003).

2.3. Premise Control

Premise control are systems which have been designed to systematically and continuously check whether or not the premises set during the planning and implementation process are still valid by environmental conditions inflation, technology, interest rates, regulation, and demographic/social changes, and in industry factors for example, competitors, suppliers, substitutes, and barriers to entry which may likely to change or bring major impact on the company and its strategy thus affect performance (John, 2011).

They are designed to check methodically and constantly whether the premises on which a strategy is grounded on are still valid. If you discover that an important premise is no longer valid, the strategy may have to be changed. The sooner you recognize and reject an invalid premise, the better. This is because the strategy can be adjusted to reflect the reality. As a manager, you tend to ask yourself questions, such as whether the company is moving in the right direction, or whether your assumptions about major trends and changes in the company's environment are correct. Such questions necessitate the establishment of strategic controls (Vilain, 2003).

2.4. Implementation Control

Implementation control is designed to assess whether the overall strategy should be changed in light of unfolding events and results associated with incremental steps and actions that implement the overall strategy. It helps in Monitoring strategic thrusts on new or key strategic programs by what was agreed earlier in the planning process on which thrusts are critical factors in the success of the strategy or of the thrust or to use stop or assessments linked to a series of meaningful thresholds such as time, costs, research and development, success, associated with particular thrusts (John, 2011).

Implementing strategic plans may require leaders who lead through inspiration and coaching rather than command and control. Recognizing and rewarding success, inspiring, and modeling behaviors is more likely to result in true commitment than use of authority, which can lead to passive resistance and hidden rebellion. Good performance measures identify the critical focus points for an organization, and reward their successful achievement. When used to guide an organization, performance measures can be a competitive advantage because they drive alignment and common purpose across an organization, focusing everyone's best efforts at the desired goal. But defining measures can be tricky. Teams must continue to ask themselves such questions like if we were to measure performance this way, and the desired outcome is world-class customer service, measuring the volume of calls handled by representatives could drive the opposite behavior (Johnson, 2009).

2.5. Strategic Surveillance

Strategic surveillance is designed to monitor a broad range of events inside and outside the company that are likely to threaten the course of the firm's strategy it since its form of general monitoring of multiple information sources should be encouraged, with the specific intent being the opportunity to uncover important yet unanticipated information which are designed to safeguard the established strategy on a continuous basis (Campbell et al., 2011).

2.6. Special Alert Control

A special alert control is the process by which organization need to thoroughly, and often rapidly, reconsider the firm's basis strategy based on a sudden, unexpected event such as natural disasters, chemical spills, plane crashes, product defects, hostile takeovers in Financial sector an example of sudden financial crisis such as inflation management(Campbell, 2011).

2.7. Organization Performance and Strategic Control

Banking in most countries has come a long way and along the way due to the punitive operating business environment, some banks defunct out in the race to gaining customers' confidence and profitability but nonetheless, regardless of such restraints, others weathered the storm (Merton, 2006).Whilst most individuals believed that with the introduction of Universal Banking into the banking terrain, the sky would be the limit for improved performance for banks as a single commercial bank, for example, could inhabit into other areas as merchant banking, insurance, mortgage finance, private banking and capital market operations and still operate as a single entity, this was not so as in the end, people's expectations were dashed just to reap short-term returns without laying out any strategic control measures and their performance for the future. This is why a proportion of banks fell like packs of cards during the banking consolidation era of 2005. From the previous, and today's trend, it is evident that the pace of change in the business environment presents fresh challenges daily (Hunter, 2006).

3. Methodology

3.1. Research Design

Using a descriptive and correlational design, a cross sectional sample survey of 121 respondents from commercial banks was conducted over a period of one month. This design was suitable for describing the phenomena – strategic control and performance – and explaining the relationship between the two phenomena. A descriptive design is concerned with finding out what, where and how

of a phenomenon while a correlation design deals with degree of association between pairs of variables and the influence of a variable on another variable. The sample survey using primary data enabled us to infer population characteristics from the sample Descriptive studies are more formalized and typically structured with clearly stated hypotheses or research.

3.2. Target Population and Sample

According to Mugenda and Mugenda (2003), a population is a well-defined set of people, services, elements and events, group of things or households that are being investigated.

- Population. The target population comprised of 291 staffs from five banks of all 43 commercial banks in Kenya as at 31st December, 2013 which have been in operation from 2010 to 2015 (HR, 2016). This period was considered long enough to provide sufficient variables to assist in establishing the effect of organisational performance. This period was chosen in order to capture the most recent data and to give results that were conclusive and reflected the current trend. Sampling was done for a small population size for accuracy.

Category	Population	Percentage
Manager	11	4
ICT and Control Department	43	15
Marketing Department	47	16
Accounting and Finance	181	62
Auditing Department	09	3
Total	**291**	**100**

Table 1: Target population
Source: Human Resources Office, 2016

- Sampling Techniques. Sampling procedure is explained as process or technique of sampling a suitable sample or representative of population for purpose of determining parameters of the whole population (Likert, 1992). The ultimate test of a sample design is how well it represents the characteristics of the population it represents (Cooper & Schindler, 2003). The researcher used Stratified random sampling to select sample size from a complete list of the target population. According to Mugenda and Mugenda (2003) the goal of stratified random sampling is to achieve the desired representation from various sub groups in a population. This is because stratified random sampling gives equal opportunity to respondents to participate in the research process. While deciding on the sample size, the researcher determined the desired precision and also an acceptable confidence level of the estimate. The sample comprised managers, and heads of ICT and control department, marketing department, accounting and finance and auditing department since these categories of staff are either involved with policy and/or policy making and are directly involved with strategy control.

- Sample Size. The sample size is considered the major part of all statistical analyses in sample survey or experiments, observational studies are involved (Cochran, 1977). A sample of 165 was obtained using the Fisher and surveyed using questionnaires to collect primary data from respondents

3.3. Data Collection and Procedures

The questionnaires were then administered through drop and pick later method. The quantitative section of the questionnaire used both nominal and Likert scale format to determine each of the variables. A 5 point Likert scale was used to answer the statement like questions. The format yields equal interval data, a scenario that allowed for the use of more powerful statistics to be used to test hypotheses (Likert, 1992). The filled in questionnaires were then collected, cleaned, coded and fed in the computer for analysis by SPSS V21 for both descriptive and inferential statistics. ANOVA, coefficients table and model summary table was derived from the SPSS and thereafter interpreted statistically. However, the researcher held interviews due to pressure of time and some respondents preferred one to one meetings. This applied to some managers.

3.4. Ethical Consideration

Throughout the study the researcher adhered to the rules of collecting and analysis of data. Confidentiality of the information was upheld in all stages of the study. The study based the research on factual truth. The principal of "least harm" and anonymity was given the highest priority. The principle of informed consent was applied such that the researcher explained what the research is about and how the results was used in such a way that the stakeholders can understand. Permission was first sought from relevant authorities and a letter granted to allow the researcher to carry out the research. Furthermore, the researcher explained the purpose of the study to the respondents and assured them of confidentiality of their responses and identities.

3.5. Data Collection Instruments

Questionnaires were developed with set of semi structured questions for pilot testing to check the reliability and validity of instrument of data collection. The researcher then prepared open and closed questionnaires with brief instructions which allowed the respondents to tick the opinions they agreed or disagreed with, and express their views with regards to the questions being asked (Likert, 1992).

The respondents were required to indicate the level of agreement on each one of the study variables regarding their assessment of statements posed for each variable regarding the extent of practice of the strategic control variable and the level of performance attained, where organization performance on a five-point Likert scale where 1=Not at All 2=Minimal Extent 3. Moderate extent 4= Large extent and 5=very large Extent.

3.6. Validity and Reliability

In order to reduce the possibility of getting the wrong answer, attention was kept on the particulars of the research design, reliability and validity (Saunders et. al; 2003). The primary goal of validity and reliability is to minimize the risk of having error and avoid biasness in the research. To ensure the reliability and validity of this research, the researcher prudently in her ability interpret all gathered information from the entire research. Data that was collected from respective institution was carefully compared and evaluated to obtain the highest possible level of reliability and validity. To ensure that the data was reliable and bares validity researcher conducted though investigation and comprehension of the appropriate literature, articles and website that give insight to the aspect of the research.

- Validity. Validity was concerned with whether the findings are really about what appear to be (Saunders et. al; 2003), validity is defined as the extent to which data collection methods accurately measures what they were intended to measure (Saunder, et. al, 2003). Cooper and Schndler (2003) believe that validity refers to the extent to which a test measures was actually what one want to measure.
- Reliability. According to Saunder et al; (2003), reliability refers to the degree to which data collection method yielded consistent findings, similar observations can be made or conclusions reached by other researchers or there is transparency in how sense has been made from source. Cooper and Schindler (2003) have defined reliability to mean many things to people, but in most contexts the concept of consistency emerges.

Data was collected from 10 people and used to test from the reliability of the data collection instruments. The results of reliability analysis are shown in Table 2.

Variable	Cronbach's Alpha	N of Items
Premise control	0.829	6
Implementation control	0.719	5
Strategic surveillance control	0.670	5
Strategic alert control	0.732	5
Performance	0.706	6

Table 2: Data collection instrument reliability statistic
Source: Field Data, 2016

The reliability of the questionnaire was evaluated through Cronbach's Alpha which measures the internal consistency. The Alpha measures internal consistency by establishing if a certain item measures the same construct. Cronbach's Alpha was established for all the variables in order to determine if each scale would produce consistent results should the research be done later on. The findings of the pilot study showed that all thefive scales were reliable as their aggregate score exceeded the prescribed threshold of 0.6 and approximately 0.7 which is acceptable for new measurement scales.

3.7. Measures of Variables

The measures of variables are presented in Table 3

Variable Type	Variable	Number of Items	Scale	Level of measures
Dependent	Performance	6	Five Part Likert	Ordinal
Independent	Premise Control	6	Five Part Likert	Ordinal
	Strategic Surveillance	5	Five Part Likert	Ordinal
	Implementation Control	5	Five Part Likert	Ordinal
	Special Alert Control	5	Five Part Likert	Ordinal

Table 3: Measures of variables

3.8. Data Analysis and Presentation

The data was examined for completeness summarised, coded and tabulated for analysis and comprehensibility. After data processing, analysis was done using the SPSS version 21 and descriptive and inferential statistics comprising frequencies distributions, percentages, means, standard deviations, correlations and regression results obtained. The combined influence of strategic control variables on performance of commercial banks was examined using multiple regressions since there are more than two independent variables as this helped in the analysis of the relationship between the variables (Kothari, 1990).

4. Results

We now present four sets of results arising from data analysis, namely demographics and frequency distributions, descriptive results, correlation results, and regression results

4.1. Response Rate and Demographics

The reliability of the questionnaire was evaluated through Cronbach's Alpha which measures the internal consistency. The alpha measures internal consistency by establishing if a certain item measures the same construct. Cronbach's Alpha was established for all the variables in order to determine if each scale would produce consistent results should the research be done later on. The findings of the pilot study showed that all thefive scales were reliable as their aggregate score exceeded the prescribed threshold of 0.6.

- Response Rate.The study collected data through questionnaires distributed to a population sample of 165 respondents from the managers, supervisors and staffs of the commercial banks in Nairobi County. The questionnaire return rate results are shown in Table 4.

Category	Frequency	Percentage
Filled and returned questionnaire	121	73
Unreturned questionnaires	44	27
Total	**165**	**100**

Table 4: Response Rate
Source: Field Data, 2016

As indicated in Table 2, the questionnaires were administered to a sample population of 1065and 121 (73%) of the sampled respondents duly filled and returned the questionnaires; 27% were not returned. Failure to obtain 100% response rate was due to some questionnaires being misplaced while others were not fully filled in. According to Mugenda (2003) any response of 50% and above is adequate for analysis, thus 78% is even better. This response rate was made a reality after the researcher and the research assistant made follow up calls and visits to remind the respondents to fill-in and return the questionnaires.

The demographic characteristics of the respondents were sought to establish their competence inanswering the questions. The respondents were requested to indicate their gender, age bracket, education level and length of service and approximate number of employees in their respective banks. The study relied on this information of the respondents since a pilot study had been conducted before.

- Gender. Gender of the respondents was considered to affect organization performance. The analysis of gender of respondents was as follows;

Gender	Frequency	Percentage
Male	77	64
Female	44	36
Total	**121**	**100**

Table 5: Gender
Source: Field data, 2016

The result in Table 3 shows that 64% of the respondents were male, 36% were female. It is clear that most of the respondents were male. This portrays gender imbalance in the commercial banks operating in Kenya.

- Age Bracket.Age of the respondents was considered to affect organization performance. The analysis of the age of respondents was as follows;

Age Bracket in Years	Frequency	Percentage
21-30	43	36
31-40	64	53
41-50	14	11
Total	121	100

Table 6: Age Bracket
Source: Field data, 2016

The result show that most of the respondents belonged to the age bracket of 31 to 40 years. This is the midlife bracket where the employees are very energetic and reasonable to embrace strategic controls as to enhance organization performance.

- Level of education. Respondents were requested to indicate their level of education and the data obtained in this regard is presented in Table 5

Qualifications	Frequency	Percentage
College certificate	2	02
College diploma	16	13
University	43	36
MBA	50	41
PHD	10	08
Total	**121**	**100**

Table 7: Respondents' level of education
Source: Field data, 2016

Majority of the respondents (36%) were MBA holders, 36% were primary Bachelors holders, 13% had college diploma certificates, 21% were PHD graduates, 2% were college certificate holders. Hyland (2010) highlighted in his study of that people with higher levels of education devote a greater percentage of their time in service delivery for organizations.

- Length of Service in the bank. The results on the analysis of the length of service in the banks are presented in Table 8 below.

Years of Service	Frequency	Percentage
1-2 years	20	17
3-4 years	89	73
>5 Years	12	10
Total	121	100

Table 8: Length of Service in the bank
Source: Field data, 2016

It is deduced from the findings that the majority of the respondents have served in the banks between 3-4 years. This implies that most of the respondents were well aware of the strategic controls embraced by the banks for boosting organization performance.

Approximate number of employees in the organization.
The respondents were requested to indicate approximate number of employees in the organization and the findings were as follows:

Number	Frequency	Percentage
100-500	53	44
501-1000	28	23
>1000	40	33
Total	**121**	**100**

Table 9: Approximate number of employees in the organization
Source: Field data, 2016

The results indicate that most of the respondents were of the view that the employees were approximately 100-500 (44%). Some (33%) of the respondents selected more than 1000, while 23% selected 501-1000.

4.2. Descriptive Results
The findings from the study were presented using descriptive statistics which included frequencies, means and standard deviations. The data was also presented using tables, graphs and pie charts.

- Premise control. The respondents were requested to indicate the level of agreement on whether premise control affects organization performance on a scale where 1=Not at all 2= Minimal extent 3= Moderate extent 4= Large extent and 5= Very large extent. The mean and standard deviation have been computed for the variable as given in Table 10.

	N	Mean		Std. Deviation
	Statistic	Statistic	Std. Error	Statistic
Monitoring of political events	121	1.7438	.07919	.87110
Monitoring of Economic events	121	1.8264	.06394	.70330
Monitoring of social events	121	1.7355	.06185	.68030
Monitoring of Legal procedures	121	1.9174	.07659	.84248
Monitoring of Technological	121	2.1488	.10004	1.1004
Monitoring of resource allocations	121	2.2149	.08641	.95050
Average scores	**121**	**1.9**		**0.856**

Table 10: Premise control

The aggregate mean and standard deviation (M= 1.89; SD = 0.856) imply that there is a low practice of premise control among commercial banks in Kenya. The value of average mean of 1.9 implies that most of the respondents were of the view that there is minimal premise control activities in the banks.

This concurs with a study by John, (2011) who confirmed that premise control helps to check if the premises set are still valid by checking of environmental conditions in industry factors for example, competitors, suppliers, substitutes, and barriers to entry which may likely to change or bring major impact on the company and its strategy thus affect performance. Vilain, (2003) also established that every strategy is based on certain planning premises or predictions. Premise control is designed to check methodically and constantly whether the premises on which a strategy is grounded on are still valid. If you discover that an important premise is no longer valid, the strategy may have to be changed.

- Implementation control. The respondents were requested to indicate the level of agreement on whether implementation control affects organization performance on a scale where: 1=Not at all 2= Minimal extent 3= Moderate extent 4= Large extent and 5= Very large extent. The mean and standard deviation have been computed for the variable as given in Table 11.

	N	Mean		Std. Deviation
	Statistic	Statistic	Std. Error	Statistic
My bank assesses its milestones	121	2.6446	.10086	1.110
My bank reviews its budgets	121	3.4132	.13157	1.447
My bank reviews on the excellence of its services	121	2.5620	.10814	1.190
My r bank reviews the capacity of its services	121	2.4793	.09174	1.009
My your bank assesses its threshold on research and development	121	2.3471	.10609	1.167
My bank reassesses its projects continuity or refocus	121	1.9091	.11439	1.258
Valid N (listwise)	**121**	**2.5**		**0.983**

Table 11: Implementation control

The results on the aggregate (M= 2.5; SD = 0.983) indicate that implementation control is practiced to a low extent. The aggregate men (M= 2.5) implies that most of the respondents were of the view that implementation control was not being practiced at a level that was minimal to moderate extent and that more needed to be done with regard to implementation control in banks. This concurs with a study conducted by Warren, (2011), who found out that implementation control involves milestone review that usually involves a full-scale reassessment of the strategy and the advisability of continuing or refocusing the direction of the company which works in strategy of the organization in order to control the current strategy hence affecting organization performance.

- Strategic surveillance control. The respondents were requested to indicate the level of agreement on whether strategic surveillance control affects organization performance on a scale where 1=Not at all 2= Minimal extent 3= Moderate extent 4= Large extent and 5= Very large extent. The mean and standard deviationhave been computed for the variable as given in Table 12.

	N	**Mean**		**Std. Deviation**
	Statistic	**Statistic**	**Std. Error**	**Statistic**
My bank monitors its competition	121	4.058	.12382	1.362
My bank monitors its substitute	121	3.496	.14475	1.592
My bank monitors its Consumer Preferences and Tastes	121	4.322	.11085	1.219
My bank monitors its broad procedures internally	121	4.107	.12242	1.347
My bank monitors its broad activities externally	121	2.025	.12391	1.363
My bank engages in trade conferences for strategic information	121	1.909	.10947	1.204
Average scores	**121**	**3.31**		**1.343**

Table 12: Strategic Surveillance

The results in Table 10 indicate that strategic surveillance was being implemented at moderate levels as indicated by the aggregate mean on the items that were used to describe this variable (M= 3.31; SD = 1.343) The value of aggregate mean (M= 3.31) implies that most of the respondents were of the opinion that the practicing of strategic surveillance as a strategic control mechanism at the banks was moderate to high. This supports a study by Fiaegner(2011) on matching business-level strategic controls to strategy, who established that Strategic surveillance control aims at a more generalized overreaching control designed to monitor a broad range of events inside and outside the company that are likely to threaten the course of firm's strategy. It is done generally through a general kind of monitoring based on selected information sources to uncover events that are likely to affect the strategy of an organization hence the organization performance.

- Special alert control. The respondents were requested to indicate the level of agreement on whether special alert control affects organization performance on a scale, where 1=Not at all 2= Minimal extent 3= Moderate extent 4= Large extent and 5= Very large extent. The mean and standard deviation have been computed for the variable as given in Table 13.

	N	Mean		Std. Deviation
	Statistic	Statistic	Std. Error	Statistic
My bank monitors its Critical events	121	1.2810	.04727	.520
My bank has monitoring response systems	121	2.1240	.09647	1.061
My bank has a strategy to manage natural Disasters	121	2.6364	.33464	3.681
My bank monitors inflations	121	2.5620	.10358	1.139
My bank seeks feedbacks on its products	121	2.5620	.10089	1.110
My bank has crisis management teams	121	2.6860	.10886	1.197
Average scores	**121**	**2.25**		**1.535**

Table 13: Special alert control

The findings on the aggregate mean (M= 2.25; SD = 1.535) imply that there is a low practice of premise control among commercial banks in Kenya. The value of average mean of 2.25 implies that most of the respondents were of the view that there were minimal strategic alert control activities in the banks. This finding concurs with a study by Michael et al. (2011) on the Market for Corporate Control and Firm Innovation, which confirmed that Strategic controls are designed to continuously and proactively question the basic direction and appropriateness of strategy. They further emphasized that since change is an inevitable part of organizational life, it must be managed through strategic controls that are primarily designed to steer the company towards its long term strategic goals. Crawford (2010) reiterates that organizations need to form crisis teams to handle the company's initial response to the unforeseen events.

- Organisational performance. The respondents were requested to indicate the level of agreement on whether the listed factors affect organization performance on a scale, where 1=Not at all 2= Minimal extent 3= Moderate extent 4= Large extent and 5= Very large extent. .The mean and standard deviation have been computed for the variable as given in Table 14.

	N	Mean		Std. Deviation
	Statistic	Statistic	Std. Error	Statistic
Our market share has increased over the last two years	121	2.7438	.11167	1.228
Our shares are growing faster than competitors	121	3.0000	.12253	1.348
Our products and services have grown in the last two years	121	3.1157	.12486	1.374
Our assets have increased in the last two years	121	3.0413	.14677	1.615
Our customer satisfaction has grown	121	3.6529	.09657	1.062
Our Innovation has grown in the market	121	3.8017	.09213	1.013
Average scores	121	3.223		1.435

Table 14: Organization performance

The findings infer that the aggregate M= 3.223; SD = 1.435 implies that there is organization performance among the commercial banks but there is high variation across the banks (SD>1). The value of average mean of 3.223 implies that most of the respondents were of the view that listed factors affects organization performance to a moderate extent. This is in line with a study by Abernathy et al., (2010), on performance, where he found out that performance in organization context refers to the ability to operate efficiently, profitability survival, growth and reacts to the environmental opportunities and threats.

4.3. Inferential Statistics and Findings

The field data collected in regard to the variables were summarized and analyzed quantitatively using SPSS V21 to obtain the aggregate (average of means of individual questions/items) means which was later used to compute Pearson product moment correlation, regression coefficients, and to determine the coefficient of determination (R-square).

4.4. Relationship between Variables

Correlation analysis was conducted and the results are presented in Table 15.

		1	2	3	4	5
1. Premise Control	Pearson Correlation	1				
	Sig. (2-tailed)					
2. Implementation Control	Pearson Correlation	.387**	1			
	Sig. (2-tailed)	.000				
3. Strategic Surveillance Control	Pearson Correlation	.137	-.093	1		
	Sig. (2-tailed)	.135	.308			
4. Special Alert control	Pearson Correlation	.490**	.067	.179*	1	
	Sig. (2-tailed)	.000	.463	.049		
5. Organization Performance	Pearson Correlation	.307**	.259**	.265**	.447**	1
	Sig. (2-tailed)	.001	.004	.003	.000	
	N	121	121	121	121	121
**. Correlation is significant at the 0.01 level (2-tailed).						
*. Correlation is significant at the 0.05 level (2-tailed).						

Table 15: Correlation Results (α=0.05)

From the findings, independent variables(market competition, government laws and regulations, working capital financing and business management skills had the following Pearson's moment; correlation coefficient on premise control was weak positive (r = 0.307, p=0.001)., implementation control was weak positive (r = 0.259, p=0.004<0.05), strategic surveillance control was weak positive (r = 0.265) and strategic alert control was weak positive (r = 0.447, p<0.001). This is in line with a study by Douglas(2011) who confirmed that the strategic controls will influence the organizational performance by setting objectives; management can then identify risks to the achievement of those objectives. To address these risks, management of an organization may implement specific strategic controls. Johnson, (2009) further reiterated that Control itself exists to keep performance of an organization within what is expected by the organization, strategic controls built within a process are internal in nature and takes place with a combination of interrelated components such as social environment affecting behavior of employees, information necessary in control and policies and procedures. The findings show that all the correlation coefficients ranged between 0- 0.5 which were low enough hence indicating absence of multi collinearity. Therefore all the average values from field data regarding the independent variables were used to conduct multiple linear regressions.

4.5. Regression Results

A multiple regression model was used to determine the relative importance of each factor on organization performance. The regression results are given in Table 16

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.547[a]	.299	.275	.70059
a. Predictors: (Constant), Special Alert, Implementation Control, Strategic Surveillance Control, Premise Control				

Table 16: Regression Model Summary
Source: Field data, 2016

From the findings shown in Table 14, the model shows a goodness of fit as indicated by the Rsquare with a value of 0.299. This indicates that the independent variables (premise control, implementation control, strategic surveillance control and strategic alert control) explain 29.9 % of the variations in organization performance. This means that other factors (like Technology, Competition, customer experience, products and services) not studied in this research contribute 71.1% of the variations in organization performance.

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	24.262	4	6.065	12.357	.000[a]
	Residual	56.936	116	.491		
	Total	81.197	120			
a. Predictors: (Constant), Special Alert, Implementation Control, Strategic Surveillance Control, Premise Control						
b. Dependent Variable: Organization Performance						

Table 17: ANOVA Results
Source: Field Data, 2016

The ANOVA results in Table 17 show that there is relationship between the predictor variables (premise control, implementation control, strategic surveillance control and strategic alert control) and the dependent variable (organization performance) with a significance value of 0.000). The F-Statistic (F(4,116) was 12.357 which was greater than F critical of 2.4472, indicating that the model signified a good model fit and so we derive that strategic controls affect organization performance.

The significance value (p<0.001) indicates that all the four independent variables very significantly explained the variation in organization performance among commercial banks in Kenya. Further, the regression coefficients arising from multiple linear regression are presented in Table 18

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.906	.382		2.369	.019
	Premise Control	-.026	.127	-.020	-.205	.838
	Implementation Control	.293	.097	.261	3.027	.003
	Strategic Surveillance Control	.226	.082	.221	2.761	.007
	Special Alert Control	.377	.086	.400	4.404	.000
a. Dependent Variable: Organization Performance						

Table 18: Coefficients
Source: Research Data, 2016

A multiple regression analysis was conducted so as to determine the relationship between organization performance (dependent variable) and the four independent variables (premise control, implementation control, strategic surveillance control and strategic alert control). The results indicate Premise control was found have negative and insignificantly (β= -0.026, p=0.838>0.05) influence on organization performance. Implementation control was found positive and significantly (β=0.293, p=0.03 <0.05) influence organization performance. Strategic surveillance control was found positive (β=0.226, p=0.07<0.05) related to organization performance. Special alert control was found positively (β=0.377) and significantly (p<0.001) influence organization performance.

5. Discussion

We now discuss our results according to the study variables.

5.1. Premise Control

Premise control was found to be negatively and insignificantly related to performance of commercial banks in Kenya. According to Fiegner, (2011), Strategic control occurs in three ways. First, strategic planning is itself a form of control. Second, strategic plans are converted into reality not only by their influence on the management control activity but also by the key decisions regarding allocation of resources. Third, while capital budgeting systems can respond to requests for resources that are consistent with the accepted strategic plan, the period between formal, comprehensive strategic planning exercises can give rise to unanticipated changes in the environment or unexpected internal crises. Though John, (2011) asserted that premise control helps to check if the premises set are still valid by checking of environmental conditions in industry factors for example, competitors, suppliers, substitutes, and barriers to entry which may likely to change or bring major impact on the company and its strategy thus affect performance, and that Vilain, (2003) also established that every strategy is based on certain planning premises or predictions, commercial banks did not appear to practice this control (M=1.90 on a scale of 1=Not at all to 5=very large extent). Premise control is designed to check methodically and constantly whether the premises on which a strategy is grounded on are still valid. If it is discovered that an important premise is no longer valid, the strategy may have to be changed. The findings in this study appears to suggest that premise control may not be effective in the banks and that though insignificantly related with performance, the manner in which it is practiced is not in support or directed towards performance improvement.

5.2. Implementation Control

Implementation control was found be positively and significantly related to organization performance. This concurs with a study by Chioccola, and Muhlstein, (2009) who asserted thatimplementation control is designed to assess whether the overall strategy should be changed in light of unfolding events and results associated with incremental steps and actions that implement the overall strategy. They further emphasized that it helps in monitoring strategic thrusts on new or key strategic programsby what was agreed earlier in the planning process on which thrusts are critical factors in the success of the strategy or of the thrust or to use stop or assessments linked to a series of meaningful thresholds such as time, costs, research and development, success, associated with particular thrusts. The findings imply that the implementation control measures that the banks have put in place are aligned with performance objectives.

5.3. Strategic Surveillance Control

Strategic surveillance control was found positively and significantly influence performance of commercial banks in Kenya. Otley(2014) state that strategic surveillance aims at a more generalized overreaching control designed to monitor a broad range of events inside and outside the company that are likely to threaten the course of firm's strategy. It is done generally through a general kind of monitoring based on selected information sources to uncover events that are likely to affect the strategy of an organization hence the organization performance. Crawford, (2010) also established that strategic surveillance controls are designed to continuously and proactively question the basic direction and appropriateness of strategy. The common theme running through each type of strategic control is quite simple: whether the strategic direction should be changed in the light of unfolding events. Since change is an inevitable part of organizational life, it must be managed through strategic controls that are primarily designed to steer the

company towards its long term strategic goals. This finding is consistent with other empirical findings with the implication that the commercial banks in Kenya are carrying strategic surveillance which is effective in influencing performance

5.4. Special Alert Control

Consistent with Mark (2010)'s, contention that special alert controls are really a subset of strategic surveillance which should be conducted throughout the entire strategic management process, this study corroborates this assertion since special alert control was found to positively and significantly influence performance. Examples of sudden unexpected event can be the sudden fall of a government a complete shift in competitor's posture, a natural calamity, a racial or religious battle, an industrial disaster etc. In the face of such unexpected events the firm should respond immediately and reassess its strategies quickly. Kaplan, and Norton, (2009), also found out that special alert control is the rigorous and rapid reassessment of an organization's strategy because of the occurrence of an immediate, unforeseen event. An example of such event is the acquisition of your competitor by an outsider. Such an event will trigger an immediate and intense reassessment of the firm's strategy. This finding implies that the special alert mechanisms that are employed by commercials banks in Kenya are effective in influencing performance of these banks.

6. Conclusion and Recommendations

We examined the relationship between strategic control (premise control, implementation control, strategic surveillance control and special alert control) and performance commercial banks in Kenya using both correlation and regression analysis. We found that the most practiced strategic control measure was strategic surveillance control (M=3.31) while the least practiced was premise control (M=1.90). We further found from correlation analysis results that while strategic surveillance control, implementation control and special alert control had a positive and significant relationship with performance, premise control was negatively and insignificantly related with performance of commercial banks in Kenya. Similarly, the regression results also show that while three of the strategic control variables (implementation control, special alert control and strategic surveillance control) significantly and positively influenced performance, one variable (premise control) did not significantly influence performance. We therefore conclude that there was positive relationship between the strategic control variables and the performance of commercial banks in Kenya.

Consequently, we recommend that commercial banks operating in Kenya need to consider implementation, strategic surveillance and special alert controls, as factors that significantly influence their performance. While market premise control is not necessary. With regard to areas for further study, we recommend that the relationship between operational controls and performance in the banks and in other organizations be conducted to in addition to replication the current study in other organizations.

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