STRATEGIC MANAGEMENT DRIVERS AND PERFORMANCE OF TIER THREE COMMERCIAL BANKS IN KENYA

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ABSTRACT

In the current 21st century where organizations are surrounded by all kinds of dynamics most of which threaten their existence and growth, strategic management remains the only way out. For an organization to adopt any new strategy, there are those drivers that ought to grease the strategy and make it effective. Strategic management drivers have been known to enhance the performance of organizations across the globe. Strategic management drivers are the key enablers of modern organizations to strategically place themselves in the market through which they gain competitiveness and improved performance. Performance of the tier three banks in Kenya has been declining as evidenced by overwhelming closure of branches, employee turnover and decreasing profit margins. Recently, some tier three commercial banks have been held under receivership while others being on the warning note by the Central Bank of Kenya due to continued underperformance. The main aim of this study was TO establish the influence of strategic management drivers on performance of tier three commercial banks in Kenya. Specifically, the study sought to assess the influence of information technology, customer relationship management, human capital, organizational culture, and organizational planning on the performance of tier three commercial banks in Kenya. The study was informed by five theories which included technology acceptance theory, commitment trust theory, resource-based theory, Durkheim's theory of culture and systems theory. Descriptive research design was employed while the target population was the 22 tier three commercial banks in Kenya. Due to the minimal number of target population, a census was employed whereby all the 22 tier three commercial banks were included in the study. Purposive sampling was adopted to sample 4 managers from each of the tier three commercial banks which made a total of 88 respondents. Data was collected using structured questionnaire and analysed using mixed analysis method whereby qualitative data was analysed through content analysis and quantitative data analysed through descriptive and inferential statistics. The analysed data was presented in frequency tables, bar-graphs and pie-charts for easier interpretation. The findings revealed that information technology was a key strategic driver that had a significant (P-value=0.000<0.05) and positive (β=0.771) influence on the performance of tier three commercial banks in Kenya. Moreover, the findings revealed that human capital, planning, organizational culture and customer relationship management had a significant and positive influence on the performance of tier three commercial banks in Kenya. The study concluded that through information technology, customer relationship management, human capital, planning and organizational culture, performance of tier three commercial banks in Kenya was enhanced. The study recommends that the commercial banks through their management should embrace information technology, customer relationship management and human capital so as to promote effectiveness and efficiency in their operations. The banks should ensure that their organizational culture are built on organizational values and employees' personal believes and that effective planning is done to promote their efficiency and performance.

Key Words: *customer relationship management, human capital, information technology, organizational culture, planning, strategic management drivers, strategic management, tier three commercial banks*

INTRODUCTION

Strategic management process consists of developing a strategic vision and mission, setting objectives, situation analysis, developing a strategy, implementation of the strategy and monitoring, evaluation and control. This process is dynamic and continuous; a change in one component can necessitate a change in the entire strategy (Finkl & Ploder, 2009). For strategic decisions to make effective contribution to the organizational competitiveness and performance there should be key prospects that drive the entire process into success (Jenster & Soilen, 2013). These prospects are known as strategic management drivers (Barnat, 2013; Mpoke & Njeru, 2015; Ketchen & Short, 2016) and they include information technology, customer relationship management, human capital and planning. According to Chuang (2015), these strategic management drivers are the main determinants of how far an organization goes as far as implementation of the set strategies is concerned.

Information technology in the modern world is recognized as a key driver to achievement of the organizational goals. Through IT, major aspects of strategy are put into place while at the same time upholding the power of stakeholders to share information. Any strategy that a modern-day organization seeks to implement starts way from research and proper analysis of its implications and technology is there to provide a smooth platform for such (Gyebi & Quain, 2013). Culture is another important strategic management driver that promotes the ability of an organization to streamline and strategize its strategies (Abu-jarad, Yusof & Nikbin, 2010). According to prospect of strategic Hamel and Prahalad (2013), the organizational culture has a high influence on the ability of any management to steer growth and performance through competitive strategies. Uzkurt, Kumar, Semih Kimzan and Eminoglu (2013) argued that the culture practiced by the employees and other internal stakeholders of the firm have a direct link with how innovative and strategic an organization becomes.

Human capital is recognized as the main aspect that drives the ability of strategies adopted in an organization to bear fruits and get effectively implemented. According to Chew and Chan (2017), human capital which is best viewed as the skills and abilities possessed by the employees, play a critical role in determining the ability of the firm to adopt and implement key strategies to enhance performance. As Barney (2011) contends, the unique resources in an organization determine its competitiveness and these resources can only be human resources. Customer relationship management is another important strategic management driver that enables organizations to develop and implement its strategies. Every strategy in an organization is focused on the final results which are to steer performance and growth through profit maximization. At the end of the day, these profits come from the customers. It therefore becomes the central role for the firm management to adopt customer relationship management as a driver towards enhancing strategic focus on customers (Spender, 2014).

STATEMENT OF THE PROBLEM

The banking sector is one the most essential sectors in economic development of many countries across the globe (Harzing, 2010). Despite the merit that surrounds commercial banks in Kenya, their performance especially the tier three commercial banks has been declining over the years (Harzing, 2010). The CBK (2017), states that 80% of the tier three commercial banks in Kenya are struggling to sustain themselves in the market with their share capital, market share and ROE slightly being critically at the minimum requirements by the CBK regulation standards (Berger et al, 2010). According to CBK (2017), the total assets of the tier three commercial banks in Kenya reduced by 20.2%from Ksh. 2.01 trillion in the year 2014 to 1.68 trillion in year 2016 (Ongore & Kusa, 2013). The effects are manifested by evidence of most recently where several banks have been held under receivership by the CBK such as the Chase bank of Kenya and the Diamond Trust bank (DTB) (Kamau, 2016). Empirical studies have linked underperformance of organization with implementation of strategic management plans and adoption of low-value strategic management drivers and techniques (Tukel & Rom, 2011; Casso, 2014; and Rozenes, Spraggett & Vitner, 2016). Qian and Dawei (2014) found that innovation and technology as well as adequate resource allocation contributed to success of international commercial banks in China. Based on the above studies, none of the studies focused on the commercial banks. Most of the studies were conducted in developed countries. The studies also present a contradictory argument on the relationship between strategic management drivers and firm performance. This therefore puts across the need for a study to fill the gap and clear the doubt on the relationship between strategic management drivers and firm performance. Therefore, this study sought to establish the influence of strategic management drivers on the performance of tier three commercial banks in Kenya.

OBJECTIVE OF THE STUDY

The main aim of this study was to establish the influence of strategic management drivers on performance of tier three commercial banks in Kenya.

THEORETICAL FRAMEWORK

Technology Acceptance Model

Technology acceptance model was first developed by Davis (1989) in an attempt to explain the need to enhance acceptance of the technologies adopted by an organization in its operations. In the context of the study, technology is essential as a strategic management in that operations in the modern business sector are only best placed if they are operated under use of technology (Thong, Hong & Tam, 2012). When organizing strategies for enhanced and effective management, certain technological systems come in place and this is one point that invites employee resistance. Being the implementers of any strategy adopted by the organization for competitiveness, their acceptance and/or rejection is of much meaning to the strategic drivers and organizational managers. Basing on the TAM model therefore, the employees should be involved in the formulation and introduction of the new technology through first accessing the external and internal aspects of the technology, the perceived ease to use, perceived usefulness, attitude of the employees towards the technology behavioral intention to use and lastly the actual use (Venkatesh & Davis, 2000; Davis, 1989; Surry, Ensminger & Haab, 2015). Based on the review, TAM theory is therefore essential for the study in enhancing the understandability of the influence of technology capabilities on performance of tier three commercial banks in Kenya.

Commitment-Trust Theory

The Commitment-Trust Theory (CTT) was first put forward by Morgan and Hunt (1994) in an attempt to outline the aspects of relationship marketing and making marketing a competitiveness strategy. Morgan and Hunt (1994) argued that trust and relationship commitment are the key mediators in the exchange between participants, which essentially lead to building a relational co-operation. The scholars outline two important factors, trust and commitment must prevail for the firm to establish a good relationship with its customers (Cook, Karen & Richard, 1992). Day (1989) postulates a good relationship between the customer and the firm builds strong bonds between the customers through satisfying their needs and honoring their commitments. Unlike concentrating on short-term profits businesses is more concerned about retaining their customers by providing quality services that meet their needs. Trust is confidence between two parties in a relationship. Firms develop trust by building a level of confidence with their customers. This is based on a number of factors such as reliability, consistence and satisfaction. Stone, Woodcock and Machtynger (2007) explain that a customer is confident about a firm from the various interactions and relationships that they have had in the past. This assists the firm to attract more customers, increase sales and enhance organizational performance.

Commitment is a long-term need to maintain a good relationship. This need is essential in motivating the firm to develop and maintain its relationship with the customers. This is consistent to Hunt (2009) who argued that better relationships are defined through continuous provision of services to the consumers. This improves customer loyalty and confidence. This involves ensuring that the customers are satisfied with the services or the products offered and an understanding of their needs. Moorman, Rohit and Gerald (2008) posit that customers should be treated in a manner that makes them feel valued; this helps in retaining existing customers and attracting new ones. According to Morgan and Hunt (1994) this can be achieved by being responsive to the needs of the customers when designing products and services. Trust is enhanced by the partner's goodwill, reputation, actions and behaviours, shared values, norms and benevolence. Some studies have referred to 'benevolence trust' as friendship that involves friendship between two parties and making sacrifices for the other party. Relationship commitment is part of customer relationship management which is perceived as a critical component in establishing long-term relationships between parties. Morgan, Robert and Shelby (2005) posit that affective commitment is a kind of commitment that is more personal, it involves social interactions among individuals. The attitudinal aspect of affective commitment is important in developing trust, mutuality, integrity and solidarity which is essential in sustaining long-term relationships between two parties. This contributes positively to improved performance. Social interaction minimizes uncertainty between individuals; this improves the quality of the relationship between the firm and the customers hence contribute to improved customer satisfaction and performance (Stone et al., 2007).

Resource Based Theory

The resource-based theory was first introduced by Penrose (1959) but has extensively been elucidated by Barney (1989; 1991 and 2003) as an attempt to explain how organizations can strategically place themselves in the market through utilization of available resources. First, this theory assumes that firms within an industry (or within a strategic group) may be heterogeneous with respect to the bundle of resources that they control. Secondly, it assumes that resource heterogeneity may persist over time because the resources used to implement firms' strategies are not perfectly mobile across firms (i.e., some of the resources cannot be traded in factor markets and are difficult to accumulate and imitate). The resource based theory identifies employees as the main sources competitive resources in modern day organizations. The capabilities possessed by the employees are the only unique resources that enhance firm's competitiveness (Kleijnen & Smits, 2008). In this aspect, the theory considers investing in employees through training and development as a major dimension to strategize on growth and performance. Commercial banks are as well not left out in this in that they also want to remain competitive especially with the increasing globalization and quality control systems. Through the RBV theory, these firms can embrace the spirit of investing in unique resource (intellectual capacity) thus remaining competitive Wiggins & Ruefli, 2002; Mahoney & Pandian, 2011). It is on this merit that the study will adopt the resource based theory to shine more light on the influence of human resource capabilities on performance of tier three commercial banks in Kenya.

Durkheim's Theory of Culture

This theory was developed by Durkheim (1890) in an attempt to define culture as an emergent web of representations, holistically encompassing the deep set value, belief, and symbolic systems of a natural collectivity, such as the tribal societies to which he gave such close attention. The theory argues that an abundance of work in organizational sociology concerns the substance of what the culture concept seems to comprise, even if it takes pains to skirt the label. It is through the culture that an organization influences the tasks and achievement of organizational objectives. Commercial banks in Kenya have a high possibility of facing an obstructive culture due to the high range of interexchange programs required during banking process. In this case therefore, the firms have to be keen on the systems surrounding their structures and the relationships amongst the stakeholders. The Durkheim's theory on organizational culture is therefore an essential theory as far as performance of commercial banks is concerned. The theory was adopted in the study to bring out more criticality on influence of corporate culture capabilities on the performance of tier three commercial banks in Kenya.

Systems Theory

The systems theory was propounded by Bertalanffy and Ashby in 1940s. The motive behind this was to exemplify the formation of an organizations and how is helps the management to plan and come up with strategies to steer growth and problem solving (Bertalanffy, 1950). The systems theory helps managers to look at a system in a broad way. It helps businesses to develop an objective and under stable environment for decision making Managers are able to recognise and organise the various parts at his dispersal to achieve a goal (Luhmann, 2012). All parts must work in unison. This theory assumes that every organization is a system and consists of many interrelated and connecting factors/elements which needs to function as one body for the objective to be met. Managers are supposed to be system thinkers and allocate adequate attention to each and every part of the organization through effective planning. The system theory is concerned about management of cost, time, risk, scope, resources which are all aspects of planning (Harrison & Wicks, 2013).

Marxist Theory on performance

Marxist definition of performance implies that an increase in the efficiency with which certain commodities are manufactured has an impact on the production of many other commodities and might even encompass the whole production system. The fundamental purpose of any organization is to consistently outperform the competition and deliver sustained, superior returns to the owners while satisfying other stakeholders (Farnington, 2013). The measurement of how successful enterprises are achieving this purpose has become a key element in modern public sector governance (Chetty & Eriksson, 2012).

EMPIRICAL LITERATURE REVIEW

Information Technology and Performance of Tier Three Commercial Banks

Muthuri (2014) did a study on the role of information technology in enhancing performance of star rated hotels in Nairobi. The study aimed at finding out the effects of technology on buyer-supplier relationship, electronic tendering and enterprise resource planning and their merit on performance of procurement in star-rated hotels in Nairobi. Muthuri (2014) used a descriptive research design and had a sample of 100 star hotels in Nairobi. Muthuri (2014) found that the star rated hotels in Nairobi adopted ICT in various phases of the procurement cycle including ICT in announcement of the notice – publication, contract administration, preparation of tender dossier and procurement planning to great extents and that the hotels adopted ICT in calculating the value and classification of the contract, opening and evaluation of tenders, determination of the procurement procedure and giving and signing of contract. However, Muthuri (2014) concluded that application of information technology in procurement enhanced efficiency and time saving thus enhancing the performance and competitiveness of the hotels.

Mardia and Namusonge (2016) did a study on influence of information technology practices in procurement on organization performance in public institutions in Kenya. The study focused on Jomo Kenyatta University of Agriculture and Technology. In their study, Mardia and Namusonge (2016) found that information technology positively influenced procurement efficiency through enhancement of continuous quality improvement as well as enhancing transparency and service delivery. Mardia and Namusonge (2016) recommended that the institution should embrace use of IT in strategic management to promote performance and growth.

Customer Relationship Management and Performance of Tier Three Commercial Banks

Reimann, Lunemann and Chase (2008) studied the relationship between CRM and performance of firms in American service firms. The study used in-depth field interviews and a large-scale, cross-industry survey. CRM dimensions such as communication, CRM technology, and interaction and CRM orientation were embraced by most services firms. The results revealed that CRM did not affect firm performance directly however; it led to improved sales growth and reduction of cost.

Coltman, Devinney and Midgley (2011) studied the link between Customer relationship management and firm performance of services firms in Europe. The study adopted a cross-sectional survey of 100 banks. Primary data was collected using questionnaires. Data was analyzed using descriptive statistics which include mean and standard deviation. The results of the findings concluded that CRM led to an increase in customers which resulted into increased sales and performance.

Hyung–Su (2012) studies the impact of CRM as a strategy on performance of service firms in Shanghai, China. The study adopted a cross-sectional research design. Primary data was collected using questionnaires and interviews. The results revealed that CRM technology and knowledge management were popular CRM strategies used by service firms. Further, it was revealed that CRM as strategy improved efficiency and reduction in marketing costs which contributed positively to towards improved organizational performance.

Shavazi, Moshabaki and Hoseini (2013) examined the relationship between customer relationship management and different measures of performance in the banking sector. Data was collected from banks in Iran, the sub-process of implementing CRM was extracted and also four measures of balanced scorecard were applied to measure performance. The findings revealed that has a positive impact on sales growth, reduced marketing costs and hence improved organizational performance.

Human Capital and Performance of Tier Three Commercial Banks

Maimunah and Lawrence (2016) did a study on influence of human resource development on banking commitment. Their study aimed at examining the role that human resource development plays in enhancing employee commitment in the banking industry. The study focused on commercial banks in Kenya and had a sample of 129 commercial banks. Maimunah and Lawrence (2016) found that employee rewarding and recognition were the main human resource development strategies that enhanced employee commitment. According to Maimunah and Lawrence (2016), performance of commercial banks is based on the quality of productions which are subject to employee commitment. This therefore shows the need to motivate and satisfy employees in commercial banks.

Shrader and Siegal (2016) carried out a study on the impacts of human resource development on firm performance. Their study was guided by technology and resource accessibility as the independent variables. Shrader and Siegal (2016) used a case study research design and had a study sample of 104 respondents. In their study, Shrader and Siegal (2016) found that enhanced technology was among the drivers of human resource development through enhanced information sharing. The scholars also found that employees performed better when motivated through enhanced productivity and this increased the firm performance.

Organizational Culture and Performance of Tier Three Commercial Banks

Chen (2014) conducted a study on how job position moderates the relationship between gender and ethics. It was a cross-cultural analysis kind of research. He aimed at examining the gender and ethics relatedness while they interact at job position. The singular information was pulled from the years 2005-2008 waves of World Values Survey data set and the cultural values were from the GLOBE research. This study contained 26,639 respondents from 30 countries that used HLM analyse the data. The findings indicated male are more likely to justify their ethically suspect behaviours than female. Moreover, in group communalism, the ethical diversity of gender decreases with the position one holds in the organization. The ethical variances among genders tend to surge at high job positions. The study concluded gender and ethics relations are more complex; they can be influenced by both job positions and cultural values. Additionally, as people's behaviour are intricate, study recommended engaging multilevel methodology to scrutinize humanistic behaviours in management.

Wang (2014) conducted a study on Moderators in relationship in social bonding with a look into organizational commitment. He aimed at examining if there could be more commitment of the employees if there is existence the social bond among supervisor and the employee, and among employees. Subsequently the research expounded on the moderating role being a full-timer and part-timer (status) and individual employee values in the relationship between social bonding and commitment. The study data was gathered from the employees of frontline restaurants in Taiwan. The total number of respondents was 395. A regression analysis was used on the hierarchies to study the relationship between social bonds and organizational commitment. Further, there is observation of the moderating effects of being a full-timer and or a part-timer and individual principles on bonding and commitment relationship in the firm. He found out that an organizational commitment by employees is influenced by social bonding. The work status and individual principles moderate the social bonding and commitment relationship. Further studies are recommended on related field.

Serda, Mark, Dilek, Shaisha and Xiaoyun (2014) conducted a study on quasi-moderating role of organizational culture rewards and knowledge shared and gained. They applied a regression method using a survey model. Analyses show knowledge sharing and gaining in and organization is a reward of organizational culture of knowledge transferring. Furthermore, the interaction between cultures and reward influences knowledge gained, but not knowledge shared. This leads to concluding that knowledge gains can be prompted by rewarding, even in the absence of a supporting culture.

Planning and Performance of Tier Three Commercial Banks

In planning, work is broken into small units for easy control and management called Work Breakdown Structures which ensures that people are allocated duties as per their qualifications and skills. Organizational planning plays a key role to streamline the strategic direction that an organization adopts as a way of promoting performance and competitiveness (Otonde & Yusuf, 2015). The purpose of planning is to ensure work and products are included, develop a framework for carrying out the activities and specifying organisation and responsibilities so that work is managed professionally and delivered as specified. Estimating cost and activity levels, scheduling resources, continuous monitoring requires intensive planning which will ensure the organizational operations are moving in the right direction. Planning identifies tools and techniques needed to accomplish the task and reduce risks of having unclear goals and responsibilities through which the firm management can determine the motive to which they can introduce and implement new strategies (Alexander, 2015).

A study by Azizah et al. (2012) on impacts of planning on firm performance in Malaysia established that inadequate planning courses failure in implementing decisions and strategies because of inadequate systems with outdated designs and absolute technology, and poor management. Weaknesses in planning affect firm's success. As noted by Anderson (2015), it's very necessary to have a firm performance plan which defines how the organizational goals will be achieved. This ensures the whole organizational team is in tandem with each other. The plan defines meaning of success to a particular firm, facilitates an environment for team members to know how to work with each other for effective communication and finally allows firm managers to keep the team focused during the entire process.

MATERIALS AND METHOD

Research Design

Descriptive research design was considered appropriate for the study at hand based on its ability to incorporate and provide a detailed description of the study variables. The design was used because the research aims at establishing the influence of strategic management drivers on performance of tier three commercial banks in Kenya. The descriptive design was used in preliminary and exploratory studies to allow the research to gather information, summarize, present and interpret it for the purpose of clarification. The study was suit within the provisions of a descriptive survey research design because the researcher is intending to collect data and report the way respondents will give things without manipulating any variables.

Target Population

The target population for this study was the Tier three commercial banks in Kenya. There are 22 tier three commercial banks in Kenya (CBK, 2016). These are the least performing banks in terms of share capital and market share as well. The study specifically targeted the operations managers, finance managers, ICT managers and human resource managers. These were considered appropriate for the study since they are much aware of the bank's strategies and more so they are involved in formulating some of the strategies.

Sampling Design

Purposive sampling was used to obtain the units of observation for the study who were Human resource managers, Operations managers, ICT managers and finance managers. This gave a total of 88 respondents [(1 Human resource manager + 1 Operations manager + 1 ICT manager + 1 finance manager) *22] = 88. The sample was considered appropriate since all the banks were equally presented.

Data Collection Instrument

The study adopted self-structured questionnaires to gather data from the respondents. The questionnaire was divided into seven sections. The first section focused on the introductory part in which the respondents were asked to provide general demographic information. The second section incorporated the first study variable similar to the other five sections which focused on the study variables each. The questionnaire was deemed appropriate based on the fact that it enables the respondent to have ample time to respond to the questions and prevent biasness. Primary data was collected from the respondents by use of the questionnaires in which the questionnaires was conveyed to the respondents' area of work and collected after the respondent had answered all the questions based on mutual agreement on when to collect the questionnaires

Data Analysis and Presentation

Mixed method of analysis was used in the study whereby both quantitative and qualitative techniques were adopted in the analysis. The collected was scrutinized and cleaned for any errors and coded in SPSS version 23. Using the coded data, the researcher generated tables, graphs and pie-charts which were used in presenting the results of the study. Content analysis was used to analyse the qualitative data where the data was checked through and compared based on the relevancy and presented in form of explanations. Descriptive statistics was used to analyse the quantitative data which was present in form of means and standard deviation. Regression analysis was carried out to test for the relationship between the independent variables and the dependent variable. The following regression model was adopted:

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon}$$

Where: Y = the dependent variable (Performance of tier three commercial banks); β_0 = Constant Term; $\beta_{1,}$ β_2 and $\beta_{3,}$ = Are constants regression coefficients representing the condition of the independent variables to the dependent variables (Beta coefficients); X_1= Information Technology; X_2= Organizational Culture; X_3= Human Capital; X_4= Customer relationship; X_5= Planning; ε = (Extraneous) Error term explaining the variability of firm performance as a result of other factors not accounted for.

RESEARECH RESULTS

Information Technology

As the findings portray, majority of the respondents agreed that most of the services in their respective banks had been automated to enhance efficiency as shown by a mean of 3.94 and a standard deviation of 0.83. The findings revealed that most of the commercial banks surveyed had adopted the modern-day technology-assisted banking systems such as internet banking and mobile banking as shown by a mean of 3.84 and a standard deviation of 0.76. The respondents further agreed that employees in their respective banks were trained on the use and need for technology in the banking operations as a way of reaping their support and acceptance of ICT and this is evidenced by a mean of 3.83 and a standard deviation of 0.95. The respondents fairly agreed that ICT enhanced the flow and sharing of information in their respective commercial banks thus promoting performance and this is shown by a mean of 3.64 and a standard deviation of 1.06. Most of the surveyed respondents suggested that training of employees on ICT should be enhanced to increase ICT integration in their respective banks.

The findings further revealed that most employees at the commercial banks considered ICT infrastructure to be essential in promoting ICT integration in the commercial banks as evidenced by a mean of 3.85 and a standard deviation of 0.96. Most of the respondents strongly agreed that their respective commercial banks had embraced ICT integration as a performance and strategic driver as shown by a mean of 4.12 and a standard deviation of 0.75 while most of the respondents stated that information technology played a significant role in determining the performance of their respective commercial banks as evidenced by a mean of 4.00 and a standard deviation of 0.74. The findings imply that indeed information technology is a key aspect in gearing the success of any given strategy in an organization especially the commercial banks. Through automation of processes such as the adoption of ATMs and integration of techno-based banking systems such as the internet and mobile banking, the operational dimension of the bank is enhanced while at the same time saving on the cost of operation. Information technology promotes efficiency and accuracy and these are the major aspects that describe the success of the modern banking.

The findings concur with those by Gyebi and Quain (2013) who found that information technology acts as a key strategic driver in that it streamlines the operations of the business as well as helping in integration of different roles in an organization thus enhancing efficiency and reliability, accuracy and effectiveness. As suggested by Chang, Park and Chaiy (2010), adopting information technology in a modern organization entails offering the required training and promoting automation of operations thus saving on costs of operations for the firm. The findings reap support from the Technology Acceptance Theory (TAM) by Davis (1989) who suggests that technology ought to be embraced in a modern organization as a way of enhancing information sharing and promoting an effective flowing organizational framework.

Customer Relationship Management

As the results portray, majority of the banks had come up with strategies that were customer focused as a way of retaining and enhancing customer satisfaction as shown by a mean of 4.09 and a standard deviation of 0.71. Most of the respondents agreed that customers in their respective banks were given feedback effectively in case of any concerns as evidenced by a mean of 3.95 and a standard deviation of 0.78. The respondents were of the opinion that the management of their respective banks kept a close monitoring of the services and treatment offered to the customers as a way of ensuring proper customer service as evidenced by a mean of 3.92 and a standard deviation of 0.91. Most of the respondents agreed that taking keen customer complaints ensured their opinions were well catered for thus improving the quality of services and customer satisfaction.

The findings further revealed that most of the surveyed banks had information sharing platforms to enhance communication with the customers shown by a mean of 3.96 and a standard deviation of 0.79. Majority of the respondents agreed that their respective banks had benefited from customer relationship management through enhanced performance and this is evidenced by a mean of 3.81 and a standard deviation of 0.88. Majority of the respondents also agreed that there was an increase in the number of referrals by their customers as shown by a mean of 4.04 and a standard deviation of 0.65. The findings revealed that as a result of customer relationship management, most of the surveyed banks had increased their customer base and their overall performance. The findings imply that customer relationship management is as strategic driver the steers the performance of commercial banks through enhancing customer base and creating loyalty among the customers.

The findings are in line with those by Werner and Wayne (2012) who found that through enhanced customer relationship management, companies attract more customers thus gaining competitive advantage and increasing their profitability and overall performance. As pointed out in the Commitment-Trust Theory (CTT) by Morgan and Hunt (1994), customers are the key pillars in an organization in that there is mutual existence between the organization and the customers. This is to say the customers rely on services from the organization while the organization relies on the customers to subscribe to their services/products. Commercial banks especially in Kenya operate under a very competitive and volatile market hence they ought to embrace the customer focus and offer enhanced services to gain competitiveness and enhance performance (Jerop & Juma, 2014).

Human Capital

The findings revealed that majority of the respondents were of the opinion that encouraging employee participation in organizational matters enhances employee productivity and this is evidenced by a mean of 4.13 and a standard deviation of 0.66. The respondents agreed that their respective banks were keen to support employee training through seminars and educational programmes as shown by a mean of 3.93 and a standard deviation of 0.69. The study found that most of the banks surveyed promoted their employees based on skills and achievements as a way of enhancing productivity and career development as evidenced by a mean of 3.65 and a standard deviation of 0.91. This implies that most of the banks upheld employee development and training through skill-based promotions.

The findings further revealed that most of the surveyed commercial banks did not uphold change management processes through holding discussions with employees and involving them fully as shown by a mean of 2.48 and a standard deviation of 1.97. Majority of the respondents stated that their respective commercial banks did not assure them of their job security to retain the best talents as evidenced by a mean of 2.17 and a standard deviation of 1.70. Most of the respondents agreed that offering educational support to the employees plays a key role in enhancing the employee skills. The findings revealed that most of the respondents were of the opinion that taking employees responsible for their actions ensures responsibility and good behaviour, as shown by a mean of 3.93 and a standard deviation of 0.67. The respondents also agreed that the performance of their respective commercial banks could be attributed to the investment the bank had made in human resources as indicated by a mean of 3.85 and a standard deviation of 0.79. The findings imply that human capital is a key aspect towards promoting organizational performance especially among the commercial banks through instilling the best skills and management change thus promoting productivity and commitment.

These findings correlate with those by Budhwar and Mellahi (2017) who established that human skills and competencies play a significant role in promoting the organizational performance in that the employees are the main implementers of any organizational strategy. The resource based theory by Penrose (1959) that upholds the need for skills as competitive tool in a modern-day organization. As Barney (2003) contends, through upholding human skills through employee training and change management, organizations reap the best out of the employees and gain uniqueness from their competitors thus gaining performance.

Organizational Culture

As the findings portray that majority of the respondents agreed that the employees in their respective banks were frequently reminded of the vision and mission statements of the bank as shown by a mean of 3.80 and a standard deviation of 0.81. On the statement that the banks encouraged social bonding among the managers through recreations, seminars and group discussions, majority of the respondents agreed as shown by a mean of 3.96 and a standard deviation of 0.79. The respondents agreed that the process flow of duties and responsibilities were articulate to reduce conflicts or duplication as evidenced by a mean of 3.93 and a standard deviation of 0.73. The findings revealed that most of commercial banks surveyed resolved any misunderstanding among the employees openly and impartially to maintain cohesiveness, as shown by a mean of 3.94 and a standard deviation of 0.62.

The findings further showed that the management of most of the surveyed commercial banks was committed to have an effective organizational culture as evidenced by a mean of 3.78 and a standard deviation of 0.85. The respondents agreed that their respective commercial banks encouraged commitment, competence and communication culture among their employees as shown by a mean of 4.02 and a standard deviation of 0.77. The respondents also agreed with the statement that their respective commercial banks inducted new employees properly to instill good behavior as shown by a mean of 3.91 and a standard deviation of 0.76. The findings had it that the culture of their respective banks was performance oriented thus could be a subject in firm performance. The findings imply that through continued focus on a well-aligned organizational culture, companies reap the best as far as commitment and proper process flow in the organizational operations are concerned.

The findings correlate with those by Kpodo and Kofi (2016) who argued that organizational culture entails the internal setting which represents the collective personality of employees, their job pasts, principles and other features which all bring to the business. These personal aspects define the way an organization operates and serves its customers. Organizational culture is known to strengthen the relationship between the organization and its stakeholders which is a major step towards achieving the organizational goals. As described by Durkheim (1890) in the Durkheim’s theory of culture, organizational culture is the way employees, management, shareholders and customers interrelate in an organization towards forming a unified web called organization. This is to imply that not unless all the parties in the web have a unifying factor, the web may not be successful. This unifying factor is the organizational culture.

Organizational Planning

As the findings portray that majority of the surveyed commercial banks had their planning specifying the goals and objectives to ensure effectiveness as shown by a mean of 3.91 and a standard deviation of 0.72. The respondents that the organization plan in their respective commercial banks outline all stages of executing strategies as shown by a mean of 3.7 and a standard deviation of 0.81 while they disagree that the organization plan in their respective banks was well communicated to the employees and other stakeholders as evidenced by a mean of 2.58 and a standard deviation of 1.33. The findings revealed that activities and duties in most of the surveyed banks were well defined during planning as shown by a mean of 3.87 and a standard deviation of 0.94. The respondents indicated that their respective commercial banks did not identify and avail the required resources for execution of strategies as shown by a mean of 1.98 and a standard deviation of 2.30.

The findings further revealed that majority of the surveyed banks had timelines for specific activities in the strategy execution documented properly as shown by a mean of 4.00 and a standard deviation of 0.80. The respondents agreed that responsibilities and scope of different strategies in their respective commercial banks were well documented as portrayed by a mean of 4.07 and a standard deviation of 0.80. The findings revealed that majority of the respondents were of the opinion that the performance of their respective banks could not be attributed to the planning process by the banks. The findings imply that as much as planning is recognized as a key aspect contributing towards the performance of commercial banks, most of the institutions surveyed did not uphold planning and this could lead to their continued under performance.

These findings concur with those by Jenster and Soilen (2013) who found that strategic planning played a critical role in promoting firm performance through setting a pace of the operations of the firm towards enhancing efficiency and gaining competitiveness. Nyanaro and Bett (2018) contended that commercial banks are strategic in nature in that they ought to have a clear plan on what has to be done, how it will be done and the expected results. This therefore puts commercial banks at a position to focus on planning as a driver towards success of any strategy.

Performance of the Tier Three Commercial Banks

Employee Turnover: The employee turnover was low in the year 2013 and 2014 and rose drastically from the year 2015 through to 2017. In the year 2013, 44.9% of the surveyed tier three commercial banks recorded employee turnover of less than 10 employees while 10.2% recorded an employee turnover of over 40 employees. This shows that most of the banks had a low employee turnover in the year 2013. However, in the year 2017, 38.0% of the surveyed commercial banks recorded an annual employee turnover of more than 40 employees while 23.8% had a turnover of below 10 employees. This is an indication that the performance of the tier three commercial banks was declining over time hence increased employee turnover.

According to Shaw, Gupta and Delery (2015), employee turnover signifies their (employees) mistrust with the organization's future thus they ought to seek for better places (greener pastures) where their job security is guaranteed or assured for a foreseeable future. When a company has most of its employees leaving, it means it is unable to cater for their needs and this affects its future in that it loses the best talents to the competitors (Sadri & Bowen, 2011).

Branch Network of the Commercial Banks: Findings revealed that majority of the surveyed banks had their number of branches rise from the year 2013 and started dropping in the year 2016 and 2017. In the year 2013, 52.3% of the commercial banks had less than 5 branches while 3.2% had more than 20 branches. On the other hand in the year 2014, 39.4% of the banks had less than 5 branches while 5.3% had more than 20 branches. This shows a decrease in those with less than 5 branches and increase in those with more than 20 branches. In the year 2017, 42.9% of the banks had less than 5 branches while 4.9% had over 20 branches. This again shows an increase in those with less than 5 branches and decrease in those with more than 20 branches. This is an indication that the commercial banks were opening more branches from the year 2013 onwards and started closing the branches from 2016 onwards.

According to the Central Bank of Kenya [CBK] bank supervision report (2016), majority of the commercial banks were responding to declined performance and revenues by closing down their branches while others were turning to other forms of banking to minimize of costs of operating branches. Kamande, Zablon and Ariemba (2015) found that growth in commercial banks' branch network enhances the accessibility of their services to the customers thus steering their performance. Ayanda, Christopher and Mudashiru (2013) contemplate that increase in branch network of the commercial banks signifies their increased profitability hence they have the capability to expand through opening more branches.

Return of Equity: The findings revealed that majority of the surveyed commercial banks had high ROE in the year 2013 but declined by the year 2017. In 2013, 39.9% of the banks had a ROE of more than 15% while 20.1% had a ROE of less than 2%. In the year 2017, 42.4% of the banks had ROE of below 2% while 4.9% had ROE of more than 15%. This is an indication that the banks were recording declined profitability over the years which could be explained by increased competition, changing in regulations and turbulent operating market (Tuwei, 2016).

Return on Assets: The findings revealed that majority of the surveyed commercial banks had a lower ROA in the year 2013 which grew over time but declined in the year 2016 through to 2017. In the year 2013, 30.3% of the banks had less than 2% ROA while 18.0% had more than 15% ROA. In 2017, 44.1% of the banks had ROA of less than 2% while 16.4% had a ROA of more than 15%. This shows a decline in ROA an implication that the profitability of the banks declined as well. According to Aladwan (2015), declining ROA is a signal of continued decline in a bank's profitability which means the sales are minimal. It is at this stage a bank has to restructure and come up with strategies that ought to steer its performance and enhance competitiveness.

Overall Performance of Commercial Banks: The findings indicated that the first statement that the loans offered and number of enquiries has been on the rise in our bank for the last three years, majority of the respondents agreed with the statement as shown by a mean of 3.48 and a standard deviation of 1.26 while they disagreed with the second statement that the customer base has increased in our bank in the past three years and this is proven by a mean of 3.11 and a standard deviation of 1.15. On the statement that our bank has opened several other branches across the country in the recent past, majority of the respondents fairly agreed as shown by a mean of 3.23 and a standard deviation of 1.12. Most of the respondents agreed with the statement that there are more satisfied customers in our bank for the past three years and this is evidenced by a mean of 3.78 and a standard deviation of 0.92. The respondents also agreed with the last statement that a few employees have been leaving the organization in the recent past as shown by a mean of 3.82 and a standard deviation of 0.95.

CONCLUSION AND RECOMMENDATIONS

Information technology facilitated the flow of information, efficiency of operations and accuracy of transactions in the commercial banks thus promoting performance. On customer relationship management, the study concluded that customer satisfaction was a key strategic driver influencing performance of tier three commercial banks. The study concluded that human capital had a significant influence on the performance of tier three commercial banks in Kenya. The study further concluded that organizational culture as a strategic management driver had a significant influence on the performance of tier three commercial banks in Kenya. Finally, the study concluded that organizational planning had a significant influence on the performance of tier three commercial banks in Kenya. The study revealed that the tier here commercial banks had the best strategies but due to lack of appropriate and proper planning, the strategies did not deliver the expected results thus the continued underperformance.

From the analysis of the findings, the following recommendations were made: The management of the tier three commercial banks should uphold use and adoption of ICT in their operations as a way of promoting accuracy, effectiveness and efficiency in service delivery. The management of the commercial banks should ensure that the employees are trained on customer service frequently and uphold the needs of the customers through which they enhance customer relationship management. The tier three commercial banks through the management ought to invest in human resource by offering on-the-job training to the employees as a way of enhancing their skills and ability to steer the banks into success. The employees ought to be motivated through rewarding and recognition so as to enhance their commitment and productivity. The management of the banks should always uphold a supportive and performance-oriented culture in their banks. The top leaders and the entire management of commercial banks should embrace adequate and timely planning for any strategy by ensuring the stages of a strategy, the requirements and the actions to be taken are well-outlined way before the commencement of the strategy.

The study addressed the key issues pertaining the influence of strategic management drivers on the performance of tier three commercial banks in Kenya. The study however left some gaps which ought to be filled by future scholars as herein outlined. The study focused on tier three commercial banks in Kenya. The challenges faced by these banks may not replicate those faced by other banks in tier two and tier one hence there ought to be a study to focus on the influence of strategic drivers on the performance of these other commercial banks. The study was limited to five major strategic management drivers (information technology, human capital, customer relationship management planning and organizational culture). There should be study to therefore to assess other strategic management drivers and how they influence firm performance. Firm performance is one aspect of business success and this is what the current study focused on. It is therefore suggested that a study should be carried out to establish how strategic management drivers affect other aspects of business success such as competitiveness, innovation and growth.

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