EFFECTS OF STRATEGIC PLANNING ON HUMAN RESOURCE PERFORMANCE IN COMMERCIAL BANKS IN MIGORI COUNTY, KENYA

BY

MAURICE OCHIENG KAZERA

A RESEARCH REPORT SUBMITTED TO THE SCHOOL OF BUSINESS AND HUMAN RESOURCE DEVELOPMENT IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF SCIENCE IN HUMAN RESOURCE MANAGEMENT

**SCHOOL OF HUMAN RESOURCE MANAGEMENT
MOI UNIVERSITY**

OCTOBER 2014

DECLARATION

DECLARATION BY THE CANDIDATE

This research report is my original work and has not been presented for a degree in any other university. No part of this report may be reproduced without the prior written permission of the author and / or Rongo University.

…………………………………….   …………………………….............

MAURICE OCHIENG KAZERA   **Date**
REG. NO: PGD/SHRM/03/11

DECLARATION BY SUPERVISORS

This research report has been submitted for examination with our approval as university supervisors.

……………………………………   …………………………………….

Dr. Kemboi, Ambrose   **Date**
Lecturer,
School of Business, Economics
and Human Resource Development
Moi University

…………………………………….   …………………………………….

Mr. Rotich, Richard   **Date**
Lecturer,
School of Business, Economics
and Human Resource Development
Rongo University College

DEDICATION

This report is dedicated to my daughter, Tonia Akinyi, my two sons Edgan and Glenn and my lovely wife Seline.

ACKNOWLEDGEMENTS

ABSTRACT

Commercial banks scramble with the challenges of redundancy, profit reductions, employee turn-over or job-hopping phenomenon, people are the key factor to organizational success, innovation, and profitability. This calls for effective strategic planning to make work more interesting, challenging and engaging and produce maximum performance under the prevailing conditions. The purpose of this study was therefore to investigate the effect of strategic planning on the human resource performance in commercial banks in Migori County. The specific objectives of this study were to investigate the effect of the strategic objectives on human resource performance in commercial banks in Migori County, to assess the effect of formulation and implementation of strategic planning on human resource performance in commercial banks in Migori County and to evaluate the effect of monitoring and evaluation of strategic planning on human resource performance in commercial banks in Migori County. This study employed a cross sectionalsurvey research design. The study targeted the 11 Branch managers, 11 operational managers, 11 customer care managers and 864 employees in the Commercial Banks in the Migori County. This translated to 897 respondents. This study employed purposive sampling and simple random sampling techniques to select the sample. Purposive sampling was used to sample the branch managers, operations managers, and customer care managers. Simple random sampling was used to select the employees in the commercial banks. The sample size for the study comprised of 11 branch managers, 11 operations managers, 11 Customer care managers and 267 employees totaling to three hundred (300) respondents. The study used questionnaires and interview schedules for data collection. Reliability and validity of the research instruments was tested before embarking in data collection. The reliability coefficient obtained in this study was 0.895 which implied that the instruments were reliable for data collection. In this, study data was organized, presented, analyzed and interpreted using descriptive and inferential statistical techniques.Based on the findings of this study, it can be concluded that strategic planning in commercial banks if enhanced can enable HR to improve quality of service of the banks as well as the level of productivity and net profit of the bank. The findings may therefore form a useful reference material on the literature of strategic planning to staff of commercial banks, human resource practitioners, educators in banking and human resource, general readers as well as to researchers in this area. Based on the findings of this study, the following recommendations were made that the management of the commercial banks to fully implement the strategic objectives of the banks as this will have a bearing to HR performance of the banks.

TABLE OF CONTENTS

LIST OF FIGURES

x

LIST OF TABLES

OPERATIONAL DEFINITION OF TERMS

Commercial Banks- Are financial institutions that provides services such as accepting deposits, giving loans, mortgage and basic investments.

Employees- This refers to paid workers in the factory (Armstrong, 2008).

Management- This refers to the act of engaging in planning, organizing, staffing, directing, controlling, coordinating, and budgeting in an organization. It refers to a system of working with and through individual personnel and groups for the purpose of achieving the establishment of goals an organization (Armstrong, 2008).

Motivation- This is finding a need inside the employees and helps to achieve it in a smooth process. Motivating the staff leads to broaden their skill to meet the organizational demands (Hala, 2009).

Organization- This refers to a group of likeminded individuals who have come together and dedicate their efforts towards attaining a common agenda that is connected to the outside environment (Samson & Draft, 2005).

Performance- This term refers to the working effectiveness: the way in which somebody does a job, judged by its effectiveness (Armstrong, 2006).

Strategic planning- This refers to the process an organization takes in making or formulation of important business decision (Michael & Jude, 2003). It defines the firm's direction through consideration of the present business status.

Strategies- This is identifying how an organization will actually realize (via concrete and predetermined actions) its mission, goals, and objectives.

Vision- This is developing a common "vision for the future" or a "conceptualization" of where an organization wants or desires to be in the long-term.

ABBREVIATIONS AND ACRONYMS

K.C.B.　-　　　Kenya Commercial Bank

C.E.O　-　　　Chief Executive Officer

H.R　-　　　Human Resource

H.R.M　–　　　Human Resource Management

H.R.D　-　　　Human Resource Development

P.M　-　　　Performance Management

CHAPTER ONE

INTRODUCTION

1.0 Overview

This chapter comprises of background of the study, statement of the problem, research objectives, research hypothesis, and justification of the study, scope of the study, limitations and delimitations of the study.

1.1 Background of the Study

Globalization of developments in social, economic and technological areas affect communal and organizational lives at an important manner. Together with these developments, organization managements are obliged to develop new management techniques to be relevant in competitive conditions (Erogluer, 2011). These modern management techniques largely aim to raise human resource performance by referring the power of strategic planning. Accordingly, for organization and human as a social being, strategic planning has a vital importance. Strategic planning like communication has an important role on all activities aimed at gaining organizational objectives (Ada et al., 2008).

Strategic planning is a process of defining a strategy, or direction, and making decisions on allocating resources to pursue the strategy. In order to determine the direction, it is necessary to understand the current position and the possible avenues through which to pursue a particular course of action (Allison and Kaye, 2005). As Max (2012) points out, strategic planning and decision making processes should end with objectives and a roadmap of ways to achieve them. According to Lorenzen (2006), the goal of strategic

planning mechanisms like formal planning is to increase performance in business operation, especially when long-term and high-stake activities are involved.

Strategic planning or long term planning is an attempt to shape the future. This implies that some picture or vision of the desired future has to be formulated. Strategic planning therefore starts by seeking to define this vision. Strategic planning is necessary to increase probability of survival; improve competitive position; increase market share; and plan mergers and acquisitions. It also helps organizations better manage the effects of external forces; motivate key people within the organization; plan a "quantum leap" to a new phase of company growth; and plan for renewal and to consider a new direction for the organization (Bradford & Duncan, 2000).

The basic measures of strategic planning include the consideration of vital factors. These include the mission and objectives, environmental scanning, strategy formulation, strategy implementation, and evaluation and control. Haines (2004) argues that institutions and companies need to encompass these aspects to ensure development of a successful strategic plan. The mission statement describes the company's business vision, including the unchanging values and purpose of the firm and forward-looking visionary goals that guide the pursuit of future opportunities. These will guide the management in measuring financial and strategic objectives. Financial objectives involve measures such as sales targets and earnings growth. Strategic objectives are related to the firm's business position, and include measures such as market share and reputation. Kotler (1986) argues that a vision statement may be mistaken for a mission statement, and sometimes one is simply used as a longer term version of the other. However they are distinct: the vision is

a descriptive picture of a desired future state; and the mission is a statement of a rationale, applicable now as well as in the future. A mission is therefore the means of successfully achieving a vision.

Strategic planning is an important tool to modern management, because it can engage commitment from those people who will be affected by the plan from the start of the plan; and enables organizations to set long term strategic objectives for improved performance of the organization (Alison & Kaye, 2005). As Bozeman (2003) points out, the success of the strategic planning indicators in the organizational performance include but not limited to improved profitability, better customer services and corporate image. Organizational performance is critical because it defines the basis upon which any meaningful business enterprise operates (Herald, 2001), and makes staff understand goals and strategic missions to be accomplished so as to remain viable in this contemporary competitive economy (Ansoff, Miller & Cardinal, 2001).

Organizational performance can be seen in how effectively the products or services of the organization are delivered to the customers. It is critical because it defines the basis upon which any meaningful business enterprise operates (Herald, 2001), and makes staff understand goals and strategic missions to be accomplished so as to remain viable in this contemporary competitive economy (Ansoff, Miller & Cardinal, 2001).HR Performance indicators in this study will be characterized by job satisfaction, employee turnover, employee wastage rates, absenteeism, profitability, customer service, staff morale and corporate image. Zorlu (2009) argues that human resources in organizations are the ones who design, produce, and deliver those services. Therefore, one goal of HR management

is to establish activities that contribute to superior organizational performance only by doing so can HR professionals justify the claim that they contribute to the strategic success of the organization. Bradford & Duncan (2000) assert that employees are core to business and contribute considerable impacts in the business. Individual performance depends on personal drives such as desires and needs. Kaplan and Norton (1996) argue that HR Performance can be measured by studying employee job satisfaction, employee turnover, wastage rates, absenteeism, injury illness records and the responses from employee surveys such as employee attitude surveys. Therefore, it is a pre-requisite that every employee's is empowered to ensure quality and high output in productivity is attained.

Performance of any organization largely depends on the performance of its employees. Mello (2005) argues that successful organizations are increasingly realizing that there are number of factors that contribute to performance but human resource is clearly the most critical. Their success depends on employees' decisions and their behaviour, in spite of the size and nature of an organization, the activity it undertakes, and the environment in which it operates. To evaluate performance of employees in organization is one of the major purposes of employing human resource practices. In the competitive environment of modern era like in which the commercial banks are, organizations are persistently improving performance of their employees by improving HR practices (Caliskan, 2010).

Venkatraman & Ramanujam (1986) found out that HR performance is a continuing theme in most areas of management, including strategic management, and it is of interest to both academic scholars and practicing managers. Performance enhancement is at the heart of strategic management and the importance of organizational performance in strategic

management can be reasoned on three aspects, they are: theoretical, empirical, and managerial. Wagner (2006) asserts that organizational factors affect the planning process besides the dimensions of strategic planning. This was in support of Smart, Kuh & Tierney's work (1997) who argued that culture has the important roles in improving organizational effectiveness. Cameron & Ettington (1988) in their study about the effectiveness of two-year and four-year colleges and universities developed four types of institutional culture. They are: clan, adhocracy, bureaucracy, and market. Another variable considered in this study is decision making. Lorange (2010) linked the strategic planning to organizational performance (change). He presented that the purpose of strategic planning is thus to accomplish a sufficient process of innovation and change in the firm if a formal system for strategic planning does not support innovation and change, it is a failure. Furthermore, Lorange (2010) explained that strategic planning system is a critical process for top management and facilitated growth.

The Banking industry in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya. The banking sector was liberalized in 1995 and exchange controls lifted. The Central Bank of Kenya, which falls under the Minister for Finance, is responsible for formulating and implementing monetary policies and fostering the liquidity, solvency and proper functioning of the financial system (The Banking Survey, 2010). As at December 2008, there were 46 banking and non-bank institutions, 15 micro-finance institutions and 109 foreign exchange bureaus (Think Business, 2012). To address issues that affect the Banking industry in Kenya, banks have come together and formed a forum under the

Kenya Bankers Association. Kenyan Banks have realized tremendous growth in the last five years and have expanded to the East African region (The Banking Survey, 2010).

1.2 Statement of the Problem

In today's intensely competitive and global banking market, maintaining competitive advantage puts a heavy premium on having a highly committed or competitive workforce (Jamie, 2011). According to Hudson (2004) and Jyothi (2010), the critical HRM impediments of hiring right staff, redundancies, retaining talent, staff development, salary inflation and other external threats as well as changing working conditions and re-skilling are basically issues of strategic planning or lack of it. Moreover, since all these setbacks will impact on the HR performance, as well as on the competencies needed in the leaders to be in charge of organizational development, considerable skills, expertise, experience and judgment on the part of its staff is required (Armstrong, 2008).

Today, when commercial banks scramble with the challenges of redundancy, profit reductions, employee turn-over or job-hopping phenomenon which is the same scenario in Commercial Banks in Migori County (Republic of Kenya, 2012), people are the key factor to organizational success, innovation, and profitability. This calls for effective strategic planning to make work more interesting, challenging and engaging and produce maximum performance under the prevailing conditions. However, while strategic planning has been embraced and promoted in the banking sector as a means of improving HR performance in this sector, its actual effect on the performance of commercial banks has not been investigated, particularly among commercial banks in Migori County. The effect of strategic planning on the HR performance of commercial banks in Migori County has not been established, yet all banks have embraced strategic planning as a core

strategy and continue to develop and implement such plans. This study therefore investigated the effects of strategic planning on human resource performance in commercial banks in Migori County, Kenya.

1.3   Research Objectives

1.3.1   General Objective

The purpose of this study was to investigate the effect of strategic planning on the human resource performance in commercial banks in Migori County.

1.3.2   Specific Objectives

The specific objectives of this study were to:-

1. Investigate the effect of the strategic objectives on human resource performance in commercial banks in Migori County.

2. Assess the effect of formulation and implementation of strategic planning on human resource performance in commercial banks in Migori County.

3. Evaluate the effect of monitoring and evaluation of strategic planning on human resource performance in commercial banks in Migori County.

1.4 Research Hypothesis

Ho_1: There is no significant effect of the strategic objectives on human resource performance in commercial banks in Migori County.

Ho_2: There is no significant effect of formulation and implementation of strategic planning on human resource performance in commercial banks in Migori County.

Ho$_3$: There is no significant effect of monitoring and evaluation of strategic planning on human resource performance in commercial banks in Migori County.

1.5 Significance of the Study

The rationale of the study is to contribute knowledge and lay foundation for further research on strategic planning and human resource performance. It may also shed light on the effects of strategic planning on human resource performance in commercial banks in Migori County as they seem to be performing below expectations. As such, it may produce hitherto unavailable knowledge as far as strategic planning and HR performance of commercial banks in Migori County is concerned. The study may therefore form a useful reference material on the literature of strategic planning to staff of commercial banks, human resource practitioners, educators in banking and human resource, general readers as well as to researchers in this area.

The outcome of this study may enable the management of commercial banks to understand and develop strategies to reduce the effect of strategic planning related problems to individuals at risk of developing strategic planning through strategic planning and its elements of task verity, identity and significance. Through the findings of this study, the Heads of Departments and the general management of the commercial banks may be informed on the price the banks pay for failure to plan strategically. The study may produce the effect of each element of strategic planning on the HR performance of commercial banks. With this information, the management of the commercial banks in Migori County may be able to determine how much HR performance can be produced or realized from each strategic planning factor. Such

information may help the commercial banks in Migori County to balance strategic planning and improve the productivity of the staff.

The study may also benefit the staff of the commercial banks in Migori County because henceforth, they will be able to determine the maximum and minimum out puts that is possible from each bank given the prevailing conditions. The staff may henceforth be able to hold the management accountable and take them to task so that what may be demanded from them can be produced from the prevailing strategic factors.

1.6   Scope of the Study

The study covered the effects of strategic planning on human resource performance in commercial banks in Migori County as they seem to be performing below expectations. The study took place as from March to May 2014. The respondents comprised of Branch managers, Operations Managers, Customer Care Managers and general employees- both on permanent and temporary employment in the Commercial Banks in the Migori County. The areas of concern were: to assess the effect of the mission and vision on human resource performance, to determine the effect of environmental scanning on human resource performance, to assess the effect of formulation and implementation of strategic planning on human resource performance and to establish the effect of monitoring and evaluation of strategic planning on human resource performance in commercial banks in Migori County.

1.7 Limitation and Delimitations of the Study

Migori County has wide spread commercial banks across the county hence the researcher may not be able to collect data from all the commercial banks in the county. However, the researcher used stratified simple random sampling to have a representative sample.

The researcher used the Branch managers, Operations Managers, Customer Care Managers and the staffs- both on permanent and temporary employment in the Commercial Banks in the Migori County as the respondents. However, there may have been other members or individuals who may have offered useful information to the study who were not in this category. It is hoped that the respondents gave the information that could be used to generalize the ideas.

The researcher used data provided by the bank management and the strategic human resource manager's records. This may not have been well up-dated or current as expected by the researcher. However, the researcher used the available records and compared with the current expected standards by the commercial banks.

1.7 Assumptions of the Study

The following assumptions were made for the purpose of the study that:

    i. The commercial banks would be much willing to disclose their human resource performance and the required information on their individual commercial bank would be disclosed to the researcher upon request.

    ii. That the role of strategic planning as the key institutions responsible for human resource performance could remain relevant to the Commercial Banks.

    iii. That commercial banks in Migori County had a strategic planning policy.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter comprises of the Concept of Strategic Planning, Models and Theories of Strategic Planning, Theories and Models of HR Performance, Empirical Studies, Theoretical and Conceptual Frame work.

2.1The Concept of Strategic Planning

2.1.1 Meaning of Strategic Planning

According to Max (2012), strategic planning is about taking meticulous, honest, and thorough look at both: what an organization is - its resources, capabilities, competitive advantage, areas of opportunity, shortcomings; and at the environment in which it competes – its customers, suppliers, competitors, market trends, government regulations, foreseeable opportunities and threats. Once what the organization is and what it stands for is known, then the management starts to shape the future it wants to create for the organization – a realistic future. However, this is not about a limiting future with a plan that simply projects the past – rather, this is about a visionary future (Haines, 2004). Once the vision for the organization is created and where the organizations wants to see itself sometimes from now is known - then the management starts to create a plan for getting there, deciding where to focus the organization's resources such as workforce, time, money (Kono, 1994). Viewed from this perspective, strategic planning is a leadership tool that helps a manager to put a company in contact with its environment; set a realistic yet bold direction for the organization; and create the route the organization needs to follow

to reach its vision. Thus strategic planning is a methodical process for creating a map for the general path a company is to follow, with the intention to increase its organization's potential. Ideally, and as Porter (2008) notes, strategic planning is learning to be different.

The planning process is the sequence of steps the planning group go through to produce the plan. As pointed out earlier, it entails articulating the core values of the planning group, developing a mission and vision statements; determining the strategic objectives, defining the main activities and responsibilities, disseminating and implementing the plan and monitoring results and amending the plan as required (Bradford & Duncan, 2000; Kono, 1994; Lorenzen, 2006). According to Bradford and Duncan (2000), the essential features of a process are: there are several steps, each step will involve a number of activities; all steps must be executed; and the steps must be executed in the correct order. Finally, if the order is incorrect, or if any step is compromised, all following steps of the process will be compromised.

The word "strategy" comes from the Greek strategos, referring to a military general and combining stratos (the army) and ago (to lead). The primary tasks of strategic planning are to understand the environment, define organizational goals, identify options, make and implement decisions, and evaluate actual performance. Thus, strategic planning aims to exploit the new and different opportunities of tomorrow, in contrast to long-range planning, which tries to optimize for tomorrow the trends of today (Drucker, 1980). Most organizations and universities currently engage in long-range planning, but they can fruitfully augment that work by using the concepts of strategic planning and thereby enhance their ability to steer a course in a changing external environment in commercial banking sector (Max, 2012).

2.1.2 Models of Strategic Planning

Traditional long-range planning in its most elementary form is based on the concept that planning consists of at least four key steps-monitoring, forecasting, goals setting, and implementing - which are intended to answer these questions: Where is the organization now? Where is it going? Where does it want to go? And what does it have to do to change where it is going to get to where it wants to go? (Renfro, 1980b, 1980c). These activities are continuous actions that, for example, produce a one-year operating plan and a five- or ten-year long-range plan every year. Fahey and Narayman (1986) and Haines (2004) concur that long-range planning cycle begins by monitoring selected trends of interest to the organization, forecasting the expected future of those trends (usually based upon extrapolation from historical data using regression analysis or a similar technique), defining the desired future by setting organizational goals in the context of the expected future, developing and implementing specific policies and actions designed to reduce the difference between the expected future and the desired future, and monitoring the effects of these actions and policies on the selected trends (Haines, 2004), as depicted in Figure 2.1.
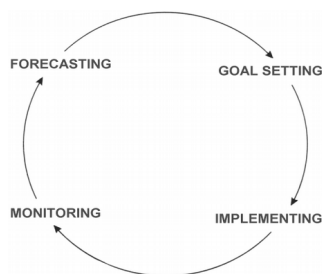
Figure 2.1: Long Range Planning

The environmental scanning model begins with scanning the external environment for emerging issues that pose threats or opportunities to the organization. As part of this step, trends are specified that describe the issues and can be used to measure changes in their

nature or significance (Max, 2012). According to Naisbitt (1982), each potential issue or trend is then analyzed (evaluation/ranking) as to the likelihood that it will emerge and the nature and degree of its impact on the organization if it should actually materialize. This stage produces a rank ordering of the issues and trends according to their importance to current or planned operations. The next stage, forecasting, focuses on developing an understanding of the expected future for the most important issues and trends. In this stage, any of the modern forecasting techniques may be used. Once the forecasts are made, each issue and trend is then monitored to track its continued relevance and to detect any major departures from the forecasts made in the preceding stage. Monitoring, in effect, identifies areas for additional and continued scanning. For example, subsequent monitoring may begin to suggest that an original forecast of the employee turnover rate is no longer credible, which would imply the need for more focused scanning, forecasting, and analysis to develop a more credible projection (Renfro & Morrison, 1984).
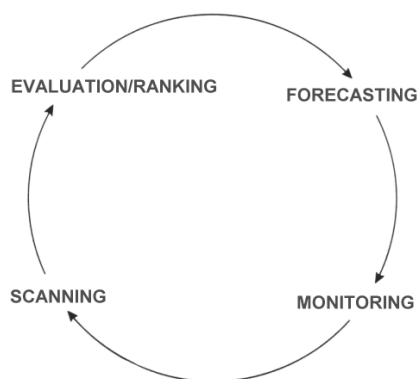
Figure 2.2: Environmental Scanning

As noted earlier, one of the major limitations of the traditional long-range planning model is that information about the changing external environment is usually not taken into account systematically or comprehensively. However, as Porter (2008) observes, when

this omission occurs because of an assumption that "we cannot predict external changes," long-range planning destines itself to surprise and failure, if only because it locks itself to the information known from direct experience in the past and immediate present. Information from the external environment nevertheless adds important components to long-range planning. First, it identifies new and potentially crucial subjects that should be added to those identified and tracked during monitoring. Second, it identifies possible developments that must be used to adjust the forecasts of the internal issues derived from forecasting--specifically, the surprise events that are used in policy impact analysis or techniques like probabilistic systems dynamics and in other rigorous forecasting methods used in traditional long-range planning (Fahey &Narayman, 1986).

These two models of planning - long-range planning and environmental scanning-may be merged. The interrelated model, the strategic planning process, consists of six identifiable stages: environmental scanning, evaluation of issues, forecasting, goal setting, implementation, and monitoring as defined in Figure 2.3. The merged model, then, allows information from the external environment in the form of emerging developments to enter the traditionally inwardly focused planning system, thereby enhancing the overall effectiveness of an institution's planning (Max, 2012). More specifically, it allows the identification of issues and trends that must be used to modify the internal issues derived during monitoring (Naisbitt, 1982).
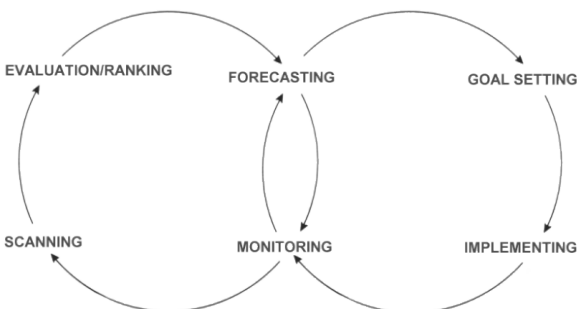
Figure 2.3: The Strategic Planning Process

The argument for combining these two models becomes apparent when the future that happens to the institution is contrasted. In the future that happens to the institution (the typical "planned" future), new developments are not anticipated before they force their way to the top of the agenda, demanding crisis management and the latest fire-fighting techniques. In this future, issues are usually defined by others whose interests do not necessarily include those of the institution or its purpose. Not only are threats from the external environment not anticipated as early as possible; key opportunities are missed or diminished in value (Olsen, 2012). Tracy (2000) adds that in the future that happens for the institution, in contrast (the "strategic" future), administrative leadership is focused more on fire prevention and less on fire fighting. Hence, it is able to exercise more careful judgment in the orderly and efficient allocation of resources. Certainly management will still have to deal with unforeseen developments, but they will probably be fewer and less traumatic. Thus, as Olsen (2012) and Tracy (2000) concur, institutions will be able to pursue their mission with greater confidence and consistency because they will be interrupted by fewer and smaller fire-fighting exercises.

2.2 Models and Theories of Strategic Planning

There are many approaches to strategic planning but typically Situation-Target-Proposal, and Draw-See-Think-Plan approaches are popular, (Allison & Kaye, 2005). Situation-

Target-Proposal entails evaluating the current situation and how it came about; defining goals and/or objectives (sometimes called ideal state); and mapping a possible route to the goals/objectives. The Draw-See-Think-Plan approach on the other hand entails drawing what is the ideal image or the desired end state; seeing what is today's situation? What is the gap from ideal and why; and then thinking what specific actions must be taken to close the gap between today's situation and the ideal state; and planning what resources are required to execute the activities (Haines, 2004).

Among the most useful tools for strategic planning is Strengths, Weaknesses, Opportunities, and Threats (SWOT analysis). The main objective of this tool is to analyze internal strategic factors, strengths and weaknesses attributed to the organization, and external factors beyond control of the organization such as opportunities and threats (Fahey &Narayman, 1986). According to Haines (2004) and Kono (1994), other tools include balanced scorecards which creates a systematic framework for strategic planning; scenario planning which was originally used in the military and recently used by large corporations to analyze future scenarios; Political, Economic, Social, and Technological (PEST) analysis, Socio-cultural, Technological, Economic, Ecological, and Regulatory factors (STEER analysis), Environment, Political, Informatics, Social, Technological, Economic and Legal (EPISTEL) analysis.

The other approach is the Antecedent Conditions, Target Strategies, Measure Progress and Impact (ATM) (Burkhart & Reuss, 1993). Once an understanding of the desired end-state is defined, the ATM approach uses root cause analysis (RCA) to understand the threats, barriers, and challenges to achieving the end-state. But since not all antecedent conditions identified through RCA are within the direct and immediate control of the

organization to change, a review of organizational resources, both human and financial, are used to prioritize which antecedent conditions will be targeted. Strategies are then developed to target the prioritized antecedent conditions. Linking strategies to antecedent conditions ensures the organization does not engage in activity traps: feel good activities that will not lead to desired changes in the end-state. However, once a strategy is defined, then performance measures and indicators are sought to track progress toward and impact on the desired end-state.

Other methods to strategic planning include future search, open space and SWOT analysis and ZOPP/OOPP/LFA (Haines, 2004). All these processes have some principles in common. Firstly is a belief that the future can be changed and is not "pre-destined". Secondly is a belief that the "whole system", that is all significant stakeholders, should be involved in the process of defining the desired future (Kotler, 1986). According to Lorenzen (2006), the approaches differ in several ways and each has its' strengths and weaknesses. The focus on "present problems" and "problem analysis found in the ZOPP/OOPP/LFA approach can lead to groups getting "bogged down" in the negative feelings of persistent problems or in trying to apportion blame for the problems to a particular part of the organization. As Max (2012) notes, this is often not conducive to resolving the situation. However, there are occasions where it is vital to identify the cause of a problem if a cure for that problem is to be found. Future search is a structured planning meeting that makes possible actions once thought beyond reach in large, diverse groups such as projects and programs based on new forms of cooperation devised by participants (Haines, 2004). This approach is popular in non-business communities. In

future search, the emphasis is to "leap forward" in time to identify the desired future condition and work back to find ways to reach that situation (Lorenzen, 2006).

The open space approach, a precursor to Future search, is a far less structured than most other methods. It has no preset agenda other than the topic previously agreed to and the time allotted to the meeting. There are no planned panel discussions and no plenary sessions, and the agenda is created through the facilitator inviting everyone present to nominate issues that he or she feels strongly about and is prepared to take responsibility for (Allison & Kaye, 2005). The SWOT approach seeks to identify what an organization is currently doing well (strengths), what it is not doing well (weaknesses), what market conditions can be exploited to advantage (opportunities) and what factors, internal and external can derail the organization's efforts (threats) (Lorenzen, 2006). The Logical Framework Approach (LFA), also referred to as Objectives Oriented Project Planning (OOPP) and in German as ZielOrientierteProjekPlanung (ZOPP), is a structured meeting process. This approach seeks to identify the major current problems using cause-effect analysis and search for the best strategy to alleviate those identified problems (Burkhart &Reuss, 1993).

The approach, or model, for strategic planning depends on: the purpose of strategic planning. If planning is meant to add a new product or program, then the process will probably include market research to verify the need, markets, pricing, etc., for the new product or service (Allison & Kaye, 2005). It also depends on whether the organization has done planning before (Max, 2012). For example, if the organization has not done planning before, then extensive attention to mission, vision and values statements is

probably warranted. Strategic planning also depends on the culture of the organization (Naisbitt, 1982). Some cultures might prefer a "linear" approach from mission, vision, values, quantified goals, strategies, action plans, financial analysis, while other cultures might prefer a more organic and unfolding approach, such as telling stories.

According to Naisbitt (1982), strategic planning also depends on whether the environment of the organization is changing rapidly. If the environment is changing rapidly, then planning should probably be a shorter term than for an organization whose environment is fairly stable. If an organization has done planning in the past, but planners do not believe it was successful, and then the organization should perhaps undertake a simple, short-term planning process for now. Usually, each organization ends up developing its own nature and model of strategic planning, often by selecting a model and modifying it as they go along in developing their own planning process. There are a range of alternatives from which organizations might select an approach and begin to develop their own strategic planning process. But an organization might choose to integrate the models; for example, an organization may use a scenario model to creatively identify strategic issues and goals, and then an issues-based model to carefully strategize to address the issues and reach the goals.

The Vision-Based or Goals-Based Strategic Planning is typically followed by organizations that are extremely small, busy, and have not done much strategic planning before. The process might be implemented in year one of the nonprofit to get a sense of how planning is conducted, and then embellished in later years with more planning phases and activities to ensure well-rounded direction for the nonprofit (Fahey

&Narayman, 1986). Planning is usually carried out by top-level management and the basic strategic planning process includes identification of organization's purpose (mission statement). This is the statement(s) that describes why an organization exists, or its basic purpose (Allison & Kaye, 2005). It should describe what client needs are intended to be met and with what services, though the type of communities are sometimes mentioned. The management should develop and agree on the mission statement, but the statements will change somewhat over the years (Bradford & Duncan, 2000).

Establish a vision statement is the next phase (Burkhart &Reuss, 1993). This statement describes the future state of customers/clients and your organization at some point in the future. This should be followed with selecting the goals the organization must reach if it is to effectively work toward its mission and achieve your vision. As Fahey and Narayman (1986) note, goals are general statements about what is needed to be accomplished to meet the purpose, or mission, and address major issues facing the organization. Identify specific approaches (or strategies) that must be implemented to reach each goal is key to this model (Haines, 2004). The strategies are often what change the most as the organization eventually conducts more robust strategic planning, particularly by more closely examining the external and internal environments of the organization. Small organizations might not refer to strategies and, instead, go the next step about action planning for each goal.

An organization also needs to identify specific action plans to implement each strategy (or objectives to achieve each goal) (Lorenzen, 2006). These are the specific activities or objectives that each major function must undertake to ensure it is effectively

implementing each strategy (or achieving each goal). Such objectives should be clearly worded to the extent that people can assess if the objectives have been met or not (Max, 2012). According to Porter (2008), the top management should develop specific committees that each have a work plan, or set of objectives of the commercial institutions. This is followed by compiling the mission, vision, strategies and action plans into a strategic plan document (Max, 2012), and lastly by monitoring implementation of the plan and updating the plan as needed (Porter, 2008). Joyce et al., (2003) add that planners regularly reflect on the extent to which the goals are being met and whether action plans are being implemented. Perhaps the most important indicator of success of the organization is positive feedback from the organization's customers.

The other model is issues-based planning. According to Kotler (1986), this model is based on the philosophy that organizations that have very limited resources; several current, major issues; little success with achieving future-oriented goals; or very little buy-in to strategic planning might use the issues-based approach to planning instead of the goals-based approach. The model begins by identifying the current, major issues facing an organization and then brainstorming ideas to address each major issue (Kotler, 1986; Lorenzen, 2006). But as Max (2012) adds, it is not important that the ideas be the perfect ideas, it is important for now to identify at least a reasonable approach to address each issue; usually short-range, 9-12 months in to the future, then compiling the issues and ideas into a Strategic Plan document for approval by the management approves the Plan. Lastly is monitoring implementation of the plan and update the plan as needed. As Kotler (1986) points out, planners should regularly reflect on the extent to which the goals are being met and whether action plans are being implemented. The most important

indicator of success of the organization is positive feedback from the organization's customers.

The other model is the alignment model whose overall purpose of the model is to ensure strong alignment among the organization's mission and its resources to effectively operate the organization (Kotler, 1986). This model is useful for organizations that need to fine-tune strategies or find out why they are not working. But as Lorenzen (2006), an organization might also choose this model if it is experiencing a large number of issues around internal efficiencies. Overall steps in the alignment model include outlining the organization's mission, programs, resources, and needed support; identifying what is working well and what needs adjustment; and how these adjustments should be made; and including the adjustments as strategies in the strategic plan (Naisbitt, 1982).

The scenario planning model is used in conjunction with other models to ensure planners truly undertake strategic thinking. The model is useful, particularly in identifying strategic issues and goals (Bradford & Duncan, 2000). This process goes through five main steps; first is selection of several external forces and imagining related changes which might influence the organization, such as change in regulations, or demographic changes, through scanning the newspaper for key headlines to suggest potential changes that might affect the organization. Secondly, for each change in a force, discuss three different future organizational scenarios (including best case, worst case, and reasonable case) which might arise with the organization as a result of each change should be discussed (Fahey &Narayman, 1986). Reviewing the worst-case scenario often provokes strong motivation to change the organization. The third stage involves suggesting what

the organization might do, or potential strategies, in each of the three scenarios to respond to each change (Haines, 2004) and fourth is detection of common considerations or strategies that must be addressed to respond to possible external changes. The final stage involves selecting the most likely external changes to effect the organization, such as over the next three to five years, and identifying the most reasonable strategies the organization can undertake to respond to the change (Max, 2012).

The other model is the Organic" (or Self-Organizing) Planning. Traditional strategic planning processes are sometimes considered "mechanistic" or "linear," because they are rather general-to-specific or cause-and-effect in nature. Generally as Fahey and Narayman (1986), the processes often begin by conducting a broad assessment of the external and internal environments of the organization, conducting a strategic analysis ("SWOT" analysis), narrowing down to identifying and prioritizing issues, and then developing specific strategies to address the specific issues. But another view of planning is similar to the development of an organism, and is an "organic," or a self-organizing process. Certain cultures, e.g., Native American Indians, might prefer unfolding and naturalistic "organic" planning processes more than the traditional mechanistic, linear processes (Lusch & Lusch, 1987). Self-organizing requires continual reference to common values, dialoguing around these values, and continued shared reflection around the systems current processes (Naisbitt, 1982).

According to Porter (2008), and Joyce et al. (2003), general steps in the organic model include clarifying and articulating the organization's cultural values. Use dialogue and story-boarding techniques; articulate the group's vision for the organization through the

use dialogue and story-boarding techniques. On an ongoing basis, such as once every quarter, dialogue about what processes are needed to arrive at the vision and what the group is going to do now about those processes. There is need to continually remind oneself and others that this type of naturalistic planning is never really "over with," and that, rather, the group needs to learn to conduct its own values clarification, dialogue/reflection, and process updates. Porter (2008) advices that organic model requires patience, focus on learning and less on method, and asking the group to reflect on how the organization will portray its strategic plans to stakeholders who often expect the "mechanistic, linear" plan formats.

The last model is the Real-Time Planning model. Many experts assert that conventional strategic planning has become rather out-dated because the world is changing much more rapidly than before, to the extent that conventional (especially long-range) plans quickly become obsolete (Allison & Kaye, 2005). Lorenzen (2006) concurs with Allison and Kaye (2005) that these experts might assert that planning be done continuously, or in "real time." The process might involve initial discussions to clarify mission, vision and values. Ideally, these are documented, such that changes are easily recognized and communicated followed by discussions in, for example, Board and staff meeting that clarify current, major priorities based not only on people's current opinions, but also, as much as possible, on verified impressions from accurate data such as from environmental scans, market research, brainstorming or product/program evaluations. It is important that the updated/changed priorities also be documented (Fahey &Narayman, 1986). A challenge in this type of planning is that many investors and funders expect to see

"stable" documented strategic plans. Many might infer that regular changes are the result of poor planning, rather than from a new type of strategic planning (Max, 2012).

2.3 Theories and Models of Human Resource Performance

Human resources are the source of achieving competitive advantage because of its capability to convert the other resources (money, machine, methods and material) in to output (product/service). The competitor can imitate other resources like technology and capital but the human resource are unique. According to Khatri (1999), HR are one of the most important factors providing flexibility and adaptability to organizations. Rundle (1997) argues that one needs to bear in mind that HR (managers), not the firm, are the adaptive mechanism in determining how the firm will respond to the competitive environment. An organization is productive if it achieves its goals and does so by transferring inputs to outputs at the lowest cost (Robins, 2005). As such, HR performance implies a concern for both efficiency and effectiveness. A business entity (in this case commercial bank) is effective when it attains its sales or market share goals, but its productivity also depends on achieving these goals efficiently as stipulated in the mission and vision statements. Balanced Scorecard does include performance in communities as process perspective objectives when such performance does contribute to the differentiation in the strategy (Kaplan and Norton, 2003).

Various models of HRP have been developed from time to time by different teams of the researchers. All these models have helped the HR practitioner to effectively manage the human resources to enhance performance. Some of the important models are: The Harvard model (Beer et al., 1984) works as a strategic map to guide all managers in their

relations with employees and concentrates on the human or soft aspect of HRM. It strives at employee commitment not control. It also works on the premise that employees needed to be congruent, competent and cost effective. This model emphasizes all round HRP which is in line with role of strategic planning in commercial banks.

The Michigan model (Devanna et al., 1984) focuses on hard HR. It holds that HR should be managed like any other resources and so obtained cheaply, used sparingly, developed and exploited fully. It also emphasized the interrelatedness of HR activities. According to this model, selection, appraisal, development and rewards were geared towards organizational performance. This model is applicable in this study as the emphasis of strategic planning is enhancement of performance of Commercial banks. Therefore, proper management of HR enhances both HRP and organizational performance.

Guest comparative model (Guest, 1997) works on the premise that a set of integrated HRM practices will result to superior HR and organizational performance. It advocates a significant difference of HRM from PM. It holds that HRM strategies like differentiation, innovation, the focus on Quality and cost reduction will lead to practices like better training, appraisal, selection, rewards, job satisfaction, involvement, and security leading to more quality outcomes; commitment and flexibility. It will then affect performance in that productivity will increase; innovation will be achieved as well as limited absenteeism, employee turnover, and conflict or customer complaints. This model is applicable in this study as it addresses the key variables of HRP.

Another model for HR is the Warwick model which was developed by Hendry and Pettigrew (1990) at centre for strategy and change, Warwick University in early 1990s. It

emphasizes on analytical approach to HR. It also recognizes the impact of the role of the HR functions on the human resource strategy content. The researcher focused their research on mapping the context, identifying the inner (organizational) and external (environmental) context. Commercial banks basically stress on the attention to customer needs and requirements in assessing their effectiveness.

According to Hill (2007), starting and ensuring success of a business, the model and strategies employed enable the organization to attain a sustainable competitive advantage. However to achieve this, the management must understand the process by which organizations create value for its customers and profit for themselves. Besides managers need to understand the role of HR, capabilities and distinctive competencies superior efficiency, innovation, quality, responsiveness to customers in creating value and generating high profitability. In addition management must be able to analyze the sources of their company competitive advantage to identify what drives the profitability, opportunities for improvement and weaknesses leading to lower profitability. Therefore, this study established the effect of strategic planning on HR performance in commercial banks in Migori County.

2.4 Empirical Studies

Various studies have tried to explain the linkage between strategic planning and HR performance. Venkatraman & Ramanujam (1986) described that performance is a continuing theme in most areas of management, including strategic management, and it is of interest to both academic scholars and practicing managers. Performance enhancement is at the heart of strategic management and the importance of HR performance in strategic management can be reasoned on three aspects, they are: theoretical, empirical,

and managerial. Theoretically, the concept of HR performance is at the heart of strategic management and the time of test of whichever strategy. Empirically, most strategy research investigations use the construct of business performance to test a sort of strategy content and process issues and for a systematic analysis of the extent to which the empirical inquiries reflect the performance dimension. The managerial importance of HR performance is all too manifest in the many recommendations offered for performance enhancement such as research on corporate turn around and organizational transitions.

The prescriptive strategic management literature implies that there is a positive association between strategic planning and company performance, with directional causality from strategic planning to performance (Greenley, 1994). Greenley provides two kinds of answer to the question: why do companies need strategic planning? First, it should improve the performance of companies. The standard theory of strategic management focuses around the planning of a mission and objectives, of which company performance is part, the implementation of strategies to achieve these objectives, and control to ensure that the objectives are achieved. Second, the purpose of strategic planning is to improve the effectiveness of management throughout an organization. This in turn could lead to indirect improvements in performance, although its efficacy may, of course, be lost in the complexity of variables with the potential to influence performance. According to Chege, (2009) observed that most higher education institutions have a mission, vision, core values and objectives well stated, and some pasted on walls, receptions, institutions' handbooks, websites among other places. Ideally, these visions, missions, core values and objectives should act as navigators for these institutions to achieve their goals and realize their dreams. Higher education institutions are ideally to

lead in education and research in any country. However, his study revealed that many students in these institutions echoed that 'high school was better than university and college in terms of facilities and services offered' and wondered what is wrong especially with such well written down roadmaps.

The question regarding the nature of strategy formulation in organizations has centred on the so-called "design versus process" debate, which emphasizes the difference between deliberate and emergent strategies (Mintzberg& McHugh, 1985; Mintzberg& Waters, 1985). Deliberate strategies are defined as "intentions rebased" from strategies that are formulated in advance, whereas an emergent approach produces evolving strategic patterns despite or in the absence of intentions'.

Organizational factors affect the planning process besides the dimensions of strategic planning (Wagner, 2006). Lorange (2010) linked the strategic planning to HR performance (change). He presented that the purpose of strategic planning is thus to accomplish a sufficient process of innovation and change in the firm if a formal system for strategic planning does not support innovation and change, it is a failure. Furthermore, Lorange (2010) explained that strategic planning system is a critical process for top management and facilitated growth. This is most important in view of the fact that HR performance enhances growth of the organization. This study investigated the effects of strategic planning on HR performance as the research gap. This may add to the existing body of literature on organizational performance.

2.5 Theoretical and Conceptual Framework

2.5.1   Theoretical Framework

This study focused on systems theory. Systems theory developed by an Austria biologist, Karl Ludwig in 1968, views an organization as a system. A system is a collection of parts unified to accomplish an overall goal. If one part of the system is removed, the nature of the system is changed as well. A system can be seen as having inputs, processes, outputs and outcomes. Systems share feedback among each of these four aspects of the systems. Commercial banks as financial institutions can be viewed as systems where inputs would include resources such as finances, technology and people (employees, managers and bank management). These inputs go through a process (management), where they are planned, organized motivated and controlled, ultimately to meet the organization's goals. Out puts would be products that are the human resource or services. Outcomes would be improved human resource performance; increased internal efficiency of the bank and enhanced quality of life in the community. Feedback would be information from strategic HRM officers and standards officers. Feedback also comes from the larger environment of the commercial institutions like influences from government, society, economics and technologies.

2.5.2 Production Function

The study also used the production function as a theory. According to Shepherd (2009) **"**production function", is a schedule (or table, or mathematical equation) showing maximum amount of output that can be produced from any specified set of inputs", given the existing technology or 'state of the art'. The short run production function gives the total (maximum) output obtainable from different amounts of variable input, given a

specified amount of fixed input of the ingredient inputs. The aggregate production function is the maximum output that can be produced given the quantities of the factors of production. A function is a relationship between variables. Performance can be expressed as a linear function.

$$Y = \alpha_0 + \alpha_1 x_1 + \alpha_2 x_2 + \alpha_3 x_3 + \alpha_4 x_4 + \mu \ldots\ldots\ldots\ldots \alpha_n x_n$$

where $\alpha_1 \ldots\ldots \alpha_n$ are referred as marginal physical product of input (x_1, x_2, x_3, x_4, $\ldots\ldots\ldots x_n$). $x_1 \ldots\ldots\ldots.. x_n$ are factors input which may represent quantities. $i = n-1$

μ = errors due to variables not included in the study / white noise.

This is a Multi Regression model where there is more than one variable under study. Performance is a function of Mission and Vision, Strategy Formulation and implementation, Monitoring and Evaluation.

$$Y = f(x_1, x_2, x_3,) = \alpha_0 + \alpha x_1 + \alpha_2 x_2 + \alpha_3 x_3 + \mu$$

where:

X_1 = Mission and Vision, X_2 = Strategy Formulation and implementation, X_3 = Monitoring and Evaluation, μ = Error terms / white noise. Expectations from the coefficient (α_1, α_2, α_3, > 0)

This means they have positive contribution to performance. Advantage of this method help in computing the parameters and test the coefficients.

2.5.3   Conceptual Framework

This study also employed a conceptual framework. The conceptual framework shows the three independent variables of strategic planning: mission and vision, strategy formulation and implementation and monitoring and evaluation. The dependent variable in this study is the HR performance that comprises: job satisfaction, employee turnover, employee wastages and absenteeism.

Independent Variables: Strategic Planning

Independent Variables

Strategic Objectives

- Financial Objectives
- Mission and Vision
- Market share

Dependent Variable

HR Performance

- Job satisfaction
- Employee turnover

Strategy Formulation and implementation
- Product differentiation.
- Organizational designs
- Resource reorganization.

Monitoring and Evaluation

- Measurement parameters.
- Target values.
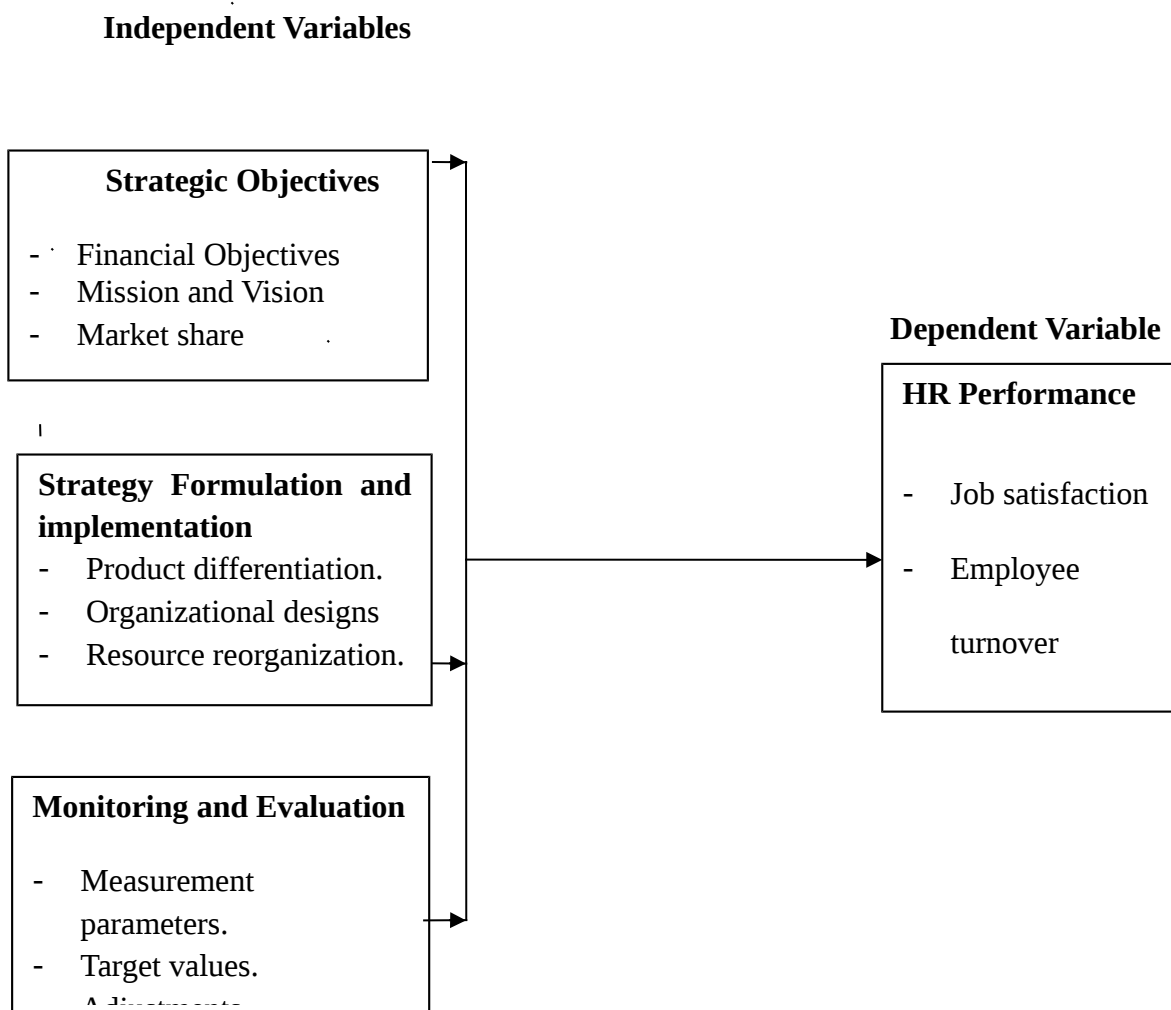
Figure 2.4: Conceptual Framework

Source: Author (2013)

Independent Variables

These demonstrate activities and initiatives regarding strategic planning in commercial banks (dependent variable). This conceptual framework highlighted on mission and vision, strategy formulation and implementation and monitoring and evaluation. Each of these variables is important as they have direct influence on human resource performance in commercial banks.

Ulrich and Brockbank (2005) appended that strategic objectives account for almost half of HR´s total influence on business performance. Eckerson (2009) made a key point about what differentiates the scorecard from other business performance measurement frameworks in the market share: A lot of HR will build a list of measurements that are non-financial and think that they have a balanced scorecard, but in our view the scorecard has to tell the story of company´s strategy. The biggest mistake organizations make is that they think that scorecard is just about measurement. Huselid, Becker and Beatty (2005) also confirmed that the HR Scorecard is designed to guide management of the HR function.

Cronin (2007) declared that both financial and non-financial, are critical element of effective communication of a company´s progress towards its goals. Choosing relevant financial objectives requires thinking to be aligned with the strategies and objectives; once this is done, the choice of measures of success is often obvious one.

Dependent Variable

This attempts to find out the factors (independent variables) which affect HR performance. They include the following indicators: job satisfaction, employee turnover, employee wastage rates and absenteeism.

HR practices also affect the level of job satisfaction of the employees. Petrescu and Simmons (2008) examined the relationship between HRM practices and workers overall job satisfaction and their satisfaction with pay. The result indicated that several HRM practices raise workers overall job satisfaction and their satisfaction with pay.

Employee turnover is a major challenge for the organization but the companies implementing effective HR practices can reduce the rate of the employee turnover. Abeysekera (2007) empirically evaluated six HR practices (realistic job information, job analysis, work family balance, career development, compensation and supervisor support) and their likely impact on marketing executives intention to leave (MEIL)in the Sri Lankan leasing companies. The result indicated job analysis, compensation, career development, realistic job information variables were negatively and significantly correlated with MEIL.

Guest (1997) argues that HR strategies like differentiation, innovation, the focus on Quality and cost reduction will lead to practices like better training, appraisal, selection, rewards, job satisfaction, involvement, and security leading to more quality outcomes; commitment and flexibility. It will then affect performance in that productivity will increase; innovation will be achieved as well as limited absenteeism, employee turnover, and conflict or customer complaints.

2.6 Summary of Literature Review

The Concept of Strategic Planning is about taking meticulous, honest, and thorough look at both: what an organization is - its resources, capabilities, competitive advantage, areas of opportunity, shortcomings; and at the environment in which it competes – its customers, suppliers, competitors, market trends, government regulations, foreseeable opportunities and threats. There are many approaches to strategic planning but typically Situation-Target-Proposal, and Draw-See-Think-Plan approaches are popular. Situation-Target-Proposal entails evaluating the current situation and how it came about; defining goals and/or objectives (sometimes called ideal state); and mapping a possible route to the goals/objectives. The most effective application of strategic planning tools is in the context of a systematic strategic planning process.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The purpose of this chapter is to provide a description of the area of study, research design, the target population, sample size and sampling techniques, research instruments, validity and reliability of the research instruments, data collection procedures, data analysis and presentation and ethical issues in data collection.

3.2 The Area of Study

The study covered all the 11 commercial banks in Migori County. Migori County is located in Western Kenya and constitutes 8 constituencies (Rongo, Suna West, Suna East, Uriri, Nyatike, Kuria East, Kuria West and Awendo). Migori County was chosen because it has had relatively high cases of employee turnover that suggested that stressful situations in the workplaces are taking its toll in the banks staff. This scenario provided a ground for investigating the relationship between strategic planning and human resource performance in commercial banks in Migori County.

3.3 Research Design

This study employed a cross sectional survey research design. A survey is suitable when descriptions of events or opinions rather than manipulation of variables are intended (Oso & Onen, 2009). The variables under investigation in this study were strategic planning and HR performance of commercial banks, which the researcher could not manipulate at, will. It was therefore necessary to describe them as they were. It is this intention to describe "variables as they are" that makes survey the ideal design for this study. Cross

sectional survey was also suitable in the sense that it enabled collection of both qualitative and quantitative data from the commercial banks and the respondents. This saved time and resources for the research.

3.4 Target Population

The study targeted the Branch managers, operational managers, customer care managers and employees in the Commercial Banks in the Migori County. The records in the County offices indicated that there were 11 Commercial Banks with 11 branch managers, 11 operations managers, 11 customer care managers and 864 employees at the time of study. This translated to 897 respondents.

3.5 Sample Size and Sampling Procedure

This study employed purposive sampling and simple random sampling techniques to select the sample. In purposive sampling, the researcher decides which respondent to include in the sample based on their typicality and it is used to collect focused information (Oso & Onen, 2009). Purposive sampling was used to sample key informants like the branch managers, operations managers, and customer care managers of the commercial banks in the Migori County. Simple random sampling was used to select the employees in the commercial banks and the researcher considered this to be representative sample because the sample size was large enough to contain all the variation in the population and equal and independent chances was given to each individual in the population to be selected. Purposive sampling was deemed appropriate in this study because it made it possible for the selection of subjects on the basis of their expertise in the subject under investigation (Uma, 2010) while simple random sampling

was preferred because it ensured that all members of target population had an equal and independent chance of being included in the sample. Sample size selection was done in accordance with Morgan matrix, a statistical calculation for arriving at the approximate sample size developed by Krejcie (1970) model and generated by Morgan (1990) using the formula given:

$$n = (\chi 2Npq) / (d^2(N-1) + \chi 2pq)$$

Where n= desired sample size   N= Target population   p=population proportion of 0.5

q = 1-p for a binomial distribution

d= degree of accuracy reflected by the amount of error that can be tolerated in fluctuation of a size about the population and corresponds to the significance level with a standard error of the proportion at the corresponding confidence level of 0.05.

$\chi 2$ = the Chi square value for one degree of freedom relative to the desired level of confidence ($\chi 2$=3.841 at 95% confidence level).

The sample size below was derived from the sample size matrix developed by Krejcie (1970) model and generated by Morgan (1990)(Also see Krejcie and Morgan (2006) table of samples at 95% confidence with 5.0% margin of error appendix IV).

The sample size for the study comprised of 11 branch managers, 11 operations managers, 11 Customer care managers and 267 employees of the commercial banks in Migori County totaling to three hundred (300) respondents. The study sample size is as shown in Table 3.1:

Table 3.1: Sample Size of the Respondents in the Commercial Banks

Respondents	Target Population (N)	Sample Size (S)	Percentage
Branch Managers	11	11	100
Operations managers	11	11	100
Customer care managers	11	11	100
Employees	864	267	30.9
Total	**897**	**300**	**33.4**

Source: Republic of Kenya, 2012- Migori County Development Plan

In table 3.1 the sample size for Branch Managers, Operations Managers and Customer Care Managers comprised of 11 each totaling to 33 Managers. This was because the target population was less than 15 in each case so the sample size should be equal to the target population. The sample size for employees was arrived at by adding 265 plus 269 divided by 2 which equals 267 (Appendix IV). The total sample size was arrived at by totaling sample size for managers (33) plus sample size for employees (267) totaling to 300 respondents.

3.6 Data Collection Instruments

In the study, the following instruments and techniques were used: one questionnaire for Customer Care Managers, Operations managers and Employees while an interview schedule for Branch Managers. The two instruments were used to supplement each other and to give a deeper and wider exploration into research perspective which gave the research more quality.

3.6.1 Questionnaires for the Respondents

 A questionnaire is a research instrument that gathers data over a large sample (Kombo& Tromp, 2006). It is a way of getting data about persons by asking them rather than watch

them behave. A questionnaire is also a research tool whereby the respondent gives the responses to the questions asked through the written mode. The use of questionnaire as a tool in this research was quite efficient because through them the researcher was able to obtain personal views from the respondents. In this questionnaire, structured or closed ended questions were used. Closed ended questions were used with the aim of helping the researcher to obtain the personal views of the respondents. For closed ended questionnaire, five-point likert scale was used to measure opinions and effects associated with strategic planning. The higher the score the more positive the opinion towards the subject, with the exception of questions which were negative and could show a lower score to indicate a more positive opinion. The questionnaire was administered to operations managers, customer care managers and employees of the participating commercial banks (Appendix II).

3.6.2 Interview Schedule for Branch Managers

This is an oral administration of a questionnaire, which involves a face-to-face interaction. The interview was administered to the Branch Managers (Appendix III).

3.7 Validity and Reliability of Research of Instruments

The study conducted validity and reliability tests of the research instruments.

3.7.1 Validity of the Research Instruments

Validity is the extent to which the instrument measures what it appears to measure according to the researcher's subjective assessment (Frankfort-Nachmias, 2005). Validity deals with the adequacy of the instruments for example, the researcher needs to have adequate questions in the written task in order to collect the required data for analysis that

can be used to draw conclusion. The validity of research instruments was established before data collection by research experts in the department of Human Resource Management of Rongo University to evaluate the items contained in various instruments. The suggestions and clarifications by the experts were used to improve the instruments designed.

3.7.2 Reliability of the Research Instruments

Reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials (Mugenda & Mugenda, 2003). To ensure the reliability of the questionnaire, a pilot study was carried out in a neighboring county, Homa Bay County. This area was used for piloting because the two counties share similar conditions and are in the same Nyanza Region. The research instruments were administered to the same pilot group twice after an interval of two weeks and the results compared. A coefficient of 0.895 was obtained implying that there was a higher degree of reliability of the data.

3.8 Data Analysis

Data analysis refers to the examination of the coded data critically and making inferences (Kombo& Tromp, 2006). In this, study data was organized, presented, analyzed and interpreted using descriptive and inferential statistical techniques. The descriptive statistics that were used to summarize data included percentages, frequencies, mean, standard deviation, skewness, kurtosis and tables. Inferential statistics was used to show if the observed pattern was statistically different from the pattern expected due to chance .The data was analyzed using the Statistical Package for Social Sciences (SPSS) in Chi-square. This study collected and analyzed both qualitative and quantitative data.

Quantitative data were analyzed through percentages and presented in tables and figures. Percentage is an analysis technique that simplifies data by reducing them to a range of between 0 and 100, with 100 as base to facilitate comparison (Kothari, 1990). The percentage distribution technique was used to show the face values of the effects of strategic planning on the HR performance of commercial banks.

A multiple regression analysis adopted to establish the relationship between strategic planning and human resource performance in Commercial Banks. The regression equation took the form:

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \alpha$

Y = The dependent variable (HR performance)

β_0 = Regression coefficient

$\beta_1, \beta_2, \beta_3, \beta_4$ and β_5 = slopes of the regression equation

X_1 = Mission and vision variable

X_2 = Strategy formulation and implementation variable

X_3 = Monitoring and evaluation variable

α is an error term normally distributed about a mean of 0 (for purposes of computation, the α is will be assumed to be 0).

3.9 Ethical Considerations

Most institutions are known to be suspicious of strangers and investigations, and therefore only release limited information. However, a letter of introduction attached to the questionnaires, provided assurance of confidentiality in handling of the information collected, and hence reduced the effects of this limitation in the study findings.

It was also realized that most respondents were positive about the study. Nevertheless, a few of them were very impatient and viewed the study as an interference with their programs.

In the questionnaires it was clearly indicated that the respondents not to write their names nor their department and that the information they gave was to be used for research purpose only. The researcher ensured anonymity and confidentiality on part of the respondents. This was important to protect them from any psychological harm or public embarrassment of identifying with the information given to the researcher.

CHAPTER FOUR

FINDINGS, DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter deals with data analysis, presentation, interpretation and discussion of the research findings. The chapter is organized into two sections, in the first section; descriptive statistics are used to provide background information of the respondents who participated in this study. The second section presents the analysis of the responses based on the specific objectives of the study.

A total of 289 questionnaires and 11 interview schedules were given out to the respondents. Only 243 of the questionnaires and all the 11 interview schedules were received back. This resulted in a questionnaire response rate of 84.1 percent and 100.0 percent respectively. This was deemed appropriate for analysis and data from the questionnaires was then analyzed and presented in tables. This fell within the confines of a large sample size (n>30) and provided a smaller margin of error and good precision (Anderson, Sweeney & Williams, 2003).

4.2 Demographic Characteristics

The purpose of collecting the demographic data was to enable the researcher obtain more reliable, relevant and detailed information on the effects of strategic planning on HR performance in commercial banks in Migori County.

The demographic characteristics collected in the study included length of service, level of education and job category of respondents in the commercial banks in Migori County. The responses obtained were recorded in Table 4.1:

Table 4.1: Demographic Characteristics

Demographic Characteristics		Frequency	Percent
Length of service in years	1- 5	63	25.9
	6 – 10	63	25.9
	11 – 15	39	16.0
	16 and Above	78	32.1
	Total	**243**	**100.0**
Level of Education of Respondents	K.C.S.E/ KCE/K.A.C.E	6	2.5
	Certificate	9	3.7
	Diploma	18	7.4
	Degree	210	86.4
	Total	**243**	**100.0**
Job Category of Respondents	Employees	221	91.0
	Customer care manager	11	4.5
	Operations manager	11	4.5
	Total	**243**	**100.0**

Source: Author, 2014

Table 4.1 shows that 25.9 percent (63) of the respondents had a working experience of 1-5 years and 6- 10 years respectively while another 16.0 percent (39) of them had worked for 11-15 years in the respective commercial banks. Finally, table 4.1 reveals that 32.1 percent (78) of the respondents had served in the commercial banks for 16 and above years. This implies that most of the respondents had work experience of more than one year and therefore were in position to give relevant and detailed information on the effect of strategic planning on the human resource performance in commercial banks.

In addition the study sought the level of education of the respondents. The information in Table 4.1 indicates that up to 2.5 percent (06) of the respondents had a KCSE/KCE/KACE certificate while 3.7 percent (09) of them a certificate with 7.4 percent (18) of them having diploma. It was further revealed that majority 86.4 percent (210) of the respondents had degree certificates. This implies that the majority of the

respondents had minimum level of education that could enable them give reliable responses concerning the effect of strategic planning on the human resource performance in commercial banks. It also implies that most of the commercial banks' minimum requirement for employment is a degree to enable to achieve efficiency and effectiveness. The level of education plays a crucial role in the management and implementation of strategic planning in commercial banks.

Further, the study sought the respondents' job category. Table 4.1 indicates that majority 91.0 percent (221) of the respondents were employees; 1.1 percent (11) of them were customer care managers and operation managers respectively. This is an indication that the study sample consisted of respondents who could give relevant information on the effect of strategic planning on the human resource performance in commercial banks. The managers are the implementers of the strategic plans in the commercial banks while the employees are the ones expected to enhance performance.

4.3 Rating of HR Performance in Commercial Banks

The study sought to establish how the respondents rated the HR performance in commercial banks and the responses were as in Table 4.2:

Table 4.2: Rating of HR Performance in Commercial Banks

Rating of HR Performance	Mean	Standard Deviation	Skewness	Kurtosis
Below Expectation	3.14	0.664	-0.464	0.298
Satisfactory				
Good				
Excellent				

N=243

Source: Author, 2014

The information from Table 4.2 shows that the HR performance in the commercial banks was below expectation and satisfactory (mean =3.14, standard deviation of 0.664, skewness= -0.464 and kurtosis of 0.298. This could be due to failure by most of the commercial banks in embracing strategic planning.

The study further sought information on HR performance by posing statements to which the respondents were expected to state the extent to which they agreed or disagreed. The findings were presented as in Table 4.3:

Table 4.3: Human Resource Performance

Statement	Mean	Standard Deviation	Skewness	Kurtosis
HR Improves Quality of Service	1.65	.774	1.172	1.152
Level of Productivity and Net profit of the Bank	1.72	.775	1.346	3.016
HR Performance enhances the job Satisfaction and Commitment in Banks	1.59	.751	1.183	.980
The Quality of Service Offered is an indicator of an efficient HR Performance	1.77	.908	1.683	3.227
HR Performance Enhances Sales Growth and Growth in market Shares	1.78	.932	1.478	2.329
Human Resource Performance	**1.702**	**0.828**	**1.3724**	**2.1408**

N=243

Source: Author, 2014

Information from Table 4.3 shows that HR improves quality of service of the commercial banks (mean =1.65 and standard deviation of 0.774).This implies that if enhanced HR can improve quality of services delivered by the commercial banks.

Concerning the fact that HR performance is indicated by level of productivity and net profit of the bank, it is indicated that HR performance is indicated by level of productivity and net profit of the bank (mean of 1.72 and standard deviation of 0.775).This implies that to a larger extent if enhanced HR performance can be a measure of the level of productivity and net profit of the commercial bank.

The findings further showed that HR performance enhances the job satisfaction and commitment in bank (mean of 1.59 and standard deviation of 0.751). This shows that if the HR is enhanced can lead to job satisfaction and commitment in commercial banks.

Information on the quality of service offered by commercial banks is an indicator of an efficient HR performance (mean of 1.77 and standard deviation of 0.908). This implies that efficiency of HR performance to a large extent can be measured through the quality of service offered by commercial banks. Since the quality of service in the commercial banks in Migori County is satisfactory means that the HR performance is also below expectation or just satisfactory.

Finally, the findings further revealed that HR performance in the banks can enhance sales growth and growth in market shares (mean of 1.78 and standard deviation of 0.932). This implies that sales growth and growth in market Shares of commercial banks to a large extent is a measure of an efficient and effective HR. Therefore, the rating of HR

performance summed up to a mean of 1.702, standard deviation of 0.828, skewness of 1.3724 and kurtosis of 2.1408.

4.4 Relationship between Strategic Objectives and Human Resource Performance

The first objective of this study was to investigate the effect of the strategic objectives on human resource performance in commercial banks in Migori County. The findings are represented in table 4.4:

Table 4.4: Effect of Strategic Objectives on Human Resource Performance

Statement	Mean	Standard Deviation	Skewness	Kurtosis
HR Performance is Based on the Strategic Objectives	1.79	.734	.921	1.162
HR Performance is Based on the Financial Objectives	1.88	.761	.891	1.017
HR Performance is Rated alongside the Objectives	1.70	.712	.708	.033
HR in the Bank can be Rated as being Excellent	1.90	.899	.918	.682
HR Performance in the Banks can be Rated as being below Expectations	3.68	1.398	-.620	-1.076
Effect of Strategic Objectives on Human Resource Performance	**2.19**	**0.9008**	**0.5636**	**0.3636**

N=243

Source: Author, 2014

Data from Table 4.4 shows that HR performance is measured based on the strategic objectives of the commercial bank (mean of 1.79 and standard deviation of 0.734). Findings indicated that HR performance is measured based on the financial objectives of the bank (mean of 1.88 and standard deviation of 0.761).

The findings further showed that HR performance is rated alongside the achieving of the objectives of the bank (a mean of 1.70 and standard deviation of 0.712).The Information

on the fact that HR in the bank can be rated as being excellent showed that HR in the bank can be rated as being excellent (a mean of 1.90 and standard deviation of 0.899).The findings further revealed that HR performance in the banks can be rated as being below expectations (a mean of 3.68 and standard deviation of 1.398).Therefore, the effect of strategic objectives on HR performance was summed up to a mean of 2.19, standard deviation of 0.9008, skewness of 0.5636 and kurtosis of 0.3636.

4.5 Relationship between Formulation and Implementation of Strategic Planning and Human Resource Performance

The second objective of this study was to assess the effect of formulation and mplementation of strategic planning on human resource performance in commercial banks in Migori County. The responses were as in Table 4.5:

Table 4.5: Effect of Formulation and Implementation of Strategic Planning

Statement	Mean	Standard Deviation	Skewness	Kurtosis
Strategy Formulation and Implementation Highly influences HR Performance in our Banks	1.62	.871	1.965	4.581
The Management of the Banks involve the HR in the implementation of the strategic plans	1.59	.625	.564	-.601
The performance of the HR in the banks is influenced by the nature of strategic plans formulated	1.64	.727	1.448	4.002
The way the strategic plans are formulated and implemented in the banks affects the HR performance	1.60	.662	.900	.795
Effect of Formulation and Implementation of Strategic Planning	**1.6125**	**0.72125**	**1.21925**	**2.19425**

N= 243

Source: Author, 2014

Table 4.5 indicates that strategy formulation and implementation highly influences HR Performance in banks (a mean of 1.62 and standard deviation of 0.871). This implies that there is great need for strategy formulation and implementation in commercial banks.

Concerning the fact that the management of the commercial banks involves the HR in the implementation of the strategic plans, it was revealed that the management does not involve most of the employees in formulation of strategic plans. They are only given to implement what has been passed by the management of the banks(a mean of 1.59 and standard deviation of 0.625).

The findings further showed that the performance of the HR in the banks is influenced by the nature of strategic plans formulated (a mean of 1.64 and standard deviation of 0.727).Finally, the findings showed that the way the strategic plans are formulated and implemented in the banks affects the HR performance (a mean of 1.60 and standard deviation of 0.662). This implies that the way the strategic plans are formulated and implemented in the banks affects the HR performance. Therefore, the effect of formulation and implementation of strategic plans on HR performance was summed up to a mean of 1.6525, standard deviation of 0.72125, skewness of 1.21925 and kurtosis of 2.19425.

4.6 Relationship between Monitoring and Evaluation of Strategic Planning and Human Resource Performance

The third objective of this study was to evaluate the effect of monitoring and evaluation of strategic planning on human resource performance in commercial banks in Migori

County. To address this objective, the following items were posed and the responses were as in Table 4.6.

Table 4.6: Effect of Monitoring and Evaluation of Strategic Planning

Statement	Mean	Standard Deviation	Skewness	Kurtosis
Monitoring and Evaluation is a key strategy in HR performance	1.67	.686	1.005	1.506
Monitoring and Evaluation has Improved the HR performance	1.59	.682	1.195	1.938
Monitoring and Evaluation checks on individual targets to ensure effective HR performance	1.62	.764	1.781	4.752
Through monitoring and evaluation HR performance can be rated as being satisfactory	1.73	.755	1.019	1.075
Effect of Monitoring and Evaluation of Strategic Planning	**1.6525**	**0.72175**	**1.25**	**2.31775**

N= 243

Source: Author, 2014

Findings in Table 4.6 indicate that monitoring and evaluation is a key strategy in HR performance (a mean of 1.67 and standard deviation of 0.686). This implies that there is need for commercial banks to enhance monitoring and evaluation as strategy of improving HR performance. The findings further showed that monitoring and evaluation if enhanced can improve the HR performance(a mean of 1.59 and standard deviation of 0.682).It was also revealed that monitoring and evaluation if enhanced can check on individual targets to ensure effective HR performance(a mean of 1.62 and standard deviation of 0.764).Finally, the findings further revealed that through monitoring and evaluation HR performance can be rated as being satisfactory (a mean of 1.73 and standard deviation of 0.755).Therefore, the effect of monitoring and evaluation on HR

performance was summed up to a mean of 1.6525, standard deviation of 0.72175, skewness of 1.25 and kurtosis of 2.31775.

4.7 Correlation Statistics for Linear Relationship between Variables

Pearson's measures the strength and direction of the linear relationship between variables. The correlations results were presented in Table 4.7:

Table 4.7: Correlation Statistics for Linear Relationship between Variables

	HR Performance in the Bank	Strategic Objectives of the Commercial Bank	Strategy Formulation and Implementation	Monitoring and Evaluation
HR Performance in the Bank	1			
Strategic Objectives of the Commercial Bank	.575**	1		
Strategy Formulation and Implementation	.373**	.351**	1	
Monitoring and Evaluation	.662**	.606**	.494**	1

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

Source: Author, 2014

Pearson's Correlations in Table 4.7 showed that strategic objectives of the commercial banks was positively and significantly correlated with HR performance (r= 0.575, $\alpha <$ 0.01). Therefore, strategic objectives of the commercial banks had 57.5% positive relationship with HR performance.

Monitoring and evaluation was the second variable to be positively related to HR performance (r= 0.662, $\alpha <$ 0.01). This showed that monitoring and evaluation had 66.2% significant positive relationship with HR performance.

Finally, strategy formulation and implementation was positively correlated with HR performance (r= 0.373, α< 0.01). Hence strategy formulation and implementation had 37.3% significant positive relationship with HR performance. The study findings provided enough evidence to suggest that there was linear and positive relationship between strategic objectives, strategy formulation and implementation and monitoring and evaluation and HR performance. This paves way for multiple regression analysis.

4.8 Hypothesis Testing

This study postulated three hypotheses that were tested to determine the relationship between strategic planning and HR performance. The findings were presented in Table 4.8.

Table 4.8: Multiple Regression Model

	Unstandardized Coefficients		Standardized coefficients	Collinearity Statistics		
	B	Std. Error	T	Sig.	Lower 95%	Upper 95%
(Constant)	-0.02955	3.440383	-0.00859	0.993213	-7.10136	7.042261
Strategic Objectives	0.013192	0.088885	0.148418	0.883158	-0.16951	0.195897
Formulation and implementation	0.085288	0.058782	1.45092	0.158761	-0.03554	0.206117
Monitoring and evaluation	0.905383	0.103068	8.784331	0.00000	0.693524	1.117243
Multiple R	0.989337					
R Square	0.978787					
Adjusted R Square	0.976339					
Standard Error	13.32221					
Observation	30					
F	399.8832					
Sig.	0.00000					

Dependent Variable: HR Performance   α= 0.05

Source: (Field Data, 2014)

Hypothesis 1(H_{o1}) postulated that there is no significant effect of the strategic objectives on human resource performance in commercial banks in Migori County. Findings showed that strategic objectives had coefficients of estimate which was significant basing on β_1=0.013192 (p-value= 0.883158 which is more than α=0.05) implying that we reject the null hypothesis and conclude that there is significant effect of the strategic objectives on human resource performance in commercial banks in Migori County. This indicates that increase in strategic objectives leads to an increase in HR performance. The effect of strategic objectives is stated by the t-test value=0.148418 which indicates that the effect of strategic objectives surpasses that of error.

Hypothesis 2 (H_{o2}) postulated that there is no significant effect of formulation and implementation of strategic planning on human resource performance in commercial banks in Migori County. Findings showed that formulation and implementation of strategic planning had coefficients of estimate which was significant basing on β_2=0.085288 (p-value= 0.158761 which is more than α=0.05) implying that we reject the null hypothesis and conclude that there is significant effect of formulation and implementation of strategic planning on human resource performance in commercial banks in Migori County. This indicates that increase in formulation and implementation of strategic planning leads to an increase in HR performance. The effect of formulation and implementation of strategic planning is stated by the t-test value=1.45092 which indicates that the effect of formulation and implementation of strategic planning surpasses that of error.

Hypothesis 3(H_{o3}) postulated that there is no significant effect of monitoring and evaluation of strategic planning on human resource performance in commercial banks in Migori County. Findings showed that monitoring and evaluation of strategic planning had coefficients of estimate which was significant basing on β_3=0.905383 (p-value= 0.00000 which is less than α=0.05) implying that we reject the null hypothesis and conclude that there is significant effect of monitoring and evaluation of strategic planning on human resource performance in commercial banks in Migori County. This indicates that increase in monitoring and evaluation of strategic planning leads to an increase in HR performance. The effect of monitoring and evaluation of strategic planning is stated by the t-test value=8.784331which indicates that the effect of monitoring and evaluation of strategic planning surpasses that of error.

The relationship between strategic planning and human resource performance in Commercial Banks led to testing of the following regression equation:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \alpha$$

Y = The dependent variable (HR performance)

β_0= Regression coefficient

β_1, β_2 and β_3 = slopes of the regression equation

X_1 = Strategic objectives variable

X_2= Strategy formulation and implementation variable

X_3 = Monitoring and evaluation variable

α is an error term normally distributed about a mean of 0 (for purposes of computation, the α is assumed to be 0).

The regression model equation obtained in the study is therefore:

$Y = -0.02955 + 0.013192X_1 + 0.085288X_2 + 0.905383X_3 + \alpha$

An increase in X_1 by one unit, the HR performance increases by 0.013192. In addition, an increase of X_2 by one unit could lead to an increase in the HR performance by 0.085288. Finally, an increase of X_3 by one unit could lead to an increase of 0.905383 in HR performance. Therefore strategic planning has a significant effect on HR performance in the Commercial banks in Migori County.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter presents summary of the study and conclusions. Recommendations from the study and suggestions for further research are also included in this chapter. The chapter is based on the findings of the preceding chapter, objectives of the study and the research hypotheses that were to be tested in the study. The study combined two approaches to data analysis: quantitative and qualitative. This chapter is divided into four sections. The first section presents a summary of the research findings, the second part presents conclusion and the third contains recommendations and lastly suggestions for further research.

5.1 Summary of the Findings

5.1.1 Relationship between Strategic Objectives and Human Resource Performance

The first objective of this study was to investigate the effect of the strategic objectives on human resource performance in commercial banks in Migori County. In addition, hypothesis 1(H_{o1}) postulated that there was no significant effect of the strategic objectives on human resource performance in commercial banks in Migori County. It was established that the HR performance in the commercial banks was below expectation and satisfactory due to failure by most of commercial banks in embracing strategic planning. It was further established that in as much as HR performance is measured based on the strategic objectives of the bank, most of the banks have not fully embraced the idea. This was due to the fact that the productivity of the commercial banks in Migori County was

low. This is in line with Lorenzen (2006) who argues that the goal of strategic planning mechanisms is to increase performance. It is also in line with Alison & Kaye (2005) who assert that strategic planning enables organizations to set long term strategic objectives for improved performance of the organization.

The findings further showed that the HR performance is rated alongside the achieving of the objectives of the bank. Since most of the banks could hardly achieve the strategic objectives, the HR performance in the banks could be rated as being below expectations. From the findings of this study, it was established that there was a significant effect of the strategic objectives on human resource performance in commercial banks in Migori County.

5.1.2 Relationship between Formulation and Implementation of Strategic Planning and Human Resource Performance

The second objective of this study was to assess the effect of formulation and implementation of strategic planning on human resource performance in commercial banks in Migori County. In addition, hypothesis 2 (H_{o2}) postulated that there is no significant effect of formulation and implementation of strategic planning on human resource performance in commercial banks in Migori County. It was established by majority of the respondents that strategy formulation and implementation highly influences HR Performance in banks and that there is great need for strategy formulation and implementation in commercial banks.

It was also established by majority of the respondents that the management does not involve most of the employees in formulation of strategic plans. They are only given to

implement what has been passed by the management of the banks. It was further established by majority of the respondents that the performance of the HR in the banks is influenced by the nature of strategic plans formulated.

Finally, it was further established by majority of the respondents that the way the strategic plans are formulated and implemented in the banks affects the HR performance. From the multiple regression analysis results, it was established that there was a significant effect of the formulation and implementation of strategic planning on human resource performance in commercial banks in Migori County.

5.1.3 Relationship between Monitoring and Evaluation of Strategic Planning and Human Resource Performance

The third objective of this study was to evaluate the effect of monitoring and evaluation of strategic planning on human resource performance in commercial banks in Migori County. In addition, hypothesis $3(H_{o3})$ postulated that there is no significant effect of monitoring and evaluation of strategic planning on human resource performance in commercial banks in Migori County. It was established by majority of the respondents that monitoring and evaluation is a key strategy in HR performance and this implies that there is need for commercial banks to enhance monitoring and evaluation as strategy of improving HR performance.

It was established by majority of the respondents that monitoring and evaluation if enhanced can improve the HR performance as well as check on individual targets to ensure effective HR performance. From the multiple regression analysis results, it was

established that there was a significant effect of monitoring and evaluation of strategic planning on human resource performance in commercial banks in Migori County.

5.2 Conclusion

Based on the findings of this study, it can be concluded that strategic planning in commercial banks if enhanced can enable HR to improve quality of service of the banks as well as the level of productivity and net profit of the bank. This is in the light that to a larger extent if enhanced HR performance can be a measure of the level of productivity and net profit of the commercial banks. It can also be concluded that strategic planning can enable the HR to be satisfied with their job and be committed in the bank. It can be further concluded that the quality of service offered by commercial banks is an indicator of an efficient HR performance and this can only be achieved through an effective strategic plan. Finally, it can be concluded that strategic planning can enable the HR in the banks to enhance sales growth and growth in market shares. This is because the sales growth and growth in market Shares of commercial banks to a large extent is a measure of an efficient and effective HR.

5.3 Recommendations

Based on the findings of this study, the following recommendations are made:

The management of the commercial banks to fully implement their strategic objectives as this will have a bearing on HR performance.

The management of the commercial banks should always involve the employees and other stakeholders in formulation and implementation of strategic plans. This is because

there is a significant relationship between formulation and implementation of the plans and HR performance of the commercial banks.

The commercial banks' management should always carry out monitoring and evaluation to improve the HR performance. This should be done frequently in a way that the employees and other stakeholders are involved.

5.4 Suggestions for Further Research

In an effort to fill up existing gap, more gaps emerged which need to be filled. The following are the areas that need further research: Studies similar to this one to be carried out in other counties to enable replication of results. A study on the factors influencing HR performance should be carried out and their possible solutions and a study on the challenges facing profitability of commercial banks in other regions can be conducted.

REFERENCES

AbeysekeraRuwan (2007), "The Impact of Human Resource Management Practices on Marketing Executives Turnover of Leasing Companies in Sri Lanka" Contemporary Management Research, 3(3), 28-30.

Alber, (2007) Strategic Planning: What Every Manager must know. Retrieved on 25/3/2013 at www.ebook.com

Anderson, D.R., Sweeney, D.J. & Williams, T.A. (2003). *Modern Business Statistics*, 5th Ed. Ohio: South Western Thompson Learning.

Bradford, R. W. & Duncan, P. J. (2000).*Simplified Strategic Planning*. Chandler House.

Beer, M., Spector, B., Lawrence, P. R., Mills, D.Q. &Walton, R. E. (1984), A Conceptual View of HRM in *Managing Human Assets.* New York: Free Press.

Bradford, R. W., Duncan, P. J., Brian, T. (2000) *Simplified Strategic Planning: A No-Nonsense Guide for Busy People Who Want Results Fast!* Berrett: Koehler Publishers.

Brian, T. (2000).*The 100 Absolutely Unbreakable Laws of Business Success*. Berrett: Koehler Publishers.

Cameron, K.S. & Ettington, D.R. (1988) The conceptual foundations of organizational culture. In: Smart, J.C. (eds), *Higher education: Handbook of theory and research* Vol 4, Kluwer Academic Press, Dordrecht, the Netherland, 356-396.

Chege K (2009) *Relevant, Effective, Appropriate and Transformative Leadership In Higher* Education in the 21st Century. A Conference Paper Presented At The 1st KIM Conference On Management: A Journal Of The KIM School Of Management .ISSN 2070-4730

Cronin, G. (2007). Measuring strategic progress. Choosing and using KPIs. *AccountancyIreland*, 39 (4), 30 -31.

DeFillippi R.J (2002), "Organisational Models for Collaboration in New Economy", Human Resource Planning, 25(4), 7-18.

Devanna , M.A., Fombrun, C.J., Tichy, N.M. (1984) 'A Framework for strategic human resource management', in Fombrun, C.J., Tichy, M. M. and Devanna, M.A. (eds) *Strategic Human Resource Management*, New York: John Wiley

Eckerson, W.W. (2009). Performance Management Strategies. *Business Intelligence Journal*, 14(1), 24-27.

Erica, O. (2012). *Strategic Planning Kit for Dummies, 2nd Edition*. New York: John Wiley & Sons, Inc.

Fahey, L. & Narayman, V. K.(1986). *Macro environmental Analysis for Strategic Management.* West Publishing.

Greenley, G.E. (1994), "Strategic planning and company performance: an appraisal of the empirical evidence", *Scandinavian Journal of Management, 10 (4), 383-96.*

Guest, D. (1997) 'Human resource management and performance: a review and research agenda' *International Journal of Human Resource Management,* 8(3), 263-276

Hendry, C. and Pettigrew, A. (1990), "Human resource management: an agenda for 1990's. *International Journal of Human Resource Management,*1(1),17-44.

Hertzberg, F. (1968).One More Time: How Do You Motivate Employees? Harvard Business Review.

Huselid, M. A., Becker, B. E. & Beatty, R. (2005).*The workforce scorecard*. Boston: Harvard Business School Press.

John, N.(1982). *Megatrends: Ten New Directions Transforming our Lives*. Macdonald.

Kaplan, R. S. & Norton, D. P. (2000).*The Strategy-Focused Organization.* Boston: Harvard Business School Press.

Kombo, D. K. & Tromp. D. L. A. (2006). *Proposal and Thesis writing: An introduction* Nairobi: Pauline publications Africa.

Kono, T. (1994) "Changing a Company's Strategy and Culture", *Long Range Planning, 27, 5 (October 1994), 85-97*

Kothari, C. R. (2006). Research Methodology: Methods and Techniques. New Delhi: New Age International (P) Limited Publishers.

Krejcie, Robert V., Morgan, Daryle W., (2006) "Determining Sample Size for Research Activities", Educational and Psychological Measurement.

Levitt, T. (1960) "Marketing Myopia", In: *Harvard Business Review*, (July—August 1960)

Lorange, P. (2010), *Corporate planning; an executive viewpoint*, Memphis: General books.

Lorenzen M., (2006). "Strategic Planning for Academic Library Instructional Programming." In: *Illinois Libraries* 86 (2), (Summer 2006): 22-29.

Max, M. (2012). *The Strategy Book,* New York: Prentice Hall.

Michael, A. & Jude, K. (2005).*Strategic Planning for Nonprofit Organizations*. 2nd Ed. New York: John Wiley and Sons.

Mintzberg, H. & McHugh, A. (1985), "Strategy formation in an adhocracy", Administrative Science Quarterly, 30, 160-97.

Mintzberg, H. &Waters, J.A. (1985), "Of strategies deliberate and emergent", *Strategic Management Journal*, 6, 257-72.

Mugenda, O. M. &Mugenda, A. G. (2003). Research Methods: Quantitative and Qualitative Approaches. Nairobi: ACTS press.

Nachmias, C. F. & Nachmias, D. (1992).Research methods in the social science, 4th Ed. London: Edward Arnold.

Oso, W.Y. & Onen, D. (2009) *A general Guide to Writing Research Proposal and Report.* A handbook of beginning researchers. Revised Ed. Nairobi: The Jomo Kenyatta Foundation.

Patrick L. Burkhart and Suzanne Reuss (1993).*Successful Strategic Planning: A Guide for Nonprofit Agencies and Organizations*. Newbury Park: Sage Publications.

Petrescu, A. I. & Simmons, R. (2008), "Human resource management practices and workers job satisfaction", International Journal of Manpower, 29 (7), 651-667.

Philip Kotler (1986), "Megamarketing" In: *Harvard Business Review*. (March—April 1986)

Porter, M. (2008).*On Competition.* Boston, MA: Harvard Business School Publishing.

R. F. Lusch and V. N. Lusch (1987).*Principles of Marketing*. Kent Publishing,

Renger, R., & Titcomb, A. (2002).A Three Step Approach to Teaching Logic Models. American Journal of Evaluation, 23 (4), 493-503.

Republic of Kenya (2012). *Migori County Strategic Plan 2012-2016.* Nairobi: Government Printers.

Scott Armstrong J. (1985). "Evidence on the Value of Strategic Planning in Marketing: How Much Planning Should a Marketing Planner Plan?".*Strategic Marketing and Management*: 73–87.

Scott Armstrong J. (1986). "The Value of Formal Planning for Strategic Decisions: A Reply". *Strategic Management Journal* **7**, 183–185.

Stephen, G. H. (2004). *ABCs of strategic management : an executive briefing and plan-to-plan day on strategic management in the 21st century*.

Ulrich, D. & Brockbank, W. (2005).*The HR value proposition*. Massachusetts: Harvard Business School Publishing.

Venkatraman & Ramanujam (1986) Measurement of business performance in strategy research: A comparizon of Approaches, *Academy of Management Review*, 11(4), 801-814.

Wagner, R. J. (2006) *Conversation on planning: Investigating the relationship between strategies, actions and performance.* Doctoral dissertation, University of Minnesota.

William J., Nitin, N. and Bruce Roberson (2003); in *"What Really Works: The 4+2 Formula for Sustained Business Success"* New York: Harper Business.

APPENDICES

APPENDIX I: INTRODUCTION LETTER

RONGO
UNIVERSITY COLLEGE

(A Constituent College of Moi University)

SCHOOL OF BUSINESS & HUMAN RESOURCE DEVELOPMENT

Email: dean_business@ruc.ac.ke

Website: www.ruc.ac.ke

Wednesday, February 26th, 2014

TO WHOM IT MAY CONCERN

This is to inform you that **MAURICE OCHIENG KAZERA REG/NO. PGD/SHRM/03/11** is a bonafide student of Rongo University College pursuing Master of Science in Human Resource Management. He has completed his course work and know he is working on his research project.

Any assistance accorded to him is highly appreciated.

Thank you.

RONGO UNIVERSITY COLLEGE
THE DEAN

DR. Nyangosi Richard ONOMICS &
Coordinator Postgraduate, SBHR
P. O. Box 103 - 40404 RONGO

APPENDIX II: QUESTIONNAIRE

Please respond to each item in the questionnaire as honestly as possible. Note that your anonymity will be absolutely ensured and your responses will be used for research purposes only.

A). Demographic information of the Respondents

Indicate your response by ticking (√):

1. The Length of service in the Commercial Bank

1 – 5 years [   ]   11-15 years [   ]

6-10 years 16 and above [   ]

2. State your Education Level [   ]

Degree [   ]   Diploma [   ]

Certificate [   ]   K.C.S.E/ K.A.C.E [   ]

3. State your job category

Operations Manager [ ] Customer care Manager [ ] HR Manager [ ] Employee [ ]

B). Human Resource Performance

I. How can you rate the HR performance in the banks?
- [   ] Excellent
- [   ] Good
- [   ] Satisfactory
- [   ] Below expectations

II. Please indicate either your level of agreement or disagreement with the statements below by ticking (√) the boxes using the following key:

Key: SA – Strongly Agree -5   A – Agree-4   N – Neutral -3 D – Disagree -2 SD – Strongly Disagree-1

Statement	SA	A	N	D	SD
HR performance improves quality of service of the commercial bank					
HR performance is indicated by level of productivity and net profit of the bank					
HR performance enhances the job satisfaction and					

	SA	A	N	D	SD
commitment in commercial banks					
The quantity of service offered by commercial banks is an indicator of an efficient HR performance					
HR performance in the banks enhances sales growth and growth in market share					

C) Strategic Planning

I. Please indicate either your level of agreement or disagreement with the statements below by ticking (√) the boxes using the following key:

Key: SA – Strongly Agree -5   A – Agree-4   N – Neutral -3D – Disagree -2
SD – Strongly Disagree-1

Statement	SA	A	N	D	SD
HR performance is measured based on the strategic objectives of the commercial bank					
HR performance is based on the financial objectives of the bank					
HR performance is rated alongside the achieving of the objectives of the banks					
HR performance in the banks can be rated as being excellent					
HR performance in the banks can be rated as being below expectations					

II.   Please indicate either your level of agreement or disagreement with the statements below by ticking (√)the boxes using the following key:

Key: SA – Strongly Agree -5   A – Agree-4   N – Neutral -3D – Disagree -2
SD – Strongly Disagree-1

Statement	SA	A	NC	D	SD
Strategy formulation highly influences HR performance in our banks					
The management of the banks involve the HR in the implementation of the strategic plans					
The performance of the HR in the banks is influenced by the nature of strategic plans formulated					
The way the strategic plans are formulated and implemented in the banks affects the HR performance					

III.   Please indicate either your level of agreement or disagreement with the statements below by ticking (√)the boxes using the following key:
Key: SA – Strongly Agree -5   A – Agree-4   N – Neutral -3D – Disagree -2
SD – Strongly Disagree-1

Statement	SA	A	NC	D	SD
Monitoring and Evaluation is a key strategy in HR performance in the banks					
Monitoring and Evaluation improves the HR performance measurement parameters of the banks					
Monitoring and Evaluation checks on individual target values to ensure effective HR performance in the banks					
Through monitoring and evaluation HR performance can be rated as being satisfactory					

IV.   What is the way forward in strategic planning on the human resource performance in commercial banks?
....
Thanks for your cooperation.

APPENDIX III: INTERVIEW SCHEDULES FOR BRANCH MANAGERS (BMI)

1. How is evaluation and monitoring of HR done in the banks?
   …………………………………………………………………………………………
   …………………………………………………………………………………………
   …………………………………………………………………………………………..

2. How can you rate the HR performance in the banks?
   …………………………………………………………………………………………
   …………………………………………………………………………………………...

3. Who assesses the HR Performance in the commercial banks?
   …………………………………………………………………………………………
   …………………………………………………………………………………………
   …………………………………………………………………………………………

4. Is the HR performance is measured based on the mission and vision of the Commercial bank? Explain briefly
   …………………………………………………………………………………………
   …………………………………………………………………………………………
   …………………………………………………………………………………………
   …………………………………………………………………………………

5. Strategy formulation highly influences HR performance in our banks. Explain briefly.
   …………………………………………………………………………………………
   …………………………………………………………………………………………
   …………………………………………………………………………………………

6. Outline the effects of strategic planning on human resource performance in Commercial banks

   …………………………………………………………………………………………
   …………………………………………………………………………………………
   …………………………………………………………………………………………
   What are the possible challenges facing human resource performance during the implementation of strategic plans in the commercial banks?

   …………………………………………………………………………………………
   …………………………………………………………………………………………
   …………………………………………………………………………………………
   What is the way forward in strategic planning on the human resource performance in commercial banks?

   ....
   ....
   ....

   Thanks for your cooperation

APPENDIX IV: TABLE FOR DETERMINING SAMPLE SIZE FROM A GIVEN

POPULATION

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note:"N" is population size "S" is sample size.