*International Journal of Business Management & Finance 1(23): 391-411, 2017*



# RELATIONSHIP BETWEEN STRATEGIC RESOURCE PLANNING AND PERFORMANCE OF COMMERCIAL BANKS IN NAIROBI COUNTY, KENYA.

**MUIYURO Dorcas [1], Dr. KIHARA Peter [2] , MUNGA Jane [3]**

**[1, 2, 3] Kenya Methodist University**

**Abstract:** The general objective of the study was to investigate the relationship between strategic resource planning and performance of commercial banks in Nairobi County, Kenya. The study adopted descriptive research design and the target population was 43 registered commercial banks operating in Nairobi County. The researcher collected primary data using questionnaire which were administered to the respondents through drop and pick later method. Pilot study was conducted to establish the validity and reliability of the research instruments prior to the commencement of actual data collection exercise. Quantitative data collected in this study were analyzed using descriptive statistics and inferential statistics while qualitative data was analyzed using content analysis technique. Statistical Package for Social Sciences (SPSS) version 23 was used to aid in the data analysis. The findings were presented using tables and figures. As part of ethical consideration, the respondents was accorded due confidentiality and privacy, and their participation was voluntary. Correlation analysis results revealed that financial resource planning, human resource planning, infrastructure planning and experiential planning were positively and significantly correlated with performance of commercial banks based on the Pearson correlation coefficients obtained of 0.767, 0.672, 0.578 and 0.431 respectively. Model summary results established that that strategic resource planning explain 76.8% of the variations in performance of commercial banks according to obtained coefficient of determination ($R^2$) of 0.768. Regression analysis revealed that holding all factors constant, performance of commercial banks would be -0.970. Further, holding other factors constant, financial resource planning, human resource planning, infrastructure planning and experiential planning would affect performance of commercial banks by 0.564, 0.214, 0.279 and 0.282 respectively. It is recommended to the management of the commercial banks to review their reward management systems so as to improve them to satisfaction of the employees. Further, management staff in charge of compensation activities should review the compensation policies at the banks. This will help in keeping hold of highly skilled and competent bankers as well as motivating them. Also, the researcher recommends to the management of commercial banks to put up and implement plans that enhances their banks reach to the rural areas in Kenya. This will translate to larger customer base and increased profitability.

**Key words:** Commercial Bank, Financial planning, Human resource plan,Organizational performance, Performance, Strategic Resource Plan.

## Introduction

Banking sector plays a vital role in the economic growth (Ishaq, Karim, Zaheer & Ahmed, 2016). Sound financial well-being of a bank is the assurance not only to its investors, but is equally important for the owners, personnel and the whole economy as well. Around the world, as revealed by the Global Commercial Banking Survey (2014), financial sectors are experiencing uncertainty around increasing regulation, interest rates, employment levels and economic growth. Worth noting, sound financial health of a bank and its measurement is not guarantee only to its customers but it is equally significant for shareholders, employees and the whole economy as well. Ongore (2013) declared that good financial performance rewards the shareholders for their investment. It is on this ground that the current study banks performance and strategic resource planning relationship.

Strategic resource planning is at the core of every organization's concern (Wambui, 2012). It is a tool for operationalization of an organization's march towards its vision and organizations consider it as progress. A strategic resource plan is a detailed summary of various types of resources required to complete a specific task, such as product development. Among these resources include equipment, finance, personnel and time (Wambui, 2012). Organizations might also employ a strategic resource plan to recognize options, which may include individuals, funding, time, or technical expertise necessary to realize tactical objectives. An efficient strategic resource plan enables the organization to effectively manage environmental change and sustain its competitive advantage in the market. Gichana (2013) further adds that effective strategic resource plan helps in optimum utilization of limited available resources and in improving corporate communications for its competitive advantage.

Of concern are revelations by Khalumba (2012) that organizations gave less weight to strategic resource planning in the past but, as firms are entering into a more dynamic world of international business and as the globalization of world markets continues apace, strategic resource planning issues appear to be gaining momentum. Both practitioners and academics in the field of strategic management are increasingly aware of the need to examine and understand the strategic resource planning suitable to various firms. They acknowledge that a business resource plan needs to be realistic, so it is important to set out in detail the constraints that are likely to act as limits on business activity (Khalumba, 2012). It is predicted that through strategic resource planning, an organization can notice environmental changes and act pro-actively (Owolabi & Makinde, 2012). This confirms that well-articulated strategic resource planning aids in identification of future organizational opportunities, and threats, thereby encouraging a favorable attitude to change among alternative courses of action and financial benefits in firm performance.

According to Global Commercial Banking Survey (2014), financial sectors are experiencing uncertainty around increasing regulation, interest rates, employment levels and economic growth. This is leading to collapse of banks and placement under receivership. Additionally, there are re-emerging trends in the banking sector globally regarding strategic resource planning. Among them trends includes the problem of human resource planning. According to Taylor (2015), banks are currently operating in a low growth, low interest rate environment, which is increasingly putting pressure on planning for its financial resources and marketing. Taylor (2015) gives examples of the banks in Europe. As revealed in the PwC (2014) report, there is a missing link between strategy and people in the financial sector globally. The report further reveals that financial services institutions globally have neglected workforce planning, relying instead on shorter-term, tactical maneuvers that react to market needs. The report reveals that financial institutions are often caught unprepared when specific talent needs arise, and are scrambling to fill these gaps quickly leaving one of the most valuable benefits linkages between strategy and people on the table. A poll for the American Society for Training and Development, show that over 79% of organizations that have skills gap, because their workforce's skills don't match changes in strategy.

European Investment Bank (2015) report indicated that Sub-Saharan African financial systems remain underdeveloped whereby they are concentrated and generally inefficient at financial intermediation. The report further adds that competition is still limited, albeit increasing. Consequently, access to finance in Sub-Saharan Africa, though expanding, remains among the lowest in the world and one of the key obstacles to the activity and growth of enterprises, especially micro, small and medium-sized enterprises. European Investment Bank (2015) report links this to strategic resource planning related problems. The report, however, shows that ongoing structural changes, such as the emergence mobile banking, are strengthening competition, to deepen Sub-Saharan financial markets and to improve access to finance.

Adegbie and Fakile (2013) adds that strategic resource plans are properly instituted in some financial sectors, poorly instituted in other cases and in some cases missing which creates serious problems in the banking industry performance. In a related development, Falilat (2013) argue that for a bank to successfully achieve its goals and objective for processing an increase in long-run profitability, it has to develop a good strategic resource plan. In conclusion, Kono and Barry (2010), assert that strategic resource planning in banking industry is ultimately about resource allocation and would not be relevant if resources were unlimited.

In Kenya, there is increasing concerns on performance of commercial banks following the recent trend whereby three commercial banks have been placed under receivership in the last on year. Highlighting further concerns, Bonface and Ambrose (2015) point out that commercial banks today face challenges that range from debt crises to extremely tight competition in the market. Wambui (2012) adds that most commercial banks in Kenya face challenges in adopting new technologies as a strategic response to customer service delivery in the changing business environment ink between resources management and the overall strategic plan of an organization. With this trend, the need to plan for resources in financial sector is becoming more intense than ever.

Khalumba (2012), while focusing on human resource planning, contend that most commercial banks lack effective human resource plans, employ ineffective recruitment and selection procedures, lack effective training and development programs and career development programs. He concludes that strategic human resource planning programs need to be linked with the overall banks strategy. The need to plan for resources in financial sector is becoming more intense (Anyim & Munyoki, 2010). Most commercial banks operating in the banking industry in Kenya face various challenges in strategic resource planning. Some of these challenges included; Limited financial resources, continuous advancement in technologies and innovation and human resource mobility.

Commercial Bank is a financial institution providing services for business organizations and individuals (Smiti, 2014). Services include operating current, deposit and savings accounts as well as giving out loans to businesses, thereby, taking the debts of other people in an exchange and this, create money (Smiti, 2014). The banking sector in Kenya comprises 43 registered Commercial Banks that are licensed by the Central Bank of Kenya. There are various banking laws in Kenya that govern and regulate the way banks are formed, operate and are managed in the country. Some of these laws include Central Bank of Kenya act. The laws are divided and partitioned to cover the different aspects in the banking industry. It also enables the government to keep an eye in the way the banks are operated and managed. The performance of commercial banks remains subject of interest amid inconsistencies in their performances. Currently, there has been a mixed performance results in the banking sector in Kenya as highlighted by Kato, Otuya, Owunza and Nato (2014). Of late, three commercial banks in the Kenyan banking industry has been placed under receivership over a period of less than one year. This raised concerns on how banks strategically plan their resources, and whether such strategic resource planning efforts are fruitful.

## Statement of the Problem

According to Kato, Otuya, Owunza and Nato (2014), there had been improvements in performance of commercial banks which he attributes to mobile banking and other technological changes. However, despite the adoption of these technologies, three commercial banks in Kenya have been placed under receivership over a period of less than one year. These include Dubai Bank Kenya, Imperial Bank Limited (IBL) and Chase Bank. This triggers concerns on the strategic resource planning in commercial banks in Kenya. Mwakio (2015) point out that these setbacks in the banking sector are eroding depositors' confidence in the mid and smaller tier banks, as a result, weakening their deposit franchises and potentially curbing any contagion effects one may anticipate.

Similarly, the strategic resource planning in commercial banks has been identified as being faced with problems such as lack of the right people, good data, preparation, a structured process and adequate resources of time and funds (Mbugua, 2015). Further, the current interest rates volatility and changes in macroeconomic variables such as exchange rates and inflation have commercial banks market too complex and the application of strategic plans a challenge (Kirui, Wawire & Onono, 2014). The process of strategic resource planning is an uncertain undertaking hence requires thorough evaluation.

Researches have been done focusing on strategic planning in commercial banks. A study by Ngui et al. (2014) on the effect of employee resourcing strategies on the performance of commercial banks in Kenya established that, employee resourcing strategies have a significant positive effect on performance of the aforementioned banks. Akelo (2009) investigated strategic planning problems and coping strategies among commercial banks in Kenya. The findings revealed that problems included risks associated with loans to the customers, inadequate knowledge by the staff, inadequate employee, lack of enough customers and operation strategies that were old and outdated. Though the study revealed that the strategic resource planning process is faced by challenges, it didn't look into how strategic resource planning is related to performance of commercial banks hence a research gap. This study therefore sought to fill this gap by investigating the relationship between relationship between strategic resource planning and performance of commercial banks in Kenya

## Objectives of the Study

The general objective of the study was to investigate the relationship between strategic resource planning and performance of commercial banks in Nairobi County, Kenya. The study sought to achieve the following specific objectives:

i. To establish the effect of financial resources plans on the performance of commercial banks in Nairobi County, Kenya
ii. To examine the effect of human resource plans on the performance of commercial banks in Nairobi County, Kenya
iii. To determine the effect of infrastructure plans on the performance of commercial banks in Nairobi County, Kenya
iv. To establish the effect of experiential resources plans on the performance of commercial banks in Nairobi County, Kenya

## Theoretical Review

This section presents the theoretical review of the study. This study was anchored on two theories namely Resource Based View (RBV) of a firm and Dynamic Capability View of a Firm.

### Resource Based View of a Firm

Resource Based View (RBV) was first advanced by Penrose (1959) who argued that a firm's superior performance is achieved when the resources are controlled by the firm. RBV theory posits that tangible organizational resources are vital for superior business performance and sustainable competitive advantage (Galbreath, 2004). This theory predicts that certain types of resources owned and controlled by firms have the potential and promise to generate competitive advantage which eventually leads to superior firm's performance (King, 2007). RBV emphasizes that firms resources are an essential factor that influence competitive advantage and performance. According to RBV, firms control certain resources under various categories that can potentially contribute towards enhanced performance. However, RBV of the firm states that not all firms resources generate superior performance but only certain types that are controlled and owned by the firm (Barney, 2007).

Wernerfelt (1984), in his study of resources and returns, explores the usefulness of analyzing firms from the resource side rather than from the product side. He concludes that resources such as brand names, technology, skilled personnel, trade contacts, machinery, efficient procedures and capital are the foundation for attaining and sustaining competitive advantage position. The resource-based view provides an avenue for organisations to plan and execute their organisational strategy by examining the position of their internal resources and capabilities towards achieving competitive advantage (Sheehan & Foss, 2007). The focus of the RBV is on attributes of resources and capability from the source they are gained to clarify a firm's heterogeneity, performance and sustainability. According to Sirmon, Hitt and Ireland (2007), firm's resources include all assets, capabilities, organizational processes, firm's attributes, information, knowledge controlled by a firm that enable the firm to conceive and implement strategies that improve its efficiency and effectiveness. Further, Barney (2001b) explains that RBV theorists argue that strategic implementation of resources and capabilities will give the firm a competitive advantage, provided such resources has elements of value, rareness, are inimitable and non-substitutable. Eventually such resources and the competitive advantage position will significantly enhance the firm's performance.

### Dynamic Capability Theory

Dynamic Capabilities Theory (DCT) was first introduced to explain firm performance in dynamic business environments, focusing on the capabilities that firms employ to reach competitive advantage (Beske, Land & Seuring, 2014). DCT explains the competences a firm requires to create long term sustainable competitive advantage. The DCT was initially introduced by Teece and Pisano (1994). In essence the DCT tries to make use of competences that are unique to firms to gain competitive advantage and explains how these competences are developed, deployed and protected (Teece et al., 1997). Initially the term DC was defined as a "Firms ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments (Teece et al., 1997). DCT approach takes into account three classes of factors that help explain where competitive advantages derives, namely; processes, which describe the way things are done in an organization: positions, which represent the types of assets, and relations of an organization: and paths, which refer to the organizations strategic direction. In essence the accumulation of competitive advantage and DC's is attributed to the processes of an organization, the positions of its assets and its past and future paths (Teece et al., 1997). This source of competitive advantage, 'dynamic capabilities', emphasizes two aspects. First, it refers to the shifting character of the environment; second, it emphasizes the key role of strategic management in appropriately adapting, integrating, and re-configuring internal and external organizational skills, resources, and functional competences toward changing environment.

**Theoretical Framework**

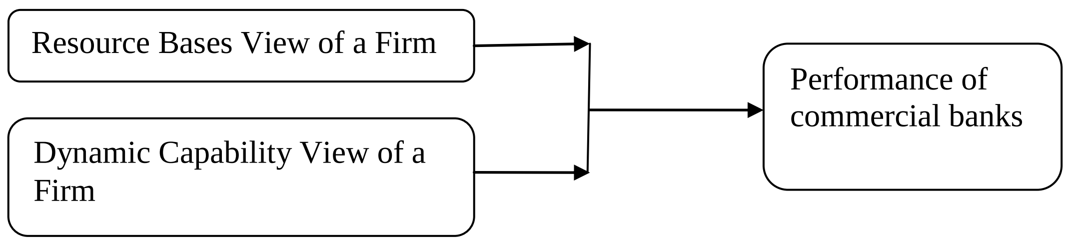


**Figure 1: Theoretical framework**

**Conceptual Framework**

The conceptual framework is a diagram or a sketch that shows the variables which when combined illustrate and provides the relationship between the topic of the study, the objectives, literature review and the methodology (Obwatho, 2014). A conceptual framework is constructed to portray the association that exists between the dependent variable of this study and the independent variables. The dependent variable in this study was the performance of commercial bank, while the independent variables were financial resources plan, human resource plan, infrastructure plans and experiential resource plan.  Figure 2.2 presents the conceptual framework adopted for this study.

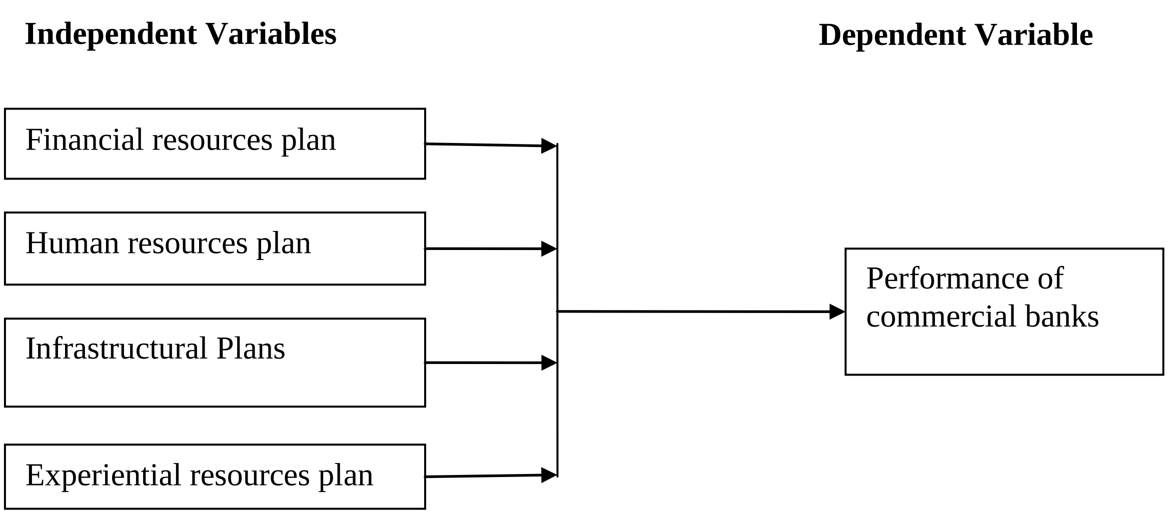


**Figure 2: Conceptual Framework**

## Research Methodology

The study adopted descriptive research design, quantitative and correlational research designs. The population of the study was the banking industry in Kenya. A sample is a subgroup of the target population chosen in a way to ensure representation of the entire population (Kothari, 2009). In determining the sample size, Mugenda and Mugenda (2003) presents a formula for calculating sample size from a population exceeding 1000 . Therefore, 39 banks were involved in this study. From a population of 43 banks in Kenya, 39 banks were selected using systematic random sampling technique. In this method of sampling, the first unit is selected with the help of random numbers and the remaining units are selected automatically according to a predetermined pattern. This technique was adopted in this study because it was operationally more convenient than the simple random sampling. It also ensures at the same time that each unit has equal probability of inclusion in the sample (Lacobucci & Churchill, 2009). Further, the researcher issued 2 questionnaires to two respondents per commercial bank, who were managers. The researcher collected primary data using questionnaire. According to Saunders, Lewis and Thornhill (2003), questionnaires is a research tool used for data collection by inquiring from all, or a sample of people, to answer the same questions. Gilham (2000) observes that questionnaires are economical to use and saves time to administer to the target respondents. The choice of questionnaires over other research instruments was because questionnaires are economical, timesaving, guarantee confidentiality, easy to administer and the targeted respondents are educated. Questionnaires were used to gather both quantitative and qualitative data.

Quantitative data collected in this study was analyzed using descriptive statistics and inferential statistics (regression) while qualitative data used was analyzed using content analysis technique. Content analysis is an approach aiming at analyzing communication material in a systematic way (Mayring, 2007). Statistical Package for Social Sciences (SPSS) version 23 was used to aid in the data analysis. The findings were presented using tables and figures.A regression analysis was done at 5% significance level to determine the relationship between the independent variables and the dependent variable. The model was defined as follows, Y= Performance of commercial banks, $\beta_0$ = Constant, $\beta_1$, $\beta_2$, $\beta_3$ and $\beta_4$ = Coefficients of determination of the independent variables, $X_1$= Financial Resource Planning, $X_2$= Human Resource Planning, $X_3$= Infrastructure Planning, $X_4$= Experiential Planning and $\varepsilon$ = Error term.

## Results And Discussion

The study sought to investigate the relationship between strategic resource planning and performance of commercial banks in Nairobi County, Kenya. Questionnaires were administered to 78 respondents out of which 73 were returned dully filled. This resulted to a response rate of 93.6%. This response rate was deemed excellent as argued by Mugenda and Mugenda (2003) that a response rate of at least 60% is good while that surpassing 70% is excellent. Table 4.1 presents the response rate.

**Table 1: Response Rate**

| Category | Respondents | Percentage |
|---|---|---|
| Responded | 73 | 93.6 |
| Non response | 5 | 6.4 |
| **Total** | **78** | **100.0** |

The questionnaire was pretested to determine consistency. This was done through comparing the outcomes of pilot study with Cronbach alpha of 0.70. If the values obtained for each variable were greater than 0.7, then the reliability was deemed accepted based on the commonly accepted rule of thumb which states that Cronbach alpha of 0.7 to 1.0 indicates acceptable reliability. According to the findings, all the variables had Cronbach alpha values exceeding 0.7 as shown in Table 4.2, implying that the questionnaire had acceptable reliability. Table 4.2 presents the findings.

**Table 2: Reliability Analysis**

| Scale | Cronbach's Alpha | Number of Items |
|---|---|---|
| Financial Resource Planning | 0.908 | 10 |
| Human Resource Planning | 0.761 | 11 |
| Infrastructure Planning | 0.756 | 8 |
| Experiential Planning | 0.835 | 7 |
| Performance of Commercial Banks | 0.921 | 7 |

## Strategic Resource Planning and Performance of Commercial Banks

### Financial Resource Plan

The study sought to establish how financial resource plan influenced the performance of commercial bank and the findings are presented in Table 3.

**Table 3: Financial Resource Plan**

| Statements on financial resource plans | Weighted Means | Std. Dev |
|---|---|---|
| Financial resource plans affects the performance of my commercial Bank | 4.42 | .50 |
| My bank consistently determines the amount of finance needed to carry out its operations smoothly | 4.34 | .48 |
| Financial spending plans in my bank helps in investing finance in right and profitable projects | 4.10 | .99 |
| Having financial spending criteria helps my bank to ensure proper utilization and administration of financial resources | 4.00 | .99 |
| My bank frequently undertakes financial flow analysis | 4.21 | 1.07 |
| The outcomes of financial flow analysis are used by banks management to make necessary adjustments leading to better performance | 4.22 | .92 |
| Financial flow analysis in fixing the most appropriate capital structure | 4.27 | .69 |
| My banks makes financial which are used for planning on future operations | 4.48 | .63 |
| Through forecasting, my bank comes up with strategies on future spending in order to enhance performance and withstand anticipated turbulences | 3.96 | .73 |
| Through forecasting, my bank avoids avoiding business shocks and surprises through relating present financial requirement with future requirement. | 3.62 | .49 |

From the findings, the respondents were of the position that financial resource plans affects the performance of their commercial Bank as shown by weighted mean of 4.42. This is an implication that financial resource plans are very critical determinant of commercial banks performance. On financial spending plans, the respondents strongly agreed that their banks consistently determined the amount of finance needed to carry out its operations smoothly as shown by weighted mean of 4.34. They further strongly agreed that their banks financial spending plans helped in investing finance in right and profitable projects, and further ensuring proper utilization and administration of financial resources as shown by weighted means of 4.10 and 4.00 respectively. The findings reveals financial spending plans as a tool for ensuring proper management of available resources and informing investment decision making process. The findings are in agreement with Muro (2013) who argues that financial planning helps management to avoid waste by furnishing policies and procedures which make possible a closer coordination between the various functions of the business.

The respondents strongly agreed that their banks frequently undertook financial flow analysis as shown by weighted mean of 4.21. Further, the respondents strongly agreed that financial flow analysis enabled fixing the most appropriate capital structure and the outcomes of financial flow analysis are used by banks management to make necessary adjustments leading to better performance. This was based on obtained weighted means of 4.27 and 4.22 respectively. The findings are in line with Kono and Barnes (2010) who argue that financial resource plans help firms implement and monitor their strategies with specific, industry-related, and measurable financial goals, strengthening the organization's capabilities with hard-to-imitate and non-substitutable competencies.

The respondents strongly agreed that their banks made financial forecast which are used for planning on future operations as shown by weighted mean of 4.48. The respondents further strongly agreed that through forecasting, their bank come up with strategies on future spending in order to enhance performance and withstand anticipated turbulences as shown by weighted mean of 3.96. Finally, the respondents agreed that through forecasting, their bank avoided business shocks and surprises through relating present financial requirement with future requirement as shown by weighted mean of 3.62. When asked to indicate other areas of financial resource planning that affect performance and not indicated in Likert scale, the respondents indicated that other areas included framing of financial policies, identifying the expenditures to be incurred in order to achieve set objectives, quantifying the amount of resource including labor, equipment and materials, and identifying risks surrounding financial plan. Other respondents indicated control of cash lending and borrowings while others indicated work out and implement guidelines, regularly review and adjust financial plan.

**Human Resource Planning**

The second objective of this study was to establish the effect of human resource planning on the performance of commercial bank. To achieve this objective, the respondents were provided with statements to indicate their levels of agreement and the findings are presented in Table 4.

**Table 4: Human Resource Plan**

| Statements on human resource plans | Weighted Means | Std. Dev |
|---|---|---|
| Human resource plans affects the performance of my commercial Bank | 4.37 | 0.75 |
| There are training and development programs and career development programs which eventuates to better banks performance | 3.51 | 1.02 |
| Training and development plans improves sales and productivity, enhanced quality and market share | 3.64 | 1.01 |
| Our bank has effective reward management systems | 3.38 | 1.13 |
| Incentive pay plans positively and substantially affect performance of workers in our bank | 3.60 | 1.15 |
| Compensation practices by my bank helps in hiring and keeping hold of highly skilled and competent bankers. | 3.37 | 1.07 |
| My banks employs effective recruitment and selection procedures | 3.75 | 0.85 |
| The recruitment process in this bank puts into account employees skills and experience leading to better employees productivity and performance | 4.19 | 0.64 |
| Promotion of employees is conducted in an fair manner hence does not affect employees motivation and performance | 3.73 | 1.06 |
| Management of employees' relationships in this bank leads to reduced turnover, absence and conflict. | 4.34 | 0.65 |
| The employees work as a team and are involved in decision making in this bank | 3.74 | 0.94 |

According to the findings shown above, respondents were in strong agreement that human resource plans affected the performance of their commercial bank based on obtained weighted mean of 4.37. From the findings, the respondents agreed that training and development plans improved sales and productivity, enhanced quality and market share as shown by weighted mean of 3.64. Further, the respondents agreed that there were training and development programs and career development programs which eventuated to better banks performance as shown by weighted mean of 3.51. These findings supports training and development plans as key to improving the performance of commercial banks in Kenya. The findings concur with Khalumba (2012) who acknowledges human resource planning can help management in making decisions on training, management development, estimates of labour costs, productivity bargaining, accommodation requirements.

On reward systems, the respondents agreed that incentive pay plans positively and substantially affected performance of workers in their bank as shown by weighted mean of 3.60. The findings concur with Frye (2004) who examined the relationship between compensation and firm performance and found positive relationship between the two. However, interesting findings were that the respondents were not sure whether their banks had effective reward management systems as shown by weighted mean of 3.38. Moreso, the respondents were not sure whether compensation practices by their bank helped in hiring and keeping hold of highly skilled and competent bankers as shown by weighted mean of 3.37. The findings can be construed to imply that reward and compensation plans need improvement. The findings agree with Khalumba (2012) who points out that most commercial banks lack effective reward management systems.

Regarding recruitment, the respondents strongly agreed that the recruitment process in their banks put into account employees skills and experience leading to better employees' productivity and performance as shown by weighted mean of 4.19. Further, the respondents agreed that their banks employed effective recruitment and selection procedures and promotion of employees were conducted in a fair manner hence didn't affect employees motivation and performance according to obtained weighted means of 3.75 and 3.73 respectively. From the findings, it can be deduced that commercial banks are very keen to employ skilled and experienced employees. These results contradict with Khalumba (2012) who argue that most commercial banks employ ineffective recruitment and selection procedures.

The study established that management of employees' relationships in their bank led to reduced turnover, absence and conflict as shown by weighted mean of 4.34. Further, the respondents agreed that the employees worked as a team and were involved in decision making in their bank as shown by weighted mean of 3.74. Additionally, the respondents were asked other areas of human resource planning that affect performance and not indicated in likert scale. They indicated the areas as leadership, employees working environment, communication, health and safety, relationship-building.

**Infrastructure Plans**

The respondents were required to indicate the extent to which they agreed or disagreed with the statements about infrastructure plans influence on the performance of their commercial bank. The findings are presented in Table 5.

**Table 5: Infrastructure Plans**

| Statements on infrastructure plans | Weighted Means | Std. Dev |
|---|---|---|
| Infrastructure plans affects the performance of my commercial Bank | 4.63 | 0.54 |
| Our bank has established branches to all rural areas in Kenya enhancing customer base and loyalty. | 3.37 | 0.99 |
| This geographical presence in rural areas has led to increased profitability of our bank | 4.10 | 0.84 |
| There is effective technological infrastructure to support banking activities in our bank | 3.96 | 0.92 |
| There are been some cases when our technological infrastructure has interrupted our operations | 4.03 | 1.09 |
| The banks has alternative channels of providing banking services to the hard to reach and geographically dispersed areas. | 3.42 | 1.29 |
| The investment in banks expansion leads to more profitability in the long run | 4.07 | 0.54 |
| The banks machinery are used effectively for bank purposes other than personal purposes. | 4.33 | 0.62 |

As shown in Table 5, the respondents were in very strong agreement that infrastructure plans affect the performance of commercial bank as shown by weighted mean of 4.63. Further, the respondents strongly agreed that geographical presence in rural areas had led to increased profitability of their banks as shown by weighted mean of 4.10. The findings conform to Ahmed (2014) findings that the banks with branches in the rural areas had been doing relatively better. Of concern, the respondents were not sure when asked if their bank had established branches to all rural areas in Kenya enhancing customer base and loyalty as shown by weighted mean of 3.37. This could imply that not all banks have branches at all rural areas.

The study findings revealed that the respondents were in strong agreement that there had been some cases when banks technological infrastructure has interrupted their operations as shown by weighted mean of 4.03. The respondents further agreed that there are effective technological infrastructure to support banking activities in their banks as shown by weighted mean of 3.96. in addition, the respondents were unsure whether their banks had alternative channels of providing banking services to the hard to reach and geographically dispersed areas as shown by weighted mean of 3.42. This could imply that while some banks have established alternative channels of providing banking services to the hard to reach and geographically dispersed, others have not yet. These findings could be presumed to support the earlier findings that alternative channels of reaching the rural areas could have been employed by banks other than bank branches. The findings are in conformity with EFIA (2010) who points out that commercial banks and other financial institutions in Kenya have tended to establish their traditional branches in urban center leaving out on areas that often do not have incentive or capacity to establish formal branches, this leaves out a significant population from accessing banking services.

The respondents strongly agreed that the banks machinery were used effectively for bank purposes other than personal purposes as shown by weighted mean of 4.33. Further, the respondents strongly agreed that the investment in banks expansion leads to more profitability in the long run as shown by weighted mean of 4.07. The respondents were asked to indicate other areas of infrastructure planning that affect performance and not indicated in Likert scale. They indicated cost implications and implementation demands, technology backup, security and reliability of planned infrastructure, maintenance requirements. Other respondents said linkage between intended infrastructure and already existing one.

**Experiential Resource Plans**

The study sought to establish how experiential resource plans influence the performance of commercial banks in Kenya and the findings are presented in Table 6.

**Table 6: Experiential Resource Plans**

| Statements on experiential resource plans | Weighted Means | Std. Dev |
|---|---|---|
| Experiential resource plans affects the performance of my commercial Bank | 4.30 | 0.62 |
| Our commercial bank has established itself as a key brand in the banking industry | 3.68 | 1.08 |
| The investment in different brands of goods and services by has made our bank to enhance its performance and withstand current competition. | 3.42 | 1.03 |
| Our banding hasn’t be imitated by our competitors and this has resulted to better performance. | 3.27 | 0.93 |
| There exists favorable reputation of our products and services to our customers making it unique and not used in other banks | 3.23 | 1.06 |
| Favorable reputation enable our Bank to sustain superior outcomes for longer periods of time | 4.27 | 0.65 |
| A good reputation of my bank is key to success in staff motivation, staff retention, and overall organizational health | 3.60 | 0.89 |

According to the findings, the respondents strongly agreed on such effect as shown by weighted mean of 4.30. The findings are supported by Ainuddin et al. (2007) who argue that experiential resources such as product reputation, manufacturing experience and brand name can account for the variation in organisational competitive advantage and performance. Regarding brand, the respondents agreed that their commercial bank had established itself as a key brand in the banking industry as shown by weighted mean of 3.68. However, the respondents were unsure when asked whether the investment in different brands of goods and services had made their bank to enhance its performance and withstand current competition as shown by weighted mean of 3.42. This imply that despite venturing into diversification, the competition in the banking industry remains intense.

Additionally, the respondents were not sure when asked whether their banding hadn’t been imitated by competitors resulting to better performance. This is based on obtained weighted mean of 3.27. The findings imply that branding remains challenging in the banking industry. Also, the respondents were unsure when asked if there existed favorable reputation of their products and services to their customers making them unique and not used in other banks as shown by weighted mean of 3.23.

From the findings, the respondents strongly agreed that favorable reputation enabled their bank to sustain superior outcomes for longer periods of time as shown by weighted mean of 4.27. Finally, the respondents agreed that a good reputation of their banks was key to success in staff motivation, staff retention, and overall organizational health as shown by weighted mean of 3.60. The findings are supported by Huang and Provan (2007) who points out that reputation is an extremely important strategic asset and superior performers with favorable reputation are able to sustain superior outcomes for longer periods of time. The findings further agree with Scott (2001) who argues that having a good reputation means enhanced legitimacy for an organization. The respondents were, too, asked to explain other areas of experiential resource plans that affect performance and not indicated in likert scale. They indicated that unique products and services, others indicated differentiation. The respondents indicated that innovation is key to experiential resource plan.

**Performance of Commercial Banks**

The study sought to establish how commercial banks had been performing over last five years and the findings are presented in Table 7.

**Table 7: Performance of commercial banks**

| Performance of commercial banks | Weighted Means | Std. Dev |
|---|---|---|
| Our market share has been increasing yearly over the last five years | 4.21 | 0.55 |
| Capital investing in our business has been growing for the last five years Return on investment (ROI) | 4.36 | 0.69 |
| The borrowing from other sources has brought about growth in the last five years (ROE) | 4.27 | 0.69 |
| Our profit has been growing for the last five years | 4.23 | 0.74 |
| The cost of doing business have been going down for the last five years. | 4.30 | 0.76 |
| The business has been increasing products in the market for the last five years | 4.55 | 0.50 |
| The business has been increasing geographical coverage for last five years | 4.48 | 0.63 |

From the findings, the respondents strongly agreed that their businesses had been increasing products in the market for the last five years as shown by weighted mean of 4.55. Further, the respondents strongly agreed that their businesses had been increasing geographical coverage for last five years as shown by weighted mean of 4.48. According to the findings, capital investing in their business had been growing for the last five years (Return on investment (ROI)) as shown by weighted mean of 4.36. Further, the cost of doing business had been going down and the borrowing from other sources has brought about growth in the last five years (ROE) as shown by weighted means of 4.30 and 4.27 respectively. In addition, the respondents strongly agreed that their banks profit had been growing for the last five years as shown by weighted mean of 4.23 while their banks market share had been increasing yearly over the last five years as shown by weighted mean of 4.21.

**Correlation Analysis**

To determine the relationship between strategic resource planning and performance of commercial banks, correlation and regression analysis were done at 5% significant level. Pearson's correlations analysis was done to establish how strategic resource planning correlated with performance of commercial banks and the findings are presented in Table 8.

**Table 8: Correlation Analysis**

| | | Y | $X_1$ | $X_2$ | $X_3$ | $X_4$ |
|---|---|---|---|---|---|---|
| Y | Pearson Correlation | 1 | | | | |
| | Sig. (2-tailed) | | | | | |
| | N | 73 | | | | |
| $X_1$ | Pearson Correlation | .767** | 1 | | | |
| | Sig. (2-tailed) | .000 | | | | |
| | N | 73 | 73 | | | |
| $X_2$ | Pearson Correlation | .672** | .585** | 1 | | |
| | Sig. (2-tailed) | .000 | .000 | | | |
| | N | 73 | 73 | 73 | | |
| $X_3$ | Pearson Correlation | .578** | .395** | .552** | 1 | |
| | Sig. (2-tailed) | .000 | .001 | .000 | | |
| | N | 73 | 73 | 73 | 73 | |
| $X_4$ | Pearson Correlation | .431** | .231* | .176 | .084 | 1 |
| | Sig. (2-tailed) | .000 | .049 | .137 | .479 | |
| | N | 73 | 73 | 73 | 73 | 73 |

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

As shown in Table 8, at 5% significance level, there was a positive correlation between strategic resource planning (financial resource planning, human resource planning, and infrastructure planning and experiential planning) and performance of commercial banks. This is based on the Pearson correlation coefficients obtained of 0.767, 0.672, 0.578 and 0.431 respectively. These Pearson correlation coefficients imply that there is strong positive correlation between performance of commercial banks and financial resource planning, human resource planning and infrastructure planning as the correlation coefficients exceeded 0.5. Further, the correlation between experiential planning and human resource planning was moderated as the value obtained was 0.431 which fall between the range of 0.3 and 0.5, the range for moderate correlation. Ochieng (2009) supports the relationship between financial planning and financial performance of firm, which is in line with the study findings. The findings further agree with Inmyxai and Takahashi (2010) who argue that tangible resources have more profound effect on firm performance.

Further, all the correlations coefficients were significant since the values obtained were less than the significance level of the study 0.05. This conclusion was arrived at based on the criteria for testing significance which stipulates that, if the significance value obtained from analysis is less than the study's significance level then the test is deemed significant and vice versa. Hence, strategic resource planning reliably predicted performance of commercial banks.

**Regression Analysis**

After confirming the significance of the relationship between strategic resource planning and performance of commercial banks, the study carried out regression analysis to establish the nature of the relationship. The findings are presented in this section, with Table 9 presenting the model validity.

**Table 9: Strategic Resource Planning and Performance: Model Validity**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 15.169 | 4 | 3.792 | 56.360 | .000[b] |
| | Residual | 4.575 | 68 | .067 | | |
| | Total | 19.744 | 72 | | | |

a. Dependent Variable: Y

b. Predictors: (Constant), $X_4$, $X_3$, $X_1$, $X_2$

From the findings, a significant value (P- value) of 0.000 was obtained which was less than 0.05, the significance level of the study. This imply that experiential planning, infrastructure planning, financial resource planning and human resource planning were statistically significant in predicting performance of commercial banks. Further, the study sought to establish the extent of variations of performance of commercial banks which are explained by the independent variables. This was measured using coefficient of determination ($R^2$) which is the variation in the independent variable, explained uniquely or jointly by the independent variables under study. The findings are presented in the Table 10.

**Table 10: Strategic Resource Planning and Performance: Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .877[a] | .768 | .755 | .25940 |

a. Predictors: (Constant), $X_4$, $X_3$, $X_1$, $X_2$

From the findings, R square value obtained was 0.768. This means that experiential planning, infrastructure planning, financial resource planning and human resource planning explain 76.8% of the variations in performance of commercial banks. The rest 23.2% are explained by other factors not investigated by this study. Finally, the coefficients of the independent variables are presented in the Table 11.

**Table 11:Coefficients**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -.970 | .368 | | -2.635 | .010 |
| | $X_1$ | .564 | .085 | .489 | 6.670 | .000 |
| | $X_2$ | .214 | .085 | .201 | 2.520 | .014 |
| | $X_3$ | .279 | .078 | .251 | 3.566 | .001 |
| | $X_4$ | .282 | .065 | .261 | 4.346 | .000 |

a. Dependent Variable: Y

According to the findings, financial resource planning ($X_1$, B=0.564, P=0.000), human resource planning ($X_2$, B=0.214, p=0.014), infrastructure planning ($X_{3,}$ B=0.279, p=0.001) and experiential planning ($X_4$, B=0.282, p=0.000) were all significant in predicting the performance of commercial banks as all the p values were less than 0.05. The resulting regression equation was:

$$\mathbf{Y = -0.970 + 0.564X_1 + 0.214X_2 + 0.279X_3 + 0.282X_4}$$

Where Y= Performance of commercial banks, $\beta_0$ = Constant, $\beta_1$, $\beta_2$, $\beta_3$ and $\beta_4$ = Coefficients of determination of the independent variables, $X_1$= Financial Resource Planning, $X_2$= Human Resource Planning, $X_3$= Infrastructure Planning, $X_4$= Experiential Planning. This implied that all independent variables positively affected the performance of commercial banks in Kenya.

According to the findings, a constant of -0.970 was obtained, implying that if all the factors under study are held constant, performance of commercial banks would be -0.970 units. When all the factors are held constant, a unit change in financial resource planning would change performance of commercial banks by 0.564 units. When all the factors are held constant, a unit increase in human resource planning increases performance of commercial banks by 0.214 units. Similarly, a unit increase in infrastructure planning holding other factors constant increases performance of commercial banks by 0.279 units. A unit change in experiential planning holding the rest of the factors constant changes performance of commercial banks by 0.282 units. The findings are in agreement with Ochieng (2009) who argues that a percentage change in the financial planning measures will have an effect on the financial performance of a firm.

**Conclusions**

Financial resources plans effects on the performance of commercial banks positively and to great extent. Commercial banks have financial spending plans and undertake financial flow analysis and forecasting consistently. Financial spending plans enable banks to establish the amount of finance needed to carry out their operations smoothly. Further, through financial plans, banks are able to invest their finance in right and profitable projects, and ensuring proper utilization and administration of financial resources. More so, forecasting results enables banks make necessary adjustments, plan for future operations, and informed strategizing on future spending, and withstanding business shocks and surprises leading to better performance.

Human resource plans affects the performance of commercial banks to a great extent. This is through enhancing the performance of commercial banks as the relationship is direct. Training and development plans improves sales and productivity, and enhances quality and market share. Further, incentive pay plans positively and substantially affects performance of workers in bank. However, not all reward management systems and compensation practices in bank are effective, and as a result, this lack of effectiveness negatively affects the hiring and keeping hold of highly skilled and competent bankers. The study concludes that commercial banks are very keen to employ skilled and experienced employees, and management of employees' relationships in commercial bank lead to reduced turnover, absence and conflict.

Infrastructure plans entailing geographical positioning, technological infrastructure and branches expansion affect the performance of commercial banks positively and to a very great extent. Geographical presence in rural areas lead to increased profitability of commercial banks. However, not all banks have well established branches to all rural areas in Kenya. Banks are employing alternative channels of reaching the hard to reach and geographically dispersed areas other than using branches. More so, banks have effective technological infrastructure and machinery to support banking activities.

The study concluded that bank employees are responsive in using banks machinery for banking purposes other than personal purposes.

Experiential resources plans affects the performance of commercial banks to a great extent. Further, there are positive and direct relationship between experiential resources plans and performance of commercial banks. The study concludes that commercial banks have established themselves as key brand in the banking industry. However, imitations of different brands of goods and services across the banking sectors is very evident. More so, it's not very clear of the customers' reputation on products and services offered by commercial banks. The study concludes that there is stiff competition within the banking industry.

## Recommendations

The study revealed that the effectiveness of reward management systems in the banks needed improvement. Based on the findings, it is recommended to the management of the commercial banks to review their reward management systems so as to improve them to satisfaction of the employees. Further, having established that the compensation practices used bank was clearly linked to helping the hiring and keeping hold of highly skilled and competent bankers, it is recommended to the management staff in charge of compensation activities to review the compensation policies at the banks. This will help in keeping hold of highly skilled and competent bankers as well as motivating them.

Further, the study revealed that revealed that not all banks had well established branches to all rural areas in Kenya. Having establish that geographical coverage was directly linked to profitability of commercial banks, the researcher recommends to the management of commercial banks to put up and implement plans that enhances their banks reach to the rural areas in Kenya. This will translate to larger customer base and increased profitability.

The study established that imitations of different brands of goods and services across the banking sectors was very evident. Based on these findings, the researcher recommends to the banking industry to enhance innovation efforts so as to come up with new and unique products and services other than imitating innovations of other commercial banks. This will enhance the positioning of banks in the market and enhance their brand.

## Recommendations for Further Studies

The study revealed that experiential planning, infrastructure planning, financial resource planning and human resource planning explain 76.8% of the variations in performance of commercial banks. The rest 23.2% are explained by other factors not investigated by this study. Therefore, the researcher recommends for further studies to establish which factors explain the remaining 23.2% variation in performance of commercial banks.

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