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Influence of Strategic Decision Making on Performance of Commercial Banks in Eldoret Town, Kenya

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Abstract: *The study intended to determine the influence of strategic decision making on the performance of commercial banks in Eldoret town, Kenya. The study was reinforced by the theory of innovation diffusion. The study used primary data which was collected using questionnaires. The study adopted census research design. The target population were all employees working in commercial banks in Kenya. The accessible population for the study were 29 branch managers and 29 credit managers working in 29 commercial banks in Eldoret town. Pre-testing of research instruments was conducted in commercial banks found in Nandi County before the main study was conducted in order to enable the researcher determine the reliability and validity of the research instruments. Content validity test was used to determine the validity of the questionnaires. Reliability was tested using the Cronbach's alpha coefficient. Data processing and analysis was done using Statistical Package for Social Sciences (SPSS). Data analysis comprised both descriptive statistics and inferential statistics. Descriptive statistics used were mean, frequencies, percentages and standard deviation. Inferential statistics used was Pearson's product moment correlation and multiple regression analysis. The study findings showed that innovation strategy have a positive and significant influence with ($\beta=0.244$, $p< 0.05$) on performance of commercial banks in Eldoret town. The study recommends that the management of commercial banks need to at all times evaluate and monitor the implementation of the decision reached for them to have an overview of their progress and if they are achieving their intended goals and objectives. The study will be important to the government's regulatory agencies as it will help in designing and coming up with policies pertaining lending by commercial banks in Kenya. The study will provide a theoretical framework to assist commercial banks in understanding the influence of strategic decisions on performance. Finally, the study will serve as a basis for further research for scholars on the banking industry.*

Key words: *Strategic Decision Making, Innovation Strategy, Performance of Commercial Banks and Eldoret Town, Kenya.*

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I. Introduction

In the current business environment, the level of competition has increased in every type and kind of business whether big or small and banks are not exception to competition. The ability of banks to have competitive advantage and to achieve set targets and objectives in their business operations lies in its ability and capability to execute appropriate business strategies (Oyedijo, 2013). The very important task for management is to craft an organization that is proficient in bathing products with appealing functionality and superior products that customers want but have not yet imagined. Sources of competition need to be identified by management to endure competitive pressure, market position and attract customers (Doppelt, 2010).

For the duration of the 1980s, top managers were judged on their ability to streamline, declutch and delayer their companies. In the past 1990s, the executive was judged on their competency to recognize, nurture and exploit the fundamental competencies that make growth possible (Khan, 2008). Once the subject of business strategy is raised, the first thought comes into to mind is (SWOT), Strengths, weaknesses, opportunities and threats. It involves analysis of firm's internal ability (its strengths and weaknesses) comparative to the external opportunities and threats of the competitive market place. Strategic actions need to be taken to preserve strengths, offset weaknesses, mitigate threats and take advantage of on opportunities (Barney, 2000)

Strategic decision-making is planning the future of the organization by defining long-term goals, responding to market forces and identifying organizational problems and attempt to resolve them (Ketchen & Snow, 2003). On the same vain they suggest that the significance of decision making is to chart ways to improve performance of organization for purpose of progress and sustainability. Strategic decisions decide the total direction of an enterprise and its subsequent capability in light of the anticipated, the spontaneous, and the inconceivable changes that may arise in its external and internal business environment which will shape the strategies, goals and vision of the organization (Mintzberg & Quian, 2011).

Strategic decision makings and managers cannot be separated they go inline together and on that note managers in any organization are tasked with the responsibility of making strategic decisions which are crucial to the attainment of the organization goals and objectives. The strategic decisions at their table includes but not limited to growth strategies, competitive strategies, stability strategies and retrenchment strategies (Karanja, 2012). Commercial banks are concerned with performance, customer service and streamlining of operations to reduce lead time to achieve competitiveness. With all this in the mind commercial banks managers are tasked with responsibility of making crucial decisions to steer the organization in the right direction especially due to turbulence of business and globalization demands. The manager's competency in terms of know-how, understanding and capability is also of great importance in strategic decision making (Nooraie, 2012).

Innovation strategy is the process of translating an idea or invention into a good or service with an intention to grow market share or profits. Innovation in commercial banks includes mobile banking, online banking, smart cards and agency banking among others.

Statement of the Problem

The basic role of a commercial bank is to provide financial services to businesses and individuals. They primarily earn money by charging interest to customers and by providing loans. However, due to poor leadership in making choices of strategic decisions to be implemented commercial banks are missing their targets and others have collapsed. Central bank of Kenya placed Chase bank under receivership on April 7, 2016 and also imperial bank in 2015. Chase bank was unable to meet it financial obligation on April 2016 and was put under receivership of CBK. The insider loans stood at 13.62 billion Kenya shillings compared to the 5.72 billion Kenya shillings it reported (CBK, 2016). Poor corporate governance practices, poor risk management strategies, lack of internal controls, and weaknesses in regulatory and supervisory systems, insider lending, ineffective laws, poor financial sector oversight, a base sector culture and overbearing political and executive corruption and conflict of interest among others are challenges facing commercial banks. These constraints have contributed to a large extent to the poor performance and eventual demise of some commercial banks and others merged to survive on the benefits of synergy (Saxena & Maru, 2016). Commercial banks employ many Kenyans and as such, in the event that these institutions post poor performance and reduce their staff or close the institutions altogether, many Kenyans would be directly and indirectly affected as well as the government due to low remittances (Yenesew, 2014). Studies have been carried out on the contribution of strategic decision making on performance. Hang and Wang (2012) in their study on strategic decision making and performance of 13 Commercial banks in Australia found out that found that bank owners have a narrow focus in developing a strategic decision. Abdul and Ahmad (2006) in their study on efficiency and sustainability of commercial banks in India aimed to identify the most efficient/best practice of banking institutions. The study revealed that the majority of inefficiency of banks in India is mainly of strategic in nature and to improve their efficiencies, these banks have been invited to heighten the managerial expertise and to improve the technology. Though the above studies had their own shortcomings and recommendations there is limited research focusing on commercial banks in Kenya.

Specific objective

To determine the influence of innovation strategy on performance of commercial banks in Eldoret town.

Research Hypothesis

$H_{01:}$ There is no significant influence of innovation strategy on performance of commercial banks in Eldoret town.

II. Literature Review

Innovation Diffusion Theory

Innovation diffusion theory was developed by Rogers in 1962. The theory explains how over time an idea, product or services spreads through a particular social system or population and has it origin in communication. As the ultimate result of this diffusion people who are part of the social system, embrace or adopt a new behavior, idea or product. When a person does something that is different from what they had formerly done for example acquire and perform a new behavior, purchase or use a new product that shows adoption has taken place. The important aspect to adoption is that the person must perceive product, idea or behavior innovative and new.The innovation diffusion theory is used to explain innovations where, process, product, service and market innovations are constituents. For example, the theory can be used to explain automation of service delivery by commercial banks.

The theory also presumes that the adoption of this innovative products do not just happen in the market place but there is a wave of acceptance by consumers and adoption rate will vary among them. They will follow this order starting with innovators, then to early adopters, early majority, late majority, and finally laggards at the end of the adoption curve. The goal of least every business is to persuade the most clients or customers possible to adopt a new product, service or idea, even if it goes against their better judgment, and even if they have to display behavior they haven't demonstrated before (Robert, 2005). The moment consumers accept the notion that a product, service or idea is innovative, they are more likely to engage with the product as it diffuses through the marketplace.

Prospective adopters analyze innovation on its perceived efficiencies gained by the innovation relative to current tools or procedures its compatibility with the pre-existing system, its complexity to learn, its trialability, its potential for reinvention and its perceived effects. Judgment for this qualities is done as a whole. For instance, an innovation may be perceived to extremely complex thus reducing its possibility to be adopted and diffused, but it can be very well-suited with a large advantage comparative to current tools (Jordana & Levi, 2011). With high pressure for change in organization potential adopters can adopt the innovation anyway.Also, it will be inspired to adopt an innovation to change to increase its fortunes. Pressure to organization is also exerted from different sources industry, community and economy.

The theory is based on a number of the assumption that diffusion is centered on the conditions which leads to increase or decrease the likelihood that a new idea, product, or practice will be adopted by members of a given culture. It also foresees that media as well as interactive contacts provide information and affect opinion and verdict. Rogers in his studies discussed that it consists of four stages and these are, diffusion through the social system, invention, time and consequences. The flows innovation through networks will be adopted depending on the nature of links and the opinion leader's roles. (Rogers, 1995). Further, the foundation of the diffusion theory was established many years ago which makes it's a suitable and reliable theory to be used to base the studies now and in the future.

The theory has been criticized because of the manner variations in research constructs are usually limited to the choice of adopting units and to the number of variables included in the model. The models are not specific on the number of the items to be included in diffusion constructs and whether the technology which is always at play brings any difference in the model (Monteiro & Hanseth, 1995; Prescott & Conger, 1995). The theory is relevant to the study as it explains how various innovation strategies are being adopted in the business units and how this adoption affects performance and change in the organization.

Empirical Review

De Young, Lang and Nolle (2007) did a study on innovation adoption and performance of commercial banks in Jordan using descriptive research design and found that internet adoption improved community bank profitability, primarily through deposit-related charges. The study further found that online banking was associated with lower costs and higher profitability. For any of internet banking to succeed it requires information implementation and investment of information by internet banking service providers. Further, bank clients should embrace and must see value in the technology by using it more often. Looking at some areas in banking products and services customers are adamant to switch to web-based service transactions.

Osmani and Hossain (2015) did a study on modern innovation strategies in Irish commercial banks. The study used case study research design and found that when banks offer service via the web for their corporate customers, customers requested a number of services which include training and after sales service in using the internet banking. Further, the study established that radical changes of services have led to superior offerings and provided significant economic benefits to their customers. Customer service can be improved through innovative service means like web applications and mobile phone to identify and report problems more quickly and allow more accurate diagnosis and faster responses to firm customers. The study failed to link such innovation to performance.

Cainelli (2004) did a study on effect on innovation on performance of the Australian corporate banking sector. The researcher did a survey on commercial banks in Australia and found out that having innovative and differentiated products made commercial banks attract more corporate clients. Recent service innovations primarily relate to improved account access and new methods of payment each of which better meets consumer demands with suitability and simplicity. Over the past decade, remote access has migrated from the telephone to the personal computer. Online banking, which allows customers to monitor accounts and originate payments using electronic bill payment, is now widely used. Stored-value, or prepaid, cards have also become the norm. The study failed to address the security measures on the services they offer to their customers.

Kojo and Yazidu (2013) carried out a study on financial characteristics and innovations in commercial banks in Ghana. The study intended to establish the relationship between financial structure of commercial banks and their innovativeness using correlation design. The study established that product innovation or new savings products in the institutions were largely influenced by interest rate and loan repayment rates.

Furthermore, it was noted that the sources of funding, that is equity from owners and bank funding enhanced product innovation. The study recommended that commercial banks in the country should diversify their funding sources in order to enhance product innovation and innovation in general. The study however failed to link product innovation to performance as the study focused just on innovations generally.

Owen (2008) did a study on Influence of innovation strategies on performance of Standard Chartered Bank (Uganda) Limited) using a census research design. The study discovered that formal banks offer typical products in order to reach beyond their current client base whereby they have to understand the needs of the people who are not using their services. To take this forward, the firms must be willing to put the cash in to support innovation and expansion. There is still a great need to better understand, shape and evaluate market expansion. Competition among financial institutions is intensifying as more African countries relax barriers to entry that have brought in new players. The study focused on specific bank which should not be the case since many banks have adopted innovation.

Conceptual Framework

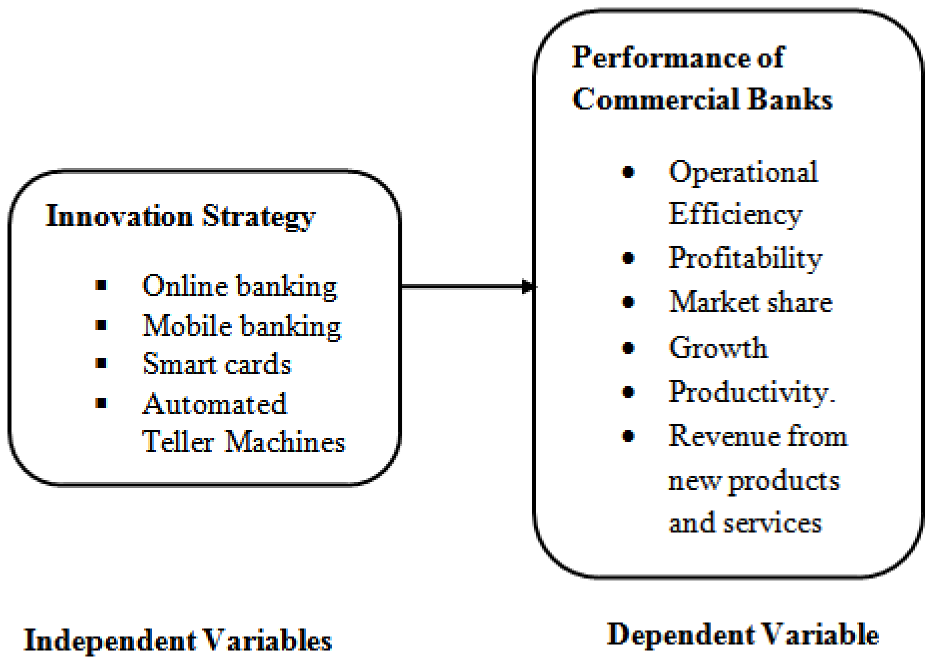

Figure 1: Conceptual Framework

III. Methodology

The study used census research design since it allows the use of questionnaires that are to be completed by the respondents involved in the study and helps in presenting constructive and precise information to respond to the questions that are founded on who, what, when, and how (Mitchell & Jolley, 2012). Target population is defined as group of people of interest that a researcher intends to study (Sekeran, 2010). The targeted population for the study were all employees working in commercial banks in Kenya. Accessible population is subset of the target population that can be practically reached in order to select a representative sample (Mugenda, 2008). The accessible population for study was 29 branch managers and 29 credit managers making a total of 58 respondents.

The study used questionnaire as the tool for data collection. A questionnaire is a research instrument consisting of a series of questions for the purpose of gathering information from respondents (Mugenda & Mugenda, 2008). The use of questionnaire enables the researcher to obtain potential information from a large group (Kothari, 2014). Content validity test was used by seeking the expert opinion of the University supervisor.

The reliability of the questionnaires was tested using the Cronbach's alpha coefficient which refers to a measure of internal consistency that measures how closely interrelated a set of items are as a group with the help of SPSS software. Data processing and analysis was facilitated by the use of the Statistical Package for Social Sciences. The study used both descriptive statistics and inferential statistics during data analysis.Inferential statistics used included correlation analysis, hypothesis testing and multiple linear regression analysis.

The multiple regression equation used in the study was as follows;

$\mathbf{Y = \boldsymbol{\alpha} + \boldsymbol{\beta}_1 X_1 + \boldsymbol{\varepsilon} \ldots\ldots \; \textbf{\textit{Equation}}3.1}$

Where:

$\mathbf{Y}$ represents dependent variable (Performance)
$\boldsymbol{\alpha}$ represents regression constant.
$\boldsymbol{\beta_1}$ represents change in y with respect to a unit change in $\mathbf{X_1}$
$\mathbf{X_1}$represents innovation strategy
$\boldsymbol{\varepsilon}$ represents error term

IV. Results

Innovation Strategy and Performance of Commercial Banks

The researcher was interested on the response of the respondents on strategic decision making and performance of commercial banks Eldoret town, Kenya. The respondents were asked to indicate their response on a 5 point Likert scale. 1-Strongly Disagree (SD), 2-Disagree (D), 3-Neutral (N), 4-Agree and 5-Agree (SA). Frequencies (Freq.) and Percentages (%) for each response were noted.

Descriptive Statistics Results for Innovation Strategy

Statement		SD	D	N	A	SA	Total	Mean	Std. Dev.
i. Commercial banks have adopted online banking.	F	2	1	5	31	12	51	3.98	.883
	%	3.9	2.0	9.8	60.8	23.5	100.0		
ii. Commercial banks provide mobile banking service platform for customers to transact.	F	2	4	5	30	10	51	3.82	.974
	%	3.9	7.8	9.8	58.8	19.6	100.0		
iii. Commercial banks have embraced issuance of smart cards to its customers.	F	2	2	9	16	22	51	4.06	1.07
	%	3.9	3.9	17.6	31.4	43.1	100.0		
iv. Commercial banks offer automated teller machine services to its customers to access their accounts with ease.	F	2	0	2	19	28	51	4.39	.896
	%	3.9	0.0	3.9	37.3	54.9	100.0		

The respondents were asked to state their opinion on the statement that commercial banks have adopted online banking. The findings of the study show that majority of the respondents 43(84.3%) agreed that mobile banking influence performance of commercial banks. The respondents who disagreed on the statement were 3(5.9%). Mobile banking was also established to influence performance of commercial banks with (mean=3.98, std. Dev. =0.883). The results agree with the findings of Osmani and Hossain (2015) who did a study on modern innovation strategies in Irish commercial banks. The study used case study research design and found that if such banks provide service via the web for example online banking for their corporate customers they could reduce cost of operations and increase customer satisfaction hence improved revenue for the commercial banks. The results of the descriptive statistics indicate that majority of the respondents positively rated that commercial banks have adopted online banking in order to meet divergent needs and demands of their customers.

The respondents were requested to give their opinion on the statement that commercial banks provide mobile banking service platform for customers to transact. The findingsshow that majority of the respondents 40(78.4%) agreed that commercial banks providing mobile banking platform influence performance. The respondents who had differed on the statement were 6(11.7%). Mobile banking was established to influence performance of commercial banks with (mean=3.82, std. Dev. =0.974). These findings are in line with the findings of Ngari (2012) who found out that mobile banking as an innovation strategy by commercial banks to serve their customers lead to increased number of transactions by customers due to its flexibility and accessibility by majority of the customers leading growth in profits. The descriptive statistics indicates that majority of the respondents rated the statement positive indicating that provision of mobile banking platform influence performance.

The respondents were further asked to state their view on the statement Commercial banks have embraced issuance of smart cards to its customers. The findings shows that majority of the respondents 38(74.5%) agreed that commercial banks have embraced issuance of smart cards. Those with contrary opinion to the statement were 4(7.8%). It was further established that issuance of smart cards influences performance of commercial banks (mean=4.06, std. Dev. =1.07). These results agree with the findings of Cainelli (2004) who found that issuance of smart cards to customers have improved service delivery to customers. The descriptive statistics findings indicate that majority of the respondents agreed that commercial banks have embraced the issuance of smart cards.

The findings further reveals that majority 47(92.4%) of the respondents agreed to the statement that Commercial banks offer automated teller machine services to its customers to access their accounts with ease and those who disagreed were 2(3.9%). It was also established that automated teller machines services influence performance with (mean=4.39, std Dev=0.896). These results are supported by the findings of Cohen (2010) who did a study in the British banking sector found that automated teller machines significantly enhanced retail bank account access and value by providing customers with around-the-clock access to funds.

Performance of Commercial Banks

The researcher sought the opinion of the respondents on the performance indicators of commercial banks and how it influences performance they include; operational efficiency, profitability, market share, growth, productivity and revenue from new products and services.

Descriptive Statistics Results for Performance of Commercial Banks

Statement		SD	D	N	A	SA	Total	Mean	Std. Dev.
i. Commercial banks operate efficiently.	F	0	7	4	21	19	51	4.02	1.010
	%	0.0	13.7	7.8	41.2	37.3	100.0		
i. Commercial banks enjoy high profits.	F	0	5	6	28	12	51	3.92	.868
	%	0.0	9.8	11.8	54.9	23.5	100.0		
i. Commercial banks have been outstanding in achieving market share.	F	1	9	8	15	18	51	3.78	1.172
	%	2.0	17.6	15.7	29.4	35.3	100.0		
v. Commercial banks experience growth in their operations over time.	F	0	1	5	32	13	51	4.12	.653
	%	0.0	2.0	9.8	62.7	25.5	100.0		
v. Commercial banks depict increased productivity over years.	F	1	3	5	27	15	51	4.02	.905
	%	2.0	5.9	9.8	52.9	29.4	100.0		
i. Commercial banks have been successful at generating revenue from new products and services.	F	0	3	4	16	28	51	4.35	.868
	%	0.0	5.9	7.8	31.4	54.9	100.0		

The respondents were requested to respond to the statement that commercial banks operate efficiently. The results indicate that majority of the respondents 40(78.5%) rated the statement positively and 7(13.7%) of the respondents disagreed on the statement. It was also found out that commercial banks efficiency influences performance with (mean=4.02, std. Dev. =0.868). These finding are in agreement with the findings of Sufian and Kamarudin (2014)who found out that operational efficiency of commercial give competitive advantage since it reduce cost and time spent in serving customers.The descriptive statistics findings indicate that majority of the respondents agreed that operational efficiency influence performance of commercial banks.

The respondents were asked to give their view on the statement commercial banks enjoy high profits. The results show that majority of the respondents 40(82.3%) agreed to the statement while 5(9.8%) of the respondents disagreed on the statement. It was further found out that commercial banks enjoy high profits with (mean=3.92, std. Dev. =1.010). These results are in agreement with the findings of Athanasoglou, Brissimis, and Delis (2008)who found out that commercial banks that have in place proper governance, good financial strategies and innovation enjoys high profits.The descriptive statistics findings indicate that majority of the respondents agreed that commercial banks enjoy high profits.

Further the respondents were requested to respond to the statement commercial banks have been outstanding in achieving market share. The findings of the study show that majority of the respondents 33(64.7%) agreed that commercial banks have been outstanding in achieving market share and 10(19.6%) were of a contrary opinion. Market share was also established to influence performance with (mean=3.78, std. Dev. =1.172). These results concur with the findings of Yen (2011) who found out that the ability of commercial banks to satisfy customers and dominate the market through the products and service offered depends on its market positioning.The descriptive statistics findings indicate that majority of the respondents agreed that statement commercial banks have been outstanding in achieving market share.

Also the respondents were requested to give their view on whether commercial banks experience growth in their operations over time. The descriptive statistics findings show that majority of the respondents 45(88.2%) agreed that commercial banks experience growth in their operations over time and 1(2.0%) disagreed. Commercial banks were found out to experience growth with (mean=4.12, std. Dev. =0.653). These results concur with the findings ofHussain, (2010) who found out that human resource factors, technological factors, management factors, government factors, government support factors, and entrepreneurship factors play significant role towards the growth of banks in Kenya.The descriptive statistics findings indicate that majority of the respondents agreed to the statement that commercial experience growth over time.

Respondents were further invited to give their view on the statement commercial banks depict increased productivity over years. The descriptive statistics shows that majority of the respondents 42(82.3%) were of the view that commercial banks depict increased productivity over years and 4(7.9%) disagreed. Commercial banks were found out to depict increased productivity with (mean=4.02, std. Dev. =0.905). These results are a reflection of whatAhmed and Liza, (2013) in their study of productivity of commercial banks in

Bangladesh. The descriptive statistics findings indicate that majority of the respondents agreed that commercial banks depict increased productivity over years.

Finally, the respondents were requested to give their opinion on the statement commercial banks have been successful at generating revenue from new products and services. The descriptive statistics findings show that majority of the respondents 44(86.4%) agreed with the statement and 4(7.9%) disagreed. Also commercial banks were found out to be successful at generate revenue from new products and services with (mean=4.35, std. Dev. =0.868). These results concur with the findings of Okombo (2015) who found out that new products and services such as smart cards, online banking and mobile banking have improved the profits of commercial banks. The descriptive statistics findings indicate that majority of the respondents agreed that commercial banks have been successful at generating revenue from new products and services.

Inferential Analysis

Multiple Regression Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.790[a]	.624	.600	.54510

a. Predictors: (Constant), Innovation Strategy, Differentiation Strategy and Diversification Strategy

b. Dependent Variable: Performance of Commercial Banks

The results presents model summary of multiple regression clearly indicating an influence that is positive of decision making strategies and performance of commercial banks as illustrated by a positive correlation of 0.790 and R^2 of 0.624. The coefficient of determination value of 0.624 denotes that 62.4% of performance of commercial banks in Eldoret town deviation is brought about by the mentioned decision making strategies while the remaining portion of 37.6% is accounted by other factors not incorporated in the study.

Assessing the Fit of Multiple Regression Model

The study incorporated the use of analysis of variance (ANOVA) in order to examine whether the multiple regression analysis model was fit for the analysis of data.

ANOVA Test Results

	Sum of Squares	df	Mean Square	F	Sig.
Regression	23.222	3	7.741	26.051	.000[b]
Residual	13.965	47	.297		
Total	37.187	50			

The findings indicate the influence of independent variables on the dependent variable (performance of commercial banks) which from the results shows the variables were statistically significant with (F=26.051; $p<0.05$). The results therefore clearly indicate that the multiple regression model was fit for the data and thus innovation, differentiation and diversification strategy have a great influence on performance of commercial banks.

Regression Coefficients

Beta (β) was determined through performing T-test of statistical significance of each regression coefficient to determine how strongly each independent variable affect dependent variable.

Table 4.19: Regression Analysis

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	.758	.372		2.038	.047
Innovation Strategy	.244	.116	.266	2.098	.041

a. Dependent Variable: Performance of Commercial Banks

The results of the regression coefficients show that innovation strategy had a positive and significant influence with (β = 0.244, $p<0.05$) on performance of commercial banks in Eldoret town.

Therefore, the multiple regression equation for innovation strategy was as shown below:

$Y=0.758+0.244X_1$...........Equation 4.1

The constant value of 0.758 denotes that at 0 innovation strategy the performance of commercial banks is at 0.758 units. The value of 0.244signifies that when innovation strategy is enhanced by 1 unit it brings about a rise in performance of commercial banks by 0.244 units.

Hypothesis Testing

This was done at a predicted value of $p<0.05$ level of significance. The acceptance/rejection principles were established at a point in which the p-values obtained in the study were compared with the anticipated significance level of 0.05.

Hypothesis Testing Results Summary

Hypothesis	Statements	Sig.	Decision Rule
$H_{01:}$	Innovation strategy has no significant influence on performance of commercial banks in Eldoret town.	0.041	Null hypothesis rejected

V. Conclusion

The study concluded from the findings obtained that decision making strategies influences the performance of commercial banks positively. It was also concluded that the commercial banks have incorporated the decision making strategies including innovation strategies while performing their activities which has improved on their performance. Further, it was concluded that the commercial banks having embraced the mentioned strategies, this have made them to stay ahead of other financial institutions including microfinance institutions and even much far better than the savings and credit cooperative societies. Lastly, it was concluded that commercial banks having embraced the various strategies their market share, profitability and even the number of their clients has drastically improved leading to improved/increased performance level.

VI. Recommendations

The study gives crucial recommendations which are for policy and practice and for the theories in agreement with the findings obtained by the researcher from the study.

5.4.1 Recommendation for Policy and Practice

The study recommends that the concerned management of commercial banks should be updated on matters pertaining decision making and thus embrace positively strategies that will enable them make wise decision as far as well management of the institutions is concerned. The study further recommends that commercial banks should diversify their asset base and also differentiate properly their product for them to reduce the risks that are associated with their operations and also to increase their market niche and build good customer relation. The government should also look critically into the element of interest rates in which commercial banks charge on borrowers regarding the loans they give to them such that the institutions should not give out loans with higher interest rates.

Suggestion for Further Studies

Regarding suggestions for further studies the study suggests that other researchers in the future need to carry out research on the mediating and moderating influence as well as mediating and moderating effect on the relationship between decision making strategies and performance of commercial banks in order to determine the influence/effect of such decision making strategies and performance. The study finally suggests that more research needs to be done on the same area but concentrate on other factors influencing performance of commercial banks, SMEs, MFIs and SACCOs.

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