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# The Influence of Human Resources on Strategy Implementation in Commercial Banks in Kenya

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**ABSTRACT**

The main purpose of this study was to examine the influence of human resources on the implementation of strategies in commercial banks in Kenya. The focus groups were senior and middle-level managers of commercial banks in Kenya. A mixed research approach, which combined qualitative and quantitative methods, was adopted for this study. Specifically a correlation cross-sectional field data aimed at testing the research hypotheses was used. The researcher used proportionate stratified random sampling technique to obtain a sample of 200 managers. Questionnaires were used to collect data. The organized data from both the qualitative and quantitative sources were entered into the computer application package SPSS after which descriptive and inferential statistics were obtained. Descriptive statistics employed frequencies, percentages, means and standard deviations while inferential statistics employed Pearson (product moment) correlation coefficient and linear regression analysis. The study found a statistically significant relationship between human resources and strategy implementation at 0.05 confidence level. The study recommended that commercial banks should continue investing in human resources through strategies like recruitment and selection, training and development, reward management in order to increases chances of strategy implementation success.



## 1.1 Introduction

The debate on strategy implementation has become hot in the field of corporate management. This is due to the fact that successful strategies have been associated with successful strategy implementation (Jiang, 2009). There is research evidence that the implementation component of strategic management is much more important than strategy formulation and evaluation (Jooste and Fourie, 2009) yet strategy implementation remains unaddressed in the business world today (Hutzschenreuter and Kleindienst, 2006). According to Homburg *et al.* (2008), implementation of strategy is very critical and firms that implement strategies successfully have an obvious advantage of achieving high performance (Pella *et al.*, 2013). A study conducted by Njagi and Kombo (2014) found a moderately positive relationship between strategy implementation and the performance of commercial banks in Kenya.

In spite of its importance, studies are reporting discouraging findings on implementation of strategies. Lawson (2008), reports that 37 per cent of corporate strategies fail. Franklin *et al.*'s (2009) study found that 34 per cent of new strategic efforts could not be implemented successfully. Studies by Economic Intelligence Unit (2013) and Project Management Institute (2014) reported that 44 percent of change initiatives fail. On the other hand a times' (Farsight Leadership organization, 2007) study reports that 80 per cent of the companies have the right strategies, yet only 14 per cent of them implement the strategies successfully. As Raps (2004) notes these low success rates are discouraging since many companies in the recent past have invested significant amount of resources to improve their strategic planning.

Olson *et al.* (2005) argues that implementation proves difficult due to the need for coordinated efforts of individuals across firms where as Nyamwanza (2013) is of the opinion that strategy implementation fails due to poor preparation. These lapses arguably occur because managers fail to acknowledge the fact that strategy implementation is more of an art than a science (Shanley and Peteraf, 2006). Candido and Santos (2015) have emphasized that implementing strategy is the most complicated and time-consuming part of strategic management which when failure occurs an organization suffers enormous costs. A part from wasting a significant amount of time and money, strategy failure results in lower employee morale and a diminished faith and trust in top management. In addition failure will create an even more rigid organization since a company that has failed to change will encounter more employee skepticism in its next attempt thus weakening subsequent planning cycles (Crittenden & Crittenden, 2008).

With the growing recognition that the most important problems in the field of strategic management are not related to strategy formulation, but rather strategy execution (Jouste and Fourie, 2009), a number of studies have increasingly focused attention on strategy implementation particularly because the process from strategy formulation to strategy implementation is ineffective and in adequate in today's business world. In an attempt to address the barriers to implementation, these studies have come up with various models of strategy implementation. One of the first models was offered by Hrebiniak and Joyce (1984). In their model, they argued that a well formulated strategy is the first critical ingredient of the execution process. This is followed by the design of a primary organizational structure, establishing operational level objectives, the design of operating structures and the creation of proper incentives and control mechanisms that support the execution. Higgins (2005) proposes a revision of Mckinsey's original '7s' model and proposes a '8s' model consisting of strategy, systems and processes, leadership style, staff, resources, shared values and strategic performance. Brenes *et al.* (2007) highlight five dimensions of strategy implementation. These dimensions are the strategy formulation process, systematic execution, implementation control and follow-up, CEOs leadership, motivated management and employees and corporate governance. This current study will examine the effect of human resources on the implementation of strategies in commercial banks in Kenya.

### 1.2 Statement of the Problem

Strategy implementation has been widely recognized as a key management challenge (Li *et al*., 2008) yet it remains a comparatively under-addressed area in strategic management literature and business practice (Hutzschenreuter and Kleindienst, 2006). According to Candido and Santos (2015), strategy execution task is a complex and time-consuming part of strategic management. In addition, Li *et al.* (2008) describes strategy implementation as a dynamic, iterative and complex process which is composed of a series of decisions and activities by managers and employees who are affected by a number of interrelated internal and external factors as they strive to achieve strategic objectives through implementation of strategic plans. Blahova and Knapkova (2010) argue that the best formulated strategies may fail to produce superior performance if they are not successfully implemented. Davenport (2007) holds a similar view by arguing that a number of failures in business target achievement can be attributed to strategy implementation failures, not the strategy formulation itself. Therefore to be successful, a business strategy needs to be completed by an equally well taught out strategy (Schaap, 2006) in order to avoid the costs which accompany failure.

### 1.3 Study objective

The objective of this study was to examine the influence of human resources on strategy implementation in commercial banks in Kenya.

### 1.4 Research hypothesis

**$H_{o1}$:** There is no statistically significant relationship between human resources and strategy implementation in commercial banks in Kenya

## 2. Literature review

### 2.1 Theoretical framework

#### 2.1.1 Human-resource based theory

The idea that human resources can be configured to become a source of sustained competitive advantage has long been contemplated (Pablos, 2004). The centrality of the human resources stems from the fact that organizations are facing such challenges as the need to increase productivity, expand into global markets, develop new technologies, respond to changes in the highly volatile marketplace, increase revenue and decrease costs, develop skilled and flexible workforce and introduce changes (Burke, 2005). The human-resource based theory emphasizes the importance of the human element in strategy development of organizations. The theory stems from the RBV of the firm which views a firm as a bundle of resources and capabilities which are made of physical, financial, human and intangible assets. The theory (RBV) is conditioned on the fact that resources are not homogeneous (Wright *et al.,* 1995) and are limited in mobility (Williamson, 1985). The firm can translate these resources and capabilities into a strategic advantage if they are valuable, rare, inimitable, and non-substitutable (Barney, 1991) and if the firm is organized to exploit them (Ulrich and Lake, 1990). Chako *et al.* (1997) affirms that human resources are more important than other resources (e.g financial and technological resources) in assisting firms to achieve a sustained competitive advantage and therefore organizations should have a well-managed HR system so as to have the potential to create economic value through their employees and this will be possible if the HRM function is aligned with the overall competitive strategy of the organization (Barney, 2001).

### 2.2 Human resources

Human resources are widely acknowledged as a key factor influencing strategy implementation (Pella *et al.*, 2013). The resource-based view of strategy implementation assumes human resources as a distinct source of competitive advantage of the firm (Brown, 2007; Dunford *et al.,* 2009). Kidombo (2007) opines that knowledge resources, material wealth and coordination ability are key to successful strategy implementation. According to Pearce and Robinson (2015) effective resources strengthen an organization's strategic orientation by anticipating the problems and challenges of an organization through creating a reserve of resources that are very unique and strategic in the environment for their survival. For effective implementation, understanding of strategy by the human resources is very essential. When employees do not understand and agree with the company's strategic plan, the probability that strategy implementation will fail is high (Schaap, 2006). Kaplan and Norton (2005) estimate that 95 per cent of the staff neither are aware of the organization strategies nor do understand them. In addition Jooste and Fourie (2009) conducted a study to identify the important barriers to effective strategy implementation. The study identified poor understanding of the strategy among the workforce as the most important barrier affecting strategy implementation. The knowledge, skills and attitudes possessed by the human resources also affect the ability to implement strategy effectively (Pella *et al.,* 2013). Therefore employees should be trained on various matters concerning the implementation of strategic plans and management should ensure that all information concerning strategic plans is at the disposal of the employees (Buluma *et al.,* 2013).

Motivation of all staff involved in strategy implementation is also very crucial. Management must motivate employees to pursue the target objectives energetically, and, if need be, modify their requirements of successful strategy implementation (Thompson *et al.,* 2006). Furthermore, if employees are given a high job security through motivation, modern and reliable working systems and a free environment to be innovative, they will tend to guard organizational resources and hence work towards achieving long term goals as envisaged in the strategic plan (Thompson *et al.,* 2006). On the other hand, when employees are involved in the strategic management process, chances that strategy implementation will succeed increase. When employees are not involved, they tend to be reluctant and this impedes strategy implementation (Jusoh and Parnell, 2008). In their study, Chimhanzi and Morgan (2005) argued that firms which focus their attention to marketing and involvement of employees significantly realize high percentages of strategy implementation. Another study conducted by Harrington (2006) found that a high level in total organizational involvement during strategy implementation had positive effects on the level of implementation success, firm profits and overall firm performance. Therefore strategic decisions should not be formulated by senior management and then administratively imposed on lower-level management and non-management employees with little sensitivity on the perceptions of these constituents (Jusoh and Parnell, 2008). Lastly for effective strategy implementation, top management should tie rewards and incentives directly to the achievement of objectives and implementation (Thompson *et al.,* 2006).

**2.3 Strategy implementation**

In the past few years there has been a significant shift of focus from strategy formulation to strategy implementation (Kalali *et al.,* 2011). This is as a result of the growing recognition that the most important problems in the field of strategic management are not related to strategy formulation, but rather strategy implementation (Candido and Santos, 2015). Strategy implementation is essentially the most difficult and time-consuming part of strategic management that posses a significant challenge to organizations (Li *et al.*, 2008). According to Franken *et al.* (2009), up 34 per cent of strategic change initiatives fail while the Economist Intelligence Unit (2013) and Project Management Institute (2014) estimate strategy implementation failure at 44 percent, confirming the difficulty of successful strategy implementation in organizations (Candido and Santos, 2015). According to Pella *et al. (*2013), organizations that formulate and implement their strategies successfully definitely achieve high performance outcomes. A study conducted by Pella *et al.* (2013) and Sorooshian *et al.* (2010) found a significant positive relationship between strategy implementation and financial performance of firms studied. Also Njagi and Kombo's (2014) study found a moderately strong relationship between strategy implementation and organizational performance.

In an attempt to identify the most important factors influencing implementation of strategic plans, several researchers have come up with various models of strategy implementation. Hrebiniak and Joyce (1984) presented one of the first models of strategy implementation. They argued that a well –articulated strategy is the critical ingredient of strategy implementation, followed by the design of a primary organizational structure, establishing operational level objectives, the design of operating structures and lastly, the creation of proper incentives and control mechanisms that support implementation. Higgins (2005) proposes a revision of Mckinsey's original '7s' model and proposes a '8s' model consisting of strategy, structure, systems and processes, leadership style, staff, resources, shared values and strategic performance. Lichtblau (2011) identifies seven key success factors for effective strategy implementation, namely: competence, confidence, commitment, creativity, competitive edge, communication and continuity. Lepsinger (2011) presents a framework for successful strategy implementation namely leader's ability to manage change, appropriate structure, having the right people in right positions, alignment between leader actions and organizational values and priorities as well as organization wide cooperation and coordination. A study conducted by Jooste and Fourie (2009) identified strategic leadership, organizational culture, resource allocation, and organizational strategy as the most important barriers to strategy implementation. Nyamwanza (2013) did a case study review of prerequisites for strategy implementation among SMEs in Zimbabwe. The aim of the study was to establish whether or not entrepreneurs understood what was required in order for them to successfully implement strategies. The respondents identified fourteen potential prerequisites for successful strategy implementation. Among the factors identified include skilled employees, clear vision and goals, experienced and competent employees, effective communication and organizational culture and values. Nganga and Ombui (2013) conducted a study on factors influencing implementation of strategic plans in public secondary schools in Lari district, Kiambu County and found organizational structure and resource allocation as significant impeders to strategy implementation. However, leadership style and communication were found to be appropriate in the schools studied. This current study particularly looked at the effect of the strategic human resources on strategy implementation in commercial banks in Kenya.

**2.4 Empirical literature**

Mbugua (2015) did a study on the relationship between strategic human resources management practices and employee retention in commercial banks in Kenya. The objective of the study was to determine the relationship between strategic recruitment, strategic training and strategic performance management and employee retention in commercial banks in Kenya. The study established that by practicing strategic human resource management practices, organizations are able to remain competitive.

Maurice (2015) studied the challenges of strategy implementation in private hospitals in Kenya: A case study of Aga Khan University. The study sought to investigate the effect of corporate structure, corporate communication, leadership and technological changes on strategy implementation. Among other conclusions the study concluded that a timely and regular communication was not done and that the communication done did not solicit feedback from the lower levels. This resulted in uncertainty characterized by inadequate communication and feedback, confusion over goals or expectations and conflicting accountabilities. The study further concluded that leadership to a great extent affects the implementation of strategies in private hospitals. The study highlighted that most employees were not in psychological contract with leadership and there was a general feeling that the leadership did very little to provide clear milestones and a defined picture of what success looks like resulting into lower levels of motivation. It was recommended that a 'cascading' design and implementation process for the organization in which strategic information flows downwards from the executive to the managers and employees, and back to the executive carrying out identified changes that need to be made in order to successfully implement the strategy. It was further recommended that the leadership invest more time in ensuring employees at all levels are engaged in and motivated by the execution process.

Mwanje (2016) examined the challenges of strategy implementation in selected sugar companies in Kenya. The main purpose of the study was to investigate the effect of external environment, organizational structure, managerial skills, organizational culture and quality of workforce training on strategy implementation in these firms. He found a positive significant relationship between these variables and strategy implementation.

On the basis of these findings Mwanje (2016) suggested the following recommendations: companies should recognize that educating and training its workforce is fundamental to the success of the strategy and therefore sugar firms should set a side budgets for the development of their workforce. Secondly, the study recommended the alignment of strategy to structure and alignment of performance contracts to strategic objectives and targets for each department. Thirdly, the study recommended that regular feedback loop with employees on strategy implementation will ensure success. Finally, Mwanje recommended that there should be fair processes in place and that staff at all levels should be involved in strategy formulation to facilitative ownership of the strategy.

Kihara (2016) investigated the influence of strategy implementation on the performance of manufacturing SMEs in Kenya. The specific objectives of the study were to examine the effect of leadership styles, structure, human resources, technology and strategic direction on the performance of these firms. Of these five drivers of strategy implementation, leadership styles, structure, human resources and technology had a positive and statistically significant effect on the performance of these firms. The study recommended that manufacturing SMEs should build more and stronger capacities and capabilities in leadership skills by adopting more of transformational leadership qualities, maintaining flexible structures that are well matched on their goals, maintain a proper balance between strategy and human resources and pay close attention to their technology requirements.

Oketch and Kilika (2017) reviewed literature on the link between top management characteristics (TMT), strategy execution and firm performance. From the study they concluded that even though TMT characteristics may influence the performance of their firms, such an influence will be through the implementation of the various strategies identified the organization. They further added that the implementation of strategies may influence the bottom line of an organization, but this relationship happens through the decisions and actions of TMT.

Kabaiku and Karanja (2017) examined the effects of leadership on strategy execution in private dairy firms in Mount Kenya region. Their objective was to determine the effect of the leadership style, leadership support, leadership communication and leadership structure on strategy execution. They found a positive significant relationship between leadership and strategy execution in the firms. The study recommended that the leaders should be responsible for formulating and communication the strategy, managing the alignment of people for strategy implementation, ensuring that all employees understand the strategy, buy into it and align their decisions and actions accordingly. The study further recommends the creation of a leadership team that is unified around the strategy which is the most important pre-requisite for successful strategy implementation because strategy requires new levels of cross-functional integration. They finally recommended that organizational strategies and plans should be shared by employees and should never be closed guarded by top management.

**2.5 Research gaps**

Even though studies on the determinants of strategy implementation have been conducted globally, there are few studies addressing the subject in the Kenyan context. Furthermore, most of these studies have been conducted on public organizations. For instance, Musyoka (2011) examined the challenges faced by Jomo Kenyatta Foundation in strategy implementation. Kiprop and Kanyiri (2012) studied the challenges in the adoption of strategic planning in public secondary schools, a case of Kirinyaga Central District. Ng'ang'a assessed the factors influencing the implementation of strategic plans in public secondary schools in Lari district, Kiambu county. Buluma *et al.* (2013) conducted a study on institutional related factors affecting the implementation of strategic plans in local authorities in Kenya, a case study of municipal council of Eldoret. Njagi and Kombo (2014) investigated the effect of strategy implementation on the performance of commercial banks in Kenya, Bengat *et al.* (2015) examined the challenges in private health institutions in Kenya. Mwanje (2016) explored the challenges of strategy implementation in selected sugar firms in Kenya and suggested that more studies on strategy implemented are needed in Kenya to address the many gaps existing in the literature. Kihara (2016) investigated the influence of strategy implementation in Manufacturing SMEs in Kenya. Oketch and Kilika (2017) conducted a literature survey on the link between top management team characteristics (TMT), strategy execution and firm performance. Kabaiku and Karanja (2017) examined the effects of leadership on strategy execution in private dairy firms in Mount Kenya region. From the studies reviewed it is evident that no single study has examined the determinants of strategy implementation in commercial banks in Kenya and this is the gap that this study intends to fill. This study is therefore filled the gaps in the existing literature by studying the influence of human resources on strategy implementation in commercial banks in Kenya.

**3. Research methodology**

The study used both qualitative and qualitative techniques where cross-sectional data was collected to test the stated hypothesis. The target population was commercial banks in Kenya which numbered 44 as at 2014. The sample size was 40 banks. Five managers were purposely picked from each of these 40 commercial bringing the total number of managers to be issued with questionnaires to 200. Prior to the actual study a pilot test was conducted to test the reliability and validity of the research instrument. Data collected was entered into the application software SPSS where both descriptive and inferential statistics were generated. Descriptive statistics included mean, standard deviation and frequencies while inferential statistics included Pearson correlation analysis and regression analysis.

**4. Findings**

**4.1 Response rate**

Out of the 200 questionnaires that were distributed, 144 questionnaires representing a response rate of 72 percent were completely filled and returned. Since it is not always possible to collect all the questionnaires distributed, Mugenda and Mugenda (2008) opine that a response rate of 50% is adequate, 60% is good and 70% and above is excellent. Therefore according to Mugenda and Mugenda (2008) the response rate for this study was excellent.

**4.2 Reliability and validity**

The reliability of the research instrument was established by testing both consistency and stability. Consistency indicates how well the items measuring a concept hang together as a set. Cronbach's alpha was used to indicate how well the items in the variable were positively correlated to one another. The items gave a Cronbach alpha of 0.732. Sekaran (2010) suggests that a good measuring instrument should give a Cronbach coefficient of at least 0.7 and the closer the Cronbach alpha is to 1, the higher the internal consistency and reliability. On the other hand validity of the research instrument was verified through content analysis.

**4.3 Background information of the respondents**

On gender, 75.6% of the responds were male while 24.4% were female. On age, 14% of the respondents were aged between 21-30 years, 57% were aged between 31-40 years, 23% between 41-50 years and 5.8% between 51-60 years. Further, 2.3% of the respondents had A level qualification, 1.2% higher diploma, 52.3% bachelor's degree, 43% master's degree and 1.2% doctoral degree. On level of understanding of strategy, 80.2% of the respondents indicated that they have been trained on strategic planning and implementation, 17.4% indicated they have never been trained while the remaining 2.3 were not sure whether they been trained on such.

### 4.4 Descriptive statistics

This section presents responses obtained on the independent variable (Human resources) and the dependent variable (strategy implementation). Respondents were asked to indicate their level of agreements on statements obtained from operationalization of the study variables on a 5-point likert scale where 5= strongly agree, 4= agree, 3= neutral, 2= disagree and 1= strongly disagree

#### 4.4.1 Effect of human resources on strategy implementation

From table 4.1, respondents agreed that there are enough human resources to implement strategies, with a mean score of 4.03 and standard deviation of 1.045. Whether lower- level employees are sufficiently trained to assist in strategy implementation respondents agreed with a mean score of 3.65 and standard deviation of 1.049 that lower level employees are sufficiently trained to assist in strategy implementation. On whether strategy implementation employees have sufficient capabilities to implement strategy, respondents agreed with a mean score of 3.98 and standard deviation of 0.811 that indeed strategy implementation employees have sufficient capabilities to implement strategic plans. Respondents also agreed with a mean score of 3.70 and standard deviation 0.860 that employees have a positive attitude towards the organization's strategic plans. Respondents were also asked whether employees at all levels understand the objectives of their company's current strategic plan, majority agreed with a mean score of 3.48 and standard deviation of 1.103 that their company's strategic plan is understood by employees at all levels. The study also sought to find whether employees are committed to the success of the company's strategic plan, respondents agreed (mean score 3.99 and standard deviation 0.861) that employees are committed to the success of the company's strategic plan. The respondents also agreed with a mean score 3.70 and standard deviation 0.934 that there are adequate motivation systems in the company to support strategy implementation. Whether there is adequate involvement of employees in the strategy implementation process, respondents agreed with a mean score of 3.47 and standard deviation 1.048 to the statement that there is adequate involvement of employees in the strategy implementation process.On whether rewards and incentives have been tied directly to the achievement of objectives and implementation of strategy, respondents agreed with a mean score of 3.92 and standard deviation of 1.170 that indeed the management has tied rewards and incentives to the achievement of objectives and implementation of strategy. Finally, respondents were asked whether management is committed to recruitment and selection of highly qualified employees, majority of the respondents agreed to the statement with a mean score of 4.23 and standard deviation 0.821.

**Table 4.1. Effect of human resources on strategy implementation.**

| Statement | N | Mean | Std. dev. |
|---|---|---|---|
| There are enough human resources to effectively implement organizational strategies | 86 | 4.03 | 1.045 |
| Lower-level employees are sufficiently trained to assist in strategy implementation | 86 | 3.65 | 1.049 |
| Strategy implementation employees have sufficient capabilities to implement strategy | 86 | 3.98 | .811 |
| Employees have positive attitude towards the organization's strategic plans | 86 | 3.78 | .860 |
| Employees at all levels understand the objectives of the company's strategic plan | 86 | 3.48 | 1.103 |
| Employees are committed to the success of the company's strategic plan | 86 | 3.99 | .861 |
| There are adequate motivation systems in the company to support strategy implementation | 86 | 3.70 | .934 |
| There is adequate involvement of employees in the strategy implementation process | 86 | 3.47 | 1.048 |
| Rewards and incentives have been tied directly to the achievement of Objectives and implementation of strategy | 86 | 3.92 | 1.170 |
| The organization invests sufficient financial resources on training and Development of employees | 86 | 4.02 | .994 |
| Rewards and incentives have been tied directly to the achievement of objectives and implementation of strategy | 86 | 4.23 | .821 |
| Valid N (listwise) | 86 | | |

**Table 4.2. Strategy Implementation.**

| Statement | N | Mean | Std. Dev. |
|---|---|---|---|
| I have always been personally involved with strategy implementation in my current job | 86 | 3.80 | 1.115 |
| Key stakeholders(e.g board of directors, middle-level managers, suppliers e.t.c are involved in strategy formulation | 86 | 4.06 | .998 |
| We often meet to discuss the company's direction, strategy and future business plans | 86 | 3.92 | 1.065 |
| The company was highly successful in trying to achieve its financial and/ or strategic performance targets in the last financial year | 86 | 3.98 | 1.062 |
| There are adequate mechanisms of evaluating and monitoring the performance of the strategy | 86 | 4.12 | .938 |
| Senior management has tied the compensation of immediate subordinates to the achievement of the set performance targets | 86 | 3.86 | 1.097 |
| Strategy Implementation activities are effectively coordinated | 86 | 3.86 | .984 |
| Our customers have fewer complaints about the services we offer | 86 | 3.71 | .969 |
| Key implementation tasks are well defined | 86 | 3.95 | .839 |
| The information system adequately monitors activities | 86 | 3.98 | .958 |
| Our customers are happy about the services we offer them | 86 | 3.91 | .806 |
| There is a sense of teamwork in implementing the strategic performance targets set for the company | 86 | 4.03 | .774 |
| Customer complaints are taken seriously by management | 86 | 4.36 | .810 |
| The organization has installed a customer relationship management system | 86 | 4.26 | .960 |
| Valid N (listwise) | 86 | | |

Overall, the human resources variable had a mean score of 3.83 which implies that the strategic human resources practices in banks are adequate to implement organizational strategies.

Respondents were asked whether they have always been involved in strategy implementation, majority of the respondents agreed with a mean score of 3.80 and standard deviation of 1.115. They also agreed ( mean score 4.06 and standard deviation 0.998) that key stakeholders like board of directors, suppliers, middle-level are involved in strategy implementation and that managers often meet to discuss the company's direction, strategy, and future business plans ( mean score 3.92 and standard deviation 1.062). On target achievement, majority of the respondents agreed that their company was highly successful in trying to achieve its financial and or strategic performance targets in their last financial year (mean score 3.98 and standard deviation 1.062). From table 4.2 majority of the respondents agreed (mean score 4.12 and standard deviation 0.938) that there are adequate mechanisms of evaluating and monitoring the performance of the strategy. Respondents also agreed (mean score 3.98 and standard deviation 0.958) that the information system adequately monitors activities. On compensation, table 4.2 shows that majority of the respondents agreed with a mean score of 3.86 and standard deviation of 1.097) that senior management has tied the compensation of immediate subordinates to the achievement of the set strategic performance targets.

On customer satisfaction, respondents agreed with a mean score of 3.71 and standard deviation of 0.969 that their customers have fewer complaints about the services they offer. Respondents also agreed (mean score 4.36 and standard deviation) that customer complaints are taken seriously by management. On team teamwork table 4.7 shows that respondents agreed (mean score 4.03 and standard deviation 0.774) that there is a sense of teamwork in implementing the strategic performance targets set for the company. Finally, respondents were asked to indicate whether their organization has installed a customer relationship management (CRM) system. Majority of the respondents agreed with a mean score of 4.26 and standard deviation 0.960) that their organizations have installed the CRM. Overall, strategy implementation variable had a mean score of 3.99 agreed. The implication of this score is that in the respondents' view there exists the requirements of successful strategy implementation in commercial banks in Kenya. These findings are displayed on table 4.2

### 4.4 Pearson Correlation Analysis

The findings showed a positive and strong relationship between human resources and strategy implementation (r= 0.667). The model was also found to be significant at 0.05 level of confidence. The Pearson (product moment) correlation coefficient varies over a range +1 through 0 to -1. The designation r symbolizes the coefficient's estimate of linear association based on the sampling data. Correlation coefficient reveals the magnitude and direction of relationships between the variables under study. The magnitude is the degree to which variables move in unison or opposition (Stigler, 2002). Stigler (2002) further demonstrates that values less than 0.05 level of confidence can be considered statistically significant. These findings are comparable to Chiuri (2015) who studied the challenges of strategy implementation in Higher Education Institutions in Kenya. The main objectives were to establish the effect of institutional culture; external environment; organizational structure; managerial skills and human resource development on strategy implementation. Human resource development was found to be statistically significant at 0.05 level of confidence.

### 4.5 Regression Analysis

Coefficient of determination predicts the amount of variance accounted for in criterion (strategy implementation) from a set of predictors (Human resources). Table 4.3 below shows the model summary for human resource.

**Table 4.3. Model summary for human resource.**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .667[a] | .445 | .438 | .51118 |

a. Predictors: (Constant), Human_Resource

a. Dependent Variable : Strategy_ Implementation

As can be seen from table above, the R square for the human resource variable is 0.445 and the adjusted R square is 0.438 which is not significantly different from the R square. The R square of 0.445 means that the human resource variable taken alone explains 44.5% of the variance in strategy implementation.

**Regression coefficient for human resource**

From table 4.4 the regression coefficient for human resource 0.214 is significantly greater than zero since the significance of the t statistics 0.00 is less than 0.05. We therefore conclude that there is statistically significant relationship between human resources in commercial banks in Kenya.

**Table 4.4 coefficient of human resource.**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .317 | .263 | | 1.205 | .232 |
| | Human_ Resource | .214 | .080 | .201 | 2.683 | .009 |

a.Dependent variable: strategy implementation

### 4.6 Hypothesis Testing

The study used linear regression analysis to establish the linear statistical effect of independent variable (human resource) on the dependent variable (strategy implementation) of this study. The hypothesis that was tested is stated below;

**$H_{o1}$:** There is no statistically significant relationship between human resources and strategy implementation in commercial banks in Kenya

From table 4.4 the coefficient for human resource 0.214 is significantly greater than zero since the significance of the t statistic 0.009 is less than the p- value of 0.05. The study therefore rejects the null hypothesis that there is no statistically significant relationship between strategic human resources and strategy implementation in commercial banks in Kenya. The alternative hypothesis that there is a statistically significant relationship between strategic human resources and strategy implementation in commercial banks in Kenya is therefore accepted. These findings support Rawashadeh and Al-Adwan (2012) who found that human resource management practices have the ability to create firms that are more intelligent, flexible, and competent than their rivals through the application of policies and practices that concentrate on recruiting, selecting, training skilled employees and directing their best efforts to cooperate within the resource bundle of the organization. Also Ngui (2014) conducted a study on the effect of human resource practices on the performance of commercial banks in Kenya. He found that human resource practices contribute 94% to the performance of commercial banks. Ngui (2014) observed that to motivate employees to remain creative and innovative, the banking sector in Kenya has had to re-think its approach on how it uses its most important resource-the people. This has led banks to adopt strategic human resource management which in turn will lead to increased profits. Similarly, Mbugua (2015) studied the relationship between strategic human resource management practices and employee retention in commercial banks in Kenya. The objective of the study was to determine the relationship between strategic recruitment, strategic training and strategic performance and employee retention in commercial banks in Kenya. The study established that by practicing strategic human resource management practices, organizations are able to remain competitive. Adegoroye *et al.* (2012) found that when human resources practices are internally consistent and well integrated with the business strategy, they help to develop a human resource pool that adds value to the firm and in turn enhances firm performance. In short, sustainable strategy implementation advantage arises from the creation of organizational competencies which are both superior and imperfectly inimitable by competitors (Reed and DeFillipi, 2010).

### 5.1 Conclusions

The following conclusions are drawn based on the research findings;Human resources influence successful implementation of strategies. Aspects of human resources that affect strategy implementation include adequacy of human resource resources, knowledge, skills and attitudes possessed by employees, their commitment, motivation and involvement in strategy implementation. Findings revealed that banks have generally employed various strategies to ensure that human resources are creating value to their organizations. Some of the human resources strategies that banks employ include recruitment and selection, training and development, reward management, commitment and involvement.

### 5.2 Recommendations

The following recommendation is suggested based on the research findings and conclusion of the study;

Commercial banks should continue investing in their human resources to improve chances of strategy implementation success. In particular, they should adopt various human resources strategies like recruitment and selection, training and development, reward and motivation systems tied to performance, high commitment and high involvement.

### 5.3 Suggestions of Further Research

Since organizations differ in their nature, it is recommended that similar studies are done in other sectors especially manufacturing organizations. Similarly, future researchers should focus on studying other variables not included in this study like organizational structure, formulation and financial resources. Lastly, data collection for this study was concluded a few days to the presidential assent of the bill capping interest rates in Kenya. Since for now the long term effects of this law are not clear, future researchers should do the same study in the banks to verify whether the hypothesis tested withstands the test of time.

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