

An evaluation of planning strategies on Islamic Banks' performance: Case of First Community Bank Limited Kenya

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ABSTRACT
The Kenyan Islamic banking is faced with challenges which include global financial crisis, declining interest margins affecting the sector particularly regarding the assets performance and new regulations, reduction in trade volumes and deposits mobilization. The main objective of this study was to investigate an evaluation of planning strategies on Islamic banks' performance: case of First Community Bank Limited Kenya. The study was guided by four specific objectives that is; to identify strategic communication's influence on the Islamic Banks' performance case of First Community Bank Limited, to find out the organizational structure's influence on the Islamic Banks' performance case of First Community Bank Limited, to examine the resource allocation's influence on the Islamic Banks' performance case of First Community Bank Limited and to establish strategic leadership's influence on the Islamic Banks' performance case of First Community Bank Limited. The scope of this study was in Nairobi County, Kenya targeting on Islamic Banks, specifically, First Community Bank Limited. The study employed three theories that anchored this study. The theories include PLS theory, leadership contingency theory and structural contingency theory. This research utilized a descriptive survey methodology, which interprets relationships and compares study variables through the use of descriptions. Thre were 115 participants who were targeted; they included top, middle and lower management employees from this bank. A 30% sample size representation of the 115-member study population yielded a sample size of 62 participants. For the collection of data, a questionnaire was used.The collected data was encoded into a statistical program (version 24 of SPSS) in order to conduct the evaluation for this study. The findings of the study revealed that organizational structure had a significant and deleterious influence on performance. The findings of this research also indicated that resource allocation had a significant and deleterious influence on performance. The results of this research also demonstrated that strategic leadership had a significant and positive influence on performance. The study made a conclusion that to determine the effectiveness of the entire strategy planning resource allocation is a critical component of the procedure. The allocation of resources towards strategic planning has a substantial impact on the performance instance of FCB in Nairobi, Kenya, which is an Islamic bank. This study suggests that the management of FCB Kenyan Islamic banks should formulate approaches to acquire additional resources and maximize the utilization of existing resources in order to enhance the performance of the banks.
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1.0 Background to the study

Strategic planning is key in the overall performance of the organization. The strategy chosen is dependent on various contingent factors. The environment influences the link between strategy and performance. The combination of the various factors contributes to the strategies selected which influence the performance of the organization. Different measures of Strategic planning give the variation in efficiency and performance. Strategy may be deliberate or emergent. Deliberate strategy is more applicable in large organization like banks (Mayende, & Joseph, 2020). This is because such organizations have the strategic planning process involving strategy formulation, implementation, evaluation and control. They have formal strategic planning as opposed to small scale business organization which to a great extent employs informal strategic planning process. These small businesses strategy are therefore more of emergent than deliberate. The basis of this paper focuses on the banking sector since they should have well documented strategic planning clearly stipulating vision, mission, objectives, strategy choice, strategy implementation, evaluation and control.

Islamic banks are striving to capture the maximum number of customers to compete with conventional banks by providing a large number of financing strategies as an alternative for interest based products and services. They are performing multiple functions to provide a variety of products and service for different segments of the economy. Unlike conventional banking, Islamic banking is run under the principles of partnership, mutual solidarity and reciprocal social development (Ahmed, 2020). Islamic financial services industry has experienced a remarkable growth over the last four decades. However, Islamic banks are struggling against conventional banking and non-banking financial institutions, existing pool of Islamic commercial banks and insurance companies. To survive in this strategic rivalry, Islamic banks must understand and use the customer satisfaction issues under existing privileges given by Islamic Shari`ah (Mclver, 2019).

An Islamic bank normally has three types of deposits that determine its capacity to raise the rates of shareholders' return. These are current account deposits, unrestricted investment deposits in savings and Mudharabah accounts, and lastly, off-balance sheet deposits in investment funds and special or restricted investment accounts. It is erroneous to think of these deposits as independent of each other. According to Iqbal and Mirakhor (2021), numerous researches have proven the existence of usually positive links between them. This has also been confirmed by the reports of the 7 Islamic banks and therefore, in marketing and presenting any type of deposit to clients, its effect on other types of deposits should always be taken into account. In fact, Islamic banks must be able to measure this effect.

Premier Bank, formally First Community Bank (FCB), is a Shari'ah compliant commercial bank in Kenya, the largest economy in the East African Community (Amin, 2020). The bank received a formal approval from the Central Bank of Kenya in 2007, the national banking regulator in the country but commenced its official operations on 1st June, 2008.

First community Bank (FCB) was established in 2007 to operate according to Islamic Shari'ah law by private Muslim investors in Kuwait, Kenya and Tanzania.The bank received a Kenyan commercial banking license the same year, and officially started operations in June 2008. The FCB is the first Kenya-based fully fledged bank to operate according to the laws of Shari'ah. Since the founding of First Community Bank, other Sharia compliant banks such as Gulf African Bank (GAB), Dubai Islamic Bank (DIB) and several Islamic windows operating under conversational banks have also received commercial licenses from the Central Bank of Kenya. (Amin, 2020). As of December 2019, the bank's total assets were valued at about US$187.62 million (KES:18.762 billion), with shareholders' equity of about US$14 million (KES:1.46 billion), and customer deposits of US$161 million (KES:16.126 billion). At that time, the bank was ranked number 21, by assets, out of 43 licensed banks in Kenya then (Mustafa, 2022).

In Kenya, there are fully-fledged Islamic banks that solely offer Shari'ah-compliant products; and main stream banks that provide products that are tailored to be in compliance with Islamic law. Examples of such banks targeting lower income and special customers are Jamii Bora Bank, which has carved a niche for itself not only by tailoring its banking services mainly to low-income customers but by also venturing into mortgage financing for lowincome housing, and two fully-fledged Islamic banks; First Community Bank and Gulf African Bank, that have succeeded in bringing Shari'ah-compliant banking services to Kenya (KBA, 2023). Kenya Bankers Association (KBA) is committed to ensuring that customers make informed choices of different products and services offered by banks and which meet the diverse base of customers' needs. It also ensures that banks give customers general information about the bank and the products and services they offer to meet the needs of the customers. Moreover, it ensures that banks offer niche services and products to meet the needs of a diverse customer base such as the Muslim community. For example, KBA is keen to ensure that Shari'ah-compliant banking (Islamic banking) is available to the Muslim community and other persons who may be interested (Mugambi, 2021). Although this is the case, Islamic banks need to give special ca1re to their integrity and credibility. Some critics are disappointed that Islamic banks have deviate to a great extent from the philosophic and idealistic basis that inspired their originators in the 1970s. Islamic banks are evolving financial and investment instruments that are not only profitable but are also ethically motivated. This study therefore seeks to examine the influence of strategic management practices on Islamic banks performance in Kenya.

1.1 The Concept of Strategy Planning

Strategy is a useful concept, even in all its many variations. Strategic planning is a useful tool that helps in the management of an enterprise, especially if the strategy and strategic plans can be successfully deployed throughout the organization. Senior managers are conferred with the responsibility of making strategic decisions within organizations. For most established firms, this can easily amount to 80 percent of the action. In other words, "strategic issues," regardless of their importance, typically consume no more than 20 percent of the organization's resources even though they take up 80 percent of top management's time and attention (George, et al., 2019).

Strategy is a word with many meanings and all of them are relevant and useful to those who are charged with setting strategy for their corporations, businesses, or organizations (Nickols, 2008). There are as many definitions of the term strategy as the authors themselves. Another definition about strategy was given by

Kerzner, (2019). In his book "Planning and Control Systems" he quotes Kenneth Andrews' definition of strategy as the "the pattern of objectives, purposes or goals and major policies and plans for achieving these goals stated in such a way as to define what business the company is or is to be in and the kind of company it is or is to be."

Finally, Kenneth Andrews, a long-time Harvard professor and editor of the Harvard Business Review, published the first edition of The Concept of Corporate Strategy in 1971 and updated it in 1980. His published definition of strategy took this form in the 1980 edition: "the pattern of decisions in a company that determines and reveals its objectives, purposes or goals, produces the principal policies and plans for achieving those goals, and defines the range of businesses the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers, and communities."

There is broad agreement among nonprofit leaders and experts that strategic planning is a critical component of good management and governance (Liu, & Russo, 2021). Planning helps assure that an organization remains relevant and responsive to the needs of its community, and contributes to organizational stability and growth. It provides a basis for monitoring progress, and for assessing results and impact. It facilitates new program development. It enables an organization to look into the future in an orderly and systematic way. From a governance perspective, it enables the Board to set policies and goals to guide the organization, and provides a clear focus to the Executive Director and staff for program implementation and agency management (Liu, & Russo, 2021).

George, (2021) refers Strategic planning as the process by which leaders of an organization determine what it intends to be in the future and how it will get there. This implies that they develop a vision for the organization's future and determine the necessary priorities, Procedures, and operations (strategies) to achieve that vision. Included are measurable goals which are realistic and attainable, but also challenging. They argue that the emphasis of strategic planning is on long-term goals and strategies, rather than short-term. Strategic planning assumes that certain aspects of the future can be created or influenced by the organization. Strategic planning is ongoing and it more less a process of self-examination, the confrontation of difficult choices, and the establishment of priorities.

1.2 Performance

Adhikara, et al. (2022) define organizational performance as a set of indicators (non-financial and financial) offering information on the achievement degree of results and objectives. Gimbert, Bisbe and Mendoza (2017) define it as the ability of an organization in exploiting its environment to access and use the limited resources. Performance management entails workplace technology, employee involvement, and reward system aligning business strategy with member work behavior and performance appraisal. Therefore, organizations with a well-developed performance management process mostly outperform the ones without this organization design element.

Anwar, et al. (2021) observed that organizational performance includes an organization's results or actual output as measured against the out intended. Anwar, et al. (2021) further observe that the performance measure can be divided into: financial function which is reported in terms of profitability after every financial year and nonfinancial function often measured by company's ability in honoring its statutory obligations in time, efficiency in production, customer satisfaction, organization's participation in corporate social responsibilities and the company staff welfare.

Niven (2015) observed that performance measurement is the business practice's cornerstone since it helps in evaluating fundamental business goals' achievement and in setting direction and scope of probable actions for improvement. In addition, Niven (2015) show that performance measurement is relative based on the industry the business is in. Organization should identify own parameters of measuring their performance since there is no one acceptable parameter.

Assessing organizational performance can be both quantitative and qualitative involving operational and financial performance analysis in the company (Andrews, Boyne, Law & Walker, 2014). They further indicate that to measure performance effectively, a balanced presentation of both monetary and non-monetary measures are needed as no single measure can focus attention on the business' critical areas or give a clear target of performance. According to Al-Mashari et al (2016) performance measures of an organization are the tools that assist in evaluation of strategic management. Therefore, in this study, evaluation of organizational performance was based on effectiveness, efficiency and quality services.

1.3 Islamic Banks in Kenya

A bank that chooses to abide by both the law of the land (Kenya's Jurisdiction) and the Islamic Law (Shari'ah) is referred to as an Islamic bank. Due to this, Islamic bankers have access to both traditional "lawyers" and "Shari'ah Councils" for legal advice (Marotta, 2021). Islamic finance is entwined with its faith, and this influences the financial sector in two significant ways: Islam seeks to establish a just socioeconomic system and views economic activity as a means, not an end, in and of itself. It urges Muslims to use the natural resources that Allah (God) has entrusted to them for doing what is good, but it detests exploitation and inequality in wealth and income that is the result of human activity. "The issue of economic growth is one that Islam is quite concerned with, but it sees it as a smaller component of a larger one: the issue of overall human development. Islam's main goal is to direct human growth in the proper directions and along the appropriate lines. It addresses every area of economic development, but it does so always within the context of overall human development and never in a way that is separated from it (Marotta, 2021).

Islamic banking serves the same functions as conventional banking, with the exception that it operates in line with the Fiqh al-Muamalat (Islamic laws on transactions) of Shari'ah. The prohibition of riba (usury/interest) and the sharing of profit and loss constitute the fundamental tenets of Islamic banking. Profit sharing (Mudharabah), safeguarding (Wadiah), joint venture (Musharakah), cost plus (Murabahah), and leasing (Ijarah) are among the terminology frequently used in Islamic banking. In an Islamic mortgage transaction, a bank might buy the item directly from the seller and resell it to the buyer at a profit while enabling the customer to pay the bank in installments rather than lending the buyer money to buy the item. There are no further fines for payment delays because the bank's profit cannot be made clear. The bank demands rigorous collateral in order to safeguard itself against default. From the very beginning of the transaction, the commodities or land are registered in the buyer's name. This agreement is known as a murabaha. Eljara wa Elqtina is another strategy that is comparable to real estate leasing. Similar to conventional banks, Islamic banks deal with auto loans by selling the car to the debtor for a price above market value while holding onto ownership of the vehicle until the loan is repaid (Ali, 2020).

1. Problem Statement

The Kenyan Islamic banking is faced with challenges which include global financial crisis, declining interest margins affecting the sector particularly regarding the assets performance and new regulations, reduction in trade volumes and deposits mobilization (Francis, 2021).

First Community Bank (FCB) has disclosed a shortfall of more than Sh1 billion in core capital, revealing the extent of the crisis that pushed its owners to sell a majority stake to a Mogadishu-based lender in a rescue deal (Kiyalu, 2022).The small lender’s latest books of account show that the core capital dropped from Sh1.65 billion in September to negative Sh331 million in December, sending it into a breach of the capital strength ratios required by the Central Bank of Kenya (CBK).The unexplained fall in core capital within three months pushed its owners to resort to selling a 62.5% stake to Mogadishu’s Premier Bank Limited (Somalia) for Sh2.8 billion in 2019.

Premier Bank was offered 10.8 million new shares to inject in Sh2.8 billion to boost the financial health of FCB, which as of December 2020required more than Sh1 billion to comply with CBK rules a rise in 16%. The deal was expected to have been completed by last week. FCB sunk into a net loss of Sh224.57 million in the year ended December, reversing a net profit of Sh416.6 million a year earlier (Islam, & Rana, 2017).

FCB, which last year suffered panic withdrawals, saw customer deposits drop by 36% in 2021 to Sh13.74 billion from Sh21.48 billion a year earlier.More than half (Sh4.43 billion) of the Sh7.74 billion drop in deposits during the year came within the last three months of the year, coinciding with the period it suffered a small bank run (Islam, & Rana, 2017).The panic withdrawals occurred in October last year on what the institution blamed on a system hitch that hit its operations.

Customers who lined up to draw their cash claimed the bank was only permitting withdrawals of less than Sh10,000 a day and had placed limits on cheque transactions. The bank’s problems became public after it said it was experiencing system disruptions that affected most of its services, creating a backlog (Kiyalu, 2022).This triggered panic withdrawals raising fears that it was headed for a full-blown bank run. FCB’s core capital to total risk-weighted assets ratio stood at zero percent compared to the required minimum of 10.5% in 2022 January.
According to the data above, there are many challenges in the strategy implementation process that include inadequate resources, poor communication, culture, and policies among other factors. Thus, this study therefore will seek to fill the gap by investigating an evaluation of planning strategies on Islamic banks’ performance: case of First Community Bank Limited Kenya.

2.0 Literature Review

The study was built on the three theories below that explain the relationship between the variables also outlines past similar studies.

2.1 Theoretical Framework

2.1.0 Profit and loss sharing (PLS) Theory

PLS instruments, mudarabah, and musharakah are regarded by Islamic scholars as being the three main pillars of the Islamic banking paradigm. In mudarabah banking, the Islamic bank takes deposits from customers while dividing the risk(Mohammed, et al., 2023). The Islamic bank either extends these assets to business owners on a risk-sharing basis or invests them directly in lucrative investments. The Islamic bank distributes to its depositors any profit or loss from mudarabah ventures. In musharakah banking, the Islamic bank invests the money from the depositors in a venture that they have with the customer (an entrepreneur). Typically, an Islamic bank gives its client full control over all aspects of a Musharakah firm. The client and the Islamic bank split any gains or losses from the Musharakah investment.

In a typical PLS structure, a firm with experienced managers in charge of making strategic and operational decisions receives the risk capital from an Islamic bank. The bank is responsible for all losses and shares in the gains. If the bank is able to observe the company's business operations and is permitted to do so, there are no significant issues with this arrangement. However, suitable oversight mechanisms have yet to be developed for PLS, particularly in the case of Mudaraba, which does not grant the financier (in this case, the Islamic bank) any control rights. Fiqh literature on this topic is seriously out of date and needs to be updated. Saleh (1986), for instance, provides the financier's three rights and one obligation under a Mudaraba agreement. The rights include the opportunity to monitor the borrower entrepreneur's (firm's) compliance with the agreement, profit sharing, and limited responsibility in the event of loss. The capital of Mudaraba must be turned over; that is your only obligation. He also lists the borrower's two rights and two obligations.

The rights include making accounting judgments and operating the business with a sufficient level of flexibility. The obligations include adhering to the agreement's provisions and closing down the Mudaraba company after its expiration. A more thorough definition of rights and obligations is certainly needed for the present usage of mudaraba as a financing method. Construction of standardized PLS contracts or by-laws is required in light of Muslim countries' legal systems. Definitions of the rights and obligations of different officers or groups within the organizational structure should be a key component of these by-laws. Similar by-laws should outline the provisions relating to how the borrowing firm performs in comparison to other businesses in the same industry and, maybe, other businesses.

2.1.1 Leadership Contingency Theory

Fiedler (1964) proposed this notion, which was one of the theories that served as the foundation for this investigation. According to this idea, effective strategy execution depends on the understanding that a leader's capacity for leading is influenced by a variety of situational elements, including the employee's competence, the leader's behavior, preferred style, and talents. On the other hand, Peters, Hartke, and Pohlmann (2019) note that the idea suggested that a leader should adopt a style that is optimal for the circumstance and instantly encourage staff success.

According to Kriger and Seng (2019), establishing explicit leadership standards will promote people's fundamental maturity and values towards their responsibilities and roles, resulting in the efficient and effective implementation of strategy for improved organizational performance. The theory is pertinent because it suggests that an effective leader has a responsibility to give advice and impart knowledge to the team members to help them perform better, educate them on how to maintain work quality while a project is being implemented, and give the team members the support they need in such a significant responsibility.

2.1.2 Structural Contingency Theory

It was raised by Donaldson (1996), and its main point is that businesses must manage their operations in order to suit contingent elements in order to maintain and maximize efficiency. According to the structural contingency hypothesis, no organization has a single, effective structure. According to Donaldson (1996), a corporation should, in the absence of this, set up its operation so that it can adapt to contingent circumstances and the environment properly. Contingency variables include strategy, scale, mission, unpredictability, parent agency, public disclosure, key assets, and technology.

According to Bubeck, et al. (2021), the theory of structural contingency demonstrates that changes in the environment affect commercial banks. Less efficiency occurs from any mismatch between the layout and the contingent circumstances. The transition from misfit to fit is known as an adaptive transition and is the core of structural contingency theory. This theory is crucial to the analysis since it states that the most effective organizational structural design is found where the framework corresponds to the contingencies. Commercial banks frequently use strategic choice to avoid output loss caused by this misrepresentation by designing a unique structure that suits the newly introduced contingency level factor.2.2 Empirical Literature

2.2.3 Strategic Communication and Performance

Ifeoma (2021) studied organizational performance and effective communication. A survey research method was deployed and secondary data was generally relied on. It was established that for employee efficient and effective management in an institution, the remedy was effective communication. The study recommended that it is essential that each organization maps out a strategic means to store information and endeavours and makes effective communication its management strategies' essential integral part.

A study by Shonubi and Akintaro (2022) focused on strategic communication and the performance of organizations. This study was carried out amongst manufacturing firms in Nigeria. The findings of this study indicated that effective communication was key to organizational performance. The study recommended that for effectiveness and efficiency in performance, the management should embrace clear ideas before communicating; have a clear understanding of the human as well as physical environment and reasons of communication identified. During the planning of communication, both top-down and bottom-up communication are considered. Implicit and explicit facts are also considered and it is important to consider the tone and the content of the message. When communicating, the receiver must understand the language used and the message communicated should be precise. Parties involved in the communication should ensure they are good listeners and immediate actions be taken and accomplished. It is important to have effective feedback and follow up mechanisms to ensure the entire communication process is effective. The findings of the study had a contextual bias and thus could not be applied to Financial and Commercial State Corporations in Kenya.

Chepkosgei, et al. (2020) investigated the impact of employee communication on the performance of organizations in the horticulture industry in Kenya. This study involved all flower farms located in Naivasha. The research design adopted in this study was cross-sectional survey research design. Respondents used in the study were drawn from the target population using a stratified random sampling method. Both qualitative and quantitative data were gathered. Inferential analysis including correlation and regression analysis was applied in testing the relationship between the variables. The study concluded that communication of employees is a crucial determinant of organizational performance of flower farms and thus recommended the need to have effective strategies of communication.

Kibe (2020) in a Kenya Ports Authority case study investigated how organizational performance was influenced by Communication Strategies. Four communication strategies (formal communication channels, organization structure, group effort and open-door policy) likely to impact performance of an organization were empirically evaluated. 121 was the sample size and explanatory design was employed. The study discovered that in organizational performance, communication is an essential component and that if a company is to have high performance, communication lines should be clear.

Yuniati, et al. (2021) studied organizational performance and effective communication. A survey research method was deployed and secondary data was generally relied on. It was established that for employee efficient and effective management in an institution, the remedy was effective communication. The study recommended that it is essential that each organization maps out a strategic means to store information and endeavors and makes effective communication its management strategies' essential integral part.

Otoo (2019) study examined how communication influenced Ghana Revenue Authority's staff performance. The study was based in Kumasi. Questionnaires were utilized in primary data gathering. To select participants, simple random sampling was utilized. The research revealed that different effective organizational communication effective organizational communication correlate with various indicators of performance of employees. Further, if communication systems barriers are either kept low or removed, employee performance can be enhanced further.

2.2.2 Organizational Structure and Performance

Mehrabi et al (2019) study examined how learning organizations' dimensions and organizational structure related. Random sampling was deployed to get a sample size equivalent to 140 participants by use of Morgan table. Pierson correlation coefficient test results indicated learning organizations fulfillment degree and organizational structure related significantly and negatively. Regarding all dimensions of organization performance, the relationship is significant.

According to Hafsi, and Baba, (2023) the optimum authority and decision-making model for an organization must at all times include a balance between the centralized and decentralized organizational structures to optimize speed and quality of the decision-making process. Leitao and Franco (2021) in their research study presented empirical evidence regarding the relationship between organizational structure and both types of performance; financial and non-financial, appraised using the balanced scorecard techniques showing that the two variables have a significant positive correlation. The organizational structure within a global multi-business conglomerate would inform in detail the number of layers of the hierarchy, the extent of centralization of authority and extent of horizontal integration as well. This is presented as a multi-dimensional construct though which, division of work especially individual responsibilities relating to specialization and departmentalization decisions are configured for the rest of the business enterprise.

Nwachukwu, and Chladkova, (2019) observed that organizational structures adopted by oil and gas marketing companies in Nigeria had a positive effect on their market share with empirical evidence showing that the number of hierarchical layers within their organizational structures was positively related to the respective company performance. The study reported that more successful companies had well defined organizational structures in sharp contrast to less successful ones within the same industry. Following from the above findings, there is an agreement with the outcomes of a research study by Zachary B. Awino (2023) in which she argued that the organizational structure adopted by an organization plays a significant role in the achievement of the organization's set objectives and accomplishment of its strategic goals and growth direction.

Sidhi, (2021) investigated how organization's performance was influenced by organizational structure, the study was based on Mbarara University of Science and Technology. Interviews and questionnaires were used to obtain information and stratified and random sampling was utilized during the exercise. 70 respondents were drawn as the sample. Qualitative as well as quantitative methodologies of research were used. The study indicated that service delivery and organizational structure had a relationship and that financial management of Mbarara University of Science and Technology was impacted by its structure.

Nwosu, (2020) study examined how learning organizations' dimensions and organizational structure are related. Random sampling was deployed to get a sample size equivalent to 140 participants by use of Morgan table. Pierson correlation coefficient test results indicated learning organizations fulfillment degree and organizational structure related significantly and negatively. Regarding all dimensions of organization performance, the relationship is significant.

Jung, (2022) undertook research on how effectiveness and trust of an organization is affected by organizational structure. A sample of workers in corporations that operated in large and medium industries in Fars, Iran formed the population. Findings revealed that trust dimensions and organizational structure related significantly. Further, effectiveness and organizational structure related significantly but effectiveness dimension's mechanistic structure had no significant relationship

2.2.3 Resource Allocation and Performance

In China, Wu (2019) did an assessment of the role that institutional investors play in the resource allocation of infrastructure projects in the country. By exclusively relying on review of the available literature, it was shown that institutional investors are key sources of financing most infrastructure projects in China. One of the relevant infrastructure projects funded by these institutional investors includes the road systems. These institutional investors are large corporate entities with large funds that are able to bridge the gap of budgetary shortfalls of the government.

Choi, and Kumar, (2021) did a study on allocation of technological resources in the firms that are diversified. The inquiry was supported by the influence cost theory and the managerial opportunism theory. The study focused on the manufacturing industries of US within the period of 1996 all through to 2017. The study noted that firms that are diversified do generate technological resources that have less application on their operations.

This study, although focused on technological resource allocation, it failed to link it with performance of the M&E system hence the gap to be filled by the proposed study.

Mwai et al (2019) study examined how organizational effectiveness is influenced by organizational resources. A questionnaire was deployed in the data gathering process. Data evaluation was through descriptive and inferential statistics. It was revealed that organization process efficiency level is influenced by way of distributing funds to different strategic operations and activities and fundraising efforts. Process efficiency was influenced negatively but significantly by staff empowerment. However, exploratory design was adopted in which a small sample size is utilized; hence generalization of the results to the population at large cannot typically be done.

2.2.4 Strategic Leadership and Performance

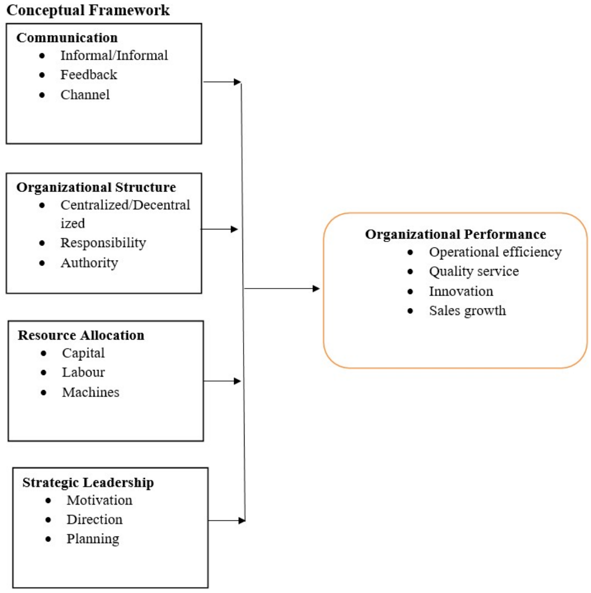
Kitonga (2022) study investigated the relationship between not-for-profit institutions' organizational performance and strategic leadership practices in Nairobi County. Convergent mixed method research design was deployed and in selecting the sample size, simple random sampling procedure was employed. Qualitative data was gathered using interview guides and quantitative data by survey questionnaires. The study' result indicated that organizational performance and strategic leadership practices resource allocation. To select 49 highest rank polices officers in Nairobi as a sample, stratified sampling technique was used. Descriptive statistics was adopted. Gathering of primary data was done by questionnaire. In measuring quantitative data, inferential statistics was applied. A positive and strong correlation was registered by human resources and technological resource respectively.

Ng'ang'a, Waiganjo and Njeru (2021) analysed how organizational performance in tourism was influenced by organizational resources portfolio. A cross sectional approach was utilized in determining how tourism government agencies performance was affected by resource portfolio. Non-management and management staff formed the study population. To select a sample size, stratified positively and significantly correlated generally.

Shimengah (2023) study examined strategic leadership practices' influence on County Governments' service delivery in Kenya; the researcher reviewed previous literature. Relying on past research studies, the research particularly explored how service delivery can be enhanced by ethical practices and core competencies. It was established that service delivery can be enhanced by strategic leadership practices. Appointing and electing professionally qualified county leaders with traits of leadership fastens devolution goals.

The literature review is informed as conceptualized in figure 1 below.

Conceptual Framework



Source: (Research 2024)
Figure 1: Conceptual framework

2.2.5 Summary

Kibe (2020) in a Kenya Ports Authority case study investigated how organizational performance was influenced by Communication Strategies. Four communication strategies (formal communication channels, organization structure, group effort and open-door policy) likely to impact performance of an organization were empirically evaluated. 121 was the sample size and explanatory design was employed.

According to Hafsi, and Baba, (2023) the optimum authority and decision-making model for an organization must at all times include a balance between the centralized and decentralized organizational structures to optimize speed and quality of the decision-making process. Leitao and Franco (2021) in their research study presented empirical evidence regarding the relationship between organizational structure and both types of performance; financial and non-financial, appraised using the balanced scorecard techniques showing that the two variables have a significant positive correlation.

In China, Wu (2019) did an assessment of the role that institutional investors in resource allocation of infrastructure projects are concerned. By exclusively relying on review of the available literature, it showed that institutional investors are key sources of financing most infrastructure projects in China. One of the relevant infrastructure projects funded by these institutional investors includes the road systems.

According to Lamb, (2019), strategic leadership contributes to improved performance as it transforms the firm and its operations to be optimized in terms of having long term growth and survival and at the same time short term financial health. Strategic leaders put emphasis on building the firm's resources and competencies so as to achieve competitiveness in the market. Strategic leaders are aware that concentrating on the current situations and ignoring the key issues that are affected by the turbulent environment will lead to organizational disaster (Lamb, 2019).

2.3 Research Gaps

A study by Shonubi and Akintaro (2022) focused on strategic communication and the performance of organizations. This study was carried out amongst manufacturing firms in Nigeria. According to Hafsi, and Baba, (2023) the optimum authority and decision-making model for an organization must at all times include a balance between the centralized and decentralized organizational structures to optimize speed and quality of the decision-making process. Choi, and Kumar, (2016) did a study on allocation of technological resources in the firms that are diversified. The inquiry was supported by the influence cost theory and the managerial opportunism theory. The study focused on the manufacturing industries of US within the period of 2019 all through to 2022. This study focused on planning strategies of Islamic banks performance in Kenya wherein much of research has not been exploited.

3.0 METHODOLOGY

3.1 Research design

Research is a framework of research methods and techniques the researcher used to conduct a study. It facilitates the articulation of the necessary data, its source, and the manner in which it addresses the research inquiries. It addresses issues that deviate from logistical and logical principles. This research utilized a descriptive survey methodology, which interprets relationships and compares study variables through the use of descriptions. By utilizing the research design, the scholar would be able to acquire a comprehensive depiction of the current state of affairs (Mugenda & Mugenda, 2003).

3.2 Population

County, the First Community This collection of components is the subject of an investigation. The obtained results are subjected to testing in order to determine their generalizability. A population is defined as a collection of individuals who share comparable attributes (Mugenda and Mugenda, 2003). In Nairobi Bank was the focus of the study. There are 115 employees in FCB (First community bank employee directory. 2022) 115 participants were targeted; they included top, middle and lower management employees from Islamic bank of Kenya.

3.3 Sample and sampling technique

According to de Assis Lage et al. (2020), sampling techniques are crucial for determining whether a sample is representative for generalization purposes. The selection of respondents was conducted using a straightforward random sampling method, while stratified sampling was employed to ensure that all cases are adequately represented. In descriptive research, a sample size of 10 to 50 percent is representative of the entire population, according to Mugenda and Mugenda (2003). A 30% sample size representation of the 115-member study population yielded a sample size of 62 participants. Table 1 illustrates this precisely.

Table1

Bank	**Population**	**Sample Size (30%)**
Top management employees	33	20
Middle management employees	29	16
Lower management employees	53	26
Total	**115**	**62**

Source: HRM Report of (2024)

3.4 Instruments
For the collection of data, a questionnaire was used. The survey consisted of five sections (A-E). Following a section on the demographics of the respondents, the remaining sections contained details on the dependent variables. Each participant was provided with a questionnaire, which they completed by marking the appropriate boxes corresponding to the questions posed and the appropriate responses.

3.5 Data collection procedure
The authorization to conduct research at the designated financial institution was requested from the bank's management. The participant questionnaires were individually administered by the researcher, who provided them with a two-week period to complete the questionnaires. In order to achieve a high response rate, the researcher notified the participants of the significance of completing the questionnaire during a visit to each individual.

3.6 Pilot test
Prior to commencing the data collection process, a portion of the participants participated in piloting so that the researcher can assess the instrument's quality and identify any flaws (Gani et al., 2020). In the pilot test, ten participants who did not participate in the final data collection procedure were utilized. The purpose of the exercise is to verify the identification and resolution of any absent items, as well as to establish the exercise's reliability and validity.

3.7 Data Processing and analysis
Mahmud et al. (2020) argue that in order to derive meaning from raw data, descriptive statistical tools such as diagrams and tables are transformed. The collected data was encoded into a statistical program (version 24 of SPSS) in order to conduct the evaluation for this study. Means, frequencies, and percentages were tabulated in the format of quantitative data analysis. Inference-based statistics made use of correlation and regression. In order to assess the influence of independent variables on the dependent variable, regression analysis was utilized.

Where:

Y = Performance
X_1 = Strategic Communication
X_2 = Organizational Structure
X_3 = Resource Allocation
X_4 = Strategic Leadership
e = error term.

4.0 FINDINGS AND DISCUSSION

4.1 Descriptive Statistics Results

Using SPSS Version 24.0, data were analyzed in accordance with the study's specific objectives by employing standard deviation (SD) and mean (M). Below is a summary of the findings presented:

4.2 Strategic Communication
Respondents were requested to indicate the extent to which they were in agreement with these statements relating to Strategic communication and performance. All the 58 responses were recorded from the data collected and the SPSS output indicated the frequencies at which they agreed with in form of a table as shown below.

Table2: Strategic Communication
Source: Field Data (2024)

Statement	Mean	Std. Deviation
Concerns raised by subordinate staff regarding performance are duly acknowledged and addressed by the bank.	4.551	0.50166
The duties and obligations of every member of staff with regard to the achievement of the organization's objectives are efficiently conveyed by the leadership team.	4.172	0.93917
Effective communication of the organization's resources required to disseminate information regarding the implementation of strategic plans.	4.015	1.41421
Elements of the Strategic Plan are communicated efficiently and comprehensively throughout the organization.	3.879	0.83933
Performance-related decisions rendered by upper management are promptly disseminated to staff.	3.862	0.86751

The aforementioned results demonstrate that the participants believed the Bank listened to and addressed concerns regarding the performance of junior staff (Mean=4.5517). Additionally, the participants indicated that the leadership team effectively communicates the duties and obligations of all staff regarding the achievement of organizational objectives (Mean=4.1724). Additionally, with a mean score of 4.0156, the participants demonstrated that the communication of organizational resources required for the distribution of information regarding the execution of strategic plans is efficient. With a mean score of 3.8793, the participants indicated that matters pertaining to strategic plans are effectively communicated throughout the enterprise. In conclusion, the participants noted that timely information is provided to staff regarding performance-related determinations reached by upper management (Mean=3.8621). This is consistent with the findings of a study on strategic communication and organizational performance conducted by Shonubi and Akintaro (2022). The research was conducted within the manufacturing sector of Nigeria. According to the results of this research, efficient communication was crucial to the success of an organization. The study suggests that in order to enhance performance effectiveness and efficiency, management should adopt transparent concepts prior to communication and possess a comprehensive comprehension of both the physical and human environment, as well as the identified motivations for communication.

4.3 Organization Structure

Respondents were requested to indicate the extent to which they were in agreement with these statements relating to Organization Structure and performance. All the 58 responses were recorded from the data collected and the SPSS output indicated the frequencies at which they agreed with in form of a table as shown below.

Table3 Organization Structure
Source: Field Data (2024)

Statement	Mean	Std. Deviation
A vertical organizational structure improves the coordination of organizational activities and expedites decision-making, leading to enhanced performance.	4.448	0.5017
As a result of improved employee cooperation, an informal organizational structure is advantageous for the business.	4.241	0.9044
A horizontal organizational structure groups members according to their functions or skills, which facilitates learning by ensuring that employees can easily communicate with one another.	4.069	1.1060
A functional or departmentalized structure increases efficiency and accountability across all banks.	3.655	0.6636
The duties of each employee are unambiguously delineated within a formal organizational structure, thereby ensuring the efficient and methodical operation of an organization.	3.017	1.5159

The aforementioned results demonstrate that the participants held the belief that a vertical organizational structure led to enhanced coordination of organizational activities and expedited decision-making, resulting in improved performance (Mean=4.448). Conversely, the respondents indicated that an informal organizational structure fostered better employee cooperation, thereby benefiting the organization (Mean=4.241). Lastly, they stated that a horizontal structure brought individuals together on a broader scale. Additionally, they stated that a departmentalized or functional structure fosters accountability and efficiency in all banks (Mean=3.655). Lastly, they stated that a formal organizational structure clearly defines the responsibilities of each employee, resulting in the smooth and systematic operation of an organization (Mean=3.017). These findings align with a study conducted by In order to maximize the speed and quality of the decision-making process, Hafsi and Baba (2023) assert that the ideal authority and decision-making model for an organization must perpetually strike a balance between centralized and decentralized organizational structures.

4.4 Resource Allocation

Respondents were requested to indicate the extent to which they were in agreement with these statements relating to Resource Allocation and performance. All the 58 responses were recorded from the data collected and the SPSS output indicated the frequencies at which they agreed with in form of a table as shown below.

Table4: Resource Allocation
Source: Field Data (2024)

Statement	**Mean**	**Std. Deviation**
The bank always employs individuals who possess the necessary skills and experience to maximize the use of the resources entrusted to them.	4.190	0.9264
Sufficient financial resources are allocated to ensure that strategic plans are effectively implemented.	3.966	1.0591
The allocation of duties and obligations of all personnel in relation to performance evaluations is unambiguously delineated.	3.448	0.9942
Staff rewards, remuneration, and promotions are well-designed. The bank frequently provides incentives to motivate personnel. Sufficient human resources are allocated in accordance with the bank's performance.	3.431	1.5572
The bank always employs individuals who possess the necessary skills and experience to maximize the use of the resources entrusted to them.	3.103	1.2522
Sufficient financial resources are allocated to ensure that strategic plans are effectively implemented.	2.379	1.0732

The findings above suggest that respondents agreed that the bank consistently recruits individuals who possess the necessary skills, experience, and capacity to optimize the resources entrusted to them (Mean=4.190). Additionally, they agreed that sufficient financial resources are allocated to support the execution of strategic plans (Mean=3.966). Lastly, they expressed agreement that the tasks and responsibilities of all personnel, as well as the manner in which they are distributed in relation to performance plans, are unambiguously delineated (Mean=3.448). In conclusion, they claimed that sufficient personnel are allocated in accordance with the bank's performance (Mean=2.379). The aforementioned conclusions are corroborated by a research study conducted by Choi and Kumar (2021) regarding the distribution of technological resources in diversified firms. The investigation was reinforced by the theories of managerial opportunism and influence cost. The research was centered on the manufacturing sectors of the United States from 1996 to 2017. The research observed that diversified businesses produce technological assets that are less applicable to their operations.

4.5. Strategic Leadership

Respondents were requested to indicate the extent to which they were in agreement with these statements relating to Strategic Leadership and performance. All the 58 responses were recorded from the data collected and the SPSS output indicated the frequencies at which they agreed with in form of a table as shown below.

Table5: Strategic Leadership
Source: Field Data (2024)

Statement	Mean	Std. Deviation
In regard to the execution of strategic plans, the leadership team delineates the duties and obligations of every member of staff.	4.310	0.6271
Employees are cognizant of their entitlements subsequent to attaining targets established by the bank's management.	3.897	1.2381
The bank leadership routinely reinforces with staff members the necessary standards that must be upheld in the execution of their responsibilities.	3.483	1.2174
The leadership team communicates strategic plans and performance to the entire organization.	2.845	1.2397
The leadership group allocates sufficient resources to ensure the bank's success and the achievement of the organization's objective.	2.655	1.1011

The findings presented in the table above indicate that the participants expressed that the leadership team clearly delineates the tasks and responsibilities of all staff in relation to the execution of strategic plans (Mean=4.310). Additionally, they stated that employees are aware of the rewards to which they are entitled upon meeting targets set by the bank's management (Mean=3.897) and that they are consistently reminded by the bank leadership of the standards that must be upheld while performing their duties (Mean=3.483). In conclusion, they stated that the leadership team effectively distributes sufficient resources to support the bank's operations and achieve the objectives of the organization (Mean=2.655). The influence of strategic leadership practices on the service delivery of county governments in Kenya was the subject of a study by Shimengah (2023); the researcher conducted a literature review. Drawing upon previous research investigations, this study specifically examined the ways in which ethical practices and core competencies can augment service delivery.

4.6. Regression Analysis

Multiple regression analysis was employed in the study to ascertain the correlation between the predictor variables and performance. The regression statistics were generated in SPSS version 24 subsequent to the data cleansing and coding process conducted in the field. The coefficient of determination was utilized to illustrate how variations in the independent variables can account for the variation in the dependent variable. Performance was the dependent variable in the present study, whereas the independent variables were as follows: strategic communication, organization structure, resource allocation and strategic leadership.

4.7. Model Summary

The model synopsis of the correlation between the predictor variables and performance is presented in the table below. The results are presented in Table 6.

Table6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.807[a]	.651	.636	.45796

a. Predictors: (Constant), strategic communication, organization structure, resource allocation and strategic leadership.

b. Dependent Variable: performance

According to the data in the table, R2 = 0.651%, which indicates that the independent variable in the model accounts for a 65.1% variance in performance. Nevertheless, the remaining 34.9% of the unexplained variance in performance can be attributed to additional unaccounted variables in the regression model. Based on the data presented in the table above, it can be concluded that the model demonstrates satisfactory performance and can be employed for estimation purposes.

4.8: Anova Results

The ANOVA results pertaining to the correlation between the predictor variables and performance are presented in the table below. The results are presented in Table 4.8.

Table 7: ANOVA of the Regression

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.500	6	.583	2.782	.001[b]
	Residual	17.617	84	.210		
	Total	21.117	90			

a. Dependent performance
b. Predictors: (Constant), strategic communication, organization structure, resource allocation and strategic leadership.

The obtained significance value of 0.001, which is below the conventional threshold of 0.05, indicates that the model's prediction regarding the influence of strategic leadership, organizational structure, strategic communication, and resource allocation on the performance of Islamic institutions is statistically significant. At a significance level of 5%, the F critical value was 2.782. The fact that F calculated is greater than F critical indicates that the model as a whole was significant.

4.9 Coefficient of Determination

The coefficient of determination regarding the correlation between the predictor variables and the performance of Islamic banks is presented in the table below. The results are presented in Table8.

Table8: Coefficient of Determination

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.856	1.682		4.078	.000
	Strategic communication	-.094	.186	-.060	-.509	.002
	Organization structure	-.153	.714	-.059	-.214	.011
	Resource allocation	-.295	.360	-.237	-.821	.004
	Strategic planning	.058	.158	.046	.366	.000

a. Dependent Variable: Performance of Islamic banks

A straightforward regression analysis was performed in order to ascertain the performance of Islamic institutions. As shown in the table generated by SPSS below, the regression equation.

($Y = \alpha + \beta_1X_{1+} \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + ę$)

Becomes:

($Y= 6.856 - 0.094 - 0.153 - 0.295 + 0.058 + \varepsilon$)

The performance of Islamic institutions was calculated to be 6.856 based on regression analysis in which the independent variables (strategic communication, organizational structure, resource allocation, and strategic leadership) were held constant at zero. The results of the analysis also indicated that, holding all other independent variables constant, a one-unit increase in strategic communication is associated with a 0.094 decrease in the performance of Islamic banks; a one-unit increase in resource allocation results in a 0.295 decrease in performance of Islamic banks; and a one-unit increase in strategic leadership contributes to a 0.058 increase in performance of Islamic banks. Thus, strategic communication appears to have the greatest impact on the performance of Islamic institutions, with organizational structure following suit. Strategic communication, organizational structure, resource allocation, and strategic leadership all had a significant impact on the performance of Islamic institutions at a 5% level of significance and 95% level of confidence.

5.0 Summary, Conclusions and Recommendations

5.1 Summary

The study examined, in general, how strategy planning affects the performance of Islamic banks, with FCB serving as an example. The primary objective of the research was to analyze the impact of strategic leadership, organizational structure, resource allocation, and strategic communication on performance. The following are the results obtained:

This research endeavored to determine the impact of strategic communication on the performance of Islamic banks, with a specific focus on FCB in Nairobi, Kenya. The findings of this study indicated that strategic communication had a significant and deleterious influence on performance. The Bank actively considers and responds to concerns raised by subordinate staff regarding the execution of strategies. Additionally, the leadership team ensures that sufficient resources are allocated to facilitate the distribution of information pertaining to the execution of strategic plans.

The research aimed to ascertain the impact of organizational structure on the performance of Islamic banks, specifically focusing on FCB in Nairobi, Kenya. The findings of the study revealed that organizational structure had a significant and deleterious influence on performance. A top-down management structure improves the coordination of organizational activities and expedites decision-making, leading to enhanced performance. Conversely, an informal organizational structure fosters greater employee cooperation, which further benefits the organization.

This study investigated the impact of resource allocation on the performance of Islamic banks, with a specific focus on FCB in Nairobi, Kenya. The findings of this research indicated that resource allocation had a significant and deleterious influence on performance. The bank regularly provides incentives to encourage staff participation, ensures that all staff have clearly defined tasks and responsibilities related to the execution of strategic plans, maintains a well-structured system for staff rewards, remuneration, and advancements, and consistently recruits individuals with the necessary skills and experience.

The purpose of this study was to determine the impact of strategic leadership on the performance of Islamic banks, with a specific focus on FCB in Nairobi, Kenya. The results of this research demonstrated that strategic leadership had a significant and positive influence on performance. The leadership team ensures that strategic plans and their execution are efficiently communicated throughout the organization, that employees are informed of the rewards they are eligible to receive upon reaching their objectives, and that employees are consistently reminded of the standards that must be upheld while performing their responsibilities.

5.3 Conclusions

The study made a conclusion that to determine the effectiveness of the entire strategy planning resource allocation is a critical component of the procedure. The allocation of resources towards strategic planning has a substantial impact on the performance instance of FCB in Nairobi, Kenya, which is an Islamic bank. To this end, financial and human resources are adequately allocated for strategic planning, existing physical resources are utilized appropriately, all bank-allocated resources are audited and monitored, and the bank staff is well-trained to support the implementation of strategic plans.

Strategic leadership enhances the daily and long-term performance of Islamic banks (FCB) in Nairobi, Kenya, according to the study's findings. This is accomplished by fostering an environment in which each employee is committed to a single vision and is aware of the means to achieve it. Achieving success in strategic leadership contributes to the progress of an institution and its ability to raise funds. Strategic leadership invariably entails a component of transformation and is predicated on the formulation of a vision that propels the institutions away from their present state.

The study's findings indicate that strategic communication facilitates the realization of an organization's purpose, mission, and values by aligning expectations, behaviors, and actions with business objectives. Effective communication facilitates alignment among personnel across all departments and promotes the development of a culture that values collaboration. Effective strategic communication plays a pivotal role in facilitating employees' comprehension of the significance of their benefits and in motivating them to make informed decisions regarding their own benefits.

Establishing and implementing a comprehensive management training program to preserve a solid managerial core is facilitated by a well-structured organization, according to the findings of the study. Departments may collaborate on a strategic strategy to promote the training of managerial candidates throughout the organization. A robust organizational structure enables a company to concentrate more intently on a single set of objectives, as opposed to each group operating autonomously to accomplish its own agenda. Effective employee training administration is facilitated by a well-designed organizational structure that allows for adaptable training in response to organizational changes.

5.4 Recommendations

This study suggests that the management of FCB Kenyan Islamic banks should formulate approaches to acquire additional resources and maximize the utilization of existing resources in order to enhance the performance of the banks. Additionally, the management should implement a policy that offers avenues for employee leadership development. This will empower them to actively participate in initiatives that enhance the strategic performance of the organization in a creative and intimate manner. Additionally, the study suggests that management of Islamic institutions should demonstrate a dedication to empowering employees and invest in staff development in preparation for potential future vacancies.

In FCB Islamic institutions in Kenya, the study suggests that responsibilities be distributed at all levels so that strategic leaders may have the opportunity to participate in decision-making. Banks' upper management must ensure that their executives possess a comprehensive understanding of the situation in order to enable them to make well-informed decisions.

The management of FCB Islamic institutions should promote two-way feedback channels, recognize that employee communications are fundamental to their role, and provide management with a channel for strategic communications through which they can set the tone for other managers and employees to follow. Assess various engagement metrics in order to determine the efficacy of communication. Promote collaboration across departments and locations.

It is recommended that the management of FCB Islamic bank in Nairobi, Kenya, establish an organizational chart and delineate the various functions of their business in order to ensure adequate staffing. For each level of the chain of command, appoint a direct superior manager. Additionally, the study suggests that banks convene a meeting to elucidate the rationale behind the establishment of the structure, the potential benefits for the organization, the hierarchical structure of reporting, and the protocols for handling complaints.

The research examined the impact of strategy execution on the operational outcomes of FCB Islamic Banks in Nairobi County. In terms of strategic leadership, strategic communication, and resource allocation, the planning process was assessed. Therefore, additional research is recommended that concentrates on assessing the impact of strategic planning on organizational performance, process design, employee training and development, and organizational culture. Furthermore, it is imperative that additional research be conducted with a specific emphasis on commercial banks in Kenya, in addition to Islamic banking.

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