# ABSTRACT

According World Bank report banking industry contributes enormously to socio -economic developments of regions and countries. Banks employ, finance and contribute to GDP. However, a report by Central Bank of Kenya indicates that Kenya's banking industry suffers from service quality problems. Further, Economic Survey of the year 2015 report customer satisfaction problem among commercial banks in Kisumu City. An attempt to solve these problems focused on regulation and is manifested in the banking Act that allowed banks to outsource service. The challenge continues to exist. There no efforts directed towards investigating the banks strategic practices including strategic control, which has a direct bearing on customer satisfaction and service quality. Empirical literature on other sectors has also failed to address personal selling strategies. For this reason, no empirical information is available on extent of strategic control, factors contributing to effectiveness of strategic control and challenges of strategic control among firms, the banks in Kenya and Kisumu City. This study therefore sought to establish effectiveness strategic control in the banking industry in Kisumu City, Kenya. Specifically, the study sought to determine extent of strategic control, factors contributing to effectiveness of strategic control and challenges facing strategic control among these banks. The study was guided by Control Theory. Descriptive cross sectional survey research design was adopted. The population will comprise all the 102 branch managers, operations managers and relationship managers. Saturated sampling was used. Data was collected from secondary and primary sources. The former, from relevant documents, such as records of the banks, government reports and publications and; the latter from respondents using structured questionnaire. Validity and reliability of questionnaire was tested on pilot data targeting 12 respondents. Reliability test at Cronbach's Alpha threshold of 0.7 was done using pilot test results obtained from a survey of 12 managers and yielded a coefficient of above 0.701 implying internal consistency. Face, Construct and Content validity test were done using expert reviewers. Descriptive statistics was used to analyze the three objectives. The findings were that the rating of strategic control in the banking industry in Kisumu is high. The highly rated elements were premise control (Mean = 4.000, Std. Dev =1.385), implementation control (Mean = 4.00, Std. Dev = .967), and special alert control (Mean = 4.00, Std. dev = 1.337) while the least rated element was strategic surveillance control (Mean = 3.00, Std. Dev = 1.217); rating of factors contributing to strategic control effectiveness amongst banks in Kisumu city is high and the rating of challenges of strategic control in the banking industry in Kisumu is high. The highly rated challenges were poor coordination of strategic control implementation (Mean = 4.000, Std. Dev =1.023), lack of stakeholder commitment (Mean = 4.00, Std. Dev = 1.189), and top managerial support (Mean = 4.00, Std. dev = 1.097) while the least rated element was insufficient financial resources (Mean = 3.00, Std. Dev = 1.213). The study concludes that that the extent of practice of strategic control amongst commercial banks in Kisumu city is high; the contribution of factors to strategic control effectiveness is high and the highly rated challenges facing strategic control were poor coordination of strategic control implementation, lack of stakeholder commitment and top managerial support while the least rated element was insufficient financial resources. The recommendations of the study are that managers of commercial banks in Kisumu city should continue executing the strategic control elements; should continue considering that contributes highly to the strategic control effectiveness and come up with measures to mitigate the prevalent challenges facing strategic control notably poor coordination of strategic control implementation, lack of stakeholder commitment and top managerial support. The results may be used by policy makers involved in the banks. Researchers may also pursue further research from this study.