

**STRATEGIC PLANNING PROBLEMS AND COPING STRATEGIES AMONG  
COMMERCIAL BANKS IN KENYA**

**BY  
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**DECLARATION**

This project is my original work and has never been submitted for a degree in any other university or college for examination/academic purposes.

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## **DEDICATION**

Dedicated to my beloved husband John Baptista Ochieng, my lovely children, Jennings Magawa, Oliver Kinesi and Jude Kasera for their support and all that they have sacrificed.

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## **ABSTRACT**

Strategic planning can be defined as a set of procedures for making decisions about the organization's long term goals and strategies. Strategy on the other hand can be said to be a pattern of actions and resource allocations designed to achieve the organization's goals. Strategic planning activity is the tool for operationalization of an organization's march towards its vision. An efficient strategic plan enables the organization to effectively manage environmental change and sustain its competitive advantage in the market. It also helps in optimum utilization of limited available resources and in improving corporate communications for its competitive advantage. Strategic planning involves making decisions about the organization's long-term goals and strategies. Strategic plans have a strong external orientation and cover major portions of the organization. The data was collected between January and March 2009 from thirty respondents. The objectives of this study were; to identify the strategic planning problems faced by commercial banks in Kenya and to determine the coping strategies adopted by commercial banks in Kenya for the strategic planning problems

A survey design was used in this study. The target population was 47 commercial banks in Kenya. The researcher sampled thirty three commercial banks, which were chosen using stratified random sampling method. The data was collected using semi-structured questionnaire and then it was coded and entered into a spreadsheet and analyzed using SPSS (Statistical Package for Social Sciences and presented using frequencies, percentages and frequency tables.

From the findings, the researcher found that commercial banks in Kenya experience problems in the strategic planning. These problems were such as risks associated with loans to the customers, inadequate knowledge by the staff, inadequate employee, lack of enough customers and operation strategies that were old and outdated. It was also found that in order to deal with the problems of strategic planning, the banks trained their staff, reviewed the previous operation strategies which were old and outdated, collateral check-ups, scrutiny of the guarantors, giving more information to the department by the organization on various issue e.g. market analysis, financial analysis etc. other approaches included, spreading wings by opening new branches, increasing the capital base and lending facilities, getting the appropriate strategic plan, intensive market research on this area and employing more qualified staff especially who had adequate knowledge on areas such as information technology.

The outcome of the research provides pertinent information on the extent of the effectiveness of strategic planning by commercial banks in Kenya as well as developing and adopting coping strategies suitable for the changing and competitive environment. It also provide suggestions on how to enhance the choice of planning methods in response to the strategic planning problems experienced in the banking industry and ensure that the plans are incorporated in policy making and serve as a guide to the bank's general operations. The implication of the study is that commercial banks in Kenya have to continuously review the strategic plans to ensure that they are within their goals and the plans remain relevant to the commercial environments in which they operate.



## CHAPTER ONE: INTRODUCTION

### 1.1 Background:

#### 1.1.1 Strategic Planning Problems

Strategic planning activity is the tool for operationalization of an organization's march towards its vision. An efficient strategic plan enables the organization to effectively manage environmental change and sustain its competitive advantage in the market. It also helps in optimum utilization of limited available resources and in improving corporate communications for its competitive advantage. Bateman et al., (1993) indicate that strategic planning involves making decisions about the organization's long term goals and strategies. Strategic plans have a strong external orientation and cover major portions of the organization.

According to Johnson and Scholes (2004), looking through the design lens, argue that there are evident problems in which strategic planning systems are put into effect in some organizations. First, managers responsible for the implementation of strategies, usually line managers, may be so busy with day to day operations of the business that they cede responsibility for strategic issues to specialist who may not have power in the organization to make things happen. Secondly, the process of strategic planning may be so cumbersome that individuals or groups in the firm may contribute to only part of it and not understanding the whole. This is particularly problematic in very large firms. Thirdly, they also argue that strategy itself can be seen as the plan. Managers may see themselves as managing strategy because they are going through the process of planning. Fourthly, Strategic planning can be over detailed in its approach, concentrating on extensive analysis which, whilst sounds in itself, may miss the major strategic issues facing the organization.

Johnson and Scholes (2004), also highlight the dangers of experience lens by indicating that planners can overlook the importance of the experience of those in an organization and see centrally planned strategy as determining what goes on in the organization. If formal planning systems are to be useful, those responsible for them need to ensure that they draw on such experience. On the other hand, strategy resulting from deliberations of a corporate planning department or a senior management team may not be owned more widely in the organization. Therefore, awareness needs to be properly created and communicated to the wider members of

the organization. Planning processes are not typically designed to accommodate cultural and political dimensions of the organization and its members as strategies are more or less implemented through people.

Ideas lens highlights strategic planning pitfalls such as very tight mechanisms of control which can result into hierarchical organization with a resultant stifling of ideas and dampening of innovative capacity. Planning can be obsessed with the search for a definitive right strategy which may fall out of planning process; a more generalized direction may be desirable which can take into account flexibility towards a common goal.

Formalised strategic planning grew out of budget exercise in the 1950s in the United States and spread rapidly. According to Ansoff & Mc Donnell (1990) strategic planning involved in the late 1950s when firms invented a systematic approach to deciding where and how the firm will do its future business. By the mid 1960 and the subsequent period strategic planning was occurring in most large corporations (Minzberg, 1994).

If commercial banks in Kenya fail to have a vision but only formal plans that are not operationalized, then every unprecedented change in the environment will make them go out of balance. Some of the coping strategies that have been adopted include strategic leadership based on an individual upon whom strategy development and change are seen to be dependent, logical incrementalism, that is, the organization learns through doing, benchmarking to manage competition and maintaining standards, and adopting a political view in developing strategies as an outcome of bargaining and negotiating among powerful internal or external groups.

### **1.1.2 Coping Strategies**

There are three basic approaches to strategic planning in larger companies which include; top down planning that is initiated and conducted primarily by the entire centre of the organization, bottom up, which is primarily done of the individual parts such as divisions where simple guidance is given by the centre as to what is required. The centre then sits in judgment on the plans provided, and lastly integrated approach, where there is continuing discussion involving both the centre (top) and the individual parts (bottom) of the organization (Lynch, 1997).

Recent concepts issues and trends in strategic management is that strategic management involves all parts of the organization in the formulation and implementation of strategic goals and strategies. It integrates strategic planning and management into a single process. Strategic planning becomes an ongoing activity which all managers are encouraged to think strategically and to focus on long term, externally oriented issues as well as short term tactical and operational issues.

One of the current trends and issues in the formulation of corporate business and functional strategies include but not limited to strategic control system. It is designed to support managers in evaluating the organization's progress with its strategy and, when discrepancies exist in taking corrective action. The system must encourage efficient operations that are consistent with the plan while allowing the flexibility adapt to the conditions. As with all control systems, the organization must develop performance indicators, as information systems, and specific mechanism to monitor progress (Bateman et al., 1993).

### **1.1.3 Commercial Banks in Kenya**

Kenya currently has 47 commercial banks, 97 forex bureaus, 600 front office savings banks, 3 mortgage financial institutions, 1 building society. These institutions provide the venues in which the financial transactions are carried out. With the ever increasing competition that commercial banks are facing in today, rewards will accrue to those who can predict and develop a strategic plan that will ensure successful exploitation of existing opportunities in the environment. Evans (1987) is of the view that as the operating environment changes a more pronounced transformation of the business landscape lies ahead. Therefore, strategy is vital to the adaptation of the changing business environment.

According to the government of Kenya economic survey (2000), implementation of structural adjustment programme and subsequent market liberalization opened the Kenyan market, leaving businesses at the mercy of market forces. As a result businesses faced increased uncertainty, which registered low profits and even losses. This could probably be attributed to lack of strategic planning practices (Abdalla, 2000). Owiye (1997) asserts that companies in Kenya had put in place a number of measures to contain the stiff competition that had become the norm. Commercial banks are susceptible to market risks such interest rate risks, credit and default risks, successful marketing strategies can help mitigate the effects of these risks to the banks.

Kenya's banking environment consists of the Central Bank of Kenya (CBK), which has a regulatory function. There were 67 financial institutions out of which 53 were commercial Banks in 1999, 8 non-bank financial institutions, 2 mortgage finance companies and 4 building societies. There has been a constant reduction in this number as a result of the Bank failures, mergers and a few acquisitions. Bekaert & Harvey (2002) note that banking crises in Kenya date back in mid 1980's. Within a period of four years, four banks and 24 non bank financial institutions faced liquidity and solvency problems, together accounting for 15% of total liabilities of the financial system. Among the causes of failures in Kenya were politically motivated loans, insider lending particularly to politicians, and inadequate information leading to inadequate supervision. Brownbridge (2002) points out that in 1993, around 11% of the total assets of Banks and non-bank financial institutions were held by the failed local Banks, among them Delphis Bank, Trade Bank, Meridian Biao Bank and Pan African Bank. According to Kane and Rice (1998), the major causes of these failures are related to poor strategic planning or lack of strategy itself.

The country still boasts of a well-diversified financial sector, comprising of 43 operating commercial banks, 23 banks under liquidation by the deposit protection Fund, 2 non-bank financial institutions, 2 mortgage finance companies, and 48 forex bureaus. In terms of ownership, there are 32 indigenous banks, 5 locally incorporated foreign banks, and 6 foreign bank branches. Other institutions of a financial nature include 4 building societies, 37 insurance companies, 57 hire purchase companies, and some 2,670 savings and credit co-operative societies.

## **1.2 The Research Problem**

Management of commercial banks in Kenya is predominated by financial assets and liabilities hence giving rise to an emphasis on the net interest margin. Interest rate environment is one of the most important influences on asset/liability decisions of commercial banks. Key determinants of success for commercial banks include management's abilities to understand movements in the interest rates and inflation, and to interpret forecast with regard to interest rates, this implies that with a volatile interest rate regime, the ability to achieve successful strategic planning is a challenge. The banking industry being regulated by the Central Bank of Kenya brings in the notion of susceptibility of commercial banks to the regulations that may lead to negative results. The recent of these regulations is the increase in threshold for banks to Kenya Shillings 1 billion, such regulations have adverse effects on strategic plans. When the regulations arise, earlier plans may be rendered useless and therefore not implemented.

Interest rates volatility and effects of treasury bills which are risk free, makes commercial banks market too complex and the application of strategic plans a challenge. While all managers must respond to interest rate changes growing globalization of financial markets creates additional requirements like assets and liability decisions in reaction to changes in the value of currency in use against other currencies (Cooperman et al., 2000).

The income of commercial banks is derived from active lending, transaction and securities portfolio. Loans are a larger portion of assets of commercial banks; interest income and non funded income in terms of fees charged on processing remain the key important sources of income for the banks. Financial institutions face inherent risks, it is the potential variations in returns caused by unexpected changes in the largest single source of revenue is loan interest, derivatives and bills discounting. Strategic planning has some inherent hazards. Jurinski (1993) says that strategic planning efforts that fail typically do so because the organization underestimated the required amount of time, effort and money from the start. It is difficult for any organization or group to go through a strategic planning process in less than two concentrated days in addition to shorter preparatory sessions and later meeting(s) to revise based on feedback.

The process of strategic planning being an uncertain undertaking requires adequate preparation and evaluation of the existing circumstances and undertaking a process that lead to low error

levels. Strategic planning involves predictions of the future; these predictions may have serious flaws more so when the events that align with the success of a strategy fail to occur. The study seeks to investigate these problems as experienced among commercial banks and determine mitigating approaches by the banks to address these problems. Other earlier studies focused on competitive strategies and other studies on interest rates spread.

Kiptugen (2002) carried out a research on strategic responses to a changing environment, a case study of Kenya Commercial Bank Limited (KCB). The case study was limited to the KCB environment and therefore could not be applied industry wide. He suggested further research on the responses that other players in the industry had, thus the justification of this study but specific to commercial banks in Kenya.

In as much as commercial banks are affected by the strategic planning problems, there has been no study on strategic planning problems of commercial banks industry in Kenya, particularly in the area of problems during strategic planning. The focus of this study is therefore to survey the planning problems experienced by the banks and the responses to these problems. The research question being addressed in this study is what problems are commercial banks in Kenya facing in strategic planning and how are they coping with the problems?

### **1.3 Objectives of the Study**

The study sought to:

- (i) Identify the strategic planning problems faced by commercial banks in Kenya,
- (ii) Determine the coping strategies adopted by commercial banks in Kenya for the strategic planning problems.

### **1.4 Importance of the Study**

The benefits of the study accrued to managers of commercial banks in Kenya as the study provides information on the problems experienced by commercial banks in the process of strategic planning; this will help the managers in understanding and appreciating these problems as they affect the industry of operation. The study will also explain the various approaches in the industry in dealing with these problems; this will in turn help the managers make informed decisions of choice on the approach to mitigating the problems.

Academicians and researchers will also benefit from the study. The study is expected to generate interest among academicians that will lead to further research on the dynamic areas of strategic planning and coping strategies by commercial banks in response to the changing banking environment. The study will also contribute to the existing body of knowledge on strategic planning problems in the face of competitive challenges in a dynamic environment. It will enable further studies in areas where the strategic planning needs to be emphasized in operating a commercial bank.

The research will provide pertinent information to policy makers on the extent of the effectiveness of strategic planning by commercial banks in Kenya as well as developing and adopting coping strategies suitable for the changing and competitive environment. It will also provide suggestions on how to enhance the choice of planning methods in response to the strategic planning problems experienced in the banking industry.

## CHAPTER TWO: LITERATURE REVIEW

### 2.1 The concept of Strategic Planning

Strategic planning is a means of establishing a major direction for an institution or department. Through strategic planning, resources are concentrated in a limited number of major directions in order to maximize benefits to stakeholders. There are those who exist to serve and those who are affected by the choice made by the planners in the organization. Many executives have grown skeptical of strategic planning. The purpose of strategic planning is not to drive a company's strategy. Driving a company's strategy is not about influencing top management's decisions. For strategic planning to be worthwhile, the process needs to be redesigned – focused not on developing a static plan, but on-going review needs to be continuously done.

Strategic planning is a structured approach to anticipating the future and “exploiting the inevitable.” The strategic plan should chart the broad course for the entire institution for the next five years and beyond. It is a process for ensuring that the budget dollar follows the plan rather than vice versa. Strategic planning is not just a plan for growth and expansion, rather one that can and often does guide retrenchment and reallocation (Slack, 1991).

McCaskey (1981) said that the essence of strategy is differentiation. What makes an institution or department different from any other? Commercial banks, like other service organizations, can differentiate themselves based on types of products, delivery systems, clientele, location and the like. Similarly, a department of administrative unit involved in strategic planning will identify its unique niche in the larger commercial sector and focus its resources on a limited number of strategic efforts, abandoning activities that could be, should be, or are done by others (Robinson, 2003). Strategy can be defined as the establishment of the long-term goals and objectives of an organization including the taking of actions and allocations of resources for achieving these goals (Chandler, 1962). Due to the scarcity of resources, the strategy that is chosen should be one that optimizes these resources in the pursuit of the original goals and objectives.

Quinn (1980) identifies strategy as a plan that puts together an organization's major goals, policies and action sequences. A well-formulated strategy enables an organization marshal and



allocate its resources in a unique way on the basis of its relative internal competences and limitations expected changes in the environment and contingent actions by competitors.

Porter (1980) states that strategy is basically about competition and the means by which an organization tries to gain a competitive advantage. According to Ohmae (1993), the only purpose of strategic planning is to empower an organization to efficiently gain a sustainable competitive edge over its competitors. Therefore, corporate strategy implies an attempt to change, in the most efficient way, a company's strength relative to that of its competitors. Ansoff (1965) indicates that strategy is the common thread in an organization's business. He also defined strategy as the product market scope of an organization.

“Strategy can be seen either as the building defense against competitive forces” (Pearse and Robinson, 1997 p136). Grant (2000) adds that the ability to identify and occupy attractive segments of an industry is critical to the success of an organization. Hill and Jones (2001) conclude that the strategies an organization pursues have a major impact on its performance relative to its peers.

## **2.2 Essence of Strategic Planning**

Formalized strategic planning grew out of budgeting exercise in the Americas of the 1950s and spread rapidly. By the mid 1960s and throughout the 70s, strategic planning (in many forms) was occurring in most large corporations (Mintzberg, 1994). Even the federal government used a planning budgeting system (PPBS) during this time. Public and non-profit organizations recognized the usefulness of strategy formulation during the 1980s, when the notion of marketing for public and non-profit organizations gained prominence. Most well known models of public and non profit strategic planning have their roots in the Harvard policy model developed at the Harvard Business School (Bryson, 1988). The systematic analysis of strengths, weaknesses, opportunities and threats (SWOT) is a primary strength of the Harvard model and is a step in the strategic planning.

There are times of rapid change. Will Rogers said, “Even if you're on the right track, you'll get run over if you just sit there.” No institution or a department can remain static for long. Neither can an institution survive for long with knee-jerk responses to change. Strategic planning should minimize crisis mode decision-making. These are times of social and cultural complexity. One small group at the top cannot know the needs of clients, employers and other

stakeholders without their input. It is also difficult for one small internal group to know all that is occurring in the external environment that will have an impact, positive or negative, on the university or college.

There are times of interdependence. Bryson (1988) provides three examples of formerly distinct arenas that are now very much interconnected: domestic and international, public and private and nonprofit and educational and economic policies. The blurring of these distinctions means that although many organizations and institutions are involved, no one is fully in charge. This increased environmental ambiguity requires educational institutions and other public entities to think and act strategically as never before (Bryson, 1988).

### **2.2.1 Strategic versus Long Range Planning**

It is sometimes thought that strategic planning is just another buzz word for long range planning. There are major differences between strategic planning and garden variety long range planning. First, strategic planning is much more sensitive to the external environment than long range planning. Traditionally, long range planning was inwardly focused. The goals and objectives were formulated with minimal attention to the larger system in which the institution functioned (Lujan, 2001).

Traditional long range planning could be conducted with minimal involvement of stakeholders, those affected by the plan. Strategic planning relies on information from internal and external stakeholders regarding their needs, expectations and requirements as the foundation for planning. Related to the first difference is the fact that traditional long range planning tends to maintain the status quo over time. Assuming that the future will be a linear extension of the present, planners typically spend little time attempting to reshape the organization. Strategic planning is much more likely to result in a deliberate shift in direction or refocusing of mission in light of changes, actual or anticipated (Norman, 1984).

Since long range planning has generally been oriented to the status quo, visioning was not a critical component. Strategic plans, however, are developed around a vision of success or a vision of the desired future. The idealized word picture represents the best possible future for the institution. The plan helps to make the shared vision a reality.

Bryson (1988) points out another distinction. Long range planning focuses more on specifying goals and objectives, while strategic planning is more focused on identifying and resolving issues. In fact, goals and objectives which are considered operational planning should not be developed before completion of its strategic planning.

### **2.3 Strategic Management in Kenya**

There are various studies done in the field of strategic management in Kenya. There are fundamental changes that have taken place in the Kenyan economic scene over the last few years. The most notable is the liberalization which has established a free market and increased competition in the economic scene in Kenya. The business scene in Kenya has therefore changed in the last decade. This means that what was working for firms before may have become obsolete and there is need to rethink their strategies (Reynolds, 1994).

Some of the studies done in the field of strategic management include that done by Aosa (1992). He carried out a study on strategy practices among large manufacturing companies in Kenya. The results of the study established that foreign companies differ significantly from Kenyan companies in Kenya. The foreign companies were found to be more formal. This was attributed to the influence of their parent companies, access to managerial resources, formal organizational structures and professional managerial approaches. Karemu (1993) looked at strategic management aspects in the large scale retail sector. The study done, established that supermarkets practice minimum budgetary forms of strategic management. Planning characteristics included reliance on intuition and ability to pursue long-term goals, prevalence of budgets and large informal planning activities.

Shimba (1993) studied the Kenyan financial sector and established both variations were based on size, ownership and strategic orientation. Foreign companies have a longer planning horizon than their local counterparts and therefore were inclined to develop strategic plans. Mbaya (2000) looked at strategic planning practices amongst the internet service providers. These studies done in Kenya focused on strategy practices in different industries. This study was focused on the strategic planning within television companies in Kenya. This part of the industry had not been studied as far as strategic management is concerned.

## **2.4 Strategic Planning Challenges**

Some of the sources of strategic planning challenges are the very essential ingredients required for effective strategic planning process: the right people, good data, preparation, a structured process and adequate resources of time and money (funds). Each of these five elements is revisited below:

Having the right people means that all the key stakeholders are represented in some way. Usually this is done through a representation system where each participant in the planning event is there representing a particular stakeholder group, client, employees, community, government and affiliated agencies and the like. The responsibility of all participants is to take preliminary planning results back to the group they represent to receive feedback. This feedback, both positive and negative, is then brought back to the group and used for revising the draft plans.

One of the connections between strategic planning and continuous quality improvement is the reliance on data as the basis for decision making. Data on stakeholders/customer needs and their evaluation of existing services are required for the planning process. The more hard data available to describe the current situation, the better the chances of a good plan. Strategic planning in the absence of reliable data can be dangerous. Yet, it is not unusual to find organizations planning for the future with little or no reliable information about the true state of affairs. Some organizations find, upon beginning a strategic planning process that they must create a temporary plan while collecting crucial data on which to base subsequent strategic planning (Ansoff, 1990).

Those who are planning the future of their departments, or the organization should be adequately prepared for the task. It is unwise to plan without some notion of the many alternative directions and what others have found to be successful. It is common for an educational institution to invite futurists to speak to the planning team prior to the planning event. This helps lift people's thinking past the issue of today and later helps them create the vision of a desired future. Outstanding videotapes are available on change and paradigm shifts. Seeing and discussing these programs helps individuals to prepare to make the small and large changes that are inevitable with or without a strategic plan. Some planning groups have brief book reviews in which each member reports on the current book that illuminate the organization's choices. Some groups visit other institutions to get ideas on what is working

successfully elsewhere. Preparation that expands the group's perception of what is possible and desirable creates the most innovative and bold plans (Karemu, 1993).

Most of us have attended at least one meeting where everyone talked but when it was all over, nothing had been accomplished. This common experience points out the need for a structured planning process. Structured means designated and sequenced activities such as brainstorming, small group work, listing, summarizing, and prioritizing among others. Structure requires a facilitator who is responsible for maintaining the process without having input into the content. A structured planning process makes it possible for everyone in attendance to participate fully, while discouraging domination by high verbal, high status group members (Michael, 1997).

In consensus, members commit to supporting the results of the group work even if they do not agree with every single point in the plan. This support is based on the individual belief that "Even though this is not my favourite choice, I will support it because I believe I had adequate opportunity to discuss my views and this choice is the best one for us at this time". A skilled facilitator will also help the group resist conglomerating too many ideas such that the original thinking of all of them is lost. Individuals who were initially cool to a structured planning process event, both for the intellectual stimulation and the tangible results. The cost of a sound planning process and time required for optimal planning were both discussed earlier. Both inadequate time and too much time are detrimental to the process (Kiliko, 2000).

## **2.5 Overcoming Strategic Planning Challenges**

Adequate preparation is essential in managing strategic planning challenges. There are guidelines to keep in perspective during planning process. Many managers spend most of their time "fighting fires" in the work place. In addition, their time is spent realizing and reacting to problems. For these managers and probably for many others, it can be very difficult to stand back and take a hard look at what we want to accomplish and how we want to accomplish it. The managers may be too busy doing what they think is making progress. However, one of the major differences between new and experienced managers is the skill to see the broad perspective, to take the long view on what we want to do and how we are going to do it. One of the best ways to develop this skill is through ongoing experience in strategic planning.

And organization can get the most out of a strategic planning process. The real benefit of the strategic planning process is the process, not the plan document; there is no “perfect” plan. There is doing the best at strategic thinking and implementation, and learning from what one is doing to enhance what will be done the next time round. The strategic planning process is usually not “aha” experience, rather like the management process itself. It is a series of small moves that together keep the organization doing things right as it heads in the right direction. In planning, things usually are not as bad as you do not fear nor as good as you would like. The guide is to start simple, but start (Reynolds, 1994).

An organization may want to use a facilitator from outside when the organization has not conducted strategic planning before or if previous strategic planning was not deemed to be successful. It is also advisable when there appears to be a wide range of ideas and/or concerns among organization members about strategic planning and current organizational issues to be addressed in the plan. If there is no one in the organization whom members feel has sufficient facilitation skills and no one in the organization feels committed to facilitating strategic planning for the organization it may be important to involve a facilitator. Leaders believe that an inside facilitator will either inhibit participation from others or will not have the opportunity to fully participate in the planning themselves. Leaders want an objective voice, that is, someone who is not likely to have strong predispositions about the organization’s strategic issues and ideas (Norman, 1994).

The chief executive and board chair should be included in the planning group, and should drive development and implementation of the plan. Clear guidelines for membership, for example, those directly involved in planning, those who will provide key information the process, those who will review the plan document, those who will authorize the document, should be involved. The primary responsibility of a board of directors is strategic planning to effectively lead the organization. Therefore, insist that the board be strongly involved in the planning, often including assigning a planning committee, normally the same as the executive committee (Mintzberg, 1994).

Consider if the board membership is representative of the organization’s clientele and community, and if they are not, the organization may want to involve more representation in planning. If the board chair or chief executive balks at including more of the board members in planning, then the chief executive and/or board chair needs to seriously consider how serious

the organization is about strategic planning. Always include in the group, at least one person who ultimately has authority to make strategic decisions, for example, to select which goals will be achieved and how. It should be ensured that as many stakeholders as possible are involved in the planning process. At least those who are responsible for composing and implementing the plan should be involved in the administration of the process, including arranging meetings, helping to record key information, helping with flipcharts, monitoring status of pre-work (Robinson, 2003).

Number and Duration of Planning Meetings need to be taken into account. New planners usually want to know how many meetings will be needed and what is needed for each meeting, that is, they want a procedure for strategic planning. The number meetings depend on whether the organization has done planning before, how many strategic issues and goals the organization faces, whether the culture of the organization prefers short or long meetings, and how much time the organization is willing to commit to strategic planning. An attempt to complete strategic planning in at most two to three months, or momentum will be lost and the planning effort may fall apart (Norman 1984).

At most meetings should be two to three weeks apart when planning. Otherwise, momentum will be lost. The most important factor in accomplishing complete attendance to planning meetings is evidence of strong support from executives. Therefore, ensure that executives issue clear direction that they strongly support and value the strategic planning process, and visibly involved in the planning process.

One example of a brief planning process which includes four planning meetings and develops a top level strategic plan which is later translated into a yearly operating plan by the staff. First, planning starts with a half day or all day board retreat and includes introductions by the board chair/chief executive, the examinations of organizations benefits from strategic planning and organizations commitment to the planning process, the facilitators overview of the planning process, and the board chairs and/or chief executive explanation of who will be involved in the planning process. In the retreat, the organization will then begin the next step in planning, whether this be visiting the mission, vision, values, etcetera or identifying current issues and goals to which strategies will need to be developed. (Goals are often reworded issues). Planners are asked to think about strategies before the next meeting (Lujan 2001).

Second, the next meeting focuses on finalizing strategies with each issue. Before the next meeting, a subcommittee is charged to draft the planning document, which includes the updated mission, vision and values, and finalized strategic issues, goals, strategies. This distributed before the next meeting. Third, in the next meeting planners exchange feedback about the content and format of the planning document. Feedback is incorporated in the planning document and it is distributed before the next meeting.

The next meeting does not require entire attention to the plan, for example, the document is authorized by the board during a regular board meeting. Note that in the above example, various sub committees might be charged to gather additional information and distribute it before the next planning meeting. Also, the staff may take this document and establish a yearly operating plan which details what strategies will be implemented over the next year, who will do them and by when and lastly it is important to note that no matter how serious organizations are about strategic planning, they usually have strong concern about being able to attend frequent meetings. This concern can be addressed by ensuring meetings are well managed, having short meetings as needed rather than fewer but longer meetings, and having realistic expectations from the planning project (Migude, 2003).

### **2.5.1 Implementation Process**

A frequent complaint about the strategic planning process is that it produces a document that ends up collecting dust on a shelf – the organization ignores the precious information depicted in the document. For effective implementation, an organization should when conducting the planning process, involve the people who will be responsible for implementing the plan. A cross functional team (representatives from each of the major organization product or service) to ensure the plan is realistic and collaborative should also be used. A firm should ensure the plan is realistic and organize the overall strategic plans into smaller action plans, often including an action plan (or work plan) for each committee and the board (Michael, 1997).

In the overall planning document, it should specify who is doing what and by when (action plans are often referenced from the implementation section of the overall strategic plan). Some organizations may like to include the action plans in a separate document from the strategic plan which includes the action plan in separate document from the strategic plan which includes only the mission, vision, values, key issues and goals and strategies. This approach



carries some risk that the board will lose focus on the action plans. In an implantation section in the plan, it should specify and clarify the plans, implementation roles and responsibilities. It should detail particularly the first ninety days of implementation of the plan. Translate the strategic plans actions into job descriptions and personnel performance reviews. Communicate the roles follow-ups to the plan. If people know the action plans or be regularly reviewed, implementers tend to do their jobs before they checked on documents and distribute the plan, including inviting review input from all (Markides, 1999).

An organization should ensure that one internal person has ultimate responsibility that the plan is enacted on in a timely fashion. The chief executive support of the plan is a major driver to the plans implementation. The plans, goals and objectives should be integrated into the chief executive performance review. Huge emphasis should be placed on feed back to the board's executive committee from the planning participants. Further, the firm should have designated rotating "checkers" to verify, e.g. every quarter if each implementer completed their assigned tasks. Pairs of people responsible for tasks should be available have each partner to help the other finish the other tasks on time (Kanter, 1994).

## CHAPTER THREE: RESEARCH METHODOLOGY

### 3.1 Research Design

The study employed a survey design. This design was considered appropriate because of the need to capture the strategic planning problems affecting firms in the commercial banking industry as a whole. One of the scholars observed that survey design is capable of establishing strategic responses of commercial banks to the threat of substitute products in the Industry (Goro, 2003). Therefore, a survey design has been used by previous researchers in study of commercial banks in the Kenyan industry.

### 3.2 Target Population

The target population was all commercial banks in Kenya registered with the Central Bank of Kenya (CBK). According to the registration as of 2007, there were 47 commercial banks in Kenya. This registered number constituted the sampling frame for the study. The branches of the commercial banks were not considered as separate entities as many banks have adopted expansion into fully fledged branches to increase their market share.

### 3.3 Sampling

Random sampling was used in this study. A total of 33 commercial banks were chosen using stratified random sampling method as shown in Table 1:

**Classification of Commercial Bank in Kenya**

<b>Bank Classification</b>	<b>Population Number</b>	<b>Number in Sample</b>
Top Tier	4	4
Medium Size	5	5
Small Banks	10	10
Others	28	14
<b>Total</b>	<b>47</b>	<b>33</b>

The random method of selection was done by obtaining the list and for the banks appearing in the register at CBK.

### **3.4 Data Collection**

The study relied on primary data. The data was collected using semi structured questionnaires (see appendix I). The questionnaire was divided into part A and B. Part A was used to collect data on respondent's details and part B was used to collect data on strategic planning and challenges experienced in the commercial banks.

The respondents were two heads of departments or divisions in any of the common or major departments in the commercial banks. Most banks have the following departments; Corporate business, marketing, finance, human resources/human capital and treasury. The choice of heads of units in the above mentioned departments was mainly because they get involved in strategic formulation and planning. They are also decision makers in the commercial banks.

The questionnaire was administered by "drop and pick later" method. This is a variation of the mail questionnaire method where the data collector agrees with the respondents as to when the questionnaire can be picked. In a situation where the targeted respondent is not readily available, the person recommended by the deputy will respond to the questionnaire. The questionnaires consisted of both open and closed ended questions.

### **3.5 Data Analysis and Presentation**

The data analysis sought to determine the magnitude of the strategic planning problem for the commercial banks in Kenya. Mean scores as part of descriptive statistics were computed in the analysis, as this addressed part of the first objectives of the study. Factor analysis was also instrumental as it was used to summarize the important information as to what coping strategies are adopted by commercial banks in Kenya for the strategic planning problems by isolating and eliminating variables that do not seem to belong with the rest of the variables, thus addressing the second objective of the study. It also revealed that certain banks were affected by certain problems in their strategic planning. Percentages were also used in line with proportionate stratified sampling if there is a reasonable number in each category. Otherwise the disproportionate method was used if the numbers are fewer and no justification for the proportionate method achieved. To improve interpretation, statistical package of social sciences was used. This package generated output from the data and coding from questionnaires. The output was used to generate tables and pie charts to give a more understandable impression.

## **CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATIONS**

This chapter presents the analysis and findings of the study from the data collected using the research questionnaire. From a total target of 33 respondents, 24 responded and returned the questionnaires comprising 72.7% response rate.

### **4.1 Respondents Positions in the Organizations**

The study found that the respondents were in positions such as; credit officers, HR assistants, accountants, clerks, operations officers, customer care representatives, procurement managers, human resource managers and marketing managers.

#### **4.1.1 Number of Years of Service**

In order to find out the experience that the respondents had in their organizations and their knowledge of strategic planning in their organizations, the respondents were requested to indicate the number of years that they had served in their respective banks. From the study, the respondents had served for 6 months, 3 years, 1 year, 1 and half years, 5 years 7 years, 6 months, 9 months 7 years, 9 years, 11 years, 2 years, and 24 years. This therefore shows that majority of the respondents were well versed with the strategic planning problems in their banks and the coping strategies as most of them had been in their respective organizations for more than 1 year.

#### **4.1.2 Strategic Planning Problems faced by Commercial Banks in Kenya**

There was involvement of the departments in the strategic planning process in most banks as indicated by the respondents. The study sought to find out whether various departments in commercial banks in Kenya were involved in strategic planning process. From the study, all the respondents reported that their departments were involved in the strategic planning process. However, there were instances where unprecedented changes were experienced by the banks and fifteen out of the total 28 banks who responded indicated that they were affected by post election violence that paralyzed operations in certain areas of the country. This in turn instilled fear some businesses that adversely affected strategic plans such as branch and product range expansions.

Three banks indicated that main problem in managing the strategies are due to the fact that most of the time was spent in planning of strategies and get caught up in the planning stage

without implementing the plans. The planning teams then get paralyzed by analysis instead of the moving to implementation stage. Lack of communication of the strategic plans to stakeholders also led to minimum or no understanding of the proposed plans. The plans largely remained with the middle and top management

#### **4.1.3 Coping Strategies adopted by Commercial Banks in Kenya**

Four banks indicated that they were forced to hold back rolling out and implementing their strategic plans because of the uncertainty, lost and or reduced business opportunities in the areas they intended to expand to and the products that they intended to offer.

Three other banks confirmed that they have broken down strategic plans into short term and long term plans. This allows them the flexibility of reviewing the plans from time to time depending on the factors that influence business and customer requirements.

#### **The scope of the planning period**

	Frequency	Percent
Below years	15	62.5
5-10 years	9	37.5
<b>Total</b>	<b>24</b>	<b>100.0</b>

In table 2 above, the respondents were also requested to indicate the scope of the strategic planning period in their organizations. From the study, the majority of respondents as shown by 62.5% reported that the scope of the planning period in their department was below 5 years. This indicates that strategic planning process was new to the majority of these banks, while 37.5% of the respondents reported that the scope of the planning period was 5-10 years, which was an indication that they were well versed with the problems associated with the strategic planning in their organizations.

### **Whether the organization/department has experienced any problems in the strategic planning**

	Frequency	Percent
Yes	22	91.7
No	2	8.3
Total	24	100.0

As indicated in table 3 above, the study also sought to find out whether the organizations or departments had experienced any problems in the strategic planning. From the findings, the majority of respondents as shown by 91.7% reported that their organizations/departments had experienced problems in the strategic planning, while 8.3% of the respondents reported that their organizations/departments had not experienced problems in the strategic planning.

#### **4.2 The Approach That the Banks/Departments Take To Deal with the Problems in Strategic Planning**

The study also sought to find out the approaches that the organizations took in order to deal with the problems in the strategic planning.

From the study, the respondents reported that the organizations started training all the staff, reviewing the previous operation strategies which were old and outdated, collateral check-ups, scrutiny of the guarantors, giving more information to the department by the organization on various issue e.g. market analysis, financial analysis etc, spreading wings by opening new branches, increasing the capital base and lending facilities, getting the appropriate strategic plan, intensive market research on this area and employing more qualified staff especially who had adequate knowledge on areas such as information technology.

Other approaches that the organizations/departments took to deal with the problem were; use of professionals for the planning, laying of alternate course of action i.e. plan B, SWOT and PEST analysis were carefully done, introduction of a system whereby withdrawals with ATM are charged nothing unlike the banks that charge a fee, increasing the staff to offer prompt service, emphasized interpersonal assistant through consultancies, internalization of the strategies to all job groups and also adjusting the initial estimates since the predicted economic growth rate reduced.

### Whether the approaches were successful

	Frequency	Percent
Yes	21	87.5
No	1	4.2
Not reported	2	8.3
Total	24	100.0

In table 4, the study also sought to establish whether the approaches that the organizations/departments took to deal with the problem of strategic planning were successful. From the study, most of the respondents as shown by 87.5% said that the approaches were successful, while a small proportion of respondents as shown by 4.2% reported that the approaches were not successful. 8.3% of the respondents did not respond to this question as they had reported that their organization/department had not experienced problems in the strategic planning.

#### 4.2.1 Alternatives Adopted By the Firm

According to the respondents, the alternative approaches adopted by the firms were; opening various branches of the firms in areas where there is less competition, introducing new products which have different features comparing with those of competitors advertisements, offering good quality services.

### **Involvement of employees of the department in the planning process**

	Frequency	Percent
Yes	9	37.5
No	15	62.5
Total	24	100.0

The researcher also asked the respondents whether all the employees of the department were involved in the planning process. From the study, as illustrated in table 5, the majority of respondents said that the employees were not involved in the planning process, while 37.5% of the respondents said that all the employees in their department were involved in the planning process.

The respondents who said that the employees in their organization were involved in the planning process were requested to indicate the area that they were involved in. From the study, the researcher found that the employees were involved in areas such as the actual implementation of the strategy and the training arrangements, filling internal questionnaires, formulation of plans, day to day running of the bank, creating goodwill to the customers through the staff, marketing the company's product through personal selling and advertisement.

The study also found that the employees in these banks are divided in clusters where they aid in planning, the lower level aid in tactical planning upwards to the highest level aiding strategic planning and authorization and project implementation, they are also involved in the initial stages of setting the vision, mission, goals and objectives all the way to implementation stages, marketing the banks in order to get more customers who can borrow their loans and also having a strategic planning which incorporates the financial and political risks.

#### **4.2.2 Whether the strategic plans are guided by the organization's objectives**

From the study, the researcher found from all the respondents that in their organizations, the strategic plans are guided by the organization's objectives.

#### **4.2.3 How the Objectives Are Incorporated In the Plans**

The study also sought to find out how the organization's objectives are incorporated in the strategic plans. From the study the respondents reported that the short term and long term



objectives are usually defined in the strategic planning process, an objective of the bank is to offer faster, friendlier banking so as to positively transform the lives of Kenyans-this is incorporated into the plans by ensuring the department focuses on customer service, thus coming with a plan to achieve this. The study further found that they are incorporated by comparing the desired end and actual plans to be met and by designing a schedule of implementing the objectives in the planned phases.

Other respondents also suggested that they are incorporated by having a guideline and striving to achieve them, objectives show the ultimate destination and therefore strategies are broken down to specific activities whose combined totals help arrive at the objective.

#### **4.2.4 Problems Experienced By the Firms That Are Uncontrollable**

The researcher also requested the respondents to give the problems that the organizations experience that are uncontrollable. According to the respondents, these problems are; economic factors, government controls, market changes, competition from other banks and changes in demand, loss of funds through fraud and lending to people who fake the legibility of being advanced credit, high rate of inflation, political uncertainty e.g. post election violence (2007), external regulations, worldwide financial crisis which are unpredictable, poor leadership leading to corrupt government.

Other problems experienced included; change in social classes which makes some customers shift to other banks, labor turnover, issues with CBK e.g. on risk management, controls from the central bank, tendency of clients of not activating their accounts, foreign exchange controls and financial market performance (worldwide drop).

#### **4.3 Whether the Organizations Have Been Involved With Other Competitors in Designing Strategies to Counter the Problems**

The respondents were also asked on whether their respective organizations had been involved with other competitors in designing strategies to counter the problems experienced. From the findings, the majority of the respondents reported that their banks had been involved with other competitors in designing strategies to counter the problems experienced. This is by improving on the products to contain threats, reducing interest rates on the on the products, having products that are customer tailored, reducing the accounts in terms of standing charges, the gulf bank also reported that they have collaborated with kenswitch to offer P.O.S services to their

clients through kenswitch network and also by pushing for policy frameworks which can man the unfair competition from microfinance institutions.

Others also reported that they had been involved with other competitors in designing to counter the problems through the Kenya bankers association but common issues are given common standards of operation, involvement with other banks in coming up with stringent interest rates and demanding collaterals where the amount of credit being sought is high. Some of the respondents said that they had not been involved with other competitors in designing to counter the problems. This was because most of the financial institutions tend to maintain their top secrets hoping that they will become the leading service provider countrywide.

In reducing the number of variables, factor analysis procedure was used to retain as much information as possible and to make the remaining variables meaningful and as easy to work with as possible. The respondents were asked for their opinion on a 1 to 5, agree disagree Likert scale on the statements listed in the questionnaire (appendix I)

**Final Varimax rotated factor Matrix (Factor Loadings)**

Variable	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
V1	0.54889	0.58721	0.37937	-0.07091	-0.04165
V2	0.50696	0.51183	0.59217	-0.12355	-0.00323
V3	0.1488	-0.0264	0.13502	0.20404	0.34392
V4	0.07081	0.39039	0.154	0.47027	-0.56253
V5	-0.59786	0.0048	-0.12905	0.00896	0.13378
V6	0.4415	0.38162	0.6233	0.08254	0.30465
V7	0.33166	0.17785	0.72427	0.15647	0.04198
V8	0.88522	0.05738	0.27339	0.00783	0.39365
V9	0.28085	0.38127	0.52085	0.25857	-0.00919
V10	0.27281	-0.13617	0.48109	0.31001	-0.16768
V11	0.132	0.02027	0.41386	0.63303	-0.06881
V12	0.63566	0.16269	-0.05823	0.17677	-0.1584
V13	0.47203	0.04658	0.0874	0.11509	0.21208
V14	0.35902	0.20244	0.62045	-0.2359	0.32193
V15	0.83807	0.16652	0.11719	-0.07118	0.07428
V16	0.95371	0.03054	0.14422	0.04373	-0.04412
V17	0.90224	0.13163	0.19668	-0.0064	0.07238
V18	0.89532	-0.091	0.06953	0.20003	0.14971
V19	0.71548	0.07544	0.10927	0.02479	0.15617
V20	0.18581	0.03754	0.20178	0.00627	0.85793

The analysis was guided by the objective spelt out in chapter one. The 5 point rating scale was used varying from 'a very great extent' (5) to 'not at all'. Mean scores were used to determine the extent to which commercial banks in Kenya faced planning problems and the coping strategies. The score 'A little extent' and 'not at all' represented a variable practiced to a small extent. The correlation between variable 1 and factor 1 is 0.54889 showing no correlation between the factor and the variable. The factor loading provides an indication of which original variables are correlated with each factor and the extent of correlation. The coefficients represented indicate both the regression weights and correlation coefficients.

Factor 1 can be named participation of staff in the strategic planning in the banks. The management must therefore involve the key stakeholders in the panning process and review the strategies from time to time in order to come up with adequate coping strategies to mitigate the problems.

## Descriptive Statistics

Variable	Mean	Std. Deviation	Variance
1	2.12	1.01	1.027
2	1.96	0.79	0.623
3	1.48	0.87	0.76
4	2.64	1.50	2.240
5	3.84	1.31	1.723
6	2.16	1.28	1.640
7	2.08	1.08	1.160
8	2.2	1.22	1.500
9	1.96	1.04	1.077
10	2.00	1.12	1.250
11	1.96	0.93	0.873
12	2.20	0.91	0.833
13	2.04	0.89	0.790
14	2.16	1.11	1.223
15	2.12	1.09	1.193
16	2.08	1.04	1.077
17	2.24	1.09	1.190
18	2.04	0.89	0.790
19	2.36	1.08	1.157
20	2.40	1.19	1.417

In the table 8 above, the equivalence of 1 to 2.4 on the continuous likert scale ( $1 \leq SE \leq 2.5$ ). The score moderate Extent (ME) represented a variable practiced to a moderate extent. The score 'a great extent' and 'a very great extent' represented a variable practiced to a large extent (LE). This was equivalent to 3.6 to 5.0 on a likert scale ( $3.6 \leq LE \leq 5.0$ ). With this is mind we note that the higher the mean score the greater the coping strategies are adopted by commercial banks.

## **CHAPTER FIVE: DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Discussions**

From the analysis and data collected the following discussions, conclusions and recommendations were made. The study sought to establish the strategic planning problems and coping strategies among commercial banks in Kenya. From the study, the researcher found that all the commercial banks were involved in the strategic planning process. The scope of the planning period for most of these banks was below five (5) years, which was an indication that strategic planning in the majority of the commercial banks was a new concept.

From the study, most of the banks had experienced problems in the strategic planning. The approaches that these banks took to deal with the problem of strategic planning were such as; training all the staff, reviewing the previous operation strategies which were old and outdated, collateral check-ups, scrutiny of the guarantors, giving more information to the department by the organization on various issue for example market analysis, financial analysis among others, other approaches included, spreading wings by opening new branches, increasing the capital base and lending facilities, getting the appropriate strategic plan, intensive market research on this area and employing more qualified staff especially who had adequate knowledge on areas such as information technology.

Other alternatives adopted included; use of professionals for the planning, laying of alternate course of action alternative plans, SWOT and PEST analysis were carefully done, introduction of a system whereby withdrawals with Automated Teller Machines (ATM) are charged nothing unlike the banks that charge a fee, increasing the staff to offer prompt service, emphasized interpersonal assistant through consultancies, internalization of the strategies to all job groups and also adjusting the initial estimates since the predicted economic growth rate reduced in order to deal with the problem of strategic planning.

The study also revealed that most commercial banks did not involve all the employees in the planning process. The study also found that in all these banks, the strategic plans were guided by the organization's objectives and they were incorporated by making them an avenue of achieving the bank's overall vision, by defining the short term and long term objectives in the strategic planning process, an objective of the bank is to offer faster, friendlier banking so as to

positively transform the lives of Kenyans. This was incorporated into the plans by ensuring the department focuses on customer service, thus coming with a plan to achieve this. The study further found that they were incorporated by comparing the desired end and actual plans to be met and by designing a schedule of implementing the objectives in the planned phases.

## **5.2 Conclusions**

From the findings in chapter four and the discussions in this chapter, the researcher concluded that commercial banks in Kenya experience problems in the strategic planning. These problems were such as risks associated with loans to the customers, inadequate knowledge by the staff, inadequate employee, lack of enough customers and operation strategies that were old and outdated.

The study also concluded that in order to deal with the problems of strategic planning, the banks trained their staff, reviewed the previous operation strategies which were old and outdated, collateral check-ups, scrutiny of the guarantors, giving more information to the department by the organization on various issue e.g. market analysis, financial analysis etc. other approaches included, spreading wings by opening new branches to meet expansion needs, increasing the capital base and product expansion lending facilities, getting the appropriate strategic plan, intensive market research on this area and employing more qualified staff especially who had adequate knowledge on areas such as information technology.

## **5.3 Limitations**

A number of studies have been done in the area of strategic planning among organizations including banks but not specific attention has been given to commercial banks in Kenya. Further to this, there has not been a study focusing on coping strategies developed by these organizations studied to mitigate the strategic planning problems.

The criteria used to determine the strategic planning problems and coping strategies among commercial banks in Kenya concentrated mainly in middle to senior management from various departments. This can lead to subjective or biased responses. Some of the commercial banks considered the information sought as being sensitive and would not respond and give a clear picture of the situation for fear of the information being used by competition.

The amount of time for the study was short as a result the research concentrated only on the commercial banks in Kenya. If more time would be allocated to the study, then multinational and international banks would be included in the research.

#### **5.4 Suggestions for further research**

From the study, the researcher recommended that for the banks to succeed in the strategic planning process, they should involve even the employees in the strategic planning stages.

It was also recommended that top managers should fully support the strategic planning process for it to be successful in these organizations.

Further research should be done to determine if multinational and international organizations are involved in similar strategic planning process, problems experienced and identify any similarity in the coping strategies adopted in managing the challenges. A research could also be done in strategic planning and how information technology relates to the problems experienced by commercial banks in Kenya.

Replicate studies should be carried out in different sectors to see the correlation of the findings with those obtained in other non commercial banks. The strategists would therefore have a patterns of planning problems and position themselves to cope with the problems experienced in the industry.

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**APPENDIX I: QUESTIONNAIRE**

**SECTION I**

**PART A**

1. Name of the institution

.....  
.....

2. Your position

.....

3. Number of years of service

.....

4. Gender

.....

**PART B.**

5. Is your department involved in the strategic planning process?

Yes

No

6. If yes above, what is the scope of your planning period?

Below 5 below

5 to 10 years

Above ten years

7. Has your organisation/department experienced any problems in the strategic planning?

Yes

No

8. What approach did the organisation/department take to deal with the problem?

.....  
.....  
.....

.....  
.....

9. Were these approaches successful?

Yes

No

10. What were the alternatives adopted by your firm?

.....  
.....  
.....  
.....  
.....

11. Are all employees of the department involved in the planning process?

Yes

No

12. If yes above, in what areas are they involved? Explain

.....  
.....  
.....  
.....

13. Are the strategic plans guided by the organisation's objective?

Yes

No

14. If yes above, how are they incorporated in the plans?

.....  
.....  
.....  
.....

15. What problems are being experienced by the firm that are uncontrollable?

.....  
 .....  
 .....  
 .....  
 .....

16. Has the organisation been involved with other competitors in designing strategies to counter the problems? Explain

.....  
 .....  
 .....  
 .....  
 .....

**SECTION II**

Listed below are statements dealing with various issues in strategic planning problems and coping strategies among commercial banks in Kenya. Please tick in the bracket the extent to which you agree with each statement.

1= Not at all 2=A little extent 3= A moderate extent 4= A great extent 5= A very great extent

	1	2	3	4	5
17. The organization sets clearly established success goals and objectives known to all employees	( )	( )	( )	( )	( )
18. There is adequate planning, control and reporting procedures in place	( )	( )	( )	( )	( )
19. The organization involves all employees In strategic planning	( )	( )	( )	( )	( )
20. Understanding the relative importance of planning is shared among those involved in strategic planning	( )	( )	( )	( )	( )
21. Implementation plans are in place before Strategies are rolled out in the organization	( )	( )	( )	( )	( )

- |   |                       |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 22. Continuous Communication between all participants is maintained                                 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 23. The possible planning problems anticipated and mitigated in advance                             | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 24. Management are committed to established planning schedules and review performance periodically. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 25. Adequate change procedures are in place to allow review of strategic plans                      | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

## **APPENDIX II: LIST OF COMMERCIAL BANKS IN KENYA**

African Banking Corporation Limited

P O Box 46452 – 00100, **NAIROBI**

Bank of Africa Kenya Limited

P O Box 69562 – 00100 **NAIROBI**

Bank of Baroda (K) Limited

P O Box 30033 – 00100, **NAIROBI**

Bank of India

P O Box 30246 – 00100, **NAIROBI**

Barclays Bank of Kenya Limited

P O Box 30120 – 00100, **NAIROBI**

CfC Bank Limited

P O Box 72833 – 00200, **NAIROBI**

Charterhouse Bank Limited

P O Box 43252 **NAIROBI**

Chase Bank Limited

P O Box 28987 – 00200, **NAIROBI**

Citibank N A Kenya

P O Box 30711 – 00100, **NAIROBI**

City Finance Bank Limited

P O Box 22741-00400, **NAIROBI**

Cooperative Bank of Kenya Limited

P O Box 48231 – 00100, **NAIROBI**

Commercial Bank of Africa Ltd.  
P O Box 39437 – 00100, **NAIROBI**

Consolidated Bank of Kenya Ltd.  
P O Box 51133 – 00200 **NAIROBI**

Credit Bank  
P O Box 61064 **NAIROBI**

Development Bank of Kenya  
P O Box 30483 – 00100, **NAIROBI**

Diamond Trust Bank Ltd.  
P O Box 61711 – 00200, **NAIROBI**

Dubai Bank Kenya Ltd.  
P O Box 11129 – 00400, **NAIROBI**

EABS Bank Ltd.  
P O Box 47499 **NAIROBI**

Equitorial Commercial Bank Ltd.  
P O Box 52467, **NAIROBI**

Equity Bank Ltd  
P O Box 75104 – 00200, **NAIROBI**

Family Bank Ltd.  
P O Box 11666 – 00400, **NAIROBI**

Fidelity Commercial Bank Limited  
P O Box 34886, **NAIROBI**

Fina Bank Limited  
P O Box 20613 – 00200, **NAIROBI**



Giro Commercial Bank Limited  
P O Box 46739 – 00200, **NAIROBI**

Guardian Bank Limited  
P O Box 67681 – 00100, **NAIROBI**

Habib Bank A. G Zurich  
P O Box 30584, **NAIROBI**

Habib Bank Limited  
P O Box 43157 – 00100, **NAIROBI**

Housing Finance Limited  
P O Box 30088, **NAIROBI**

Imperial Bank Limited  
P O Box 44905 00100, **NAIROBI**

Investment & Mortgages Bank Limited  
P O Box 30238 00100, **NAIROBI**

K-Rep Bank Ltd.  
P O Box 25363 00603, **NAIROBI**

Kenya Commercial Bank Ltd.  
P O Box 48400 00100, **NAIROBI**

Middle East Bank (K) Ltd.  
P O Box 47387 – 0100 **NAIROBI**  
National Bank of Kenya Limited  
P O Box 72866 00200, **NAIROBI**

NIC Bank Limited  
P O Box 44599, 00100 **NAIROBI**

Oriental Commercial Bank Ltd.  
P O Box 44080 – 00100, **NAIROBI**

Paramount Universal Bank Ltd.  
P O Box 14001, **NAIROBI**

Prime Bank Limited  
P O Box 43825 – 00100, **NAIROBI**

Prime Capital and Credit Finance Ltd.  
P O Box 46559 – 00100, **NAIROBI**

Savings and Loan (K) Ltd.  
P O Box 45129 – 00100, **NAIROBI**

Southern Credit Banking Corporation Limited  
P O Box 11666 – 0400, **NAIROBI**

Stanbic Bank Kenya Limited  
P O Box 30550, 00100, **NAIROBI**

Standard Chartered Bank (K) Ltd.  
P O Box 30003 – 00100, **NAIROBI**

Transnational Bank Ltd.  
P O Box 34353 – 00100, **NAIROBI**

Victoria Commercial Bank Ltd.  
P O Box 41114 – 00100, **NAIROBI**

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