

STRATEGIC PLANNING PRACTICES AT THE BARCLAYS

BANK OF KENYA

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DECLARATION

I hereby certify that this project is my original work and has not been presented for examination in any institution of higher learning.

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This research project has been submitted for examination with my approval as the University supervisor.

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DEDICATION

I dedicate this work to my lovely son Kinoti. He is my source of inspiration, strength and has been my motivator through out the entire period of study.

And to my dear son Kinoti, I encourage you to work very hard in life and study to reach the epitome. This is my blessing to you.

ABSTRACT

Today's organizations in both developed and developing countries operate in a turbulent and regulated environment and hence the need to establish distinctive and unique capabilities in order to gain a competitive advantage through formulation and implementation of effective strategic planning practices. Strategic planning practices involve the formulation of vision and mission statement, performance of situational analysis and strategy formulation.

The study sought to determine strategic planning practices in the Barclays Bank of Kenya and how this has helped the bank achieve its goals. The study adopted a case study design and it targeted ten senior managers at the corporate level which comprise of corporate director, retail director, human resource director, head of channels, head of branch operations, head of marketing, head of cash management, head of treasury, head of customer support and senior change manager. Primary data was collected using an interview guide and content analysis was used to analyze the data.

The study established that the bank's vision, mission and values have been clearly set and communicated to employees who are fully committed to the process of strategic planning. It further established that most of the decisions in Barclays Bank are planned and engineered in United Kingdom and passed on to respective countries for implementation.

The findings led to the conclusion that Barclays Bank of Kenya has a strategic plan in place and this has helped the company achieve its goals and increased the company profitability. It further concludes that there are various factors including stiff competition, availability of funds among others that might hinder the strategic planning practices and need to be effectively managed.

The study recommends that there should be proper budget allocation to support the strategic planning practices in the bank, the need for Barclays bank of Kenya to formulate plans independently without relying on group office for approval and the need of thorough market and competitor analysis so as to be able to foresee challenges and opportunities in the company. Finally, the study suggests the need to study other competitor's strategy planning practices and challenges facing strategic planning practices in Barclays Bank of Kenya.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Strategic planning is a systematic process of envisioning a desired future, and translating this vision into broadly defined goals or objectives and a sequence of steps to achieve them. In contrast to long-term planning which begins with the current status and lays down a path to meet estimated future needs, strategic planning begins with the desired end and works backward to the current status. Management scholars and practitioners have continually attached much importance and relevance to strategic planning with the belief that on average, organizations that practice strategic planning are better off than those that do not. Today's organizations in both developed and developing countries operate in a more turbulent and regulated environment, hence an organization must establish distinctive and unique capabilities in order to gain a competitive advantage through formulation and implementation of effective strategic plans. Strategic planning involves determination of long-term objectives of an organization and thus prescribes the cause of action needed to get there, (Cole, 2006).

1.1.1 Strategic Planning Practices

Strategic planning practices involves the formulation of vision and mission statement, performance of situational analysis and strategy formulation and choice, all organizations are environment dependent and cannot afford to ignore it. Organizations affect and are affected by the environment, (Pearce and Robinson, 2008). A good strategic plan would be heavily influenced by the internal and external environment and should be reflective of the same. Johnson and Scholes (2002), view strategy as the direction and scope of an

organization over the long-term that achieves advantage for the organization through its configuration of resources within a changing environment and fulfill stakeholders expectations. Various business analysis techniques can be used in strategic planning, including SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats).

Kamau (2008). acknowledges that strategic planning is important, but what is more important is how it is practiced in different organizations. Organizations keep on redefining their vision and mission statements, organize seminars and even include consultants to formulate workable strategies. Strategic plans ought to be dynamic and flexible to be in sync with the turbulent environment. Strategic planning often involves highly systematized step-by-step chronological procedures involving many different parts of the organization, (Johnson and Scholes, 2002). Competition between firms has tended to be fierce and sophisticated and this is clear amongst the banks in Kenya both local and multinational, technology has advanced subsequently, whilst the customers are making better and more informed decisions, with all these, organizations have no choice but to resort to strategic planning.

For any organization to realize its goals then it has to put into consideration its capabilities, these are not specific inputs like tangible assets but rather are skills, abilities and ways of combining assets, people and processes to transform inputs into outputs, (Pearce and Robinson, 2008). It has been stated that perhaps the most important resource of an organization is its people. So the structural roles people play, the process through which they interact and the relationships that they build are crucial to the success of strategic planning. Many organizations favored the traditional way of management that emphasized formal structures, this suited a top-down, command-and-control view of

strategy where managers at the top made the decisions and the rest of the organization simply implemented. A fast moving knowledge intensive world raises two issues; first, a static concept of formal structure is less and less appropriate; secondly, harnessing the valuable knowledge that lies throughout the organization requires informal relationships and processes to generate and share the in-depth that is now often fundamental to competitive advantage, (Johnson and Scholes, 2008).

1.1.2 Banking Industry in Kenya

The Banking industry in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK). The banking sector was liberalized in 1995 and exchange controls lifted. The CBK, which falls under the Ministry of Finance, is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system.

As at December 2008 there were forty six banking and non bank institutions, fifteen micro finance institutions and one hundred and nine foreign exchange bureaus. The banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the banking sector's interests. The KBA serves a forum to address issues affecting members. Over the last few years, the Banking sector in Kenya has continued to grow in assets, deposits, profitability and product offering. The growth has been mainly underpinned by; an industry wide branch network expansion strategy both in Kenya and in the East African community region, automation of a large number of services and a

move towards emphasis on the complex customer needs rather than traditional 'off-the-shelf' banking products,(Njoroge, 2010).

1.1.3 Barclays Bank of Kenya

Barclays Bank of Kenya Limited, a subsidiary of Barclays PLC. is one of the top banks in Kenya. It has operated in Kenya for 95 years, and currently has an extensive network of 117 branches and over 230 ATM's countrywide. Barclays Bank of Kenya is a large financial institution in Kenya, with an estimated asset base in excess of US\$2.2 billion (KES 177 billion) as of September 2010. At that time, Barclays Bank of Kenya was the second largest bank in Kenya, by assets, behind Kenya Commercial Bank Group with assets valued at US\$2.72 billion (KES 218.2 billion). The institution serves the banking needs of large and small business customers as well as individuals.

Internet and mobile banking channels plus a Customer Service Centre that operates 24 hours a day, 7 days a week support its network. The bank's business units fall under Retail, Corporate, Treasury and Card services with cross-functional relationships to support the segments of local business and small to mid-sized enterprises (SME). Barclays Bank's financial strength coupled with extensive local and international resources have positioned Barclays as the top provider of financial services in the market for the past several years. Moreover, Barclays Bank's consistent financial performance has built confidence in its leadership and management among the Bank's shareholders, with a reputation as one of the leading blue chip companies on the Nairobi Stock Exchange.

The bank has about 2000 employees currently. There has been employee restructuring programme in the recent past that saw the bank let go of 200 members of staff in a bid to cut down on operational cost. Expansion programmes of the bank took place extensively in the year 2007 and 2008, where they opened new branches in most parts of the country.

Recently, Barclays bank in a bid to attract and retain their customers and reduce queues in the banking hall, cut down their ATM withdrawals fee. The new projects that the bank has launched recently are internet banking for retail customers, partnership with Mobile Network providers, specifically Safaricom on Mpesa, as well as Mobile banking platform known as Hello Money. The bank would expect to see a step more on integrating the mpesa platform with hello money and internet banking. Last year the bank changed its operating system from brains to oracle flex cube, (www.barclays.co.ke).

1.2 Research Problem

Strategic planning practices have extensively been adopted by all types of organizations in the recent past, this has been a standard practice within commercial enterprises only, but this has seen even governmental and not-for-profit making organizations aligning themselves with strategic planning in a bid to achieve their set goals and objectives. Bryson (2004), the process of strategic issue identification is one of his proposed steps in strategic planning cycle, he defines these issues as fundamental policy questions or critical challenges affecting the organizations mandate, mission, values, service or product level , costs, financing, processes and management. This is viewed as a process of analyzing the opportunities and threats in the market, building the strengths and strengthening the weaknesses and opportunities to be taken while avoiding threats,

(McNamara, 2009). Most of the organizations in all sectors now are struggling to live by their mission and vision statements. Good progress has been made over a long period of time to improve the rigor of strategic planning.

Banks in Kenya independently have set particular objectives and ways to achieve the set objectives that is by developing strategic plans. However none of these banks have developed any immunity from its competitors and with special regard to the micro finance institutions that now have the full support from the central bank regarding their day-to-day operations. Some of these challenges faced by multinational banks and especially Barclays banking comparison with the local banks and micro finances are; the superiority of their products, lower interest rates, perception by the general public, safety and security of customers money and liquidity of the entity.

Numerous studies have been conducted by (Abdulaziz,2006; Kamau,2008;Omondi,2010; Githinji,2010)who carried out research on strategic planning practices in Kenya Ports Authority, tour and travel firms, Kenyan football clubs in the Kenya premier league and Kenya National Audit Office respectively. The closest that was strategic planning by (Muriuki,2010), who studied commercial banks in Kenya, this study was a bit general and bearing in mind that all these banks and micro finance institutions are independent from each other.

The studies were sufficient in their relevant fields of study but this research will concentrate on Barclays Bank's strategic planning. This will fill the knowledge gap in literature and raise the question of how individual banks and with special regard to the

Barclays Bank of Kenya has adopted strategic planning and how this has steered the organization to the achievement of its major goals.

1.3 Research Objectives

The objectives of this study are;

- i) To determine strategic planning practices in the Barclays bank of Kenya.
- ii) To determine how this has helped the bank to achieve its goals.

1.4 Value of the Study

The study will be of great significance to various scholars, students and researchers who might be involved in a study on role of strategic planning on organizational goal achievement. The study will offer contribution to the new research, as it will provide the right information and readily available information concerning the topics. This research will form a basis for any further research in related and unrelated fields.

To Barclays Bank, the study will enable the management assess the impact of strategic planning and get more information on importance of developing better strategies and knowledge of management practitioners will hopefully be increased. This also will be necessary to various stakeholders for example shareholders and employees of the bank on matters regarding strategic planning. There will be great contribution to the banking industry as there will be ready information on importance of strategic planning in the organizations and to the policy makers in like organizations.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter will review the literature on strategic planning which is an important component in a broad array of research topics; the process and practices, strategic planning formulation and implementation, organization resources, leadership and culture and the challenges that are faced in strategic planning.

2.2 Strategic Planning Practices

Strategic planning is the formal consideration of an organization's future course. All strategic planning deals with at least one of three key questions: "What do we do?", "For whom do we do it?" and "How do we excel?" A plan is an attempt to manage the future; that is what is to be accomplished and how. Action plans, this is in regard to business strategies, grand strategies and long term objectives that are critically important in crafting a successful future. These provide much more specific guidance for what is to be done, a clear delineation of the impending actions that are needed, which actually helps translate vision into action. Action plans are effective when they incorporate four elements; first they identify specific functional tactics and actions that will be done in the next week, month or quarter as part of the business efforts to build competitive advantage, the point to note here is specificity that is "what exactly is to be done here?" The second element is a clear time frame for completion, when the effort will begin and when its results will be accomplished. The third element action plans contain is identification of who is responsible for each action in the plan; in this case accountability is key to ensure plans are acted upon. The fourth element associated with this are short

term objectives, usually each action plans has one or more specific objectives that are identified as outcomes the action generates, hence the short term objectives operationalize long term objectives, (Pearce and Robinson, 2002).

2.3 Corporate Strategic Planning

This is a disciplined and well-defined organizational effort aimed at completely specifying corporate strategy, (Andrews, 1980). This is a pattern of decisions in a company that determines and reveals its objectives purposes and goals and also defines the range of business the company is to pursue, the kind of economic and human organization it is or intends to be and the nature of economic and non-economic contribution it intends to make to its shareholders. Corporate strategic thrusts are powerful mechanisms that translate the broad direction that the organization wants to follow into a practical set of instructives to all key managers involved in the process of strategic planning. These are the primary issues that an organization has to address during the next three to five years to establish a healthy competitive position in the market, (Arnoldo and Nicholas, 1984).

It is also the top-level strategy that is concerned with the overall scope of an organization and how value will be added to the different business units. This could include issues of geographical coverage, diversity of products and how resources are to be allocated among the different departments. In general, corporate level strategy is also likely to be concerned with the expectations of owners, shareholders and the stock market. Being clear about corporate strategy is an important business decision, (Johnson & Scholes, 2008). The Harvard model amongst others was developed as part of the business policy

course taught at the Harvard business school since the 1920s, (Christensen et al. 1983). The main purpose of this model is to help a firm develop the best strategy for itself, this model appears to be best practiced at the level of strategic business units.

2.3.1 Strategic Planning Systems

This is conceived as a system whereby managers go about making, implementing and controlling important decisions across functions and levels in the firm. The strengths of these systems is their attempt to co-ordinate the various elements of an organizations strategy across levels and functions. Therefore the systems usually include three cycles: strategic issue identification, strategy development and strategy implementation, (Eckhart et al. 1986).

2.3.2 Strategic Plans Formulation

According to Thompson and Strickland (1989), strategy formulation refers to the entire direction-setting management function of conceiving an organizations mission setting specific performance objectives and forming a strategy. Once a clear picture of the firm and its environment is in hand, specific strategic alternatives can be developed. While different firms have different alternatives depending on their situation, there also exist generic strategies that can be applied across a wide range of firms. Michael Porter identified cost leadership, differentiation, and focus as three generic strategies that may be considered when defining strategic alternatives. Porter advised against implementing a combination of these strategies for a given product; rather, he argued that only one of the generic strategy alternatives should be pursued, (Porter, 1980).

2.3.3 Strategic Planning Implementation

According to Pearce and Robinson (1991), annual objectives guide implementation by converting long-term objectives into short-term goals the strategy likely will be expressed in high-level conceptual terms and priorities. For effective implementation, it needs to be translated into more detailed policies that can be understood at the functional level of the organization. The expression of the strategy in terms of functional policies also serves to highlight any practical issues that might not have been visible at a higher level. The strategy should be translated into specific policies for functional areas such as: Marketing, research and development, human resources and corporate department.

In addition to developing functional policies, the implementation phase involves identifying the required resources and putting into place the necessary organizational changes. This is the most formidable part of strategic planning. This is the phase that everything that has been planned for is put into action and as the plan proceeds, implementation to take place, we ought to create support systems for aligning internal organizational goals by the executives with the enhanced decision-making and communication protocols accompanying the new plan. Monitoring and assessing implementation effectiveness is another essential component to be put in place for formal reporting protocols and gathering feedback from all stakeholders. Implementation therefore incorporates co-operation, collaboration and co-ordination, (Rogers & Wright, 2009).

2.4 Mission and Vision

Identification of the institutions vision and mission is the first step of any strategic planning process. They seek to answer the questions, "what is our business and what will it be?"(Thompson and Strickland, 1999). The mission is often expressed in the form of a statement that conveys a sense of purpose to employees and projects a company image to the customers. In strategy formulation process, the mission statement steers the company to the intended direction, as well, it should envisage the aspects of customer, products, market, self concept, a guiding philosophy, issues of technology, concern for survival, long term profitability, employees and public image which are the key pillars of a good mission statement. The vision statement should be simple and idealistic; a picture of desirable future and not a complex plan with quantitative objectives and detailed action steps, this vision should appeal to the values, hopes, and the ideals of the organizations members and other stakeholders whose support is required. The vision should be challenging but realistic, meaningful and credible hence not a wishful fantasy but rather an attainable future grounded in the present reality. It will be difficult to make strategic plans without knowing the objectives to be attained and their relative priority. Long-term objectives should be based on the stated mission and vision for the organization, (Yukl, 2010).

2.5 Organizations Resources

According to Mintzberg and Quinn (2002), an organization is more than just a structure and secondly all the elements must fit to be in harmony with each other. The effective organization is one that has blended its structure, management practices, rewards and people into a package that in turn fits with its strategy, however strategies change and therefore the organization must change.

Research in the past few years is creating some evidence by which organizations and strategies are matched. Some of the strategies are proving more successful than others; evidence also shows that for any strategy the high performers are those who have achieved a fit between their strategy and their organization. These findings give organization planning a base from which to work, the organization planner should become a member of the strategic team in order to guide management to choose the appropriate strategies for which the organizations developed. The benefits attributed to the planning process are many and varied, however a summary of these benefits would include; a means for analysis and strategic thinking, better co-ordination of the organizations activities, effective allocation and use of resources, improved monitoring of performance, clear and well defined objectives, better communication and a general improvement in performance, (Thompson, 1990; Carter, 1999; Graetz, 2002; Johnson and Scholes, 2002).

2.6 Organization Culture

This is defined as the basic assumptions and beliefs that are shared among members of an organization that operates unconsciously and defined in a basic taken-for-granted fashion in an organization's view of itself and the environment, (Johnson and Scholes, 2008). Modern theories have introduced organizational culture as the most important component of the process that can make or break an organization. Organization culture can dictate how to approach major changes in the organization be it structural, behavioral, environmental amongst others.

A culture will determine how a strategic plan is developed amongst other factors. A culture will identify how things will be done in an organization hence culture will drive the expected behaviors within the organization and those in the surrounding environment.

It is of great importance that an organization cultivates a culture where all its members are motivated towards achievement of goals and set objectives. (Sherman, Rowley & Armandi, 2007). Culture can be studied as an integral part of the adaptation process of organizations and that specific culture traits may be useful predictors of performance and effectiveness. This was focused as a critical aspect of the adaptation of social organizations and viewed culture as a system of socially transmitted behavior, (Weber, 1930; Mead, 1934; Brown, 1952)

2.7 Organizational Leadership

Leadership is a social process in which one person in a group harnesses the knowledge, skills and motivation of the other members in the attainment of group goals.

This has been used in strategic planning as an initiative towards meeting the challenges of both internal and external environment, (Cole, 1995). In a global stakeholder society companies are expected to be accountable not only to shareholders for financial performance but to all stakeholders for their wider economic environment and societal impacts, (Wade, 2006).

Leaders have the ultimate responsibility to enhance subordinates motivation by clarifying the path to rewards that are available and to provide the necessary support systems to help the followers to adopting the appropriate leadership style that fits a given situation. Scanning the organization environments help to provide organizational leadership with a meaningful understanding regarding factors that impact on the organization. This helps leaders to focus on what is truly important for the survival and prosperity and effectiveness of the organization, (Robbins, 2005).

2.8 Challenges Facing Strategic Planning

According to Ringbakk and Steiner (1988), there are several reasons why formal strategic planning might fail, some of these reasons include; failure to develop throughout the organization an understanding of what strategic planning really is, how it will be carried out in the company and the degree of commitment of top management to doing it well. Another reason is the failure to tailor and design strategic planning system to the unique

characteristics of the organization and its management. Another is failure by top management to spend sufficient time on the strategic plan process such that the process becomes discredited among other managers and members of staff.

Many organizations have mission statements and corporate objectives which encompass the view that employees are their most valuable assets, however in some organizations these missions and objectives are poorly pursued and implemented such that the value of staff is actually poorly managed in practice, hence it is critical that managers have a highly developed sense of perception when it comes to understanding the motivation and expectations of their staff, this therefore should translate into a genuine concern for people which in turn impacts on performance in the workplace, (Capon, 2008).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research design and methodology of the study. In this stage decisions were made about how research was executed and how respondents were approached and how this research was completed. This therefore entailed the research design, data collection and data analysis.

3.2 Research Design

This research was a case study to describe the investigation of strategic planning and goal achievement in Barclays of Kenya. According to Kothari (1990), a case study is a powerful form of qualitative analysis, the study gave in-depth information of the strategic planning practices that translate to goal achievement in Barclays bank of Kenya.

3.3 Data collection

Strategic planning is normally conducted at the corporate level of management in any organization. For this study, primary data was collected using an interview guide that was administered to ten senior managers at the corporate level which comprise of corporate director, retail director, human resource director, head of channels, head of branch operations, head of marketing, head of cash management, head of treasury, head of customer support and senior change manager. The interview guide was structured to contain open ended and closed ended type of questions. The researcher booked appointments with the senior managers while using the drop and pick method for those who were unavailable.

3.4 Data Analysis

The data collected from the respondents was qualitative in nature, content analysis was used to analyze the data through describing phenomena, classifying it and seeing how the concepts delivered as indicated by the respondents bearing in mind the respondents were drawn from one organization. Content analysis is defined as a technique of making inferences by systematically and objectively identifying specific composition of the objects of the study (Mugenda and Mugenda, 1999). They observed that this method is appropriate for case studies because the researcher provides a systematic description of the composition of the objects that comprise the study.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter discusses the data findings, analysis and the interpretation; the main objective of this study was to investigate the strategic planning practices at the Barclays Bank of Kenya where a case study research design was used. To achieve its objectives this study was carried out using an interview guide that was subdivided into two sections. The first sought to identify with the interviewee while the second laid emphasis on the strategic plans that the bank has adopted and how it has led to achievement of its goals.

4.2 Demographic Information

The study targeted ten respondents who are senior members of management in Barclays Bank that is; directors and heads of departments. The respondents are the management team that is responsible for formulation of plans; this ensured a 100% response rate and hence made the study credible.

From the findings, eight of the respondents indicated that they had worked for the bank for more than ten years while two had been in the bank for a period between five to ten years. This was a clear indication that most of these senior members of management were experienced and conversant with the strategic plans and practices.

4.3 Does Barclays Bank have a Strategic Plan?

The study sought to establish the existence of a strategic plan at Barclays Bank, whether the strategic plans were formal or informal and whether the organization has a mission, vision, core activities and values. All respondents confirmed the existence of a formal strategic plan that was formulated by members in the top management and the country management committee. This strategic plan is then communicated to all stakeholders through the annual journals; intranet for the members of staff in terms of targets to be achieved being a profit making company.

4.3.1 Does Barclays Bank have a Mission and Vision?

All of the respondents confirmed that the organization had a mission, a vision and core values that were very clear to all members of staff. The respondents were further in agreement that the strategic plans are carried out by the group office, board of directors, directors and heads of departments. The respondents also confirmed that there were specific strategic goals and some of the major goals are to attain the largest market share by the year 2015, achieve profits of 20 billion Kenya shillings and finally to become the “go-to” bank by 2015. The respondents also confirmed that the strategic plans are between 1-5 years depending on the target to be achieved.

4.3.2 Strategic Planning Practices

According to the study, everyone in the bank is responsible for strategic planning practices. The respondents mention that this has been made a reality by staff being measured on performance every quarter and this has instilled a success attitude to all. Effective communication whereby every staff has access to intranet and the availability of a bottom-top approach supported by an open door policy where members of staff have channels for contributing to plans has also made his possible.

All of the respondents agreed that formulation of plans has been heavily influenced by the changes in the environment in the banking sector. Some of the factors are technology changes, competition from other banks by providing more pocket friendly products, regulation by the Central Bank of Kenya among others. The study also found out that action plans are drawn on a quarterly basis depending on customer demands, the banks balance sheet as well as stakeholders' demands.

4.3.3 Employee Commitment to Strategy Planning

The respondents were in unison that the members in the strategy committee were fully committed to the process right from inception to the implementation of the plan. There was a feeling that the employees at Barclays Bank are committed to the principles and core values that the management believes is a step in the right direction. They however noted that not all members of staff are fully committed but this as a result of disengagement in the entire process.

4.4 Organization Structure

The research sought to find out whether Barclays bank's organization structure facilitates the achievement of strategic plan. The current structure at Barclays bank consists of the board of directors, directors, heads of functions and senior management. The respondents confirmed that the structure has undergone minor changes from time to time to enable for proper implementation of the plans. The study further found out that the structure had changed to position the roles and responsibilities of staff although it was mentioned to adversely affect people who are not really aware of the plans bringing an issue in reporting lines and hence posing a challenge to proper implementation.

4.4.1 Organization Culture

The research gathered that being a multi national bank, most of the decisions and plans are engineered by the parent company in the UK. The study revealed that the culture at Barclays bank was supportive of strategy formulation, planning and implementation. The study also found that performance appraisal is used in ensuring that employees are in line with the strategies at stake.

4.4.2 Organization Resources

All the respondents were in agreement that the most important resource is employees in the bank. According to the respondents, the company is doing all it can to retain and develop their employees' competencies and equip them with necessary skills through trainings organized by the learning and development Centre. This has ensured that staff is competent in their respective fields.

The respondents also agreed that monetary resources at their disposal were not enough to meet their expected needs especially the execution of the strategic plans. Departments within Barclays bank have their specific budgets approved from the group office and this may take time to make amends leading to a shortfall of plans to be implemented. This research further revealed the issue of bureaucracy as a great hindrance to achievement of goals through planning.

According to the respondents, the bank carries out environmental scanning to determine its position in the industry and the factors affecting the bank internally and externally. Bureaucracy has an upper hand in regard to the response of the bank to the environmental demands and this has seen the bank lag behind its competitors in implementation of key strategies.

The research also found out that salary increments and promotions were awarded to staff but were purely based on merit, which was determined by performance appraisals, and to a great extent this has motivated the staff.

4.4.3 Leadership

According to the findings, leadership at Barclays bank was at the forefront in providing the vision, motivation and inspiration. The management showed an active team spirit in the formulation and implementation process. The respondents further emphasized that staff who are competent for the job held key positions and this has ensured a smooth transition in planning and implementation of the plans. The research further found out that most of the top management had risen through the ranks through great achievements and hence this has been encouraging and motivating to the banks' workforce.

4.5 Monitoring and Evaluation

The respondents agreed that monitoring and evaluation is an ongoing process at Barclays bank and this takes place throughout the year alongside implementation. The board of directors and the top management over see the plans by monitoring and evaluating while the country management committee and senior managers are tasked with implementation of the strategies. The group managing director also plays a key role in monitoring and evaluation. The country management committee acts as a go between the group office and the local management.

4.6 Do Planning Practices Aid in Achievement of Goals?

The study found out that through strategic planning, organization goals have been achieved and improved profitability year in year out. The bank has experienced tremendous growth and book balance despite the fierce competition from other multinationals, local banks and micro finances. Due to proper planning, this has a positive impact on goal achievement.

4.7 Measures to Address Challenges Facing Strategy Planning

The study established that strategic plans have at times been thwarted at the most crucial stages and this has come out like a waste of time and resources. The involvement of all members of staff in making plans is very important as the staff members are identified with plans and this makes it very easy to implement due the feeling of ownership.

The study also found out that rewards systems were pegged to performance appraisals, which in this case most employees struggled to remain in the line of best fit. The respondents further mentioned that Barclays bank is empowering employees to make crucial decisions promptly to avoid the slow response to global trends and failure to address environmental changes with the urgency it deserves.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This final chapter outlines the summary of the research findings, the conclusion, the limitations of the study, recommendations and suggestions for further research. Various aspects of strategic planning were investigated, the mission and vision, planning, formulation and implementation, organization structure, resources, culture and leadership. The objective of this study was to determine strategic planning at Barclays bank of Kenya and how this has helped the bank achieve its goals.

5.2 Summary of the findings

This study revealed that the mission, vision and values of the company have been clearly set out and communicated and members of staff are fully committed to the process of strategic planning practices in Barclays bank of Kenya. While most of the respondents acknowledged that the directors and heads of functions locally initiate mission and vision, this has also been interpreted as a continuous process in the bank with the plans being at times dependent on situations. The plans are reviewed on a quarterly basis but the long-term plans are reviewed yearly although they stretch to a period of five years like the current plan from 2011-2015.

According to the respondents, formulation of strategic plans has been heavily influenced by the changes in the environment in the banking sector. Some of the factors are technology changes, competition from other banks by providing more pocket friendly

products, regulation by the Central Bank of Kenya among others. These factors need to be addressed for it to be effective.

The study also found out that most decisions and plans are engineered by the parent company that is in the United Kingdom, and is only slightly modified and thereafter implemented by banks and individuals in respective countries. Individual responsibility is evident through the departments as everyone is part of the implementation of the plans. It is also clear from the study that plans are absolutely formal, the culture, structure, leadership style are all integrated towards the achievement of goals.

5.3 Conclusions

Based on the findings, strategic planning should be viewed as a day-to-day activity in the workplace: this is because a failure to plan is planning to fail. Barclays Bank of Kenya has a strategic plan in place that has led to achievement of company goals and has greatly improved profitability. For a successful strategic plan, then the organization must and should always carry out an environmental scanning or else the plans might be misguided.

The study further concludes that there are various factors that influence strategic planning including technology changes, employee needs, stiff competition from other banks and availability of funds. These factors are crucial for the success of strategic planning practices and there is need to effectively identify and deal with them respectively to ensure smooth success of strategic planning.

5.4 Recommendations

The study recommends that Barclays Bank should be in a position to formulate plans independently without relying on the group office to give approvals. Bureaucracy can be a challenge for any business because it leads to escaped opportunities and delayed decision-making. For goals and objectives to be sufficiently met, plans must be formulated with ease without taking too long to adapt to the changes and challenges in the environment both internally and externally. There is need to involve all members of staff as it is a sure way of diversifying ideas.

Due to the competitive nature of Banks in the country, this study further recommends that the bank should always do a thorough market and competitor analysis in order to foresee challenges and opportunities. This information is important in strategic planning and will help the company make plans that are up-to-date so that the bank does not look like a reactor to the changes and challenges that present themselves in everyday businesses.

There is need for proper budget allocation for the strategic planning process and should be communicated to all members of staff. Communication channels should be improved and enhance more interaction: strategic planning should be consultative in nature. It is important for the strategic planning process to be owned by the stakeholders. In addition, Barclays Bank of Kenya should mobilize resources for the strategic planning.

This study further recommends that there is need for the bank to greatly invest on its employees since they are the most important assets in the company. The staff should feel appreciated and motivated in order for them to report to work, work towards achievement

of the company goals and serve the company for a longer period of time. Employees keep the Bank going and without them there is no need for strategic plans.

The corporate strategy should be documented and emphasized because this is what act as a guide to the bank in terms of determining where the bank is and where it intends to be. By embracing corporate strategy this will enabled the bank to analyze its competitive advantage in view of expansion to increase its market share and hence an increase in profitability.

5.5 Suggestions for Further Studies

The research recommends the need to study strategic planning practices employed by Barclays Bank competitors in Kenya. The findings can then be assessed to find out how different their strategic planning practices are compared to Barclays bank of Kenya. This study also recommends further research on challenges facing strategic planning practices in Barclays bank of Kenya.

5.6 Limitations of the Study

This study encountered difficulties in securing face to face interviews with some of the senior managers mainly because of their busy schedules.

The study was also limited by the confidential nature of company strategic plans and hence getting some information from the respondents was a challenge.

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APPENDIX I: Letter of Introduction

23rd August 2011

The Human Resources Manager,

Barclays Bank of Kenya,

P.O Box 30120-00100,

NAIROBI.

Dear Madam,

RESEARCH DATA AT BARCLAYS BANK OF KENYA

I am a postgraduate student at the University of Nairobi pursuing a course in Master of Business Administration (MBA), specializing in strategic management. In partial fulfillment of the course requirement, I am conducting a case study on strategic planning and organizational goal achievement at Barclays Bank of Kenya.

For the purpose of completing my research, I wish to collect data through the attached questionnaire. I shall be grateful if you kindly allow me to interview you. The information that shall be provided shall be purely for my research project and thus shall be accorded ultimate confidentiality. A copy of the final research report will be availed to yourselves upon request.

Yours sincerely,

JOY MUREGA

MBA student

Dr. J. GATHUNGU

University supervisor

APPENDIX II: Interview Guide

PART A: Background of Respondents

1. What is your position at Barclays Bank of Kenya?

.....

2. How long have you worked for Barclays Bank?

.....

PART B: Critical Factors

Organizations encounter various challenges in strategic planning, below are factors that precipitate the same.

1. Organizational structure

a.) Does the existing structure provide for the achievement of organizational goals?

.....

b.) Have there been structural changes to cater for new strategic plans?

.....

c.) How is it in adoption of new strategic plans for a large organization?

.....

2. Organizational Culture

a.) Is Barclays bank's culture supportive of the set objectives?

.....

b.) has there been effort to align culture to the strategic plans being pursued?

.....

3. Organizational resources

a.) Are staff who hold key positions competent to deliver?

.....

b.) Are budgetary allocations at your disposal sufficient to meet your business needs?

.....

c.) Does the organization recognize its key resource?

.....

4. Organization leadership

a.) What is the level of leadership commitment and involvement in strategic plans?

.....

b.) Does the leadership create a conducive environment for strategic plan implementation?

.....

5. Organization Policies

a.) Do the policies and procedures applicable to work enhance achievement of core objectives?

.....

6. Linking rewards to performance

a.) Does Barclays Bank offer salary increments, promotions and other awards of good performance?

.....

b.) If Yes does the offer motivate your team to focus on goal achievement and better strategic plans?

.....

7. Is there a strategic planning and monitoring committee?

.....

8. Do you conduct an environmental scanning during formulation of plans?

a) Are the strategic plans reviewed

.....

b) How often are they reviewed?

.....

9. How do you communicate the plans to the staff members?

.....

10. Are there any other challenges being experienced?.....

APPENDIX III: Organizational Structure for Barclays Bank of Kenya

