STRATEGIC PLANNING AND PERFORMANCE OF BANKS IN KENYA: A CASE OF NATIONAL BANK OF KENYA

BY

ADAN SALAH ABDI

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DECLARATION

This research project is my original work and has not been submitted for examination to any other university.

Signature____________________ Date 07-11-2014

ADAN SALAH ABDI

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

Signature____________________ Date 7/11/14

DR. BITANGE NDEMO

LECTURER

DEPARTMENT OF BUSINESS ADMINISTRATION,

SCHOOL OF BUSINESS,

UNIVERSITY OF NAIROBI

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DEDICATION

I dedicate this work to my family for their inspiration, encouragement and support in the course of undertaking this study.

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ABBREVIATIONS AND ACRONYMS

ARPU	Average revenue per user
ATM	Automated Teller Machine
B2B	Business to Business
B2C	Business to Customers
BC	Bell Company
CBK	Central Bank of Kenya
CRM	Customer Relation Management
HPWS	High Performance Work Systems
KPI	Key Performance Indicator
NBK	National Bank of Kenya
PWC	Price Waterhouse Coopers
R& D	Research and Design
RBV	Resource Based View
SMES	Small and Medium Enterprises
SPSS	Statistical Package for the Social Science
VRIN	Valuable, Rare, In-imitable and Non-substitutable

ABSTRACT

The main aim of the study is to investigate on strategic planning and performance of banks in Kenya in reference to National Bank of Kenya. Strategic planning assesses both the internal and external environments to formulate strategy, implement the strategy, and evaluate the success of strategy. Strategic planning incorporates planning, employee motivation, new product development, and visionary views. Banking institutions to perform better there is need to put in place strategic plans that are effective for the organization to achieve its goals and objectives. National Bank is a listed but government controlled bank in which government holds a 22.5% stake, National Social Security Fund (NSSF) 48.06% and the general public just under 30% through the Nairobi Securities Exchange. Strategic planning is commonly practiced in order to enhance the Organizations performance. This study reviews theoretical foundation of the study, strategic planning process, strategic planning practices, organizational performance and factors affecting the performance. The main focus of this study will be qualitative. Primary data and secondary data was used and edited for completeness and consistency. The study found out that Effective Strategic planning practices involve formulation of vision and mission statement, performance of situation analysis and finally strategy formulation and choice. Strategic decision determines the organizational relations to its external environment, encompass the entire organization, depends on input from all of the functional areas in the organization and have a direct influence on the administrative and operational activities and are vitally important to the long term health of an organization. Effective Strategic planning practices involve formulation of vision and mission statement, performance of situation analysis and finally strategy formulation and choice. The study suggests further research on the strategic planning and performance of banks in Kenya. The study will supplement the findings of this study by providing information on the strength and weaknesses of the strategic planning and performance. The main limitation of the study is that the research was conducted on only one organization. The study focused on at National Bank of Kenya. This research recommends further research should be replicated in other banks in Kenya in order to establish whether there is consistency among them on strategic planning and performance.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Strategic planning is commonly practiced in order to enhance the Organizations performance. It is the cornerstone of every organization without which the organization will never know where it is going or when to achieve its objectives. An important concept of strategic planning is an understanding that in order for an organization to flourish, everyone needs to work to ensure the team's goals are met (Johnson and Scholes, 2000). The basic strategic planning model suggests that a company's strategies are as a result of a plan hence the planning process itself is rational, highly structured and that the process itself is orchestrated by top management. The organizations engage in strategic planning practices so as to clearly define their goals and objectives (Baker and Zawada, 2001). Strategic planning's roots are in the arena of large scale military operations and it can be defined as the fit between an organization and its environment (Schwenk & Shrader, 2003). It is a top-down approach concerned with the long-term mission and objectives of an organisation, the resources used in achieving those objectives, and the policies and guidelines that govern the acquisition, use, and disposition of those resources. It must also take into account the opportunities available to the organisation, and an assessment of its ability to exploit those opportunities with a view to gaining a distinct competitive advantage (Henry, 2004).

The key points of the resource based view theory are that firms have to identify their key potential resources and evaluate whether these resources fulfill the following criteria referred to as Valuable, Rare, In-imitable and Non-substitutable (VRIN). A resource must be valuable to enable a firm to employ a value-creating strategy, by either outperforming its competitors or reduce its own weaknesses (Amit and Schoemaker, 1993). Relevant in this perspective is that the transaction costs associated with the investment in the resource cannot be higher than the discounted future rents that flow out of the value-creating strategy (Mahoney & Pandian, 1992).

Banking industry improve by the relatively insular processes of business process redesign, re-branding and transformation. The aim of these processes has been generally to create a customer-focused approach. Such an approach can obviously be appropriate and effective where the business is confident that what it is doing is right for now and for the future. However, periodically, there is a need to revisit original aims and objectives to ensure that the company is doing the right things as well as doing them right. National Bank of Kenya has strengthened the capacity for its Treasury department; recruited new talents in market risk, operational risk and credit risk. National Bank of Kenya two business focused divisions were introduced for its growth: one for Retail and SME and another for Corporate and Institutional (including Treasury), which were tasked with delivering balance sheet growth. The second broad stroke of the new Manager's strategy at National Bank is that of local and regional expansion. After stabilizing the home base by opening 20 new branches, product development and strengthening the ATM network currently there are 108 National Bank ATMs but they are all attached to branches defeating the concept of spatial distribution. While the new Manager is open to acquisitions, he maintains that his focus will remain on organic growth (National Bank of Kenya, 2012).

1.1.1 Strategic Planning

The strategic planning assesses both the internal and external environments to formulate strategy, implement the strategy, and evaluate the success of strategy. Strategic planning incorporates planning, employee motivation, new product development, and visionary views. Moreover, strategic planning should involve objective setting, analysis of environmental trends and resource capabilities, evaluation of different options and careful planning and implementation of strategies (Johnson, 1987).

Effective Strategic planning practices involve formulation of vision and mission statement, performance of situation analysis and finally strategy formulation and choice (Pearce & Robbinson, 2008). Strategic decision determines the organizational relations to its external environment, encompass the entire organization, depends on input from all of the functional areas in the organization and have a direct influence on the administrative and operational activities and are vitally important to the long term health of an organization (Shirley, 1982).

Johnson and Scholes (2000), view strategy as the direction and scope of an organization over the long-term which achieves advantage for the organization through its configuration of resources within a changing environment and fulfill stakeholders expectations. From the perspective of classical strategic management theory, strategy is considered a deliberate planning process, initiated by top management, based on an elaborate industry analysis rationale and aimed at designing a cohesive grand strategy for the corporation consistency (Volberda, 2004).

According to Byars (2001) a strategic plan is used to describe the steps taken by an organization in achieving its objectives and mission. In addition to this, Starkey (2004) points out that the mission is the first step of the strategic plan that defines the long-term vision of the organization. If an organization does not have a vision, then there is no reason for existing. A very simple and clear definition is also given by Henry (2004) who believes that this is the process for creating and choosing a particular strategy to respond to future events and plan how to implement it.

1.1.2 Organizational Performance

According to Bass (1990), organizational performance means the "transformation of inputs into outputs for achieving certain outcomes. With regard to its content, performance informs about the relation between minimal and effective cost (economy), between effective cost and realized output (efficiency) and between output and achieved outcome (effectiveness)". There are various ways to understand organization performance but in this study it has been judged upon the growth of the company and sales performance that lead towards the growth. Sales performance can be explained as all the activities or investment carried out in the firm in the given period of time. It can be measured by total amount of revenue collected for the goods sold. Growth revenue defines as total amount of money collected by the company for the goods they sold in a specific time and this amount is calculated before any expenses are subtracted (Bass, 1990).

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). According to Richard (2009) organizational performance encompasses three specific areas of firm outcomes. Financial performance (profits, return on assets, return on investment, etc.; product market performance (sales, market share, etc.); and shareholder return (total shareholder return, economic value added, etc.). An organization performance is tested against the commitment that the management made in management system. It measures the management plans of whether social, economic and ecological goals are being achieved.

According to Guralnik & David (2004) performance is achievement which is often used to show the ability or "the show" which is commonly used to show up the performance, or it also means "doing the task that shows someone's action in working. On the other hand, Bernardin & Russel (2009) define that performance is the record of the result which is gained from the function of certain work or certain activities in certain period of time.

1.1.3 The 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 is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system. The financial performances of banks have been increasing and this is attributed to proper management, formulation and implementation of strategies. The Central Bank of Kenya publishes information on Kenya's commercial banks and non-banking financial institution

1.1.4 National Bank of Kenya.

National Bank is a listed but government controlled bank in which government holds a 22.5% stake, National Social Security Fund (NSSF) 48.06% and the general public just under 30% through the Nairobi Securities Exchange. One of three government controlled banks along with Consolidated Bank of Kenya and Development Bank of Kenya, National Bank is strongly associated with the stigma of its experience during the Moi regime when it extended substantial unsecured loans to politically connected individuals and institutions. When they defaulted and disappeared, National Bank took a bullet in its balance sheet. It tottered precariously and almost collapsed until the government recapitalized it around 1995 through government bonds worth over Sh20 billion. This was during the tenure of the former Managing Director Reuben Marambii who retired last year after 13 years during which he turned the Bank from a loss making institution into one that recorded a Sh2billion profit in 2011(Central Bank of Kenya,2012).

Marambii joined National Bank at a time when deposits stood at a paltry Sh12 billion. At the time of his departure, the deposit base had grown to Sh56.7 billion in 2011 and total assets stood at Sh68.7 billion. The Bank paid dividends to its shareholders last year for the first time in 12 years. Marambii is particularly remembered for challenging loan defaulters such as the Kenya Meat Commission and demanding that government make good on their non-payments (National Bank of Kenya, 2012).

The present managing Director is tasked with turning the 12th most profitable bank into one of the top five banks in the country in five years, with an increase in turnover from Sh8 billion in 2012 to Sh31 billion by 2017.The intention is to take the bank back to its glory days Where 17 years ago, National Bank used to be one of the top three in the country in terms of profit and market share. The challenge he faces in reviving the underperforming bank is exacerbated by the time warp within which National Bank flounders since it did not keep pace with technology, innovation and new markets. When the present management joined the bank they were tasked with turning the 12th most profitable bank into one of the top five banks in the country in five years (Central Bank of Kenya, 2012).

1.2 Research Problem

Strategic planning practices is a formal process designed to help a firms identify and maintain an optimal alignment with the most important elements, the environment within which the organization resides. An organization practicing effective strategic planning involves, defining the organizational vision and mission, environmental scanning, setting of objectives, generating strategic options, evaluating and deciding on the strategic methods to monitor progress. For organization to achieve its desired goals and maximize profits it needs to follow the step of corporate strategic planning. Performance is ensured and a clear vision is set that avoids confusion between activities of the business. The Strategic planning practices allow improvement of firm performance which establishes constraints and guidelines in the form of vision and mission statements, corporate initiatives, and performance expectations. An important concept of strategic planning practices is an understanding that in order for an organization to flourish, everyone needs to work to ensure the team's goals are met (Johnson and Scholes, 2000).

National Bank has over the years relied mainly on business from government institutions and a strong retail focus. National Bank has aggressively strengthen its play in the corporate and institutional and small and medium enterprise (SME) segments to enhance performance. National Bank will open 30 new branches by 2017 and boost its agency banking network to 2000 agent's proper budget allocation to support the strategic planning practices in the bank, the need for National Bank (National Bank of Kenya, 2012).

There are numerous research studies done in Kenya in the state corporate sector but focused different aspects other than the effects of effective strategic planning on the performance of banks in Kenya; Kombo (1997) did strategic responses by firms facing changed environmental conditions in motor vehicle franchise holders and found out that motor vehicle franchise holders made substantial adjustment in their variables in order to survive in a competitive environment. Kandie (2001) did strategic planning responses by Telkom Kenya Ltd in a competitive environment and found out that although Telkom Kenya has responded to its environment, financial constraints and lack of managerial empowerment considerably limited the organization's capacity to respond.

Kiptugen (2003) researched on effective strategic responses by Kenya Commercial Bank to a changing competitive environment and established that Kenya Commercial Bank responded to its changing competitive environment through restructuring, marketing, embracing information technology and culture change. Atheru (2007) worked on strategic responses by meteorological department to the needs of their customers and found out that Kenya Meteorological Department did not have adequate capacity to respond to the needs of their customers.

Abuya (2008) studied strategic risk management practices among state corporations in Kenya; Wambui (2004) factors driving strategic planning by the corporate sector; Churqo (2009) have done studies on the perceived link between strategic planning and performance contracting in Kenya state corporations and Ajwag (2009) studied the relationship between corporate culture and organizational performance, a survey of Kenyan state corporations.

None of the studies conducted on strategic planning practices have dwelt on the effects of strategic planning on the performance of banks in Kenya with reference to National Bank of Kenya. How do strategic planning practices influences the performance of National Bank of Kenya?

1.3 Research Objective

The objectives of the study are;

i. To investigate on strategic planning practices at National Bank of Kenya
ii. To determine how such practices influences the performance of National Bank of Kenya

1.4 Value of the Study

The findings from the study may particularly be useful in providing additional knowledge to existing and future banking institutions in Kenya on the effects of effective strategic planning on their performance to enable them remain competitive.

This study may also be beneficial to all organization both large and small since they would enhance the realization on effective strategic planning measures that are majorly employed. The findings may also provide a useful reference document to stake holders in the banking and academic institutions in their endeavors to formulate work plan to meet the performance. The study will also help policy makers in evaluating the present operational strategies in the industry and identify areas that can improve the operations in the industry.

Scholars, students and other researchers may also find the study helpful to identify further areas of research built on the findings of this research. The study may be a source of reference material for future researchers on other related topics; it may also help other academicians who undertake the same topic in their studies. The study may also highlight other important relationships that require further research; this may be in the areas of relationships between effective strategic planning practices and organizational performance.

Most importantly, it may help the policy makers within public and private sector to identify crucial areas in their organizations and make appropriate decisions to ensure that effective strategic planning is critically emphasized on. Also, through this study leaders and managers in banking institutions may learn and make responsible strategic plans and policy decisions that are meant to facilitate and sustain high organizational performance, and manage organizational and national resources so that corporations and societies can benefit from them in the future.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews theoretical foundation of the study, strategic planning process, strategic planning practices, organizational performance and factors affecting the performance.

2.2 Theoretical foundation of the study

The current study is anchored in the Resource Based View (RBV) of the firm. There is strong evidence that supports the RBV which indicates that firms compete in an ever changing business environment. Organizations can attain and achieve a sustained competitive advantage through their employees according to Barney (1991). This can be realized when a firm has a human resource pool that cannot be imitated or substituted by its rivals or competitors. The RBV as a basis of competitive advantage lies primarily in the application of the bundle of valuable resources at the disposal of the firm. The firm has to identify the key potential resources which should fulfill the criteria of being valuable, rare, in-imitable and non-substitutable by the firms' competitors (Galbreath, 2005).

In strategy literature, and in particular, the resource based view of the firm (Barney, 1991) provides a key element that if HRM systems are to create sustained competitive advantage, they must be difficult to imitate. Lado, & Wilson, Mary (1994) two features of a strategic resource that enhance inimitability and that characterize High Performance Work Systems (HPWS), these are, path dependency and causal ambiguity. Path dependency characterizes resources that are developed over time such that learning and experience provide cumulative "first mover" advantage. A competitor cannot simply purchase an equivalent resource from the market and "catch up" with a rival firm. Causal ambiguity describes resources whose content and essential ingredients are so subtle and difficult to fully comprehend that observers outside the firm are not able to reproduce in their own organizations. The causal ambiguity of an appropriately aligned HPWS that embeds effective strategy implementation throughout the firm is a good illustration (Lado &Wilson, 1994; Lengnick-Hall, 1998). This is what helps a firm to create a competitive advantage through its unique human resource.

2.3 Strategic Planning Process

Strategic planning is a systematic process through which an organization agrees to build commitment among stakeholders to realize priorities which are essential for attaining its vision and mission while at the same time responding to the operating environment (Thompson and Strickland, 1993).

Strategic planning processes will be designed to fit the specific need of the organization. It's argued by (McCarthy, 1986) that every successful model must include vision and mission, environmental analysis, setting objectives, strategic analysis and choice. Identification of the firm's vision and mission is the first step of any strategic planning process. The strategic management process is concerned with establishing objectives and goals for an organization and maintaining a set of relationships between the organization and the environment. This enables it to pursue its objectives that are consistent with organizational capabilities, and continue to be responsive to changing business trends (Ansoff and McDonnell, 1990).

Various scholars have advanced different views on strategic planning. The main views are the deliberate view (Ansoff and McDonnell, 1990) and the emergent view (Mintzberg, 1994). A deliberate strategy is a strategy that was intended or planned and subsequently realized. An emergent strategy is a strategy that was realized but was never intended or planned, either because no strategies were planned or those that were planned were not implemented. The deliberate approach to strategic planning might be described as top-down, rigid, mechanistic and efficient in contrast to a description of an emergent process that is informal, flexible and empowering (Dibrell, Down and Bull, 2007). The emergent strategy is however criticized for being too reactive to external threats and opportunities (Armstrong, 1996). It is important to acknowledge that the realized strategies of most organizations will be some combination of both emergent and deliberate strategies. Armstrong (1996) illustrated that a company's realized strategy is the product of whatever planned strategies that were actually in place (the company's deliberate strategies) and any unplanned (emergent strategies). Thompson, and Strickland. (1993) also viewed strategic planning as a cerebral activity whereby managers think about where the organizations should be going, why and how.

2.4 Strategic Planning Practices

According to Ansoff, and McDonnell, (1990) effective strategic planning practice is the product of the best minds inside and outside the corporation. The process considers future implications of current decisions, adjusts plans to the emerging business environment, manages the business analytically, and links, directs, and controls complex enterprises through a practical, working management system.

Strategic planning practice involves formulation of vision and mission statement, performance of situational analysis and finally strategy implementation and choice (Pearce and Robbinson, 2008).

Decenzo and Robbins (2008) advanced that an effective strategic planning system for an organization links long-range strategic goals with both mid-range and operational plans. The nature of strategic planning itself described strategy planning as an on-going, never-ending, integrated process requiring continuous reassessment and reformation. Strategic planning is thus deliberate and emergent, dynamic and interactive. Galbreath, (2005) recognized that strategy is partially deliberate and partially unplanned.

Chimbugia (2011) suggested that effective planning as a practice is not as rational and analytical as it has been portrayed in the literature. He argues for the lost art (rather than science) of planning. He contends that planning is both a generic activity whose success determinants are partially independent of the area in which it is applied and an area where judgment, intuition and creativity are still important. The formality of strategic planning has been associated with the field of strategic planning from its earliest foundation. The early developments significantly include that of Andrews (Ansoff, 1965). According to Bresser and Bishop (2003), formalization is the degree to which the norms of the organization are explicitly defined. He further distinguished between “formalization”, referring to whether these norms are written down in manuals and other documents.

2.5 Organizational Performance

Most organizations view their performance in terms of "effectiveness" in achieving their mission, purpose or goals (Guralnik and David, 2004). Most organizations see their performance in terms of their "efficiency" in deploying resources. This relates to the optimal use of resources to obtain the results desired. Finally, in order for an organization to remain viable over time, it must be both “financially viable” and "relevant" to its stakeholders and their changing needs.

The overall performance of the organization may be sub-optimized (Bernardin and Russell, 2009). Only a performance management system engenders strategic evolution and ensures goal congruence. As the balanced scorecard provides a comprehensive, top-down view of organizational performance with a strong focus on vision and strategy, performance management can be greatly facilitated through its use (Guralnik and David, 2004).

2.6 Factors affecting the performance

In order for the banking institutions to perform better there is need to put in place strategic plans that are effective for the organization to achieve its goals and objectives. The Banking Institution should consider how best to motivate their staff and continuously develop new products. The institution should also carry out proper rebranding as well as adapt good customer relation to attract more customers and improve the over performance of the institution.

2.6.1 Employee motivation

Motivation of employees is an important factor in the organization performance. Chabra (2008) has defined motivation as the complex of forces starting and keeping a person at work in an organization. These forces determine the way people work and perform in the organization. The more the staffs are motivated the more they perform well in the organization. Different staff may be motivated by different things depending on their priorities in life.

The job of a manager in the workplace is to get things done through employees. To do this the manager should be able to motivate employees. But that's easier said than done, motivation practice and theory are difficult subjects, touching on several disciplines. Decenzo and Robbins (2008) on the effects of remuneration in an organization observed that quite apart from the benefit and moral value of an altruistic approach to treating colleagues as human beings and respecting human dignity in all its forms, research and observations show that well motivated employees are more productive and creative. The inverse also holds true.

Chabra (2008) further states that motivation may be positive, extrinsic or intrinsic and financial or non financial. Positive motivation is the process of attempting to influence employee's behavior through the possibility of reward. Negative motivation is based on fear i.e. demotion, lay-off etc. extrinsic motivation arise away from the job. They do not occur on the job. These factors include wages, medical cover, feeding programmers at work etc. they are financial in nature. Intrinsic or external motivators include; recognition, authority, participation etc. financial motivators are those which are associated with money e.g. wages and salaries, retirement benefits etc. non financial motivators are those which are not incentives e.g. ego-satisfaction, self- actualization and responsibility.

Employees working in an organization may have the desire to work but because of their basic needs not meet e.g. food shelter and clothing; they do not have the willingness and their morale is low. While others have the capacity to work and also the necessary skills and intelligence, but do not have the willingness to perform their best. The impact of positive motivation is that, it brings about integrity to the purpose, a sense of belonging, and a strong affliction for the organization (Armstrong, 1996).

2.6.2 New product development

Customer-centred businesses are likely to uncover product innovation ideas from customer suggestions and feedback. Muzellecand (2006) on the Customer relationship management (CRM) in business-to-business (B2B) e-commerce advised that taking the needs of low income and vulnerable customers into account can generate product improvements which could benefit other customers as well. Designing for affordability, accessibility and social value creation can result in a product lineup that creates competitive advantage, by tapping into new markets and building positive customer and employee relations.

The principles, practices, and guidelines that an organization follows when interacting with its customers must be clear. From the organization's point of view, according to Johnson and Scholes (2000), this entire relationship not only encompasses the direct interaction aspect, such as sales and/or service related processes, but also in the forecasting and analysis of customer trends and behaviors, which ultimately serve to enhance the customer's overall experience and develop products that meet the customer needs.

This holistic approach according to Giddens (2006) has six characteristics: built-in instability, self-organizing project teams, overlapping development phases, "multi-learning," subtle control, and organizational transfer of learning. The six pieces fit together like a jigsaw puzzle, forming a fast flexible process for new product development. Just as important, the new approach can act as a change agent: it is a vehicle for introducing creative, market-driven ideas and processes into an old, rigid organization.

2.6.3 Rebranding

According to Johnson and Scholes (2000) American Marketing Association define a brand as a name, term, sign or mark, symbol or design or a combination of them intended to identify the goods and services of one seller and differentiate them from those of competition. Thus the key to creating a brand, according to this definition is to choose a name, logo, symbol, package, design or other attributes that identifies a product and distinguishes it from others. These different components of a brand which identify and differentiate it are the brand elements. A brand is more than just a physical product or service it helps build relationship with the customers. This is particularly important where the organization have no face to face contact with customers. Branding of organization products is important for continued profitability of the company. Baker and Zawada (2001) states that branding is the giving a product or a company unique attributes that can only be associated with it. The brand elements are the added value that often differentiate one product from another than the core and expected functional benefits sought by the customer. The different values attract customers to the product.

Rebranding is the changing of the products operational and physical attributes of a product in order to attract more customers towards it and change the whole customer perception. Rebranding is the recreation of a new name, term, symbol, design, or a combination of them for an established brand with the intention of developing a differentiated position in the mind of stakeholders and competitors. It is normally meant to ensure the targeted customers minds and perceptions are totally changed about the product service or the organization (Muzellecand, 2006).

Jessica (2011) agrees that a product that has value contributes to an organization's meeting its overall goals. For organizations, a product or service that has value it helps the organization to achieve what it has set out to achieve. Thus, improved organizational outcomes often demonstrate the value of rebranding efforts as well for example, higher levels of customer attainment, satisfaction, and retention and increased sales.

Muzellecand (2006) states that what contributes to value are not always easy to actually measure. For example, sales may increase because of an improved online user experience, but also because of faster delivery thanks to the streamlining of distribution networks. Rarely do people make a decision to purchase because of just one factor. Consequently, it can be hard to untangle the reasons for things' getting better. So it is important to recognize that value isn't always a solid, measurable thing.

Sometimes the value a product delivers is more fluid, more long term. Ensuring something is accessible, for instance, can deliver a chain of value far beyond the initial product or service. Just think how life could be different for someone living in a remote area and suffering from depression if he had access to online mood-management tools when in the past, the best thing available was an appointment once a month (Jessica, 2011).

2.6.4 Customer care

Customer service is the provision of service to customers before, during and after a purchase. According to Turban et al. (2002), Customer service is a series of activities designed to enhance the level of customer satisfaction that is, the feeling that a product or service has met the customer expectation. The importance of customer service may vary by product or service, industry and customer. The perception of success of such interactions will be dependent on employees who can adjust themselves to the personality of the guest. Customer service can also refer to the culture of the organization - the priority the organization assigns to customer service relative to other components, such as product innovation or low price. In this sense, an organization that values good customer service may spend more money in training employees than average organization, or proactively interview customers for feedback.

Goodman (2008) on the importance of customer care services on the profitability of the organization observed that from the point of view of an overall sales process engineering effort, customer service plays an important role in an organization's ability to generate income and revenue. He said that emphasizes that from that perspective, customer service should be included as part of an overall approach to systematic improvement. A customer service experience can change the entire perception a customer has of the organization. Customer care is a crucial element of business success. Every contact your customers have with your business is an opportunity for you to improve your reputation with them and increase the likelihood of further sales.

Customer care involves putting systems in place to maximise your customers' satisfaction with your business. It should be a prime consideration for every business - your sales and profitability depends on keeping your customers happy. Customer care is more directly important in some roles than others. For receptionists, sales staff and other employees in customer-facing roles, customer care should be a core element of their job description and training, and a core criterion when you're recruiting (Baker, 2000).

Bedia (2009) while evaluating the need for effective communication in customer care services advices that the company should not neglect the importance of customer care in other areas of your business. For instance, your warehousing and shipping departments may have minimal contact with your customers - but their performance when fulfilling orders has a major impact on customers' satisfaction with your business.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the approach that was used to conduct the research. It encompasses the research design, data collection and analysis.

3.2 Research Design

Research design is a plan outlining how information is to be gathered for an assessment or evaluation that includes identifying the data gathering method(s), the instruments to be used/created, how the instruments will be administered, and how the information was organized and analyzed (Mugenda and Mugenda, 2003). This refers to the methods and procedures to be followed in conducting the study. For this study, the research design was case study due to the fact that the unit of analysis is one organization. A case study allows an investigation to retain the holistic and meaningful characteristics of real life events. It will involve a careful and complete observation of the social units.

The main focus of this study was qualitative. The research design is a method of study in depth rather than breadth and places more emphasis on the full analysis of a limited number of events or conditions and other interrelations. Primary data was collected from a study that was more reliable and up to date. The design helped the researcher obtain information concerning the strategic planning practices influences the performance of National Bank of Kenya.

3.3 Data Collection

The study used primary and secondary data. An interview guide was used in collecting the primary data. This was used in order to gain a better understanding and enabled a better and more insightful interpretation of the results from the study. The interview guide was devoted to the identification of the responses to strategic planning practices influences the performance of National Bank of Kenya.

The interviewees were human resources director, the chief finance officer, the corporate banking director, the country head of treasury and the chief operating officer. The interview guide was administered through personal interviews in order to get their opinions on strategic planning practices influences the performance of National Bank of Kenya.

3.4 Data analysis

Before processing the responses, the completed interview guides were edited for completeness and consistency. Qualitative data analysis sought to make general statements on how categories or themes of data are related. The data was qualitative in nature, due to this fact; content analysis was used to analyze the data. Mugenda and Mugenda (2003) define content analysis as a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same to relate trends.

The qualitative data was done using content analysis. Content analysis is the systematic qualitative description of the composition of the objects or materials of the study (Mugenda and Mugenda, 2003). The data was obtained from the various management team members belonging to different departments and compared against each other in order to get more revelation on the issues under study. This research yielded qualitative data from the interview schedules and analyzed using content analysis because this study seeks to solicit data that is qualitative in nature. Analysis of data collected was compared with the theoretical approaches and documentations cited in the literature review.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.1 Introduction

This chapter presents data analysis, presentation and interpretation. The objectives of this study are; to investigate on strategic planning practices at National Bank of Kenya and to determine how such practices influences the performance of National Bank of Kenya.

The study-targeted informants including human resources director, the chief finance officer, the corporate banking director, the country head of treasury and the chief operating officer. The interview guide was administered through personal interviews in order to get their opinions on strategic planning practices influences the performance of National Bank of Kenya.

All the interviews were conducted successfully. The compiled and filled interview guides were edited in order to ensure completeness and consistency. Qualitative data analysis was applied with the aim of making general statements based on how categories and themes of data are related. This is based on the fact that the content analysis was used to analyze the data. Content analysis according to Mugenda (2003) is a technique used for making inferences. The data collected will qualitative in nature. The rationale of the use of multiple sources of data in the study is the triangulation of evidence. Triangulation increases the reliability of the data and corroborates the data gathered from other sources.

4.2 Organization Bio-data

4.2.1 Bank Name

All the respondents indicated that the name of the bank is National Bank of Kenya. Some of the respondents also added that it is the best service provider in the region.

4.2.2 Existence of the Organization

All the respondents indicated that the bank has been in existence for over 40 years old. The chief operating officer stated that the bank has been in existence since 1968 and it was 46 years old.

4.2.3 Respondent Position

All the respondents indicated their current positions in the organization. The positions indicated were human resources director, the chief finance officer, the corporate banking director, the country head of treasury and the chief operating officer.

4.2.4 Respondent work experience

All the respondents interviewed have been in the organization for more that 5 years.

4.2.4 Employees in the Organization

Some of the respondents were not aware of the number of employees present I the organization. On the other hand, some estimated that there were over 1,000 employees countrywide in also work levels in the organization.

4.2.5 Classification of the Organization in regards to Ownership

Some of the employees indicated that the organization is the largest financial service provider in the nation and the larger East Africa. They defended this by stating that the organization is backed by a committed and hardworking team. The country head of treasury and the chief operating officer indicated that the company was under more that 50, 000 investors.

4.2.6 Bank Owner

The country head of treasury and the chief operating officer stated that one individual does not own the Bank. However, the key people in stock ownership include National Social Security Fund (Kenya) who own 48.05% of the company, Kenya Ministry of *Finance* who own 22.50%, NIC Custodial Service 0.41%, Equity Nominee Limite;00084, Equity Nominee Limited:00111, Standard Chartered Nominee: 9098AJ 0.34%, Ephraim Mwangi Maina 0.33%, Craysell Investments Limited 0.32%, Jubilee Insurance Company of Kenya Limited 0.29%, David Mwangi Ndegwa 0.25, and more than 49, 2000 other investors who own 26.79% of the organization.

4.3 Strategic Planning practices by National Bank of Kenya

4.3.1 Choice of the Strategic Planning Practices

The respondents stated that the main drive to the choice of strategic planning practice was based on their responsibility to manage change. One of the respondents stated that responsibility for managing change is with management and executives of the organization. They must manage the change in a way that employees can cope with it. The chief operating officer indicated that Strategic planning entails risks. The strategic planning process may expose underlying conflicts within the organization. It may disrupt the flow of information and the ways decisions are made. The point is not to allow current operating problems to dictate or deter long-range strategic planning. The strategic plan was chosen since it communicates the company mission and vision clearly to the employees and public.

4.3.2 Nature of the Strategic Plan adopted by the Bank

Majority of the resopndents stated that the nature of the strateic plan was reactive. This is based on the fact that it included approaches to respond after external factors or triggers affect your company. One of the respondents stated that a reactive strategy doesn't mean your business waits for crises to plan. Instead, you develop a strategy with more of a wait-and-see approach. For instance, if sales decline, the response may be to invest in promotions or to clearance remaining inventory ahead of a new product launch. In marketing, a reactive strategy is a plan for response in the wake of criticism or negative events that impact your brand.

The company chief operating officer stated that the strategic plan indicated was more reactive than reactive. He stated that reactive strategies usually are more conservative because you wait for external influences before taking action. This can protect against wasted investments or unnecessary moves that damage current success. However, companies that rely too much on reactive strategies may miss new or emerging business opportunities. In extreme cases, companies react too slowly to industry or market evolution and succumb to more aggressive competitors with advanced offerings.

4.3.3 Importance of the Strategic Planning Options in Response to change in the Operating Environment

One of the respondents indicated that the importance of strategic planning options in response to change in the operating environment mainly involve the speed at which forces in your environment are changing. The respondents stated that Engaging in the process of strategic planning has benefits in addition to the plan that comes out of it. For starters, having everyone in the same room fosters collegiality and creates a milieu in which you can focus on the direction of your practice, away from patient care and other duties. In addition, the process promotes the open and creative exchange of ideas, including putting disagreements on the table and working out effective solutions.

Other respondents stated that Establishing the direction of your practice and identifying overarching goals provide the foundation for strategic planning, whether short or long term. In the field of health care today, a long-term plan will likely address no more than the next 3 years. After the strategic course is determined in the initial planning session, the group should meet at least annually. During these sessions, the partners should revisit the practice goals, update the environmental assessment with new data, and identify strategies needed to address issues that will arise within the next 12 months. For example, as the retirement of one or more partners approaches, a succession plan may need to be developed. Meanwhile, growth in patient volume may call for recruitment strategies for both physicians and midlevel providers.

4.3.4 Employee involvement in Strategic Implementation

The company chief operating officer indicated that keeping employees focused on the plan means communication and involvement. Every employee will implement your strategic plan as long as he knows his role and can monitor his progress as well as the progress of the company. The respondents also stated that the company has a formed an employee involvement program. This has enabled the organization to take into consideration how important it is for employees to be heard, to have a voice in the firm. Gathering employee feedback helped us better understand the challenges and goals of individual employees from their perspective. This has ensured that all the employees in the organization are involved in the strategy implementation,

Other respondents stated that People have a fundamental need to contribute to the firm's success and see the tangible results of their work. Success largely depends on empowering employees as they take larger roles in shaping the firm's culture. They added that from the outset of the program, we emphasized prioritizing issues and setting realistic goals. Everyone agreed that doing a quality job on a few initiatives and making sure they succeed would serve us better than trying to tackle too many things and compromising quality. Since employees are involved in the process, they are able to manage their own expectations.

4.3.5 Creation of a Planning Committee during Strategic Planning

All the respondents agreed that the organization creates a planning committee during strategic planning. One of the respondents indicated that this is essential it encourages employees to participate in the organization activities in regards to the strategic changes.

The chief operating officer indicated that a strategic plan determines where an organization is going over the next year or more, how it's going to get there and how it'll know if it got there or not. The focus of a strategic plan is usually on the entire organization, while the focus of a business plan is usually on a particular product, service or program. There are a variety of perspectives, models and approaches used in strategic planning. The way that a strategic plan is developed depends on the nature of the organization's leadership, culture of the organization, complexity of the organization's environment, size of the organization and expertise of planners. He also added that it is the responsibility of the committee to oversee the progress of the strategy.

4.3.6 Conduct of an Environmental Analysis during the formulation of strategic plans

All the respondents stated that the organization conducts environmental analysis during the formulation of strategies. One of the respondents indicated that the standard performance is a benchmark with which the actual performance is to be compared.

The chief operating officer stated that it is important for organizations to continuously adapt their strategies to remain in the market. In most cases, strategy change is most met with resistance. The respondents also stated that strategic planning is a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it. Strategic planning should not stop with a formal plan.

4.3.7 Evaluation of Strategic Plans

All the respondents stated that the organization evaluated their strategic plans. One of the respondents stated that strategy Evaluation is as significant as strategy formulation because it throws light on the efficiency and effectiveness of the comprehensive plans in achieving the desired results.

Some of the respondents stated that the evaluation in the organization involves assessing the appropriateness of the current strategy in today's dynamic world with socio-economic, political and technological innovations. Strategic Evaluation is significant because of various factors such as - developing inputs for new strategic planning, the urge for feedback, appraisal and reward, development of the strategic management process, judging the validity of strategic choice.

4.3.8 Strategic Planning Formulation Process

Some of the respondents indicated to strategy formulation require a series of steps performed in sequential order. The respondents indicated that values assessment is the first step in the strategy formulation process: Every organization has values, and the strategic plan should align with the organization's values. A value assessment should look into the personal values of the organization's members, organizational values, the organization's operating philosophy, culture and stakeholders.

The respondents indicated that the next step involves Vision and mission formulation: Once you have a firm handle on organization's values, it's time to establish its vision and mission, which is the foundation upon which your strategy will be built. An effective vision requires a core ideology and an envisioned future.

A core ideology is the force that binds the organization together and consists of core values and core purposes. The core purpose is the organization's raison d'etre -reason of being. It's why the organization even exists -what it's here for. The envisioned future is your conception of where the organization will be at a specific point in time.

The mission statement states the purpose of the organization in express and unequivocal terms. The mission statement helps to determine the allocation of resources, guides your organizational culture, establishes the boundaries of its activities and helps to facilitate accountability, control, time and performance by providing criteria for mission achievement.

Strategy design involves four elements. First, you must identify the major lines of your organization's business or activities, called LOBs. You then must establish critical success indicators (CSIs), which are just a way to measure progress towards the organization's mission. Indicators should include a target deadline. Indicators can include such things as the return on investment. Profit margins, customer loyalty and employee retention.

Next, you need to identify where you will focus your efforts, known as strategic thrusts. Examples of strategic thrusts include focusing on existing products and services, development of joint ventures and strategic alliances, diversification or liquidation. Finally, one needs to figure out what type of organizational culture must be developed to achieve the organization's goals.

4.3.9 Strategic Planning Implementation

The respondents indicated that implementation of the strategic plan is the final step for putting it to work for an organization. To be successful, the strategic plan must have the support of every member of the firm. As mentioned in the beginning, this is why the top office must be involved from the beginning. A company's leader is its most influential member. Positive reception and implementation of the strategic plan into daily activities by this office greatly increases the likelihood that others will do the same.

The chief operating officer indicated that advertising is key to successful implementation of the strategic plan. The more often employees hear about the plan, its elements, and ways to measure its success, the greater the possibility that they will undertake it as part of their daily work lives. It is especially important that employees are aware of the measurement systems and that significant achievements be rewarded and celebrated. This positive reinforcement increases support of the plan and belief in its possibilities.

4.4 Strategic planning practices and performance adopted by National Bank of Kenya

4.4.1 Strategic Planning Increase of Effectiveness

The chief operating officer indicated that strategic planning increases effective. He stated that effective strategic planning requires only a handful of procedures. That is; Start by engaging commitment, Purpose guides everything, Analyze the organization in its context, Decide strategies and Evaluate plan execution.

Some of the respondents stated that strategic planning provides a clear focus by producing more effectiveness and efficiency. They also stated that strategic planning increases effectiveness by building strong teams in the board and staff. One of the respondents added that strategic planning keeps the board together. Strategic planning according to the respondents also increases productivity and solves major problems in the organization.

4.4.2 Development of Sustainable Competitive Position

The respondents stated that strategic planning has led to developing sustainable competitive competition by building strong teams in the board and staff that have increased the effectiveness of the organization. One of the respondents stated that this has led to an enhancement of the company activities.

The chief operating officer stated that the strategic plans have led to a sustainable competitive position by providing a base where progress can be measured and established for informed change when needed. He also stated that the strategic plans have ensured the most effective use of the organizations resources by focusing the resources on the key priorities.

4.4.3 Extent to which Strategic Planning Practices have led to a good fit between the External environment and the Internal capabilities

When asked to state the Extent to which Strategic Planning Practices have led to a good fit between the External environment and the Internal capabilities, the respondents indicated that strategic planning processes have led to good fit through the reduction of external factors affecting the companies performance. One of the respondents gave an example of cooperation between banks.

The respondents also indicated that the strategic planning practices have led to a good fit between the external environment and the internal capabilities based on the competition among banks that enables employees to be motivated to do their best. One of the respondents added that the strategic planning practices are essential based on their ability to enhance unity among company employees.

4.4.4 Strategic Planning assistance to Managers to consider the future implications of the current decisions

The respondents indicated that to many managers, and most strategic planners, the idea of thinking about and influencing the futures of their firms is an exciting one. Most managers are eager to set corporate goals and then to start formulating strategies that will help achieve those goals. However, two fundamental problems are inherent in approaching the strategic management task this way. First, most businesses are ongoing concerns and have set in motion certain activities that are a reflection of decisions made in the past. To think about the future without a thorough understanding of what is actually taking place may lead managers to formulate strategies that are either unrealistic or impossible to implement. Second, managers sometimes are tempted to engage in a strategic redirection of their firms without a thorough understanding of the healthy parts of their existing strategy. This tendency to throw the baby out with the bathwater can be thwarted only by making sure that management thoroughly understands the basis and the results of its present strategy.

Strategic planning assists managers to consider future implications of future implications of the current decisions through strategy identification at the business level is a straightforward process. In essence, a business strategy is built on a set of functional strategies, representing the competitive weapons that a company employs to compete in a given industry.

4.4.5 New Product Development Increase of Customer Base

All the respondents indicated that a new product could increase the customer base. One of the respondents gave an example by assuming that the product management department is already managing several products that are currently serving customers. After getting feedback from customers, speaking with the sales teams, obtaining a list of the top technical support issues, surveying competitor positions and features, and receiving new ideas from development, the product management team has generated a list of possibly hundreds of potential product enhancements across the product line as well as some new product ideas. Project prioritization typically takes place next due to limited development resources.

The respondents also cautioned that without a strategy to indicate HOW the company plans to increase revenue, then just about any product plan could arguably help the company achieve its goal, including the plan we just created. But with a strategy that specified how new revenue will be generated, a product plan tailored to supporting that strategy can then be developed.

4.4.6 New Product Development Increase Profit

All the respondents indicated that a new product has the ability of resulting into more profit as a result of effective new product development. One of the respondents gave an example by stating that a company could plan to grow revenue by selling its flagship product into new geographic regions. Your company could plan to grow by establishing a new reseller channel. Your company could grow by enhancing its existing products to appeal to a wider base of customers. Your company could plan to grow by developing new products that appeal to the existing customer base. Each of these decisions carries with it significant implications on the product plan.

The respondents also agreed that the essential goal of a product plan should be to ensure that a product is built that delivers some business value to a specific set of customers in order to meet certain financial goals based upon a defined corporate strategy. Successive plans should increase that product's effectiveness in doing so. A product plan describes the market opportunity, profiles the target customers, specifies pricing, identifies the financial goals, indicates the key priorities for development and enhancement, and provides a roadmap for delivery for at least the next four quarters.

4.5 Discussion of the Study

The discussion of the study is divided into the following two sections.

4.5.1 Link to Theory

The current study is anchored in the Resource Based View (RBV) of the firm. The Resource Based View is based on the fact that organizations can attain and achieve a sustained competitive advantage through their employees according to Barney (1991).

This can be realized when a firm has a human resource pool that cannot be imitated or substituted by its rivals or competitors. The RBV as a basis of competitive advantage lies primarily in the application of the bundle of valuable resources at the disposal of the firm.

4.5.2 Link to Other Studies

According to Byars (2001) a strategic plan is used to describe the steps taken by an organization in achieving its objectives and mission. In addition to this, Starkey (2004) points out that the mission is the first step of the strategic plan that defines the long-term vision of the organization. If an organization does not have a vision, then there is no reason for existing. Henry (2004) believes that this is the process for creating and choosing a particular strategy to respond to future events and plan how to implement it.

Johnson and Scholes (2000), view strategy as the direction and scope of an organization over the long-term, which achieves advantage for the organization through its configuration of resources within a changing environment, and fulfill stakeholders expectations. From the perspective of classical strategic management theory, strategy is considered a deliberate planning process, initiated by top management, based on an elaborate industry analysis rationale and aimed at designing a cohesive grand strategy for the corporation consistency (Volberda, 2004).

According to Guralnik & David (2004) performance is achievement that is often used to show the ability or "the show" which is commonly used to show up the performance, or it also means "doing the task that shows someone's action in working. On the other hand, Bernardin & Russel (2009) define that performance is the record of the result that is gained from the function of certain work or certain activities in certain period of time.

According to Richard (2009) organizational performance encompasses three specific areas of firm outcomes. Financial performance (profits, return on assets, return on investment, etc.; product market performance (sales, market share, etc.); and shareholder return (total shareholder return, economic value added, etc.). An organization performance is tested against the commitment that the management made in management system. It measures the management plans of whether social, economical and ecological goals are being achieved.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the study findings, conclusions and recommendations. The findings are summarized in line with the objectives of the study that was to investigate on strategic planning practices at National Bank of Kenya and to determine how such practices influences the performance of National Bank of Kenya.

5.2 Summary of Findings

The Kenyan banking industry is the most diverse in East Africa with Kenya Commercial Bank being the largest of all indigenous banks in Kenya and East Africa as a whole. The industry is an important sector in improving economy of the country. The industry is also very competitive and is evident by erratic changes being adopted by various banks and the different strategies they have employed in order to remain competitive. The banking sector has witnessed stiff competition forcing banks to repackage their services and products to satisfy the needs of the customers and retain market share.

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), governs the Banking industry in Kenya. The banking sector was liberalized in 1995 and exchange controls lifted. The CBK is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system. The financial performances of banks have been increasing and this is attributed to proper management, formulation and implementation of strategies. The Central Bank of Kenya publishes information on Kenya's commercial banks and non-banking financial institutions, interest rates and other publication.

National Bank is a listed but government controlled bank in which government holds a 22.5% stake, National Social Security Fund (NSSF) 48.06% and the general public just under 30% through the Nairobi Securities Exchange. One of three government controlled banks along with Consolidated Bank of Kenya and Development Bank of Kenya, National Bank is strongly associated with the stigma of its experience during the Moi regime when it extended substantial unsecured loans to politically connected individuals and institutions. When they defaulted and disappeared, National Bank took a bullet in its balance sheet. It tottered precariously and almost collapsed until the government recapitalized it around 1995 through government bonds worth over Sh20 billion. This was during the tenure of the former Managing Director Reuben Marambii who retired last year after 13 years during which he turned the Bank from a loss making institution into one that recorded a Sh2billion profit in 2011(Central Bank of Kenya,2012).

5.3 Conclusion

National Bank has over the years relied mainly on business from government institutions and a strong retail focus. National Bank has aggressively strengthened its play in the corporate and institutional and small and medium enterprise (SME) segments to enhance performance. National Bank will open 30 new branches by 2017 and boost its agency-banking network to 2000 agent's proper budget allocation to support the strategic planning practices in the bank, the need for National Bank (National Bank of Kenya, 2012).

Effective Strategic planning practices involve formulation of vision and mission statement, performance of situation analysis and finally strategy formulation and choice. Strategic decision determines the organizational relations to its external environment, encompass the entire organization, depends on input from all of the functional areas in the organization and have a direct influence on the administrative and operational activities and are vitally important to the long term health of an organization.

5.4 Recommendations

It is recommended to have the product of the best minds in and out of the organization. This will enhance the strategic planning practice. The process considers future implications of current decisions, adjusts plans to the emerging business environment, manages the business analytically, and links, directs, and controls complex enterprises through a practical, working management system. Strategic planning practice involves formulation of vision and mission statement, performance of situational analysis and finally strategy implementation and choice.

It is cautioned that effective planning as a practice is not as rational and analytical as it has been portrayed in the literature. Planning is both a generic activity whose success determinants are partially independent of the area in which it is applied and an area where judgment, intuition and creativity are still important. The formality of strategic planning has been associated with the field of strategic planning from its earliest foundation. Formalization is the degree to which the norms of the organization are explicitly defined. He further distinguished between "formalization", referring to whether these norms are written down in manuals and other documents.

The board and executive director should work together in developing the strategic planning process and provide guidance and input to the plan. The board can be particularly effective in providing and analyzing information about the external environment, current trends in social policy, or new financial opportunities. Because strategic planning takes time and effort, several sessions will need to be scheduled to complete all the strategic planning steps, including gathering information, discussing current and proposed programs and services, projecting the financial resources that would be needed to implement various programs, prioritizing programs, and finalizing the plan. The board must formally approve the final plan, be committed to it, and support its implementation.

5.5 Limitation of the Study

The main limitation of the study is that the research was conducted on only one organization. The study focused on at National Bank of Kenya. The findings are then generalized to all banking industry. The study should have covered a number of multinational banks to come up with a conclusion which would have given more credence to these findings.

The current research is limited due to the number of respondents involved in the case study. In this case although they were senior members of staff of the country management committee, they only came from one organization.

5.6 Suggestions for further Research

The study suggests further research on the strategic planning and performance of banks in Kenya. The study will supplement the findings of this study by providing information on the strength and weaknesses of the strategic planning and performance. This research therefore should be replicated in other banks in Kenya in order to establish whether there is consistency among them on strategic planning and performance.

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APPENDIX I: INTERVIEW GUIDE

The following sections provide sample questions to be used in evaluating the effect of effective strategic planning practices adapted by National Bank of Kenya in countering changes in operating environment.

Section A: Organization Bio-data

1. What is the name of the bank?
2. For how long has the organization been in existence?
3. What is the title or position of the respondent in the organization?
4. How long have you been with this organization?
5. How many employees are in the organization?
6. How would you classify your organization in regard to ownership?
7. Who owns the bank?

Section B: Strategic Planning practices by National Bank of Kenya

8. What drove you to the choice of the strategic planning practices?
9. Was the strategic planning adopted by National Bank of Kenya reactive or proactive?
10. How important has the various strategic planning options been to National Bank of Kenya in response to changes in the operating environment?
11. Were all employees representatives involved in formulating the strategies to be implemented?
12. Does the bank create a planning committee during strategic planning?
13. Do you conduct environmental analysis during formulation of strategic plans?

14. Does the bank revise or evaluate the strategic planning it has adopted?

15. Please explain the process of strategic planning formulation at National Bank

16. Please explain the process of strategic planning implementation at National Bank

Section C: Strategic planning practices and performance adopted by National Bank of Kenya

17. How has strategic planning increased effectiveness of meeting the organization's goals and objectives?

18. How has strategic planning led to developing a sustainable competitive position?

19. To what extent has strategic planning practices led to a good fit between the external environment and the internal capabilities?

20. Has strategic planning assisted managers to consider the future implications of the current decisions?

21. Can new product development increase customer base in banking institution?

22. Can banking institution make more profit as a result of effective new product development