STRATEGIC PLANNING AT EQUITY BANK KENYA LIMITED

By

JANET G. GATOME

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DECLARATION

STUDENT'S DECLARATION

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

Signature: ………………………………………..Date:…………………………………

Janet G. Gatome

D61/P/8452/05

SUPERVISOR'S DECLARATION

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

Signature…………………………………….….Date…………………………………..

Prof. Evans Aosa

LECTURER: UNIVERSITY OF NAIROBI

DEDICATION

This Research Paper is lovingly dedicated to my family who have been my constant source of inspiration and without whose support and guidance this project would not have been made possible.

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ABSTRACT

The importance of effective strategic planning is recognized by most organizations. Majority of organizations understand the need to clearly identify their mission and objectives, their priorities and targets for improvement, and the action to be taken to achieve them. Good progress has been made over the years to improve the rigor of strategic planning. There is no one clear way advocated by scholars on how institutions should go about strategic planning.

The purpose of the study was to establish and document strategic planning processes at Equity Bank Limited and to determine the various challenges faced in strategic planning. This research was conducted through a case study. Primary data was collected by use of interviews. Secondary data was obtained by reading relevant literature which elaborates on the issue being studied to add to data collected using interviews.

It was found that the strategic planning process is consultative done by the board, top management, middle level management, use of consultants and input from the banks strategic partners. The study also concludes that the bank undertakes environmental analysis. It was clear that political, economic, social, technological, environmental and legal factors influence the bank’s corporate strategic planning. The study further concludes that the bank faces various challenges during the implementation process.

Being that this was a case study on one bank the data gathered might differ from strategic planning processes adopted by other banks in the banking industry. The study recommends that further research should be done on other banks in the banking industry so as to get comprehensive information on how the other players in the industry go about the business of strategic planning.

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CHAPTER ONE INTRODUCTION

1.1 Background of the Study

For a firm to survive and prosper, strategy is needed. A strategy will be of good use if it is a good strategy and a good strategy must be planned. Even strategic planning is not enough but how the planning is done in order to enable the organization adapt to its turbulent environment in order to create a fit between the organization and its environment is important. Effective strategic planning can transform the performance of an organization, make fortunes for shareholders, or change the structure of an industry (Scholes, 2002). Ineffective strategic planning can bankrupt companies and ruin the careers of chief executives.

Pearce and Robinson (2001) indicated that strategic planning enables an organization to identify the prevailing environmental opportunities and threats, and also to figure out or estimate the organization's resource capabilities taking into account the strengths and weaknesses of its resources so as to align itself accordingly to battle with the environmental challenges. Strategic planning will therefore aid an institution in its performance. Performance can thus be seen as the manner in which an institution carries out its duties.

Equity Bank having been founded in 1984 as a building society has grown in the banking sector to become one of the leaders in a very competitive sector. We will look at strategic planning in Equity Bank Limited and the role strategy has played in its growth to a market leader in the banking sector.

1.1.1 Strategic Planning

Strategy which is a fundamental management tool in any organisation is a multi-dimensional concept that various authors have defined in different ways. It is the match between an organization's resources and skills and the environmental opportunities as well as the risks it faces and the purposes it wishes to accomplish (Hofer and Schendel, 1979). It is meant to provide guidance and direction for the activities and direction of the organization. Since strategic decisions influence the way organizations respond to their environment, the purpose of strategy is to provide directional cues to the organization that permit it to achieve its objectives while responding to the opportunities and threats in the environment (Schendel and Hofer, 1979). Strategy is useful in helping managers tackle the potential problems that face companies (Aosa 1998). The manager's task is to assure success and therefore survival of the companies they manage. This can be done successfully using strategic planning.

Strategic planning is not a very new management tool. Its origins can be traced back to the late 1950's and early 1960's. Under conditions of extreme competitive turbulence, the rediscovery of the strategic planning concept is hardly a surprise (Dierdoneck and Caeldries, 1988). Strategic planning is interdisciplinary and incorporates concepts from military strategy, history, business and organizational theory. Strategic planning according to Pearce and Robinson (2001) is defined as the set of decisions and actions resulting in the formulation and implementation of strategies designed to achieve objectives of an organization. Strategic planning is about success and failure, about the ability to plan wars and win them.

Strategic planning refers to a systematic, formally documented process for deciding the handful of key decisions that an organisation, viewed as a corporate whole must get right in order to thrive over the next few years (Pearson, 1988). The process results in the production of a corporate strategic plan. Strategic planning is therefore an organization's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy, including its capital and people. Strategic planning can be used to determine the organization's mission, vision, values, goals, objectives, roles and responsibilities as well as timeliness. Strategic planning is the process by which the guiding members of an organization envision its future and develop the necessary procedures and operations to achieve the future.

Simply put, strategic planning determines where an organization is going over the next year or more and how it is going to get there. Typically, the process is organization-wide, or focused on a major function. Entrepreneurs and managers are often so preoccupied with immediate issues that they lose sight of their ultimate objectives. That's why preparation of a strategic plan is a virtual necessity. There is on one universal approach to strategic planning and different organizations select the approach that best suits them.

1.1.2 Banking Industry in Kenya

Kenya's banking sector has improved tremendously over the past 10 years not just in size and profitability but also in terms of product offerings and service quality. While many of the bank collapses in the late 90's were as a result of the poor management of credit risks, the recent bank closure that of Charter House bank- was more of an operational issue. Kenyans now have more faith in their banks even the smaller ones that have been victims of closures. During the period to February 2008, the banking sector comprised 142 institutions namely 43 commercial banks, 2 mortgage finance companies and 97 foreign exchange bureaus.

According to the Banking Survey Kenya 2007, total assets in the sector have grown tremendously over the past 10 years. From a balance sheet of 328.4 billion in 1997, the sectors total assets stood at Ksh 764.4 billion as at the end of 2006 a growth of 132%. But the story of Kenya's banking sector remains that of a dominant few where 10 players control more than 75% of the market and the remaining 32 share the balance. This scenario is reflected in other measurements across the board, like customer deposits, loans and advances to customers and earnings.

The Central Bank of Kenya also released a circular barring bank's from levying any charges on savings accounts. This lead to banks creating more products exclusively for saving purposes while some product features had to be changed as they were originally savings products which had charges. This move encouraged more people to save as they did not have to worry about charges been levied on their savings. The banking Sector continues to grow and expand every day with more banks coming up in an attempt to capture the large population which is still unbanked (Banking Survey Kenya 2007).

1.1.3 Equity Bank Limited

Equity Bank was founded as Equity Building Society (EBS) in October 1984 and was originally a provider of mortgage financing for the majority of Kenyans who fell into the low income population. Despite its well intentioned Mission, EBS went through significant turmoil during the next decade. The firms decline, although exacerbated by a downturn within Kenya's banking sector was primarily self inflicted.

In these early days, EBS operated as an informal family business. The board was comprised of friends of the founders, who "did the latter's bidding" rather than provide professional oversight. In 2004, Equity Bank Limited appointed a new CEO who continued guiding Equity's transformation from a mortgage financing provider to a savings and loan institution. The bank's main income generating products became micro-loans of Ksh. 16,000 and below. Equity shifted to small loans since they offered a less competitive market than mortgages, while also representing an opportunity for growth and innovation.

The growth in business volume and outreach necessitated the conversion to a commercial bank. On 31st December 2004 Equity Building Society converted to a Commercial Bank and became Equity Bank Limited. The bank is listed on the Main Investment Market Segment (MIMS) of the Nairobi Stock Exchange (NSE). The listing of Equity Bank Limited on the stock exchange was intended to enhance the banks brand image and its visibility to earn it public confidence. The bank has won various awards and been recognized both locally and internationally (Banking Survey Kenya 2007).

1.2 Research Problem

The importance of effective strategic planning is recognized by most organizations. A majority of organizations understand the need to clearly identify their mission and objectives, their priorities and targets for improvement, and the action to be taken to achieve them. Good progress has been made over a long period to improve the rigor of strategic planning. There is no one clear way advocated by scholars on how institutions should go about in conducting or practicing their strategic planning. Different authors and scholars have advanced that strategies can form implicitly as well as be formulated explicitly (Mintzberg 1991, Johnson and Scholes 2002).

Kenya's banking sector has grown tremendously over the past 10 years not just in size and profitability but also in terms of product offerings and service quality. There has also been more regulation from the Central Bank. The banking industry has become very competitive and for a bank to survive it has to have a well laid out strategy to give it direction and purpose in its operations. Equity bank, despite its successful business model that has attracted both local and international recognition, has had problems that relate to planning which has been seen in the inefficiency of some of its operations. The inefficiency may be as a result of several factors beyond the scope of this study but planning is one of the factors.

A number of studies have been carried out to document strategic planning in Kenya (Sharbani 2001; Sagwa 2002; Wanjohi 2002; and Busolo 2003). All these studies show that organizations carry out strategic planning. However, the strategic planning approach followed varies from one organization to the other. Equity Bank Limited has registered tremendous growth over the years which can be attributed to proper strategic planning. The question is how does Equity Bank Limited undertake strategic planning?

1.3 Research Objective

The objectives of the study were:

i. To establish and document strategic planning processes at Equity Bank Limited.
ii. To determine the various challenges faced by Equity Bank Limited in strategic planning.

1.4 Value of the Study

The contribution of the banking sector in the economic development of the Kenyan economy cannot be overlooked. Equity has grown greatly since its conversion to a bank in December 2004 with a customer base of over 6.2 million as at March 2011. This research will provide an exposition on strategy planning at Equity Bank which is currently the fastest growing Bank in Kenya.

This study can be used by shareholders, staff, the government, competitors and other various stakeholders who have an interest in Equity Bank to better understand their strategic planning process as it offers a deeper insight into the success of Equity Bank.

No one has conducted a research looking into strategic planning at Equity Bank. I believe this research would be of great interest to the bank as it outlines their strategic planning process and they can use the research to assist in their future strategic planning and also act as a record of their strategic planning process.

This research will also make a contribution to the strategic management practitioners and scholars with regard to the importance of strategic planning in banking institutions and to the strategies used in banks. The strategic banking model used by Equity bank can also be replicated by other institutions as it has proved to be successful bearing in mind the achievements Equity Bank has had.

CHAPTER TWO LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature review on strategic planning. The chapter begins with a review of the concept of strategy. This is followed by strategic management, strategic planning, development of strategic planning, value of strategic planning and finally the challenges of strategic planning.

2.2 Concept of Strategy

The challenge to provide a definition of strategy is not straightforward because there are some elements of strategy that have universal validity and can be applied to any institution regardless of its nature. Others seem to be heavily dependent not only on the nature of the firm but also on its constituencies, its structure and its culture. To break this impasse, we find it useful to separate the concept of strategy from the process of strategy formation.

The word and concept of strategy takes its origin from the military, influenced by the Greek word “strategos” which means general welfare. In military theory, strategies are defined as a way to take care of a country’s forces, in order to obtain security and victory (Mintzberg, 1991).

Though strategy is associated with military and form, in recent times, the word has been adopted as a business term. According to Mintzberg (1991) there is no single universally accepted definition of strategy. However, there are different perspectives put forward by strategy authors through which the concept of strategy can be understood.

Chandler (1962, P.6) defines strategy as “the determination of the basic long term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals”. Johnson and Scholes (2002, P 10) has also defined 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 challenging environment, to meet the needs of markets and to fulfill stakeholder expectations". Quinn (1980) proposes that strategy is the pattern or plan that integrates an organizations major goal, policies and action sequences into cohesive whole.

Miles and Snow (1978) define strategy by the way an organizations product or services are placed in the environment. Porter (1980) strategy is a deliberate search for a plan of action that will develop a business competitive advantage and compound it. Generic strategies provide two ways of developing competitive advantage in a changing environment either through value added to customers who pay a premium to cover high costs or cost based leadership, offering products and services at lowest cost (Porter 1980).

Within an organization, there are different sub-types of strategy. Corporate strategy is concerned with the type of business to operate and how resources should be focused to achieve competitive advantage, Business strategies are linked with the various industry business unit that comprise the overall corporate organization, Operational strategies relate to the contribution of various functional areas within Industry business units to overall corporation and business strategies (Johnson and Scholes 2002).

2.3 Strategic Management

Strategic management unlike most disciplines which have been there for hundreds of years is a relatively new discipline and originated in the 1950s. Although there were numerous early contributors to the literature, the most influential pioneers were Chandler (1962), Selznick (1957), Ansoff (1965) and Drucker (1954).

“Strategic management is an ongoing process that assesses the business and the industries in which the company is involved; assesses its competitors and sets goals and strategies to meet all existing and potential competitors; and then reassesses each strategy annually or quarterly [i.e. regularly] to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment., or a new social, financial, or political environment.” (Lamb, 1984 P. 103)

Strategic management is a way of conducting the firm that has as an ultimate objective the development of corporate values, managerial capabilities, organizational responsibilities and administrative systems that link strategic and operational decision making at all hierarchical levels and across all business and functional lines of authority in a firm (Hax &Majluf, 1996)

Using the strategic management approach managers at all levels of the firm interact in planning and implementing. As a result the behavioral consequences of strategic management are similar to those of participative decision making. Therefore an accurate assessment of the impact of strategy formulation on organizational performance requires not only financial evaluation criteria but also non financial evaluation criteria, that is, measures of behavior based effects (Lane, 2003).

Group based strategic decisions are likely to be drawn from the best available alternatives. The strategic management process results in better decisions because group interaction generates a greater variety of strategies and because forecasts based on the specialized perspective of group members improves the screening of opinions (Stahl, 1998).

2.4 Strategic Planning

Strategic planning has always been looked at as the result of a rational planning process orchestrated, if not dominated by the top management of the organization. To a certain extent, this emphasis on a rational planning process dominated by top management reflecting the military roots of strategy, with its imaginary generals clustered around a map with their staff plotting out a strategy for defeating the enemy. This imagery has been propagated in the business literature by a number of writers who have emphasized that strategy is the outcome of a formal planning process and that top management plays the most important role in this process (Rinje, 2006).

Although the view of strategy as the product of a rational planning process driven by top management has some basis in reality, it is not the whole story. Not all of an organizations strategies result from formal strategic planning exercises. Valuable strategies often emerge from deep within the organization without prior planning. Nevertheless, a consideration of planning is a useful starting point for our journey into the world of strategy (Mintzberg and Lampel, 1999).

According to Ciaran (2001), the strategic planning process can be broken down into four main steps. The first step is selection of the corporate mission, vision and major corporate goals. Step two, analysis of the organizations external competitive environment to identify opportunities and threats. Step three, analysis of the organizations internal operating environment to identify the organizations strengths and weaknesses and last step is the selection and implementation of strategies.

The mission statement articulates the company's purpose both for those in the organization and for the public. The mission statement should arouse a strong sense of organization identity and business purpose (Thompson & Strickland, 1995). A vision describes a set of ideals and priorities, a picture of the future, a sense of what makes the company special and unique including a core set of principles that the company stands for (Harari, 1994).

The objective of external analysis and internal analysis is to identify strategic opportunities and threats in the organizations operating environment and pinpoint the strengths and weaknesses of the organization. When carrying out the internal analysis, a company has to look at the distinctive competencies (unique company strengths), resources and capabilities in building and sustaining a company's competitive advantage (Pearson, 1988).

SWOT analysis is the comparison of strengths, weaknesses, opportunities and strengths that normally result in the identification of a company's distinctive competencies and opportunities. After the SWOT analysis, the company makes a strategic choice which entail choosing among the alternatives generated by a SWOT analysis (Pearson, 1988). The organization has to evaluate various alternatives against each other with respect to their ability to achieve major goals.

The strategic plan generated by this kind of process generally covers a one-to-five year period, with the plan being updated or “rolled forward” every year (Hax and Majluf 1996). Some organizations go through this kind of process every year although this should not be taken to imply that the organization chooses a new strategy each year. In many instances, the result is simply to reaffirm a strategy that is already in place. In many organizations, the results of the annual strategic planning process are used to input into the budget process for the coming year. Thus, strategic planning shapes resource allocation within the organization.

Strategic planning consists of planning processes that are undertaken in firms to develop strategies that might contribute to performance (Tapinos et al., 2005). Key aspects of strategic planning are a long time horizon, formality, the use of planning instruments, and frequent control of plans. The nature of decision making in developing countries business organisations has been described as top-down and less participative and hierarchical relations are reported to be formal and status rigid. Developing countries business organisations, probably due to overstaffing and top-down communication, have been found to have high administrative intensity (Sozen and Shaw, 2002).

2.5 Development of Strategic Planning

The history of management systems is a succession of inventions. As new challenges arose, progressive firms invented and tried new ways of managing. Some of the new systems failed some succeeded and successful systems were imitated by other firms. As is typical of inventions, they were like a medicine mans portion, treating symptoms rather than the underlying causes. If the treatment worked, it was used until new symptoms appeared.

Aaker (1995) provides historical perspectives showing how the strategic management evolution has progressed and acknowledges that strategic activity has been described over the years as budgeting, long range planning, strategic planning and strategic management. Early strategic activity was concerned with budgetary and control mechanisms. Structured methods of allocating, monitoring and investigating variances from budgets provided a means of managing complex processes. Planning systems and processes tended to extrapolate current trends (with varying degree of sophistication) and predict factors such as sales profit and cost.

Long range planning (LRP) was the firm's response to the pressures of rapid growth, size and complexity. In the 1950's, this configuration of factors reached a point where it was no longer possible to rely on budgeting for preparing the firm for its future competitive challenges and expansion needs (Miles and Snow 1978). Long range planning was the answer which quickly provided itself to be useful and was accepted by most large firms and a substantial number of medium sized ones.

On the other hand, strategic planning was invented in the 1960s (Pearce and Robinson, 2001). The stimulus was saturation and decline of growth in a number of firms. At this time, reasons for the saturation/decline were poorly understood but it was clear that it was both desirable and dangerous to plan the firm's future on the basis of extrapolation of past trends as is done in long range planning (LRP).

At the same time, strategic planning was poorly understood by the involved managers and perceived as "another form filling exercise" for the sole benefit of the corporate office. New strategies were slow to produce results, the new strategic investment turned out to be larger than anticipated and it offered no proof that the substantial investment of the firm's energy which it required would prove worthwhile (Thompson and Strickland 2001).

Strategic planning encountered resistance from the affected managers who tried to avoid and to sabotage it. When the enthusiasm of the chief executive waned, the sabotage frequently succeeded to the point of causing a regression to a previous system. Among the many criticisms of the strategic planning, the fundamental one was that it was a poor invention and that even if well installed and used by the firm, it does not produce any improvement in the firm's performance. Critics who advanced this view argued that when environment was extrapolable, LRP produced no harm and might even do some good. But when environment turned turbulent, firms were advised to avoid formal planning and make their decisions organically on the basis of managerial intuition and experience (Mintzberg, 1991)

Proponents of Strategic planning refused to accept this view and some of them turned to research in an effort to prove that properly installed strategic planning can more than pay for itself in terms of better performance. Several studies were done and arrived at the same conclusion which is that the difficulty encountered by strategic planning was not due to the fact that it is a poor instrument (Stahl, 1998). On the contrary, the studies established that once strategic planning is installed in a firm it can help produce significant improvements in performance (Lane, 2003).

2.6 Value of Strategic Planning

Formal strategic planning constitutes a powerful contribution to enhance managerial understanding and decision making. The planning process helps to unify corporate directions. By starting the process with a proper articulation of the vision of the firm, subsequently extended by the mission of each business, and the recognition of functional competencies, the planning process mobilizes all of the key mangers in the pursuit of agreed upon and shared objectives. This unifying thrust can be very hard to accomplish without the formalization and discipline of a systematic process (Hax and Majluf, 1996).

One of the great advantages of strategic planning is that it simulates the future on paper. If the simulation does not result in the desired picture the exercise can be erased and started all over again. Simulation choices are reversible. Simulation encourages and permits the manager to see, evaluate and accept or discard a far greater number of alternative courses of action than he might otherwise consider. Although identification of the “right” course of action is far more significant than generating number of alternatives, the fact that more alternatives are brought forth for review may produce ideas that a lesser effort would not (Steiner, 1979).

Perhaps the most important of the attributes of a formal strategic planning process is that it allows the development of managerial competencies of the key members of the firm by enriching their common understanding of corporate objectives and business and illustrating the way in which those objectives can be transformed into reality. In other words, the most important contribution of the planning process is the process itself. A mere by-product is the final content of the planning book. The engaging communicational efforts and the multiple interpersonal negotiations generated the need to understand and articulate the primary factors affecting the business and the required personal involvement in the pursuit of constructive answers to processing business questions are what truly make the planning process a most vital experience.

Strategic planning looks at a company as a system composed of many subsystems. It permits the top management of the company to look at the enterprise as a whole and the interrelationship of parts rather than deal with each separate part alone and without reference to the other. Strategic planning provides a mechanism for the interrelated parts of an organization to be coordinated thereby avoiding sub optimization of parts at the expense of the whole. It permits management to focus attention on the major issues relevant to the survival of the enterprise.

2.7 Challenges of Strategic Planning

Research on the challenges facing strategic planning have identified several challenges. These include power and politics, external control the predominant management styles and characteristics and the size of the organization. Pearce and Robinson (2002) argues that where the dominance of the CEO approach autocracy, the effectiveness of the firms strategic planning are likely to be greatly diminished.

The strategic planning are strongly influenced by the ability of the CEO to provide managers at all levels with the opportunity to play a role in determining the strategic posture of the firm. In organizations where the management style involves the participation of employees in the strategic planning and its related strategies, this challenge is reduced as there is more ownership by the employees who work together to ensure that the put in place actually work.

Gilmore (1971) argues that small and medium sized organizations do not have the benefit of planning departments or operation research groups. Such firms therefore need a simple practical approach to strategy formulation.

Thompson and Strickland (2001) also observes that in small owner managed companies, strategy is developed informally, often never being written but existing only in the entrepreneurs mind and in oral understanding with key subordinates. The large firms however tend to develop their strategic plans in annual strategic planning cycles complete with prescribed procedures that include board management participation. This process usually ends up with written strategic plans.

Keith et al (1998) also shares the same view and asserts that because of their size, small firms cannot afford strategic planning staff and personnel that larger firms possess. In their research, they defined small firms as those with less than one hundred employees. They also note that senior management in small firms usually means one individual and not a group of managers.

Buchanan and Boddy (1992) argue that the political view of strategy development and its related is an outcome of the process of bargaining and negotiating among powerful internal and external interest groups. When people in organizations are rooted to different experience, they will always seek to protect their view and with different views comes the need to exercise power.

CHAPTER THREE RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the methods that were used in the collection of data pertinent in answering the research questions. The research is based on a case study of a particular organization and will thus focus on Equity Bank which is the organization being studied. The chapter begins with a description of the research design, data collection procedure and then the data analysis.

3.2 Research Design

Research design is the plan with which the research project is executed. This research was conducted through a case study since it is a research on one organization. A case study is an in-depth exploration of a particular context that involves the collection of extensive qualitative data usually via interview, observation, and document analysis (Creswell, 2003).

The primary purpose of a case study is to determine factors and relationships among the factors that have resulted in the behavior under study. This design also allows a thorough, meticulous and systematic data collection on the research problem (Yin, 1994). Kothari, (2004) noted that a case study involves a careful and complete observation of social units.

3.3 Data Collection

In this study, two types of data were collected, the primary data and secondary data. Primary data was collected by use of interviews. Secondary data was obtained by reading relevant literature which elaborates on the issue being studied to add to the data collected using the interviews and to clarify on issues related to the problem.

The data collection instrument used in this research is an interview guide. The interview guide makes use of open ended questions and directs the interviewer on the direction he/she should take when conducting the interview so as to get relevant information on the research being conducted. The use of open ended questions during the interview ensured we were able to get as much information from the interviewee as they are not confined in their response.

Data was collected by interviewing the five banks senior managers who have been with the company for long and are involved in the bank's strategy planning. These are the Chief Executive Officer, director of corporate strategy, director of operations, director of credit and director of I.T and Innovation Center. In most organizations top and middle level management are the ones involved in strategic planning therefore negates the need to interview everyone in the organization.

3.4 Data Analysis

According to Ngechu (2004), data analysis procedure includes the process of packaging the collected information putting in order and structuring its main components in away that the findings can be easily and effectively communicated. Data analysis consists of examining, categorizing, tabulating, testing, or otherwise recombining both quantitative and qualitative evidence to address the initial preposition of a study.

Data collected was analyzed using content analysis. Content analysis is a research technique used to determine the presence of certain words or concepts within texts or sets of texts. The researcher quantifies and analyzes the presence, meanings and relationships of such words and concepts then make inferences about the messages within the text. To conduct a content analysis on any such text, the text is coded or broken down, into manageable categories on a variety of levels; word, word sense, phrase, sentence, or theme and then examined using content analysis.

In this research, content analysis was used to analyze the responses collected from the interviewees so as to bring out common themes or data from the various responses collected. This approach ensures any unanticipated themes are given the opportunity to emerge from the data.

CHAPTER FOUR DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents data findings from the field, its analysis and interpretations there-of. The data was gathered through interview guides and analyzed using content analysis. The data findings were on strategic planning at Equity Bank Limited.

According to the data found, all the five senior managers projected in the previous chapter to be interviewed were interviewed. The commendable response rate was achieved at after the researcher made frantic effort at booking appointment with them despite their tight schedules and making phone calls to remind them of the interview.

4.2 Demographic Information

The study, in an effort to ascertain the interviewees' competence and conversance with matters regarding Equity Bank Limited asked questions on the position that the interviewee held in the organization. According to the data findings, all the interviewees were senior managers in charge of various departments such as corporate strategy, operations, credit and I.T and Innovation Center. The researcher also asked a question on the years that the interviewees had worked for the organization (Equity Bank Limited). According to the interviewees' response, all of them had worked for the organization for at least seven years as most promotions are internal, within the organization. The interviewees' responses hence had the advantage of good command and responsibility being that they were senior managers and had experience and aptitude owing to their years of experience in the organization.

4.3 Strategic Planning at Equity Bank

The interviewees reiterated that the bank does not have a defined strategic planning department but it has a Director of Company strategy that coordinates the planning process and works with other top management. Equity Bank does not have a strategic planning department as it believes strategic planning should not be left or be seen as the work of a chosen few but should be an all inclusive process. Strategic planning has to happen at all levels and cannot therefore be left to a few staff at the head office. The Bank has invested in training the top management and leaders to be strategic leaders and strategic planners. The interviewees added that the bank has objectives which are clearly stated and explained to all staff. The objectives are set interactively by the board of directors, executive committee, senior management, middle level management and functional departments.

4.3.1 Strategic Planning Process Followed in Equity Bank

The interviewees were asked to describe the strategic planning process followed in Equity Bank. From the responses, the interviewees were unanimous that EBL has a long term corporate plan which is broken down into short term sub plans. They said that the long term strategic plan e.g. 5 years is broken down to short term plans to guide in effective achievement of the strategic plan laid out. They stated that the first comprehensive plan was done in 2003 it was a 3 year strategic plan. Critical Success Factors (CSF’s) were developed, mission, vision and core values were all defined.

They added that the banks purpose statement, mission and vision guided them in setting the banks objectives and strategic plans. For example the current bank regional growth to other countries in Africa is guided by its Vision which is “to be the champion of the socio-economic prosperity of the people of Africa”. They further confided that the bank also has critical success factors which are derived from their mission, vision and purpose to guide the bank and staff in their operations. The CSF’s are changed in accordance with the banks strategic plan or objectives but in rhythm with the mission and vision.

The interviewees reiterated that each year the bank has business plans drawn by each business unit or department. Each branch has a business plan which the draw up with input from top management for the year which is approved by the head of the department it states the branches objectives for the year in terms of how it will grow the branch looking at various metrics such as customer growth, deposit growth, loan portfolio management, profits, custodial business, insurance business and selling of other channels offered by the bank to customers.

4.3.2 Persons Involved in Strategic Planning Process

On the question of who is involved in the strategic planning process, the interviewees confided that the strategic planning process is consultative done by the board, top management and use of consultants and with input from the banks strategic partners adding that research is done together with the partners to guide in formation of the strategic plan but the process is driven by the CEO. They said that the consultants used will depend on the specific area the bank is interested in. The bank has also invested heavily on training the top management so as to change people’s thinking from operational to strategic as well and train on the importance of strategy and strategic planning by paying for them to undertake training in strategy from some of the top universities such as Havard and Wharton universities.

They also reiterated that once the strategic plan is done implementation process is driven by the CEO with support from the board. Communication is done to all staff so that they can understand the banks objectives and their purpose in achieving the plan. They said that milestones are set and training is done to uplift peoples thinking.

The interviewees also reiterated that Equity Bank Limited has adopted financial strategies as the bank chose to bank the unbanked. This was mainly through huge volumes with small margins leading to huge revenues at minimal cost. They explained that when EBL started as EBS (Equity Building Society) most banks were interested in the big accounts and used to ask for high minimum balance and charge heavily when one went below the minimum balance. This had locked out many Kenyans from accessing financial services. When EBL started its operations they made banking affordable to the unbaked and the small citizens who had long been ignored by the big banks. This led to its growth and success. The interviewees added that in offering its financial services, the bank is guided by its purpose statement which state that the bank exist to transform the lives and livelihoods of the people socially and economically by availing them modern, inclusive financial services that maximize their opportunities). The banks develop its financial services not to respond to competition but to respond to the needs of the customers and Kenyans.

On organizational structure, the interviewees also indicated that the bank adopted a lean and flat structure where open door policy at branches for customers improves customer interaction with branch management and improves customer service. They said that their I.T platform is continuously evolving as the bank grows to fit or be aligned with the bank's strategy and set a framework to handle the banks growth expansion strategy. The organizational structure is also changing to handle the evolving and changing demands of the banking industry. E.g a few years ago the credit department aligned its structure to include various market segments which were growing such as SME and asset finance.

On adoption of the technology strategy, the interviewees were in accord that the strategy comes first and the technology responds to the banks long term strategy. They explained that technology is responding to strategy because when taking banking to the mass the company require robust systems to handle the numbers and transactions thus leading to new systems to handle the bank’s strategy. Also, when the bank changed its core banking system in 2004 the bank needed the new system to handle the numbers and also so that the technology can be in rhythm with the strategy and help the bank attain its strategy.

4.3.3 Customer Care Strategy Adopted By the Bank

The study proceeded to determine the customer care strategy adopted by the bank. All the interviewees agreed that customer care strategy is guided by the banks tagline: ‘Your listening, caring partner’ and the bank’s core value of Professionalism, Integrity, Creativity and Innovation, Teamwork, Unity of purpose, Respect and dedication to customer care and Effective Corporate Governance. Thus the bank developed personal relationship geared towards creating an emotional bond and giving dignity. The interviewees intimated that training is also done to staff to improve the customer care and use of e-learning to ensure all staff know the banks values, products, services and importance of customer service. They also stated that the bank also established a call center to ease customer’s communication with the bank. The bank also has what they call the humble African woman icon which states the various values staff should aim to attain. The interviewees also said that the bank is proactive to customer needs, develop new products and stays humble irrespective of the banks growth.

They further indicated that the bank adopt product strategy. They said that the bank normally carries out surveys either using consultants or using their established research and development department to carry out research from customers to understand their needs and develop products which suite their needs. They added that some products are developed in response to customer needs and with technology comes new products such as e-banking, mobile banking e.t.c.

The interviewees were in accord that the Bank undertakes environmental analysis every time there is need e.g. change in macro environment, change in government policy etc. this is mainly done by the top level management while the Board of Directors develop alternative strategies. They also said that a combination of focus groups, brainstorming, formal meetings, informal planning interactions and mathematical methods e.g. regression analysis, simulations etc are used in the bank's strategic planning. The interviewees said that when undertaking the strategic planning process, the process/analysis they undertake include external environment analysis, internal environment analysis, SWOT analysis, developing strategies to achieve the banks strategic objectives and choosing the appropriate strategy. Once various approaches are short listed, rational and analytical decision making process is used to select the appropriate strategic options for the bank. The bank also does simulations to assist them in selecting the appropriate strategy. Further, the bank conducts competitor and market analysis through an R&D department among other intelligence correcting mechanism.

4.3.4 Strategic Reviews

To the question on whether the bank reviews its strategies, the interviewees were unanimous that the bank reviews its strategies. They said that the bank keeps tab on strategy using daily dashboards to check if they are on track in achieving the objectives set out and short term plans and business plans. They added that there is also monthly review and quarterly reviews to monitor progress of the strategic plan. At this point they also check if there are any factors which are affecting the attainment of the plans such as new regulations or the economic trends.

The interviewees were also in accord that the reviews are done at department level with the CEO together with the heads of the business units. Reviews are also done during the board meetings which are held quarterly. The board has various committees which meet and then report to the board during the board meetings.

4.4 Factors Influencing Strategic Planning

The study also proceeded to determine the factors influence the bank's corporate strategic planning. The interviewees concurred that the political, economic, social, technological, environmental and legal factors are some of the factors. They elaborated that the factors are such as the E.A.C protocol which has opened up trade and eased trade regulations within the EAC community; the changing trends of the youth (GenY), their requirements and needs the social networks and how to use them in attaining the banks plans and targeting this generation lead the bank to having to come up with a strategy to target this particular population; the changing economic trends e.g. the money markets, changes in interest rates, new CBK regulations; new regulations e.g. the bill which allows telcos to carry out the money transfer and customer changing demands.

On whether the strategic planning adopted by Equity Bank limited are more of reactive or proactive, the interviewees averred that EBL has a proactive approach to strategic planning. However, there can be factors which affect the banking industry or changes in the operating environment which may require the bank to have reactive strategy to be able to respond and handle the new changes in the environment an example can be changes in the economic trends which were unforeseen and occur during the planning period or like the post election violence which was unpredicted and affected the country's economic growth and the Kenyan people and therefore the Bank then has to have a reactive strategy to respond to the situations.

4.4.1 Factors That Determine Success In The Banking Sector

The interviewees further intimated that the factors that determine success in the banking sector are the basic factors which are important for a bank to succeed such as adequate capital growth, technology, strategy to guide the growth of the bank in the direction it wants to grow, stating what it wants to achieve with clear objective in place, the right people to drive the business, focused customer service. They however confided that Equity is unique in how it looks at its success as it exists to give dignity and empower its customers thus when its customers succeed and grow with them and do well then they consider themselves successful. This is also visible through the banks financial literacy program which is done by the Equity Foundation. They added that while doing this, it is also important to create value to the shareholders.

Given that strategic planning consists of planning processes that are undertaken in firms to develop strategies that might contribute to performance, the interviewees reiterated that the bank has benefited greatly from strategic planning saying that a lot of the drivers are from having the right strategy and executing the strategy. They indicated that planning helps the bank to take advantage of the future aggressive economic trends or turns expected to be experienced. They alluded that having the right strategy has taken EBL to where it is today as the bank has always had a strategy even when it was operating as a building society. The interviewees intimated the importance of setting out of a mission, vision and objectives clearly communicated to all and internalized by all staff so that everyone in the bank is working towards a common purpose. It has also led to planned development of the different things it has achieved be it its growth, technology wise and having the right people in place.

4.4.2 Benefits of Implementing a Strategic Plan

The interviewees were in accord that Equity Bank had gained tremendously from having strategic plans. The benefits gained through implementing strategic planning include high performance over the years, customer satisfaction and retention, attracting the best skills, focus on the important things i.e. resources (time, talent, money) are properly allocated to those activities that provide the most benefit. Strategic planning helped in recognition of the impact of the changing business environment on the company which lead to awareness of the company's potentials in light of its strengths and weaknesses, identification and analysis of available opportunities and potential threats. The company is able to change its direction to take advantage of the changing business environment maximizing the opportunities while minimizing any threats brought about by the environment.

Strategic planning has helped management see the importance of setting objectives that are realistic and demanding, yet attainable which has lead to accelerated and improved growth. Poor performing areas are identified and eliminated and there is development of better communications with those both inside and outside the company. Strategic planning provided the company and top management a road map to show where the company is going and how to get there, better internal coordination of activities and gaining a sense of security among employees that comes from better understanding of the changing environment and the company's ability to adapt.

The interviewees gave the factors that affect the Banks competitive advantage as hedging on technology to deliver world class services at minimal costs, connection with customer through customer care and developing relevant customer driven products and services while the factors that determine success in the banking sector include qualified staff, proper technology, understanding the market and good customer service.

4.5 Challenges of Strategic Planning

The interviewees were asked to elaborate the challenges in strategic planning posed by the various aspects of the institutional environment. They said that government intervention, governments speed in implementing new legislation, the new government county structure and decentralization of services affects the banks strategic planning.

On political instabilities, they said that peace in the region slows down growth in the economy due to the slowed down business during this time and displacement of people leading to social instability. They added that inflation rate affecting peoples spending power and borrowing powers, increase in loan losses through default, reduction in deposits leading to increase in cost of borrowing. On the state business relations, the interviewees said that the strategic planning is affected by regulatory factors e.g. EBL was in the forefront in requesting for Agency Banking, progressive changes in the industry e.g. the new truncation system. The rate at which technology changes is a major challenge in strategic planning as the Bank has to keep up with the ever changing technology an example of the speed of change in technology is the growth in the mobile banking sector.

The interviewees also cited creating capacity as another challenge faced in strategic planning. Equity Bank faced a challenge in graduating people from a small organization mentality to thinking regional and managing a big regional company. The organization structure keeps evolving due to the tremendous growth. Other challenges include resistance during implementation, unforeseen changes in the global economy e.g. financial crisis in USA, the war in Libya and Unethical competition within the Industry.

4.6 Discussion

4.6.1 Comparison with Theory

From the findings, it was clear that the bank does not have a defined strategic planning department but it has a Director of Company strategy that coordinates the planning process and works with other top management. It was clear that EBL has a long term strategic plan which is broken down to short term plans to guide in effective achievement of the strategic plan laid out. Earlier study by Miles and Snow (1978) also established that long range planning was the answer which quickly provided itself to be useful and was accepted by most large firms and a substantial number of medium sized ones.

The study also found that the banks purpose statement, mission and vision guided them in setting the banks objectives and strategic plans. This is consistent with Pearson (1988) who indicated that strategic planning can be used to determine the organization’s mission, vision, values, goals, objectives, roles and responsibilities as well as timeliness. Strategic planning is the process by which the guiding members of an organization envision its future and develop the necessary procedures and operations to achieve the future.

The researcher also found that each year the bank has business plans drawn by each unit or department. The study also established that the strategic planning process is consultative done by the board, top management, middle management, use of consultants and with input from the banks strategic partners adding that research is done together with the partners/ consultants to guide in formation of the strategic plan but the process is driven by the CEO.

The study deduced that training is also done to staff to improve the customer care and use of e-learning to ensure all staff knows the banks values, products, services and importance of customer service. This is in line with Hofer and Schendel, (1979) who indicated that there is need to create a match between an organization’s resources and skills and the environmental opportunities as well as the risks it faces and the purposes it wishes to accomplish. It is meant to provide guidance and direction for the activities and direction of the organization.

It was clear that communication is done to all staff so that they can understand the banks objectives and their purpose in achieving the plan. This is in agreement with Steiner (1979) that the engaging communicational efforts and the multiple interpersonal negotiations generated the need to understand and articulate the primary factors affecting the business and the required personal involvement in the pursuit of constructive answers to processing business questions are what truly make the planning process a most vital experience.

The objective of external analysis and internal analysis is to identify strategic opportunities and threats in the organizations operating environment and pinpoint the strengths and weaknesses of the organization. When carrying out the internal analysis, a company has to look at the distinctive competencies (unique company strengths), resources and capabilities in building and sustaining a company's competitive advantage (Pearson, 1988). In line with this, the study also established that the bank undertakes environmental analysis every time there is need e.g. change in macro environment, change in government policy etc. A combination of focus groups, brainstorming, formal meetings, informal planning interactions and mathematical methods are used in the bank's strategic planning.

4.6.2 Comparison with Empirical Studies

According to Ciaran (2001), the strategic planning process can be broken down into four main steps. The first step is selection of the corporate mission, vision and major corporate goals. Step two, analysis of the organizations external competitive environment to identify opportunities and threats. Step three, analysis of the organizations internal operating environment to identify the organizations strengths and weaknesses and last step is the selection and implementation of strategies. The study findings agree with this as they revealed that when undertaking the strategic planning process, the process/analysis they undertake include external environment analysis, internal environment analysis, SWOT analysis, developing strategies to achieve the banks strategic objectives and choosing the appropriate strategy. Further, the bank conducts competitor and market analysis through an R&D department among other intelligence correcting mechanism.

Equity Bank has also invested heavily on training the top management so as to enrich their skills on the importance of strategic planning. This concurs with Rinje (2006) that strategic planning has always been looked at as the result of a rational planning process orchestrated, if not dominated by the top management of the organization. Steiner (1979) also observed that the most important of the attributes of a formal strategic planning process is that it allows the development of managerial competencies of the key members of the firm by enriching their common understanding of corporate objectives and business and illustrating the way in which those objectives can be transformed into reality.

The study further established that the bank reviews its strategies by keeping tab on strategy using daily dashboards to check if they are on track in achieving the objectives set out and short term plans and business plans. The reviews are done at department level with the CEO together with the heads of the business units. Consistent with this, an earlier study by Steiner (1979) indicated that although identification of the "right" course of action is far more significant than generating number of alternatives, the fact that more alternatives are brought forth for review may produce ideas that a lesser effort would not.

Studies have established that once strategic planning is installed in a firm it can help produce significant improvements in performance (Lane, 2003). This is in line with what the study deduced that the bank has benefited greatly from strategic planning in that a lot of the drivers are from having the right strategy and executing the strategy. Planning helps the bank to take advantage of the future aggressive economic trends or turns expected to be experienced. This concurs with Pearce and Robinson (2001) who indicated that strategic planning enables an organization to identify the prevailing environmental opportunities and threats, and also to figure out or estimate the organization's resource capabilities taking into account the strengths and weaknesses of its resources so as to align itself accordingly to battle with the environmental challenges.

Earlier research on the challenges facing strategic planning have identified several challenges which include power and politics, external control the predominant management styles and characteristics and the size of the organization (Pearce and Robinson , 2002). From the study, the factors influencing the bank's corporate strategic planning include the political, economic, social, technological, environmental and legal factors. The changing economic trends e.g. the money markets, changes in interest rates, new CBK regulations; new regulations e.g. the bill which allows telecommunication companies to carry out money transfer and customer changing demands.

The study also found that the challenges in strategic planning posed by the various aspects of the institutional environment include government intervention, investment in rural areas, slow implementation of relevant legislations, the new government county structure, decentralization of services, political instabilities, inflation rate and state business relations. The study found the challenges facing implementation of strategic planning in Equity Bank Limited as creating capacity of the people, resistance during implementation and unforeseen changes in the global economy, the changes in the technological areas, delays in agreeing to final strategies and emergent changes requiring a change in strategy requires the same process to be repeated.

CHAPTER FIVE SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presented the summary of key data findings, conclusion drawn from the findings highlighted and recommendation made there-to. The conclusions and recommendations drawn are in quest of addressing the research question or achieving at the research objective which is the strategic planning at Equity Bank Limited.

5.2 Summary of Findings

5.2.1 Strategic Planning Processes at Equity Bank Limited

The study found that the bank does not have a defined strategic planning department but it has a Director of Company strategy that coordinates the planning process and works with other top management. It was clear that EBL has both long term and short term strategic plans. The long term strategic plan is broken down to short term plans to guide in effective achievement of the strategic plan laid out. The bank also has critical success factors which are derived from their mission, vision and purpose to guide the bank and staff in their operations.

The researcher also found that each year the bank has business plans drawn by each unit or department. The study also established that the strategic planning process is consultative done by the board, top management and use of consultants and with input from the banks strategic partners adding that research is done together with the partners/ consultants to guide in formation of the strategic plan but the process is driven by the CEO. The bank has also invested heavily on training the top management. The study deduced that training is also done to staff to improve the customer care and use of e-learning to ensure all staff knows the banks values, products and importance of customer service. Communication is done to all staff so that they can understand the banks objectives and their purpose in achieving the plan.

It was deduced that Equity Bank Limited has adopted financial strategies as the bank chose to bank the unbanked. In offering its financial services, the bank is guided by its purpose statement which state that the bank exist to transform the lives and livelihoods of the people socially and economically by availing them modern, inclusive financial services that maximize their opportunities. The study also revealed that the bank adopted a lean and flat structure where open door policy at branches for customers improves customer interaction with branch management and improves customer service. The banks I.T platform is continuously evolving as the bank grows to fit or be aligned with the bank's strategy and set a framework to handle the banks growth expansion strategy. The study revealed that the strategy comes first and the technology responds to the banks long term strategy.

The study also established that the bank undertakes environmental analysis so as to better understand its operating environment. A combination of focus groups, brainstorming, formal meetings, informal planning interactions and mathematical methods are used in the bank's strategic planning. The study revealed that when undertaking the strategic planning process, the process/analysis they undertake include external environment analysis, internal environment analysis, SWOT analysis, developing strategies to achieve the banks strategic objectives and choosing the appropriate strategy. Further, the bank conducts competitor and market analysis through a research and development (R&D) department among other intelligence correcting mechanism.

The study further established that the bank reviews its strategies by keeping tab on strategy using daily dashboards to check if they are on track in achieving the objectives set out and short term plans and business plans. The reviews are done at department level with the CEO together with the heads of the business units.

5.2.2 Factors Influencing The Bank's Corporate Strategic Planning

The factors influencing the bank's corporate strategic planning include the political, economic, social, technological, environmental and legal factors. Other factors are such as the E.A.C (East Africa Community) protocol which has opened up trade and eased trade regulations within the EAC community; the changing trends of the youth (GenY), their requirements and needs, the social networks and how to use them in attaining the banks plans and targeting this generation lead the bank to have to come up with a strategy to target this particular population. The changing economic trends e.g. the money markets, changes in interest rates, new CBK regulations; new regulations e.g. the bill which allows telcos to carry out the money transfer and customer changing demands.

The study found that EBL has a proactive approach to strategic planning. The bank has benefited greatly from strategic planning in that a lot of the drivers are from having the right strategy and executing the strategy. Planning helps the bank to take advantage of the future aggressive economic trends or turns expected to be experienced. It was clear that the factors that affect the Banks competitive advantage as hedging on technology to deliver world class services at minimal costs, connection with customer through customer care and developing relevant customer driven products and services while the factors that determine success in the banking sector include qualified staff, proper technology, understanding the market and good customer service.

5.2.3 Challenges Faced By Equity Bank Limited in Strategic Planning

Challenges in strategic planning posed by the various aspects of the institutional environment include government intervention, investment in rural areas, slow implementation of relevant legislations, the new government county structure, decentralization of services, political instabilities, inflation rate and state business relations.

The study found one of the major challenges facing Equity Bank is creating capacity among the staff especially in implementation of the strategies. Other challenges are resistance during implementation and unforeseen changes in the global economy, the changes in the technological areas, delays in agreeing to final strategies and emergent changes requiring a change in strategy requires the same process to be repeated.

5.3 Conclusion

In the modern world of stiff competition, Equity Bank Limited has been able to keep pace with the rivalry in the banking scenario through stringent strategic planning. From the study findings, the researcher concludes that Equity Bank Limited has both long term and short term strategic plans. Each year the bank has business plans drawn by each unit or department which states the branches objectives for the year in terms of how it will grow the branch looking at various metrics. It was found that the strategic planning process is consultative done by the board, top management and use of consultants and with input from the banks strategic partners. Once the strategic plan is done implementation process is driven by the

CEO with support from the board. It was deduced that Equity Bank Limited has adopted financial strategies as the bank chose to bank the unbanked, a lean and flat structure where open door policy at branches for customers improves customer interaction with branch management, technology strategy, customer care strategy and product strategy

The study also concludes that the bank undertake environmental analysis every time there is need. When undertaking the strategic planning process, the process/analysis they undertake include external environment analysis, internal environment analysis, SWOT analysis, developing strategies to achieve the banks strategic objectives and choosing the appropriate strategy. Once various approaches are short listed, rational and analytical decision making process is used to select the appropriate strategic options for the bank. The bank reviews its strategies by keeping tab on strategy using daily dashboards to check if they are on track in achieving the objectives set out and short term plans and business plans. It was clear that political, economic, social, technological, environmental and legal factors influence the bank's corporate strategic planning. Equity Bank mainly has a proactive approach to strategic planning however, reactive plans may be done when necessary. It was also clear that the bank has benefited greatly from strategic planning in that a lot of the drivers are from having the right strategy and executing the strategy.

The study further concludes that the challenges facing implementation of strategic planning in Equity Bank Limited include creating capacity of the people, the structure keeps evolving, resistance during implementation, unforeseen changes in the global economy, changes in the technological areas and emergent changes requiring a change in strategy.

5.4 Recommendations

From the discussions and conclusions in this chapter, the study recommends that the bank should continue focusing on customer service so as to increase customer satisfaction and retention within the bank. In the face of the current inflation which has increased the rate of loan default, the bank should come up with stringent measures on lending and reduction of the amount of nonperforming loans. The banks should also continue evolving its technological platform so as to overcome the technological risk. While conducting the research, the researcher found that the bank offers many products and services which are not well known in the market. It is therefore important for the Bank to invest in advertising so as to create knowledge in the public on their products and services.

The bank should also be involved in continuous capacity building for its staff to help them graduate from running a small organization to managing a big regional company. The training and participatory planning will also help overcome the resistance during implementation.

It is also recommended that the government and other institutions in charge of improving legislation should improve on the pace of implementation of relevant legislations. The study also recommends that the company should recruit workers who have the necessary knowledge and competencies in the business to enhance the planning process.

5.5 Limitations of the Study

Being that this was a case study on one bank the data gathered might differ from strategic planning process followed by other companies in the banking industry to match the competitive environment. This is because different banks adopt different strategies that differentiate them from their competitors. The study however, constructed an effective research instrument that sought to elicit general and specific information on the strategic planning that banks adopt to match the operating environment.

The study faced both time and financial limitations. The duration that the study was to be conducted was limited hence exhaustive and extremely comprehensive research could not be carried on strategic planning. Due to limited finances the study could not be carried out on the other branches of Equity bank. The study, however, minimized these by conducting the interview at the company's headquarter since it is where strategies are made and rolled out to other branches that operate on the blue print.

5.6 Suggestions for Further Research

The study recommends that further research should be done on the other companies in the banking industry so as to get comprehensive information on how the other players in the industry go about the business of strategic planning. More research needs to be done to determine how other companies not in the banking sector approach the strategic planning.

An organization can have a good strategy but fail in implementation of the strategy. I would therefore recommend that further research can also be done on Equity Bank looking at strategic implementation process. This would give us a better understanding of Equity Bank and how successful implementation of strategy has contributed to its success.

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Appendix I: Interview Guide

STRATEGIC PLANNING AT EQUITY BANK

SECTION A: GENERAL INFORMATION

1. Department………………………………………………………………………
2. How long have you been working in the organization?..
3. What position do you hold in the organisation?...

SECTION B: STRATEGIC PLANNING

4. Describe the strategic planning process followed in Equity Bank and who is involved in the process?
5. Explain what strategies Equity Bank Limited has adopted in the following areas.
   a) Financial
   b) Organizational structure
   c) Technology
   d) Customer care
   e) Product
   f) Any other (please specify
6. Does the bank review its strategies? If yes, how often are the strategies reviewed and who is involved in the review process?
7. Which factors influence your corporate strategic planning and to what extent do they influence?
8. Are the strategic planning adopted by Equity Bank limited more of reactive or proactive? Briefly explain.
9. What are the factors that determine success in the banking sector?

10. Strategic planning consists of planning processes that are undertaken in firms to develop strategies that might contribute to performance. How has Equity bank benefited from strategic planning?
11. What are some of the challenges in strategic planning posed by the following aspects of the institutional environment?
    a) Government intervention
    b) Political instabilities
    c) Inflation level
    d) State business relations
12. What are the challenges facing implementation of strategic planning in Equity Bank Limited?

THANK YOU FOR YOU PARTICIPATION

Appendix II: Equity Bank Guiding Philosophies

Purpose

We exist to transform the lives and livelihoods of our people socially and economically by availing them modern, inclusive financial services that maximize their opportunities

Vision

To be the champion of the socio-economic prosperity of the people of Africa.

Mission Statement

We offer inclusive, customer focused financial services that socially and economically empower our clients and other stakeholders.

Positioning Statement

Equity provides Inclusive Financial Services that transform livelihoods, give dignity and expand opportunities.

Our Inspiration

"That when our years turn dim and gray, we shall still see the beauty in the tired wrinkles of our faces and shall take comfort out of the fact and knowledge that when we were given the opportunity we did all we could to empower our people to exploit opportunities and realize their full potential on the road to economic prosperity."

Core Values

Professionalism

Integrity

Creativity and Innovation

Teamwork

Unity of purpose

Respect and dedication to customer care

Effective Corporate Governance