STRATEGIC PLANNING PRACTICES AT BARCLAYS BANK OF KENYA

BY

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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:…………………………………

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D61/71224/2014

SUPERVISOR'S DECLARATION

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

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

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DEDICATION

To my beloved wife Jane Ananda Oduke

To my dear Mummy and Daddy Bishop Mr & Mrs Chrsitopher Ofunja

And

My entire family for their inspiration, encouragement and support.

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ABSTRACT

The importance of effective strategic planning cannot be over emphasized. The process provides a sense of direction on desired future and what must be done to get there. Successful organizations recognize the importance of strategy as a tool in management and realize that their survival is dependent on how well they adopt good strategies that give them a competitive edge and help respond to changes in their environment. The study agrees with many scholars who suggested that there is no one way on how institutions should go about strategic planning. The purpose of the study was to establish and document strategic planning processes at Barclays Bank of Kenya Limited. This research was conducted through a case study. Primary data was collected by use of interviews. Secondary data was obtained through literature reviews on the subject of study. The study revealed that strategic planning process was a collaborative effort through an integrated strategic planning which involves all levels of management; top management, middle and lower level management with guidance from the board of directors and the group. Strategic plans set clear goals with aim of achieving the highest levels of performance by providing organization members with objectives that are specific and time bound. The study also established that continuous scanning of the environment is critical in strategic planning to assist the organization understand the changes in the business environment. The result of the study are limited to the scope of the study as this was a case study on the bank and therefore further research is recommended on other banks so as to get comprehensive information on practices of strategic planning in the banking industry.

CHAPTER ONE INTRODUCTION

1.1 Background of the Study

Strategic planning is process of defining organization's strategy, or direction, and making decisions on allocating its resources to pursue this strategy. In determining the direction of the organization, a thorough analysis of both internal and external environment is done to understand the current position and the possible avenues through which to pursue a particular course of action. Strategy is the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations (Johnson, Scholes & Whittington, 2008). Strategic planning allows organizations to make fundamental decisions that guide them to a developed vision of the future. The result of this effort, the strategic plan, serves as the basis for action a road map that directs all resources toward an ideal future (Denzil, 1997).

The Recourse based Theory, Goal Setting Theory and Porter's five forces Theory will be the basis of this study. The Recourse based Theory seeks to explain how organizations maintain unique and sustainable positions in competitive environments, it focuses on efficiency based differences, instead of on other ways in which organizations could be different. Miles (2012) claimed that an organization's resources are seen as strengths that help the organization to better compete and to accomplish its vision, mission, strategies, and goals.

The theory of goal setting rests on the belief that life is a process of goal oriented action. Goals can be defined as result individuals try to accomplish, and in an organizations, people are motivated to direct their attention towards achieving goals. Goals have both an internal and an external aspect for individuals. Internally, goals are desired ends of achievement; externally, goals refer employees to an object or to a condition being sought, such as a performance level, a sale to a customer, or a promotion (Locke & Latham, 2005). Porter (1980) established a five forces theory which is a framework for organisational analysis and business strategy development. He outlines five forces that determine competitive intensity and therefore the overall profitability of a service or product.

The Banking industry has immensely contributed to the growth of the Kenyan economy through provision of credit which has also come with challenges to the so known as bigger banks with emerging competition in the financial services sector. Barclays Bank of Kenya has over the years been leading in the banking industry and known for strong management with international presence. Being an international bank, it is expected to align its strategy to the group strategy yet adaptive to local environment. The bank has had to focus on efficient utilization of its resources, setting goals/objectives aligned to stakeholders' expectation and ensuring strong performance.

1.1.1 Concept of Strategic Planning

Strategic Planning is a process through which an organization defines clearly its objectives or goals, craft a strategy that will help achieve those objectives through careful allocation of resources and efficient utilization of the same with aim of achieving long-term vision in sustainable competitive advantage with focus on performance evaluation. Strategic planning refers to a systematic, formally documented process for deciding the handful of key decisions that an organization, viewed as a corporate whole must get right in order to thrive over the next few years (Pearson, 1988). The future will not just happen if one wishes hard enough, it requires decision now, it imposes risk now, it requires action now and it demands allocation of resources, and above all, it requires work now (Schermerhorn, 2012).

A successful strategy is one that positions the organization so as to create an alignment or fit between its inside and outside worlds. Organization may choose to take an outside-in perspective, analyzing the general and industry specific forces in the organization's external environment to discern opportunities and threats, or to take an inside-out perspective, analyzing the organization's value chain, resources, and capabilities to discern its core competencies. Strategy is for getting from where you are to where you would like to be. Effective Strategic planning practices involve formulation of vision and mission statement, performance of situation analysis and finally strategy formulation and choice (Pearce & Robinson, 2008). Organizations that are stable and happy where they are will still need a strategy for keeping them there, because others are creating strategies and making waves that may change the situation.

Organizations are environment dependent and serving, and since the environment in which organizations operate in is ever changing they must continuously scan the environment for opportunities and threats by examining what may support or hinder the achievement of objectives with a view to align appropriately. Mintzberg (1998) argues that strategy is much more than a plan and smart strategies allow strategy to shape events. He noted that the difference between planning and strategy can be well understood by a framework of deliberate and emergent strategy. He noted that not every intended strategy will be realised and therefore the need to fit to the environment.

1.1.2 The Banking Industry in Kenya

The banking industry in Kenya is regulated by the Central Bank of Kenya Act, Banking Act and the Companies Act. Banking industry in Kenya was liberalized back in 1995 and exchange controls revoked. The banking Sector is comprised of 43 commercial banks, 1 mortgage finance company, 8 representative offices of foreign banks, 9 Microfinance Banks (MFBs), 2 Credit Reference Bureaus (CRBs), 13 Money Remittance Providers (MRPs) and 87 Foreign Exchange (forex) Bureaus. 10 of the 44 banking institutions are listed on the Nairobi Securities Exchange (Central bank, 2015). The banks have come together under the Kenya Bankers Association (KBA), which works as lobby for the local banking industry. KBA also serves as a forum to address issues affecting the banking sector.

According to the 2014 Central Bank Annual report, the Kenyan banking sector recorded improved performance in 2014, total net assets rose by 18.5 per cent from Ksh 2.7 trillion in December 2013 to Ksh 3.2 trillion in December 2014. Customer deposits rose by 18.65

per cent from Ksh 1.93 trillion in December 2013 to Ksh. 2.29 trillion in December 2014 (https://www.centralbank.go.ke).

The growth in the sector has brought about increased competition among players and new entrants into the banking sector. The stiff competition in the sector has led to banks focusing on diverse customer needs rather than traditional banking products such as over the counter cash deposit and withdrawal. In addition the growing demands in the sector, has seen lenders turning to other channels like technology and innovations to further enhance growth in the long term.

Tier 1 banks in Kenya include Barclays, KCB, Equity, Standard Chartered, Cooperative, CFC Stanbic, Diamond Trust, Citibank, I&M Bank, CBA and National Bank. In 2014, some of leading banks recorded a remarkable performance in their full year results. Equity Group Holding's 18 per cent pre-tax growth, Kenya Commercial Bank's 17.5 per cent and Barclays Bank of Kenya's 10 per cent rise, the lenders continue to outperform in the industry (Wangalwa, 2015).

There has been changes in the banking industry which come with increased challenges to players in the sector. The major issues facing the banking industry include; first the new regulations especially with the passing of the new constitution, CBK requires financial institutions to build up their minimum core capital requirement which may force some bank to seek for mergers. Secondly increase in terrorist attacks leading to the mandating Acts like Anti-money laundering that require banks to enforce proper controls in their management. Finally the Interest margins declines have also affected the banking industry in Kenya with the introduction of a new credit pricing framework, the Kenya Banks' Reference Rate (KBRR) aimed at increasing transparency in the pricing of credit by Commercial Banks and Microfinance Banks, in a bid to empower bank customers through increased market information.

The industry has had other major development in the recent past that include, the launch of the Credit Reference Bureau Regulations, 2013 in February 2014, which permit commercial banks and microfinance banks to share both positive and negative credit information with credit reference bureaus. The coming into force of the Microfinance (Amendment) Act, 2013, which allowed the former Deposit Taking Microfinance institutions to operate current accounts, issue third party cheques and engage in foreign exchange trading, in a bid to enhance financial inclusion. The introduction of mobile money transfer by telecommunication companies e.g. Safaricom Limited's M-Pesa services, introducing stiff competition and significantly addressing the unmet needs of many unbanked Kenyans and alliances with other banks like M-Swari with Commercial Bank of Africa (CBA). In addition Commercial Banks are now allowed to run insurance subsidiaries, all these bringing more competition in the industry and demanding proper strategic management skill by players in the industry if they are to outperform competition.

The exchange rate of Kenya Shilling against the US Dollar has been under pressure from beginning of the year necessitating the Central Bank of Kenya's Monetary Policy committee (MPC) to raise the Central Bank rate (CBR) by 150 basis point from 8.5% percent to 10% percent in June 2015, and recently reviewed to 11.5% in July 2015.

1.1.3 Barclays Bank of Kenya

Barclays of Kenya is part of Barclays PLC which celebrated its 325th Anniversary in banking history in June this year, over 150 years presence in Africa and over 90 years in Kenya. The bank has operated in Kenya since 1925 and now has an extensive network of over 121 branches and 236 ATMs across the country. Barclays Bank is one of the leading banks in Kenya with a large asset base and market share in lending and liabilities. The bank recently appointed new CEO in early 2013.

In 2013, Barclays Plc adopted the combined strategy to operate as “One Bank in Africa” with an aim of increasing efficiency and boosting returns from the African Units. This led to the merging of all Barclays Plc businesses in Africa (other than Egypt and Zimbabwe units) through Absa Group Limited, leading to the formation of Barclays Africa Group. The Barclays Africa Group owns 68.5% of Barclays Bank of Kenya.

Barclays Bank of Kenya draws its strategy from the parent company Barclays PLC, which is broken down to the Barclays Africa business and other markets. The top management of Barclays Bank of Kenya is involved in formulating a strategy for the African Business which then the Kenya business aligns to in crafting a local strategy. Barclays has a vision which is “To Make Lives Much Easier” (LiMME) with a goal the “Go-to-bank”, that is to become the "go-to" bank in all its chosen markets and segments, not just a good bank but the bank that customers actively choose and different from the competition and be seen as a bank that plays a valued role in society.

Barclays bank of Kenya as an organization must understand the environment, in which it operate and align its strategy to fit in for successful implementation , and as an international Bank its faced with the challenge of adopting a strategy that is not only successful locally but also aligned to the group strategy.

1.2 Research Problem

Successful strategic plans are vital working documents that capture mission and lead to a predicted future state, they contain an internal dynamic and structure that captures, fosters, and promotes change (Denzil, 1997). Passage of time and changes in the external environment or within the organization like leadership change can impact on strategic planning in an organization. Contextual differences affect the way strategic planning is practiced in organizations, and it’s even more complex for international organizations. This is because strategic planning is sensitive to the context in which it is practiced. Hussey (1990) argued that environmental and organizational differences across countries may affect the way strategic management is practiced. Managers should therefore evaluate the current circumstances and adopt strategies that will deliver the desired results. Ohmae (1982) noted that managers tend to focus too much on beating or copying competitors, the open mind of the strategic thinker can choose to look for ambitious, new ways of creating wealth that focus on the unmet needs of customers and the strengths of their own organizations.

Barclays Bank has had a number of changes at regional level as well as locally and in addition there have been significant changes in the Banking industry over the last few years which can impact strategic plans adopted by the organization. Pettigrew and Whipp (1991) argue that, strategy does not move forward in a direct linear way, or through easily discernible sequential phases, but strategies are often based on the questionable assumption that the future will resemble the past.

Murega (2010) undertook a study on Strategic planning practices at Barclays Bank of Kenya but with the changes in the group structure, Barclays Plc acquiring ABSA and the formation of Barclays Africa Group Limited, coupled with leadership changes necessitate further research on the organization's strategic planning practices. Aosa (1992) in his study commented on the need for further research on strategic management practices in different contexts in Kenya. The banking industry has also had a number of recent development like Interest rate regulations, new prudential & Risk management guidelines of 2014 and additional capital requirement which may impact on strategic planning practices. Other various studies carried out on strategic planning practices in the banking industry and other organizations in different sectors in Kenya include (Wanjohi 2002; Busolo 2003, Wahome 2009; Gatome 2012 and Abdi 2014). All these studies concluded that organizations carry out strategic planning but the approach varies across the organizations. What are the strategic planning practices at Barclays Bank of Kenya?

1.3 Research Objective

The objective of the research will be to establish strategic planning practices at Barclays Bank of Kenya.

1.4 Value of the Study

The study will help Barclays Bank of Kenya establish any challenges faced in trying to align its group strategy to the local environment in the wake of changes in the organization at regional level and locally.

The study will also be of importance to the entire banking sector by highlighting management practice in relation to the various changes and newly introduced Prudential & risk management guidelines which demand proper strategic management in order for financial institutions to thrive in the industry.

This study adds to the growing body of knowledge on strategic management by offering a perspective of the practice of strategic management in the banking industry in Kenya and especially for international banks in aligning the group strategy to the local circumstances.

Researchers and academicians in the field of strategic management will find this study a useful guide for carrying out further studies in the area. The study will provide valuable insights in the field of study and highlight gaps for further research.

CHAPTER TWO LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature review on strategic management. It will focuses on theoretical foundation of the study, the empirical studies on strategic management practices, and challenges of strategic management.

2.2 Theoretical Foundation of the Study

2.2.1 Resource Based Theory

The Resources Based Theory is anchored on the idea that the effective and efficient application of all useful resources that the company can gather helps determines its competitive advantage (Miles, 2012). The Resource Based Theory highlights the need for a fit between the external market context in which a company operates and its internal capabilities. The Resource Based Theory is the classical view on strategy that explains how competitive advantage within firms is achieved and how that advantage of firms can be sustained over the time (Barney, 1991). Resources include any tangible or intangible assets owned by the organization. A resource is defined as anything that could be thought of as strength for an organization (Wernerfelt, 1984).

Organization's competitors are identified by the similarity of their products, resources, capabilities, and substitutes. The central idea in resource based theory is that organizations compete against others on the basis of their resources and capabilities (Barney, 1991; Wernerfelt, 1984). The theory makes two main assumptions; one, that organizations within an industry may differ in their resources, and two these resources may not be perfectly mobile across organizations, so organizational differences in resources can be very long lasting (Barney, 1991)

2.2.2 Goal Setting Theory

The theory of goal setting rests on the belief that life is a process of goal oriented action (Locke & Latham, 1990). Goals can be defined as a result that individuals try to accomplish (Locke & Latham, 1990). In organizations, people are motivated to direct their attention toward and achieve goals. Goals have both an internal and an external aspect for individuals. Internally, goals are desired ends of achievement; externally, goals refer employees to an object or to a condition being sought, such as a performance level, a sale to a customer, or a promotion (Locke & Latham, 2005).

According to goal setting theory, the highest levels of performance are usually reached when goals are both difficult and specific. The more difficult a goal assigned to someone, the greater the resulting performance level. When a specific, difficult goal is set for employees, then goal attainment provides those employees with an objective, unambiguous basis for evaluating the effectiveness of their performance (Locke & Latham, 2005). They further argue that goals influence performance levels by affecting the direction of action, the degree of effort exerted, and the persistence of action over time. Citing that, when an employee is told to improve quality and not make mistakes, that employee will focus his energy on producing a higher quality product compared to when that employee is merely told to do his best on the task. Klein, Wesson, Hollenbeck, and Deshon (2001) assert that goal setting has been shown to result in higher levels of performance when goals are either assigned to individuals or when individuals are allowed to set goals for themselves.

2.2.3 Porter's Five forces Theory

Porter (1980) developed a five forces theory which is a framework for organizational analysis and business development. It helps to determine the competitive rivalry and therefore attractiveness of a market. It is used to help determine the portfolio of offerings the organization will provide and in which markets. The theory provides a framework that helps in analyzing the profitability of industries, in which he identified the forces that shape the industry structure or environment. The theory is based on a framework of five distinct forces; the bargaining power of buyers and suppliers, the threat of new entrants, the availability of substitute products, and the competitive rivalry of firms in the industry. These forces affect the organization's ability to raise its prices as well as the costs of inputs such as raw materials for its processes.

The theory describe how a firm can use these forces to obtain a sustainable competitive advantage, either lower cost or through differentiation. The model is a useful tool for understanding an organization's current situation in order to identify the greatest focus areas for strategy formulation. It enables organizations determine where there is a high level of competition in the industry that may affect long term profitability. Through identifying the strength of competition between these forces, a strategist is able to find a position where the organization can best defend its position in the market. Companies can maximize their profitability by competing in industries with favourable structure.

2.3 Concept of Strategy

Strategy is about the long term direction of an organization, its deals with major decisions about the future. Porter (1980) defined strategy as the broad formula for how a business is going to compete, what its goals should be, and what policies will be needed to carry out those goals. Quinn (1980), defines the term strategy as the pattern of plan that integrates an organization's major goals, policies & actions, sequences into a cohesive whole. Chandler (1962) defines strategy as the determination of the basic long term goal and objectives of an enterprise, and the adoption of the course of action and the allocation of resources necessary for carrying out these goals. Drucker (1954) defines strategy as analyzing the present situation and changing it if necessary. Drucker posed three business questions in crafting a strategy: What is our business? Who are our customers? What does our customer consider valuable? Thompson and Trickland (2003) define strategy as the game plan management has for positioning the company in its chosen market arena, competing successfully, pleasing customers and achieving good business performance.

Koch (1995) defines strategy as the commercial logic of a business that defines why a firm can have a competitive advantage. Strategy is what a company does and how it actually positions itself commercially and conducts the competitive battle. Strategies are concerned with business growth, satisfying customer needs, outperforming rivals, efficiency, developing capabilities with focus on achieving organization's objectives.

Strategy is used by organizations to communicate and co-ordinate activities of the organization. According to Cornelis and John (2015) successful strategies reflect a company's clear strategic intent and a deep understanding of its core competencies and assets. They argued that generic strategies rarely propel a company to a leadership position.

Kevan (2009) argues that strategy is defined by the macroeconomic and market forces that continually act upon the organization. He added that doing nothing to respond to these forces is not an option, because without action their impact will ultimately destroy you. You have a choice to "fit" within these forces, or to employ a "stretch" strategy that could lead to growth in the future. Manu and Sriram (1996) argue that through the use or, adaptation of a strategy, a firm can favourably align itself with its environment thereby reflecting its strategic orientation.

2.4 Strategic Planning in Organizations

Organizations engage in strategic planning for a reason as the process requires considerable time and energy to create a plan, it therefore requires a clear purpose to do it. A Strategic plan must be anchored on fundamental business necessity, and must meet critical business requirement such us to clarify and facilitate a consensus on the organization's strategy. Strategic planning clarifies to stakeholders or employees, what organization's purpose, meaning, and values are. Thune and House (1970) argue that companies that engage in formal long range planning have historically outperformed informal planners. Ciaran (2001) suggests that the strategic planning process can be broken down into four levels. The first is selection of the corporate mission, vision and major corporate goals. The second is analysis of the organizations external competitive environment to identify opportunities and threats. Third is analysis of the organizations internal operating environment to identify the organizations strengths and weaknesses and lastly the selection and implementation of strategies.

Organizations approach strategic planning in different ways, some as an event, a process, a change in roles, or a change in the way day-to-day business is run. Whatever the case the process of strategic planning must result in a significant change in the way daily business is conducted. Caeldries & Dierdonck (1988) in their study established the relationship between strategy and performance concluding that strategy allows understanding of business environment, safeguards the firm's competitive position, increases intra organizational co-ordination, better allocation of resources, create consensus and better communication among other benefits.

Strategic planning has evolved over the years, with formal strategic planning which began in the 1950s in the United States of America dealing with budgets for one to two years, mainly focusing on projections from the past into the future. Drucker (1954) posed the question, what is our business and what should it be? His question was addressing the vision, where are we going as an organization? According to Bourgeois (1996) during this period most business decisions were relatively short term in focus and less entrepreneurial. Strategic management began to attract attention of many scholars in the period of 1950 – 1973, who addressed the concept of strategy and strategic management, these included; Chandler (1962) on what is strategy? Andrews, Ansoff (1965) on corporate strategy, and Boston consulting group (1965) that dealt with growth-share matrix that help plot the profit and growth potential of products or services in organization's portfolio. During this period strategic management was recognized as an important element in corporate success, differentiating budgeting from strategic planning and importance of setting objectives.

In the period between 1973 and 1980, there was growing dissatisfaction with strategic planning due to increased environmental turbulence leading to organizations not realizing the value of getting consultancy against results achieved. This necessitated giving strategic management a new perspective; major players like Michael Porter contributed to rediscovery of Strategic Management with his two books "competitive Strategy" 1980 and "Competitive Advantage" 1985, this lead to strategic planning become an integral part of business operations from 1990 onwards with emphasis on importance of sustainable competitive advantage. Strategic planning focuses on performance of organization with aim of achieving superior performance through establishing competitive advantage. It gives management tools they need to make effective strategic decisions, by helping them analyze organization and the world it operates in, plan strategic approach, and implement the changes.

2.5 Strategic Planning Practices

Strategic planning practice is the process where managers establish the firm's long term direction, set specific performance objectives; develop strategies to achieve these objectives in the light of all the relevant internal and external circumstances, and undertake to execute the chosen action plans (Thompson and Strickland, 1996). According to Pearce and Robinson (2007), the Strategic management process entails following six steps, which include formulation of the company's mission and vision, situation analysis, determination of the strategic objectives, strategic analysis and choice, implementation of the strategy and finally strategic evaluation and control. It is vital that organizations get it right at strategic planning stage as this form the basis of what the organizations plans to achieve. Steiner (1979) argues that the formal strategic planning system provides the framework for formulating and implementing strategies.

Strategic planning practice is about crafting a strategy that will deliver the desired results and achievement of organization's vision. Andrews (1987) commented that goal directed implementation is the essence of strategic management and noted that because of the neglect of implementation as integral to strategy, the concept of strategy has been battered by distortion. He recommended that strategy formulation and implementation should be allowed to interact. Whittington (2007) noted that a practice agenda addresses the issue of multiple actors as skilled and knowledgeable practitioners of strategy, examining how their skill is constituted in doing different aspects of the work of strategy.

Johnson and Scholes (2002) suggest that people tend to view strategy in different ways; strategy as design, as experience and as an ideas. Ansoff (1965) suggests that senior management, supported by specialist planners, are responsible for the analysis of the current and future prospects of the organization and the development of a strategic plan and when unexpected events occur, management must react quickly and update the strategic plan as required. Strategic changes may also result in a number of organizational changes for effective implementation. Chandler (1962) examined the relationship between strategy and organizational structure and concluded that the strategy chosen by the company will lead to changes in the structure of the company and noted that structure fairly quickly followed strategy.

Strategic planning is practiced at various levels of the organizational and characteristics of strategic management decisions will vary with different levels. The levels will have objectives that are tied to the overall organization strategy. Chaffee (1985) suggested that strategy formulation is done at three levels; corporate strategy, Business strategy and Functional (Operational) strategy. There are two basic frameworks that inform various models of strategy development in organization; strategic fit (five forces) and strategic stretch (Resource based view). Porter (1980) argues that the firm's ability to profit depends on its ability to influence the competitive forces in the industry, which is the strategic fit. Strategic fit is about matching of organization's activities to the environment in order for the organization to achieve a competitive position. Organizations seek to gain competitive advantage on three basis; cost leadership, differentiation and focus. Resource based view by Wernefelt (1984), argues that competitive advantage is created when resources that are owned exclusively by the firm are applied to developing unique competencies. This requires objective appraisal of resources in practicing strategic planning by understanding organization's strengths and exploring them for a competitive advantage and identify weakness and ensure the organization is not exposed.

Intended strategy is an expression of desired strategic direction deliberately formulated or planned by managers. Large organizations are characterized with formal planning. A formal strategy is the extent of deliberateness in planning through identifiable process, time spent on planning, documentation and communication to all stakeholders. Formality promotes unity of purpose. Steiner (1979) assert that there is no single planning model for organizations and the formal strategic planning systems must be designed to fit the unique characteristics of each company.

In developing strategy organizations may have different views; one view is that once the organization has adopted a particular strategy it develops from and within rather than fundamentally changing direction, this view emphasizes on consistency and long period of relative continuity. Faulkner and Johnson (1992) have said of long-term planning that it was inclined to take a definitive view of the future, and to extrapolate trend lines for the key business variables in order to arrive at this view. Another view is based on organization being proactive or reactive to changes in the external environment. Pettigrew and Whipp (1991) argue that strategy is much more appropriately seen as continuous, iterative and uncertain. Mintzberg (1998) argues that not all realized strategy comes from deliberate strategy and this is how strategy really happens, it is a mixture of what you plan and what is done that is not part of the plan.

Strategic planning practice can be considered successful if the chosen strategy is achieved. Good strategies need to be simple, consistent, long term and above all should have unity of purpose to guide the entire organizational members' efforts towards same goal or objective. Kanter (1984) noted that many companies, even very sophisticated ones, are much better at generating impressive plans on paper than they are at getting ownership of the plans so that they actually guide operational decisions. Larry and Ram (2002) argue that it is the discipline of getting things done that really separates successful and unsuccessful strategy.

CHAPTER THREE RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains the methodology that will be used in the study. It focuses on the research design, data collection and data analysis.

3.2 Research Design

The design of this research will be a case study. The use of a case study in research is of particular importance taking into account the advantages that come along with it. It is an easy research and enables one to intensively study a particular unit.

A case study is an in-depth investigation of an individual, institution or phenomenon (Mugenda and Mugenda, 2003). The study will focus to establish strategic management practices at Barclays Bank of Kenya and therefore a case study is the most appropriate method.

3.3 Data Collection

Data collection is the process of gathering and measuring information on variables of interest, in an established systematic fashion that enables one to answer stated research questions, test hypotheses, and evaluate outcomes.

Data collection approach will be based on in depth interview by use of interview guide focusing on management staff in the organization. This will enable the researcher to incorporate firsthand information from the interviewees. The interview will be either through face-to-face or telephone interviews. The interview will target management staff of Barclays Bank of Kenya with one Top level, two middle level and two lower level management with view to establish strategic planning practices at various level in the organization and their involvement in strategy planning process and effects of the overall group strategy to the local planning process.

3.4 Data Analysis

Data analysis is process of estimating values of the unknown parameters of the population or unit through inspecting, cleaning, transforming, and modeling data with aim of developing a profile of the study unit and to support in hypothesis testing for drawing inferences. Data collected with be analyzed using content analysis. This is a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same approach to relate to trends. Content analysis is a form of qualitative analysis of data that is no empirical in nature and it is where researchers obtain detailed information about a phenomenon being studied and try to establish trends and relationship from information gathered (Cooper & Schindler, 2006).

According to Mugenda and Mugenda (2003) content analysis is the systematic qualitative description of the composition of the objects or materials of the study. It involves observation and detailed description of objects, items or things that comprise the study.

CHAPTER FOUR DATA ANANYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the analysis, results and findings of the research in relation to strategic planning practices at Barclays Bank of Kenya following interview with management of the organizations. The data was analyzed using content analysis with aim of answering the research question of the study. The chapter focuses on the general information, strategic planning, aspects of strategic planning and other findings

4.2 General Information

The interviewees were in management from various business function chosen from Top level, middle and lower level management all whom are involved in strategic planning practices in the organization. The researcher established that they all had long working experience over 5 years and knowledge in the organization and in the banking industry in relation to strategic planning practices and therefore suitable candidates for the interviews. The interviewees noted the importance of experience and knowledge of the industry as critical requirement to those involved in the strategic planning process and the need of wholesome involvement of key stakeholders.

The interviewees were unanimous on the view that strategic planning is a vital process that informs and guides the organization in attainment of its goals or objectives and achievement of its vision. They highlighted the importance of the process given changes in the banking industry and stiff competition that require organizations to have clear goals and strategies that would help deliver the desired results. They largely agreed on the importance of both internal and external environment in crafting organization's strategic plans.

4.3 Strategic Planning Practices at Barclays Bank of Kenya

The interviewees stated that organization's strategic planning practices are aligned and derived from the larger Barclays group. They highlighted the importance of those critical in strategic implementation being involved in the strategic planning process and hence the organization incorporates top level, middle and lower level management. The roles played by the interviewees include strategic planning, providing leadership to ensure achievement of agreed strategy through communication of the strategy, actual implementation, monitoring and evaluation of implementation through measurement of agreed goals.

The researcher gathered from the interviewees that the organization does not source the strategic planning process and it is not also left to an independent department but run as collaborative process across the business functions. The interviewees further pointed out the importance of both the internal and external environmental factors to the strategic planning practices at Barclays bank of Kenya. Key drivers being, organization leadership and how it embraces its vision and mission, organization culture and values, regulatory environment and competition in the industry.

4.3.1 Strategic Planning Process at Barclays Bank of Kenya

The interviewees were asked to describe the strategic planning process followed at Barclays bank of Kenya. In response, the interviewees basically agreed that the process starts from the group level, in this case Barclays Africa group Limited aligned to group goal and vision which are “To Be The Go To Bank” and “LiMME” which is Lifes Made much easier respectively. The Barclays Africa group Limited draws its Vision of “Making lives much easier” from the larger Barclays group. The goal is aimed at becoming the "go-to" bank in all its chosen markets and segments, not just a good bank but the bank that customers actively choose and different from the competition and be seen as a bank that plays a valued role in society.

The interviewee from top management described the process indicating that a team of executives from various countries set objectives for the African Business. The team includes CEO across Barclays Africa and ABSA. They clearly define the vision, mission and core values of the group and articulate strategic plans that will enable achievement of objectives aligned to the Barclays PLc strategy. They focus on setting long term objectives of the organization, and medium goals for realization of organizational objectives. The interviewee reiterated that objectives indicate what they aim to achieve whereas Strategy stresses upon the process of reaching there. The interviewee also indicated that the executives fix objectives as well the medium to be used to realize those objectives and they also focus on the manner of deployment of resources so as to achieve those objectives. In so doing the organization focuses on five strategic pillars that include

Company, Customer, Colleagues, Citizenship and Conduct. The interviewee noted that these are the basis for strategy evaluation used as the balanced scorecard by the organizations in measurement of achievement of its objectives. In addition the interviewee highlighted that in pursuit of strategic plans employees of the organization embrace five key values that include Respect, Integrity, Service, Excellence and Stewardship which define how they do business. These views were supported by the other interviewees.

The interviewees added that once the group agrees on a strategy then locally, Country Management Committee of Barclays bank of Kenya agrees on its corporate strategy in line with African business strategy. The interviewees pointed that the strategic planning process incorporates the top management, middle and lower level management at business unit in aligning the organization's local circumstances to the group strategy. The country management committee aligns its strategy to the organization's goal and vision. They added that management committee through strategic meetings, task various business functions with crafting their specific medium term business unit strategic plans of 5 years and short term plans of 1 year in line with overall corporate strategy. The various units' strategic plans are then critically reviewed and thought through to establish how they support each other in delivery of the overall corporate strategic plan. Interviewees agreed on the fact that though the organization draws its strategy from the group, the process of strategic planning is more of integrated process with bottom-up planning rather than top-down since the business units define their own strategies and how they want to achieve them and through top-down guidance they are challenged including by the group.

The interviewees in describing the process of strategic planning at functional levels indicated that each unit will have its stretch strategic plans which are aligned to the overall organization strategy, then consider where they are and what should be done to get to where they need to be. They indicated that the first step involves understanding what the business unit wants to achieve, competition, how to win and what support is required to win. In doing so, the business unit involve various stakeholders at business level, this may include sub-unit like industry or sectors heads who within their individual teams consider what they need to do to help the business unit deliver its strategic plan. They indicated that these sub-units are usually the teams involved in the strategy implementation and therefore critical to get their buy in and importance of being involved in strategic planning process from the onset.

They further pointed out that the business unit or function will then hold a strategy session to set its strategic plan and think through how it can achieve it. The business unit then crafts a medium term plan of 5 years and short term plan of 1 year, clearly stating what resources it requires to achieve those plans and how they will achieve them. Those plans and resources required will consider proposals from the various sub-units under the business function. The heads of these sub-units will then critically review and challenge the plans before approval by the head of the function. The various business units will then present their individual strategic plans to the country management committee at which level they are challenged both on plans and resources considering the internal and external environment that includes competition. The interviewees explained that at this point the business unit may consider revising its plans following challenges received but not forced to adopt a particular strategy.

The interviewees explained that once the country management committee reviews the business unit strategies and is happy that they align to the overall organization's strategic plan, the committee then approves for presentation to the country board of directors who review and agree on the strategic plan chosen. The board of directors may also challenge the strategy and this may necessitate revision of strategy at certain level within the overall organization. Once agreed by the country board of directors the strategic plans are then sent to Barclays African group limited who then review to ensure it aligns to the African business strategy. They may, at this level challenge the strategic plans where necessary and recommend any changes but are only adopted if considered viable for the local environment, as the organization will be required to deliver on its commitment and therefore will only adopt what can be implemented. The interviewees said that once the strategic plans have been agreed at group, then the final strategic plan is communicated which incorporate agreed plans at all levels.

In response to the question of how strategic plans are communicated to the organizational members, the interviewees pointed out various channels which are all considered to be important in one way or another depending on the stage of the strategic plan. One of this include internal communication by the bank's Chief Executive mainly focusing on broader organization goal and not necessarily the detailed plans with aim of creating employees awareness on the focus areas in the short term, this way engaging and gaining commitment from employees through setting clear goals and objectives. The other channels mentioned is through functional management and strategy sessions that provide opportunity to organizational members to share and give their input in the strategic plans at functional level. They noted that at functional level detailed strategic plans are shared and discussed with focus on how the functions contribute to the overall organization strategy with aim of effective implementation.

The interviewees added that the whole process of strategic planning is guided by the organization's goal and vision which they aim to achieve. Therefore individual business units' objectives are guided by overall organization's objectives, vision, mission and values. They pointed out the importance of clarity of objectives and how individual employees' objectives are aligned to them and how they are translated to their performance plans. The interviewees noted that, overall organization and business unit strategic plans are reviewed each year in order to align to changes in both internal and external environment, indicating that this is the only way any organization can survive in a competitive environment. The whole process goes through the same rigor checks every year to ensure that the organization achieves its objectives.

4.3.2 Alignment to group strategic planning

On the question, in what ways is the strategic planning process adopted locally aligned to the group strategy, the interviewees explained that the organization has taken what is referred to as an integrated planning process. The process is not top-down strategic planning but a more consultative process, where by a shared goal and vision is the main driver of the strategic planning process across the group. Each country will then chose its market segment and aim to satisfy customers and hence achieving the overall goal and vision of “To Be The Go To Bank” and “ Lifes Made much easier” respectively. They said that the individual country teams own and drive their strategic planning process and will have the final say on what is adopted locally, although with input and challenges from group at Barclays Africa Group limited level.

The interviewee reiterated the importance of the linkage which acts as a check on the strategic plans adopted locally in terms of viability and stretch on performance, noting that if left to be locally alone then it is possible that much easier strategic plans will be adopted. One interviewee noted that this helps strategic planners to give attention to the planning process and ensure more engagements with stakeholders locally before committing to any strategic plans which they will be held accountable to.

In responding to the question of whether the linkage of local strategy to group strategy affected the strategic planning process positively or negatively, they gave a yes and no answer. They highlighted advantages of linkage to group strategy among others being ability to leverage on expertise from other areas on strategic planning through shared knowledge and experience, international view and challenges on strategic plans adopted, and innovations. Some of the negatives highlighted included inability to change strategic plans very fast to adapt to changes in the local environment due to the process and scope of decision making involved, and recommendations given by the group may not suit the local market. They agreed on the point that, overall the linkage gives the entire organization sense of direction as every country business unit is focused on the shared vision and goal.

4.3.3 Strategy Reviews and Evaluation

Concerning the question on whether the bank reviews its strategic plans, the interviewees were unanimous that the bank reviews its strategies. They said that the organization has monthly review to establish if the short term strategic plans are on course or not. They added that quarterly and annual reviews of strategic plans adopted in also done. In the review process they monitor progress of the strategic plan and establish any factors affecting the attainment of the plans such as micro-economic and regulatory.

They indicated that strategic plans are not started afresh every year but, the process begins where it was left. The interviewees were in accord that the reviews are done at business unit level where performance of what has been achieved is measured against what was planned to establish the need to review or maintained the strategy. In reviewing its strategic plan the business unit will consider its operating environment like micro-economic and other factors to establish if there is need to change the strategic plan. They indicated that the organization has one up-to four quarterly options in the year through which a business unit has opportunity to do revised annual forecast (RAF), incase of drastic macro-economic changes that impact on the strategic plans. They noted that on annual basis the medium term plans (MTP) are reviewed to align to micro-economic changes and other factors. At this level the whole process of engagement up to the Barclays Africa Group Limited in repeated as revision of plans have to be subjected to same process of scrutiny and challenge by stakeholders.

To the question of how frequent the organization measures achievement of it goals, interviewees said that locally, the country management committee reviews regularly the performance against agreed strategic plans and challenges business units on their commitments. They may plan strategic session once a year where all level of management involved in strategic planning from various business units are then asked to present their strategy. At this stage each business unit is challenged on its strategy and how it supports other business units to achieve overall bank's strategic plan. Interviewees reiterated that this kind of sessions help challenge business units who then ensure more engagement and communication of agreed strategy to all employees to ensure it is achieved. As part of the quarterly reviews, individual employees' performance is also tied to delivery of agreed objectives. They said that individual employees' objectives are aligned to the business unit objectives to ensure delivery of agreed plans. The board of directors also review the strategic plan on quarterly basis to check if they are on track and if any changes are necessary.

The interviewees pointed out the use of strategic pillars in measurement of achievement of strategic plans. The pillars are termed as the 5Cs, which act as the organization's balanced scored. The 5Cs are Company, Customer, Colleague, Citizenship and Conduct. Business units as well as individual employees are expected to demonstrate their contribution to the five pillars that are used to drive the organizations strategy. Under the company the measurement is on how one has contributed to business growth, Customer is about customer experience in terms of service, Colleague deals with employees engagement, Citizenship focus on empowering communities and lastly Conduct focusing on how the organization goes about doing its business in an ethical manner. In addition they pointed out that the organization has developed its culture around core values that guide the behavior of organizational members or employees in pursuing their strategic plans. The employees and business units are expected to embrace this values which form part of evaluation process. The values are Respect, Integrity, Service, Excellence and Stewardship.

4.3.4 Factors affecting Strategic planning in the Banking Industry

To the question on what factors determine success in the banking sector, the interviewees had a number of key determinants that define success. The dominant factor emphasized by interviewees to have a significant effect on strategic planning in this sector was micro-economic factors such as interest rates, exchanges rates and the general economic performance in country and worldwide. They noted that these can seriously alter any player’s strategic plans and therefore must be considered critically if one has to succeed in the banking industry. The other key factor that interviewees concurred on was the regulatory environment, noting that the sector is heavily regulated due to its key role in the economy and following previous banks failures. They pointed out a number of recent regulations that have come into play shaping strategic plans of players in the sector.

These regulations include consumer protection act, revised minimum capital adequacy requirements, more stringent prudential and risk management guidelines by the Central Bank of Kenya, interest rate regulation by introduction of Kenya Banks Reference Rate (KBRR) and authorization of lending fees by the regulator.

The interviewees further explained that other important factors that determine success in the banking sector include adequate capital growth which touches on the resources that organization has in order to meet its strategic plans and this include the right people to drive the business. They indicated that capital is actually one of the entry requirements in the banking sector and therefore a key consideration in strategic planning, noting that without adequate capital as a bank you have no business. Technology and innovation were also highlighted to be factors that are critical to success in the banking industry, giving example of online baking, mobile banking, Real Time Gross Settlement systems (RTGS) and how they impact strategic planning. They added that competition is another important factor that affects strategic planning in the banking sector and therefore cannot be ignored when drafting strategic plans, since competitors actions are likely to affect other players in the industry.

The interviewees gave conduct risk as another factor that is quite important to strategic planning in the banking sector, pointing out that the sector is sensitive since it is the financial channel for the economy and therefore targeted by criminals and fraud stars. Therefore banks in their strategic plans must clearly articulate how they deal with such threats that can hinder achievement of goals. They further asserted that issues of terrorism and money laundering are given great attention by the regulator to ensure that banks are compliant and it is therefore very important that this is considered in strategic plans. Finally they agreed on the need to have a clear objective that is known to all the stakeholders if the intended strategy is to be executed and realized in the industry.

4.4 Discussion

4.4.1 Comparison with Theory

The findings of the study established that Barclays Bank of Kenya has a clear goal and vision of what it intends to achieve. This is consistent with Wittmann and Reuter (2013) who suggested that developing an inspiring vision is generally considered to be the best way to win over people to demanding goals in the long term and it can contribute to setting the direction for value oriented business development as well as creating coherency among executives and employees. The study also found that the bank's strategic plans are guided by the organization's mission, goals, vision, values and setting clear objectives. This is consistent with Pearson (1988) who indicated that strategic planning can be used to determine the organization's mission, vision, values, goals, objectives and roles. It was clear that the organization use the strategic planning process as a way of guiding members of the organization to envision its future and develop the necessary procedures and operations to achieve their goals. The bank also through the strategic planning process ensures organization members' individual objectives are aligned to organization's objectives as a way of motivating and directing them to same goal. This finding is in line with the theory of goal setting which rests on the belief that life is a process of goal oriented action Locke & Latham (1990) and concur with Locke & Latham (1990) who defined goals as result that individuals try to accomplish adding that in organizations, people are motivated to direct their attention toward goals.

The researcher also established that the bank's strategic plans are coordinated by finance and planning department but individual functions drive their own strategic plans and they are then discussed and challenged at various level to synchronize to the overall organization strategic plan through collaboration in process referred to as integrated planning. This approach to strategic planning is consistent with Chaffee (1985) who suggested that strategy formulation is done at three levels; corporate strategy, Business strategy and Functional level.

The study findings show that Barclays bank of Kenya in its strategic planning process scans its external environment so as to evaluate the trends and events beyond it. This research results is supported by Fred (1997) who stated that external environmental scanning is to identify and evaluate trends and events beyond the control of the organization. Like any other organization Barclays Bank of Kenya tries to understand the environment in which it operates in order to align its strategic plans accordingly for successful implementation because management is sensitive to the context in which it is practiced. Strategic planning being key part of management in organizations this finding is consistent with Hussey (1990), who argued that environmental and organizational differences across countries may affect the way strategic management is practiced. The researcher further established that the bank scans the environment to understand the competitive land scape. This is consistent with the theoretical foundation of this study that considered five forces theory, which is a framework for organizational analysis and business development by (Porter, 1980). The theory helps organizations determine the competitive rivalry and therefore attractiveness of a market. Barclays Bank is driven by a goal stated as “The Go To Bank”, which is aimed at becoming the “go-to" bank in all its chosen markets and segments which is in line with the five forces theory that suggests how to determine the portfolio of offerings the organization will provide and in which markets. The study also agrees with the literatures by Hitt and Hoskisson (2005) who suggested that the analysis of general environment focuses on the future, and the analysis of the industry environment focuses on the factors and conditions that influence the company’s profitability within its industry while analysis on competitor environment focuses on predicting the dynamics of competitor actions, responses and intentions.

The study revealed the bank’s emphasize on employees engagement and development as part of its core pillars in driving strategic agenda, in this way the bank ensures that it has competent and motivated staff through training who are able to achieve organization’s goals and objectives. These findings are consistent 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. In addition the theoretical foundation of the study considered the Resource Based Theory that explains how competitive advantage within firms is achieved and how that advantage of firms can be sustained over time (Barney, 1991). The study further revealed that individual function’s strategic plans is challenged by senior management, the board and at group level against resources required to achieve them. This is in line with the Resources Based Theory which according to Miles (2012) argues that effective and efficient application of all useful resources that the company can gather helps determines its competitive advantage. The Resource Based Theory helps organizations find a fit between the external market context in which they operate and the internal capabilities using their resources which is consistent with the findings of the study.

Finally, the study findings show that the Bank breaks its strategic plan into five focus areas which it uses to measure achievement of its objectives. This finding is consistent with Kaplan and Norton (1996) proposal on the balanced scorecard, an approach for strategy design which is a conceptual framework for translating an organization's strategic objectives into action through a set of performance indicators, targets and initiatives.

4.4.2 Comparison with Other Studies

A study on strategic planning by Arasa, Aosa and Machuki (2011) asserted that this being the first step in the strategic management process, it sets the basis for the other phases (strategy implementation, evaluation and control) which agree with this study where the bank ensures proper strategic plans are in place that incorporates all organizational members involved in implementation. Studies have established that once strategic planning is installed in a firm it can help produce significant improvements in performance (Lane, 2003). The study established that Barclays bank of Kenya emphasizes on strategic planning process as a way of setting clear goals and objective aimed at achieving its long term vision. This not only enables the organization to embrace the right strategy, but also in executing the strategy which organizational members identify with. This is supported by Pearson (1988) view of strategic planning as a systematic, formally documented process for deciding the handful of key decisions that an organization, viewed as a corporate whole must get right in order to thrive over the next few years. But the view contradicts Markides and Geroski (2005) who argued that being second can be better than being first and waiting gives you a chance to get the decision right, so you can learn from the decisions of others. They added that the very most important thing is to think strategically and flexibly about how decisions are made so that even when the wrong decision is made, your actions make it right.

According to a study by Sanjay (2011) once corporate objectives are derived, metrics are defined for all the functions/departments, which are integrated with the vision, mission and corporate objectives of the organization. His study further adds that in order for an organization to effectively achieve its objectives, it is essential that the objectives of every business unit, team and individual of the enterprise are linked with organizational objectives. This agrees with the findings of this study where Barclays Bank of Kenya sets objectives at corporate level and then individual business units and employees align to the overall objectives and strategy.

The study finding revealed that the bank has adopted an integrated approach to strategic planning where business units and individual teams are involved instead of a top-down approach where strategic planning is left to specialist then managers and employees are left to implement. This agrees with Yavas, Kagnak and Dilber, (1985) who argued that the culture of staff involvement in matters affecting them at individual, group and corporate levels influences staff productivity and overall corporate performance. In addition a study by Aosa (1992) pointed out that managerial involvement is crucial in planning and strategy development.

The findings of the study also showed that the banking sector is vital in economic growth and very sensitive to micro-economic factors and the general external environment, and therefore banks have to align their strategies appropriately which may necessitate varying initial strategic plans. This finding agree with Mintzberg (1994) who mocked planning obsession arguing that only some strategic plans ever happened the way they were intended, noting that the big picture or strategy was decided by a stream of individual actions and that most strategy emerges from adaptation. Despite the unpredictable environment the research established that strategic planning helps the bank to take advantage of the future aggressive economic trends and leverage on opportunities presented. 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.

CHAPTER FIVE SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary, conclusion and details of recommendations for the research in line with research objective on strategic planning practices at Barclays Bank of Kenya. The section also provides suggestions for further research.

5.2 Summary of Findings

The research found that the organization derives its strategic plan from its vision and goal which guide not only its operation in Kenya but the whole group. This enables the bank to make strategic choices on it markets and segment to serve effectively. The study also established that the bank takes a collaborative or integrated approach to strategic planning where plans are not left to specialist planners but each business unit or function is involved in the process but focusing on the overall objective or strategy of the organization. Control and coordination of the strategic planning process was found to be owned by the Finance and planning department headed by the Chief Financial officer. The researcher gathered that the planning process involved Top level, middle level and lower management as each had a role to play in arriving at functional strategic plans. It was clear that the bank makes both long term and short term strategic plans. Through regular review on effective implementation of the short term strategic plans the organization aim at achieving the long term strategic plans. The study found that the process of strategic planning was not a one-off exercise but a continuous one, where through regular reviews the organization was able to control and evaluate implementation of agreed plans.

The researcher also found that the level of competency was critical to success of strategic planning, and therefore the organization invests in training and development of its staff which empowers them to be effective. The research revealed that successful strategic planning was largely determined by the quality of people involved in the process depending on their skills and experience and if they were engaged right from the start. It was further established that there has been several changes in the external environment in the past few years, mainly macro-economic, competition and regulatory which have a great effect on the strategic planning practices. In line with this, the research revealed that strategic planning practices ought to be a continuous process and should evolves from time to time depending on changes in the external and internal environment. It was established that the process focuses on the critical success factors which organization should take advantage of opportunities presented and deal with threats from external environment leveraging on its capabilities with strategic plans that are well thought through.

The research further established that the bank's integrated approach was aimed at establishing commitment to strategic plans via involvement and therefore accountability. This way business unit own their strategy and only unpack to the top management, board and group level where they are challenged on assumptions, resources and support of the overall organizational strategy. It was also noted that once the plans have been affirmed, they are then communicated to all organizational members to ensure each was clear on what needs to be achieved. This is done at broad level to the whole organization and functional level where detailed strategic plans are unveiled. Finally, the study revealed that the linkage and coordination of strategy with the group acts as a further check to strategic plans made locally and also offers shared knowledge and experience that adds value to the strategic planning process.

5.3 Conclusion

Strategic Planning being the basis of strategic management process, the study concludes that organizations give it more focus as there can be no success in strategy implementation, control and evaluation without a clear strategic plan. This is consistent with literature and theories that have generally documented that firms which give more time to strategic planning have historically out performed those that don't. Further, strategic planning in the banking industry is highly influenced by both internal and external factors and this can be well dealt with through clear strategic plans that document how and when action should be taken.

Another conclusion that the researcher draws from this study is that collaborative strategic planning through participation of management across the organization enlists commitment and accountability to strategic plans. And this approach to strategic planning is effective in influencing employee motivation, satisfactory customer service, achievement of organization’s objectives and above all shareholders return on investment.

Finally, following the study findings and the existing theory on the topic under consideration the researcher draws conclusion that an effective strategic plan must be derived from clear vision, mission, objectives and an organizational culture based on shared values with linkage between organization strategy, team objectives and individual members objectives measured on balanced scorecard.

5.4 Recommendations

The researcher makes the following recommendations on the strategic planning practices performed at Barclays Bank of Kenya Limited. Considering the discussions and conclusions, the study recommends early engagement of all stakeholders in the strategic planning to ensure agreed plans incorporate and are reflective of views or ideas of key strategy implementers. Being an international organization it should extend to the group level to understand expectation of the group and proper articulation of the local environment to ensure that those expectations are aligned to what the business can deliver through chosen strategic plans.

The study also recommends more flexibility in strategic planning to allow swift adjustments to intended strategy given changes in the external environment considering the numerous changes that have been experienced in the banking industry in the recent past. This way the organization can have a competitive edge not only on superior but also flexible strategy.

5.5 Limitations of the Study

Owing to the busy schedule of the Chief Financial Officer who is responsible for the overall organization's strategic planning process, it was not possible to schedule an interview. In addition Barclays Bank of Kenya as an international organization whose vision and mission originate from the overall group, it wasn't possible to dig deeper into the origin of vision and the basis of the same and how exactly this global view fits into the local market.

The study also focused on strategic planning practices at Barclays Bank of Kenya and thus the scope of the study was limited to the organization and therefore interpretation of the result have to be considered in that context. Additionally the approach of the research was a case study. This form studies are usually biased and data collection method relied upon was the use of interview guides which were administered to the interviewees on a one on one basis. This may suffer from bias on responses from the interviewees.

5.6 Suggestions for Further Research

The study researched on the strategic planning practices at Barclays Bank of Kenya Limited. This research therefore should be replicated on the other banks in the Banking industry so as to get comprehensive information on how the other players in the industry practice strategic planning. More research should also be done to determine how other companies not in the banking sector approach the strategic planning. In light of the findings of the study, recommendation is given for further study to understand how the organization uses the balanced scorecard to evaluate its performance and in addition how the five values adopted help organization in achievement of its strategic plans. Further studies can also exploit understanding how the organization implements its strategic plans as it is possible to have a good strategy but fail in implementation. This would give a better understanding of how successful implementation of strategic plans has contributed to the bank's success.

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APPENDIX 1:

INTERVIEW GUIDE

STRATEGIC PLANNING PRACTICES AT BARCLAYS BANK OF KENYA

SECTION A: GENERAL INFORMATION

Date of Interview ....……………………………………………………………

Function

………………………...

Management Level: Top Level………. Middle Level………… Lower Level………

How long have you worked for the organization? ………………………................

SECTION B: STRATEGIC PLANNING

1. Describe the strategic planning process followed in Barclays Bank of Kenya and who is involved in the process?
2. In your opinion, is every one critical to strategy implementation involved in the planning process?
3. In what ways is the strategy planning process adopted locally aligned to the group or regional strategy? Does the linkage affect the process positively or negatively?
4. Does Barclays Bank of Kenya review its strategic plans? If yes how often are they reviewed?
5. What are the factors that determine success in the banking sector?
6. Which factors influence your corporate strategic planning and to what extent do they influence?
7. Are there environmental factors that have changed substantially over the last five years? If yes could you please specify the changes and their effect on your strategic planning process?

8. Do you consider your organization strategic plans flexible to changes in environment?
9. How is the strategic plan communicated to the overall organization?
10. How frequent does your organization measure achievement of its goals or objectives and what are the measures used in evaluation?
11. Would you change how strategic planning is carried out in your organization? If yes, in what ways?

THANK YOU FOR YOUR PARTICIPATION