

**STRATEGIC PLANNING, COMPETITIVE ADVANTAGE AND
PERFORMANCE AT EQUITY BANK**

BY

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REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF
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DECLARATION

I Boutros Ghali Onyimbo, hereby declare that this research project entitles **STRATEGIC PLANNING, COMPETITIVE ADVANTAGE AND PERFORMANCE AT EQUITY BANK** is my original work and has not been presented for any degree in any other university.

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MBA PROGRAMME

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DEDICATION

This project is dedicated to my fiancée Najma Ibrahim for her love, unwavering support and continuous encouragement throughout my studies.

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ABBREVIATIONS AND ACRONYMS

CBK: Central Bank of Kenya

DRC: Democratic Republic of Congo

KDB: Kenya dairy board

MFA: Ministry of Foreign Affairs

NGO: Non- Governmental Organization

NSE: Nairobi Securities Exchange

RBV: Resource Based View

VRIO: Value, Rarity, Imitability and Organizational

ABSTRACT

This study sought to establish how strategic planning has an influence on competitive advantage and firm performance. Strategic planning encompasses all the organizational processes of defining its strategy, choosing direction and decision making on resource allocation in order to pursue the envisaged future ideal state. With the realization of the role played by strategic plans towards the achievement of an organization's Vision and Mission, the need for focus and alignment, the process of strategic planning remains critical in ensuring efficiency and improved performance. The objective of the study was to establish the influence of strategic planning practices, competitive advantage on performance of Equity bank. Using a questionnaire for the purposes of data collection, Primary data was obtained by presenting the questionnaires to the employees whose roles were closely related to the objective of the study. Data analysis was done using descriptive analysis aimed at a systematic quantitative in-depth description of the composition of the objects of the study. The study concluded that the strategic planning practices adopted by Equity Bank Kenya included objective setting, formulation of a strategic plan, participatory decision making, reward and recognition, training and development and employee participation. The adoption of these practices was observed to have a positive influence on the performance of Equity Bank Kenya. The study recommends Equity Bank Kenya should continue practicing formal strategic planning for enhanced effectiveness and efficiency as well as improved organizational performance. The organization should also continue to strengthen its strategic plans with the one, three and five-year term plans. Finally, the study recommends an enhancement of employee participation in the strategic planning and implementation process, more investment should be channeled into training and development with a long term view in building capabilities. Emphasis should also be laid in prudence while aligning global objectives to the local market.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

There exists a direct correlation between Strategic Planning and competitive advantage. Whereas Strategic Planning encompasses formulation of strategy, implementation as well as control of the key objectives undertaken by an organization's top leadership on behalf of shareholders, resource considerations consulting a thorough interrogation of the external environment where the operations of organization exists is critical. Johnson and Scholes (2002) observe that Strategic Planning provides a clear direction, involving specification of the organization's objectives, the development of plans aimed at achieving these objectives, and the prudent allocation of scarce resources aimed at ensuring successful implementation of the programs. Current market trends demand that organizations plan strategically, embrace technology to take advantage of existing market gaps and reorganize to penetrate into new markets.

The study was anchored on the Resource Based View (RBV) and supported by the theory of Industrial Organization as well as the Stakeholder Theory. According to Barney (2011), the Resource Based Theory, the organization's internal factors are its determinants of competitive advantage; the Industrial Organization Theory appreciates the positioning of external markets as the critical factors for attaining competitive advantage. On the other hand, the Stakeholder Theory considers the organization's approach to its stakeholders including suppliers, employees and business partners as the success determinants.

Commercial banks use strategic planning practices to drive efficiency, ensure costs are reduced, ensure compliance are delivered, standardize processes, automate processes and

to ensure fixed costs are transformed to variable costs (Beck, et. al., 2010). A competitive advantage of any given organization can be achieved in production of goods and services in an efficient and effective manner when strategic planning practices to professionals (Weske, 2012). Many firms both large and small have either outsourced or are starting to outsource in a bid to ensure sustainability with a focus on costs and overhead management and control, easier access to external professional services as well as restraining payroll. Knowledge of strategic planning has transformed banks to efficiently utilize their resources in an effective way through application of best practices of the industry as well as improvement of business processes, thus entering and creating new markets (Kolawole & Agha, 2015).

1.1.1 Strategic Planning

Strategic planning is a process whose aim is to outline strategy, set policies and develop detailed plans seeking to achieve organizational objectives (Steiner, 2010). The deliberate effort by an organization's Management to integrate its strategy with the allocation of roles, responsibilities and resources in the actualization of the desired ideal future forms the backbone of strategic planning. The three key components of strategic planning include the analysis of the strategy, choice of the strategy, and implementation of the strategy. The formalization of logistics, operations and financial domains by both Management and industrial sciences has resulted in the complimenting of the quantitative arm with the qualitative human aspect of sociology, psychology, and human resource management. It is the combined quantitative and qualitative aspects that address different organization requirements including professional, financial, technical, and strategic needs.

Strategic planning models proposed by various academic as well as business writers to support development of new strategies include (Nelson, 2008; Steiner, 2010; Marksberry, 2012). Specifically, these strategic planning models provide defined instructions on the mechanism of approaching, executing and evaluating the formulation of strategic concepts. The increase in strategic planning methods observed with all the topics emphasizing on processes and procedures can be attributed to organizational focus on the achievement of set objectives. The environment within which a business operates in relation to external and internal forces requires that Strategic planning focuses attention to strategic concept development with this respect.

The appreciation of Strategic Planning practice to focus on the organization's strengths in prioritizing and taking advantage of existing gaps and opportunities in the environment is the cornerstone of leadership. Organizations that embrace a strategic plan that recognizes their internal weaknesses deliberately allocating resources to improve will in the long run deliver superior performance. Ordinarily, a substantial investment is required to ensure the organization's strategic objectives are achieved. Organizations must therefore allocate their resources considering the priorities that the organization has set. Towards this end effective strategic planning is observed to enhance the performance of an entity. According to Kraus et al. (2016), strategic choice includes the generation evaluation and identification of the best strategy. Strategy implementation lays emphasis on developing appropriate policies and generating a framework that aids in translating selected strategies into action points (Ghobadian et al., 2014).

1.1.2 Competitive Advantage

The existence of competitive advantage comes in place when an organization offers a service or a product which customers in the market place see as good compared to that of its rivals. Porter (1996) defines competitive advantage as “the center of performance of a given company in competitive business environment”. He adds that competitive advantage could also imply that a given organization has a successful focus strategy, differentiation advantage, or low costs. Mohanty and Gahan (2015) stated that competitive advantage is sustained above normal returns. Lankford and Parsa (1999) refer competitive advantage to the results achieved from the effective performance of business processes from suppliers externally. In addition, Thompson and Strickland (2010) refer to competitive advantage as “a section of business strategy which handles plans of management that helps in successful competition in enhancing sustainability”.

The force of business competition has put pressure to organizations to objectively analyze critical business processes. Among the activities which are being outsourced by many organizations include: business services, manufacturing operations, as well as other lines of businesses (Graf & Mudambi, 2005). Porter (1996) notes that “differentiation, focus as well as overall cost leadership are the three major strategies of generic which can help an organization cope up with the five forces of competition and help it outperform its competitors in the market”. The key measure of competitive advantage is the costs of physical assets. Ndungu (2010) asserts that competition strength in the banking industry can determine the potential profit as well as competitive advantage.

Chiteli (2013) noted that “competitive advantage can lead an organization to gain high returns economically as compared to other businesses in the same business competition

market”. Variety of competitions in business environment could either imply that a company is able to produce a particular product or service valued by its customers as compared to that of their competitors, or rather is the production of this service or product done at a cost which is lower than its rivals. He further adds that for any given organization to maintain its prosperity, the aspect of value addition should be put in place to ensure sustainability of its competitive advantage. A unique competence can only be said to have a competitive advantage upon its application to the industry or when it’s available on market.

1.1.3 Firm performance

Organizational performance is described as an organization’s capability to achieve its actual output by utilizing its available resources to achieve its organizational goals and objectives (Griffins, 2006). The financial performance of a business is either assessed by its generated profits, its market value and also the growth of an organization. At the same time non-performance is measured by assessing the employee/customer satisfaction, new innovations, quality of service provision / products and reputation of an organization (Santos & Brito, 2012).

Studies done in the past have recognized the significant of strategic planning on performance and pointed out its role in the contribution of a better performance for an organization. This is further affirmed by Ansoff, (2003) in that most organizations adopted the concept of strategy when they realize that for any organization to achieve its goals then it requires a clearly defined direction in terms of its scope and growth. At the same time, David (2003) maintains that organizational success is not guaranteed by adoption of strategic planning.

From the above, there has been constant reviews or studies done to ascertain if it's true that the organizations that adopt strategic planning perform better in terms of their performance (financial and non-financial) has been of great debate to various management schools, authors, consultants and organizations and has led many to research into the same and at the same time to assess the effect of strategic planning on organizational performance.

1.1.4 Commercial Banks in Kenya

There are 43 commercial banks operating in Kenya and controlled by multiple rules such as the Central Bank of Kenya Act, Companies Act, the Banking Act, as well as other several policies and guidelines given by the CBK. In 1995, the exchange controls governing the financial sector in Kenya were repealed allowing for a freer flow of foreign currency (Central Bank of Kenya report, 2016). Various financial institutions have shifted from main processes of transaction like document management, benefits administration and payroll to include other key processes like better management in local government, mortgage processing, and procurement in banking sector.

The bank's profitability is highly dependent on profit generating activities. This is why over the year's banks have come up with different products leading to stiff competition in the industry with an aim of generating more income. They have established the level of income, sourced diversification of commercial banks in Kenya and have a positive influence on the performance of commercial banks in Kenya. Kenya has the most diversified, mature financial sector in East Africa, and has made an effort to improve in retail banking and mobile money transfer this has resulted to growth in the banking industry.

1.1.5 Equity Bank of Kenya

Equity Bank is a bank incorporated within the Kenya Laws, Companies Act Cap 486 of the laws of Kenya. It is a bank headquartered in Kenya but with operations in East and Central Africa. The bank undertakes banking services provisions as spelt out and regulated by the Kenya Banking Act cap 488. Equity bank focuses on the provision of retail banking, micro finance banking and other banking related services. The bank has operations through subsidiaries in countries within the East and Central African region including Uganda, South Sudan, Tanzania, Rwanda as well as DRC. The bank is listed within the NSE as well as the Uganda Securities Exchange.

Since its inception as a Building Society in 1984, Equity bank has been a pioneer in the Kenyan banking sector. Initially, the bank provided mortgage financing within the lower income group before diversifying into retail banking over the years. It has continuously been cited as a leading example of how indigenous African firms and companies can be used to drive poverty out of Africa. The bank is currently amongst the top five largest banks in Kenya. It has over 9 million customers and controls close to 50% of total deposit accounts in Kenya. To continually grow in a rapidly changing environment, the bank has adopted a visionary and innovative approach to management including the use of technology in service delivery. The bank is built upon a visionary leadership managerial structure and lean business model to continually drive growth, expansion and outreach in the local, regional and international markets. The bank draws its expertise and knowledge from leading international schools in developed markets as well as those in Africa and Asia.

1.2 Research Problem

The realization by Organizations of the relevance attributed to a strategic plan in shaping the vision and mission, the selection of strategies to be adopted and allocation of resources to ensure achievement of corporate goals has increased the awareness around the purpose of Strategic Planning for superior performance (Suklev & Debarliev, 2012). A strategic plan is critical in ensuring that strategic goals and objectives are in line with organizational activities within its environment in turn providing for its guaranteed survival and effectiveness. This results in enhanced organizational performance (Kraus et al., 2016). Business Environment challenges pose a major threat to organizational survival and development of competitive advantage within the ever evolving and changing market dynamics. It is for this reason that business managers need to thoroughly understand the environment within which they operate while undertaking strategic planning. The strengths of a business entity and weaknesses are inherently internal with reference to the organization. On the other hand, opportunities as well as threats existing in the external environment need effective assessment through scanning and analysis (Mintzberg, 1999).

Equity bank Branches continued to open branches across East Africa with desire to benefit from the available market in the region, and also reach out to the unbanked community, Equity bank has gone ahead to embrace the use of technology by using current available trends such as mobile banking and arranging partnership with telecommunication service providers to use mobile shops as a base for mobile banking activities, and the recent introduction of Equitel sim cards is proving to be a step in the right direction. The adoption of agency banking model has further improved banking activities providing banking

service by Equity bank to interiors and villages previously uncovered by banking services, (Asubwa 2011).

Previous studies investigating the linkage between Strategic Planning as well as the Performance include a meta-analysis in Europe by Schwenk and Shrader (2013), whose findings were that a correlation which is positive there exists between strategic planning and the performance of an organizational. An investigation by Aldeyhayyat and Twaissi (2011) in the Middle-East related the performance of an organization to strategic planning. These studies established a relationship which is positive between the performance of a firm and the practices of strategic planning adopted. Studies by: Kraus et al., 2016; Suclev and Debarliev (2012) found a positive linkage between the performance of a firm and strategic planning.

Previous local studies done in strategic planning practices include; Mutisya (2013) studying DHL Express Kenya with regards to the practices of Strategic Planning Practices Adopted concluding that DHL Express Kenya adopts a practice of Strategic Planning which is formal and communicates its Vision and Mission to the employees. In Practices of Strategic Planning by the Agency of Kenya Medical Supplies (John, 2012), the Study focused on challenges facing Strategic Planning Practices. Practices of Strategic Planning at the Bank of Barclays in Kenya, (Murega, 2011) and Practices of Strategic Planning and Performances by Commercial Banks in Kenya (Muriuki, 2010) identified a positive link between the performance of an organization and Strategic Planning.

These studies have limited themselves on the steps of strategic planning and the performance of an organization. Limited focus has been given on the linkage between the strategic planning practices, competitive advantage and performance of banking sector in

Kenya with a key focus on Equity bank. This study sought to find an answer to the research question: What is the influence of strategic planning practices, competitive advantage on performance of Equity bank?

1.3 Objectives of the study

The objectives of the study were;

- i. To establish the influence of strategic planning practices on organizational performance of Equity Bank.
- ii. To establish the influence of strategic planning practices, competitive advantage on performance of Equity bank.

1.4 Value of the study

As established earlier there exists a gap in the area pertaining the influence of strategic planning on competitive advantage. This study may help in appreciating the strategic planning practices at equity bank and their influence on competitive advantage. This may benefit players in the banking industry in Kenya and by extension the financial institutions sector in Kenya, including policy makers in government who will immensely benefit from this study.

This may go a long way in helping this sector acknowledge the factors affecting strategic planning practices in the industry, impact competitive advantage and provide insight on best practice during strategic planning. Knowledge gained by leaders may be important on decision-making in changing environmental situations as well as in formulating organizational strategies that enable them to achieve competitive advantage, establish and maintain market leadership as demonstrated by superior financial performance.

Researchers with an interest in strategic planning practices, students and scholars studying the concept of strategy and planning, may benefit immensely from this study. In fact, the

process may lead to the gaining of valuable insights and the importance of strategic planning practices adopted by managers and their impact on organizational performance.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this chapter, there was a focus on existing literature. Particularly, strategic planning practices and competitive advantage was of primary interest as researched by other scholars. A keen interest was in establishing a correlation between the existence of strategic planning and its impact on competitive advantage.

2.2 Theoretical Foundations

This section comprised theories in support of the argument that there exists a linkage between strategic planning practices and organizational performance. These included the resource based view, the theory of industrial organization as well as the stake holder's theory.

2.2.1 Resource Based View

The Resource Based View postulates that the competitive advantage achieved by a firm is an element of the uniqueness of its resources (Carpela & Gordon, 2011). Thus the review of the resources available at the organization's disposal forms an important point of convergence. Resources refer to both tangible as well as intangible assets an organization opts for to determine and implement its strategies. In the category of the resources which are tangible are: technological, physical, organizational as well as financial resources, whereas intangible resources include human, image as well as innovation (Carpela & Gordon, 2011). This theory lays emphasis on the VRIO (Value, Rarity, Imitability as well as Organizational) components of resources as well as capabilities and hence arrives at the VRIO framework. According to the VRIO

framework, a firm's competitive edge can be developed from the value adding processes. The processes that add no value unfavorably impact on the firm's competitiveness due to the needless distractions from the organization's primary objectives (Carpela & Gordon, 2011). Rarity refers to the situation where an organization develops a competitive advantage through a rare resource capitalizing on this rare resource to produce a unique product or service that other firms are not able to avail in the market. Imitability is the inability of competition to replicate the services or product unique to the firm. According to Porter (1996), an organization's superior ability to prioritize and organize unique, inimitable rare resources confers the organization a competitive advantage. In this respect, the Resource Based View is concerned with the resources the firm commands and the way it utilizes them to achieve a competitive advantage.

An analysis of the competitive advantage according to Barney (2011) takes into consideration two assumptions. One that firms in a particular industry are unique in regards to the resources under their control. Secondly, the resources imparting competitive edge have restricted mobility across and within the industry and therefore cannot be traded. Sustainability is significant in as much as an organization's resources may have been value adding in the past, factors including customer preference changes and technological advancement, industry structures or regulation can impair their value in future.

2.2.2 Industrial Organization Theory

The Industrial Organization Theory derives its assumptions from the theory of the firm, a collection of economic theories that attempt to predict describe and explain the nature of an organization in terms of its very existence, composition, behavior, and structural

development in relation to the market. This provides for organizational structures, situational designs, operational frameworks and the relationship with the external environment within which the organization competes. This theory appreciates the organizations external market disposition as a crucial factor for achieving competitive advantage. In the ancient industrial organization perspective, strategic management is offered a systematic approach in evaluating and understanding external competition within a particular industry. Nelson (2008) opines that the structure and functioning of any market is the fundamental concept underlying the industrial organization theory.

According to Bennet (2014) the structural, behavioral as well as the performance pattern used as a framework for analyzing the relationship between the structure, conduct and performance of a market is a function of industry organization. The market structure within which a firm operates determines its behavior and thus the market's performance. The Industrial Organization Theory focuses on the market where a company operates in, as opposed to the company itself (Ryals, 2014). The theory therefore emphasizes on the whole industry and market conditions of a company as opposed to the central analytical aspect which identifies strategic choices that organizations have in their respective industries (Porter, 2008).

2.2.3 Stakeholder Theory

The Stakeholder Theory was observed to have gained prominence in the 1970's as a management practice reference and gradually developed and adopted by Freeman in 1984 through the incorporation of corporate accountability to a diverse range of stakeholders. According to Wheeler, Colbert and Freeman (2003) the stakeholder theory is derived from a mix of social and organizational disciplines. The theory takes a lesser formal unified

approach instead of adopting a broadened research tradition, incorporating philosophy, psychology, ethics, economics, political theory, law and organizational management science.

Donaldson and Preston (1995) observed that this theory focuses on management level decision making in which every stakeholder's interest is valuable, in addition no particular set of interest is superior to the other. As a suggestion of the theory, an organization's management must have a relationship network to serve employees, dealers, suppliers, shareholders and all other business partners. It argues that these stakeholders are important (Wheeler, et. al, 2003). The theory is thus significant in that by taking care of all the stakeholder's interests the performance of the banking Industry in Kenya is enhanced.

2.3 Strategic Planning and Firm Performance

Strategic planning is a process that is aimed at defining strategies, setting policies and developing detailed plans that seek to achieve organizational goals and objectives, McKiernan & Morris (2010). Strategic planning consists of a well-defined company effort that integrates the specifications of the firm's strategy and the allocation of responsibilities for execution. Strategic planning is a process that involves selection of organizational goals and strategies that determine essential programs that aim at achieving specific goals and approaches that ensure these programs and policies are implemented.

According to Ghobadian, O'Regan & Thomas, Liu (2014) strategic planning process consists of three key components that enable the firm to accomplish its vision and mission. These include strategic analysis, strategic choice and strategic implementation. The strategic analysis comprises setting the firm's vision, mission, and goals. This, in particular,

involves executing the strategic corporate target and putting efforts in understanding the business environment.

Kraus et al. (2016) posit that Strategic planning practice focuses attention on the key issues and challenges facing the organization and thus promotes strategic thought and action. The enhanced responsiveness and improved performances are other benefits enjoyed by organizations engaging in strategic planning practices. In 1995, Bryson research findings indicated that teamwork is also likely to be strengthened through use of strategic planning.

Kathama (2012) researched the connection between strategic planning practices and performance of state companies in Kenya. The examination found that the enterprises started various strategic planning practices that positively affected performance of organizations yet the effect was not noteworthy at 5% level of certainty. The study in this way neglected to build up a huge impact of strategic planning on the performance of a firm however the model was fit at a similar level of certainty.

Arasa and K'Obonyo (2012) studied the link connecting strategic planning and performance of insurance companies in Kenya. A research design which was descriptive in nature was utilized. Primary and secondary sources of data were utilized. A correlation analysis showed a strong and significant relationship between strategic planning and the performance of an organization. The findings concluded that the strategic planning steps were positively related to the firm's performance.

Ong'ayo (2012) sought to establish the employee's perception on the effect of strategic planning on organizational performance in the Ministry of Foreign Affairs (MFA). The research found that the employees perceived strategic planning to have led to achievement

of various performance measures such as customer satisfaction, customer loyalty, among others.

Ongonge (2013) studied link between strategic planning and the performance of an organization with a focus on Action Aid, an NGO in Kenya. The study obtained primary data by interviewing the management staff and senior staff in various departments. The conclusion was that there is evidence to support a positive and significant relationship between Strategic Planning and Organizational Performance. Action aids high level of performance is largely dependent on emphasis on Strategic Planning.

Kariuki, Maiyo and Ndiku (2015) undertook a research on the Relationship between Strategic Planning and Performance of Public Secondary schools in KangundoSub-County, Machakos County, Kenya. They carried out a census survey of the public schools in the sub county. A positive link was established between the performance of the school and the strategic planning.

Imbuhila (2016) undertook a study on the influence that the practices strategic planning has on engineering consultancy firms' performance in Kenya. The study revealed that overall the practices of strategic planning accounted for 25.6% of the variations in financial performance of the firms. The research establishes that strategic planning practices moderately influence the financial performance of engineering consultancy firms. The study recommends that firms in the engineering consultancy in Kenya should employ strategic planning practices as these are likely to impact on their financial performance.

Kimunge (2016) carried out a study on strategic planning practices and performance of Kenya dairy board. The study finds out that Overlapping of activities and overstretched

resources due to inadequate funding to meet industry expectations are the major obstacles experienced in strategic planning practice at KDB. The study found out that the opinion that consultation is sought among the different stakeholders through stakeholder sensitization forums.

2.4 Strategic Planning, Competitive Advantage and Performance

Organizations adopting strategic planning practices are more profitable and successful than those that do not (Johnson & Scholes, 2002). This is attributable to the fact that focus is placed on the things that matter most with resources like time, talent, money allocated to those activities that result in the highest returns. Organizations embracing strategic planning practices exhibit considerable increase in sales, market share, profitability, and productivity in comparison with businesses lacking coordinated planning activities.

According to Thompson (2007), organizations achieving stellar performance are observed as having adopted strategic planning practices in anticipation of future unpredictable events within their environments. Operations embracing strategic planning processes ideally produce superior performance in the long term above industry peers. These organizations make prudent decisions coupled with a reasonable prediction of accompanying consequences.

Poorly performing entities on the contrary, often engage in activities that are skewed towards insufficiency of foresight and reflect improper forecasting of future conditions. Planning managers of poorly performing organizations are more often than not preoccupied with routine and mundane activities like policing staff. Ordinarily, they understand their competitors' strengths, underestimate them and overestimate their strengths. In the meantime, they attribute mediocre performance to factors beyond their comprehension and

control such as a weak economy, competition, poor financial standing and technological advancement (Kaufman & Herman, 1991).

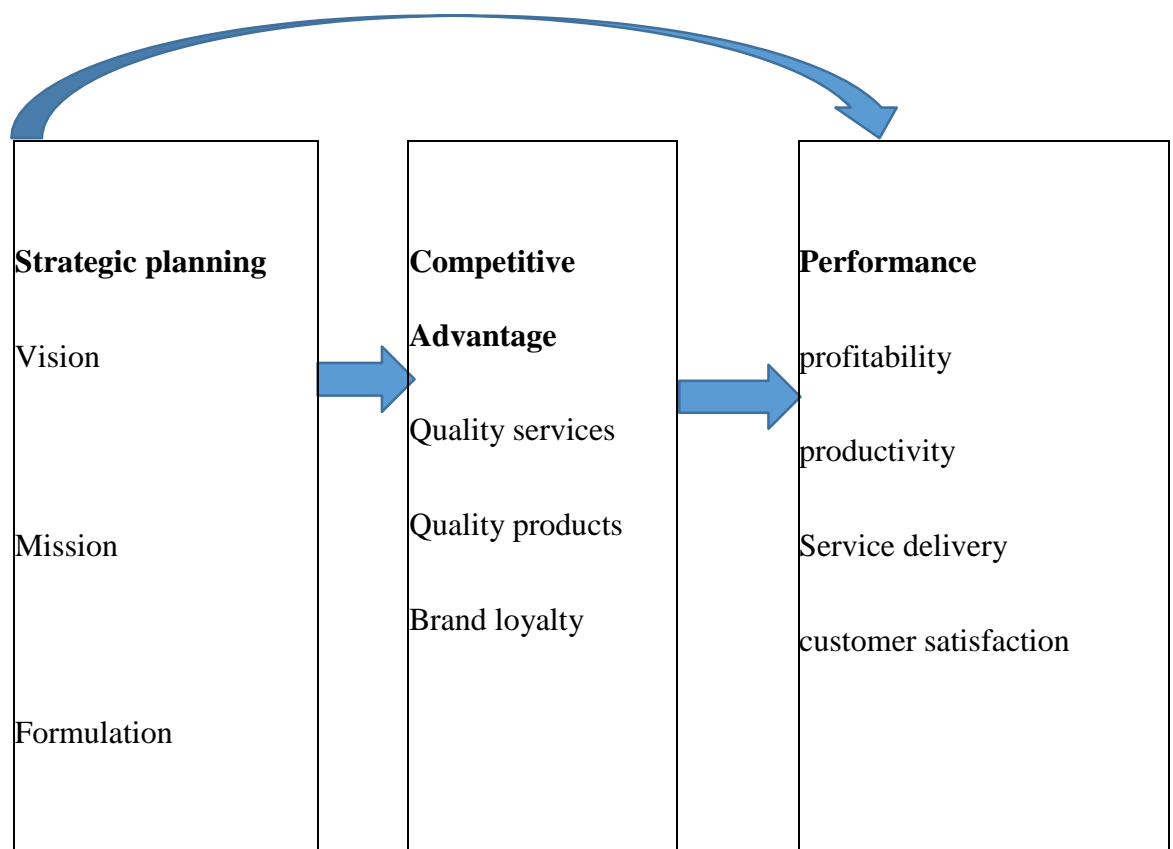
2.5 Conceptual Framework

In order to study the relation between strategic planning, competitive advantage and performance in commercial banks of Kenya, a conceptual framework is necessary to develop on how the relation is correlated and the direction between the pairs.

Figure 2.1: Conceptual Model

Independent variable

Dependent variable



2.6 Summary of empirical studies & knowledge gap

Study	Methodology	Key Findings	Knowledge Gap(s)	Focus of current study
Strategy Formulation and Implementation Link Nyamwanzay (2013)	A survey of Cross-sectional was adopted.	Lack of linkage between strategy formulation and implementation, each activity is treated as an end in itself rather than as a part of a process and this affects performance of SMEs in Zimbabwe.	Context different being SMEs in Zimbabwe. Other Variables not considered.	This study examined the influence of strategic planning practices, competitive advantage on performance bank.
Strategic Planning and Performance of Public Secondary Schools in Rarieda District, Kenya Okwako (2013)	census survey	public schools in the district practice formal strategic planning and that Strategic planning is positively correlated to performance.	The target population of the study was Public Secondary Schools in Rarieda District and thus the findings might not be applicable to banking sector.	This study examined the influence of strategic planning practices, competitive advantage on performance bank.

Relationship between Strategic Planning and organization's Performance in Non- Governmental Organizations (NGOs) in Kenya, a case study of Action Aid, Kenya Ongonge (2013)	census survey	There is evidence to support a positive and significant relationship between Strategic Planning and Organizational Performance.	is Focused on how strategic planning influenced organization performance and not competitive advantage.	This study examined the influence of strategic planning practices, competitive advantage on performance bank.
Relationship between Strategic Planning and Performance of Public Secondary schools in KangundoSubCounty, Machakos County, Kenya Kariuki, Maiyo and Ndiku (2015)	census survey	The study concluded that there was a positive relationship between Strategic Planning and School performance.	Focused on Public Secondary schools and thus might not be contextualized to the banking sector.	This study examined the influence of strategic planning practices, competitive advantage on performance bank.
strategic planning and performance of insurance companies in Kenya Arasa and K'Obonyo (2012)	A research design which was descriptive in nature was utilized.	A correlation analysis showed a strong and significant relationship between strategic planning and the performance of an organization.	Focused on insurance sector and thus might not be contextualized to the banking sector.	This study examined the influence of strategic planning practices, competitive advantage on performance bank.

	Primary and secondary sources of data were utilized.			
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CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter described the various methods used by the researcher in this study. The chapter included the data collection process, which the researcher uses to acquire both the primary and secondary data. The chapter further included a discussion of the research design adopted for the study, as well as the data analysis techniques applied.

3.2 Research Design

Research design is defined as the methodological approach adopted for purposes of answering research question and outlines an effective system to be followed in the study. This is a systematic plan used in studying a scientific problem (Yin, 2003). A research design is of importance when carrying out a study because it ensures that the acquired evidence helps the researcher to clearly answer the question under investigation as unambiguously as possible.

The research design for this study was a case study. A case study is a quantitative or qualitative analysis of a particular single unit (Mugenda & Mugenda, 1999). A case study ought to be considered as a research design when the main intention of a study is to ascertain “why” or “how” (Mugenda & Mugenda, 1999). The adoption of this research design provides the researcher with practical knowledge rather than theoretical knowledge and it is less restrictive as compared to other methods. Additionally, this research design has been utilized successfully by other scholars in similar studies in the past hence making it appropriate for this study.

3.3 Population of the Study

A well-defined or group of individuals, elements, collection of households or things being studied describes what a study population is (Bogdan & Biklen, 2009). This definition ensures that the population of study is similar. A study's population of interest should be clearly described and the unit of analysis should be identified, which is not easy sometimes.

The target population was made up of all the units being studied. The manner of analysis is the entity or who is being studied. The population of the research was all the employees of Equity Bank located at its headquarters in Nairobi County. According to Human resource reports there were 878 employees of Equity Bank. Therefore, the target population was 878 employees at Equity bank.

3.4 Sample and Sampling Procedure

Cooper and Schindler (2000) defined a sampling design as the target population that is being studied using sampling methods. A simple random sample of 87 employees was selected for the study. Mugenda (2009) is on the opinion that a sample size of 10-30% is satisfactory. This represented 10% of the targeted population. The study used a sample size of 87 employees. A simple random sample was deemed appropriate because the population is fairly homogenous and a sampling frame also exists (Levy 2005).

3.5 Data Collection

Through use of semi structured questionnaire, information was gathered. Self-administered questionnaires enabled the respondents to answer to the questions by their own and at their own speed. They reduce the burden to the respondents by providing them the time to think through their opinions (Monsen & Horn, 2008). Both open and closed-ended questionnaire

was used. More designed responses are provided by close ended questions gives to enhance tangible recommendations. The closed ended questions were utilized in the evaluation of various features and this assisted in lowering the number of associated response in order to attain more varied opinions. Added information that might not have been dealt with in the close-ended questions was provided by the open-ended question. The questionnaire was partitioned into three segments. Section A covered the respondents' demographic information. Section B assessed the strategic planning practices while the section C covered the relationship between the study variables. Each section had both the open and closed ended questions.

3.6 Data Analysis

The researcher employed both qualitative and quantitative data analysis techniques. Quantitative data on responses from questions in the questionnaire was coded for ease in systematic data tracking. A master questionnaire was prepared to match un-coded questionnaires issued to respondents. All collected data was edited to ensure compliance to accuracy, consistency and relevance to research questions. Data cleaning was done immediately after the collection of the data. Coding was then done and data was entered into the SPSS. Descriptive was analyzed quantitative data. Also, quantitative data was presented using graphs as well as tables.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents data analysis and findings of the study based on research objectives and research methodology. The objective of the study was to investigate the influence of strategic planning practices, competitive advantage on performance of Equity bank. Besides, chapter four illustrates demographic analysis of the respondents, data discussion and the conclusion of the chapter. The results were presented on strategic planning practices, competitive advantage on performance of Equity bank. The data was collected using a structured questionnaire and response was captured for more detailed descriptive analysis. Results of this study were presented inform of percentages, mean and standard deviation, and discussion done appropriately

4.2 Response rate

A total 87 questionnaire were administered and 75 usable questionnaires were returned translating to 86.2% response rate. Kaiser-Meyer Oikin test gave a value of 0.779 which was higher than the recommended minimum value of 0.6 showing the sample was adequate for drawing inferences from the study. According to Babbie (1990), a response rate of 60% is good, 70% very good and 50% adequate for analysis and reporting from manual surveys. Bailey (1996) sets the adequacy bar at 75% and Chen (1996) argues that the larger the response rate, the smaller the non-response error.

Table 4.1: Response rate

No. of questionnaires Returned	Target No. of respondents	Response Rate (%)
75	87	86.2%

Source: Field Data 2018

Table 4.1 presents findings on the response rate which indicated that the response rate was 86.2%

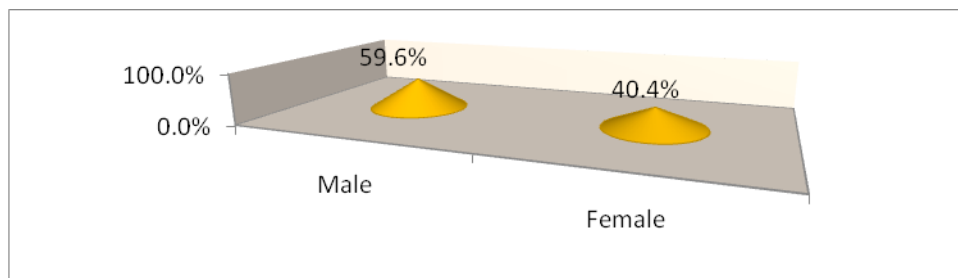
4.3 Profile of Respondents

This section presents the key characteristics of the respondents in this in terms of highest education levels, gender, age and the number of years they have been in Equity bank in Kenya.

4.4.1 Gender of the Respondents

The study sought to establish the gender of the respondents'. The findings are as shown in Figure 4.1.

Figure 4.1: Gender of the Respondents



Source: Field Data 2018

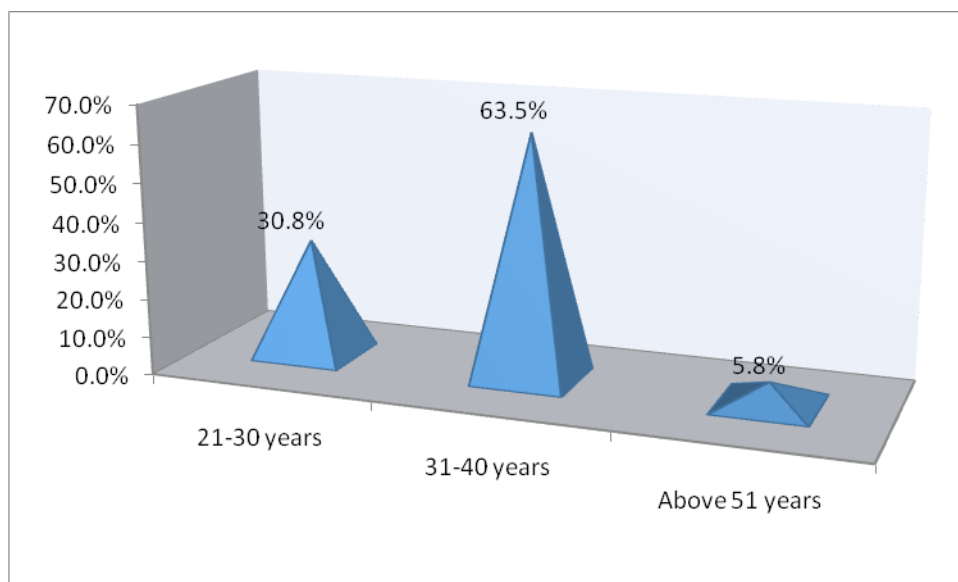
Figure 4.1 presents findings on the gender of the respondents and revealed that, most (67%) of the respondent were male, while 33% were female. This implies that majority of

the respondents' were males. This was in alignment with one third rule of the Kenyan constitution and also in terms of good corporate governance policies and showed that bank management were sensitive towards balancing gender of their management.

4.4.2 Age bracket of the Respondents

The study sought to find out the age of the respondents. The findings are as shown in Figure 4.2.

Figure 4.2: Age bracket of the Respondents



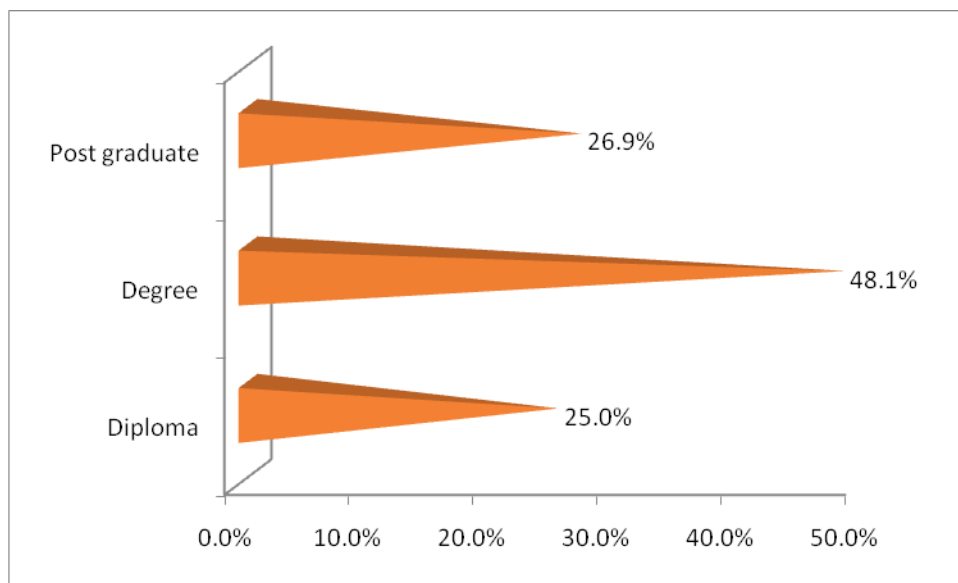
Source: Field Data 2018

Figure 4.2 presents findings on the age of the respondents and revealed that, most (63.5%) of the respondents were aged between 31-40 years, 30.8 % were aged between 21-30 years, while 5.8% were aged above 51 years. This implied that majority of the respondents' were aged between 31-40 years who were young and energetic, and thus higher data collection cooperation.

4.4.3 Highest academic qualification of the Respondents

The level of education is a key determinant in the performance of the employees. Education is correlated to the quality of services offered and the better educated personnel are more of a human capacity resource since they form part of organizational learning which is a key competency in developing strategic planning practices of the organization.

Figure 4.3: Highest academic qualification of the Respondents



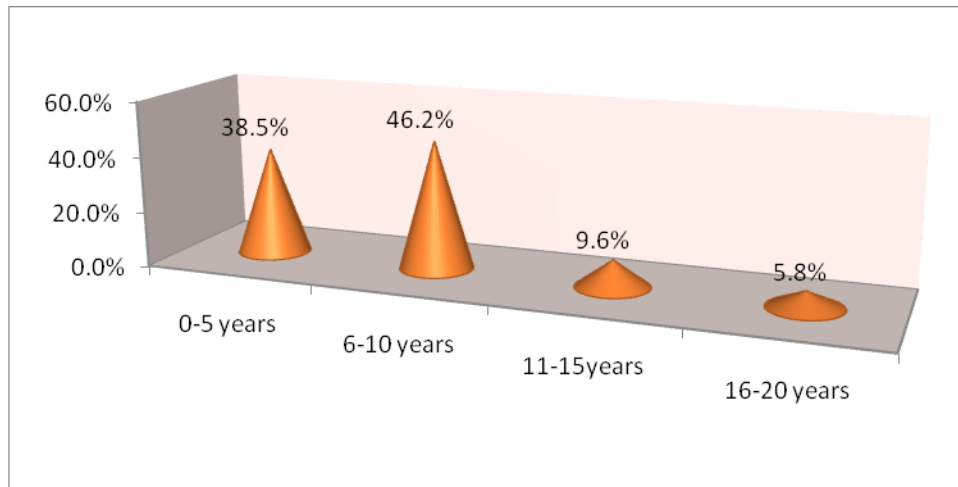
Source: Field Data 2018

Figure 4.3 presents findings on the highest academic qualification of the respondents and revealed that, majority (48.1%) of the respondents had a University Degree, 26.9% had had Post Graduate, while 25% had diploma. The results showed that on average, respondents are well educated with high academic qualifications. This showed that staff in the management level are highly educated and are in a position to undertake critical managerial decision in relation to strategic planning.

4.4.4 Working Duration in the Bank

The study sought to establish the number of years respondents have been working in their Bank. The findings are as shown in figure 4.5

Figure 4.4: Working Duration in the Bank



Source: Field Data 2018

Figure 4.5 presents findings on the working duration in the bank and revealed that 46.2% of the respondents have been working in their bank for 6-10 years, 38.5% for over 0-5 years, 9.6% for 11-15 years, while 5.8% for 5-8 years. The results showed that on average the respondents had experiences in Equity bank ranging from 6 to 10 years. The findings imply that the respondents have been in their Equity for duration periods of 6-10 years hence have knowledge about the issues the researcher was interested in. This was also important information in guaranteeing the reliability of data obtained as the respondents were representative of the population.

4.3 Strategic Planning Practices

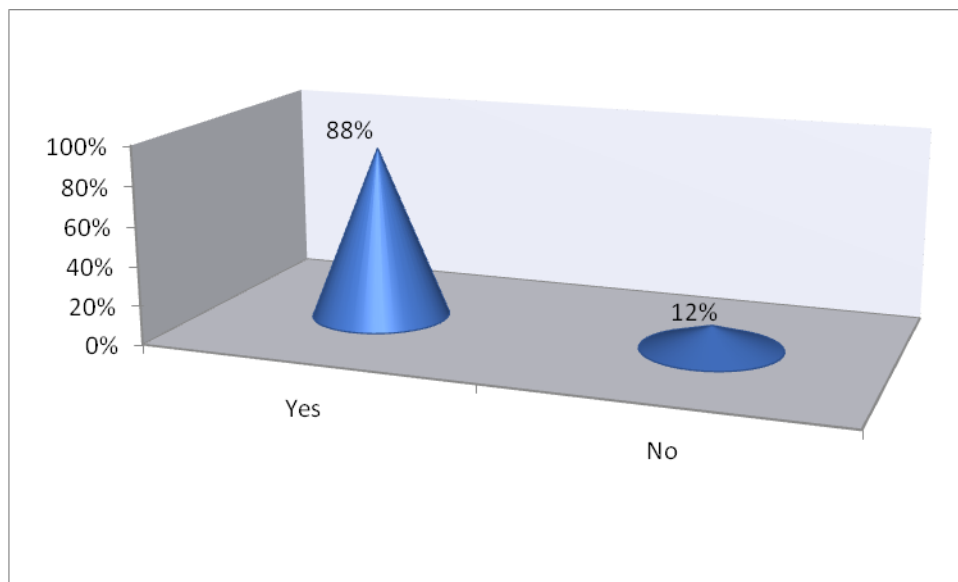
The study asked the respondents various questions relating to strategic planning practices adopted by Equity bank and obtained various responses. This was meant to indicate how

implementations of strategic planning practices, amid major varied challenges are successful.

4.3.1 Adoption of Strategic Planning Practices

The study sought to determine from the respondents whether there are Strategic Planning Practices adopted by their firm. The study findings are as shown in Figure 4.5 below

Figure 4.5: Adoption of Strategic Planning Practices



Source: Field Data 2018

Figure 4.5 presents the findings on the strategic planning practices adopted by Equity bank of Kenya and revealed that, majority of the respondents as represented by 88% affirmed that there are strategic planning practices adopted by their bank while only 12% were on the contrary opinion. This implies that Equity Bank in Kenya have adopted strategic planning practices

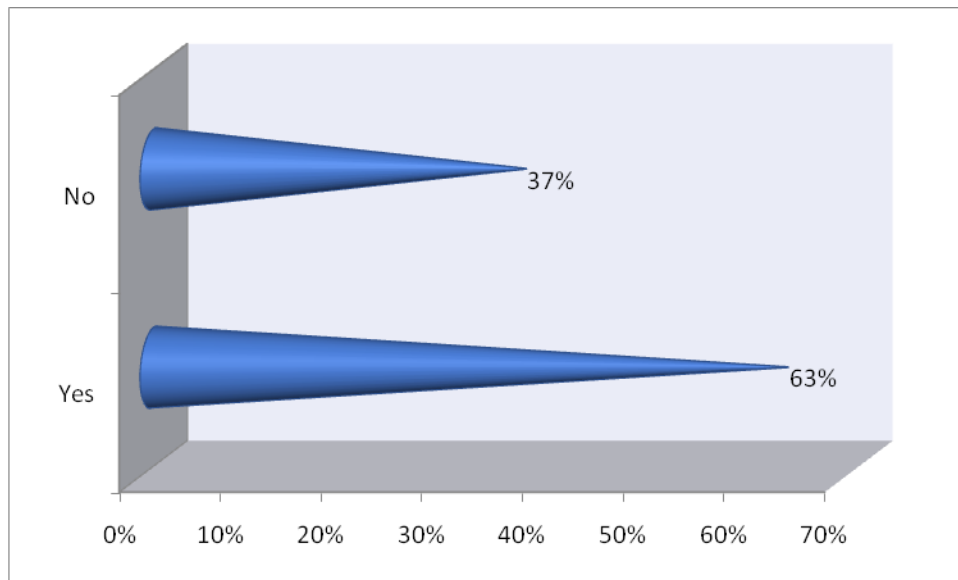
4.3.2 Strategic Planning Practices at Equity bank

Among the respondents who indicated that that Equity Bank in Kenya have adopted strategic planning practices were further kindly asked to indicate strategic planning practices adopted by Equity bank. The results revealed that setting of organizational goals and objectives, external environmental scanning, target setting, performance evaluation and analysis included some of the strategic planning practices geared towards the provision of an enabling environment for Equity Bank Kenya to realize its set goals and targets. They further indicated strategic planning practices at Equity bank to include: performing market research, analysis of investment opportunities, customer services, efficiency of operating process, and analysis of financial strengths and weaknesses. Equity bank had strong credit policies which were well communicated to employees, strong risk management procedures, strong organizational structure clearly illustrating roles and responsibilities also contribute to Equity bank strengths in realize it goals and objectives. Equity bank was well equipped with good credit scoring and rating model which ensure appropriate credit decision making.

4.3.3 Respondents Involvement in the formulation of the strategic planning

The study sought to establish whether respondents were involved in the formulation of the strategic planning. Figure 4.6 below shows the study findings.

Figure 4.6: Respondents Involvement in the formulation of the strategic planning



Source: Field Data 2018

Figure 4.2 presents the findings on the respondents involvement in the formulation of the strategic planning and revealed that majority of the respondents (63%) felt that they were involved in the strategy planning process while 37% of the respondents were of the contrary opinion. This implies that employees at Equity bank in Kenya are involved in strategy planning process and that their opinions were sought and taken into consideration in the planning process and are conversant with the organization's opportunities and threats within the plan

4.3.4 Extent to which Respondents are Involved in the formulation of the strategic planning

Respondents were asked to indicate the extent to which they are involved in the formulation of the strategic planning. The responses are as presented in Table 4.2 below

Table 4.2: Extent to which Respondents are Involved in the formulation of the strategic planning

	Frequency	Percent
To a very great extent	8	10.7%
To a great extent	19	25.3%
To a moderate extent	39	52.0%
To a little extent	12	16.0%
To a very little extent	5	6.7%
Total	75	100.0%

Source: Field Data 2018

Table 4.2 presents the findings on the extent to which respondents are involved in the formulation of the strategic planning and revealed that, majority of the respondents (52%) indicated that they have been involved in the formulation of the strategic planning in Equity bank to a moderate extent, 25.3% indicated to a great extent, 16.0% indicated to a little extent, 10.7% indicated to a very great extent while 6.7% indicated to a very little extent. This implies that although Equity Bank have involved their employees in the formulation of the strategic planning, they have done so to a moderate extent, and thus the need for the bank to enhance their involvement.

4.3.5 Strategic Planning Practices Assistance in Achieving the Set Objectives of Equity bank

The respondents were also asked to point out whether the strategic planning practices applicable in the Equity bank assist towards achieving the set objectives of Equity bank. Respondents retorted that the plan clearly outlines the Vision and Mission Statements.

All the respondents state that the plan clearly outlines the organization's strengths and weaknesses and agreed that the plan had clearly stated objectives. The respondents also revealed that Equity bank limited used a number of different competitive strategies in offering their banking services in order to effectively and efficiently outcompete their rivals in banking sector in Kenya which led to high firm performance and sustainable competitive edge. Some of competitive strategies include cost leadership strategy, differentiation strategy, focus strategy, combination strategy, diversification, globalization, mergers and acquisition, strategic alliances, market development and product penetration strategy which aided Equity bank to gain competitive advantage like quality products and services , increase market share, survival, profitability and growth

4.4 Strategic Planning Practices and Competitive Advantage

The study asked the respondents various questions relating to strategic planning practices and organization performance at Equity bank and obtained various responses. This was meant to indicate how strategic planning practices influence performance during its reinvention. This will help the corporation's future planning managers and also benefit other organizations in Kenya and indeed the region

4.4.1. Strategic Planning Practices and Equity Bank Competitive advantage

The study also sought to establish the extent of agreement with various statements on the impact of strategic planning practices on Equity Bank competitive advantage. The status of this variable was rated on a 5 point Likert scale ranging from; SA-strongly agree (5), Agree(4), N-neutral(3), D-disagree(2), SD-strongly disagree(1). The study findings are depicted in table 4.3 below.

Table 4.3: Strategic Planning Practices and Equity Bank Competitive advantage

	Mean	Std. Deviation
Strategic planning practices enables Equity bank to considerable increase in sales	4.0319	0.61263
Strategic planning practices helps Equity bank to improve on its market share	4.0957	0.46534
Strategic planning practices helps Equity bank to improve on its profitability, and productivity in comparison with other competitors	3.9362	0.70036
Strategic planning processes ideally help Equity Bank produce superior performance in the long term above industry peers	4.0106	0.37373
strategic planning practices to a higher extent influence the competitive advantage of Equity Bank	4.0638	0.50393

Source: Field Data 2018

Table 4.3 presents the findings on the impact of strategic planning practices on Equity bank competitive advantage and revealed that, the respondents strongly agreed that, Strategic planning practices helps Equity bank to improve on its market share (mean=4.0957), strategic planning practices to a higher extent influence the competitive advantage of Equity Bank (mean=4.0638), and that Strategic planning practices enables Equity bank to considerable increase in sales (mean=4.0319). In addition respondents agreed that Strategic planning processes ideally help Equity Bank produce superior

performance in the long term above industry peers (mean=4.0106) and that Strategic planning practices helps Equity bank to improve on its profitability, and productivity in comparison with other competitors (mean=3.9362). This implies that strategic planning practices helps Equity bank to improve on its market share, strategic planning practices to a higher extent influence the competitive advantage of Equity Bank, and that Strategic planning practices enables Equity bank to considerable increase in sales.

4.4.2 Conducting Expert Analysis

Respondents were kindly requested to state whether their organization conducts an expert analysis of its strategies before choosing a strategic planning exercise.

Table 4.4: Conducting Expert Analysis

	Frequency	Percent
Yes	65	86.7
No	10	13.3
Total	75	100

Source: Field Data 2018

Table 4.4 presents the findings on whether Equity bank conducts an expert analysis of its strategies before choosing a strategic planning exercise and revealed that, majority of the respondents (86.7%) of the respondents indicated that Equity bank conducts an expert analysis of its strategies before choosing a strategic planning exercise while the remaining 13.3% were on the contrary opinion.

Among the respondents who agreed that Equity bank conducts an expert analysis of its strategies before choosing a strategic planning exercise were further asked to indicate

who are involved in this exercise. They indicated that expert analysis is finished by chiefs at various branches with assistance from the workers from everywhere throughout the nation where Equity bank is available. Everybody is engaged with somehow since the systems been embraced in various divisions are because of the input given by representatives in their cooperation with customers. Worker Opinion Survey is ordinarily directed to comprehend representatives' sentiments and feelings toward technique improvement. Natural examination is completely led by recognizing distinctive patterns and relating them with the data accumulated from all the branches in the country

4.4.3 Whether strategic planning initiatives adopted are proactive in nature

Respondents were asked to indicate whether the strategic planning initiatives adopted by Equity Bank Limited are proactive or reactive in nature. Table 4.5 indicates the study findings.

Table 4.5: Whether strategic planning initiatives adopted are proactive in nature

	Frequency	Percent
Yes	70	93.3
No	5	6.7
Total	75	100

Source: Field Data 2018

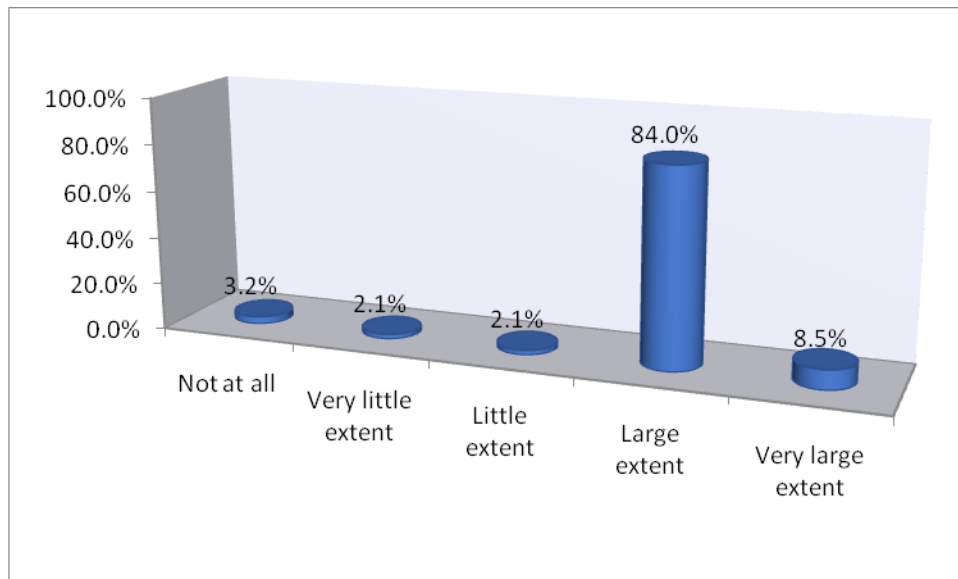
Table 4.5 presents the findings on whether strategic planning initiatives adopted by Equity Bank Limited are proactive or reactive in nature and revealed that, majority of the respondents (93%) of the respondents indicated that strategic planning initiatives adopted at Equity bank are proactive in nature while the remaining 6.7% felt that they were reactive in nature. This implies that the strategic planning initiatives adopted by Equity

Bank Limited are proactive in nature. Respondents further indicated that the bank's outstanding performance within the banking industry has been sustained by proper execution of strategic planning initiatives. These initiatives have continued to strengthen the bank's unique business model through partnerships, innovation, as well as enhanced use of technology and automation for better customer experience. The findings also revealed that strategic planning was used in coordinating the organizational activities ensuring prioritization. Focus and emphasis lay in channeling resources to strengthening operations. This resulted in employees and other stakeholders working towards the achievement of common goals by establishing consensus around intended results in addition to evaluating the organization's direction in a bid to accommodate the ever evolving customers' needs. Further, the findings revealed that through strategic planning Equity Bank Kenya was able to identify and make key decisions and execute specific actions that mould and steer the organization into the future. The interviewees attested to the significance of formality which they indicated acted as a guide in implementing strategic goals and objectives. Formality gives the basis upon which the processes and procedures providing guidance to the organization in realizing set goals and objectives are anchored.

4.4.4. Extent to which Application of Strategic Planning Practices improves the Organization Performance

The study aimed at finding out the extent to which application of strategic planning practices improve the organization performance. Study findings are as shown in Figure 4.7 below

Figure 4.7: Extent to which Application of Strategic Planning Practices improves the Organization Performance



Source: Field Data 2018

Table 4.7 presents findings on the extent to which application of strategic planning practices improves the organization performance and revealed that, majority of the respondents (84%) indicated that application of strategic planning practices improve the organization performance to a large extent, 8.5% indicated to a very large extent, 3.2% indicated that application of strategic planning practices improve the organization performance, while only 2.1% indicated to a little extent and very little extent respectively. This implies that application of strategic planning practices improve the organization performance of Equity bank to a large extent. It was also established that the application of strategic planning practices has influenced the organization performance in positive ways such that it has made the firm to be more competitive that before, it has increased the productivity of the firm which has improved the market share thus increasing the profits. The respondents further indicated that the organization has

expanded in terms of growth that is more branches have been established, employee base has also increasing leading to overall increase in performance of Equity bank. The study established that a link exists between strategic planning and organization performance in that a plan is always initiated to improve the performance of an organization. The study further established that a plan happens when the organization performance has deteriorated to an extent of incurring losses in its operations.

4.4.5. Respondents Opinion on Competitive advantage benefits Attained by the Strategic Planning

The study sought to establish the competitive advantage benefits attained by the strategic planning. From this examination, it was obvious that the execution of whole association depended intensely on the plan which was set accordingly it is an essential procedure that is given more prominent help by every one of the supervisors. Also the study established that strategic planning helps in effective decision making and clarity of purpose. The study established that there is improved profitability, market share and increased revenue collection as a result of effective strategic planning.

Several benefits accrued by Equity Bank Kenya Limited were attributed to the use of strategic planning by the bank. Most of these benefits are organizational growth indicators for the bank and they include sustained profitability levels, increased customer numbers, branch expansion and growth in total assets, growth in customer deposits, brand visibility and the installation of an effective process that enables the firm to continuously reassess, confront change, and grow within an agreed-upon framework among others.

Despite the benefits that accrue to the bank as a result of strategic planning, the bank faces one challenge major challenge in its strategic planning process. Being a market

leader, Equity Bank Kenya Limited has continuously been confronted with the problem of poaching on its employees by other financial organizations with the aim of attaining a similar performance to that of the bank. In most instances, such employees are executive members, heads of departments, or branch managers who are imperative in the strategy execution process.

The findings revealed that the organization undertook strategic planning which formed a roadmap on how the organization set out to achieve its goals and objectives. It provided a blueprint on the strategy to be adopted, the strategy implementation process and the stakeholders to carry out specific activities in strategy implementation. In addition, the findings revealed that management coordinated the process of strategic planning playing the role of a link between global strategy aspirations and the representative office objectives. This role was critical in enhancing strategy implementation. It was the management's role to provide support to the employees by availing to them resources and facilities to ensure effective contribution towards the implementation of strategic planning practices at Equity Bank Kenya.

4.4 Discussion of the Results

4.4.1 Objective 1: To establish the influence of strategic planning practices on performance of Equity bank.

Several pieces of information were deduced from the data collected from both the primary and the secondary sources. First, it was observed that the respondents in the study had a good understanding of strategic management, its benefits, as well as the challenges. Secondly, the respondents were able to interlink strategic planning and the level of performance. The respondents mentioned that Equity bank have continued to

enjoy high organizational performance as a result of implementing effective strategic planning tools. In tandem with the study findings David (2011) stipulated that a successful strategic planning process ought to begin with the development of a vision and mission, establishment of long-term objectives, coming up with long-term objectives, selection of strategies that complement the objectives, actual implementation of strategies and measurement of the performance. The respondents cited these attributes and acknowledged that Equity Bank Kenya was actually using strategic planning. The respondents noted that Equity Bank has a vision and mission, which form the backbone of its strategic planning. Further, they noted that the bank had a director in charge of strategy within the bank. Additionally, the respondents stated that formulation and review of the bank's strategy was an annual event that brought together directors heads of departments, as well as branch managers to discuss and evaluate progress, and teams have been put in place to implement various strategic initiatives.

4.4.2 Objective 2: To establish the influence of strategic planning practices, competitive advantage on performance of Equity bank.

The study revealed that strategic planning practices helps Equity bank to improve on its market share, strategic planning practices to a higher extent influence the competitive advantage of Equity Bank, and that Strategic planning practices enables Equity bank to considerable increase in sales. Similar to the study findings, Johnson & Scholes, (2002) opined that organizations embracing strategic planning practices exhibit considerable increase in sales, market share, profitability, and productivity in comparison with businesses lacking coordinated planning activities. Further according to Thompson (2007), organizations achieving stellar performance are observed as having adopted

strategic planning practices in anticipation of future unpredictable events within their environments. Operations embracing strategic planning processes ideally produce superior performance in the long term above industry peers. These organizations make prudent decisions coupled with a reasonable prediction of accompanying consequences.

Moreover, the respondents affirmed that equity bank utilizes various strategies in its operations including growth strategies, diversification strategies, product development, market development, digitalization, and market penetration. The respondents further identified some of the strategic initiatives adopted by Equity Bank to include global partnerships e.g. Equity Bank partnerships with PayPal, MasterCard and Visa, setting up and operating a mobile virtual network operator (MVNO), adoption of the mobile banking through Equitel, agency banking e.g. equity agent outlets, and Internet banking e.g. EazzyBanking. Further, the bank has globalized its operations through branch expansion, whereby it has opened branches in other countries such as Uganda, South Sudan, Rwanda, Tanzania, and the Democratic Republic of Congo. The respondents also stated that the bank fortifies its brand strength through social impact investments. For example, the company in partnership with The MasterCard Foundation offers scholarships to gifted but financially challenged students in Kenya every year through a program formally known as “Wings to Fly” and currently known as “Equity Leaders Program”. This has helped in strengthening its overall brand image.

Gup and Whitehead (2011) stipulated that communication of strategic plans is not just about connecting with metrics including profits, customer growth and asset base among others. Rather, it is about inspiring and informing employees of the strategic plan and making sure that they commit to continuously achieving the plan. At Equity Bank, the

respondents affirmed that strategic plans were communicated to the employees first by the chief executive officer (CEO) and later by the executive directors through the department heads and branch managers. This is usually done at the commencement of a project or at the beginning of the year. Such communication is aimed at providing clarity and ensuring that everyone was working towards a common goal.

The respondents attributed the sustained good organizational performance depicted by Equity Bank to proper formulation and execution of strategic plans. According to Bahova and Knapkova (2010), formulation of strategies is always easier than their implementation. However, execution of the strategies adopted is critical to success because it encompasses a logical set of interconnected activities that enable a firm to come up with a strategy and make it function.

An analysis of the responses by the respondents and the firm's performance as depicted in the financial statements indicate that there is a strong relationship between the organizational performance of Equity Bank and the strategic planning undertakings by the bank. According to the responses by the respondents, it is evident that Equity Bank adopts strategic planning in its operations and it is evident from the vision and the mission statements, as well as the various strategies adopted by the company. The firm strives to ensure that these strategies are implemented effectively as stipulated by the respondents. As stipulated by Bahova and Knapkova (2010), proper implementation of strategic planning initiatives within a firm leads to successful performance of the firm. Hence, according to the information provided by the respondents, Equity Bank can be said to effectively implement its strategic planning initiatives. The splendid

organizational performance displayed by Equity Bank can be attributed to the implementation of strategic planning initiatives at the bank.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The chapter introduces summary of findings, recommendations and further study. The summary of findings was made basing research response in accordance with research objectives. Recommendation was highlighted to address the value of the study.

5.2 Summary of the study

The study revealed that strategic planning practices helps Equity bank to improve on its market share, strategic planning practices and to a higher extent influence the competitive advantage of Equity Bank. Also, strategic planning practices enables Equity bank to increase considerably in sales.

According to the study findings, it was evident that Equity Bank utilized strategic planning in its operations. The fact that the bank has a director who is in charge of formulation and execution of strategy, together with teams tasked with the implementation of different strategic initiatives is adequate evidence to show that the bank subscribes to strategic planning in its operations. Further, it was eminent that there existed several strategic planning initiatives including regional expansion, global partnerships, brand visibility initiatives, digitalization initiatives e.g. mobile banking and internet banking, as well as the rollout of agency and merchant banking. As a result of effective execution of the above mentioned strategic initiatives, Equity Bank has maintained an upward trend in terms of total asset growth, customer deposits and profitability.

The study established that strategic planning practices to include maximizing revenue collection through promoting consistence with Kenya's duty, exchange and fringe enactment and control by advancing the benchmarks set out in the Taxpayers Charter and dependable authorization by exceptionally energetic and proficient staff. They further indicated strategic planning practices at Equity Bank to include: performing market research, analysis of investment opportunities, customer services, efficiency of operating process, and analysis of financial strengths and weaknesses.

The study further established that that Equity Bank conducts expert analysis before choosing a strategic planning exercise but in rare cases. Expert analysis is finished by supervisors at various branches with assistance from the workers because of the criticism given by representatives in their communication with customers.

The study established that that strategic planning in the organization resulted in efficient and effective decision making policies that led to organization performance. The study established that the benefit of a strategic planning discipline is that it facilitates effective decision making, better selection of tactical options and teamwork. In addition, respondents indicated that strategic planning helps in clearly defining the purpose of the organization and to establishing realistic goals and objectives consistent with that mission in a defined time frame within the organization's capacity for implementation which aids in effective decision making policies. The study further established that strategic planning in relation to the various banks yielded a conclusion of high level of agreement since all the means were above the upper quartile which indicates agreement.

The study established that strategic planning help in effective decision making and clarity of purpose. The study established that there is improved profitability, market share and

increased revenue collection as a result of effective strategic planning. In addition, it was found that strategic planning helps in clearly defining the purpose of the organization and to establishing realistic goals and objectives consistent with that mission in a defined time frame.

5.3 Conclusion of the study

The study concludes that strategic planning practices helps Equity bank to improve on its market share, strategic planning practices and to a higher extent influence the competitive advantage of Equity Bank. Strategic planning practices enable Equity bank to increase considerably in sales.

The study concludes that Equity bank undertook strategic planning which formed a roadmap on how the organization set out to achieve its goals and objectives. It provided a blueprint on the strategy to be adopted, the strategy implementation process and the stakeholders to carry out specific activities in strategy implementation. In addition, the study concludes that management coordinated the process of strategic planning playing the role of a link between global strategy aspirations and the representative office objectives. This role was critical in enhancing strategy implementation. It was the management's role to provide support to the employees by availing to them resources and facilities to ensure effective contribution towards the implementation of strategic planning practices at Equity Bank Kenya.

Further, the study concludes that setting of organizational goals and objectives, external environmental scanning, target setting, performance evaluation and analysis included some of the strategic planning practices geared towards the provision of an enabling environment

for Equity Bank Kenya to realize its set goals and targets. The study also concludes that strategic planning practices at Equity bank to include: performing market research, analysis of investment opportunities, customer services, efficiency of operating process, and analysis of financial strengths and weaknesses.

The study concludes that Equity bank had strong credit policies which were well communicated to employees, strong risk management procedures, strong organizational structure clearly illustrating roles and responsibilities also contribute to Equity bank strengths in realize it goals and objectives. Equity bank was well equipped with good credit scoring and rating model which ensure appropriate credit decision making. Equity bank limited used a number of different competitive strategies in offering their banking services in order to effectively and efficiently outcompete their rivals in banking sector in Kenya which led to high firm performance and sustainable competitive edge. Some of competitive strategies include cost leadership strategy, differentiation strategy, focus strategy, combination strategy, diversification, globalization, mergers and acquisition, strategic alliances, market development and product penetration strategy which aided Equity bank to gain competitive advantage like quality products and services, increase market share, survival, profitability and growth.

The study concludes that; it is eminent that the Equity bank subscribes to strategic planning in its operations. Various aspects of strategic planning are evident in the firm's operations right from the formulation of the company's vision and mission statements, which are meant to provide direction to the organization. The mission of Equity Bank is "To offer inclusive, customer focused financial services that socially and economically empower our clients and other stakeholders". On the other hand, the vision of Equity Bank is "To be the

champion of the socio-economic prosperity of the people of Africa”. This is a clear indication that Equity Bank understands the basics of strategic planning and on its part implements the tenets of strategic planning in its operations right from the establishment of its vision and mission statements, which guide the firm on its destination and helps it to stay in the intended root path.

In addition to the firm’s mission and vision statements, the company subscribes to other tenets of strategic planning including growth strategies, diversification strategies, product development, market development and market penetration strategies among others. The diversification strategy involves investing in services and businesses outside the core competencies of the firm or the industry. Equity bank has been using the diversification strategy in several instances; first, equity bank was incorporated as a building society meant to offer mortgage to customers, but later the company, using the diversification strategy indulged itself in mainstream banking operations after registering itself as a bank. Further, the company through its subsidiary Finserve Africa Limited using Airtel Kenya network as its carrier began offering voice call services in Kenya and beyond as from the year 2014. This shows that diversification is one of Equity Bank’s strategic planning options in a bid for the bank to achieve its long-term objectives.

5.4 Recommendations of the study

After the review of the literature and findings of this research, there are various recommendations that are proposed. First, after the realization of the benefits of strategic planning, it is recommended that all organizations adopt strategic planning in their operations. This means that both small and large organizations, profit making and non-

profit making organizations including churches, schools, clubs, partnerships, and sole proprietorships among others need to adopt strategic planning in their operations.

Secondly, it is recommended that strategic planning should not only be applied in the private sector but also within the public sector, which involves government operations. Thus, the Kenyan government should borrow from the findings of this research to inculcate a strategic planning culture within government institutions including hospitals, ministries, security forces, and learning institutions among others. If that happens, then there would be no doubt that the government would reap immense benefits, among them the realization of the Vision 2030.

Further, it is recommended that Equity Bank continues adopting and implementing effective strategic planning initiatives within the organization to ensure sustained success. This can be done by being vigilant to the dynamic business environment and trying to come up with strategic planning initiatives that are customized for different situations. This shall ensure that the bank continues in its trend of successful business performance in the future, just as it has been in the past.

There ought to be improvement of a strategic plan procedure to guarantee suitable concentrate on both the pre-and post-usage challenges and should manufacture representative trust and pick up their sense of duty regarding the center esteems and targets of the association. The examination prescribes authoritative duty and hierarchical culture of workers inside the association ought to be analyzed. This is to enhance responsibility inside the association so workers can relate to their association and its objectives, and convey the administrations all the more adequately and effectively.

The study recommends that Equity Bank Kenya should continue practicing formal strategic planning for enhanced effectiveness and efficiency as well as improved organizational performance. The organization should also continue to strengthen its strategic plans with the one, three and five-year term plans, emphasis should be increased on evaluation and control to ensure feedback generated goes into strengthening the formulation and implementation processes in driving the achievement of their set goals and objectives. Finally, the study recommends an enhancement of employee participation in the strategic planning and implementation process, more investment should be channeled into training and development with a long term view in building capabilities. Emphasis should also be laid in prudence while aligning global objectives to the local market.

5.5 Limitations of the Study

The research utilized key sources from the equity bank which put requirements on the generalization of the outcomes to different firms and other nation settings. The example choice may likewise constrain the speculation of results to the general populace. The restricted and particular concentration of this study implies the outcomes are constrained to equity bank just which may not mean other industry and national settings.

The study other limitation is that the banks are spread everywhere throughout the nation yet just the study only focused on equity bank.

Another limitation of the study was non-commitment of results to offer required information due to distress of fault finding gave rise to delays. The researcher booked advanced appointments and pledges of commitment was made on policy of confidentiality of responses in order to address these concerns. The time aspect and distance involved if

one visited all of them made the cost of the study high and time consuming. The researcher sent some of the questionnaires using emails.

5.6 Areas Suggested for Further Research

Despite the findings of this study being informative, still other unexplored areas could be explored in future studies. Some of the areas that need further exploration include the comparison of the performance of those organizations that have adopted strategic planning and those that have not adopted it. This will help shed more light on the benefits that accrue to a firm if it adopts strategic planning unlike when it does not.

Additionally, it is recommended that further studies be conducted on the strategic implementation process at Equity bank to provide a deeper insight as to how the bank goes about the implementation of its strategic plans to warrant such immense success. Being this was a case study on just one bank; the data gathered might differ from other financial institutions in the industry bearing in mind that each firm tries to differentiate itself in a bid to gain a competitive advantage over the others, hence the importance of conducting a study on the banking industry.

This being a case study specific to Equity Bank Kenya, the researcher recommends that for a more generalized conclusion to be possible on the strategic planning practices adopted by banking companies in Kenya, other organizations should be studied. The use of a survey can also be employed to enable the comparison of different organizations in the industry at the same time. A repeat survey can be of significant help to offer distinct advantage through the ability to capture and document the net effect in terms of change. Repeating the survey at a different time with the use of the same set of questions, would enable us to gather

information that is easily comparable and therefore researchers can conduct a comparative study in a different banking company in Kenya.

The researcher recommended further research on factors affecting shift of customers from one bank to another and how to curb it. The researcher also recommended further research on effects of market segmenting between concentrating on rich and big business enterprises which was minority and big visa vis concentrating on common man and small business enterprises which is majority and small.

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APPENDICES

Appendix I: Introduction Letter


UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE..... 1/11/2016

TO WHOM IT MAY CONCERN

The bearer of this letter ROBERTS, GHAZI DANMBO

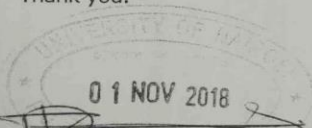
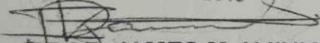
Registration No. DG1/87528/2016

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.


01 NOV 2018

PROF. JAMES M. NJIHIA
DEAN, SCHOOL OF BUSINESS

Appendix II: Research Questionnaire

Section A: General Information

1. Kindly indicate your Gender

Male []

Female []

2. Indicate your age _____ Years

3. What is your highest level of Education? (Tick as applicable)

Diploma []

Degree []

Post graduate []

4. Indicate the period in years you have been working in the Bank _____ Years.

Section B: Strategic Planning

5. Are there Strategic planning practices adopted by your bank?

Yes []

No []

6. If yes, which are the strategic planning practices undertaken in your organization?

.....

7. Were you involved in the formulation of the strategic planning in the organization?

Yes []

No []

8. If yes to what Extent

To a very great extent []

To a great extent []

To a moderate extent []

To a little extent []

To a very little extent []

9. In your own view do you think the strategic planning practices applicable in the Equity bank assist towards achieving the set objectives of Equity Bank?

.....

Section C: strategic planning practices and Competitive advantage

10. Using the scale provided, indicate extent to which you agree with the following statement as relating to strategic planning practices and Competitive advantage at Equity Bank. 5 Strongly agree 4. Agree 3. Disagree 2.Strongly Disagree 1. Not at all

Statements	5	4	3	2	1
Strategic planning practices enables Equity bank to considerable increase in sales					
Strategic planning practices helps Equity bank to improve on its					

market share					
Strategic planning practices helps Equity bank to improve on its profitability, and productivity in comparison with other competitors					
Strategic planning processes ideally help Equity Bank produce superior performance in the long term above industry peers					
strategic planning practices to a higher extent influence the competitive advantage of Equity Bank					

11. Does the bank conduct expert analysis before choosing a strategic planning exercise?

Yes

No

12. If yes, who are involved in this exercise?

.....

13. Are the strategic planning initiatives adopted by Equity Bank Limited proactive in nature?

Yes

No

Explain.

.....

14. To what extent will the application of strategic planning practices improve your organization?

To a very great extent

To a great extent

To a moderate extent

To a little extent

To a very little extent

15. In your own opinion which are the Competitive advantage benefits that may be attained by the strategic planning in your organization?

.....

THANK YOU

Appendix III: Plagiarism Report

9/7/2018 10:46 A

Turnitin Originality Report

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STRATEGIC PLANNING PRACTICES AND COMPETITIVE ... By Boutros Ghail

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