

**STRATEGIC PLANNING AND ORGANIZATION PERFORMANCE  
OF STANDARD CHARTERED BANK KENYA**

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF  
BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS UNIVERSITY OF  
NAIROBI**

**2019**

**DECLARATION**

This Research Project is my original work and has not been presented for a degree in any other University or any other Institution of Higher learning for examination.

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This Research Project has been submitted for examination with my approval as the University Supervisor.

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## **DEDICATION**

This project is dedicated to my family for their support and encouragement.

## **ACKNOWLEDGEMENTS**

I wish to express my humble gratitude to the Almighty God for the strength, courage, guidance as well as for good health throughout my study programme. I believe I would not have accomplished it without His help.

To my supervisor Prof. Evans Aosa, I extend my sincere gratitude for his guidance, suggestions, corrections, criticisms, patience and his constant encouragement throughout the period of writing this research project.

I also wish to extend my sincere gratitude and utmost appreciation to the respondents at Standard Chartered Bank Kenya for their patience, support and cooperation accorded to me during my data collection process. Thank You.

To my family and friends; I extend my heartfelt gratitude to my parents and sisters for their continuous prayers and encouragement and my extended family and friends for encouraging me to believe in myself and their constant encouragement.

# TABLE OF CONTENTS

<b>DECLARATION</b> .....	<b>ii</b>
<b>DEDICATION</b> .....	<b>iii</b>
<b>ACKNOWLEDGEMENTS</b> .....	<b>iv</b>
<b>ABSTRACT</b> .....	<b>vii</b>
<b>CHAPTER ONE: INTRODUCTION</b> .....	<b>1</b>
1.1 Background of the Study .....	1
1.1.1 Concept of Strategic Planning .....	2
1.1.2 Organizational Performance .....	3
1.1.3 Banking Industry in Kenya .....	4
1.1.4 Standard Chartered Bank .....	5
1.2 Research Problem .....	6
1.3 Research Objectives.....	8
1.4 Value of the Study .....	8
<b>CHAPTER TWO: LITERATURE REVIEW</b> .....	<b>10</b>
2.1 Introduction.....	10
2.2 Theoretical Foundation of the Study.....	10
2.2.1 Resource Based View Theory.....	10
2.2.2 Mckinsey’s Seven S (7s) Model .....	11
2.2.3 Ansoff Strategic Success Theory .....	12
2.3 Strategic Planning in Organizations.....	13
2.4 Strategic Planning and Organization Performance .....	15
2.5 Benefits of Strategic Planning .....	16
2.6 Challenges of Strategic Planning .....	17
2.7 Empirical Studies Summary and Research gaps.....	18
<b>CHAPTER THREE: RESEARCH METHODOLOGY</b> .....	<b>20</b>
3.1 Introduction.....	20
3.2 Research Design.....	20
3.3 Data Collection .....	20

3.4 Data Analysis .....	21
<b>CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION .....</b>	<b>22</b>
4.1 Introduction.....	22
4.2 Respondent Profiles .....	22
4.3 Strategic Planning at Standard Chartered Bank Kenya .....	23
4.4 Strategic Planning and Performance at Standard Chartered Bank Kenya .....	25
4.5 Challenges of Strategic Planning at Standard Chartered Bank.....	26
4.6 Discussion of Findings.....	27
<b>CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS ..</b>	<b>30</b>
5.1 Introduction.....	30
5.2 Summary of Findings.....	30
5.2.1 Strategic Planning at Standard Chartered Bank Kenya .....	30
5.2.2 Strategic Planning and Performance at Standard Chartered Bank.....	31
5.2.3 Challenges of Strategic Planning at Standard Chartered Bank.....	31
5.3 Conclusion .....	31
5.4 Recommendations.....	32
5.5 Limitations of the Study.....	34
5.6 Suggestions for Further Research .....	34
<b>REFERENCES.....</b>	<b>35</b>
<b>APPENDICES.....</b>	<b>40</b>
Appendix 1: Interview Guide.....	40
Appendix 2: Letter of Introduction.....	41

## **ABSTRACT**

The objectives of the study were to ascertain how Standard Chartered Bank Limited has embraced strategic planning, to determine the link between strategic planning and the performance and to determine the challenges faced during strategic planning. The study used secondary data and primary data. The respondents consisted of senior managers heading departments hence in charge of shaping the strategic direction of the Standard Chartered Bank. The qualitative data collected was analyzed using content analysis the content was categorized into common themes that included respondent profiles, strategic planning at Standard Chartered Bank Kenya and strategic planning and performance of Standard Chartered Bank. The study aimed at carrying 8 interviews but only managed 7 interviews representing 87.5% response rate. The study concluded that Standard Chartered Bank has employed various strategic planning practices that have helped the bank to continue to perform optimally in the chosen niches. These strategic plans were found to be risk management, technology and operations, human resource management, corporate affairs, brand marketing, retail banking and global banking strategic plans. Further, the study concluded that that risk management, technology and operations, human resource management, corporate affairs, brand marketing, retail banking and global banking strategic plans have helped Standard Chartered Bank as it was found to perform competitively in the sector. The bank was found to have the fifth best profitability ratios (ROA and ROE) and fourth best in market share. The study also concluded that Standard Chartered Bank faces various challenges during the formulation and implementation of strategic plan. The main challenges are uncontrollable factors in the external business environment such as the interest rate capping law, high cost of formulating and implementing plans and increase in cyber-banking fraud. The study advocated that management of other commercial banks employ strategic plans in order to be able to perform competitively in the Kenya's banking sector. The study also suggested that the management of the Standard Chartered Bank should formulate contingency strategic plans for dealing with unexpected operational challenges. Information on strategic plans of the bank are proprietary and privileged hence could not be easily divulged. There is a need for another study to be carried out focusing on commercial banks operating in Kenya. This allowed the researchers to compare how different banks have adopted various strategic plans and this has affected their performance.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Strategic planning allows firms to have a clear picture of where they want to be in the future and set aside the needed resources to realize the set goal. Organizations that adopt and implement efficient strategic planning gain a competitive advantage, which will make it possible for them to grow and survive in the business environment that is overly competitive. Despite the concept of strategic planning being of such importance, there are still challenges such as insufficient resources, lack of support by firm leadership and management, negative employee perceptions and resistance to change by employees (Awino, 2011).

The relationship between firm performance and strategic planning has had contributions from various theorists such as Penrose (1959) who through the Resource Based View suggested that organizations require resources to acquire the best practices, skills and knowledge, which will enable them to not only survive but also gain a competitive edge, improve performance. Peters and Waterman (1980) also make their contribution through the Mckinsey's Seven S (7s) Model which suggests that seven factors which include; systems, structure, super ordinate goals, styles, shapes, staff and skills affect management practices successful implementation thus the ability of the firm to control these factors results to the management practices successful implementation which enhance the firm's competitiveness hence performance. There is also Ansoff (1984) who through the Ansoff Strategic Success Theory suggests that when the firm adopts strategies and matches them



to the turbulence witnessed in the business environment, it enhances the firm's performance.

Standard Chartered Bank is a commercial bank operating in Kenya. Intense competition in Kenya's banking sector has made Standard Chartered Bank to put in place distinct strategies to survive and grow for instance a study by Nyoike (2015) post that Standard Chartered Bank adopted the expansion strategy, which involved opening up subsidiaries and branch networks in the East Africa region. Other strategies used by the bank include; applied joint venture strategy, strategic alliances, applied collaboration strategy, cost minimizations strategies, technology integration, applied outsourcing strategy and applied partnership strategy all of which have enabled the bank increase its presence in the market (Gudahi, 2016). This study focuses on determining how Standard Chartered Bank top management has employed strategic planning to influence the bank's performance.

### **1.1.1 Concept of Strategic Planning**

A strategy is defined by Norman and Ramirez (1993) as an art of creating value for the company. According to Porter (1996), it is an approach of taking different actions deliberately to deliver unique values. It is also the organizations long-term scope and direction that is achieved through integration with resources to fulfill the expectations of the organizations stakeholders (Johnson, Scholes & Whittington, 2008).

Strategic planning involves set of strategic actionable decisions that support the formulation and implementation of the plans in order to meet the objectives of a firm (Pearce & Robinson, 2005). Common strategic planning is embedded in strategic management elements that include; environmental analysis, strategic formulation,

implementation and evaluation and control. This is a process whereby stakeholders of a firm create a future vision of the firm and put in place the essential operating procedures that facilitate the realization of that vision (Bertelli, 2010). Strategic planning entails definition of values, vision, purpose, objectives, and mission of a firm.

There are also those who argue that it is a managerial process and it helps firm leadership to develop organization's mission, objectives as well as major strategies and policies. These plans and activities mostly results into the achievement of the organizational goals through increased performance levels. The development of strategic plans mostly requires the commitment of the top management and proper acquisition and allocation of resources to realise aims and objectives of a firm (Abok, 2013).

### **1.1.2 Organizational Performance**

This refers to the firm's operational health. It is also the firm's actual result as measured against the expected outputs. It is a measure of the quality of results attained by a firm from its operations. Richard, Devinney, Yip and Johnson (2009) proposed that performance of a firm is given by three aspects that include; the performance of the firm's products in the market as measured in terms of share of the market and sales; firm's financial performance that is calculated using return on assets, profits, return on investment; and then the shareholder return which is measured in terms of the added economic value to total shareholder return.

Measuring organizational performance may take the financial or non-financial approach. Financial approach takes measures such as Return on Equity (ROE) which measures the organization's return on shareholders' investment, Return on Assets (ROA) that measures

the productivity of the organization's management in using the organization's assets to generate returns, and then Return on Investment (ROI) measures the organization's efficiency in an investment, organizational revenues profits among other financial measures (Liargovas & Skandalis, 2008). Non-financial approach on the other hand takes measures such as; organization's quality of services or products and also market share (Prajogo & Sohal, 2006) and customer satisfaction levels (Gibcus & Kemp, 2003). Measuring organizational performance should take both the financial measures and the non-financial measures of firm performance to enhance the level of accuracy.

### **1.1.3 Banking Industry in Kenya**

Banking industry in Kenya was liberalized in 1995 with the CBK in place as the sector regulator with the mandate to formulate and implement rules that govern the sector. The Central Bank Act, Banking Act, the Companies Act among other guidelines given by the CBK, guides the industry. 42 commercial banks are operating in Kenya as at 31<sup>st</sup> June 2018. Out of these 42 banks, 11 are listed at the NSE (CBK Annual Reports, 2018).

In the last last few years, Kenya's banking industry has witnessed ongoing growth in total assets, profitability, deposits and other financial products and services on offer. The growth can be mainly attributed to the network of branches in Kenya as well as the rest of the East African region. It can also be associated to the financial innovations that have automated numerous services being offered by the banks as a way of increasing outreach to the customers (Central Bank of Kenya, 2013).

The growth of commercial banks is also because of growth of banks to new market segments, improved economic prospects and prudent risk management practices.

Emergence of new investment opportunities has made it mandatory for financial institutions to re-consider their strategies and adopt the one's that promote better delivery of service and competitiveness. The strategies are need in dealing with cost reduction, employee engagement, restructuring, benchmarking, going green initiative and recruitment of competent personnel.

#### **1.1.4 Standard Chartered Bank**

Standard Chartered Bank was listed at the NSE in 1989. The bank started operations in Kenya in 1911 by opening its first branch in Mombasa and another branch in Nairobi. Up to now it has more than 1865 employees, a total of 42 branches country wide. The bank has up to 98 Automated Teller Machines (ATMs) country wide and about 30,000 shareholders (Standard Chartered, 2016). Since 1989, Standard Chartered Bank remains a public company quoted at the NSE. It is one of the oldest banks in Kenya that enjoys a market contribution of almost 27%.

Standard Chartered Bank comprises of two banking segments; Corporate and Institution Banking and Retail Banking. To support the two segments, the bank has functions of Information Technology and Operations, Corporate Affairs , Human Resources and Finance. To serve the Corporate and Institutions clients better, the bank has opened up center in the major cities namely Nairobi, Mombasa, Eldoret and Kisumu. The main objective of the bank is to build deep and long-lasting relationships with its customers and to continuously improve on the financial services and products.

The portfolio of the bank is diversified cutting across many sectors including Agriculture, Business services, Transport and Communication, wholesale and retail trade, water,

Energy and real estate. Additional underpinning its significance, the bank hosts the regional Shared Service Centre sustaining its technological operations for South Africa, Zambia, Uganda, Botswana and Tanzania. According to Standard Chartered (2018), Standard Chartered Bank has over time undertaken different strategic planning practices to cope with the intensive competition in the banking sector in Kenya.

## **1.2 Research Problem**

Strategic planning is intended to enable an organization identify and sustain alignment with crucial elements in the environment in which the organization has established itself. Strategic planning involves, stating precisely the organizational mission and vision, scanning of the environment, setting of objectives, coming up with strategic options, evaluation and determining the strategic methods to monitor progress. Strategic planning is required to enable an organization achieve its expected goals and increase profits. The business environment is dynamic nature and therefore there is a need to align strategic planning and the overall organizational objectives and goals so as to attain a competitive advantage and enhance their profitability (Kourdi, 2009).

The banking sector in Kenya has been through tough times since 2016 due to hurdles that include questionable governance practices such as the capping of the interest rates and widespread fraudulent activities (MacPherson, 2014). This has resulted in some banks Imperial Bank, Chase Bank and Dubai Bank being put under receivership. Standard Chartered bank has operated in Kenya for 100 years. Despite the fact that the bank has recorded good results over the years, little empirical research has been done on the bank's strategic planning.

Studies have been done on the link between firm performance and strategic planning. For instance, Murega (2011) carried out a research on the strategic planning practices that have been adopted by the Barclays Bank of Kenya and noted that there is need for strategic planning to be used in the banking industry. Muriuki (2010) undertook a study on the link between strategic planning practices and the performance of banks and came to the conclusion that strategic planning practices and bank performance are positive correlated. Lawal et al., (2012) reviewed the effect of strategic management on the firm performance. Muogbo (2013) researched on how strategic management influences firm growth among manufacturing firms in Anambra State. Ofunya (2013) determined the nexus connecting strategic planning and firm performance in Kenya's Post bank.

Maroa and Muturi (2015) investigated how strategic planning influences the performance of floriculture firms' in Kenya. Gudahi (2016) looked at the relationship between market growth and competitive strategies adopted by the standard chartered bank. Gudahi (2016) came close to dealing with this issue on competitive strategies rather than on strategic planning which creates a knowledge gap this research pursues to bridge through establishing the relationship between strategic planning and the organization performance of Standard Chartered Bank in Kenya.

The few existing research studies, as discussed above, have not explicitly examined strategic planning and its influence on organization performance specifically in the banking sector. How has strategic planning influenced the performance of Standard Chartered Bank Kenya?

### **1.3 Research Objectives**

- i. To ascertain how strategic planning has been adopted by Standard Chartered Bank Kenya.
- ii. To establish the relationship between strategic planning and the performance of Standard Chartered Bank Kenya.
- iii. To determine the challenges facing strategic planning at Standard Chartered Bank Kenya.

### **1.4 Value of the Study**

Various entities will have interest in the findings of this study. For instance, to the government and other regulators of banks in the country, the results of this study will be useful about enlightening them on the association between organizational performance and strategic planning thus be able to formulate policies that enhance the performance of banks in the country which will enhance their performance and the country's economic growth.

To strategic management consultants, the outcome of this study will enrich their knowledge on the link between firm performance and strategic planning, thus enable them to effectively deliver their services to their clients.

The findings of this study will enable management of Standard Chartered Bank Kenya and other banks in the country to understand the relationship between organizational performance and strategic planning which will enable them to put in place measures to enhance strategic management.

The finding of this study will be of value to other researchers and scholars through forming a foundation for future research on the link between performance and strategic planning adopted by Standard Chartered Bank Kenya.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

Literature regarding strategic planning and organization performance is discussed in this chapter. The study reviews the theories that relate to the topic followed by empirical studies on strategic planning, the challenges on strategy implementation, research gaps and conceptual framework.

#### **2.2 Theoretical Foundation of the Study**

The section examines the theories that try to describe the link between adopting of organizational performance and strategic planning. These include; the Resource Based View, Mckinsey Seven Ss' Mode and the Ansoff Strategic Success Theory.

##### **2.2.1 Resource Based View Theory**

The Resource Based View was put forward by Penrose (1959) and further developed by other scholars such as Barney (1991), Wernerfelt (1984) and Conner (1991). The theory emphasizes on strategically acquiring and using firm resources to grow a sustained competitive advantage. According to the RBV theory, firms require resources to acquire the best practices, skills and knowledge, which will enable them to not only survive but also gain competitive edge that will enhance their performance. The theory emphasizes on the importance of the organizational internal resources and how the firm can use them to formulate strategies that would enable them to achieve sustainable competitive advantages in the markets (Schroeder, Cua & McKone, 2002).

Lippman and Rumelt (1982) modified the RBV theory and added uncertain imitability. Further, Rumelt (1984) made adjustments to the theory to include isolating mechanisms. Crook et al. (2008) later modified the theory to include both intangible and tangible assets and their influence on the performance of firms. The theory opines that firms with unique resources such as skills and knowledge are able to effectively implement strategies that earn the firm a competitive advantage.

The theory is however criticized by Priem and Butler (2001) on the basis that it has limited prescriptive applications. According to Hoopes, Madsen & Walker (2003), the theory's focus on firm capabilities limited. However, the RBV theory is relevant to this research for its argument that organizations require resources to acquire the best practices, skills and knowledge that will enable them to not only survive but also earn competitive edge that would enhance performance.

### **2.2.2 Mckinsey's Seven S (7s) Model**

This model was created in 1980 by Peters and Waterman (1980) who were consultants at Mckinsey and Company, a consulting firm. The theory suggests that the seven factors that affect implementation of strategies include; strategy, structure, style, staff, systems, skills and super ordinate goals.

According to Alexander (1991), a strategy includes the set goals, objectives and how they can be achieved; structure refers to the way the people, tasks and the organization as a whole is organized; style refers to the behavior of the managers in the organization; systems include all the processes and information flows which are involved in linking the organization together; staff include the people available to implement the strategy and their

qualifications; super ordinate goals refer to the firm's longer-term vision, require the cooperation of the employees to achieve and shapes the destiny of the organization and finally; skills on the other hand involve the capabilities, competences and attributes among the employees in the organization.

The Mckinsey's Seven S (7s) Model works on the assumption that organizations need to align the seven factors and also mutually reinforce them to perform well and also that the factors are all interdependent (Alexander, 1991). D'Aveni (1992) criticize the Mckinsey's 7s model on the grounds that the consistency of this theory makes the organization activities predictable and thus easier for the competitor to follow the strategy anticipate and beat it.

The theory is however material to the study for proposing that factors such as systems, structure, super ordinate Goals, styles, shapes, staff and skills affect successful operationalization of management practices thus the ability of the firm to control this factors results to the successful operationalization of management practices which enhance the firm's competitiveness hence performance.

### **2.2.3 Ansoff Strategic Success Theory**

Ansoff Strategic Success Theory was developed by Ansoff (1984) then later modified by Ansoff and McDonnell (1990). The theorists suggest that when the firm adopts strategies and matches them together with its capabilities to the turbulence that is being witnessed in the business environment, it enhances its performance. According to Ansoff and McDonnell (1990), an organization is assured of improved performance when it meets three conditions which are; the firm's strategic behavior is aggressive, it is able to match the turbulence in

the firm's environment and the components of the firm's capability must be supportive of each other.

This theory therefore opines that adopting strategic planning alters performance of firms only when all the adoption pre-requisite conditions have been met. This means that to enhance performance, managers should be ready to effectively counter the constant turbulence that is witnessed in the business environment (Ansoff & McDonnell, 1990).

It is however criticized by virtue of not accounting for the activities of external competitors and that firm performance is extremely difficult to predict due to unforeseen events that effect performance. This theory is never the less pertinent to this study for its opinion that when the firm adopts strategies and matches them to the turbulence in the business environment, it enhances the performance of the firm.

### **2.3 Strategic Planning in Organizations**

Many writers and authors have discussed strategic planning in different but complimentary ways. Strategic planning entails the provision of various plans to ensure effective decision making in the firm (Drucker, 1954). Strategic planning is the process of matching firm operations to the business environment (Ansoff, 1970).

Mpoke and Njeru (2015) noted that strategic planning allows organizations to future plan. Application of the strategic plans involves identification and specification of a firm's strategy as well as the provision of responsibilities for execution of the firm plans. It is strategic planning that guides an organization's top management to direct the organization towards attaining of the set objectives and goals and (Agu & Nichebe, 2013).

Strategic planning can be carried out in five steps, namely environmental analysis, strategy formulation, strategy implementation, strategy evaluation and strategy control. Environmental analysis entails identifying both external and internal elements that influence firm performance. The identification involves evaluating the level of opportunity or threats that the factors might present. This enables firms' ability to align strategies with the firm's environment. The evaluations are then used in the decision-making process. Approaches that are used to analyze the environment include; SWOT analysis, which considers the "strengths, weaknesses, opportunities and threats"; PESTEL analysis which considers the "political, economic, social, technological, legal and environmental" elements; Michael Porter's Five Forces techniques as well as the scenario planning approach.

Formulating a strategy involves defining the organizations vision, mission, setting achievable objectives, setting policy guidelines and developing strategies. In the opinion of Wheelen and Hunger (2008), strategy formulation is attained by evaluating important firm objectives and strategies, determining the alternatives that are available, examining the alternatives to make a decision on the most appropriate one. Strategy formulation process is done at three levels: corporate, business and functional level.

Strategy implementation involves transforming strategic problems into smaller and less complex problems that are manageable and easily solved (Hrebiniak & Joyce, 1984). Successfully implementing organizational strategies is crucial key for the survival of any organization. More than 90% strategies that are well-formulated fail when they are being

implemented and only 10% or less of well-formulated strategies are implemented properly (Mintzberg and Quins, 2004).

Evaluating a strategy comprises of activities such as establishing control processes that would enable continuous review of implemented strategies, to provide feedback in regard to the implemented strategies to ascertain whether the expected outcomes are being achieved so as corrective measures to be taken if necessary.

Strategic control as involving tracking the strategy implementation activities, detecting changes, problems or outcomes that deviate from the normal outcomes and making adjustments when necessary (Pearce and Robinson, 2005). Strategic evaluation and control may involve reviewing monthly, quarterly and annual reports on different aspects such as sales, profit margins, return on investment, and earnings per share among others to enable the management to establish the strategy implementation effectiveness.

#### **2.4 Strategic Planning and Organization Performance**

Organizations have recorded better performance after implementing strategic planning practices (French, Kelly & Harrison, 2004). Strategic planning provides direction to an organization and helps the stakeholders to know where the organization is heading (Ofori & Atiogbe, 2012). The strategic planning process involves logical, systematic, and rational approach that helps in shaping a firm's choice of strategy. This reveals the threats and opportunities that a firm is facing hence providing a good managerial framework (Glaister et al., 2008).

Ofunya (2013) determined the interrelation linking strategic planning and performance of Post bank in Kenya, found that Post Bank uses enhanced customer service, cost reduction

strategy, and improved operational efficiency as strategies for dealing with the competitive environment. Mwangi (2013) evaluated how strategic planning affect the performance of large pharmaceutical firms in Kenya and established that unlike other organizations, organizations that had applied strategic planning were willing to innovate. Yunus (2010) reviewed the relationship between performance and strategic planning among banks in Lagos metropolis in Nigeria and came to a conclusion that strategic planning led to better performance in terms to both profitability and the market share.

### **2.5 Benefits of Strategic Planning**

Strategic management practices accords organizations various benefits. These can be grouped into either financial benefits or non-financial benefits. Strategic management leads to improvement in financial benefits of an organization. The financial benefits include improved in profitability, sales, productivity (Fred, 2011) and cost reduction (Ofunya, 2013). According to Lawal, Omone, and Oludayo (2012), strategic management practices operationalization leads to improvement of performance.

Strategic management's non-financial benefits include improved understanding of competitors' strategies. Firms have become used benchmarking their practices against competitors' best practices. This leads to duplication to practices that creates little or no distinction in unique value among firms. Strategic planning comes in handy in helping the firms have a unique differentiation that helps the organization to be different from the competitors. Strategic planning further helps firms to reduce resistance to change by involving employees in decision-making process that entails choosing the strategies to

formulate and implement. This further leads to improved communication between the managers and the employees (Fred 2011).

A strategic plan acts as a roadmap to help the management align firm resources to the firm's goals that need to be realised. This decision-making by the management is made easier by efficiently allocating budget requirements and resources to achieve set objectives thus increasing operational effectiveness. Improved corporate culture and organizational structure are also added benefits of organizational strategic planning. Dedicated strategic plans can help firms obtain information that is valuable in regard to understanding consumer segments, market trends service that may influence the firm's success (Lawal et al., 2012).

## **2.6 Challenges of Strategic Planning**

Strategic planning is not simple since it is faced with numerous challenges that emanate from different directions. Many companies face the challenge of lack of clear understanding and definition of strategic planning objectives and goals. Smythe (2007) posits that the management should ensure that all stakeholders should be made aware of the goals of the strategic planning so as they can work towards them. Without a clear definition and understanding of goals and objectives, the manager may focus on realizing personal goals that are mostly not in line with the companies' goals which is likely to negatively influence firm performance.

Lack of finances or funding is also a major challenge that affects strategic management. Limited supply or availability of funds to support strategic management activities is deemed one of the greatest challenges facing many firms. Strategic planning process and



activities are viewed as expensive to implement in terms of the time invested by the firm management since the management has to first fully understand the vision, mission and the organizational goals.

There is also the challenge of top lack of top management support. According to Hiriyappa (2009), in every organization, top management is charged with liaising with all the management levels to establish day-to-day activities that would help realize the overall objectives of the firm are achieved. If the top management does not support the idea of adopting strategic planning, then it will be difficult to achieve its implementation.

Maroa and Muturi (2015) investigated how strategic planning influences the floriculture firms' performance in Kiambu County in Kenya established that implementation of strategic planning faces challenges such as employee resistance, lack of resources and unclear strategy evaluation process. The researchers then concluded that organizations should initiate and employ a strategy mix that has corrective measures for the challenges faced.

## **2.7 Empirical Studies Summary and Research gaps**

Nyariki (2013) did a study on strategic planning as a tool for enhancing performance of SME's in Kenya. The study employed descriptive cross sectional research design and came to the conclusion that SME's adopted strategic planning to gain a competitive edge. A research by Waweru and Omwenga (2015) examined the effect of strategic planning on firm performance of private construction firms in Kenya. The research used descriptive design and concluded that strategic planning greatly impacts the performance of private construction firms in Kenya.

In a recent research study on strategic planning and the performance of Public Health facilities in Mandera County by Ibrahim and Muathe (2017), it was found out that strategic planning has a positive influence on performance of the health institutions. The study made use of mixed research design. Jamil (2017) in a recent study also concluded strategic planning among Islamic Banks in Kenya results to improved performance. The study had used a descriptive design.

Based on the studies reviewed above, it was found out that strategic planning holds a pivotal part in the institution's performance. Although empirical findings and theories have led to the conclusion that strategic planning influences performance of firms positively. There is limited emphasis on banking industry and more specifically Standard Chartered Bank. This study targets to fill the knowledge gap of how strategic planning at Standard Chartered Bank Kenya affects the organization's performance.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter discusses steps the study undertook to collect and analyze data in order to answer the research question. The chapter discusses research design, data collection and data analysis.

#### **3.2 Research Design**

This study adopted a case study design. Denscombe (2007) describes a case study as a powerful qualitative approach, which entails a careful and in-depth analysis of the observations made on a social unit. A case study puts emphasis on contextual analysis less on the inter-relationships of elements. This approach relies heavily on qualitative data (Cooper & Schindler, 2005).

This is the most appropriate in investigation of causal association between strategic planning and Standard Chartered Bank performance. This gave the required observation of the kind of strategic planning prevalent at Standard Chartered Bank Limited how it affects firm performance.

#### **3.3 Data Collection**

The study used both secondary data and primary data. In this case, primary data refers to data collected for the first time by a researcher while secondary data refers to data collected earlier on for a different research but can be used in the current research.

Primary data was obtained through interviews with the help of the interview guide while secondary data was obtained by extracting data from published reports and other documents such as the bank's journals, publications and annual reports. The study used an interview guide to subject the respondents to the study.

### **3.4 Data Analysis**

The goal of analysing is to convert raw data into information statistical inference and presentation (Kombo & Tromp, 2009). This study used qualitative techniques in analyzing data. Qualitative research methods involve exploration of a concept with the intent of providing more understanding of a topic or for creating awareness of an existing concept.

The research adopted content analysis technique to analyze data collected through interviews. The utilization of content analysis enabled the interpretation of responses from respondents to determine relationships between the research variables.

## **CHAPTER FOUR**

### **DATA ANALYSIS, FINDINGS AND DISCUSSION**

#### **4.1 Introduction**

This chapter presents the data analysis, findings as well as the discussion of the findings. The first section deals with the general information of the respondents under study, the second section focuses on strategic planning at Standard Chartered Bank, the third section deals with strategic planning and performance of Standard Chartered Bank, the fourth section deals with the challenges of strategic planning at Standard Chartered Bank and lastly a discussion of the findings.

#### **4.2 Respondent Profiles**

The study sought to know the position of interviewees at Standard Chartered Bank Kenya, the department in which they work, the duration they had been working at Standard Chartered Bank Kenya and their highest level of education.

The study targeted Standard Chartered Bank's heads of department's who are responsible for formulating and implementing the company's strategies hence shaping the strategic direction bank. Specifically, the interviewees were heads of risk management department, compliance department, technology and operations department, human resource management department, corporate affairs and brand and marketing department, retail banking department and transaction banking department. This indicates that they were in a position to understand the strategic plans adopted by Standard Chartered Bank and they influence the bank's performance. The study aimed at carrying 8 interviews but only

managed 7 interviews representing 87.5% response rate that was greater than the 80% response rate recommended by Edwards, Clarke and Kwan (2002).

On the duration of working at Standard Chartered Bank, the study established that 85.7% (6) of the interviewees had been working at there for over 10 years while the remaining 14.3% (1) had been working for the bank for less than 10 years. This shows that the interviewees had sufficient working experience to comprehend the strategic plans adopted by Standard Chartered Bank and they influence the bank's performance. Further, all the interviewees had a postgraduate level of education indicating they were well qualified to understand the nexus between bank's strategic plans and performance.

#### **4.3 Strategic Planning at Standard Chartered Bank Kenya**

On vision, mission and value statements of Standard Chartered Bank Kenya, the study established that the bank's vision and mission statements are focused on helping Standard Chartered bank achieve its brand of "here for good". On the strategic planning practices undertaken by Standard Chartered Bank Kenya, the study established that Standard Chartered Bank business model is highly driven by strategic planning which focuses on three client segments (Retail banking, corporate-institutional banking and commercial banking). The strategic plans formulated and implemented by the Standard Chartered Bank were aimed at helping the bank to offer better banking solutions which help both companies and people to flourish and grow through wealth creation by leveraging the banks unique diversity and culture of inclusivity.

The researcher asked the interviewees if they were included in the formulation and implementation of strategic plans by Standard Chartered Bank. It was established that the

interviewees were involved in the formulating and implementing risk management policies, compliance practices, ICT and operations plans, human resource management plans, corporate affairs and brand marketing plans, retail banking and transaction banking strategic plans.

The interviewees opined that strategic planning at Standard Chartered Bank aids the bank towards achieving the set objectives. Risk management strategic plans helps Standard Chartered Bank to take calculated risks. Compliance and legal strategic plans helps Standard Chartered Bank to be a law abiding corporate organization. Technology and operations strategic plans helps Standard Chartered Bank to be responsive, creative and innovative in offering services and financial products that meet the customers' needs on a timely manner. Creativity enables Standard Chartered Bank to be continuously innovative hence adapt to changes in the business environment. Trustworthiness makes Standard Chartered Bank honest, open and reliable to their customers. Human resource management plans ensures that the bank hires employees with the relevant knowledge and skills that can be used in aiding optimal performance of the bank. Employees also undergo regular training in order to attain more skills as the need arises and to keep up with the changing business environment. corporate affairs and brand marketing plans, retail banking and transaction banking strategic plans helps the bank to continue to perform optimally in its chosen niches.

According to the interviewees, the top management of Standard Chartered Bank encourages bottom-top approach of strategic plan formulation and implementation of strategic. The viewpoints of employees in the evaluation and control of the bank plans was

considered important as it gave the employees a sense of ownership hence commitment towards implementation of the plans.

#### **4.4 Strategic Planning and Performance at Standard Chartered Bank Kenya**

The researcher established from interviewees that strategic planning had an effect on the performance of the Standard Chartered Bank. The performance of Standard Chartered Bank compared to other commercial banks in the Kenya was found to be very competitive according to the results from the CBK banking supervision report. With regards to profitability, Standard Chartered Bank held the fifth position in 2018 with an ROA= of 3.34% and ROE= of 21.3%. KCB Bank Kenya Limited (ROA=4.94%, ROE=30.9%), Equity Bank (Kenya) Limited (ROA=5.68%, ROE=37.3%), Co-operative Bank of Kenya Limited (ROA=4.31%, ROE= 24.2%) and Barclays Bank of Kenya Limited (ROA=3.68%, ROE=23.0%) held positions one to four (CBK Annual Report, 2018).

In terms of market share, Standard Chartered Bank held the fourth position after KCB Bank Kenya Ltd, Co-operative Bank of Kenya and Equity Bank Kenya Ltd. The share of the market for Standard Chartered Bank in terms of various parameters was as follows: market size index (7.11%), total net assets (7.1%), total deposits (7.5%), total shareholders' funds (6.9%), the number of deposit accounts (0.44%) and the number of loan accounts (0.7%).

Adopting strategic planning has been beneficial to Standard Chartered Bank with reference to performance. Because of strategic planning, Standard Chartered Bank Kenya has accomplished a number of firsts in Kenya's banking sector. The bank was the first to be ISO 9002 certified adoption of technology systems; the bank was the first to introduce the first ATM Automated Banking Centre in Kenya hence offering round the clock



convenience; the bank was the first to offer unsecured Personal Loans in Kenya and the pioneer in offering priority banking in Kenya for the opulent customers.

Application of strategic planning has helped Standard Chartered Bank to improve and clarify the strategic future direction and development of the bank. For instance, strategic planning has helped the bank to diversify its portfolio cutting across different industries that include manufacturing, business services, real estate, energy, transport and communication, water, wholesale and retail trade and agriculture. Strategic planning has also helped the bank to focus on target segments that include corporate clients, commercial clients, government and government agencies and retail clients.

According to the respondents, strategic planning has promoted customer satisfaction, service delivery and innovation in the organization. As a result, the bank has received various awards in Excellence. These include: Best Global Consumer Mobile Banking – Global Finance Awards (2016), Best Global Consumer Mobile Banking App – Global Finance Awards (2016), Best Global Information Security Initiatives – Global Finance Awards (2016), Best Consumer Digital Bank Middle East & Africa – Global Finance Awards (2016), Best Consumer Digital Bank – Global Finance Awards (2016) and Best Corporate Bank – Banker East Africa Awards (2016) among others.

#### **4.5 Challenges of Strategic Planning at Standard Chartered Bank**

Respondents reported that Standard Chartered Bank has experienced various challenges linked to the formulation and implementation of strategic planning. These key challenges

were reported to be uncontrollable factors in the external business environment. This was mostly about changes in laws such as the interest rate capping law, which capped interest rates 4% above the CBK base rate.

Another challenge faced was that formulation and implementation of strategic plans is an expensive affair amid other competing needs for the same resources. Advancement in technology has made cyber-banking fraud more rampant hence any new strategic plans have to be rigorously reviewed.

#### **4.6 Discussion of Findings**

The objectives of the study were to ascertain how Standard Chartered Bank Limited has adopted strategic planning, to determine the link between strategic planning and the performance and to establish the challenges faced by during strategic planning. The study established that Standard Chartered Bank has employed various strategic planning practices. These include risk management, technology and operations, human resource management, corporate affairs and brand marketing, retail banking and transaction banking strategic plans.

The study established that risk management strategic plans helps the bank to continue to perform optimally in the chosen niches. For instance, risk management strategic plans help the bank to take calculated risks. Compliance and legal strategic plans helps Standard Chartered Bank to be a law abiding corporate organization. Technology and operations strategic plans helps Standard Chartered Bank to be responsive, creative and innovative in offering services and financial products that meet the customers' needs on a timely manner. Creativity enables Standard Chartered Bank to be continuously innovative hence adapt to

changes in the business environment. Trustworthiness makes Standard Chartered Bank honest, open and reliable to their customers. Human resource management has enabled the bank to acquire and train employees with the relevant knowledge and skill. Corporate affairs and brand marketing, retail banking and transaction banking plans have also enabled the bank to provide excellent services in the specific segments that it targets.

On organizational performance and strategic planning, the study established the performance of the Standard Chartered Bank was found to be very competitive because of adopting various strategic plans. For instance, the bank was found to be the fifth in regard to profitability ratios (ROA and ROE) after KCB Bank Kenya Limited, Equity Bank (Kenya) Limited, Co-operative Bank of Kenya Limited and Barclays Bank of Kenya Limited. On market share, Standard Chartered Bank held the fourth position after KCB Bank Kenya Ltd, Co-operative Bank of Kenya and Equity Bank Kenya Ltd. Strategic planning helped Standard Chartered Bank receive various awards of excellence and be the first to be ISO 9002 certified (technology systems), first to introduce ATMs in Kenya, first to offer unsecured personal loans in Kenya and the pioneer in offering priority banking.

The study also established that Standard Chartered Bank has experienced various challenges associated with the formulation and implementation of strategic plan. These main challenges were established to be uncontrollable factors in the external business environment such as the interest rate capping law, high cost of formulating and implementing plans and increase in cyber-banking fraud.

These results support existing empirical literature. According to French, Kelly and Harrison (2004), organizations have recorded better performance after implementing

strategic planning. Ofori and Atiogbe (2012) also affirmed this by establishing that strategic planning yields direction to an organization and help the stakeholders to be informed the direction the organization is heading to.

The results of the study conform to existing theories. The Resource Based View by Penrose (1959) asserts that organizations require resources to acquire best practices, skills and knowledge, which will enable them to not only survive but also gain a competitive edge, improve performance. This is particularly demonstrated by Standard Chartered Bank Kenya acquiring skilled employees and continually training them to acquire more skills as the need arises.

The Mckinsey's Seven S (7s) Model states that firm competitiveness hence performance is highly influenced by seven factors namely; systems, structure, super ordinate goals, styles, shapes, staff and skills. The fact that Standard Chartered Bank has been capable of performing competitively in the sector implies that it has been able to control the seven factors.

Lastly, the fact that the bank has been able to withstand the business environment turbulence brought about by factors such as interest rate capping indicates that it arguers well with the Ansoff Strategic Success Theory which suggests that when a firm adopts strategies and matches them to the turbulence witnessed in the business environment, it enhances the firm's performance.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents a summary of findings, conclusions, recommendations and suggestions for further studies.

#### **5.2 Summary of Findings**

This section presents a summary of the findings that are discussed in the following subsequent headings:

##### **5.2.1 Strategic Planning at Standard Chartered Bank Kenya**

The study established that Standard Chartered Bank has adopted strategic planning. The strategic plans formulated and implemented by the Standard Chartered Bank are aimed at helping the bank to offer better banking solutions that help both companies and people to excel and grow through wealth creation by leveraging the banks unique diversity and culture of inclusivity.

It was also established that employees at Standard Chartered Bank Kenya are included in formulation and implementation of strategic plans and that top management also considers their input during evaluation and control of the adopted strategic plans. This has contributed to the attainment of the organization's set objectives.

They further indicated strategic planning at Standard Chartered Bank to include: analyzing risks, adopting technology to enhance and improve its operations, excellence in customer services and analysis of financial strengths and weaknesses.

### **5.2.2 Strategic Planning and Performance at Standard Chartered Bank**

The study established that risk management strategic plans helps the bank to continue to perform optimally in the chosen niches. Standard Chartered Bank was found to be performing competitively because of adopting various strategic plans. The bank was found to have the fifth best profitability ratios (ROA and ROE) after KCB Bank, Equity Bank, Co-operative Bank of Kenya and Barclays Bank of Kenya. The bank was also found to have the fourth best market share after KCB Bank Kenya, Co-operative Bank of Kenya and Equity Bank Kenya. Strategic planning helped Standard Chartered Bank receive various awards of excellence and be the first to be ISO 9002 certified (technology systems), first to introduce ATMs in Kenya, first to offer unsecured personal loans in Kenya and the first to offer priority banking.

### **5.2.3 Challenges of Strategic Planning at Standard Chartered Bank**

It was also established various challenges are faced by Standard Chartered Bank has during the formulation and implementation of strategic plan. The main challenges were noted to be uncontrollable factors in the external business environment such as the interest rate capping law, high cost of formulating and implementing plans and increase in cyber-banking fraud.

## **5.3 Conclusion**

The study concludes that Standard Chartered Bank has employed various strategic planning practices that have helped the bank to continue to perform optimally in the chosen niches. These strategic plans were found to revolve around risk management, technology and

operations, human resource management, corporate affairs, brand marketing, wealth management, retail banking and global banking strategic plans.

Further, the study concludes that that risk management, technology and operations, human resource management, corporate affairs, brand marketing, wealth management, retail banking and global banking strategic plans have helped Standard Chartered Bank was found to perform competitively in the sector. The bank was found to have the fifth best profitability ratios (ROA and ROE) and fourth best in market share.

The study also concludes that Standard Chartered Bank faces various challenges during the formulation and implementation of strategic plan. The main challenges are uncontrollable factors in the external business environment such as the interest rate capping law, high cost of formulating and implementing plans and increase in cyber-banking fraud.

#### **5.4 Recommendations**

The study established that strategic planning has an influence on performance of Standard Chartered Bank. Management of Standard Chartered Bank and other banking institutions need to put high regard on all of the aspects of strategic planning to make certain that the collective effects are enhanced and made use of in the strategic planning process. Allocating extra resources and time to strategic planning can help to increase success of the bank.

The study proved strategic planning has helped the Standard Chartered Bank to continue to perform optimally in the chosen niches. The study recommends that the government and other regulators of banks in the country formulate policies that will require banks to adopt

strategic planning which will lead to enhancement of the banks performance and therefore lead to the country's economic growth.

The study suggests that the management of Standard Chartered Bank formulate contingency strategic plans for dealing with unexpected operational challenges. This is due to the various challenges such as uncontrollable factors in the external business environment, high cost of formulating and implementing plans and increase in cyber-banking fraud.

Further, the study established that despite Standard Chartered Bank employing various strategic plans that helped it to continue to perform optimally, the bank could only attain fourth and five position in terms of market share and profitability respectively. The study recommends that the bank should endeavor to formulate better strategic plans with the aim of dominating the banking sector by performing better than competitors in terms of market share perform and profitability perform.

### **5.5 Limitations of the Study**

It was very difficult for the researcher to secure interviews with the top management of Standard Chartered Bank, which was attributed to the busy nature of their work. The researcher exercised patience but kept reminding the respondents on the need to meet academic deadlines.

Further, information on strategic plans of a bank are usually proprietary and privileged hence cannot be easily divulged due to the risk of it leaking to the competitors. This made



the interviewees not to reveal some details about their strategies of increasing market share and gaining competitive edge.

### **5.6 Suggestions for Further Research**

The scope of the research was limited to how strategic planning has impacted the performance of Standard Chartered Bank. The results of the study can therefore not be generalized to other commercial banks operating in Kenya. There is therefore need for another study to be carried out paying attention to all commercial banks operating in Kenya. This allowed the researchers to compare how different banks have adopted various strategic plans and this has affected their performance.

Further, this study only focused on the strategic planning has been embraced by Standard Chartered Bank, which operates in the banking industry. A comparative study should be done in other sectors of the economy such as telecommunication sector, manufacturing sector and tourism sector among others. This helped the researchers to understand how firms in different sectors use different strategies in order to retain competitive.

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## **APPENDICES**

### **Appendix I: Interview Guide**

#### **SECTION A: GENERAL INFORMATION**

1. What is your position in the organization?
2. In which department are you working?
3. How long have you worked in the organization?
4. What is your highest level of education?

#### **SECTION B: STRATEGIC PLANNING**

5. What is the vision and mission of Standard Chartered Bank?
6. Which strategic planning practices are undertaken in your organization?
7. Were you involved in the formulation and implementation of strategic plans of the organization?
8. In your own view, do you think strategic planning at Standard Chartered Bank aids towards achieving the organization's set objectives?
9. Does top management consider the viewpoints of employees in the evaluation and control of Standard Chartered Bank plans?
10. What are some of the current strategic plans and long-term goals of Standard Chartered Bank?

#### **SECTION C: ORGANIZATIONAL PERFORMANCE**

11. Has strategic planning had an effect on the performance of the organization?
12. How is your performance compared to that of other banks in the Kenya?
13. What performance benefits has your organization attained as a result of adopting strategic planning?
14. Has the application of strategic planning improved the clarification of future direction and development of effective strategies at Standard Chartered Bank?
15. Has strategic planning promoted customer satisfaction, service delivery and innovation in the organization?
16. What are some of the challenges associated with strategic planning in your organization?

## Appendix 2: Letter of Introduction



### UNIVERSITY OF NAIROBI SCHOOL OF BUSINESS

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DATE: 04/10/2019

#### TO WHOM IT MAY CONCERN

The bearer of this letter, Mwenda Pongy Kendi of Registration Number 176115522/2017 is a Master of Business Administration (MBA) student of the University of Nairobi.

He/she is required to submit as part of his/her coursework assessment a research project report

We would, therefore, appreciate if you assist him/her by allowing him/her to collect data within your organization for the research.

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

Thank you  
for

**PROF. JAMES NJIHA**  
DEAN, SCHOOL OF BUSINESS