Strategic Planning in the Banking Sector: A Case of Co-Operative Bank

BY

FAUZIA ALI MATANO

UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

SPRING 2016
STRATEGIC PLANNING IN THE BANKING SECTOR: A CASE OF CO-OPERATIVE BANK

BY

FAUZIA ALI MATANO

A Research Project Report Submitted to the School of Business in Partial Fulfillment of the Requirements for the Degree of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

SPRING 2016
STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than United States International University.

Signed _____________________________ Date_______________________

Fauzia Ali Matano (629391)

This project report has been presented for examination with my approval as the appointed supervisor

Signed: _____________________________ Date_______________________

Prof. Paul Katuse

Signed: _____________________________ Date: ___________________

Dean Chandaria School of Business
ACKNOWLEDGMENT

I sincerely acknowledge my Lecturer Prof. Katuse for the guidance and the never ending encouragement that he offered me. I also acknowledge all my lectures for their professionalism in content delivery of all the courses taught that gave me an insight to develop this proposal.

I would also like to acknowledge my parents, Dr. Matano Saidi and Regina Gathigia for their moral and financial encouragement they offered me to make this project a success.

Finally I would like to thank the Almighty God for the gift of life and good health that has enabled me to accomplish this journey.
DEDICATION

This work is dedicated to loving Husband Fredrick Chacha Muya and Son Jayson Mahenye Chacha for their love and support throughout the journey.
The general objective of the study was to explore ways through which Co-operative Bank would be more strategic in its planning due to the increasing competition in its environment. The study was guided by three objectives which were; to identify ways through which Co-operative Bank strategically planned market penetration, to establish ways through which Co-operative Bank would develop new products and finally to find out ways through which Co-operative Bank would diversify its markets and products.

The study was a case of Co-operative bank and it specifically concentrated on the strategic planning of the bank. The researcher sought to establish the challenges that are faced by the bank through the use of a descriptive research design. The population of the study was made up of 60 permanent employees from Co-operative bank that were based in the head office. From that population a sample of 30 employees was chosen and data was collected using stratified random sampling. The researcher used questionnaires to collect data. The questionnaires had initially been pretested for validity and correctness. The collected data was coded then analyses using Statistical Package for Social Scientist (SPSS). The data was then presented in form of tables and figures.

The researcher was able to establish through the first research question that the cost of loans was prohibitive to the bank achieving its successful strategic planning objectives. It was established that Co-operative bank needed more advertising for the customers to get the needed information on their products. Co-operative Bank was also facing a lot of competition from her competitors and therefore controlled a small percentage of the customer base. Finally, the products from Co-operative bank were found to be attractive to the customers that the bank had managed to gather however there need sensitization from Co-operative bank on their products.

From the second research question the researcher was able to establish that introduction of new products by Co-operative Bank would contribute significantly to the success of strategic planning in the organization. Modification of products and then reintroducing them into the market would have an adverse effect on the successful strategic planning of the organization. The mode through which Co-operative Bank had chosen to supply their services to their customers using had contributed significantly to the achievement of
the banks strategic plan. From the study it was clear that the bank had not invested significantly on the employee competencies and therefore did contribute to the education of their employees.

Finally, the third research question showed that through engaging in other forms of business that were related to the banking sector the bank would have a more successful achieve its strategic plan. The researcher was also able to establish that by getting into partnerships with non-banking institutions Co-operative bank would be able to have a more successful strategic plan. The researcher was able to establish that Co-operative bank would avoid partnering with other banks since it did not contribute significantly to strategic planning of the bank.

In conclusion the study established that Co-operative bank was better off introducing new products to the market as opposed to modifying the older products. The researcher also concluded that by lowering the cost of production the bank’s products would be considered to be inferior when compared to those of the competitors. On the second research question the researcher was able to conclude that Co-operative bank was not actively involved in the promotion of it products and therefore the customer base was smaller compared to the other competitors in the market. Finally, the researcher was able to concluded that Co-operative Bank was able to have a more successful business plan through diversifying its form of business.

The researcher recommended that Co-operative Bank would set reasonable prices that would be considered affordable to the customers and also increase their promotional activities. Secondly the researcher also recommended that the bank would avoid modification of products and re-introducing them to the market. Finally, the researcher recommended that Co-operative bank would continue to diversifying their area of operation since by so doing they reduced the risk of failure in case of a loss in one area of business.
# TABLE OF CONTENT

STUDENT'S DECLARATION ........................................................................................................ ii
COPYRIGHT ........................................................................................................................... iii
ACKNOWLEDGMENT ............................................................................................................. iv
DEDICATION .......................................................................................................................... v
ABSTRACT ............................................................................................................................. vi
TABLE OF CONTENT ........................................................................................................... viii
LIST OF TABLES ................................................................................................................ x
LIST OF FIGURES ................................................................................................................ xi
ABBREVIATIONS ................................................................................................................ xiii

CHAPTER ONE ......................................................................................................................... 1

1.0 INTRODUCTION .............................................................................................................. 1

1.1 Background of the Problem ............................................................................................. 1

1.2 Statement of the Problem ............................................................................................... 4

1.3 General Objective ........................................................................................................... 4

1.4 Specific Objectives ......................................................................................................... 4

1.5 Importance of the Study ................................................................................................. 5

1.6 Scope of Study ................................................................................................................ 6

1.7 Definition of Terms ....................................................................................................... 6

1.8 Chapter Summary ......................................................................................................... 7
# CHAPTER TWO

2.0 LITERATURE REVIEW ................................................................. 8

2.1 Introduction ................................................................................. 8

2.2 Ways through Which Co-operative Bank Strategically Plans Market Penetration ...... 8

2.3 Strategic Planning Through Product Development ........................................... 12

2.4 Ways through Which Co-Operative Bank Should Diversify Its Markets and Products ................................................................. 16

2.5 Chapter Summary .......................................................................... 21

---

# CHAPTER THREE

3.0 RESEARCH METHODOLOGY .......................................................... 22

3.1 Introduction .................................................................................... 22

3.2 Research Design ............................................................................ 22

3.3 Population and Sampling Design ....................................................... 22

3.4 Data Collection Methods ................................................................. 24

3.5 Research Procedure ....................................................................... 24

3.6 Data Analysis Technique ................................................................ 25

3.7 Chapter Summary .......................................................................... 25

---

# CHAPTER FOUR

4.0 RESULTS AND FINDINGS ................................................................. 26

4.1 Introduction .................................................................................... 26

4.2 General Information ..................................................................... 26

4.3 Ways through Which Co-Operative Bank Strategically Plans Market Penetration .... 29

4.4 Strategic Planning Through Product Development ........................................ 33
4.5 Ways through Which Co-Operative Bank Should Diversify Its Markets and Products ..............................................................40

4.6 Chapter Summary .............................................................................................................................................................................45

CHAPTER FIVE ....................................................................................................................................................................................46

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS .........................46

5.1 Introduction..........................................................................................................................................................................................46

5.2 Summary of Findings............................................................................................................................................................................46

5.3 Discussion..........................................................................................................................................................................................48

5.4 Conclusions..........................................................................................................................................................................................53

5.5 Recommendations..............................................................................................................................................................................54

REFERENCES ..........................................................................................................................................................................................56

APPENDIX I: QUESTIONNAIRE ............................................................................................................................................................65
**LIST OF TABLES**

Table 3.1: Population Distribution..................................................................................23

Table 3.2: Sample Size .................................................................................................24

Table 4.1: Summary of Responses..................................................................................30

Table: 4.2: Correlation between Affordability and Increase in Customer Base ..........31

Table: 4.3: Relationship between Strategic Planning and Advertisement ..................31

Table 4.4: The Relationship between Strategic Plan and Customer Control ..........32

Table 4.5: The Relationship between Strategic Planning and Attractiveness Of Products 32

Table 4.6: Summary of Responses..................................................................................34

Table 4.7: Relationship between Strategic Planning and New Product Introduction ....35

Table 4.8: Relationship between Strategic Planning and Improved Products ..........36

Table 4.9: Relationship between Strategic Planning and Better Mode of Supplying ....37

Table 4.10: Relationship between Strategic Planning and Competent Staff ..........38

Table 4.11: Relationship between Strategic Planning and Employee Education ....39

Table 4.12: Summary of Responses..................................................................................41

Table 4.13: Correlations between Strategic Planning and Use of other forms of Business .................................................................................................................................42

Table 4.14: Correlation between Strategic Planning and Partnerships with Non-Bank Institutions ..........................................................................................................................43

Table 4.15: The Correlation between Strategic Planning and partnerships With Other Banks ........................................................................................................................................43

Table 4.16: Correlation between Strategic Planning and Business Planning ............44

Table 4.17: Correlation between Strategic Planning and Opening of Branches in Different Countries ..........................................................................................................................44
LIST OF FIGURES

Figure 4.1: Gender .................................................................................................26
Figure 4.2: Age .......................................................................................................27
Figure 4.3: Level of Education .............................................................................27
Figure 4.4: Experience ..........................................................................................28
Figure 4.5: Level Held in Cooperative Bank ..........................................................29
Figure 4.6: How to Increase Market Share ..............................................................33
Figure 4.7: Ways to Introduce New Products in the Market ...............................40
ABBREVIATIONS

SPSS Statistical Package of Social Sciences

Coop Bank Cooperative Bank

TV Television

NDP New product Development

SCM Supply Chain Management
CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem

Strategic planning is an important component for any organization. By strategically planning its operations the organization is able to identify its strengths and weaknesses (Pirtea, Nicolescu, & Botoc, 2009). Operational environments for the organizations have become uncertain and therefore changes have become unpredictable (Bryson, 2004). According to Bryson (2004) strategic planning can help an organization that is in an unpredictable environment to learn its environment and act strategically in the same environment.

According to (Mintzberg, Ahlstrand, & Lampel, 2009) strategic planning had been studied for the longest time in the history of strategy and was the core of ten schools of thought since every school of thought had a strategic planning initiative. Strategic management was therefore defined as a methodology that could be put in place by management to give directions to be followed in that organization (Alves, Zen, & Padula, 2011). A study carried out by Alves et al (2011) showed that strategic planning brings out the purpose of the organization. Further strategic planning can be defined as the establishment of a sustainable profitable position by one organization against its competitors in the environment (Kathuni & Mugenda, 2012).

Mugenda et al (2012) argued that strategic planning was a deliberate action that led a company to gain sustainable competitive advantage. According to (Ansoff, 1990) firms that failed to compete favorably in the environment and failed to achieve a competitive position became unprofitable. (Porter & Kramer, 2006) stated that competition in an industry determined the profitability of the specific firms in the industry that planned strategically. It’s therefore of importance that an organization uses strategic planning to achieve sustainable competitive advantage (Kutcher, Jones, & Widener, 2008).

According to Kutcher et al (2009) proper strategic planning could only be achieved by proper utilization of the labour. Bleakley (2006) argues that planning ought to flow successfully from the top management to the lower level management. By doing this an
organization can ensure that it has required competent people to achieve competitive advantage (Hill, 2009)

The banking industry was widely affected by intense supervision, different demographic factors, constantly changing technology and innovation (Keasey, 2003). Kathuni et al (2012) argued that constant changes in technology, strict supervision of banks and changes in demographics affected the banks cost plan, product mix and their planned distribution channel. Even with challenges the banks have to remain competitive in the market. To achieve this competitive advantage the banks have to constantly evaluate their strategic plan (Kathuni et al, 2012). To achieve this competitive edge the banks have towards an efficient integrated banking system (Pearce, 2004).

Generally the banking sector has suffered major crisis in the world and this has significantly been blamed on the shaky governance of the banks (KirkPatrick, 2009). According to Kumar and Singh (2013) in their research blamed failure of the financial institutions on cooperate governance of the financial institutions. It was in agreement with (Festisov, 2009) who argued that governance was also to blame for the global financial crisis experienced in 2007-2008. It was further established that there were no structure that would bring about transparency in the spending and risk taking process (Buiter, 2009), and therefore the professionals only aimed at the short term gains. (Sahlman, 2009) concluded that to avoid a crisis in the financial institutions strategic planning was important to ensure adequate control and risk management.

Besides the poor supervision that been experienced in Kenya financial sector human capital is the other challenge that banks experienced, for a bank to gain a market share in the banking industry and maintain a competitive edge in an industry (Hill, 2009). According to Hill (2009) the organization is usually faced with the challenge of building talents or buying the same talent. Hill (2009) argues that buying talent from outside brings about specialized skills and at the same time new ideas that would improve the performance of the organization. However (Zhang & Rajagopalan, 2004) argued that by out sourcing talent and skills they may not necessarily improve the performance of the organization. Zhang et al (2004) states that building skills from within the organization may lead to better performance of the organization. The process of raising talent from within the organization is called succession (Maalu, 2010).
According to (Wang & Walumbwa, 2007) banks need to attract employees who are knowledgeable and highly skilled who can keep up with the intense work pressure. The banking industry in Kenya was characterized by high knowledge intensity and by hiring the right person of for the job would lead to competitive positioning of the bank (Tan, Lye, & Lim, 2010). Competitive positioning can therefore be achieved by viewing the employees as an intellectual asset (Ahmadi, Mohammad, Daraei, & Kalam, 2012).

In Kenya banking industry had also faced the challenge of undercapitalization and a high percentage of non-performing loans (Beck & Hesse, 2009). Though this is perceived to have changed and now Kenya has one of the best financial systems Kithuni et al (2012). Kenya’s banking system still suffers from significant non-performing loans (Kithinji & Waweru, 2007). Kithinji et al (2007) argues that this non-performance in loans has been caused by undercapitalization that has happened in the 1980’s. Debt default rate in Kenya has increased on the credit risk that has been faced by banking institutions in Kenya (Karumba & Wafula, 2012). From their research in Kenya (Musyoki & Kadubo, 2011) found that default rates from creditors contributed to 54% of the credit risks that the bank experienced.

The financial sector regulatory body in Kenya is Central Bank of Kenya (CBK) (CBK, 2013). The central bank is an independent constitutional body that is mandated to perform the functions given to it by an Act of Parliament (CBK, 2013). One of the major Acts of parliament is the banking Act. This banking Act of Kenya mandates the central bank to regulate the banks in their business and on matters that are connected to banking business (Banking Act of Kenya, 2010).

A cooperative bank is one of the commercial banks that have been licensed in Kenya by the CBK (CBK, 2013). The bank was established in 1965 when the government directed all the cooperative societies to transfer deposits to the Cooperative bank [Cooperative Bank (COOPBK, 2014). It later became a full commercial bank and increased on the number of products and services that it offered (COOPBK, 2014). Coop Holdings Cooperative Society Limited is the largest shareholder that forms 65% of ownership for cooperative bank while 35% of ownership is of other investors in the bank (COOPBK, 2014). From the CBK statics cooperative bank has grown significantly overtime and it is the second largest bank in Kenya based on the number of accounts opened (CBK, 2013).
1.2 Statement of the Problem

This paper addressed the successful application of strategic planning for the Co-operative bank of Kenya. Researches carried out in Kenya regarding strategic planning challenges have not been carried out in cooperative back but have been done in competing banks giving them a competitive edge over cooperative back. An example of these studies includes one that had been carried out by Macharia (2013), in his study he sought to establish the challenges of strategy planning and implementation in Chase bank. Njiru (2009) also carried a study in the banking industry but concentrated more in the area of implementing electronic banking by commercial banks.

The first research shown above was carried out in Chase bank which was newer into the banking industry than Cooperative bank and also has different management and different products that it offers to the market. This research therefore could not be applied to cooperative bank due to the differences in governance and also since Chase Bank is a market rival to cooperative bank. Cooperative bank had to therefore come up with a different strategy in order to remain relevant in the industry. The second research shown above did not concentrate on strategic planning and therefore could not be used in the case of strategic planning in Cooperative Bank.

The researcher therefore sought to establish ways in which to fill the gap of strategic planning in cooperative bank. This was done through identifying way through which the bank could strategically plan market penetration for the environment in which it operated in. The study also established strategies through which cooperative bank could develop and launch in products into the market and finally the study sought to establish strategic ways of diversifying its market.

1.3 General Objective

The general objective of this study was to explore ways in which co-operative bank would be more strategic in its planning due to increasing competition.

1.4 Specific Objectives

The following were the specific objectives that are intended for this research:
1.4.1. To identify ways through which Co-operative Bank strategically plans market penetration.
1.4.2. To establish ways through which Cooperative Bank should develop new products.
1.4.3 To find out ways through which Co-operative Bank should diversify its markets and products.

1.5 Importance of the Study

The major challenge that was being faced by Co-operative Bank had been strategic planning and implementation of strategies. This study if implemented would be of great assistant to the shareholders of the company, the management, and the employees, the customers and the Researchers and Academicians

1.5.1 The Shareholders

The minority shareholders in Cooperative Bank were investors who sought to have a return on their investment and therefore wealth creation. Through strategic planning and implementation of strategies Co-operative Bank would have an edge over the competitors. This would translate to more wealth creation for the shareholders.

1.5.2 Management

The study offered information to the management of the organization on the factors that affected the performance of the company in the business environment. The results would enable the management to effectively plan in the highly competitive banking industry.

1.5.3 Employee

With better strategic planning co-operative bank would have an edge over the competitors this would make it easier for the employees to meet their targets in the field and therefore creating a better working environment.

1.5.4 Researchers and Academicians

The research aimed at contributing significantly to the body of knowledge on how to strategically plan in a banking environment. This study provided an important basis for a
researcher who was interested in further studying strategic planning in the banking industry. The references used would also be of importance to scholars for further reading.

1.6 Scope of Study

The study was carried out in Nairobi Central Business District (CBD). The population of the study was drawn from the permanent employees from the head office in the CBD. The study was carried out over a period of seven months from September 2015 to December 2015.

1.7 Definition of Terms

1.7.1 Strategy

Strategy is the a unifying factor that gives coherence in an organization or group of individual and also give the direction to which the organization should take (Grant, 2002)

1.7.2 Strategic Planning

Strategic planning is bring together the aims and thoughts for the future through analyzing of objectives and evaluating goals and priorities in order to come up with a plan for the future (Freeland, 2002)

1.7.3 Market penetration

Market penetration is a strategy in which an organization seeks to sell existing good and services in an existing market (Jobber, 2007).

1.7.4 Diversification

Diversification is moving from the comfort of company resources and competencies and beginning a different form of business and is common in conglomerates (DeWitt & Meyer, 2007)
1.8 Chapter Summary

This chapter provided a background of the study, research topics to be used and a brief history of cooperative bank. In this chapter an elaboration of the challenges that were faced by firms in a rapidly changing environment was been given. Further research objectives related to the challenges faced by Cooperative bank were given, the scope and the importance of carrying out the study was also shown. The next chapter is chapter two, it has covered the literature review in relation to the research questions then chapter three will give details of the study methodology.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter will address the review of literature on the strategic planning. The review will be based on Igor Ansoff’s diversification strategies and it will explore how the different pillars of the model can be used to improve the strategic planning. The review will include market penetration, development of new products and diversification of its operations.

2.2 Ways through Which Co-operative Bank Strategically Plans Market Penetration

Jobber & Ellis-Chadwick (2010), defined market penetration as a strategy in which a firm would sell existing products in existing markets. According to Jobber et al., (2010), by using this strategy companies aim at attracting competitor’s customers or discourage competitors from entering its environment. Gerald and Gerald (2000), argued that introduction of new products in the market and the globalization of markets has lead to the need of the organizations playing in the same environment to come up with a market penetration strategy. Different motives force organizations to move to new markets and therefore the difference in their entry mode (Peng, 2006). The study will concentrate on the retailing modes of market penetration since the mode of business is majorly retail.

2.2.1 Strategic Market Penetration through Pricing Strategy

Pricing is a difficult for the company since it affects its financial success in terms of the performance of its products in the market. According to Marn, Roegner and zawada (2003), if the price is too low the company will give up the potential revenues and at the same time gives a perception that the product is of low quality and therefore making it difficult to improve the price of the products in the future. A very high price on the other hand makes the takeoff in the market difficult (Golder & Tellis, 2004). Since market penetration using pricing strategy is a difficult venture for the organization skimming and penetration pricing are important strategies for strategic planning of the organization (Kotler & Armstrong, 2012).
According to Nagle, Hogan and Zale (2011), skimming strategy is whereby the organization changes high prices at the introduction of the product and then lowers the price subsequently. According to Marn et al (2003) skimming enables the organization to skim surpluses from customers while the product is young in the market and therefore the company is able to enjoy a monopoly due to innovating.

On the other hand the use of penetration strategy involves charging low price so that the product can reach a wide fraction of the market (Nagle et al, 2011). According to Oloko & Sije (2013), an organization using the penetration pricing strategy prices their product at price level that is lower than normal and in turn achieves rapid market acceptance and hence increasing its market share. According to Justin et al (2004) organizations that that use pricing strategy discourage entry of new competitors to the market. It is therefore important for a company to decide on the positioning of its products at the time of introduction based on the quality of the product and the price of the product (Kottler & Keller, 2009).

When the market prices keep on varying they reduce the ability of the organization to have market control (Borenstein & Stephen, 2005). Borenstein et al (2005) continues to state that when prices vary with market conditions the resulting demand reduces on system costs. Mathieu, Callaway and Kiliccote (2009) argue that predicting price that is sensitive demand can be difficult. However Roozbehni, Dahleh & Mitter (2012) came up with a model that showed that price volatility can be upper bound due to the customers’ sensitivity to price.

2.2.2 Strategic Market Penetration through Promotional Marketing Strategy

According to Belch and Belch (2009), promotional marketing is the coordination of efforts which are initiated to make a way for information and persuasion for the sake of selling goods and services. Studies have established that some promotions created pilling of stock; customers became more sensitive to prices and reduced sales after the promotion (Sigue, 2008). Sigue (2008), also established in his study that other promotions attracted more customers and therefore increasing in the consumption of goods and services. Studies carried out on promotional marketing of specific organizations were found to produce 15% of the sales on its own (Kotler & Keller, 2006).
Belch et al (2009), argued that promotional marketing had several components with the most effective of them being advertising. Belch et al (2009) also argued that advertising was most cost effective of all the components. Advertising can therefore be defined as a form of communication of ideas on a product or service through the media and it is non-personal form of communication (Jobber, 2007). Under advertisement TV advertisement was known to be the most effective form of advertisement since it presents a product with proof to the customer (Ramalingam, Palaniappan, Panchnatham, & Palanivel, 2006). This is followed closely by the newspaper mode of marketing since it makes easy to provide information to the audience (Altstiel & Grow, 2006).

Direct marketing follows closely in the components advertising. Direct marketing is considered effective since a company can gain and maintain customers without use of an intermediary (Jobber, 2007). In this form of promotional marketing the customers get information concerning a product through interaction with the marketer (Belch et al 2009).

The third form of promotional marketing is interactive marketing. In interactive marketing the customer is able to define the kind of information that they need and the kind of products they need and finally the price that they will be able to pay (Kotler et al, 2003). Sales promotion forms the fourth component of promotional marketing strategy. Sales promotion can be defined as a form of marketing that aims at changing the behavior of the buyers towards the products of that particular organization (Laroche et al, 2003). This form of promotion component produces results quickly and therefore a near instant growth in sales (Altsiel et al, 2006). The final component promotional marketing strategy is personal selling. Zeithaml, Bittner & Gremler (2006) defined personal selling as one on one presentation to a customer by an organizations representative. However, Intellecap (2009) defined market penetration as the volume of sales as opposed to the number of customers that the organization has.

2.2.3 Strategic Positioning through Increase in Market Share

According to Farris, Bendle, Pfeifer and Reinbstein (2010), a market share is the percentage of sales that an organization is able to make in a specific market over a specific period of time. This therefore means that the bigger the market share the more
profit the organization experiences in the market as opposed to the rivals (Sarkissian & Schill, 2009). According to Keeney and Lin (2000) the larger the market share for an organization enables the organization to be able to measure the tastes and preferences of the customers. This therefore makes it easy for the organization to come up with an effective product mix for the prospective customers (Keeney et al, 2000). The advantage of the organization having the largest market share is that being the leader in the event of an expansion in the market shares the leader benefits more in terms of customers gained and therefore gaining competitive advantage (Sarkissian et al., 2000).

A firm’s competitiveness is determined by competitive position of the organization and the position it takes in the market (Markovich & Moenius, 2009). To achieve the competitive position and market position and hence competitive advantage the organization has to at first consider its market orientation (Tarabieh & Al-alak, 2011). Market orientation can be defined as a culture adapted by an organization in business in order to achieve competitive positioning and market positioning (Tarabieh et al., 2011). According to Sorensen (2009) for an organization to be competitively positioned it must have noticeable dimensions towards the customers and the competitors. Tsiotsou & Vlachopoulou (2011) state that market orientation acts as a link between the organization and its success since market orientation guides the organizations performance. This therefore means that the organization should adopt more market oriented strategies in order to maintain its competitive position (Li & Zhou, 2010).

According to Henderson (2011), a firm that wants to be strategically positioned in the market has to differentiate itself from the competitors operating in the same environment. Akdag and Zineldin (2011) argued that price competitiveness may not be a major factor for customers in the banking industry and is often overlooked by customers. However, Henderson (2011) states that by having a cost leadership strategy the organization is able to gain short term competitiveness. It’s therefore recommended that the firm should maximize on increasing cost effective strategies and by doing so the organization is able to position itself through low cost leadership (Prajogo & McDermott, 2011).

Product differentiation is also key in attracting more customers to the organization (Li & Zhou, 2010). Akdag et al., (2011), argues that in order to be different from the competitors the organization must provide a different mix of products for the customers.
to choose from. Besides product differentiation a firm should innovate on growth strategies in order to enter new markets (Gunday, Ulusoy, Kilic & Alpkan, 2011). Some of the factors to consider when making strategic innovation is the age of the organization and the culture of the community in which the innovation is aimed at (Rosenbusch, Brinnckmann & Bausch, 2011). According to Rosenbusch et al (2011) this factors may affect the impact the innovation will have in the market. In their study Jimenez & Sanz-Valle (2011) found that organizational innovation lead to superior performance in the organization. Finally Alalak et al (2011), found that successful differentiation created a unique image of the organization in the market and therefore reaping benefits for customer satisfaction. According to Alalak et al (2011) any positive effect of the organization is able to weaken the negative effects that the competitor may place on the organization.

2.3 Strategic Planning through Product Development

Product development is the process in which an organization transforms the opportunities available in the market through a new product (Krishnan & Mathur, Product Development Decisions: A Revies of the Literature, 2001). According to Rajala Rossi and Tuunainen (2003), strategic new product differentiation is the action that an organization takes deliberately to come up with a new good or service in the market. On the other hand new product development is the process of identifying the customers’ needs and wants and making a market opportunity (Perks, Cooper, & Jones, 2005). The importance of product strategy is it links the organizations other strategies to developing a product and therefore competitively positioning the organization in the market (Rajala et al., 2003). Ketunen, Iiomaki & Kalliokoski (2007), revealed that product development is a generalization of the innovation process.

2.3.1 Strategic Planning of New Product Development

New product development (NDP) can be defined as the alignment of market opportunity to product technology that leads to a new product available in the market (Krishnan & Ulrich, 2001). Product development relies more on information about the market and the knowledge to build a new product (Hong, Doll, Nahm, & Li, 2004). According to Hong et
al (2004) the ability of an organization to develop products that are of high quality for the market makes the organization superior and hence gaining strategic positioning.

Product development is divided into categories. The first category involves the new product development platform, in this platform new products are developed for the already existing markets and it acts as the basis for the introduction of more products into different markets (Ulrich & Eppinger, 2008). The second category is the derivative platform whereby the organization expends the production line of already existing products with an extra new product (Salvador, Forza & Rungutusanatham, 2002).

According to Salvador et al., (2002), organizations using these strategies produce products that can be substituted for each other. The third strategy that is used by organization for NDP is Improvement, in this strategy the products that have already been in the market are added a few more features to make them look new (Ulrich et al, 2008). The final strategy of NDP is fundamental new product, in this strategy the organization comes up with a completely new product for the market (Ulrich et al., 2008).

Due to the risk associated with NDP organization ought to adopt a cross functional method for the NDP (Barczak, Griffins & Kahn, 2009). In this cross functional process the organization divides the development process into several stages and each stage has a function that is carried out (Cooper, 2008). These stages gather and provide information to the development process (Cooper, 2008). This cross functional process is useful however it has only been used in stable environment and cannot be applied in a turbulent environment ((MacCormack, Verganti & Iansiti, 2001). NDP is completed by designing the product for distribution (Krishnan et al., 2001). This is the face at which a new product is formulated for the end user (Krishnan et al., 2001). An important stage in product designs is the selection of materials that are to be used in the production process (Sapuan, 2001). According to Sapuan (2001) material selection involves getting the best material in terms of price and design required for the production process. However this defers from one industry to the next and service industry is different from the product industry (Christopher, 2011).
Before the introduction of a product to the market, market testing is important (Krishnan et al., 2001). For a company product launch to have an impact in the market and for the organization to gain a competitive position in the market, the organization must exploit its full potential so that it can meet the full demand that comes with launching a new product in the market (Butler, Ammons & Sokol, 2006). This therefore means that the organization should increase their production rate when the first product is produced in the organization (Haller, Peikert & Thoma, 2003).

2.3.2 Strategic Planning Using New Product Development and Supply Chain

For NDP to be complete the organization has to link the process to the supply chain process (Van & Chapman, 2006). By linking the NDP to the supply chain process the organization is able to launch the product into the market and make an impact in the market (Abdelkafi, Blecker & Pero, 2010). Supply chain portfolio and the product portfolio should be aligned so that the organization is able to strategically position itself in the market (Langenberg, 2012). An organization that focuses on linking the supply chain to the NDP stands to have a better competitive edge compared to the organizations that do not (Stavrulaki & Davis, 2010).

According to Christopher (2011), a supply chain is a process in which a product is delivered to the end user who is the customer from the raw material and not a business to business network. However Mentzer (2008), defined a supply chain as a group of organizations involved in the flow of goods and services, knowledge and money. The concept of supply chain being incorporated in NDP was brought about by porter (Skjott-Larsen, Schary, Mikkola, & Kotzab, 2007).

Supply chain is managed through the supply chain management (SCM). According to Christopher (2011), supply chain management is the supervision of upstream and downstream movement of money and knowledge. The management of the supply chain acts as link to coordination of the process of getting new product to the end user (Christopher, 2011). The main aim of supply chain management is tune the different components in the supply chain to perform (Huang et al., 2002).
SCM focuses more on the customer satisfaction and this leads to competitive positioning of the organization which in turn leads to profit for the organization (Chopra & Meindl, 2001). The second advantage of using the SCM in an organization is that there is more responsiveness from the customers and this improves the competitive edge of the organization (Horvath, 2001). When an organization adopts an effective SCM it benefits from the knowledge that is delivered by the value chain from the upstream and downstream on value adding (Tan, Handfield & Krause, 1998). It is therefore important that an organization adopts SCM in order to position itself strategically in the market against the competitors (Kathawala & Khaled, 2003).

The supply chain of services is different from the supply chain of goods (Drzymalski, 2012). According to Drzymalski (2012) supply chain of services is more expensive as compared to the supply chain of products. The main reason for this is that the supply chain for services depends more on the core-competences of the individuals involved in the delivery of the products (Drzymalski, 2012). There is however a conflict on the weather service industries focus on core competences or the organizations can just reduce on the labour cost (Wolfi, 2004). According to Gorg, Geisheccker & Krieger-Boden (2000) services providers should avoid out sourcing professionals since by using their own educated individuals they are able to educate their workers.

The most important factor that a service provider should consider is to build on the foundation for the services supply chain (Ping & Jia, 2010). According to Drzymalski (2012) the organization should first scan the external environment before designing a product for the market. The organization should the concentrate on hiring competent personnel to deliver their products to the customers (Drzymalski, 2012).

2.3.3 Strategic Positioning Using Both New Product Development Strategy and Supply Chain Management

A company should concentrate on both the supply chain and development of a new product at the same time (Pero, Addelkafi, Sianesi & Bleckler, 2010). According to Pero et al., (2010), it is important to integrate both the supply chain and product development since is designed at the supply chain to end up at the supply chain and therefore it important to predict the costs way in advance. The supply chain development is important.
since it improves on the competitive advantage of the organization and also makes the customers more responsive to the organizations products (Khan, Christopher & Creazza, 2012).

According to Hult and Swan (2003), there is a great interdependence between NDP and SCM. This is because the supply chain ensures that there are adequate raw materials for the product innovation and production process and at the same time it ensures that the products are delivered to final user (Khan et al., 2012). By aligning NPD and SCM the developed products are able to get to the customer at the expected cost on the part of the organization (Pero et al., 2010).

Due to the cost of production of both goods and services this has led to the migration of ideas from the developed countries to the developing countries and vice versa (Warburton & Stratton, 2002). This has led to the challenges of having unreliable services being given and at time the quality is lower than was expected (Butner, 2010). The second challenge that NDP and SCM is facing is the time taken for service to be delivered especially when they are outsourced (Christopher & Towill, 2002). This has led to an increase in the cost of the supply chain process (Christopher et al., 2002). It has also been found that with the interdependence of external ideas and services the cost of risk control has increased and therefore making it difficult to control (Manuj & Mentzer, 2008)

2.4 Ways through Which Co-Operative Bank Should Diversify Its Markets and Products

Meredith (2011) defined diversification as the process of widening the base of an organizations business, with the aim of meeting the current and future need of the organization. According to Maier (2009) diversification is the spreading of financial risk into different forms of business by the same organization and therefore being ahead of the competitors. Routledge (2001) defined diversification as exporting of commodity risk so that it’s not affected by fluctuations of price during changes in the economy. From the definitions of diversification a conclusion can be drawn that diversification of a portfolio is spreading the financial risk that a business is faced with by investing in more than one security (Eiteman, Stonehill, & Moffett, 2004) (Eiteman, Stonehill & Moffett, 2004).
Through diversification an organization is able to reduce the unsystematic risk (Vogel, 2004).

Some of the ways that an organization diversifies is through its products and geographical location of its subsidiaries; this is possible when a company adds to its products line (Hitt, Ireland & Hoskisson, 2001). Every strategy that a company engages in the diversification process is triggered by a motive (Jung, 2003). According to (Sambharya, 2000) the major driving force to diversification is competitive positioning and hence competitive advantage. (Zekiri & Nedelea, 2011) stated that there are three forms of diversification strategies, concentric diversification, conglomerate diversification and horizontal diversification.

2.4.1 Diversification Using Concentric Diversification Strategy

According to Marangu, Oyagi and Gongera (2014) concentric diversification happens when firms diversify into a business that is related to the initial business. According to Arthur & Thompson (2004) a concentric strategic fit happens when activities that similar from different businesses bring a chance for diversification. Pearce & Robinson (2010) defined concentric strategic fit as a strategy of penetrating a second business that is dependent of the organizations competencies. Thompson & Frank (2005) argues that a strategic fit exists when the value chains from different business provide a chance for cross business resource transfer.

Marangu et al (2014), also argue that through diversifying the organization is able to gain strategic positioning hence strategic advantage. Thompson et al (2005), also states that concentric diversification allows the organization to gain from skill transfer, low cost of doing and an already established brand name. However Barney (2007), argues that a concentric portfolio does not lead to the business having a competitive advantage over those organizations whose portfolio is not concentric. According to Barney (2007), the organization gains synergy from the different parts or departments working toward gaining effectiveness and not necessarily diversification.

According to Barney (2010), an organization gains competitive position above that of the competitors by having an economic value that sets the organizations competitively above
the competitors. According to Marangu et al (2014), economic value of an organization is the actual cost of products and services in market from the organization as opposed to the perceived satisfaction derived by the customers form consuming its products. This therefore means the repeated purchase of an organizations products give the organization a competitive advantage due to the increased market share (Barney, 2010).

Thompson, Stickland, Gamble and Jain (2006) stated that an organization that is considered to have a competitive advantage over the other is the one that has a greater market share. This market share is defined as the percentage of the market that is controlled by a specific organization and therefore the organization that controls the largest percentage is considered to have the competitive advantage Marangu et al (2014). The percentage of the market controlled is used as a measure of competitiveness since it is not subject on Marco-economic variables meaning that even in the case of a change in the economy the measure is not affected (Gregory, 2005). This therefore means competitiveness of a firm in its industry is determined by how well an organization is diversified (Marangu et al., 2014)

2.4.2 Diversification Using Conglomerates Diversification Strategy

According to Fier, McCullough & Carson (2013), a conglomerate is an engagement that involves several organizations from different business backgrounds to form a corporate. Fier et al (2013) in their argument stated that conglomerates where formed initially because of costs of value chain. It was however established that the key reason Conglomerates were formed was not wholly because of financial issues but for strategic positioning (Powell & Sommer, 2007).

Comment & Jarrell (2000) argue that there were other benefits that were associated with diversification such the experience of having an economy of scale. However there are draws backs to diversification such as some segment of the conglomerate being less profitable and therefore pulling the rest behind (Liebenberg & Sommer, 2008).

Villalonga (2004) also stated that conglomerates on one hand create value and on the other they bring about negativity in performance and therefore agree to the statement that diversified multi-segmented firm perform at a lower level than non-segmented
organizations (Lamont & Polk, 2002). This statement is based on the argument that conglomerates perform less in than expected in a given economy (Ng, 2007). However, Hitt, Ireland, Ho & Hoskisson (2001) in their study established that product diversification was more successful applied in markets.

In the banking industry the bank is able to gather information from customers which can lead to the decision to begin a conglomerate (Stein, 2002). These forms of conglomerates are called financial conglomerates (Stein, 2002). These conglomerates operate in different financial activities besides their co-business (Schenone, 2004). According to Schenone (2004) banks main function is provide loans. Research done in the United States showed that financial conglomerates were able to change lower interest levels on the loans that they offered to their customers (Drucker & Puri, 2005).

Finally it was established that when a firm was not productive in the area of its core business it would diversify (Maksimovic & Phillips, 2002). This practice did not make the firm to perform any better but allowed the firm to diversify on its weaknesses (Campa & Kedia, 2002). According to Graham, Lemmon & wolf (2002) conglomerates should target discounted organizations for purchase and therefore they are able to purchase them at a lower price.

2.4.3 Diversification Using Horizontal Diversification

Besanko Dranove, Shanley and Schaefer (2007), defines horizontal diversification as the process of one or more organizations that produce similar good or services coming together to form one major organization. Through joining together to form a larger organization the firms involved benefit from the economies of scale but at the same time have to invest more on strategic issues (Besanko et al, 2007). Firms that are producing similar products come together to form an horizontal merger while those which do not produce similar products but are related come together to form a related merger (Sudarsanam, 2010). The original cost of developing these mergers is important since it determines the strategic position that the merger will take in the market (Besanko, et al., 2007).
According to Sudarsanam (2010), firms in a merger tend to produce more due to the large percentage of market available for them and therefore leading to the firm enjoying economies of scale. According to Johnson, Scholes & Whittington (2008), limited his argument of economies of scale to manufacturing companies however Besanko et al (2007) clarified that economies of scale scope covers the total cost of producing both goods and services. According to Besanko et al (2007), economies of scale bring about a learning process where production gradually increases with time. Sudarsanam (2010) states that the learning process is as a result of experience in the production of goods and services and therefore reducing in the cost of production through less wastage and proper utilization of raw material.

On the part of services the time taken by the organization to produce a certain service will be significantly reduced and therefore more predictability on the time to be taken for each service provision and therefore more customers (Lindsey & Neeley, 2010). According to Besanko et al (2007), the more the workers master the output process the more they desire to learn more efficiency skills in the production process. Due to this the profitability of the mergers in the market increases due to the power and market position that the organization gains (Lafontaine & Slade, 2007).

On the second form of mergers; related mergers, the organizations can diversify in terms of goods and services that the organizations produces Ravichandran, Liu, Han & Hasan (2009). Product diversification and product performance in the market determine competitiveness of the organization since product performance determines strategic positioning of an organization (Geringer, Tallman & Olsen, 2000). On the other hand is geographical diversification which is diversification based in different geographical locations and therefore targeting different buyers (Denis, Denis & Yost, 2002). According to Ravichandran et al., (2009), geographical diversification is possible when an organization achieves economies of scale and hence the ability to produce more for a geographically enlarged market. The advantage of geographical diversification is there is a reduced risk across the different markets that the organization controls (Kim & Mathur, 2008). However geographical diversification is more difficult and therefore more strategic planning is need (Denis et al., 2002). Sudarsanam (2010), finally concludes that horizontal mergers and related form the horizontal diversification strategy.
2.5 Chapter Summary

This chapter provided the review of literature guided by the research objectives. The literature review enabled the researcher to come up with a research methodology which would form chapter three. The research objectives reviewed were; to identify ways through which Cooperative bank strategically planned its market penetration, to establish ways through which cooperative bank would develop new products and finally to find out ways through which cooperative bank would diversify its market and products. Chapter three will deal with the research methodology that will be used in the study.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This Chapter will provide the methodology that will be used to carry out the research. It will entail a research design, the population that will be used for the study, the sample design and finally the procedure that will be used for the research.

3.2 Research Design

(Cooper & Schindler, 2006) defined research design as a structure of investigation that has been put in place to obtain answers to research objectives. Descriptive research design was employed for the study. (Shiled & Rangarajan, 2013) argued that using descriptive research design was inexpensive when compared to causal research design. However, certain phenomena that maybe unclear may lead the researcher drawing wrong inferences (Shield et al., 2013).

Under this descriptive research design the researcher had both dependant and independent variables. Strategic planning of Cooperative Bank in the competitive banking industry was the dependant variable. The independent variables for the study were the factors that led to strategic planning in Cooperative Bank this were; strategic market penetration, Development of new Products and finally market and product diversification.

3.3 Population and Sampling Design

3.3.1 Population

Population is a collection of elements from which a researcher seeks to make conclusions from (Cooper & Schindler, 2003). The population that was used for this study comprised of 10 top managers, 20 bank tellers and 30 support staff from Cooperative Bank head office brunch.

<table>
<thead>
<tr>
<th>Category</th>
<th>Population</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Managers</td>
<td>10</td>
<td>16.7%</td>
</tr>
<tr>
<td>Bank Tellers</td>
<td>20</td>
<td>33.3%</td>
</tr>
<tr>
<td>Support Staff</td>
<td>30</td>
<td>50%</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100%</td>
</tr>
</tbody>
</table>

3.3.2 Sample Design

3.3.2.1 Sampling Frame

A sampling frame is a complete list of members of a given population alone (Coopers & Schindler, 2000). According to (Denscombe, 2007) a sampling frame is a list of the population from which a researcher makes a decision of the sample to use. For this study the sampling frame consisted of a list 60 employees from Cooperative Bank. They were categorized into top managers, Bank tellers and support staff.

3.3.2.2 Sampling Technique

According to (FranckFort-Nachmias & Nachmias, 1996) sample size is a representation of a sampling unit from a population. Sampling technique can therefore be defined as a process of selecting specific entities from the population that will be used for the study (Saunders, Lewis, & Thornhill, 2009). This study used stratified random sampling technique. Stratification of the study population is the technique in which the population is divided into homogeneous groups before carrying out the study (Hunt et al., 2001). The population was put into three categories: bank managers, tellers and the support staff, this was because the different levels differ in terms of responsibilities.

3.3.2.3 Sample Size

A sample size is the number of individuals or cases in a study (Cramer & Howitt, 2004). According to Cramer et al (2004) a sample size is represented by “n”. Mugenda &
Mugenda (2003) considered a sample of 30% to be sufficient enough. However, the study used 50% of the population as the sample for the study.

Table 3.2: Sample Size

<table>
<thead>
<tr>
<th>Category</th>
<th>Population</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Managers</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Bank Tellers</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>Support Staff</td>
<td>30</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60</strong></td>
<td><strong>30</strong></td>
</tr>
</tbody>
</table>

3.4 Data Collection Methods

The study used primary data due to the nature of the banking industry and also due to the fact that few studies have been carried out in the managerial part of the industry. The researcher used questionnaires to collect information from the respondents. The questionnaires had both closed and open ended questions. The closed questions enabled the researcher to get specific information from the respondents while open ended questions enabled the respondents to give their opinion (Bryman & Bell, 2003). The questionnaires were made of four parts; the first part was the background information of the respondent, the second part covered the first research objective which was ways through which Co-operative Bank strategically plans market penetration. The third part covered the second research question which was the ways through which Co-operative Bank should develop new products and finally the fourth part will cover the last research objective on how Co-operative Bank diversifies its markets and products.

3.5 Research Procedure

The questionnaires were designed by the researcher then they were pretested to ensure validity and correctness of the questionnaires. The pretest also established the time to be taken by the respondents to respond to the questions. The pretest was done by administering the questionnaire to five randomly chosen individuals from each stratum. However the individuals used for the pretest will not participate in the final study. A research assistant who had been trained on communication and interviewing respondents with different research tools was used to administer the questionnaire. The method that
was used to collect data was drop, wait and pick. This meant that research assistant waited as the respondents responded to the questions. This ensured the privacy of the data collected and the same time it ensured that the researcher did not lose some of the questionnaires.

3.6 Data Analysis Technique

Data analysis technique can be defined as the process in which data is inspected, cleaned, transformed and modeled in order to acquire useful information that can be used for decision making purposes (Ader & Mellenberger, 2008). Data from the questionnaires was checked for errors then coded then fed into the statistical package of social sciences (SPSS) system to ease analysis. The data was then was presented using descriptive tables and figures for easy interpretation.

3.7 Chapter Summary

This chapter discussed the methodology that was used for the research. The study used descriptive research design to focus on Co-operative Bank strategic planning. The data collection method was described; the population and tools to be used for data collection were also described. The next chapter is chapter four and it will focus on analysis of the data and the presentation of the results and finds in form of tables and figure.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

The general objective of the study was to explore ways in which the co-operative bank would be more strategic in its planning due to increasing competition. This chapter is divided into various sections, the first section covers the background of the study, the second section covers the ways through which co-operative bank strategically plans market penetration, thirdly this chapter covers strategic planning through product development, in the fourth section the study covers ways through which co-operative bank should diversify its markets and products.

The target population for the study was made up of the permanent employees of Cooperative bank. The total population was made up of 60 employees. The researcher then narrowed down and sampled 30 out of the population. The study employed random sampling technique.

4.2 General Information

4.2.1 Gender

Majority of the employees in Cooperative bank are male at 56% while the female employees formed 44% of the respondents.

![Figure 4.1: Gender](image-url)

Figure 4.1: Gender
4.2.2 Age

Most of the Cooperative bank employees are mainly between the ages of 20-30 years this was because the majority 44.4% of the respondents were between those ages. This was followed closely by those between the ages of 31-40 years who formed a 38.9% of the respondents. Finally the minority of the respondents were between the ages of 41-50 years who formed 16.7% of the respondents.

![Age](image)

**Figure 4.2: Age**

4.2.3 Level of Education

Majority of the employees in Cooperative Bank were degree holders who formed 50% of the respondents. Diploma holders made up to 22.2% of the respondents and the post degree holders made up to 16.7% of the respondents. The minority were the Certificate holders who formed 11.1% of the respondents.

![Level of Education](image)

**Figure 4.3: Level of Education**
4.2.4 Experience

Experience working in Cooperative Bank was measured by the number of years that the respondent had worked with cooperative bank. The majority of the respondents had worked in Cooperative Bank for 1-5 years and this formed 61.1% of the respondents. This was followed closely with those who had worked between the age of 6-10 years who formed 27.8% of the respondents. Finally those who had worked above 10 years made up 11.1%.

![Experience Chart]

**Figure 4.4: Experience**

4.2.5 Level

The majority of the respondents worked as support staff at Cooperative Bank. According to this study the support staffs were made up of the employees that held other positions other than managerial of teller positions. They made up to 50% of the respondent. Bank tellers made up to 33.3% of the respondents while the managerial level of employees was 16.7% of the respondents.
4.3 Ways through Which Co-Operative Bank Strategically Plans Market Penetration

The study sought to establish the relationship of strategic penetration and strategic planning. Employees in Cooperative bank gave their views concerning the strategic planning and market penetration. The views sought were on the relationship of pricing strategy and market penetration, promotional marketing strategic and market penetration and finally market positioning and market penetration. In the study increase in customer base was used to show the key strategic plan of the bank.

4.3.1 Summary of Responses

When the employees were asked whether they thought that the loans offered by the their employer Cooperative Bank were more affordable as compared to other banks, majority of the respondents 48.5% disagreed with the statement 11.1% remained neutral while 40.4% agreed that the loans were more affordable. Majority 44.4% of the employees though that the Cooperative bank was not advertising enough as compared to other banks while 38.9% viewed the advertisements that were made by the bank as sufficient, 16.7% of the respondents remained neutral about the advertisements made by the bank.
Majority 50% of the respondents disagreed with the statement that the advertisement made by Cooperative bank enabled the bank to increase on its customer base while 38.9% of the respondents agreed with that statement, 11.1% of the respondents remained neutral to that statement.

On control of a larger customer base as compared to other banks, 38.9% of the respondents disagreed while 44.4% of the respondents agreed that the bank controlled a larger customer base, 16.7% of the respondents remained neutral to that statement.

Finally, majority of the respondents agreed to the statement that Cooperative bank had more attractive products as compared to the competitors while 27.8% disagreed with that statement and 22.2% of the respondents remained neutral.

Table 4.1: Summary of Responses

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Uncertain</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordability of the bank’s loans</td>
<td>0</td>
<td>48.5%</td>
<td>11.1%</td>
<td>40.4%</td>
<td>0</td>
<td>3.17</td>
</tr>
<tr>
<td>The bank Advertises more compared to the competitors</td>
<td>0</td>
<td>44.4%</td>
<td>16.7%</td>
<td>38.9%</td>
<td>0</td>
<td>3.28</td>
</tr>
<tr>
<td>Increase in customer Base</td>
<td>22.2%</td>
<td>27.8%</td>
<td>11.1%</td>
<td>33.3%</td>
<td>5.6%</td>
<td>2.94</td>
</tr>
<tr>
<td>The bank controls a large customer base</td>
<td>0</td>
<td>38.9%</td>
<td>16.7%</td>
<td>44.4%</td>
<td>0</td>
<td>3.28</td>
</tr>
<tr>
<td>The banks products are attractive to customers</td>
<td>0</td>
<td>27.8%</td>
<td>22.2%</td>
<td>33.3%</td>
<td>16.7%</td>
<td>3.39</td>
</tr>
</tbody>
</table>

4.3.2 The Relationship between Affordability of Loans and Strategic Planning.

The researcher sought to establish whether affordability of loans in the bank contributed to the bank achieving its strategic plan. The results of the research showed that there was a significant negative correlation of -4%. This therefore meant that affordability of loans did not contribute to the achieving of the strategic plan of the organization.
Table: 4.2: Correlation between Affordability and Increase in Customer Base

<table>
<thead>
<tr>
<th></th>
<th>Affordability</th>
<th>Strategic Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordability</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.873</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>30</td>
</tr>
<tr>
<td>Strategic Plan</td>
<td>Pearson Correlation</td>
<td>-.040</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.873</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>30</td>
</tr>
</tbody>
</table>

4.3.3 Relationship between Strategic Planning and Advertisement

The study sought to establish the relationship between strategic plan and advertisement made by the organization. The results showed that there was a positive correlation of 10.7% which therefore meant that advertisement contributed to 10.7% of the ability of the bank to achieve its strategic plan.

Table: 4.3: Relationship between Strategic Planning and Advertisement

<table>
<thead>
<tr>
<th></th>
<th>Strategic Plan</th>
<th>Advertisement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic plan</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.671</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>30</td>
</tr>
<tr>
<td>Advertisement</td>
<td>Pearson Correlation</td>
<td>.107</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.671</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>30</td>
</tr>
</tbody>
</table>

4.3.4 The Relationship between Strategic Plan and Customer Control

The researcher also sought to establish the relationship between strategic planning process and the ability of the bank to control a large customer base. The study showed that there was a significant positive correlation of 34.3% between strategic planning and customer control.
4.3.5 The Relationship between Strategic Planning and Attractiveness of Products

The study also sought to establish the relationship between the attractiveness of the products offered by Cooperative bank to the customers. The results showed that there was a 38.9% positive significant correlation which meant that 38.9% of the organizations products contributed to the achieving of the organization’s strategic plan.

Table 4.5: The Relationship between Strategic Planning and Attractiveness Of Products

<table>
<thead>
<tr>
<th></th>
<th>Strategic Plan</th>
<th>Attractiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic plan</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.389</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>30</td>
</tr>
<tr>
<td>Attractiveness</td>
<td>Pearson Correlation</td>
<td>.389</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.111</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>30</td>
</tr>
</tbody>
</table>

4.3.6 How to Increase Market Share

The respondents were given a chance to give suggestions on ways through which Cooperative Bank would increase its market share, 22% of the respondents suggested that Cooperative Bank did not need to make any changes in order to increase their market
share since the market it controlled was sufficient. A majority 28% of the respondents thought that by increasing the amount of money that went to advertising and hence more advertisements the bank would be able to increase its market share compared to its competitors. Eleven percent (11%) of the respondents gave the suggestion that the cost of borrowing by the customers should be lowered and by doing so the loans would become more affordable, another 11% suggested that Cooperative bank would be more profitable if it increased on the number of branches across the country. those respondents who suggested that Cooperative Bank should create new products formed 11% of the respondents while those who though that Cooperative Bank was failing in its creativity formed 5% of the respondents. There are those respondents who felt that the Bank was over supervising its employees and therefore need less supervision to enable the employees to be more creative and finally, a group of the respondents suggested that the bank should come up with unique products in order to increase the market share.

![How to Increase Market Share](image)

**Figure 4.6: How to Increase Market Share**

**4.4 Strategic Planning Through Product Development**

In this section the researcher sought to establish the relationship between strategic planning and product development. The respondents were required to give their views
concerning the introduction of new products in the market, improvement of the older products, mode of supplying their services, competence of their employees and finally education policy of the employees. In the study increase in customer base was used to show the key strategic plan of the bank.

### 4.4.1 Summary of Responses

Majority 77.7% of the respondents agreed to the statement that Cooperative bank had introduced a new product in the market in the last one year, 16.7% of the respondents disagreed with that statement while 5.6% remained neutral.

The majority 77.8% of respondents also agreed with the statement that older products had been modified to suit the changing markets while 11.1% of the respondents disagreed with that statement and 11.1% remained uncertain. On the statement that the bank had modified its mode of supplying services to make the more appealing, majority of the respondents agreed while 38.9% of the respondents disagreed and 16.7% of the respondents remained neutral.

When asked whether the bank hired competent staff, 77.8% of the respondents agreed while 16.7% of the respondents disagreed with that statement and 5.6% of the respondents remained neutral. Finally when asked whether cooperative bank contributed towards the education of its employees 55.6% of the respondents disagreed while 27.8% of the respondent agreed the remaining 16.7% remained neutral to that statement

<table>
<thead>
<tr>
<th>Table 4.6: Summary of Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>New Products Introduction</td>
</tr>
<tr>
<td>Improvement of Products</td>
</tr>
<tr>
<td>Mode of Supplying</td>
</tr>
<tr>
<td>Competence of Staff</td>
</tr>
<tr>
<td>Education of Employees</td>
</tr>
</tbody>
</table>
4.4.2 The Relationship between Strategic Planning and New Product Introduction

The study sought to establish the effect of introduction of new products on the strategic planning of Cooperative Bank. Table 4.7 (a) shows an R value of 0.161 showing that there is a relationship between the strategic planning and new products. The R squared value of 0.26 shows only 2.6% of the strategic planning in Cooperative bank is explained by introduction of new products in the market. The remaining 97.4% is explained by factors that have been put in place in the bank.

In table 4.7 (b) the model had a significance level of 0.000. This was indication that introduction of new products alone into the market could not get the bank to achieve effective strategic planning. As shown in figure 4.7 (c) strategic planning had a t value of 0.651 and a p value of 0.000. The significance of the predictor variable considers individual variables whose p=<0.05 and therefore those variables are considered.

Table.4.7: Relationship between Strategic Planning and New Product Introduction

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.161&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.026</td>
<td>.035</td>
<td>1.182</td>
</tr>
<tr>
<td>a. Predictors: (Constant), NEWPRODUCTS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

b) ANOVA<sup>b</sup>

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig. &lt;sup&gt;a&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>1</td>
<td>.593</td>
<td>.593</td>
<td>.424</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>29</td>
<td>1.397</td>
<td>22.352</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>30</td>
<td></td>
<td>22.944</td>
<td></td>
</tr>
<tr>
<td>a. Predictors: (Constant), NEWPRODUCTS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Dependent Variable: STRATEGIC PLANNING</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

c) Coefficients<sup>a</sup>

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>NEWPRODUCTS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.130</td>
<td>1.282</td>
<td>1.662</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>.222</td>
<td>.341</td>
<td>.651</td>
<td>.000</td>
</tr>
<tr>
<td>a. Dependent Variable: STRATEGIC PLANNING</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.4.3 The Relationship between Strategic Planning and Improved Products

The researcher in this section sought to establish the relationship between strategic planning and providing the same products to the market with modifications having been made on them. Table 4.8 (a) showed a relationship between strategic planning and improved products with an R value of 0.285. The researcher was also able to establish that there was an R squared value of 0.081 which meant that 8.1% of the strategic plans in the organization are controlled by improving older products and reselling them to the customers while 91.9% is explained by other factors in place in Cooperative bank.

Table 4.8 (b) shows that the model had a significance level of 0.000. This indicated that by improving the older products alone the bank could not be able to achieve a superior strategic plan compared to the competitors. The study also showed a t-value of 0.191 and a p value of 0.000.

Table 4.8: Relationship between Strategic Planning and Improved Products

<table>
<thead>
<tr>
<th>a) Model Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>a. Predictors: (Constant), IMPROVEMENT OF PRODUCTS</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>b) ANOVAb</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-----------</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>Residual</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>a. Predictors: (Constant), IMPROVEMENT OF PRODUCTS</td>
</tr>
<tr>
<td>b. Dependent Variable: STRATEGIC PLANNING</td>
</tr>
</tbody>
</table>
4.4.4 The Relationship between Strategic Planning and Better Mode of Supplying

Model summary in table 4.9 (a) shows that the mode of supplying service to the customers contributed 46.5% of strategic planning of the bank while the remaining 53.6%, was contributed by the other factors in place in Cooperative bank. Table 4.9 (b) showed an F value of 44.2% and a p value of 0.052 which showed that the model was significant. Finally, table 4.9 (c) showed a beta value of 0.465 and a t-value of 2.102 which was also significant

Table. 4.9: Relationship between Strategic Planning and Better Mode of Supplying

<table>
<thead>
<tr>
<th>a) Model Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>b) ANOVA&lt;sup&gt;b&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>c) Coefficients&lt;sup&gt;a&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

37
4.4.5 The Relationship between Strategic Planning and Competent Staff

In this section the researcher sought to establish whether competent employees had any relationship with strategic planning of Cooperative bank. Table 4.10 (a) showed employee competence contributed to 15.4% of the strategic planning of the organization, which therefore meant that 84.6% of the strategic planning in the organization was contributed by other factors that were in place in Cooperative bank other than employee competencies. Table 4.10 (b) showed an f value of 38.9% and a p value of 0.000 which showed that it was significant. Finally table 4.10 (c) showed beta value of 0.154 and a t value of 0.624 which had a p value of 0.000 which showed that it was significant considering the significance level of p=0.05.

Table. 4.10: Relationship between Strategic Planning and Competent Staff

<table>
<thead>
<tr>
<th>a) Model Summary</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>R</td>
</tr>
<tr>
<td>1</td>
<td>.154a</td>
</tr>
<tr>
<td>a. Predictors: (Constant), COMPETENT STAFF</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>b) ANOVAb</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>Sum of Squares</td>
</tr>
<tr>
<td>1</td>
<td>Regression</td>
</tr>
<tr>
<td>Residual</td>
<td>22.400</td>
</tr>
<tr>
<td>Total</td>
<td>22.944</td>
</tr>
<tr>
<td>a. Predictors: (Constant), COMPETENT STAFF</td>
<td></td>
</tr>
<tr>
<td>b. Dependent Variable: STRATEGIC PLANNING</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>c) Coefficientsa</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>Unstandardized Coefficients</td>
</tr>
<tr>
<td></td>
<td>B</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
</tr>
<tr>
<td>COMPETENT STAFF</td>
<td>.200</td>
</tr>
<tr>
<td>a. Dependent Variable: STRATEGIC PLANNING</td>
<td></td>
</tr>
</tbody>
</table>
4.4.6 The Relationship between Strategic Planning and Employee Education

Finally on strategic planning using employee education, the researcher sought to establish the relationship between strategic planning and employee education. The respondents were required to give their views on whether the Cooperative bank contributed to the education of the employees. Table 4.11 below shows that the R square of the study was 12.8% which therefore meant that 12.8% of the successful strategic planning in Cooperative Bank was contributed by contributing to employees education in the organization, while 79.8% of successful strategic planning was contributed by other factors in place in the organization.

The F value of the study as shown in table 4.11(b) was 23.56 while the p value of the study was 0.000 which showed that the study was significant. Finally in table 4.11 (c), the beta 0.358 with the t-value 1.535 which was significant. This therefore meant that employee education in Cooperative Bank contributed significantly to successful strategic planning of the organization.

Table 4.11: Relationship between Strategic Planning and Employee Education

a) Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.358a</td>
<td>.128</td>
<td>.074</td>
<td>1.118</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), EDUCATION OF EMPLOYEES

b) ANOVAa

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>2.944</td>
<td>1</td>
<td>2.944</td>
<td>23.56</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>20.000</td>
<td>29</td>
<td>1.250</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>22.944</td>
<td>30</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), EDUCATION OF EMPLOYEES
   b. Dependent Variable: STRATEGIC PLANNING

c) Coefficientsa

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>2.000</td>
<td>.669</td>
<td>2.98</td>
</tr>
<tr>
<td></td>
<td>EDUCATION OF EMPLOYEES</td>
<td>.333</td>
<td>.217</td>
<td>.358</td>
</tr>
</tbody>
</table>

a. Dependent Variable: STRATEGIC PLANNING
4.4.7 Ways to Introduce New Products in the Market

The respondents were given a chance to give their views on how Cooperative Bank would introduce new products into the market. Majority 28% of the respondents viewed advertising as the most effective through which the organization would introduce new products to the market, while 17% of the respondents suggested use of partnerships with other organizations. Marketing and use of social media was suggested by 11% each while 17% felt that the actions that were in place in the organization were sufficient. Another 17% of the respondents suggested use of social media to advertise while 5% suggested that the organization should introduce new products to new markets.

Figure 4.7: Ways to Introduce New Products in the Market

4.5 Ways through Which Co-Operative Bank Should Diversify Its Markets and Products

The researcher sought to establish ways through which Cooperative bank would diversify its markets. The respondents were asked to give their views based on, the other forms of business that Cooperative bank was engaged in, partnerships that Cooperative Bank may have gotten into with non-bank institutions, partnerships with other banking institutions, the changes in the business plan due to this partnership and finally use of other branches in different countries.
4.5.1 Summary of Responses

The researcher sought to establish whether the bank had engaged in other forms of businesses that were non-banking related; majority 55.6% of the respondents agreed to that statement, 27.8% of the respondents disagreed while 16.6% of the respondents remained uncertain on the statement. On the statement that Cooperative Bank had gotten into partnership with non-banking organizations 55.6% of the respondents disagreed while 33.3% of the respondents agreed. The remaining 16.6% remained neutral to that statement.

The researcher also wanted to establish the relationship between cooperative bank and other banking institutions. Majority 50% of the respondents agreed to the statement that Cooperative bank had a partnership with other banking institutions while 38.9% of the respondents disagreed to the statement. The other 11.1% respondents remained neutral. Majority 38.9% of the respondents agreed to the statement that the business plan of Cooperative Bank had changed due to the partnership with other banking institutions while 33.3% of the respondents disagreed, 27.8% of the respondents remained neutral to that statement. Due to competition in the local market the respondent sought to establish whether the bank had opened other branches outside the country. Majority 55.6% of the respondents disagreed while 33.3% of the respondents agreed to that statement, 11.1% of the respondents remained neutral.

<table>
<thead>
<tr>
<th>Table 4.12: Summary of Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Use of Other Forms of Business</td>
</tr>
<tr>
<td>Partnership With Non-Bank</td>
</tr>
<tr>
<td>Organizations</td>
</tr>
<tr>
<td>Partnership with Other Banks</td>
</tr>
<tr>
<td>Business planning</td>
</tr>
<tr>
<td>Branches</td>
</tr>
</tbody>
</table>
4.5.2 Correlations between Strategic Planning and Use of other forms of Business

The researcher sought to establish the correlation between the engagements of Cooperative Bank into other forms of businesses and the impact that such engagements had on the strategic plan of the bank. The results showed that engaging in other forms of business and strategic planning had a positive correlation of 27.8%. This therefore meant that engaging in other forms of business contributed to 27.8% of success in strategic planning.

Table 4.13: Correlations between Strategic Planning and Use of other forms of Business

<table>
<thead>
<tr>
<th></th>
<th>STRATEGIC PLANNING</th>
<th>OTHER FORMS OF BUSINESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>STRATEGIC PLANNING</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.263</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>30</td>
</tr>
<tr>
<td>OTHER FORMS OF BUSINESSES</td>
<td>Pearson Correlation</td>
<td>.278</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.263</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>30</td>
</tr>
</tbody>
</table>

4.5.3 Correlation between Strategic Planning and Partnerships with Non-Bank Institutions

The correlation between partnership with non-bank organizations and strategic planning in Cooperative Bank had a positive significant correlation of 54.1%. This relationship was above half which therefore meant that more than half of the successful strategic plans in Cooperative Bank were contributed by the partnership of the bank with non-bank organizations while the remaining 45.9% are contributed by other factors in place in Cooperative bank.
Table 4.14: Correlation between Strategic Planning and Partnerships with Non-Bank Institutions

<table>
<thead>
<tr>
<th></th>
<th>STRATEGIC PLANNING</th>
<th>PARTNERSHIPS WITH NON BANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>STRATEGIC PLANNING</td>
<td>Pearson Correlation</td>
<td>.541*</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.020</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>30</td>
</tr>
<tr>
<td>PARTNERSHIPS WITH NON BANK</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.251</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>30</td>
</tr>
</tbody>
</table>

*. Correlation is significant at the 0.05 level (2-tailed).

4.5.4 The Correlation between Strategic Planning and partnerships With Other Banks

The study sought to establish the relationship between successful strategic planning and partnership between cooperative bank and other banks that compete with it. The researcher found that there was a positive significant correlation of 0.251 which meant that which therefore meant that 25.1% of the successful strategic plans in the bank was contributed by the partnership that Cooperative had with other banks. Therefore 75% of the strategic plans were contributed by other factors in place in Cooperative Bank.

Table 4.15: The Correlation between Strategic Planning and partnerships With Other Banks

<table>
<thead>
<tr>
<th></th>
<th>STRATEGIC PLANNING</th>
<th>PARTNERSHIP WITH OTHER BANKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>STRATEGIC PLANNING</td>
<td>Pearson Correlation</td>
<td>.251</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.316</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>30</td>
</tr>
<tr>
<td>PARTNERSHIP WITH OTHER BANKS</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.251</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>30</td>
</tr>
</tbody>
</table>

4.5.5 Correlation between Strategic Planning and Business Planning

The researcher sought to establish whether by interacting with other banks Cooperative Bank had learnt different business planning methods that would improve strategic
planning in the bank. The correlation between business planning and strategic planning was positive and significant at 0.177. This therefore meant that by interacting with other banks Cooperative Bank was just able to improve its strategic management by 17.7%.

Table. 4.16: Correlation between Strategic Planning and Business Planning

<table>
<thead>
<tr>
<th></th>
<th>STRATEGIC PLANNING</th>
<th>BUSINESS PLANNING</th>
</tr>
</thead>
<tbody>
<tr>
<td>STRATEGIC PLANNING</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>30</td>
</tr>
<tr>
<td>BUSINESS PLANNING</td>
<td>Pearson Correlation</td>
<td>.177</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.482</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>30</td>
</tr>
</tbody>
</table>

4.5.6 Correlation between Strategic Planning and Opening of Branches in Different Countries

Finally, the researcher sought to establish the impact of opening branches in different countries on successful strategic planning. Opening of branches and strategic planning had a positive significant correlation of 40.7% which therefore meant that 59.3% of the strategic planning in Cooperative bank was only affected by other factors in the organization.

Table 4.17: Correlation between Strategic Planning and Opening of Branches in Different Countries

<table>
<thead>
<tr>
<th></th>
<th>STRATEGIC PLANNING</th>
<th>BRANCHES</th>
</tr>
</thead>
<tbody>
<tr>
<td>STRATEGIC PLANNING</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.407</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>30</td>
</tr>
<tr>
<td>BRANCHES</td>
<td>Pearson Correlation</td>
<td>.407</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.093</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>30</td>
</tr>
</tbody>
</table>
4.6 Chapter Summary

The finds of the study were presented in this chapter. Descriptive statistics were used to provide further insight. Using the questionnaire that had both closed ended and open ended questions data was collected from 18 respondents and using SPSS it was analyzed using the research questions. Tables and figures were widely used in the chapter to present the data. The next chapter will critically discuss the analysis of the result as presented in this chapter with the view of coming up with recommendations and conclusions.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

Chapter five was made up of four sections. The first section was the summary of the findings, followed by the discussion, then conclusion and finally recommendations for further study. The summary of the study provided a summary of the elements of the study in chapter four. The discussion gave the implications of the results in chapter four, a conclusion was the drawn based on the based on the research questions and the finds that the researcher had optioned in chapter four. The final part of the chapter highlighted the limitations, their implications and the researcher also gave their recommendations that could be used for further studies.

5.2 Summary of Findings

The general objective of this study was to explore ways through which Co-operative bank would be more strategic in planning due to increased competition in the banking industry. This study was guided by three objectives which were; to identify ways through which Co-operative bank strategically plan market penetration, to establish ways through which Co-operative Bank would develop new markets and finally to find ways through which Co-operative Bank would diversify in markets and products.

To achieve this objectives the study was carried out in Co-operative Bank head office situated in CBD in Nairobi. The researcher used descriptive study, and applied stratified random sampling to get the sample that was used for the study. The researcher used a sample of 18 permanent employees that was gathered from 60 permanent Co-operative Bank employees in the head office. Data was collected over a period of one week using questionnaires. The questionnaires had both closed ended questions and open ended questions. A pre-test carried out prior to the administering of the final questionnaires enabled the researcher to be able to detect the weaknesses of the questionnaire and therefore they were collected before the final data collection process. The questionnaires were distributed by a qualified research assistant who waited for the respondent to fill and then picked the questionnaire immediately.
The study reviled that majority of the employees were male and also that majority of the employees were of the age below 30 years. It was also established that education levels in Co-operative bank was a priority in education since majority of the employees were degree holders. It was also evident from the study that majority of the employees did not have a lot of experience working with Co-operative Bank. Majority of the employees in Co-operative Bank were the support staff followed by the Bank tellers.

On market penetration it was evident that loans from Co-operative bank were not affordable. This is because strategic plan and loan affordability correlated negatively. It was also established that advertising contributed significantly to the bank achieving its strategic plan. This was due to the positive significant correlation between advertising and strategic planning. The bank was also able to control a significant percentage of customers. This was evidenced by the positive significant correlation between the customers controlled by the bank’s strategic plan. A positive significant correlation between strategic planning and product attractiveness implied that Co-operative Bank products are attractive to the customers.

The study also revealed that new products alone did not play a significant role in strategic planning in Co-operative bank. This was due to the small R value that products and Strategic management resulted into. It was also revealed that making improvements to the older products and reselling them to the market would not contribute significantly to improving strategic management in Co-operative bank. The researcher was also able to establish that the mode of supplying of the services in Co-operative Bank contributed significantly to successful strategic planning. The study also shown that contributing to the education of the employees contributed significantly to the successful strategic planning.

Finally the study revealed that by engaging in other forms of business that were not related to strategic management of the bank significantly contribute to successful strategic management. Partnering with other organization whose main mode business was not related to the baking contributed significantly to strategic planning success. It was also established that though partnering with other banks contributed significantly to success of strategic planning it was not as significant as when partnering with non-bank organizations. By interacting with other banks Co-operative bank had learnt new business
planning methods this was due to the significant positive correlation between strategic management and business plans learnt from other banks. By opening branches in other countries other than the country of origin showed that Co-operative bank would be able to have a successful strategic plan.

5.3 Discussion

This section presents the discussion of the key findings of the study on the already reported research questions.

5.3.1 Ways through Which Co-Operative Bank StrategicallyPlans Market Penetration

The findings of the study revealed that Co-operative bank loans were not affordable to the customers. This was due to the negative significant correlation of -4% which showed that the customers were unable to pay for the cost of the loans or had a more affordable service provider. These findings were in line with Golder & Tellis (2004) argument where they stated that very high prices on products would cause the product not to take off in the market. Introduction of new products in the market would not be an easy venture for an organization and therefore Co-operative bank could use skimming to introduce new products in the market. Through skimming Co-operative bank would introduce the product first in the market with a relatively high price and then lower the price as the product becomes part of the market (Kotler & Armstrong, 2012). However by constantly changing high prices the customers are an able to purchase their products and therefore moving to more affordable service providers while changing very low prices would mean substandard products to the customers (Kottler & Keller, 2009). By having prices varying constantly Co-operative bank would risk its ability to control the market and this would reduce the demand of the products in the market (Borenstein & Stephen, 2005)

The study also showed that advertising in Co-operative bank contributed to only 10.7% of the banks successful strategic planning. Therefore 89.3% of successful strategies in Co-operative Bank were contributed by other factors in place in the bank. These meant that the bank had not invested enough in advertising of their products and therefore little knowledge in of their products in the market. The researcher’s discovery was in
agreement with an argument brought forth by Sigue (2008) who stated that through promotional activities the customers became more sensitive to the products in the organization. Hence through advertising more customers get attracted to the organization's products and therefore increasing the consumption of the products in the organization. From the outcome of the study it was also clear that the bank did not have a wide spread use of direct marketing and therefore there was more use of intermediaries to reach to the customers hence failing to have a personal touch with the customers. Direct marketing according to Jobber (2007) was effective since it enabled the organization to reach out to the customers and maintain the customers without intermediaries and hence getting first hand information and complains from the customers due to direct interaction (Balch et al., 2009).

From the study it was also established that Co-operative bank was only able to control 34.3% of the customer base, therefore meaning that 65.7% of the remaining customers were controlled by other banks. This may have been contributed by the low percentage in promotional activities. To achieve a competitive advantage over its competitors Co-operative bank therefore needed to improve on the market share that it controls in the banking industry (Tarabieh & Al-alak, 2011). Sorensen (2009) argued that for any business to have a competitive advantage it must have a noticeable dimension towards the customers and the competitors. Therefore Co-operative bank should be aware of its market orientation in order to make a guided performance. This therefore meant that a more market oriented strategy would be more effective for Co-operative bank (Li & Zhou, 2010).

Strategic planning and product attractiveness in the market had a positive significant correlation of 38.9% which meant that 61.1% of strategic plans in Co-operative bank were contributed by other factors in place in the bank and not by the attractiveness of their products in the market. For Co-operative bank to be more competitive as compared to the competitors Co-operative bank should incorporate strategic plans that attract customers to the organization (Li & Zhou, 2010). This could however be done through a change in product mix that has been used in the organization. This would be in agreement with an argument that was brought forward by Akdag et al., (2011) that stated that in
order to be different from the competitors the organization must provide a different mix of products for the customers to choose from.

5.3.1 Strategic Planning Through Product Development

Further, the study revealed that by introducing new products into the market Co-operative was working positively towards achieving their strategic plan. This was because product development relied more on information about the market and the knowledge to build a new product (Hong, Doll, Nahm, & Li, 2004). According to Hong et al. (2004) the ability of an organization to develop products that are of high quality for the market makes the organization superior and hence gaining strategic positioning. The study showed that 16.1% of successful strategic plans in Co-operative bank were contributed by introduction of new products in the market.

The researcher was also able to establish that by reselling improved older products back to the market did not contribute significantly to strategic management. This because strategic planning and reselling of improved products in the market had an R squared value of 8.1% which meant that the 91.9% of the success of strategic planning in Co-operative bank was contributed by other factors that were in place in the bank. This could therefore mean that there is not efficient product strategy in the bank, Product strategy is important to the organization since it links the organizations other strategies to developing a product and therefore competitively positioning the organization in the market (Rajala et al., 2003).

The supply chain in Co-operative bank was viewed in the study has having contributed very significantly to the achieving of successful strategic plan. Use of supply chain in Co-operative Bank contributed 46.5%. According to Langenberg (2012) supply chain portfolio and product Portfolio when aligned enabled the organization to gain a superior strategic position. It was therefore important for Co-operative bank to link its supply chain and its products to gain a competitive edge (Stavrulaki & Davis, 2010). By linking the supply chain to product development, Co-operative Bank will be able to achieve new customers through customer satisfaction (Kathawala & Khaled, 2003).
The study also revealed that Co-operative bank hired competent staff. This is because employee competence contributed to 15.4% of the success of the organizations strategic plan. This is in agreement with Drzymalski (2012) who argues that the supply chain of services is more expensive than the supply chain of goods since the supply chain of services is dependent on the competencies of the service providers. Therefore outsourcing of labour maybe more affordable for the organization however by producing their own competent employees through own train has a strategic advantage on the organization (Wolf, 2004).

Besides hiring competent employees it was established that Co-operative bank did not contribute significantly toward the education of this employees and therefore this lead to a challenge in the strategic plan of the organization. According to the R squared value of the contribution that Co-operative bank made on toward the employees education was 12.8%. This showed that the employees contributed towards their education by 87.2% which according to the study was the same as outsourcing of training. According to (Gorg, Geishecker, & Krieger-Boden, 2000) services providers should avoid outsourcing professionals since by using their own educated individuals they are able to educate their workers. By training own employees the bank would in turn be building the foundation for services supply chain (Ping & Jia, 2010).

5.3.3 Ways through Which Co-Operative Bank Should Diversify Its Markets and Products

Finally, the research revealed that engaging in other forms of business contributed to 27.8% towards the success of a business of the strategic plan of Co-operative bank. This meant that Co-operative bank has participated in diversification of its business portfolio. According to Marangu et al., (2014) diversification enables the organization to strategically position itself and hence gaining strategic advantage. Diversification therefore allows the organization to gain skills from transfer and low cost of doing work and also the new business will benefit from established brand name (Thompson et al., 2005). According to Maksimovic & Philips (2002) when an organization was not productive in its area of core business it should diversify. This enabled the firm to diversify its areas of weakness Campa & Kedia, (2002) and in turn the organization
would gain synergy from the different parts or departments working toward gaining effectiveness and not necessarily diversification Barney (2007).

Partnership with non-bank institutions contributed to 54.1% of success in Co-operative Bank. This therefore meant that more than half of the successful strategic plans that the bank had were contributed by the partnerships that it had with non-bank institutions. This is in line with an argument forward by Fiet et al., (2013) who stated in conglomerates were formed with to reduce costs of value chain. It was therefore concluded that conglomerates were formed not for financial reasons only but for strategic positioning (Powell & Sommer, 2007). Through being to form partnerships with non-banking institutions the bank is able to change lower interest rates in the bank loans (Drucker & Puri, 2005).

Partnerships with banks in the industry contributed 25.1% towards Co-operative Bank’s strategic plan. When in a partnership with similar organization or organizations that produce similar goods when they get into a partnership they tend to produce more and therefore in the firm is able to enjoy economies of scale which in turn leads to reduced market prices (Sudarsanam, 2010). In the banking industry this forms of partnerships enable the bank to gather information from different customers and therefore giving the bank a competitive edge (Stein, 2002).

Through partnerships that Co-operative bank had formed with other organization the bank had been able to learn new business planning methods that had improved on the strategic planning of the bank. This was evident due to the positive significant correlation of 17.7%. This was in line with Sudarsanam (2010) states that the learning process is as a result of experience in the production of goods and services and therefore reducing in the cost of production through less wastage and proper utilization of raw material. The time taken by the organization to produce a certain service will be significantly reduced and therefore more predictability on the time to be taken for each service provision and therefore more customers (Lindsey & Neeley, 2010). This was also found to be motivating to the workers as mastered the output process the more they desire to learn more efficiency skills in the production process (Besanko et al., 2007).
Finally, the researcher was able to establish that for the bank to have a successful strategic plan it need to increase its scope of operation by opening more branches in different countries where it would face limited competition. This was evident through the positive significant correlation between opening of branches in different countries and strategic planning of 40.7%. This form of diversification is geographical diversification. According to Ravichandran et al., (2009) geographical diversification is possible when an organization achieves economies of scale and hence the ability to produce more for a geographically enlarged market. The advantage of geographical diversification is there is a reduced risk across the different markets that the organization controls (Kim & Mathur, 2008).

5.4 Conclusions

5.4.1 Ways through Which Co-Operative Bank Strategically Plans Market Penetration

From the study the researcher was able to infer that a reduction in the cost of borrowing for the customers would contribute to easy take off on new products in the market. This was because high prices made it hard for products to take off in the market (Golder & Tellis, 2004). At the same time the researcher was able to conclude from the percentage of customers controlled by Co-operative bank that incase the cost of borrowing in Co-operative bank was lower than similar products in her competitors then the customers would consider her products to be inferior and therefore avoid them. This was in line with the argument by Marn et al., (2003) that if the price is too low the company will give up the potential revenues and at the same time gives a perception that the product is of low quality and therefore making it difficult to improve the price of the products in the future. It was also concluded that the success of the strategic plan was dependent on the promotion activities that the bank engaged in.

5.4.2 Strategic Planning through Product Development

Introduction of old modified products back to the market would have a negative impact on the Co-operative Bank’s strategic plan. For Co-operative bank to be more strategically positioned in the environment the management needed a product strategy to link the
company’s overall strategy to the developing of new products Rajala et al., (2003), through that the organization is able to be positioned strategically in the environment. The researcher was also able to conclude that Co-operative bank was not actively involved with the employee development in terms of education and this lead to the challenge of carrying out a successful strategic plan. This was because by not educating their own workers it considered according to the study to be out sourcing of professionals (Gorg et al., 2000).

5.4.3 Ways through Which Co-Operative Bank Should Diversify Its Markets and Products

Finally, the researcher was able to conclude that by engaging in other forms of businesses that were not the core business of the bank, Co-operative bank was able to diversify the business and hence able to achieve more in the strategic plans of the business. This was in line with Marangu et al., (2014) who argued that diversification enabled the organization to gain strategic position in the market. However, the researcher also inferred that even by interacting with other organizations the bank did not learn different methods of strategic planning or it was rigid to its traditions and therefore made no changes in the organization structure.

5.5 Recommendations

5.5.1 Recommendations for Improvement

5.5.1.1 Ways through Which Co-Operative Bank Strategically Plans Market Penetration

The study recommended that Co-operative bank should set reasonable prices that would be affordable and at the same time did not appear low to the buyers. At the same time the researcher recommended that the bank would avoid fluctuating prices since this would in turn reduce the demand of her products in the market (Borenstein & Stephen, 2005). It was also recommended that the bank should consider increasing on their promotional activities and by so doing they would make the customers more sensitive to their products (Sigue, 2008).
5.5.1.2 Strategic Planning Through Product Development

From the conclusions, the study also recommended that the bank should always avoid modifying and introducing the same products back to the market, which therefore meant that the bank would product development strategies to introduce new products to the market. The researcher in this case recommended that the Co-operative bank should rely more on the market information to be able to build new products (Hong et al., 2004). The researcher also recommended that Co-operative bank would concentrate more on employee development and avoid out sourcing of professionals.

5.5.1.3 Ways through Which Co-Operative Bank Should Diversify Its Markets and Products

It was finally, recommended that Co-operative bank would continue diversifying in forms of business that were not related to the core business of the bank as this contributed significantly to the success of its strategic plan. However, it was also recommended that it would change on the rigid organizational traditions it held on and in corporate new ideas in its strategic plan.

5.5.2 Recommendations for Further Studies

Even after a careful and successful examination of the conceptual frame work of this study, there was also a rich prospect for future research. This research concentrated on one firm in the banking industry, and therefore it would be useful to carry out a similar study across the banking industry. The study was also concentrated more on strategic planning, and therefore a research carried out on to what extent would an organization keep changing its strategies would be of help in the field of strategy.
REFERENCES


APPENDIX I: QUESTIONNAIRE

Please indicate your gender  Male  {  }  Female  {  }

Age category in years

20 – 30 years  {  }

31 – 40 years  {  }

41 – 50 years  {  }

Above 51 years  {  }

Kindly state the highest level of education attained

Secondary  {  }  Certificate  {  }

Diploma  {  }  Degree  {  }  Post Degree  {  }

Please indicate the number of years you have worked with Co-operative Bank

Between 1-5  {  }

6 – 10  {  }

Above 10  {  }

Kindly indicate the level you hold in the Co-operative bank

Managerial  {  }

Bank Teller  {  }

Support Staff  {  }
To identify ways through which co-operative bank strategically plans market penetration.

<table>
<thead>
<tr>
<th>Code</th>
<th>Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>MP1</td>
<td>Co-operative Bank loans are more affordable than those of the competitors</td>
</tr>
<tr>
<td>MP2</td>
<td>Co-operative Bank has invested a lot money and time in advertising its products compared to the competitors</td>
</tr>
<tr>
<td>MP3</td>
<td>The customer base increases every time the bank advertises</td>
</tr>
<tr>
<td>MP4</td>
<td>Co-operative Bank controls a large number of customers and in terms of loans taken and annual new accounts as compared to the other banks</td>
</tr>
<tr>
<td>MP5</td>
<td>Products offered by Cooperative Bank are more attractive than those of the competitors</td>
</tr>
</tbody>
</table>

Kindly state ways in which Co-operative Bank can increase Market penetration...
Ways through Which Cooperative Bank Co-Operative Bank Plans New Products Development

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>NPD1</td>
<td>Co-operative bank has introduced a new product in the market in the last one year</td>
</tr>
<tr>
<td>NPD2</td>
<td>There has been an improvement in the older products to make them more attractive</td>
</tr>
<tr>
<td>NPD3</td>
<td>Co-operative Bank has a way of Supplying services that makes have an impact in the market</td>
</tr>
<tr>
<td>NPD4</td>
<td>Co-operative Bank hires competent staff for the supply of its products</td>
</tr>
<tr>
<td>NPD5</td>
<td>Co-operative Bank educates its employees in regard to</td>
</tr>
</tbody>
</table>

Kindly state ways through in which Co-operative Bank can introduce new products to the market………………………………………………………………………………………
………………………………………………………………………………………………
………………………………………………………………………………………………
………………………………………………………………………………………………
Ways through Which Co-Operative Bank Should Diversify Its Markets and Products.

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>DMP1</td>
<td>Co-operative Bank has been involved in other forms of business that are not related to the banking industry</td>
</tr>
<tr>
<td>DMP2</td>
<td>Co-operative bank is into a partnership with other organizations that offer services not rated to the banking industry</td>
</tr>
<tr>
<td>DMP3</td>
<td>In the last five years Co-operative Bank has come into a partnership with other banks to offer the same services</td>
</tr>
<tr>
<td>DMP4</td>
<td>Co-operative Bank has learnt better ways of business planning through partnering with other banks</td>
</tr>
<tr>
<td>DMP5</td>
<td>Co-operative Bank has opened other branches in different countries in the last five years</td>
</tr>
</tbody>
</table>

Ways through which co-operative bank diversifies its markets and products

Thank you