

Factors Affecting Strategic Planning Practices at Cogeбанque Rwanda

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Abstract: *The study scrutinized the factors affecting strategic planning practices at COGEBANQUE one of the leading commercial bank in Rwanda. Efficiency and effectiveness as strategic planning is essential in organization's performance. Primary and secondary data have been used for the study. The study used questionnaire to elicit information from employees of Cogeбанque limited. Data collected have been analyzed by using descriptive and inferential statistics. The hypotheses have tested using the Pearson's Product Moment Correlation Coefficient to establish the significance of relationship between the various variables used in measuring subject matter. The results of the hypotheses discovered that there is a noteworthy positive correlation between strategic planning and organizational performance. Mission of the organization, training of human resources, right leadership and technology were found are prodigious strategies to good performance of an organization. Researcher recommends that all factors of various dimensions should be put into the right perspective, so as to help the general workforce of the organization to understand the main objectives and the strategic plans in place to achieve them. This will educate the employees of the organization to gear towards delivering services to enhance the general strategy of the organization and then raise its performance. It is also recommended that lines of communication between managerial and non-managerial staff should be enhanced in order to embolden and support the flow of information and feedback mechanisms among company staff.*

Keywords: Strategic Planning, Strategies, Performance, Organizational Performance

1. Introduction

Over the past two decades, the strategic plan has become a common management tool in both developed and developing countries. Much have been written and published in the field of strategy and consequently on strategic planning. Much influential literature stems from this time, shaping the way managers thought about strategic plans. Over the past two-decade research has increasingly identified the pitfalls of planning (Mintzberg, 1994a as cited by Marie Nauheimer, 2007). Strategy purpose is to determine the basic objectives of an organization and allocating resources to their success. Strategy specifies the necessary direction that an organization needs to move to meet its mission. A strategic plan acts is a road map and long-term approach to achieve the organization goal and objectives. It helps organization to decide whether to expand operations or diversify and whether to enter international market or merge and form a joint venture and how a hostile takeover.

Now day's organizations from both the public and private sectors have taken the practice of strategic planning critically as a tool that can be employed to fast track their performances. Strategic planning is arguably important ingredient in the conduct of strategic management. In this regard, (Steiner 1979 as cited by Robert, 2012) noted that the framework for formulating and implementing strategies is the formal strategic planning system.

Strategic planning is a forward-looking exercise and all managers should be involved with it. If strategic plan is available and well implemented, an organization will have little or no challenge in managing external changes. For businesses to survive, it should be able to operate successfully with environmental forces that are unstable and uncontrollable and which can greatly affect decision

making process. Organizations adapt to these environmental forces as they plan and carry out strategic activities. It is through strategic planning that an organization can predict changes in the environment and act pro-actively. (Adeleke, Ogundele and Oyenuga, 2008; Bryson, 1988 in Uvah, 2005).

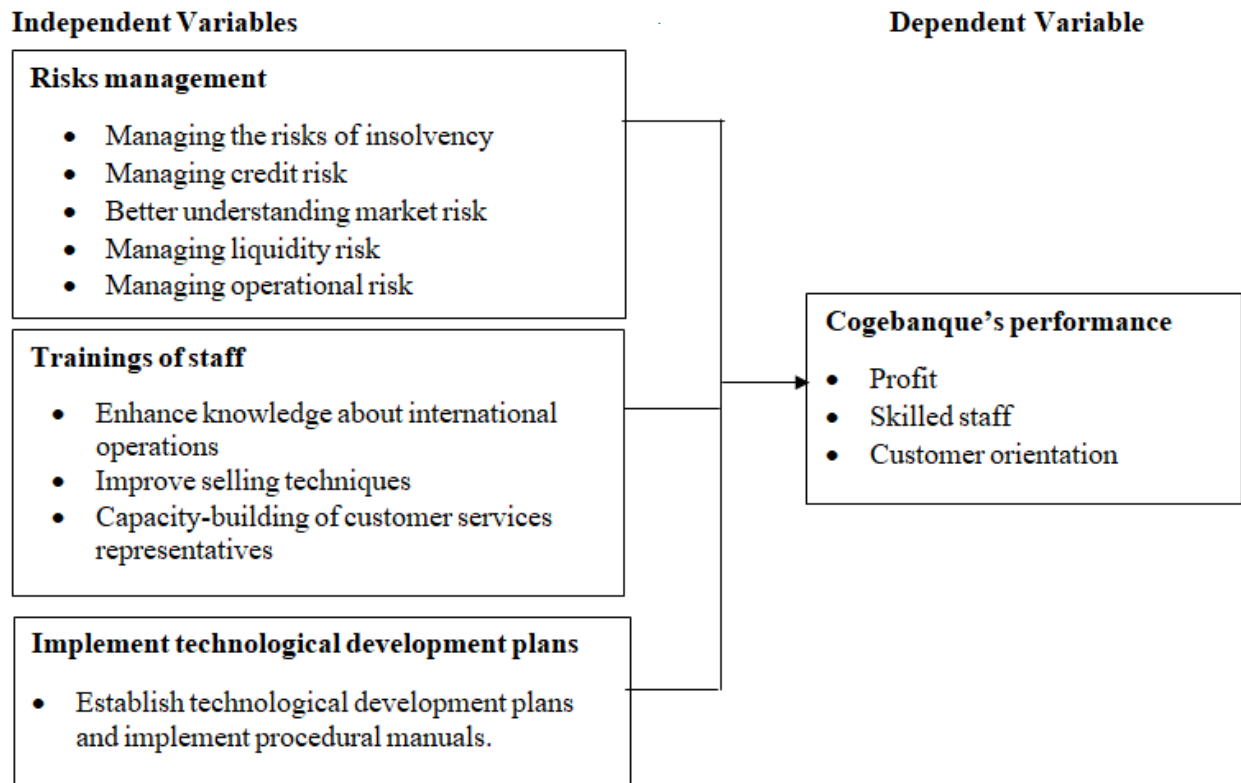
In addition, strategic planning and its link to organizational performance have led to inconclusive findings and have made a synthesized stream of research difficult to achieve. Porter (1985) also distinguished that despite the criticism leveled against strategic planning during the 1970s and 80s, it was still useful and it only needed to be improved and re-casted. Over time the concept and practice of strategic planning has been embraced wide-reaching and across sectors because of its perceived contribution to organizational performance. Moreover, Greenley (1986) noted that strategic planning has potential advantages and intrinsic values that eventually translate into improved organizational performance. It is, therefore, a vehicle that facilitates improved organizational performance. The grand promise of strategic planning has been to increase the efficiency and effectiveness of organizations by improving both current and future operations. Strategic planning provides a framework for management's vision of the future. The strategic planning process is used by management to establish objectives, set goals, and schedule activities for achieving those goals and includes a method for measuring progress. The process determines how the organization will change to take advantage of new opportunities that help meet the needs of customers and clients.

The idea of strategic planning has historical roots in the military concept of strategy. The literature of formal strategic planning for organizations emerged in the 1960s. However, most theory and practices have been

focused on the private sector, specifically in businesses and for the purpose of improving competitive position in the market. Strategic planning for public organizations is a more recent innovation first introduced in the 1980s. It has steadily grown as an academic endeavor and tool for public managers but is not nearly as robust as its private sector predecessor. However, it has been observed that most organizations are more concerned with the formulation of strategic plan and not how to implement

them (Douglas (2003). He therefore concluded that “plan without effective and measurable implementation is no plan at all.” No matter how super a plan is, it has to be well implemented to achieve the desired result (Phillips and Petterson, 1999). St-Hilaire (2011) believes that the usage of strategic plan is very important to organization’s ability to achieve and maintain competitive advantage over other organizations.

2. Conceptual Framework



3. Research Methods and Procedures

This research is quantitative in nature and uses a non-experimental design including case study, hypotheses and longitudinal research designs to reach objectives of the whole undertaking. The target population under this study consists of employees of Cogebanque Rwanda. As gender parity assumedly has the same implication in all parts of the world, the study seeks to make deductions tube applicable to the whole population so defined. The research has been conducted within the Republic of Rwanda with 200 people as sample size and both primary and secondary data had collected. On primary data, sample size had been selected by using multistage sampling technique. The female- male clusters were then be sampled equally. Convenience sampling followed cluster sampling to reach available respondents under the study. To get useful data, primary data had collected by means of interviewing respondents with a pro-tested survey questionnaire loaded into ODK collect form designed to hold responses from respondents. And secondary collected through documentations. Analysis was afforded by SPSS and exploratory, descriptive analyses were conducted as well as correlational analysis.

4. Empirical Results and Discussion

The information that respondents provided is important for understanding the behavior and knowledge of the population of interest with respect to strategic planning practices at Cogebanque. The individual questionnaire gathered information concerning respondents’ gender, age group, level of education and its occupation. These characteristics are used to interpret findings elsewhere in the research paper.

Table 1 below shows the identification of respondents according to the gender whereby 50% males and 50% females has been asked. This clearly shows that there is equality of males and females in this study. Given the implication of age in analyzing demographic characteristics, outstanding attention was paid to making sure this statistic was accurately recorded in the research. Prior to recording any information, the interviewer asked respondents to tell truly accurate information about themselves and the respondents’ age bracket, the study found that majority of respondents were 59.5 percent aged between 31-40, 26.5 percent of all respondents aged between 41-45, slightly 7.5 percent of respondent reported

that they are aged between 26-30, somewhat 6.5 percent of respondent reported that they are aged between 18-25. This shows that majority of the respondents were aged above 30 years old, that is the working age in most of organization of Rwanda especially for staff qualified and competent by academic environment.

bachelor's degree and 16 percent of respondent had masters' degree. Table 1 presents that there are three classes of respondents that are middle level management, operational level management and directors where the majority are from middle level management with 87.5 percent of respondents, 10.5 percent are from operational level management and after 2 percent are from directors.

Table 1 presents the highest level of education attained by respondent whereas 84 percent of respondent had

Table 1: Socio-demographic characteristics of respondents

		Count	Column N %
age of respondent	18-25	13	6.5%
	26-30	15	7.5%
	31-40	119	59.5%
	41-45	53	26.5%
Sex	Male	100	50.0%
	Female	100	50.0%
Working experience	2-5 Years	56	28.0%
	5-7 years	75	37.5%
	7-10 years	69	34.5%
Level of Education	Bachelor holder	168	84.0%
	Masters or PhD holder	32	16.0%
Position held	Middle level management	175	87.5%
	Operational level management	21	10.5%
	Directors	4	2.0%

Source: Primary data

The table 1 above shows that 37.5 percent of all respondents have between 5-7 years of working experience, 34.5 percent have between 7-10 years working

experience and after 28 percent have between 2-5 years of working experience at Cogeбанque limited.

Table 2: Efficiency of Strategic Planning at Cogeбанque

		Count	Column N %
The employees are aware about Strategic Planning before its implementation.	Yes	200	100.0%
	No	0	0.0%
How these employees be aware about Strategic planning.	Through specialized training	120	60.0%
	Through Management Development Program	60	30.0%
	Through short-term training conducted to implement Strategic Plan	20	10.0%
Who participated in the development of Strategic Plans?	A centralized planning department	81	40.5%
	Top management/administration	84	42.0%
	Different managerial levels participated	35	17.5%
For how long that your organization has been engaged in the implementation of Strategic Plan?	4-6 years	200	100.0%

Source: Primary data

The table 2 above shows that all employees are aware about strategic planning before its implementation as this research revealed that 100 percent of employee agreed. This presents that strategic planning at Cogeбанque work efficiently. And also, the table 2 shows that 60 percent of employees know about strategic planning through specialized trainings, 30 percent receive it through management development program and after 10 percent are aware of strategic planning through short-term training conducted to implement strategic plan. The table 2 shows the participants in development of Strategic Plans whereas 42 percent of all participates are from top management or administration, 40.5 percent of all participates are from centralized planning department and after 17.5 percent of all participates are from different managerial levels. The table 4.2 above shows that employees agreed that Cogeбанque has been engaged in the implementation of

Strategic Plan between 4-6 years. Risks management at Cogeбанque comprises controls credit risks, managing risks of loans and managing the risks of insolvency. The figure 1 below shows that 16 percent had strongly agreed with that the risks Management affects the performance of Cogeбанque whereas 81 percent had agreed and after 1.5 percent of respondent had been neutral and 1.5 percent of all respondents had disagreed with that statement. So as the majority 97 percent had agreed and strongly agreed with the statement, the researcher settled that risks Management affects the performance of Cogeбанque.

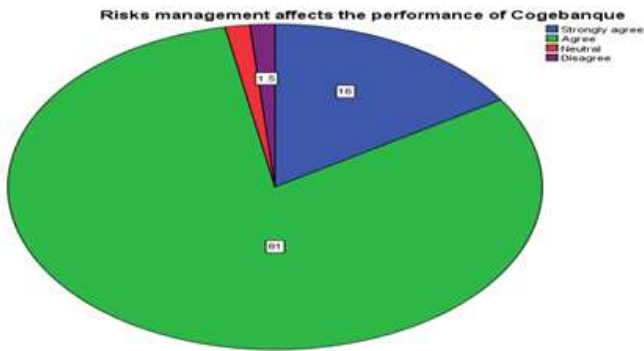


Figure 1: Risks Management affects the performance of CogeBanque

Source: primary data

The figure 2 below shows that the main factor that affects strategic planning of CogeBanque it is leadership where 105 of respondents agreed, 57 respondents under survey reported that the main factor that affect strategic planning of CogeBanque is its mission, 29 respondents agreed that the main factor that affects strategic planning of CogeBanque its trainings and after 9 respondents said that its people, as the figure 2 represent the findings, the main factor that affect strategic planning of CogeBanque is its leadership as majority reported.

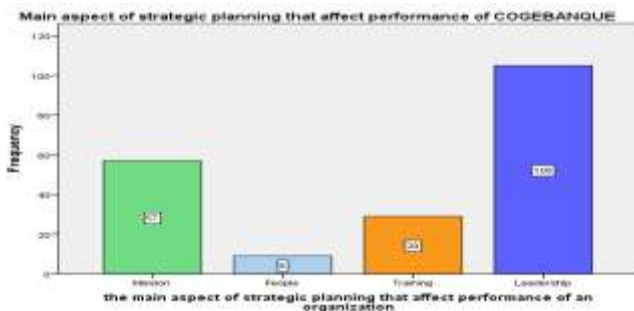


Figure 2: The main factor that affects strategic planning of CogeBanque.

Source: primary data

Table 2: Validity and Reliability of the Strategic Planning Factors

Factor	Cronbach's alpha	Correlation Coefficient
Mission	0.748	0.738
Training	0.743	0.663
People	0.854	0.730
Leadership	0.552	0.559
Performance		0.783

Source: Primary data

The reliability and correlation of the factors with the performance show a strong correlation of the various factors towards performance of CogeBanque. As indicated, the rating of performance with the various factors of strategic planning exhibits a strong Cronbach's alpha which shows that, the factors are valid for the assessment of effects of strategic planning on performance, evidently all values for both Cronbach's alpha and the correlation coefficient are more than 5.0 showing a more validity and reliability for assessment of strategic planning effect on performance. Clear mission, training, people and leadership as strategies were found

are strongly positively correlated to COGEBANQUE performance. The figure 3 below shows that the profit for the year at CogeBanque limited has been increased from 2, 236, 288Rwf in 2014 to 4, 203, 022Rwf in 2017, this increase resulted from strategic planning aspects such as leadership, trainings, mission, people and successful risks management.

Figure 3: Profit evolution from 2014 to 2017



Source: CogeBanque report 2014-2017

As revealed by correlational analysis, strategies imposed by COGEBANQUE are strongly and positively impact its performance and therefore its profit grows in two digits for last five years as shown in figure 3 and hence we conclude that strategic planning influence performance of an organization.

The table 4 shows that 69 percent of respondents strongly agreed that strategic planning affect in staffing employees at CogeBanque where they strongly agreed with that the required merits were employed. 28.5 percent had agreed and after 2.5 percent were neutral about the statement.

As result of strategic planning, CogeBanque is able to secure adequate number of employees to all posts, whereas 8 percent had strongly agreed, 89 percent had agreed with the statement and 1.5 percent were neutral and after 1.5 percent of respondents had disagreed with the statement, as the majority had agreed with the statement 89 percent, it means that CogeBanque is able to secure adequate number of employees to all posts.

Table 4 present that CogeBanque is providing the required services within short period of time whereas 54.5 percent had strongly agreed and 45.5 percent had agreed with the statement which said that CogeBanque is providing the required services within short period of time.

This research revealed that strategic planning was to increase CogeBanque's performance as results in table 4.5 present, 73 percent of respondents had strongly agreed with the statement and 37 percent had agreed, no respondent disagreed or being neutral to that statement, it means that Strategic planning increase CogeBanque's performance.

Table 4 shows also that strategic planning was to increase CogeBanque's profit as 62.5 percent had strongly agreed, 35 percent had agreed and after 2.5 had been neutral to the statement, as the majority of respondents had strongly agreed it means that strategic planning increase CogeBanque's profit.

Table 4 shows that strategic planning was to increase Cogeбанque's efficiency whereas 8 percent of respondents had strongly agreed, 89 percent had agreed with the statement so that 1.5 percent was neutral and 1.5 percent had been disagreed.

Table 4 below shows that strategic planning was to increase Cogeбанque's effectiveness as 50.5 percent had

strongly agreed with that and 49.5 percent had agreed with the statement, this shows that strategic planning increase Cogeбанque's effectiveness. As a result of strategic plan implementation, Cogeбанque is able to significantly reduce operational costs, the table 4.5 shows that 67 percent had strongly agreed with the statement and also 33 percent agreed with that.

Table 4: Effect of strategic planning on Cogeбанque's performance

		Count	Column N %
As a result of Strategic Planning, people with the required merits were employed	Strongly agree	138	69.0%
	Agree	57	28.5%
	Neutral	5	2.5%
Cogeбанque is able to secure adequate number of employees to all posts	Strongly agree	16	8.0%
	Agree	178	89.0%
	Neutral	3	1.5%
	Disagree	3	1.5%
Cogeбанque is providing the required services within short period of time	Strongly agree	109	54.5%
	Agree	91	45.5%
Strategic planning was to increase Cogeбанque's performance	Strongly agree	146	73.0%
	Agree	54	27.0%
Strategic planning was to increase Cogeбанque's profit	Strongly agree	125	62.5%
	Agree	70	35.0%
	Neutral	5	2.5%
Strategic planning was to increase Cogeбанque's efficiency	Strongly agree	16	8.0%
	Agree	178	89.0%
	Neutral	3	1.5%
	Disagree	3	1.5%
Strategic planning was to increase Cogeбанque's effectiveness	Strongly agree	101	50.5%
	Agree	99	49.5%
As a result of strategic plan implementation, Cogeбанque is able to significantly reduce operational costs	Strongly agree	134	67.0%
	Agree	66	33.0%

Source: primary data

Table 4 above shows that strategic planning was to increase Cogeбанque's effectiveness as 50.5 percent had strongly agreed with that and 49.5 percent had agreed with the statement, this shows that strategic planning increase Cogeбанque's effectiveness.

As a result of strategic plan implementation, Cogeбанque is able to significantly reduce operational costs, the table 4.5 shows that 67 percent had strongly agreed with the statement and also 33 percent agreed with that.

5. Conclusion

Strategic planning of corporate bodies is an essential instrument for planning and forecasting which positions the organization to meet demands and changes which might come up in the course of discharging its services. This study reveals that, Cogeбанque as a corporate body has a clear strategic plan which is articulated to all of its employees at various levels and departments within the organization. It reveals that, the strong agreement of

factors of various dimensions of strategic planning indicate the effectiveness and efficiency of such planning adopted by employees of the Cogeбанque and hence affects the organization's performance positively. Researcher commends that all factors of various dimensions should be put into the right perspective, so as to help the general workforce of the organization to understand the main objectives and the strategic plans in place to achieve them. This will enlighten the employees of the organization to jeer towards delivering services to enhance the general strategy of the organization and to raise its performance.

Yet again, all the factors relative to leadership should be well articulated to management and staff of the organization. This will help the employees to know and understand the style of leadership adopted for the operations and governance of the organization to keep them focus in working towards achieving the objectives of the organization. Furthermore, the factor in-depth program evaluation is conducted as part of the planning process. This includes assessment based on identified benchmarks

for quality and specific outcomes and process objectives should be redefined, well communicated to staff and corrected where mistakes are committed so as to bring it back on board to achieve a great measure on it to help the organization' strategic planning policy. It is also endorsed that lines of communication between managerial and non-managerial staff should be improved in order to encourage and support the flow of information and feedback mechanisms among company staff.

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