
By

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DEDICATION

The research is dedicated to my wife Ruth, my children; Sandra Constance, Ashley Kudzaishe and Shammah Tawananyasha who have agreed to forego their family time and allowed me to go through this Master of Business Administration Degree programme and the research assignments with minimum disruptions and inconvenience, Reverend T Rusere for the spiritual support and my parents, the late Mr. C.S Makowani and Mrs. Constance Makowani, for the wonderful life that I now enjoy.
DECLARATION

I, Nicholas Makowani, do hereby declare that this dissertation is the result of my own investigation and research, except to the extent indicated in the acknowledgements, References and by comments included in the body of the report, and that it has not been submitted in part or in full for any other degree to any other university.

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Student signature                                                        Date

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Supervisor                                                                   Date
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ABSTRACT

Strategic planning proffers businesses a chance to influence future direction of a country’s economy. Over the last ten years, Zimbabwe has witnessed countless company closures that included private companies, banks, building societies and insurance companies. In the last two years, Barclays Bank of Zimbabwe has seen its ranking in terms of profitability and market share tumbling out of the top ten of the best commercial banks. The researcher wonders whether the bank and other commercial banks are employing strategic planning process that takes care of the changing environments. The worrisome declining of performance and market share has prompted the researcher to carry out this research with a view to assess whether Barclays Bank, representing other commercial banks in Zimbabwe makes strategic plans that reflect the current multicurrency economic conditions.

To achieve this, a case study was carried out on Barclays Bank of Zimbabwe Limited. The research chiefly centred on reporting, examining and analysing key events, processes and activities of the bank’s strategic planning process. Literature was drawn from books, journals and the internet and research pertaining to strategic planning was reviewed in terms its importance to the study. Furthermore, selected literature about strategic planning relating to the organisation from the bank’s library is presented.

Justification for the selection of this particular research is explained and data collection, organisation and analysis are described. The research utilised official bank corporate records as its primary source of data, supplemented by published materials to help in the explanation of particular situations of the bank’s case. Data analysis and results are presented in terms of key events and activities of the bank case. Conclusions are drawn from this analysis, in relation to the research question/objectives, which underpin the research and in terms of the strategic planning framework. Recommendations are made flowing from research findings and are made for professional practice and further study.
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LIST OF ACRONYMS OR ABBREVIATIONS
ALCO - Asset and Liability Committee
ATM - Automated Teller Machine
BCM - Business Continuity Management
CEO - Chief Executive Officer
CMC - Country Management Committee
EM - Emerging Markets
EOS - Employee Opinion Survey
EXCO - Executive Committee
GRCB - Global Retail and Commercial Banking
IT - Information Technology
MBCA - Merchant Bank of Central Africa
MNCS - Multicurrency System
NPA - New Product Approval
RBZ - Reserve Bank of Zimbabwe
SWOT - Strengths Weaknesses Opportunities and Threats
US - United States
ZIBAWU - Zimbabwe Allied Banks and Allied Workers Union
ZSE - Zimbabwe Stock Exchange
CHAPTER 1

INTRODUCTION

1.0 Introduction

Strategy planning can be traced back to the ancient Greeks and in the refinements of the concept continued to focus on military interpretations. Quoting from the famous Joel Ross and Michael Kami, ‘without a strategy the organisation is like a ship without a rudder’ (Thompson et al, 2006). It is only during the last thirty years that Strategic planning has become a widespread management function. During the first half of this century, it is understood that most planning was unstructured and fragmented and formal planning was restricted to large corporations hence Alfred Sloan , Chief Executive Officer of General Motors, from 1923 to 1946, first instituted formal planning process based on the perceived strengths and weaknesses of his company’s rival, Ford Motors Company.

Porter, as quoted in The Economist (1987:21), contends that strategic planning was born amid a hype of optimism and industrial growth in the 1960s and early 1970s. During that time, no self respecting chief executive could do without a strategic planning staff, and no business school without a planning curriculum. It was also noted by Porter that strategic planning ‘grew out of two streams of thinking about management practice, namely, developments in the programme planning and budgeting that came out of the Second World War’.

The second school of thought, pioneered in the 1950s at the Harvard Business School brought to fore the importance of having an overall corporate strategy.

In support of the above evolution of strategic management, Mintzberg (1994) suggested that, ‘when strategic planning arrived on the scene in the mid-1960s, corporate leaders embraced it as “the best way” to devise and implement strategies that would enhance the competitiveness of each business unit.’ He concurred with Frederick Taylor of the scientific management school of thought that, “this one best way involved separated thinking from doing and creating a new function staffed by specialists: strategic planners (Harvard Business Review Jan-Feb 1994:107).”

Confidence in corporate planning and infatuation with scientific approaches to management were seriously shaken during the period 1970s and early 1980s. The oil shocks of 1974, failure of diversification to deliver the anticipated synergies ushered in a
new era of macroeconomic instability, combined with increased international competition from resurgent Japanese, European and Southeast Asian firms. This marked a shift in emphasis from planning to strategic making, where the focus was less on the detailed management of firms’ growth paths than on positioning the company in markets and in relation to competitors in order to maximize the potential for profits (Grant, 2008).

Strategic planning and strategic management evolve through four consecutive phases (Gluck, Kaufman, and Walleck, 1998 as quoted in Alkhafaji 2003:3). Developments of these phases are caused by increasing change and complexity in the corporation’s external environment. The first phase involves developing the annual corporate budget, called financial planning. Second phase is similar to the first except the plan covers a longer period, three to five years. This type of planning is called forecast-based planning. The third phase of planning called externally oriented planning or strategic planning is developed mainly by top level management with the help of consultants. The third phase also features long-period forecasting, five years or longer.

The final phase is the strategic management approach, in which all management and key employees participate to develop a sequence of strategic plans to achieve the various objectives of the business.

1.1 Zimbabwean Economy Background

Since 2000, the Zimbabwe’s economy has been crumbling at a fast rate with inflation rising from 55.8 percent in 2000, 228 percent in 2003, 622 percent in 2004 and 6 723 percent in 2007 and to 231 million in 2008 (Jayne, Chisvo, Rukuni and Masanganise, 2006; Central Statistical Office, 2009). During this period key components of this were economic contraction, diminishing foreign currency generation, high inflation and then hyperinflation.

In 2008, the Presidential elections were inconclusive, resulting in the signing of the General Political Agreement, which saw a new government of national unity taking office in 2009. In September 2008 a policy of recognition of state of affairs was introduced, with the Reserve Bank announcing the licensing of foreign currency retailers and wholesalers. This policy was further liberalised in a budget in January 2009 and a further monetary policy statement in February 2009, which included the removal of twelve zeros (following ten zeros in August 2008 and three zeros in July 2007) from the Zimbabwe dollar. This removal of zeros was incidental – the Zimbabwe dollar was effectively dead,

The Zimbabwean government adopted a multi-currency system (MCS) in February 2009, in order to bring its ruined economy back to viability levels. The government, under the monetary system made a provision for the use of any foreign currency available for any transaction. This development saw significant changes in the economic landscape characterized by a marked end to a decade of long episode of hyperinflation with the introduction of multicurrency. The use of multi-currencies provided great relief to the economy. The yearly inflation rate which had reached unimaginable levels came down to single digit. The country for the first time in more than a decade registered positive economic growth. Average production activities jumped from less than 10% in January 2009 to above 35% by the end of December 2009. (The Zimbabwean, 27 June 2010). Goods returned to the supermarket shelves. Prices stabilised and there has been a marked improvement in the public service delivery systems ever since. It is no longer illegal to have foreign currency in one’s possession. The illegal black market trading in foreign currency has disappeared. Despite the positive developments brought about by the multi-currencies, the new regime seems to have created liquidity challenges in the economy and in particular the commercial banking sector. These challenges have manifested themselves in the form of, an under performing stock exchange, declining profitability in the commercial banking sector, stunted capacity utilisation in industry and massive retrenchment exercises in the banking sector and other sectors. All these problems have been blamed on the lack of liquidity in the banking sector.

Prior to the official announcement to dollarise the economy, informal dollarisation had set in and as a consequence basic goods could only be found in the informal sector where they were sold in foreign currency.

In addition, this development marked a new banking dispensation as all Zimbabwe Dollar accounts were blocked and new set of accounts called Foreign Currency Accounts had to be opened. This new monetary transformation is however, known as dollarisation, since the United States Dollar is the de jure currency for budgetary purposes. De jure dollarisation means the adoption of the United States of America dollar by government legislation as a legal currency of the country (Dean and Hira, 2004). Dollarisation is also defined as ‘any case where a country has no logically issued currency and officially uses
foreign currency instead; the currency need not be the United States Dollar’ (Schuler, 2002).

According to Reserve Bank Monetary Policy Statement, 2011, the Zimbabwean economy was projected to have grown by 8.1% in 2010 buoyed by improvements in the all sectors of the economy. Substantial growth rates were recorded in mining sector (47%) and agriculture (34%). Challenges such as power outages, liquidity challenges, obsolete infrastructure, external debt overhang, low aggregate demand, skills gap and high employment constrained the economic performance. The country’s inflation remains well below regional countries indicating sound macroeconomic stability. In 2010, inflation developments were mostly determined by movements of the US Dollar/Rand exchange rate (Table 1.1).

Table 1.1: Annual Inflation for Zimbabwe

<table>
<thead>
<tr>
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<tr>
<td>January</td>
<td>3.5</td>
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<td>February</td>
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<td>March</td>
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<td>April</td>
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Source: Own

1.1.1 Financial Sector Background

At independence (1980) Zimbabwe had a sophisticated banking and financial market, with commercial banks mostly foreign owned, Makoni (2010). A central bank had been inherited from the Central Bank of Rhodesia and Nyasaland at the winding up of the Federation. For years the government did not interfere with the banking industry and there was neither nationalisation of foreign banks nor restrictive legislative interference on which sectors to fund or the interest rates to charge, despite the socialistic national ideology. However, the government later purchased some shareholding in two banks. It acquired Nedbank's 62% of Rhobank at a fair price when the bank withdrew from the country, now known as Zimbank. The decision may have been motivated by the desire to stabilise the banking system. The State in 1981 also partnered with Bank of Credit and Commerce International (BCCI) as a 49% shareholder in a new commercial bank, Bank of Credit and Commerce Zimbabwe (BCCZ). This was taken over and converted to
Commercial Bank of Zimbabwe (CBZ) when BCCI collapsed in 1991 over allegations of unethical business practices. In the first decade, no indigenous bank was licensed and there is no evidence that the government had any financial reform plan, Makoni (2010). Later on as part of financial reforms aided by ESAP the Registrar of Banks in the Ministry of Finance, in liaison with the RBZ, started issuing licences to new players as the financial sector opened up.

To date the Zimbabwean banking sector comprises of the Reserve Bank of Zimbabwe (RBZ), various Commercial Banks, Merchant Banks and the Post Office Savings Bank. The RBZ is the Central Bank for the nation and is the Supervisor of all other banks, it guides and maintain discipline through its monitoring and policy set ups. Zimbabwe has seventeen commercial banks, five merchant banks, four building societies and one savings bank. There are sixteen asset management companies and ninety five micro-finance institutions.

Renaissance Merchant Bank was placed under curatorship, following revelations that the bank had deficiencies, inadequate capitalisation, inappropriate shareholding structure and disintegration of corporate governance structures (Newsday, 03 June 2011). By the time Renaissance Merchant Bank was put under curatorship, it was technically insolvent, with a negative capital of USD15.7million, a status which authorities should have been or were already aware of. This is a typical strategic management issue.

Six banks including Renaissance Merchant Bank were not in compliance with minimum capital requirement. Only three banks, Kingdom, Royal and ZABG had tabled their proposals with Reserve Bank on how they plan to raise the required capital (Zimbabwe Independent, 04 August 2011). This signifies that the banks have strategic issues.

1.1.2 Extent of Challenges currently faced by Banks
Banking institutions are still struggling after the economy restoration. 10 out of 25 financial institutions have recorded losses in the first quarter of 2010 ending 31 March. The recorded losses were mainly caused partly by high non-interest expenses in the form of salaries, employment benefits and general administration expenses against that there is low income generation capacity. Despite banks like CBZ, CABS and Standard Chartered recording profits in excess of US$1 million during the first quarter, they also continue to
face challenges, in actual fact they should be earning more than this if challenges are not as tough as they are.

According to Zimbabwe Banks and Allied Workers Union, as at 15 July 2010, banks that retrenched staff in the past year (2009) include Metropolitan (120 employees), People's Own Savings Bank (160), Standard Chartered (98, through voluntary retrenchment) Barclays and FBC (200 on voluntary retrenchment), Renaissance (5) and Tetrad (16). NMB also axed 75 non-managerial staff while CFX retrenched 61 non-managerial and 39 managerial staff. CBZ and Premier have also retrenched employees.

1.1.3 Financial Challenges
The Zimbabwean banks are currently failing to get enough finance to enable them to run their business operations at the full capacity. The banks are struggling to meet the minimum capital requirement set by the RBZ, even under a phased plan given by the central bank. The plan was to pay half by 30 September 2009 and to meet the fully prescribed capital levels by 31 March 2010. 15 out of 25 banking institutions had complied by end of May 2010. Paid-up capital requirements were set as US$12, 5 million for commercial banks and US$10 million for merchant banks and building societies and more than ten banks had failed to pay up according to the phased plan. Low level of capitalization has also been identified by Brownbridge (1998), as a common challenge that is always faced by banks in developing nation especially locally owned banks.

1.1.4 Liquidity challenges
To expand operations, banks need adequate cash, and this can be found through many ways and it is these ways that are currently unavailable. Getting loans from other banks, foreign companies, the Central bank and deposits from individuals and institutions are possible ways to raise finance. Foreign currency is very scarce in the economy due to poor export performance and lack of international capital flows. Even solvent banks may not survive a run on deposits as they are also struggling to mobilise "less liquid assets to meet liquidity needs".
1.1.5 Volatility of deposits
The deposits to banks are very volatile and hence low profits out of them. This is mainly caused by a very high marginal propensity to consume of various economic agents who are earning low salaries and hence unable to save, this causes people not having money staying in their bank accounts except minimum balances. This has left banks having no money to invest and earn a profit. Major deposits are done by companies as salaries and wages of their employees who will then withdraw almost all of their salaries. The majority of workers are earning far less than the Poverty Datum Line especially those in the Public Service, making it difficult for them to save.

1.1.6 High Overhead Costs
Due to the low-income generation ability of the banking institutions, their earnings cannot match the overhead costs they are facing, especially salaries and wages given that they are not operating at full capacity. The cost of paying workers salaries that are in line with the cost of living is too heavy for the banks as they are not operating at full capacity and level of profitability is low. Even if they opt for retrenchment, the packages to be given to the retrenched workforce will be a challenge.

1.1.7 Cash-based Transactions Prevailing
Due to the foreign currency shortages in the economy, and the unavailability of alternative payments to business transactions, a lot of cash is in the hands of economic agents and they are not willing to have it banked. Every trade taking place is on cash basis and generally no credit transactions are preferable currently. Alternative methods for business transactions include credit transfers, cheques, direct debits and payment cards (debit, credit, prepaid, ATMs and POS networks).

1.1.8 Lack of lines of Credit
As banks like any other companies are willing to borrow elsewhere so that they expand business, the lines of credit are not available. The few that are there are of short term nature and hence very costly. The supply then cannot meet the demand. Small banks are the most affected as they can not meet the requirements for getting credit even in the
foreign market. The dislocation of the Zimbabwean financial sector from international credit markets among others, hinders the ability of financial markets to draw from international pool of funds, resulting an especially harsh credit environment (Makina, 2009).

1.1.9 Central Banker not performing all its roles- Lender of last resort
Due to the fact that Zimbabwe has no currency of its own, it has adopted the multicurrency use and mainly South African rands and the United States dollars are used for transactions, the Central bank can no longer perform all its roles especially being a lender of last resort. This gives banks a hard time to find sources of finance. RBZ's problems also meant that banks would not be able to obtain a refund of their statutory reserves for which they are entitled in case of a possible decline in their deposits because these reserves are not backed by international reserves. In normal environment, if liquidity tightens banks approach the RBZ for accommodation, then RBZ reserves the right to grant assistance on its own terms.

1.1.10 No active Interbank Market
Currently there is no active interbank market, implying that those banks with no collateral to the required conditions find it difficult to borrow so that they cover liquidity gaps. Lack of finances remains a big challenge to the banking sector, as they are not able to expand their business in line with current economic conditions and public demand for their services to be appreciable and internationally competitive.

1.1.11 Insider lending
Insider lending also has contributed to bank failures and still remains a challenge to the Zimbabwean banking sector and this often lead to bad debts. As an example most of the larger local bank failures in Kenya, such as the Continental Bank, Trade Bank and Pan African Bank, involved extensive insider lending, often to politicians, Brownbridge (1998).
1.1.12 Lending to high-risk borrowers through Adverse selection and Compliance to National Policies
Due to lack of investment opportunities, banks are now lending to high-risk borrowers through adverse selection and compliance to national policies. Various government bodies have negotiated with the banks to offer loans as part of Empowerment programmes to the youth and woman who have no collateral securities. Many of such groups have failed to return the loans as prescribed and hence are having losses. As the economy is from the depression, it is now difficult to distinguish and identify credibility of clients for loan purposes.

1.1.13 Entrepreneurship Skills (Excessive Human Capital Flight)
Due to the crisis there have been excessive human capital flight and hence those with great expertise have migrated to greener pastures. A lot of staff is lacking a lot of experience and hence challenges remains pinning the sector. Even some crucial staff has been lost through retrenchments as a way to avoid too much overhead costs.

1.1.14 Adoption and Use of Internet Banking by the Customers
Since the banking sector has adopted this kind of technology it is very worrying that its customers are not heavily using it. It needs strong awareness programs to the public so that they will maximize this kind of technology to their benefit. This challenge has been observed also by Chitura et al (2009), as bank technology advancement is not receiving appreciation by its customers.

1.2 Barclays Bank of Zimbabwe Limited Background
Barclays Bank of Zimbabwe Limited is one of the leading commercial banks in Zimbabwe and started operating in this country in 1912. It is listed on the Zimbabwe Stock Exchange and its head office is in Harare. The bank has a large branch network throughout the country with a total of thirty eight branches. It has the largest Automated Teller Machines (ATM) network in Zimbabwe with seventy one ATMs spread across the country.

The bank is headed by a Managing Director, Mr. George T Guvamatanga, who is assisted by a team of Divisional Heads made up from the bank’s main departments namely; Human Resources, Retail Banking, Commercial Banking, Finance Department, Risk
Management Division and Operations Department/Service Delivery and Treasury. Each of the departmental heads/function head sits on the Country Management Committee (CMC). This is the Executive Management Committee of the bank which is charged with overseeing the overall day to day operations of the Bank.

The bank employs about seven hundred permanent employees. In June 2010, the bank retrenched about two hundred and six permanent employees in a bid to contain costs and remain competitive. The bank recorded a loss of $600,000 in its half year results ended June 2010. The bank recorded an after tax loss of $1,247 million for the financial results ended 31\text{st} December 2010 as indicated on Appendix 2. Over the years the bank has actively supported the various sectors of the economy namely; Agriculture, Mining, Construction, Tourism, Manufacturing and the informal sector through offering a broad range of services that include the provisions of loans and overdrafts, trade finance facilities and accepting deposits. This was its business strategy.

Barclays Bank PLC operates in over fifty countries and employees over one hundred and forty four thousand and its strategic planning is done in London where its head office is located. Currently, the local office is under serious attack from the media and central government for failing to loan out funds to locals due to governance issues. It is report that as of November 2010, the bank has a loan to deposit ratio of 25.23\% (www.the independent.co.zw).

The bank’s vision is: To be the leading Bank in Zimbabwe and ultimately, the pre-eminent bank on the African continent. It’s mission statement reads: To be the leading financial services institution, a recognised customer focused company that delivers superb products and services, excellent careers for our people and to meet our governing objectives of maximum shareholder value.

The bank’s strengths and weaknesses are as cited in Table (1.2).
Table 1.2 Bank’s strengths and weaknesses

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>-Strong management team</td>
<td>-High cost base</td>
</tr>
<tr>
<td>-Strong parent company</td>
<td>-Breakdown in credit histories</td>
</tr>
<tr>
<td>-Access to lines of credit</td>
<td>-No scope to expand regionally</td>
</tr>
<tr>
<td>-Extensive network/clientele</td>
<td>-Less flexible/agile</td>
</tr>
<tr>
<td>-Extensive skills pool</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>-Technology transfer</td>
<td>-New entrants into market</td>
</tr>
<tr>
<td>-Recapitalisation of industry and commerce</td>
<td>-High credit risk</td>
</tr>
<tr>
<td>-Huge credit appetite from private sector</td>
<td>-Indigenisation</td>
</tr>
<tr>
<td></td>
<td>-Systematic risk</td>
</tr>
<tr>
<td></td>
<td>-Domestic disintermediation</td>
</tr>
</tbody>
</table>

1.3 Research Problem
The problem to this research is that Barclays bank of Zimbabwe Limited reported a financial loss of $1.27 million in its 2010 full year audited financial results as indicated in Table 1.4 below, retrenched two hundred and six (206) employees in June 2010, it has reportedly lost its grip on market share and it is mulling another retrenchment exercise supposedly to be completed by 31 July 2011. The bank’s market share has currently declined from around 22% in 2003 to below 10%. Furthermore, the market now perceives Barclays to be irresponsible towards its customers to the extent that it has lost some of its customers to the competition.

Table 1.3 Banking Profitability Ranking as at 31 December 2009

<table>
<thead>
<tr>
<th>000s</th>
<th>CBZ</th>
<th>Standard Bank</th>
<th>Stanbic</th>
<th>Kingdom</th>
<th>FBC</th>
<th>Barclays</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before interest Tax</td>
<td>11 719</td>
<td>9 015</td>
<td>1 177</td>
<td>986</td>
<td>640</td>
<td>611</td>
</tr>
<tr>
<td>Total assets</td>
<td>405 184</td>
<td>201 387</td>
<td>126 951</td>
<td>39 268</td>
<td>269 867</td>
<td>169 313</td>
</tr>
<tr>
<td>Return on total assets</td>
<td>2.89</td>
<td>4.48</td>
<td>0.93</td>
<td>2.51</td>
<td>0.24</td>
<td>0.36</td>
</tr>
<tr>
<td>Interest income</td>
<td>10 359</td>
<td>4 662</td>
<td>5 199</td>
<td>803</td>
<td>1 846</td>
<td>1 151</td>
</tr>
<tr>
<td>Non Funded Income</td>
<td>23 623</td>
<td>21 715</td>
<td>8 292</td>
<td>7 541</td>
<td>20 561</td>
<td>16 374</td>
</tr>
</tbody>
</table>

Source: Barclays Internal Analysis
As indicated in Table 1.3, the bank is ranked outside the top five in terms of profitability and the same happened in 2010 as indicated in Table 1.4 below.

**Table 1.4**

Banking Profitability Ranking as at 31 December 2010

<table>
<thead>
<tr>
<th>000s</th>
<th>CBZ</th>
<th>Standard Chartered</th>
<th>Stanbic</th>
<th>Kingdom</th>
<th>FBC</th>
<th>Barclays</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before interest Tax</td>
<td>29 548</td>
<td>11 150</td>
<td>9 896</td>
<td>6 043</td>
<td>5 041</td>
<td>(1 852)</td>
</tr>
<tr>
<td>Total Assets</td>
<td>649 704</td>
<td>281 750</td>
<td>301 929</td>
<td>154 882</td>
<td>164 944</td>
<td>228 936</td>
</tr>
<tr>
<td>Return on Total Assets</td>
<td>4.55</td>
<td>3.96</td>
<td>3.28</td>
<td>3.90</td>
<td>3.06</td>
<td>-0.81</td>
</tr>
<tr>
<td>Interest income</td>
<td>26 411</td>
<td>6 399</td>
<td>17 065</td>
<td>14 640</td>
<td>10 683</td>
<td>2 468</td>
</tr>
<tr>
<td>Non funded income</td>
<td>45 805</td>
<td>36 621</td>
<td>24 986</td>
<td>16 043</td>
<td>15 005</td>
<td>29 667</td>
</tr>
</tbody>
</table>

Source: Barclays Internal analysis

The bank is currently pursuing a conservative lending approach whereby it is lending to selected segments of the market with a view to safeguard depositor’s funds. This approach is viewed negatively by both government and market as they feel the bank is anti-government. The bank is also currently being micro-managed from London and its local leadership has little control over the strategic issues. These plethora of issues have prompted the researcher to carry out this research with a view to establish whether Barclays Bank of Zimbabwe Limited make strategic plans that are reflective of the current dollarization era and ultimately achieve the intended objectives.

**1.4 Research Objectives**

The objectives for the proposed research study were:

1) To establish if the current strategic plans employed by Barclays Bank of Zimbabwe are reflective of the current environment.
2) To ascertain gaps to the bank’s strategic planning process.
3) To proffer strategies to the identified gaps
4) To find ways of improving the bank’s performance in terms of regaining market share and the bottom line.
It is therefore the objective of this research proposition to evaluate if Barclays Bank of Zimbabwe Limited was using the pursuing the appropriate business strategies under this multi-currency era economic environment. Knowledge gaps can also be explored and assessed in order to come up with meaningful contributions to the bank cause.

1.5 Research Questions
1) Does Barclays Bank of Zimbabwe devise strategic plans that care of the current multicurrency regime in the country?
2) What gaps are identifiable in Barclays Bank of Zimbabwe’s strategic planning process?
3) How can the bank effectively deal with identified gaps in its strategic planning process?
4) What strategies can be employed to improve the bank’s performance?

1.6 Proposition
The proposition to this research was that Barclays Bank of Zimbabwe does not make strategic plans that take care of the current multicurrency regime in Zimbabwe. Judging from the number of organisations that failed in Zimbabwe let alone closed commercial banks facing a plethora of issues like retrenchments, some banks failing to meet new capital requirements and one bank plunging into liquidation, it became questionable whether Barclays bank makes long range plans, and if it does, whether the plans are adaptive to such prevailing economic conditions.

1.7 Justification
The research findings are expected to give guidance to Barclays Bank of Zimbabwe Limited by providing a basis on which it can draw experiences and lessons which it can use in the future. This might provide a practical guideline to management from an independent opinion and perspective. The study is also expected to identify and suggest improvements on strategic planning business strategies that are applicable in a multicurrency environment which other financial institutions should draw lessons from. Through its monetary arm, the Central Bank, the Government of Zimbabwe will also
benefit immensely from the research findings and solutions proffered to boost its knowledge bank. It is also expected to enhance new knowledge in the academic field. In addition, there is also a requirement by Graduate School of Management for students on the Masters in Business Administration programme to do a dissertation in partial fulfilment of the degree.

1.8 Scope of Research
This research was confined to the investigation of strategic planning in a multi-currency economic environment at Barclays Bank of Zimbabwe Limited. This is because it provides a classic example of commercial banks’ strategic planning under such conditions. The financial sector comprises of seventeen commercial banks and it was a mammoth task to try and analyse all of them. The investigation at Barclays Bank involved employees and managers of the two main branches in Harare. It also involved five members of country management committee (CMC) and five senior managers involved in strategic planning at Head Office. Barclays Bank, First Street and Pearl House branches employees and management were in scope for this research.

1.9 Conclusion
This chapter made in-roads in explaining background to the study, multicurrency economic environment in Zimbabwe, financial sector background, economic challenges faced by the Zimbabwe banking sector, problem statement, research objectives, research questions and proposition to the study. The next chapter will discuss and review literature pertaining to the multicurrency economic environment and how it relates to the case study of Barclays bank of Zimbabwe Limited.
CHAPTER 2
LITERATURE REVIEW

2.0 Introduction
This chapter aims to offer a chance to critically analyse literature on strategic planning in a multi-currency era. It also seeks to establish whether strategic planning make any significant differences in the performance of commercial banks and profitability. Literature is drawn from books, the websites, internet, journals, newspapers and other resourceful materials.

2.1 Strategic Management
Strategic management includes understanding the strategic position of an organisation, strategic choices for the future and putting strategy into action (Scholes and Johnson, 2006). It is also defined as the full set of commitments, decisions, actions required for a firm to achieve strategic competitiveness and earn above–average returns (Hitt et al, 2001). It is also defined as the set of managerial decisions that determine the long term performance of a corporation (Hunger and Wheeler, 2003). It is about an organisation having to perform better than others (Barnley, 2002). The vital term here is competitive advantage. What makes one firm better than another? Why do some companies outperform their rivals with fewer resources, capital and even specialist employees? The solution lies in competitive advantage. Competitive advantage is the edge an organisation has over others. It can be attained through strategies such as lower costs, a wide range of products/services (differentiation) or focus on a specific niche market (Elhers and Lazenby, 2007).

Sun Tzu of China state that, overall strategic system consists of two major parts: what is strategic position (strategic planning), and how to advance that position (strategy). Since strategy is a product of well thought out planning process, Sun Tzu (1988), on analyzing position advises that before any challenge, calculate a plan with five working fundamentals: mission, environment or climate, growth or market, method or strategy, and the leadership. He concludes in his book, Art of War, on five elements: ‘Leadership
should not be unfamiliar with these five (steps). Those who understand them will triumph and “Those who do not understand them will be defeated,” (Sun Tzu, 1988).

### 2.1.1 Long term goals

They are sometimes called long term objectives and are determined in line with the organisation’s vision. Strategic objectives or the so called long term goals are for more specific tactical objectives, or the so called short term/functional objectives (Elhers and Lazenby, 2007).

| Table 2.1 Differences between long term strategic goals and short term tactical objectives |
|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| Examples                                      | Long term goals                               | Short term objectives                         |
|                                               | Increase market share of customers with 10%    | Introduce monthly promotional activities with discounted products to lure new customers |
|                                               | In order to increase our market share in the long term we need to do the following in the short term | Introduce product X in the youth market segment |
|                                               |                                               | Cross-sell products in all market segments    |
| Strategic importance of individual objectives | High                                          | Lower                                         |
| Nature                                        | Strategic (providing strategic direction)      | Operational (i.e. to be directly implemented as part of the operations of the organisation) |
| Time frame                                    | Long term (3-5 years)                         | Short term (annual, quarterly, monthly or weekly) |
| Management Involvement                        | High-level managers                           | Lower-level managers and supervisors          |
| Specificity                                    | Low                                           | High                                          |
| Quantity                                      | Few high-level objectives                     | Numerous lower-level objectives associated with a long term goal |

Adopted from Ehlers and Lazenby, 2007:136
Objectives should be realistic, clear and decisive to ensure concerted and coordinated effort by all organisational units (Ehlers and Lazenby, 2007).

2.1.2 Strategic Management Models

Scholars feel that the strategic management process is best understood and applied using models. Therefore, several strategic management models have been introduced. Each model has several components that are interrelated, dynamic and continuous. A change in any of these components may result in a change in other components. For example, the company’s objectives and strategies may change if it obtains new technology or other capabilities that improve its competitive advantage (Alkhafaji, 2003:4). Alkhafaji contends, therefore, that the four major elements of strategic management (environmental analysis, formulation, implementation, and evaluation and control) should be considered interrelated and continuous. It must be noted that these models do not guarantee success. However they do represent a clear and practical approach to formulating, implementing, and evaluating and control strategies. Although different models exist, they do have common elements.

2.1.3 Strategic Management Phases

Strategic management is an ongoing process to develop and revise future-oriented strategies that allow an organization to achieve its objectives, considering its capabilities, constraints, and the environment in which it operates (Thompson et al, 2006).

Environmental Analysis

The first phase is environmental analysis or diagnosis which is defined as a continuous process which includes scanning, for early signals of potential changes and trends in the general environment, monitoring changes to see if a trend emerges from among those spotted by scanning, forecasting projections of outcomes based on monitored changes and trends, and assessing the timing and significance of changes and trends on strategic management of the firm (Waruhiu, 2009). This phase includes: performing a situation analysis (analysis of the internal environment of the organization), including identification and evaluation of current mission, strategic objectives, strategies, and
results, plus major strengths and weaknesses (Hunger and Wheeler, 2003). According to (Dess and Lumpkin, 2003) the majority of strategies do not succeed due to lack of careful external and internal environmental analysis. Organisational managers should have clearly spelt out goals and objectives to enable them to focus efforts. External environment should be analysed and the impact of key elements such as political, technological, social factors and economic factors need scanning. Porter’ five forces may be employed to analyse the industry environment. Lastly, an internal environmental assessment should be carried out using three frameworks such as the SWOT analysis, the Value Chain analysis and the Resource Based View (Dess and Lumkin, 2003).

**Strategy Formulation**

The second phase is Strategy formulation and it entails producing a clear set of recommendations, with supporting justification, that revise as necessary the mission and objectives of the organization, and supply the strategies for accomplishing them (Thompson et al, 2006). It is the development of long range plans for effective management of environmental opportunities and threats, in view of corporate strengths and weaknesses. It entails defining corporate mission, achievable objectives, developing strategies and setting policy guidelines (Hunger and Wheeler, 2003). Sound strategy is rooted in a deep understanding of what current and potential customers value, how much they are prepared to pay, the profile and posture of the competition and how much such elements are likely to change. It should reflect a clear strategic intent and competitive innovation driven by a sound and effective leadership (Beaver, 2003:287).

**Strategy Implementation**

According to Thompson, Jr. &. Strickland, III (2007:12), the third phase in strategic management is strategy implementation. They said, “Competent execution of a well-conceived strategy is the best test of managerial excellence and a proven recipe for organizational success!” The selected strategy is implemented by means of programs, budgets and procedures. Implementation involves organization of the enterprise’s resources and motivation of the staff to achieve objectives.
**Evaluation and Control**

The fourth phase is evaluation and control. The implementation of the strategy should be monitored. The evaluation and control involves, defining parameters to be measured, defining target values for those parameters, performing measurements, comparing measured results to the pre-defined standards and making necessary changes (Thompson, Jr. & Strickland, III 2007). Strategic control is concerned with tracking a strategy as it is being implemented, detecting problems or changes in its underlying premises and making appropriate adjustments (Pearce and Robinson, 2005). The controls are necessary for steering the company through changes that take place in the macroeconomic environment, industry environment and competitive environment, operating environment and the organisation’s internal environment (Cronje and Davis, 2007). They further state that these environments are volatile and a change in any of the variables that make up these environments may render invalid the assumptions on which the strategy is based. Ehlers and Lazenby (2007) suggest four types of strategic control as follows: premise control, strategic surveillance, special alert control and implementation control.

**2.1.4 Vision**

Firms set strategic directions in various ways. Vision and mission statements are two of the most ways. The use of vision and mission statement, strategic intent and the mission statement for strategic direction differs from organisation to organisation (Ehlers and Lazenby, 2007).

**2.1.5 Levels of Strategy**

According to Pearce 11 and Robinson Jnr (2005) there are three levels of a strategy: corporate, business and functional.

**Corporate level**-this is the top and is composed chiefly of members of the board of directors and the chief operating officer and administration officers. They are responsible for the financial performance of the firm as a whole and achievement of non-financial goals of the firm.

**Business Level**-principally consists of business and corporate managers. They are tasked with translation of general statements of direction and intent generated at the corporate level into concrete, functional objectives and strategic objectives for the individual business divisions’ small business units.
**Functional Level**—chiefly consist of managers of products, geographic and functional areas. Their role is to develop annual objectives and short term strategies in such areas as production, operations, research and development and accounting, marketing and human resources.

According to Thompson et al (2006) the process of crafting and executing strategy entails a five phase managerial process:

a) Developing a strategic vision of where the company needs to head and what its future product-customer-market-technology focus should be.

b) Setting objectives and using them as yardsticks for measuring the company’s performance and progress

c) Crafting a strategy to achieve the desired outcomes and move the company along the course that management has charted

d) Implementation and execution of the chosen strategy efficiently and effectively

e) Monitoring developments and initiating corrective adjustments in the long term direction, objectives, strategy or execution in light of the company’s actual performance, changing conditions, new ideas and new opportunities.

### 2.1.6 Kinds of Strategies

**Deliberate Strategy**

It is a strategy conceived by senior managers a planned response to the challenges confronting a company. Those strategies that do not happen become unrealized strategies. It is often as a result of a systematic analysis of the firm’s environmental and resources ([www.oup.com/uk/orc/bin9780199216468-accessed on 18th July 2011](www.oup.com/uk/orc/bin9780199216468-accessed on 18th July 2011)). It is also known as intended strategy (Grant, 2008) and is strategy that is conceived of by the top management and it is the result of a process of negotiation, bargaining, compromise and involving many individuals and groups within the firm.

**Emergent strategy**

This is a strategy that comes from lower ranks of the organization without direct senior management intervention ([www.oup.com/uk/orc/bin9780199216468-accessed on 18th July 2011](www.oup.com/uk/orc/bin9780199216468-accessed on 18th July 2011)). The emergent strategy is born out of the decisions that emerge from the
complex processes in which individual managers interpret the intended strategy and adapt to changing environment (Grant, 2008).

**Imposed strategy**

It is referred to as strategy that a company’s senior managers would not otherwise have chosen, but are forced on them (www.oup.com/uk/orc/bin9780199216468-accessed on 18th July 2011).

**Realised strategy**

This is the strategy the firm actually ends up implementing. It may be deliberate, emergent or imposed (Johnson, Scholes and Whittington, 2005).

### 2.1.7 Strategic intent

Strategic intent is defined as the leveraging of a firm’s internal resources, capabilities and core competencies to accomplish the firm’s goals in the competitive environment. It can cause people to perform in ways they never imagined if established properly (Ehlers and Lazenby, 2007:27). The concept was developed by Hamel and Prahalad. They said that it is ‘envisions a desired leadership position and establishes the criterion the organisation will use to chart its progress’ (Hamel and Prahalad, 1989:64).

### 2.1.8 Generic competitive strategies

In order for companies to achieve their long term objectives, they embark on specific strategies complementing their competencies (Ehlers and Lazenby, 2007). Porter (1980) state that an organisation can strive to supply a product in three distinct ways: cost leadership, differentiation and focus. Cost leadership entails being more cost-effective than its competitors. Differentiation entails adding value to the product or service thereby commanding higher prices. Focus involves narrowing to a special product market segment which can be monopolized (Elhers and Lazenby).
2.2 Multicurrency/Dollarisation

Adoption by the government of Zimbabwe of the use of multiple currencies in January 2009 meant that the economy has been officially dollarised. According to Winkler, et al (2004), the adoption by one country of another country’s currency or currencies is a practice that had gone out of fashion but has emerged in recent years due to the currency crises faced by several emerging market economies. Berg and Borensztein (2000) support the view that full dollarisation is a new solution to a new problem, the decision to choose, the right exchange rate, that promotes the country’s development objectives, is a difficult exercise which has been compounded by developments such as the integration of world trade and capital markets.

Full dollarisation is defined as ‘A situation where a country officially abandons its own currency and adopts a more stable currency of another country, for all financial transactions, except perhaps for coins (Berg and Borensztein, 2000). In other words, the new currency becomes the country’s legal tender, medium of exchange, store of value and unit of account.

Dollarisation literature has tended to focus on Latin American countries where the practice is more prevalent due to high inflation and the emergency of financial crises according to Berg and Borensztein (2000) and Yeyati (2000). However recent studies have shown that dollarisation is also found in Europe, Africa and the Caribbean Islands. Some of the examples of dollarised /eurorised independent countries are; the European Micro states (Monaco, Andora, San Marino, Liechtenstein and The Vatican City), in Africa (Lesotho, Swaziland and Namibia) and the Caribbean Islands (Bahamas, Barbados British Virgin Islands), (Winkler et al I, 2004).

Molano (1999) state that some authors have highlighted the tendency for dollarisation process to be recessionary. This is premised on the notion that most developing countries in distress are also facing large fiscal imbalances and dollarisation tends to trigger a draconian adjustment that involves slashing government expenditure, which almost inevitably leads to a recession. Moreover, dollarisation is associated with high real interest rates. While this is true that dollarisation lowers nominal interest rates, there is a tendency for real interest rates to spike, as investors demand additional compensation for political and economical risks.
2.2.1 Advantages and Disadvantages of Dollarisation

Quispe-Agnoli and Whisler (2006), Berg and Borensztein (2000) and Winkler et al (2004) agree that the advantages of dollarisation can be grouped as listed:

i) **Macroeconomic stability** – According to Fischer, 1982; Eichengreen, 2000)

Dollarisation eliminates inflation. It enhances the country’s fiscal discipline by eliminating the possibility of printing money to finance fiscal deficits. Quispe-Agnoli and Whisler (2006) state that dollarisation is theoretically irreversible and this is what makes it a credible economic policy and a way to avoid currency and balance of payment crises. On the contrary, Fischer (2006) state that, ‘For a long time it seemed that the extent of dollarization was impervious to improved economic performance. Now, however, we have several examples of countries that have de-dollarized successfully, including Israel, Poland, Mexico, Egypt and Turkey. And some signs of declining dollarization are evident in Latin American countries where it seemed that dollarization was impossible to reverse’. This indicates that the dollar is not a stable currency.

ii) **Decline country risk premium** - Dollarisation eliminates exchange rate risk.

The risk of a sudden devaluation of the domestic currency against the anchor currency is removed. This contributes to the decline in the country risk premium and interest rates as well as the reduction in the inflation rate. Dollarisation is expected to improve the country’s access to international capital markets and therefore access to low interest rates for government and private sector borrowings. The elimination of currency risk does not however eliminate sovereign risk.

iii) **Domestic Financial Sector Development** - Dollarisation is expected to support the development of a country’s financial sector. According to Winkler et al (2004) citing Haussmann et al (1999), Berg and Borensztein (2000), a stable currency is a precondition for financial development. The open banking system that exists in Panama lends credence to this statement. Panama has most of the large multinational banks represented in the country and high degree of financial integration. Winkler at (2004) state that the elimination of currency risk and currency mismatches contributes to a more efficient banking system. Reserve requirements are lowered as there is no distinction between foreign and domestic currency depots.
iv) **Elimination of Transaction Costs** - According to Fischer (1982) the cost of exchanging the domestic currency into the currency of the anchor country is the most visible effect of dollarisation. Once formal dollarisation has been implemented it eliminates the need for currency conversion. There is no longer a need for exchange rate conversions due to dollarisation. The reduction in transactions costs due to the absence of exchange differentials encourages international trade.

v) **Strong Economic and Financial Integration** - Berg and Borensztein (2000) state that dollarisation makes economic integration easier and the insulation of the domestic financial system correspondingly more difficult. Due to the use of an internationally acceptable currency, the country is exposed to world markets and therefore global competition.

2.2.1 **Disadvantages of Dollarisation**

i) **Loss of an adjustment mechanism**
According to Berg and Borezenstein (2000) there is lack of currency sovereignty as no apex bank for independent monetary policy to moderate recession due to the fact that the country’s economy is regulated by United States of America.

ii) **Loss of Last resort function**
The loss of the central bank’s lender of last resort function is arguably the most costly disadvantage of dollarisation.

iii) **Loss of seigniorage**
Berg and Borensztei (2000) points out that when the central bank cannot print money the economy loses the ability to provide short-term credit at nominal interest rates. Therefore the bank loses its ability to influence the direction of interest rates. It is defined as ‘the Increase in the volume of domestic currency’.

**Why multicurrency is difficulty**
After the elimination of the Zimbabwe dollar, banks were compelled to adopt more competitive and transparent practices and this caused the banking system to stabilize. However, dollarization was not supported by significant foreign reserves, so that domestic money balances remained quoted in Zimbabwean dollars until the suspension of the Zimbabwean dollar. Dollarisation, though it benefited the general public, did have adverse effect on most businesses. Low confidence in Zimbabwean financial institutions
caused the public to keep their foreign currency outside the financial system. However, slowly, the discipline outside the financial system caused a change in the practice of financial institution and confidence the increased (Kwesa, 2009). The change from Zimbabwe dollars to the multicurrency has been a period that needed businesses to change and adapt their operating business models and seek recapitalization as costs hardened at a fast pace than revenue (Barclays .com).

2.3 Business strategy
Business strategy concept was borrowed from the military field, where it is often referred to as maneuvering troops into position before the adversary was actually engaged (Nickols, 2000). Strategy derives from the Greek word ‘Strategia’, which means ‘generalship’. However, strategy concept did not originate with the Greeks. It started with Sun Tzu’s classic the Art of Strategy, written circa 500BC (Sun Tzu). Military strategy share a number of common concepts and practices, the most basic being distinction between strategy and tactics. Strategic decisions, whether military or business share three characteristics: that are vital, they involve a significant commitment of resources and they are easily reversible (Grant, 2008). Thompson et al (2006) defines strategy as consisting of the competitive moves and business approaches that managers employ to attract and please customers, compete successfully, grow the business, conduct operations and achieve target objectives. Strategy is defined as the direction and scope of an organisation over the long term: which achieves advantage for the organisation through its resource configuration within a changing environment, to meet market needs and expectations of stakeholders (Johnson, Scholes and Whittington, 2005, p.9). It describes how a particular business intends to succeed in its chosen markets against competition. It represents the best attempt management can make at defining and securing the future of the business. A good business strategy must meet six tests of quality: It should be correctly scoped, it must be appropriately documented, it must address real customer needs, it must exploit real competencies, it must contribute to competitive advantage and it must lay the ground for implementation (Macmillan and Tampoe, 2000). A strategy is also defined as an effort or deliberate action that an organisation implements to outperform its rivals. In order to attain competitive advantage, process of strategic management facilitates competitive advantage by adding value (Ehlers and Lazenby, 2007).

According to Waruihu (2009) business strategy is essentially about two questions: what kind of business is the firm in? And, given this choice, how do firms compete? Strategic
management is concerned with how firms generate and sustain competitive advantage in order to generate superior profits. In developing strategy, firms undertake three sets of activities: strategic analysis, strategic choice and strategic implementation. Businesses, typically, are reported to assess their strategic position by: (a) scanning the environment for potential market opportunities and threats; (b) evaluating their strategic capability; and (c) assessing the enablers and constraints of strategy. Undertaking of these activities is done differently by firms. In large enterprises, strategic analysis, choice and implementation are often distinct activities, carried out by different people, whereas in small firms, a single person might perform all three, often at the same time (Curran 1996). This view was also supported by O’Gorman (2006). Chandler (1962) said, “Strategy is the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out those goals.”

In the contemporary literature, there are two mainstream schools of strategy, namely the positioning and the resource based view. Popularised by Porter (1980), the positioning school views the firm as concerned with achieving ‘strategic fit’ with its environment; that is, with evaluating the competitive forces operating within the environment (Porter’s Five forces) to assess where and how best to compete. Initiated by Penrose (1959), in the RBV school, and later developed by Rumelt (1984), Wernerfelt (1984), and Barney (1991), a firm’s competitive advantage lies mainly in the bundle of resources at its disposal and how it can stretch these to achieve competitive advantage. Further researchers have extended the RBV using the concept of ‘dynamic capabilities’ to refer to the firm’s ability to develop and extend resources and competences to adapt to a changing environment (Teece et al., 1997) and this was also supported by Eisenhardt and Martin, (2000). In view of the multi-currency era Zimbabwe is in, the idea of dynamic capabilities may be of assistance in developing a framework of for understanding why some companies succeed, some eke out survival and others fail. Therefore, there are dual concepts of strategic fit and strategic stretch or more simply viewing at the firm from outside or from inside. The two perspectives are vital in explaining business behaviour, including adapting under the multicurrency economic era conditions.
2.4 Importance of crafting and executing strategy
According to Thompson et al (2006) crafting and executing of strategy there are two top priority managerial tasks for two reasons;

- There is a compelling need for managers to proactively shape or craft, how company business will be conducted. Clear and reasoned strategy is management prescription for doing business, its roadmap to competitive advantage, game plan for satisfying customers and attaining performance targets.
- A strategy focused organisation is more likely to be a strong bottom-line performer. The quality of managerial strategy making and strategy execution has a positive impact on revenue growth, earnings and return on investment.

Furthermore, a Good strategy + Good Execution = Good Management. According to Thompson et al (2006), “Excellent execution of an excellent strategy is the best test of managerial excellence and the most reliable recipe for turning companies into standard performers”. Thompson et al (2006:14) state that ‘good strategy and good strategy execution are the most trustworthy signs of good management’.

Grant, R.M (2008) states that enterprises need business strategy for the following reasons: to give direction and purpose, to deploy resources efficiently and to coordinate the decisions made by different individuals.

2.5 Strategic Adaptation to Multi-currency Economic Conditions
According to Macmillan and Tampoe (2000) adaptability is not the same as flexibility. Adaptability is the power to change nature response to observed need, while flexibility is the capability to yield to outside influences without changing nature. The competency to take the company by the scruff of its neck and refocus on to new objectives utilizing new capabilities is of paramount survival importance in turbulent periods, when revenue and profit streams disappear overnight and new chances appear equally quickly. Peters and Hamel as cited in Grant (2008) argue that the key to organizational change is not to adapt to external change but to create the future. Companies that adapt to change are doomed to playing catch-up; competitive advantage accrues to those firms that act as change leaders and change initiators (Grant, 2008). Hamel and Prahalad (1989)’s ‘new strategy paradigm’ underscores the duty of strategy as a systematic and concerted approach to redefining both the firm and its industry environment in future. Hamel (2000) states that, ‘in an age of revolution, a company that is evolving is already on its way to extinction.
The only option is to give up incremental improvement and adapt to a nonlinear world-
revolution must be met by revolution’.

Whittington (1991), supported by Geroski and Gregg (1994) propound that strategic
change is often a complex process which involves business owners and senior
management planning and long term consequences for business performance. Short term
considerations might be dominant in hyper-competitive or crisis scenarios. Furthermore,
business restructuring in the form of managerial elites replacements, functional re-
organisations, and other changes to internal arrangements are often a precursor to, or a
consequence of, strategic adaptation to recession.

According to Chastain (1982) harsh conditions present businesses with a dilemma. This
observation was also made by Deans et al. (2009). Firms experience pressures, on one
hand, to cut costs in order to survive in the short-run at the risk of reducing capacity to
such a degree that the firm is unable to adapt fully when recovery times come. Pressure
to maintain greater capacity might also be faced, thereby incurring higher short run costs,
in order to retain the capability to adapt when the upswing time comes and realize
chances for long term value creation. In my opinion, these multicurrency economic
conditions are very much applicable to the Zimbabwean scenario.

In view of the above idea, Barclays bank must be able to be both statically and
dynamically efficient if it is to endure in the multicurrency economic conditions. It must
be able to cut its cloth to survive present conditions while at the same time continue to
invest in business development if is to sustain satisfactory performance beyond this
complicated phase. Given this situation, the question then is how, then, do businesses
adapt under multi-currency economic conditions?

Geroski and Gregg (1997) stated that, there are a number of approaches to explaining
how firms adapt under difficulty conditions such as multi-currency. One view argues that
incumbent firms suffer from organisational inertia, which prevents them from adapting to
new, hostile environmental conditions. Alternatively, the ‘pit-stop’ theory of business
behaviour suggests that in difficult economic environments, such as multi-currency, firms
are more willing to innovate because the opportunity costs of not undertaking such action
are lower than during more buoyant times. Failure might induce unsuccessful firms to
search for alternative ways of doing things (Cyert and March 1963). Businesses are
more likely to have slack capacity during periods of falling sales, as resource stocks
exceed current use. Under such circumstances, businesses might bring forward
investment and innovation plans to take up the resource surplus and because incentives to
continue business as usual are reduced. On the other hand, success also creates organizational slack, generating additional resources for innovation (Bourgeois111, 1981).

According to Geroski and Gregg (1997) supported by Cyert and March (1963) and Bourgeois 111 (1981), three types of business strategy are distinguished: retrenchment, investment, and ambidextrous strategies. It is worth noting that studies tend to suffer from survivor bias, that is, they report the perceptions and actions of surviving firms; it is unclear whether, and how, these differ from non-surviving firms. The three strategy types are discussed below.

2.5.1 Retrenchment Strategies
According to Hitt et al (2001:301), restructuring is similar to the internal capital market approach. It focuses exclusively on buying and selling other firms’ assets in the external market. It is defined as a strategy through which a firm changes its set of business or financial structures. Dixon et al (2009) state that retrenchment strategies entail, cutting operating costs and divestment of non-core assets. In times of economic turbulence, business horizons often shorten with owners/managers focusing on immediate survival rather than on long-term aims. Believing it is easier to reduce costs than generate additional revenue, many businesses choose to retrench.

Hitt et al, (2001) stated that restructuring is sometimes driven by failure of an acquisition. However, in other instances, it is because of changes in the external environment and internal. For example, different opportunities that are attractive may emerge in the external environment to the diversified firm in light of the core competencies that have developed in its internal environment. In this scenario, restructuring may be suitable to position the company so that it can create more shareholder value and increase the bottom line.

Commentators report divestment of businesses, establishment closure, reductions in working hours and employment, expenditure cuts on a wide range of activities including Research and Development, marketing and employee training (Rones 1981). The concept was supported by Shama (1993), Geroski and Gregg (1997) and Michael and Robbins (1998). There are three types of restructuring namely: downsizing, down-scoping and leveraged buyout.
2.5.1.1 Downsizing
It is defined as a reduction in the number of a firm’s employees, operations units, but may not change the composition of businesses in the company’s portfolio. It is an intentional proactive management strategy (Hitt et al, 2001). Downsizing is also defined as a planned elimination of positions or jobs (Hunger and Wheeler, 2003). The reason frequently cited for following this strategy is that the business expects enhanced profitability from cost reductions and more efficient operations (Hitt et al, 2001). Iverson and Pullman (2000)

2.5.1.2 Down-scoping
It is referred to as divesture, spin-off, or some other means of eliminating unrelated non core businesses. It is described as a set of actions that causes a firm to strategically refocus on its core business. The strategy does not eliminate key employees from its primary businesses, as such action could lead to a loss of one or more core competencies (Ethlers and Lazenby, 2007). It is defined as a set of actions that causes a company to strategically refocus on its core business (Hitt et al, 2001). On the local scene, for example, Innscor successfully unbundled its crocodile subsidiary called Padenga in December 2010 (BancABC, Zimbabwe quoted companies survey, 2011).

Companies that that have experienced performance shocks can also restructure their operations through asset reductions. Disposal of redundant assets entail, an organization can concentrate on core businesses and remove negative synergies with the divested assets to improve performance (John and Ofek, 1995; Lang et al., 1995; Kang and Shivdasani, 1997; Berger and Ofek, 1999; Denis and Kruse, 2000). In addition, a “quick fire sale” can proffer cash to repay existing debts or to fund ongoing operations (Kahl, 2002). Firms can accomplish asset reductions in a variety of ways, including closure of plants, sale of periphery assets and subsidiary units (Ofek, 1993; Denis and Shome, 2004). Whilst small firms may downsize by disposing of periphery assets (Chowdhury and Lang, 1996), large firms pursue this strategy mainly through divestitures. For example, John et al. (1992), and John and Ofek (1995) find divestitures to be a dominant strategy for large companies coping with performance declines and therefore expect firms that are able to downsize through the disposal of unwanted assets following performance shocks to achieve performance improvements
A company can be effectively managed by its top management by following restructuring through down scoping. Managerial effectiveness increases because the firm has become less diversified, allowing top management team to better understand and manage the remaining core business. It requires a lot of time before a firm is able to divest a sufficient number of operations so that it can refocus on its core business (Hitt et al, 2001). Barclays Bank followed this strategy when it sold its custodial services department to Standard Chartered Bank in 2010. However, the bank still recorded a loss in its annual results for the year ending 31 December 2010.

2.5.2 Leverage Buyouts

Leverage buyouts are defined as a restructuring strategy whereby a party buys all of a firm’s assets in order to take the firm private. It is used as restructuring strategy to correct managerial mistake or because managers make decisions that serve their interest rather stakeholders. The Leverage Buy Out strategy often produces enhancements through retrenchments and downsizing (Hitt et al, 2001). It appears this is not good option under the circumstances as Barclays Bank of Zimbabwe Ltd is currently facing viability challenges. Businesses are arguably going to adapt differently in multicurrency economic regime as they perceive market conditions and threats differently.

In summary, retrenchment strategies appear to be the most common approach adopted by businesses to deal with turbulent economic conditions, especially in the short-term.

In June 2010, Barclays bank of Zimbabwe finally decided to retrench about two hundred and six permanent employees in order to reduce costs and leave the company competitive. However, analysts still feel the exercise did not deal with top management where huge costs accrue. The bank also managed to sell its custodial services department to its rival Standard Chartered Bank in line with international standards. I admit that this strategy, as a short-term survival measure is noble to the Barclays cause currently judging from the numbers currently in employ against current tasks.

2.5.3 Investment Strategies

Bryan and Farrel (2008) state that analysts have identified firms that have chosen to adapt during multi currency economic conditions by pursuing investment strategies. Contrary to retrenchment, such firms perceive multicurrency economic conditions as opportunities to
invest, innovate and expand into new markets in order to achieve or extend a competitive advantage during the difficult period and beyond. Many of today’s household names launched successful businesses during difficult economic environments or recession. Rockefeller and Carnegie established dominant positions in the emerging oil and steel industries during the 1870s recession by taking advantage of new refining and steel production technologies and of the weakness of competitors. Hershey developed their brand and distribution advantages during the 1893-97 depression and Kellogg’s grew out of the 1920s depression (Rumelt, 2008). The motor, electrical and chemical industries that were crucial to post-war British industry became prominent during the 1930s. The Microsoft and Apple corporations were both founded in the mid-1970s, following the oil-crisis. Econet Wireless, the leading cellular network provider in Zimbabwe, was founded in 1993 and started operating in late 1997 during difficult ESAP period and to date the company is doing well under the multi-currency era. TN Bank, Interfin Bank and BANCABC Bank are examples of companies doing well in the multicurrency economic conditions, as evidenced by their opening of new branches countrywide.

Several studies argue that firms adapt to turbulent economic conditions by implementing business strategies centred on investment, innovation and market diversification, and that such strategies lead to higher levels of business performance. The first example among others include new product development and targeting new market niches (Clifford 1977). The idea was also supported by Hayter (1985); increased marketing spending (Pearce II and Michael 1997) also supported by Roberts (2003) and Srinivasan et al. (2005); ‘value-centric’ pricing strategies, whereby resource-rich firms emphasise quality and brand rather than low prices to attract customers, or, alternatively, adopting ‘predatory pricing’ policies, to maintain low prices in price-sensitive markets (Chou and Chen 2002). Other examples are of US-based companies implementing counter-cyclical strategies regarding human resource management, capital expenditure, acquisition and leveraging macroeconomic risk (Navarro, 2005). These studies provide descriptive data on firms’ adaptations to difficult multi-currency economic conditions but, in most cases, lack insight into why businesses adjust as they do, or are unable to explain why such strategies generate higher levels of performance. Chou and Chen (2002) are unusual in linking strategy under recession conditions to the firm’s resources. Retailers with limited resources were much less likely to be successful in either price- or non-price sensitive
markets. The other example is that of ICL, whose sales rose substantially after the 1973 oil crisis, as petroleum based products brought higher prices (Pettigrew, 1983).

In view of the literature reviewed, the evidence on businesses adopting investment strategies to manage through multicurrency economic conditions is patchy. Pursuing such strategies is considered risky and many businesses are likely to be too pre-occupied with short-term survival to think about innovation and growth. Investment strategies require resources – finance, managerial skills, technical expertise, and firms with limited resources are less able to implement them. Nevertheless, history has shown that companies can secure competitive advantage during difficult times through innovation in products, services and business models and by entering new markets. But studies often make little attempt to explain why particular firms adopt investment strategies or to elaborate the conditions that make such strategies possible or, indeed, the potential risks of attempting such strategies. Such accounts imply that where businesses adopt investment strategies, success necessarily follows. The process of implementing investment strategies and achieving successful outcomes is likely to be much more complex than this suggests. Moreover, such prescriptions ignore the externalities issue: if all firms adopted investment strategies, would they all succeed? In times of multi-currency economic conditions like the Zimbabwean issue, when many customers trade down to cheaper products, market fundamentals may not support a wide range of new innovations or a large number of firms seeking to diversify.

2.5.4 Ambidextrous Strategies
Duncan (1976); McDonough 111 and Leifer (1983) discussed the concept of an ambidextrous organization and it was extended by Tushman and O’Reilly (1996), O’Reilly and Tushman (2004) and contextual ambidexterity (Gibson and Birkinshaw, 2004). He and Wong (2004), Raisch and Birkinshaw (2008), Tushman and O’Reilly (1996) state that, ambidextrous organizations combine discontinuous changes with incremental changes. Alternatively, they combine with the exploitation of existing resources to enhance efficiency with exploitation of new sources competitive advantage and innovation. These organizations are believed to combine retrenchment and investment strategies. This was related to what business do during good times as well as
during recession (Accenture, 2003b). In order to position themselves for an upturn, they combine increased efficiency with innovation.

Ambidextrous strategy has positive effect of the following performance dimensions: revenues, profits, customer satisfaction and new product introductions (Sarkees and Hulland, 2009). This is according to their study. Chakravarthy and Lorange (2008) further stated that firms are driven to attain profit and growth, which will result in enhancing shareholder value. According to seminal work on firm growth, it is argued that profit and growth were interdependent (Penrose, 1959). Companies pursue profits to reinvest them in the long term to increase growth. Other researchers have demonstrated that few firms achieve both. Chakvarthy and Lorange (2008) state that ‘although the merits of sustaining profitability and growth are obvious, achieving them is elusive’. This was based on a research of 5910 large companies over 15 years between 1990-2004. It found out that 25% were able to achieve sustained profitable growth over 5 years, while less than 5% were able to achieve sustained profitable growth over 10 years. Each strategic option is characterized by an ambidextrous nature, for example, cost leadership is about managing operational costs, while at the same time ensuring energy and ecological friendliness and dealing with new technologies (Logman, 2009).

Large companies such as Multinational Enterprises (MNEs) must be ambidextrous (able to conduct contradictory business processes such as incremental and discontinuous innovation) in order to succeed and sustain (Tushman and O’Reilly, 1997). Substantiation of the significance of ambidexterity for firm sustainability was done by other organization researchers (Birkinshaw and Gibson, 2004, Han, 2007 and He and Wong, 2004). Tushman and O’Reilly (1996) state that an ambidextrous company can achieve higher performance and sustainability, avoid major or sudden organization changes and concomitant costs of switching governance modes, divert organization inertia, and adapt to and even benefit from changes beyond its control, because it is always in anticipation and preparation mode, primed to take action to shape its own future. Various firms are even compelled today to use ambidextrous strategy, driven by a rapidly business context and stiff competition, in which cost leadership and other strategic options such as differentiation are combined (Sarkees and Hulland, 2009). Therefore, this means that it is no longer about choosing for an ambidextrous strategy, but are coerced to.
There is still very limited evidence (Gibson and Birkinshaw, 2004; He and Wong, 2004; Kyriakopoulous and Moorman, 2004) demonstrating the impact of organizational ambidexterity on firm performance, especially financial. In addition, challenges little is known of the challenges facing firms that want to achieve through ambidexterity strategy (Gupta, Smith and Shalley, 2006). According to Tushman and O’Reilly (1997) and O’Reilly and Tushman ambidexterity increases possibility of shaping the company evolution but does not guarantee success.

In short, ambidextrous strategies appear to give companies both short term solutions and longer term chance to secure competitive advantage. Given the current scenario, this appears a better strategy for Barclays Bank. However, retrenchment and investment strategies on their own can not be regarded as a universal solution for multi-currency economic conditions. The combining of improving efficiency with seeking new sources of competitive advantage appear to be a vital strategy in the economic environment under review.

2.6 Financial strategies

The overall objective of financial restructuring is to achieve a debt and equity structure that enables the company to implement its survival plans to meet its ongoing liabilities as they fall due and to fund the strategic redirection where appropriate (Slatter and Lovette, 1998). According to Slatter and Lovette (1988) this means debt providers have to reduce the value in their books of the asset that the debt represents while existing equity providers will be diluted by the injection of new equity or more commonly, the conversion of debt into equity. The area of financial restructuring is a potential roadblock to any plan and it is vital therefore that any restructuring proposal recognizes the best option open to the stakeholders and clearly show them that it is in their best interest to support the proposed financial structure and business plan (Slatter, 1992). A refinancing strategy is usually a two stage process: short term survival financing and long term financing re-organisation of the capital structure.

2.6.1 Short term survival financing

According to Handy (1976), short term financing ensures that there is sufficient funding in place to enable the company to produce its business plan and to develop a refinancing proposal. He adds that at this stage it is normal for the critical stakeholders to be the
providers of debt. In some circumstances equity shareholders will provide the support though this is very risky for them because their support may actually go straight to a reduction of the debt exposure.

According to Porter (1980) refinancing for the short-term has three key steps. The first step involves establishing the current financial position. This cash flow will reveal what funding is required during the period that it will take to prepare a survival plan and agree a longer term financial reconstruction. The second step according to Porter (1980) involves establishing the company’s future prospects. The board needs to form a view both collectively and individually as to whether they believe that they will be able to develop a viable survival plan that will gain the appropriate support of the funding stakeholders. The final step according to Porter (1980) is to request the short term support. The complicating factors that can adversely affect the refinancing process are the number of funding stakeholders involved, the size and complexity of the business and the amount of the short term funding available.

### 2.6.2 Long term financial restructuring

According to Altman (1971) the objective of the long term financial restructuring is to provide the company with a solvent balance sheet and an ability to implement the agreed plan whilst servicing residual or new debt. He adds that it should also restore creditor confidence, be acceptable to all stakeholders and recognize where appropriate the need for management motivation. For example, OK Zimbabwe (as reported in The Zimbabwe Independent of 15/4/2001) and Starafrica Limited (as reported by Bright Madera in the Herald of 15 July 2011) appealed to their shareholders for capital in a rights issue exercise.

Miller and Modigliani (1958), in a major contribution, show that corporate financial policy is irrelevant in a perfect world. This implies that firms cannot achieve performance improvements by altering their financial policies. However, corporate financial policy is relevant in an imperfect world. Apart from the signaling argument put forward by Ross (1977), Detemple, Gottardi, and Polemarchakis (1995) show that corporate financial policy is indeed relevant, and can affect revenue streams, and hence the performance of the firm. Financial Strategy alludes to include capital
structure, dividend payout and operating policies. As a first step towards achieving survival, company management should review the financial strategies that affect the performance of the company. Chowdhury and Lang (1996) state that financial strategies tend to proffer short-term solutions to performance problems and they constitute the bedrock for a sustainable recovery.

Early studies provide evidence that suggests that a firm can recover from a performance shock by properly evaluating its cash generation strategies to ensure the availability of funds to sustain regular operations (Ofek, 1993). Companies can increase their cash flows by increasing sales revenue, reducing dividend payments and controlling operating costs. Bhattacharya (1979) state that although theoretical evidence suggests that firms are reluctant to decrease dividends due to negative signals that they relay to the market and companies may be forced to do so in the presence of serious performance declines (Ofek, 1993; Grullon et al., 2002). Revenue generation strategies have shown that they account for most profit survivals (1987). In addition, a reduction in dividend payments will allow firms to preserve internal funds for normal operations (Ofek, 1993; Grullon, Michaely and Swaminathan, 2002; Lie, 2004) whilst a decrease in operating costs is associated with improved operating margins. Surely, a firm should pursue these strategies in the normal course of business, but their reinforcement become necessary in the corporate recovery process (Yawson, 2005).

Ofek (1993) state that companies may also restructure their debt obligations in response to performance shocks. Jensen (1989) state that debt restructuring could result in either an increase or a decrease in the proportion of debt in the capital structure. In addition, an increase in debt can improve liquidity, and also, provide incentives for management to improve performance. Slatter (1984); Ofek (1993), Kahl (2002) state that in principle, however, it should be relatively difficult for firms experiencing performance problems to obtain access to the capital market. Such firms would endeavour to repay their debts, and most importantly, negotiate conversion of debt into equity to reduce interest payments and the likelihood of bankruptcy. However, this strategy of debt restructuring is not applicable under the circumstances.
2.6.3 Leadership
According to Slatter (1999) successful survivals have featured a change of management. Each survival situation is different and Handy (1976) argues that the analysis of the causes of failure and an understanding of the requirements to fulfill the strategic intent will help design an appropriate management to lead the company through this process. The survival manager according to Slatter (1999) is usually appointed as Chief Executive Officer (CEO). In owner managed businesses, banks may introduce a survival manager to work alongside the owner and insist that no cheques will be paid without the signature of the survival manager. Porter (1980) propounds that survival managers have to make many tough decisions under extreme time pressure than the typical general manager. He adds that the survival manager should be highly adaptive and action oriented, must be focused, think clearly and inspire confidence and reassured others of success.

Companies can pursue corporate restructuring strategies with a view to achieving turnaround. The appointment of a new CEO is one of the most important restructuring actions which can be undertaken in response to performance decline. This appointment of the new CEO is to enable him/her to provide a new sense of direction, develop new financial and operating strategies and revitalise the firm (Slatter, 1984; Shimizu and Hitt, 2005). Removal of a poorly performing CEO provides some assurance to shareholders that the board has taken a prudent action to address the performance problem. Overwhelming empirical evidence to support this theory is there. For instance, Weisbach (1988), Warner, Watts and Wruck (1988) and Denis and Kruse (2000) all show a negative relationship between the likelihood of top management changes and firm performance. These empirical findings suggest that replacement of a CEO should result in a performance improvement. Denis and Denis (1995) and Aivazian et al. (2005) show that managerial turnover is a necessary mechanism for improving firm performance.

2.7 Marketing
Narver, Slater, and MacLachlan (2000) quoting Kotler (2000) reports that the marketing concept maintains that the key to achieving organizational goals after experiencing performance shocks is to be more effective and efficient than competitors in identifying and satisfying the needs of target markets. This can be achieved by adopting the marketing mix strategy.
The marketing mix is a set of marketing tools the firm uses to pursue its marketing objectives in the target market (Kotler, 2003). Kotler (2003) further says that marketing mix provides a decision-making method for deciding how to manage the customer relationship. The marketing mix includes the product, price, promotion and place which are called the 4P’s (Kottler, 2003).

According Palmer (2004), the traditional marketing mix comprise of four elements which include Product, Price, Promotion and Place and some people have additionally suggested adding People, Process and Physical tangibles, which can be important aspects of marketing in services industries.

2.8  Turnaround Strategy

A turnaround strategy focuses on strengthening the distinctive competitive competences of the organisation in order to break the downward spiral with regard to sales and profits. The firm’s activities should focus on ways to reduce costs in order to stabilise the financial condition of the organisation and put the organisation and put it to recovery. In order to increase the cost effectiveness of the organisation, emphasis is often on reengineering of processes and the introduction of Total Quality Management programmes. The following activities may be adopted to achieve turnaround: reducing assets, outsourcing activities that are non competencies of the company, reduction of personnel and curtailment of managerial perks (Ehlers and Lazenby, 2007). Other turnaround strategies are: selling assets to raise cash, revising the existing strategy, launching efforts to boosts revenues, pushing cost leadership and using a combination of these (Thompson et al, 2007). The strategies are suitable for organizations that have distinctive competencies but have been managed poorly or have grown too quickly and therefore need reorganization in order to survive (Ehlers and Lazenby, 2007).

2.8.1  Selling Assets to raise cash

This strategy involves selling all assets of an organization in a bid to avoid bankruptcy. It is called liquidation (Ehlers and Lazenby, 2007). The strategy is vital when cash flow projection is a critical consideration and when the most practical ways to generate cash are: through the sale of some of the firm’s assets (plant and equipment, land, patents, inventories, or profit subsidiaries and;
Retrenchment (pruning marginal products from the product line, closing or selling older plants, reducing the workforce, withdrawing from outlying markets, cutting back customer service). Lastly, the choice to dispose off non core business assets to support strategy renewal in the firm’s core businesses may be used to raise funds to save and strengthen the remaining business activities.

The decision to pursue liquidation is usually a very much emotional and pursuing it is very a better option than bankruptcy, as management has the opportunity to plan the activities in such a way that minimizes the shareholders’ loss (Thompson et al, 2006).

2.8.2 Bankruptcy
This is a strategy wherein all assets of the firm are sold in parts for their tangible worth. Company creditors are compensated to the extent of that cash resources allow and the rest of the debt of the organization is written off (Ehlers and Lazenby, 2007). It allows companies to reorganize and come back after filing a petition for bankruptcy (Thompson et al, 2006).

2.8.3 Strategy Revision
Thompson et al (2006) state that when weak performance is a result of bad strategy, strategy overhaul can proceed along any of several paths:
Shifting to new competitive approach to rebuild the firm’s market position
Overhauling internal operations and functional area strategies to better support the business strategy;
Merging with another firm in the industry and forging a new strategy keyed to the newly merged firm’s strengths.
Retrenching into a reduced core of products and customers more closely matched to the firms’ strengths. In order for this strategy to work, a situational analysis of the industry, major competitors and the company’s own competitors’ position must be conducted.

2.8.4 Boosting Revenue
The boosting of revenue efforts aim at generating increased sales volume through the following revenue building options: price cuts, increased promotion, a bigger sales force
added customers services and quickly achieved product improvements (Thompson at al, 2006).

2.8.5 Cutting costs
These cost reducing turnaround strategies work best when a firm’s value chain and cost structure are flexible enough to permit radical surgery, when operating inefficiencies are identifiable and readily correctable, when the companies’ costs are bloated and when the company is close to its break even (Thompson et al, 2006).

2.8.6 Combination efforts
These strategies are usually important in grim situations the need fast action on a broad front. Combination actions frequently come into play when new managers are hired and given a free hand to make whatever changes they see fit (Thompson et al, 2006). This strategy of turnaround is noble for Barclays Bank as it may assist the organisation to better its performance and increase profitability.

2.9 End of Game Strategies
It involves a gradual phasing down of the business and sacrifice market position in return for bigger near term cash flows or current profitability. The financial aim is to reap the greatest possible harvest of cash to deploy to other business endeavours. Capital expenditure for new equipment are put on hold or given low priority (unless replacement need are usually urgent), efforts to stretch the life span of existing equipment and make do with existing facilities as long as possible (Thompson et al, 2006) Promotional expenses may be cut gradually, quality reduced in not so visible ways, non essential customer services curtailed. The end game or harvest strategy is considered a reasonable strategic option for weak firms in the following circumstances:

- When industry ‘s long term prospects are unattractive
- When rejuvenating the business would be costly or at best marginally profitable
- When the firm’s market is becoming increasingly costly to maintain or defend
- When reduced levels of competitive effort will not trigger an immediate or rapid falloff in sales
- When the enterprise can redeploy the freed resources in higher-opportunity areas
• When the business is not crucial or core component of a diversified company’s overall lineup of business
• When the business does not contribute other features to a company’s overall business portfolio (Thompson et al, 2006).

This strategy is noble for Barclays Bank of Zimbabwe, in that it assists in minimizing cash flows and costs. The strategy makes sense as it enables a company to withdraw cash flows from unattractive, non-core business units and relocate them to profitable business unit or spend the funds on purchase of new business.

2.10 Strategic Reorientation
According to Jaworski and Kohli (1990); Narver and Slater (1990) variable strategic orientation incorporates marketing, selling (Noble, 2002) technology (Gatignon and Xuereb, 1997), of which research attention was received by market orientation. Market orientation consists of three behavioural components namely: customer reorientation, competitor reorientation and inter-functional coordination (Narver and Slater, 1990).

According to Narver and Slater (1990:21) customer reorientation underscores ‘the sufficient understanding of one’s target buyers to be able to create superior value for them continuously’. On the other hand, competitor reorientation focuses on ‘the short term strengths and weaknesses and longer term capabilities and strategies of both the key current and long term competitors’ (Narver and Slater, 1990:21-22). Gatignon and Xuereb (1997) state that technology reorientation holds that consumers will choose products and services with technological superiority. According to Voss and Voss (2000) the three types of reorientations represent a company’s relative emphasis on apprehending and managing the environmental forces and may have differential effects on company performance.

2.10.1 The Contingency Perspective

Ginsberg and Venkatraman (1985), state that the contingency perspective of strategy is rooted in the notion of matching organisational strategy with environment. Companies
that suitably adapt their strategies to the environmental contexts can attain optimal performance (Ginsberg and Venkatraman, 1985); Miller, 1988; Venkatraman and Prescott, 1990). Empirical research results show mixed support for the proposition as early researchers have proposed that the market orientation performance impact is moderated by industrial and environmental factors (Day and Wensley, 1988; Kohli and Jaworski, 1990; Slater and Narver, 1994).

Some studies for instance show that market reorientation generally improves company performance in companies (Deshpande and Farley, 2000; Sin et al, 2000; Zhou et al, 2005) Deshpande and Farley (2004) also examined how market orientation impacts performance of companies in a enterprise to enterprise contexts and support the positive effects of a market orientation in transitional economies, including China and Vietnam.

2.10.2 Customer Reorientation and Business Performance
According to Narver and Slater (1990) customer reorientation underscores the significance for a company of attaining adequate customer understanding and continuously finding ways to deliver superior customer value. Deshpande, Farley and Webster (1993) state that some researchers consider customer reorientation as the fundamental aspect of market orientation. Representing ‘the set of beliefs that put the customer first’, customer reorientation puts the highest ranking on marketing customer needs (Deshpande et al, 1993:27). Han et al (1998) put forward that, a customer oriented company is willing and able to identify and analyse customer needs and as a result can better serve them. Most studies support for positive effect on business performance and customer orientation improve performance (Deshpande et al, 1993; Han et al, 1998; Narver and Slater, 1994).

On the contrary, Grewal and Tansulhaj (2001) argue that there is a negative relationship between market orientation and firm performance after economic crises due to changes in demand changes before and after the crisis. Later study by Zhou et al (2005) found that market orientation can disturb market based breakthrough innovations, defined as innovations of new and different technologies to serve emerging markets whose potential is complicated to serve.
2.10.3 Competitor Reorientation and Business Performance
Day and Nedungandi (1994:32) and Day and Wensley (1988) posit that customers and competitors are the two most important features of a competitive market, as ‘each is a dimension along which determination of a competitive advantage can be made’. According to Day and Nedungadi (1994) competitor oriented companies compare their business with that of their rivals in terms of resources, financial terms and costs positions. This assists in offering insights for firms to comprehend their relative market standing, which enables them to anticipate and quickly respond to competitor’s actions (Gatignon and Xuereb, 1997; Han et al, 1998). Therefore, competitor companies can fastly ‘match the marketing initiatives of competitors and look for sustainable edges in technology’ and resultantly, attain superior performance (Day and Wensley, 1988). Noble et al (2002) find that competitor reorientation strongly enhances business performance in a longitudinal study.

2.10.4 Technology Reorientation and Business Performance
According to Gatignon and Xuereb (1997) state that, technology orientation suggest that consumers prefer services and products of technologically superiority. This philosophy entails that firms devote their resources to Research and Development, actively procuring new technologies and use sophisticated technologies (Voss and Voss, 2000). Technology oriented firms have a competitive advantage in terms of technology leadership and offering differentiated products, which results to superior performance because of their commitment to Research and Research and application of latest technology to meet clients needs (Hamel and Prahalad, 1994). Research evidence also suggest that a technology reorientation has a positive relationship with new product (Gatignon and Xuereb, 1997) and performance (Voss and Voss, 2000). Miller (1988) state that, value of technology reorientation depends on technological turbulence.

2.11 Impact of Business size on Strategic Adaptation to Multicurrency economic Conditions
Child (1988) as cited in Senior and Fleming (2006) after a survey found out that for large organisations, the more bureaucratically structured they are the better they performed. The mechanic structure was suited to more stable unchanging structure and organic structure is suited to unpredictable, more dynamic environment. Curran (1996) stated that
a firm’s size can affect the nature of external environmental impacts and the mechanisms through which they are transmitted, as well as the firm’s ability to respond. Smallbone et al (1999) added that the more limited resource base of Small to Medium Enterprises compared with larger firms, particularly in terms of finance and management, can affect their ability to scan, analyse and respond to major environmental change. Perceptions of external pressures, threats and opportunities, the business strategies adopted, and the levels of performance achieved are shaped by business size (Curran, 1996). Some studies suggest, interestingly, that small businesses are less likely to perceive negative impacts on performance during recession periods (Shama, 1993).

In view of the above authors’ views, one can deduce that large companies tend to have greater scope for strategic choice because of their superior resources to scan the environment for potential market opportunities, to develop a wider range of capabilities and also facilitate greater resilience to withstand difficult economic times. This particularly applies in the case of multinational firms like Barclays Bank, with operations spread across the whole country. There is a huge gap here as Barclays bank has the largest branch network in Zimbabwe, but it has a last mover tag on the market with new strategies over the years. This may be attributed to bureaucratic nature of decision-making. Shama (1993; Lathan, 2009) propound that small businesses are perhaps more vulnerable to market shifts as they lack resources and usually operate with narrower product portfolios, rendering them at greater risk from industry-related downturns. However, some studies find that small businesses report more limited impacts than larger enterprises. Reid (2007) state that small businesses are, therefore, more likely to react to environmental shifts than be in a position to direct them. But, conversely, small firms often possess the flexibility to adjust resource inputs, processes, prices and products quickly in response to environmental shocks, a crucial capability to facilitate business survival. Within the small business population, there are likely to be variations in how firms adapt, and the performance outcomes that arise from adaptation (Fuller 1996).

2.12 Scenario Planning
A scenario is defined as a detailed and plausible view of how the business environment of an organisation might develop in the future based on groupings of key environmental influences and drivers of change about which a high level of uncertainty (Johnson and Scholes, 2002). Scenarios are useful especially in situations where it vital to take a long
term view of the strategy, say five years, where there are a number of key factors driving influencing the success of a strategy, but where there is a high level of uncertainty about such influences.

Scenario planning is considered as a generative strategic approach which assumes high degree unpredictability in the business world. Its business related application date from the early 1970s when it was used by General Electric. It helps firms in dealing chiefly with external analysis (Pollard and Hotho, 2006). Bishop, Hines and Collins (2007), state that the primary aim of scenario planning is to develop different possible views of the future and to think through their consequences for companies. Therefore, scenario planning helps managers to challenge their assumptions and to be better prepared for possible future developments. In addition, its value does not lie that much in the creation of the scenarios but in the discussion of the consequences. Schoemaker (1997:45) define scenario planning as ‘a disciplined method for imaging possible futures. It tries to consider alternative futures from an executive thinking of ‘what has been’ and ‘what works now’. By doing so it engages with turbulence, uncertainty and complexity (Wilson, 2000).

Scenario planning provides a set of tools that permit managers to anticipate threats and opportunities the future may bring. It offers insights into ways managers can be more creative in future anticipation. Furthermore, it is used by businesses whose external environments are vulnerable to fundamental or sudden change and whose anticipation of such change is not vital strategic importance. It is anything but seeing the future simply as an extrapolation of present trends and events, rather it is an ‘outside in’ approach that focuses on the uncertainty in the future. It draws on a range of disciplines and interests, namely economics, psychology, sociology and demographics (Lumpkin and Dess, 2003).

According to Schoemaker (1993, 1995) multiple scenario planning seeks not to predict the future but to envisage alternative views of the future in the form of distinct configurations of key environmental variables. Abandoning single-point forecasts in favour of alternative futures implies forsaking single-point plans in favour of strategy alternatives, emphasizing strategic flexibility that creates option values. However, as recognized by Shell—the foremost exponent of scenario planning within the corporate sector—the primary contribution of scenario planning is not so much the creation of strategic plans as establishing a process for strategic thinking and organizational learning. Shell’s former head of planning observed: ‘the real purpose of effective planning is not to make plans but to change the mental models that decision makers carry in their heads’
(De Geus, 1988: 73). With scenario analysis, strategic planning is a process where decision-makers share and synthesize their different knowledge sets and surface their implicit assumptions and the mental models. ‘Good scenarios challenge tunnel vision by instilling a deeper appreciation for the myriad factors that shape the future’ (Schoemaker, 1995: 31). Schwartz (1991) as quoted in Mcrel Policy Brief (October 2005: 3) said, “To operate in an uncertain world, people needed to be able to re-perceive, to question their assumptions about the way the world works, so that they could see the world more clearly. The purpose of scenarios is to help you change your view of reality- to match it up more closely with reality as it is going to be.”

Scenario offer an estimate of the ‘space’ within which a strategy will remain suitable or robust (Finlay, 2000). Scenarios are used to develop responses to potential future conditions in order to gain a competitive edge in an uncertain market. They are also used when conventional analytical forecasting techniques proved insufficient for environmental assessment (Furrer and Thomas, 2000).

A former Shell planner listed the following benefits of scenario planning in his book Scenarios: the Art of Strategic Conversion: more robust decisions and projects, better thinking about the future by ‘stretching mental models’, enhancing corporate perception and recognising events as a part of a pattern and realizing their implications and improving communication by using scenarios to provide a context for decisions throughout the company and a way to provide leadership to the organization (Mastering Strategy, 2000).

Scenario planning’s implementation involves consideration of several factors, which include among them team building and organizational culture (Wilson, 2000). In addition, management commitment and leadership are also very important (Wack, 1985b, Hanson, 2003). Acceptance of scenario planning is hampered by cost implications and focus on short term delivery (Pollard and Hotho, 2006).

Organisational learning improves by sharing and debating scenarios by making managers more perceptive about forces in the business environment and what is really significant. Managers should also evaluate and develop strategies (contingency plans) for each scenario. Environment should also be monitored to see how it is unfolding and adjust strategies and plans accordingly (Hitt et al, 2001).

In the face of increasing organizational dynamics and complexities, the rational is often argued the rational approach is limiting as it remains focused on past and present successes, whereas due to constant changes being experienced in the business
environment, what succeeded yesterday and what succeeds in the present may not appropriate under the circumstances. It is also argued that scenario planning proffers a suitable tool to develop a forward-looking mindset that might overpower the boundedness of the planning school (Pollard and Hotho, 2006). There are a number of weaknesses suffered by traditional scenario planning related to the complexity of the planning projects. These projects require a significant time investment and time (Bradfield, 2008).

In my view Barclays bank’s strategic management, can benefit from this process as well as they seek to make their organisation’s relevance and sustained contribution to helping businesses and individuals succeed in a changing world. This can also help address objective number 4 as a recommendation.

2.13 Role of Innovation under Multi-currency Economic Conditions
Innovation is the process of creating a commercial product from an invention (Hitt et al, 2001). In the words of Rosabeth Moss Kanter, ‘winning in business today demands innovation. Companies that innovate reap all the advantages of a first mover’ (Kanter, R. M, 1999). Innovation is thus intended to enhance a firm’s strategic competitiveness and finance performance. Invention brings something new into being, while an innovation brings something new into use (Hitt et al, 2001). Innovation include new approaches to doing business-strategic innovation-including new business models. Strategic innovation involves creating for customers from novel experiences, products or product delivery or bundling. It can also be based on redesigned processes and novel designs. Strategy involves reconfiguring the industry value chain in order change the ‘rules of the game’ (Grant, 2008).

According to Barden-Fuller and Stopford (1994), if established companies are to prosper and survive, new external environments require new strategies. Strategic innovation involves delivering unprecedented customer satisfaction through combining performance dimensions previous seen as confusing.

Strategic planning may be a source of institutional inertia rather than innovation: “Search all those strategic planning diagrams, all those interconnected boxes that supposedly give you strategies, and nowhere will you find a single one that explains the creative act of synthesizing experiences into a novel strategy”, said Mintzberg, (1994: 109). Hamel, (1996: 71) said, “The essential problem in organizations today is a failure to distinguish
planning from strategizing”. Yet, systematic approaches to strategy can encourage managers to explore alternatives beyond the scope of their prior experiences. Strategic inertia may be more to do with the planners than of planning per se. If top management teams are characterized by lack of genetic diversity and heavy investments of emotional equity in the past, breaking the conservative bias of strategic planning may require involving younger organizational members who are further from the corporate Head Quarters (Hamel, 2000: 148). He added that strategic innovation goes beyond new products, new markets and new technologies. Strategic innovation can also be enhanced through sensitivity to emerging discontinuities in a company’s evolution—these strategy/environment misalignments (‘strategic inflection points’) offer the potential for radical strategic change (Burgelman and Grove, 1996).

Turbulence economic conditions increase the need for rapid innovation but concurrently force managers to make risky investment decisions (Calatone, Garcia, and Droge, 2003) and often lead to rapid entry of firms and products in the markets, while simultaneously leading to the exit of some companies and products. In turbulent markets, undetected changes can lead to failures of new products and firms, so constant monitoring is needed and must be part of strategic process even in the short term (Grayson, 1992). Smith (2002) state that as markets become more complex, with more segments, competitors or channels, the need for strategy processes increases and significant planning efforts-supported by control and incremental changes are needed in operations. Innovation is widely regarded as a positive route to successful business development. In times of multicurrency economic conditions, however, spending on innovation is often cut back as firms re-focus on core activities. Academics suggested that product, service and process innovations should be regarded as key ways in which firms can work their way out of difficult environments such as multicurrency regime and prepare for an upturn. It appears this strategy is appropriate for Barclays Bank of Zimbabwe under these circumstances. Barclays Bank has been heavily criticized by the governor of the apex bank for not coming up with lending products to Zimbabweans. This satisfies my objective number 4.

2.14 Strategic Implementation
Strategic implementation relies on organisational structure, strategic leadership, strategic entrepreneurship and corporate governance (David, 2007). If uncertainty precludes
planning in any detailed sense, then strategy is primarily concerned with establishing broad parameters for the development of the enterprise with regard to ‘domain selection’ and ‘domain navigation’ (Bourgeois, 1980). Uncertainty requires that strategy is concerned less with specific actions and more with establishing clarity of direction within which short-term flexibility can be reconciled with overall coordination of strategic decisions. This requires that long-term strategic goals are established, articulated through statements of ‘vision’ and ‘mission’ and committed to thorough ‘strategic intent’ (Hamel and Prahalad, 1989). The tools that can be used and assist improve manager’s task of successfully controlling the strategic management process are aspects like Total Quality Management and Balance Scorecard (Ehlers and Lazenby, 2007).

From the established case of Barclays Bank, there is need to put in place the radical change as a response to multi-currency economic environments. The proposed change will only attainable with ‘top management’ support’ if the existing model is to change. Hence, not only does a successful strategic response require strategic thinking it also necessitates strategic action. This suggests that one policy intervention dimension could focus on raising the capabilities of people in organisations. An emphasis on improving management capabilities also makes sense in that individual managers and entrepreneurs may outlive organisations. Top managers need to create change and overcome corporate demise. The services of a change agent may be required to help question the prevailing norms and conventions of the organisation, including government intervention. In the same vein, it is important to note that the hierarchical nature of strategic decision-making at Barclays Bank Zimbabwe always delays in implementation of brilliant strategies necessary to deal with prevailing uncertainties, since signoff is required from the authorities in Dubai and United Kingdom.

2.15 Logical Incrementation

In logical incrementalism, the overall strategy emerges from step by step, trial and error actions occurring in a number of different places in an organisation; for example, making an acquisition while others are restructuring the reporting structure (Stacey, 2003). The process is managed by top executives, orchestrating it and sustaining some logic in it. It represents a move from the more mechanistic view of the classical strategic choice theory towards an appreciating of strategy as a continual process of an organisation learning its way into the future. Mitzberg (1994) advocates for an understanding of strategic
management as a process of learning rather than a move from strategic choice and long term planning. Hunger and Wheelen (2003) state that the strategy is permitted to come out of debate, discussion and experimentation.

Quinn (1980) identified a pattern of strategic choice called logical incrementalism, wherein managers reach intended destinations by discovering how to reach it by taking logical decisions step by step. Managers sense environmental changes and gradually adapt to them thereby maintaining a continually dynamic equilibrium with the environment (Stacey, 2003).

The strategy appears useful in a rapidly changing environment and when it is vital to build consensus and develop required resources before committing the whole firm to a specific strategy.

2.16 Hyper-competition

According to Hunger and Wheelen (2003) hyper competition describes an industry undergoing an ever-increasing level of environmental uncertainty where competitive advantage is only temporary.

Hyper-competition occurs where the frequency of, boldness and aggressiveness of dynamic movements by competitors accelerate to create a condition of constant disequilibrium and change (Johnson et al, 2008). It requires a new view of strategy (D’Aveni, 1995). From this view, one firm out classes another if it is adept at rapidly and repeatedly disrupting the current situation to create a novel basis for competing. Hyper-competition requires a discontinuously redefined competitive advantage and radical changes in market relationships (Stacey, 2003). Victory is not built on existing strengths as in resource based view, but on repeated disruptions. Competitors are kept off balance by tactical actions. Competitive advantage is temporary and companies destroy their own and others’ competitive advantage. Competition requires aggressive actions unconstrained by loyalty and company, while organisational units are loosely coupled. Successful strategies rely on surveillance, interpretation, initiative, opportunism and improvisation.

This strategy is of paramount importance in that it creates a gap at Barclays Bank as it is slow to act.
2.17 Stability Strategies
According to Hunger and Wheeler (2003) the stability family of corporate strategies is considered suitable in a reasonably predictable environment. They can be very handy in the short run but can be dangerous if followed for too long. The following are some of the popular strategies: pause, the no change strategy and the profit strategy.

2.17.1 Pause Strategy
It is considered a timeout strategy, a chance to rest before resuming a growth or retrenchment. It is considered to be a suitable strategy, to enable a company to consolidate its resources after prolonged rapid growth in an industry that faces uncertainty future. For example Dell Computer Corporation followed this strategy in the early 1990s after its growth had resulted in more growth than it could handle (Hunger and Wheeler, 2003).

2.17.2 No Change
It is a decision to do nothing new-a choice to continue with current operations and policies for the foreseeable future. It is rarely explained as a definite strategy, its success depends on a lack of significant changes in a firm’s situation. The firm has probably found a niche for its products. The firm is likely to cause management to follow a no change in this situation in which the future is expected to continue as an extension of the present (Hunger and Wheeler, 2003).

2.17.3 Profit strategy
This is a decision to do nothing new in a worsening situation, but act as though the company’s problems are temporary. It is an attempt to artificially support profits when sales are declining by reducing investment and short term discretionary expenditures. Top management may be tempted not to announce the company’s poor position to stockholders and investment community. For example, blaming the company’s challenges on a hostile environment(such as antigovernment policies, unethical competitors, frining customers or greedy customers, management defers investment, cuts expenses such as research and development, maintenance and advertising and keep profits at a stable level during this period. This strategy may lead to a serious deterioration in a company’s competitive position (Hunger and Wheeler, 2003).
2.18 Strategic Flexibility
According to Hitt et al (2001) strategic flexibility is ‘a set of capabilities firms use to respond to various demands and opportunities that are a part of dynamic and uncertain competitive environment’. Strategic flexibility should be developed in all areas of operations. Firms must develop organizational slack. Slack resources permit some flexibility for the firm to respond to environmental changes. Firms may have to undergo strategic reorientation which can drastically alter a firm’s competitive strategy. In order to be strategically flexible continuously, a firm has to develop the capacity to learn. This proffers the firm with new and current set of skills, thereby allowing the firm to adapt to its environment as it encounters changes (Pascale, 1999).

Grewel and Tansuhaj (2001) assert that in the real world, however, outcomes are not always predictable and the environment is dynamic. In the circumstances, strong arguments for substantial strategic shifts can be made, even when performance is not lacking. Promotion of strategic flexibility and strategic renewal to improve profitability are exhorted to strategic managers in situations when companies perform poorly. Believers of strategic change and flexibility school make four arguments. Firstly, strategies tend to yield superior performance when implemented in appropriate environments. Parrnell (1997) states that without strategic flexibility, a company can not adapt to changing external environment. A shift may necessitate strategic change to maintain alignment, even if organisational strategy is aligned with its environment (Hannan and Freeman, 1977; Ulrich, 1987; Whipp et al., 1989; Wemerfelt and Kamani, 1987). Secondly, a firm can pursue first mover advantages by venturing into new market or develop a new product or service before competitors (Gannon et al., 1992; Petersen and Welch, 2000). First mover advantage can assist secure access to scarce resources, increase the organization’s knowledge base, and result in substantial long term competitive advantage, especially when switching costs are high (Lieberman and Montgometry, 1988; Mascarenhas, 1992).

Thirdly, a company its human, physical, capital and informational resources must be modified together with the strategy (Barney, 1991; Lado et al., 1992). A company’s ability to adapt can improve strategic change by compelling healthy changes within the firm. The initial pain associated with change may be offset by the emergence of a lean, rejuvenated organization with a fresh focus on its goals and objectives. Conversely,
organizations that maintain strategic consistency over time may become stagnant, limiting the creativity and potential contributions of its members. Fourthly, if desired performance levels are not being realised by the company, strategic changes may be appropriate. In the majority of cases, top managers believe that strategic change will improve the ability of the business to generate revenues or profits, increase market share, and/or improve return on assets or investment. Many studies have concluded that declining profitability is the most common catalyst for strategic change (Backer, 1989; Webb and Dawson, 1991). Boeker (1989) interestingly observes that, organizational performance, age, and length of tenure of the founding entrepreneur influence the degree to which a founding strategy endures and thus, the prospects for strategic change. In fact, new CEOs are often recruited to attempt strategic changes upon entering the organization (Greiner and Bhambri, 1989). This may assist in addressing my objective number 4.

2.19 Strategic Development in Complex Situations
Firms operating in complex situations face an environment complicated to understand and may face dynamic conditions too, therefore a combination of complexity and uncertainty. Therefore relying primarily on formal planning is difficulty. There are no ‘right ways’ of doing things and that the taken for granted has to be challenged in the circumstances, there is need for organizational development (Scholes et al, 2005).

2.20 Strategic Agility
Gouillart (1995) state that ‘strategic agility’ has become synonymous with strategy, because the organization’s ability to succeed “has more to do with its ability to transform itself, continuously, than whether it has the right strategy. Being strategically agile enables organizations to transform their strategy depending on the changes in their environment”. Narasimhan (2006:443) define agility as “Agility involves flexibilities of several sorts, and includes the capability to do unplanned, new activities in response to unforeseen shifts in market demands or unique customer requests”. It also defined by Prince and Kay (2003) as the “Ability to respond to sudden changes and meet widely varied customer requirements in terms of price, specification, quality, quantity, and delivery”. It also encompass intra-firm manufacturing practices such as reduced changeover time and reduced lead time, inter-organisational elements like supplier alliances, sales linkages and customer sensing (Narasimhan, 2006). In the same vein,
Sharifi and Zhang (1999) describe it in relation to proactive ability to respond to changes rather than waiting for the changes to take place. Agile companies use strategies aimed at being flexible and responsive to customer needs, while supply shortages and disruptions risks are cushioned by pooling inventory or other capacity resources (Ojha, 2008).

In stead of managing the firm’s future through estimates, it is vital to endow the firm with certain distinctive competencies and strengths that carry the firm through contingencies resulting from unexpected environmental changes in technology, products, globalization of markets and commercialization of patents, and socio-political and economical forces. To cope with telling effects of such environmental changes a firm must have to be strategically alert, futuristic in approach, quick in absorbing and responding changes, and to gain masterly in technology, marketing and decision support systems (Baloch and Iman, 2008).

2.21 Survival Strategies in the Banking Industry

Dastidar (2001) state that the banking survival strategies should aim to derive maximum benefit out of strengths, minimize or neutralize weaknesses; cash is on opportunities and combat the threats. A two-tier strategy is suggested for effecting and sustaining turnaround of banking industry. Yue (2001) argues that, while a survival strategy would ensure industry’s immediately survival, the growth strategy would take care of transformation and sustainable growth of the industry in the long run. These strategies have been integrated through an integrated plan of action that comprises three sub-plans, that is, a short-term plan, a medium term plan, and a long-term plan. Sinha (2000) state that the survival strategy would be operated through the short and medium term plans while the growth strategy may be implemented through the medium and long-term plans.

The key goal of survival strategy is to ensure immediate financial turnaround that would proffer the industry with adequate financial liquidity, necessary for running the operations effectively (Cavaghan, 1998). Cavaghan (1998) views that benchmarking is as a strategic tool would be the key process to achieve the primary goal of financial turnaround for the banking industry. Furthermore, Simmons (1998) argues that benchmarking requires those advanced or best practices in a specific area and/or process is identified and existing
practices are compared against best practices; when there are gaps between the two, the best practices are, to the extent possible, adopted. Ensuring a financial turnaround would demand benchmarking of all critical operations. According to Sinha and Jena (2002) benchmarking would help the retail industry in cost reduction and control starting from procurement to delivery stage.

According to Chowdry (2000) the short-term plan is aimed at providing a lease of life to the ailing banking industry. This short term plan would also assist it to withstand the adverse pressures of the environment and move towards growth and development. He further asserts that the short-term plan would also proffer it with a breathing time for working a potent future strategy.

Maximising revenue is perhaps the only step that will enable the banking industry to remain in business (Muthuraman and Tolia, 1997). They further state that revenue can be maximised by maximising collections not only in terms of quick recovery of outstanding payments, but also in terms of maximising net sales realization by offering as less discounts as are possible. This would require meticulous planning, rigorous monitoring of outstanding dues, effective management of sundry debtors and efficient inventory management (Cyert and Fruehen, 1996).

Organisations can adopt focused marketing, as a survival strategy (Porter, 1980). The objective of focused marketing is to have a differentiated marketing strategy for products and services. Differentiation strategy is the only way by which the banking industry can outpace competition in today’s business scenario (Sinha, 2000). Differentiation strategy would require modification of products and services for various segments of customers. Existing products need repositioning so that greater perceived value could be offered to customers (Porter, 1980). Sinha (2001) says that the manufacturing processes might have to be readjusted to suit prevailing market requirements. Focused marketing would mean harmonizing all elements of the marketing mix of product, price, product, place, pace and people to their advantage. Sinha (2000) argues that, while it will be necessary to proffer high quality of product in terms of adherence to specifications, it will also be necessary to adhere to extend competitive offer in terms of commercial terms, packaging, performance guarantee and services. These services could either be in terms of adding value to the offered product like providing pre and post sales service like offering information about the status of orders, fast redressal of claims, updating technical expertise and suggesting
better application of existing products (Dastidar, 2001). He recommends that, even if the profits are less, it is advisable to ensure fast selling of products to avoid accumulation of inventory and faster cash in-flow. This would lead to increase in sales turnover and better return on capital invested (Dastidar, 2001). This way the company will avoid tying up cash in goods/products. The distribution strategy should ensure faster delivery of goods to the customers. Thus, while direct distribution should be continued, introduction of dealers/ stockists in the rural areas and smaller towns should be expedited (Santiono and Anggraeni, 2002).

Simmons (1998) argues, on the other hand, that the medium term plan is devised to consolidate the gains received by the survival strategy and also configured to initiate a long-term plan for the growth of the industry. The objective of the medium term plan is to consolidate the competitive positioning of the bankers and is intended to be achieved by following the profit-centre and internal customer model. By following the internal customer satisfaction model for all internal processes, a chain of continual improvement can be created by making every self-contained process answerable for its performance and thereby adding value at every stage (Cyert and Fruehen, 1996). They observed that once the systems and processes for internal customer satisfaction model are established, it will be easier to segregate various activities/units/processes, which would be capable to work as a profit centre. After identifying the profit centres, the whole organisation may be divided into a chain of interlinked profit centres. The key aim of this approach is all the activities would be divided into cost centres, as small as possible and each cost centre would strive to work as a profit centre; in addition, each cost centre must strive to satisfy internal customers.

The medium term plan would include activities for financial restructuring, business restructuring, operational restructuring and market expansion plan (Simmons, 1998). The financial strategy is a medium term survival strategy. The initial financial objective should be to generate adequate internal resources through operational efficiency for self-sustained growth (Yue, 2001). He further asserts that attempts should also be made to maximize the market valuation of the company, manage the accumulated cash and engage in long term financial planning for future business growth. The important components of the financial strategy should according to Yue (2001) be:

a) Realistic projections of liquidity costs and expenditure.
b) Mobilizing short/long term external funds at minimum cost.

c) Maximising internal resource generation.

d) Ensure maximum return on investments through financial analysis and evaluation of projects.

e) Improve profitability through regulation and control of expenditure.

f) Develop a deep sense of cost-consciousness by inculcating a sense of ownership.

g) Participation for influencing policy-making related to banking industry for safeguarding interest.

The financial restructuring would intent to improve financial health of the organisations (Chowdry and Bhattacharya, 2000). They argue that the focus would be at repayments of large borrowings for capital expenditure, manage the cost and time overruns increasing the cost of new assets without corresponding return on capital employed and ensuring sufficient future cash flows to meet debt servicing and capital expenditure requirements. There is thus a need to religiously monitor important parameters like sales, gross margins, interest and depreciation, profit after tax, net worth, total debt and debt equity ratio (Chowdry and Bhattacharya, 2000).

The key feature of a financial restructuring would be (Chowdry and Bhattacharya, 2000):

1. Restructuring of asset values by writing down to the extent of interest capitalised.

2. Writing off loans and interests to the extent possible.

3. Restructuring of capital and liabilities through reduction of debts by financial institutions, to the extent possible.

4. Strategic partnership in non-core businesses.

5. Outsourcing of non-core services.

Financial restructuring will have a positive impact on the profitability of the company through reduction of interest and depreciation charges as well as efficient deployment of capital.

The other survival option is business restructuring which is a process by which companies are transformed into entities that are fighting fit (Cyert and Fruehen, 1996). They argue that the process includes trimming of extra fat from the organizations like rightsizing of manpower, concentrating on core competency, hiving off of non-core assets, prioritizing
capital expenditure decisions and raising self sufficient profit centres. Redesigning corporate key processes is essential in this respect. Mita (2002) views that, every activity across the board needs analysis as to its value adding capacity. A value-chain is thus to be prepared and all activities done in the process of manufacturing and delivering products and services are to be evaluated. Mitra observed that the concept of Strategic Business Units is relevant in this context. He asserts that under this concept, each set of activity from starting to the end, is analyzed for its efficacy of delivering value against a cost and efforts are made to enhance the value on a continual basis while minimising the cost. Strategic Business Units provide bankers with the sharpness to deal with competition, increase speed of response and enhance customer service that are essential in today’s context. Possibilities of strategic alliances and collaborative arrangements among competitors in mutually beneficial areas could be explored. Cyert and Fruehen (1996) are of view that joint Research and Development may save lot of investments and joint marketing in non-competitive areas will help in getting better results at lower costs.

2.22 Changes required sustaining Organisational Performance

According to Marrow (1969) change is an organized, systematic application of the knowledge of social sciences, tools and resources, human material and financial that provides organizations with key processes to achieve their business processes. In other words, it is dynamic, continuous and often difficult to implement. Burnes, (2004), states that change has always been a feature of organizational life, though many may argue that the frequency and magnitude of change are greater now than ever before. Heraclitus a Greek philosopher defines change as the only constant in an environment. Recklies (2008) adds that change management means to plan, initiate, realize, control, and finally stabilize change processes on both, corporate and personal level. Change may cover such diverse problems as for example strategic direction or personal development programs for staff. Change is the substitution or succession of one thing in place of another: substitution of other conditions.

Naidler (1987) states that changing an organization also involves modifying the way it functions or does business, strategies, formal structures, processes, cultures, operating styles and people all may have to be changed.
2.23 Planned versus emergent change

Marrow (1969), states that change can be unplanned, that is, thrust upon the organisation/individual possibly without warning or change by impulse or forced on an organization or planned, and that is carefully prepared introduced and implemented. The term planned change was coined by Kurt Lewin (1947b) Lewin came up with a three step model which consist of the unfreezing stage, moving stage and the refreezing stage. Unfreezing is the breaking down of customs and traditions, that is the old ways of doing things – so that individuals are ready to accept new alternatives. He believed that the stability of human behaviour was based on a quasi-stationary equilibrium supported by a complex field of driving and restraining forces. He argued that the equilibrium needs to be destabilised before old behaviour can be discarded and new behaviour successfully adopted. This is also done through reducing those forces which maintain behaviour in its present form, recognition of the need for change and improvement to occur. It also requires some form of confrontation meeting or re-education process for those involved (Rubin 1967). Schein (1996:27) also comments that the key to unfreezing was to recognize that change, whether at the individual or group level, was a profound psychological dynamic process.

Changing involves the development of new behaviours, values and attitudes through changes in organisational structures and processes. It requires this to be done in such a way that those involved do not after a short period revert back to the old ways of doing things. As Schein (1996:62) notes, unfreezing is not an end in itself: it creates motivation to learn but does not necessarily control or predict the direction. This echoes Lewin’s view that any attempt to predict or identify a specific outcome from planned change is very difficult because of the complexity of the forces concerned. Instead, one should seek to take into account all the forces at work and identify and evaluate, on a trial and error basis, all the available options (Lewin, 1947a)

Refreezing seeks to stabilise the organisation at a new state of equilibrium in order to ensure that the new ways of working are relatively safe from regression. There is also use of supporting mechanisms that positively reinforce the new ways of working (recruitment, induction, reward systems etc).

Weilck (2000) defines emergent change as ‘Emergent change occurs when people reaccomplish routines and when they deal with contingencies, breakdowns, and opportunities in everyday work….’ Pettigrew 1997:338 also views change as a sequence of individual and collective events, actions and activities unfolding over time in the
context. Wilson 1992 also states that ‘It is the increasingly dynamic and uncertain nature of the business environment that undermines the case for planned change and underlines the appropriateness of the emergent approach’. Dalson 2003 contends that even in stable situations, change is emergent, messy and unpredictable.

### 2.24 The difficulties in accomplishing organisational change

The main problem that is faced when trying to implement change is resistance. According to Armstrong, 1996, Resistance to change is seen as a threat to familiar patterns of behaviour, as well as status……….Shock of the new….uncertainty…. and threats to skill, status and interpersonal relationships all cause people to resist change. Coping with resistance will involve weakening of the apparent link between the change and the negative consequences as you implement change, expect resistance. It is also important to include strategies to sustain the change and decrease the likelihood people will revert back to old procedures at the first opportunity. Change means disrupting the status quo. Even when a person is unhappy with the status quo, they fear moving into the unknown. This is one reason organizational change efforts rarely go as planned.

Typically there are strong resistances to change. People are afraid of the unknown. Many people think things are already just fine and don't understand the need for change. Many are inherently cynical about change, particularly from reading about the notion of "change" as if it's a mantra. Many doubt there are effective means to accomplish major organizational change. Often there are conflicting goals in the organization, e.g., to increase resources to accomplish the change yet concurrently cut costs to remain viable, (Kotter, 1988). Organization-wide change often goes against the very values held dear by members in the organization, that is, the change may go against how members believe things should be done. That's why much of organizational-change literature discusses needed changes in the culture of the organization, including changes in members' values and beliefs and in the way they enact these values and beliefs.

An expert on leadership and change (John Kotter, 1988) , has outlined eight reasons why change strategies often fail: (i) low sense of urgency for change; (ii) lack of guiding coalition responsible for the change; (iii) lack of vision to guide the change process; (iv) lack of communication of the vision; (v) lack of removal of obstacles to change (political dynamics within the organisation); (vi) lack of short term wins; (vii) declaring victory too soon; and (viii) lack of reinforcing the change.
Successful change must involve top management, including the board and chief executive. Usually there's a champion who initially instigates the change by being visionary, persuasive and consistent. A change agent role is usually responsible to translate the vision to a realistic plan and carry out the plan. Change is usually best carried out as a team-wide effort. Communications about the change should be frequent and with all organization members. To sustain change, the structures of the organization itself should be modified, including strategic plans, policies and procedures. This change in the structures of the organization typically involves an unfreezing, change and re-freezing process.

The best approaches to address resistances are through increased and sustained communications and education. For example, the leader should meet with all managers and staff to explain reasons for the change, how it generally will be carried out and where others can go for additional information. A plan should be developed and communicated. Plans do change. That's fine, but communicate that the plan has changed and why. Forums should be held for organization members to express their ideas for the plan. They should be able to express their concerns and frustrations as well.

2.25 Strategic Knowledge and capabilities
According to Allee (2000) and Sveiby (2001) for companies to survive and secure competitive advantage, this depends on the firm’s power to continually create and disseminate knowledge across organisational levels.

Competitive advantage of the firm depends on its dynamic capabilities, conditioned by its asset positions (its portfolio of knowledge and complementary assets) and the evolution way taken (Teece, Pisano and Sheun, 1997). Dynamic capabilities are the company’s ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments. The concept was extended by Eisenhardt and Martin (2000) to include ‘the organisational and strategic routines by which firms achieve new configurations’. These routines include product development, resource transferring, processes, knowledge creation, strategic decision making and alliance formation.

Dynamic capabilities are also defined as by Galunic and Eisenhardt (2001) as “the firm’s ability to integrate, build and reconfigure internal and external competences to address rapidly changing environments”. Recently, many organisational scholars recognized this
dynamic learning capability is valuable, inimitable and socially complex resource that can assist an organisation renew itself and overcome the challenges from complex business environments (Allee, 2000 and Nonaka, 2000).

In order to outwit competitors in the new world order, Winter (2003) state that companies must better rivals in both short run and long run by letting go the past and breaking rules or routines when needed. Tushman and O’Reilly (1997); Benner and Tushman (2003); Gavetti and Levinthal (2000) state that there is luxury in order to survive must simultaneously balance the inconsistence demands of incremental change and exploitation with radical change and exploration. This partially answers my objective 4 as gap.

2.26 Learning Organisation

The learning organisation is defined as, ‘one capable of continual regeneration from the variety of knowledge, experience and skills of individuals within a culture which incites mutual questioning and challenge around a shared purpose or vision’ (Johnson and Scholes, 2002, p.110). The concept became popularized in the 1990s and it corresponds to the aspects of logical incrementalism. It has the following characteristics: there is a need for the continual challenge of what which is taken for granted, one that is pluralistic, experimentation is the norm, there is informality of working relationships and there is a political process of bargaining and negotiation.

Companies are continually transforming themselves to better manage knowledge, use technology, empower its workforce and expand learning in order to adapt and triumph in the changing environment (Mr. Mutowo, 2009). Companies have to conscientiously learn for them to stay ahead of competitors, stay in business and compensate their employees (Mutowo, 2009).

Wang and Ahmed (2003) state that there are five focuses on the concept of organizational learning which are: collectivity of individual learning, processes or system, culture or metaphor, knowledge management and continuous improvement.

It is the potential of organisational learning to enable organizations to reinvent themselves in order to compete in the changing and increasing uncertain and competitive environment that is making it an attractive proposition for most managers (Burnes, 2004).

There are five aspects of organisational learning that most writers agreed upon:
1) An organisation’s survival depends on its ability to learn at the same pace as or faster than changes in its environment.

2) Learning must become a collective and not just an individual process.

3) There must be shift towards systems (or triple loop) thinking by most organizational members.

4) By adopting organizational learning, an organization not only acquires the ability to adapt quickly and appropriately to changing circumstances, but it can also transform itself if necessary (Cummings and Worley, 2001).

5) As well as the ability to transform itself, an organisation can adapt to, influence or even transform its environment.

This assists in improving market share in that the bank will attract the lost market share.

2.27 Criticism of Strategic Management
Ansoff (1987) attributes that majority of strategic planning failure to the inability of organizations to sustain them once the initial enthusiasm, that is, worn off. Three reasons he argues why strategic planning fails are:

a) Paralysis by analysis
b) Organisational resistance to the introduction of top strategic planning into the business

c) Withdrawal or relaxation of forceful for strategy planning by top management (Williamson and Jenkins, 2008).

Critics argue that the world is full of uncertainty, complexity and ambiguity dominate and small events can have a substantial and unpredictable impact on results. Under such cases, even the most thought out strategic plans are prone made useless by rapid and unforeseen change (Hill and Jones, 2009).

2.28 Documents and Records Review
This research was made possible through enrichment by additional information derived from the following records and documents: - Board Strategy Sessions documents on meetings held quarterly, monthly, quarterly and yearly Country Management Committee (CMC) minutes, financial reports, Audit Committee reports, yearly corporate budgets and monthly control reports and other essential and relevant records and documents.

Perusal of the documents above assisted the researcher in ironing out some of the bias emanating from the questionnaires and interviews. The documents became hard proof
about what was on the ground. They match with what happened and what was collected from the questionnaires and interviews.

2.29 Conclusion
The chapter reviewed the literature and other related issues expounded by many scholars on the assessment of strategic planning in a multicurrency economic environment. The chapter looked at strategic management definition, strategic management models, frameworks and importance, business strategy, strategic adaptation to harsh economic conditions, retrenchment strategies literature, investment strategies and ambidextrous strategies, business size as an influence on strategic adaptation to multicurrency economic conditions. The chapter also reviewed literature pertaining to scenario planning, role of innovation under multicurrency economic conditions, strategic intent, strategic thinking and strategic actions, hyper competition, stabilization strategies, strategic agility and finally review of records and documents.

The next Chapter will discuss the methodology that was adopted for this study.
CHAPTER THREE
RESEARCH METHODOLOGY

3.0 Introduction
Research requires a systematic approach to finding answers to research problems (Saunders et al, 2003). This section will highlight research instruments used in the data collection and the justification for their use. It also highlights research data, data sources and data collection plans. A thorough review was made of data analysis procedures and the justifications for their use. Methodology is alluded to as the approach a researcher uses to investigate a subject and methods are the techniques to collect data and information (White, 2000). Saunders and Thornhill (1997:1) identified the quantitative and qualitative as the two perspectives to carry out research. White (2000:26) argues further that ‘Quantitative research uses mathematical and statistical treatment to assist evaluates the results while qualitative research uses descriptions and non-mathematical procedures when interpreting and explaining the research’.

3.1 Research Design
Research Design is ‘strategies decided upon by a researcher for his own guidance for determining answers to research questions listed by him’ (Kumar, 1999:284). It is therefore a plan of the purpose of the proposed research work. Zikmund (1991:819) concurred with Kumar when he defined research design as a master plan specifying the methods and procedures for collecting and analysing needed information’. Sanders et al (1997) call it a research strategy and will be a general plan of how one will go about answering questions. On the other hand Jahoda at al cited in Shajahan (2004:43) defined research as ‘the arrangement tool of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure’. There are several types of research designs that can be adopted in undertaking research namely, exploratory, descriptive, diagnostic and experimental research.
3.1.1 Research Philosophy
There are two philosophies in research which are positivism which has a number of distinguishing features like that it is deductive (theory tested by observation), normally uses quantitative data, employs controls to allow testing of hypothesis, Uses a highly structured methodology to facilitate replication (Gill and Johnson, 1991) and it seeks to explain casual relationships between variances. The other approach is the phenomenological approach.

This research was premised on the phenomenological approach as explained below.

Phenomenology
The phenomenological approach is based on the way people experience social phenomena in the world in which they live (Sanders at al, 1997). Easterby-Smith et al (1991) state that researchers are more likely to work with quality data and use a variety of methods to collect in order to establish different views of phenomena. Three reasons have been suggested for adoption of this approach:

• It enables one to make more informed decisions about your research design
• It will assist one to think about those researches that will work for you and those that will not

Knowledge of the different research traditions enables you to adapt your research design to cater for constraints

3.1.2 Research Strategy
According to Robson (1993), a there are three traditional research strategies: namely experiment, survey and case study. Two vital ways of pursuing research are cross sectional and longitudinal studies. These strategies should not be thought as being mutually exclusive. Gill and Johnson (2002) include quasi experiment and action research as other research strategies.

A case study design was employed in this study since the focus is on illumination. It is felt that studying one bird would be easier and thorough than concentrate on the flock. The case study deeply analyses the chosen organisation, which is then taken to represent other commercial banks in Zimbabwe.
According to Yin (1980:158) a case study is an empirical inquiry that investigates a contemporary phenomenon within its real life context when the boundaries of the phenomenon and the context are not clearly evident and in which multiple sources are used. The case study method incorporates multiple sources, draws on the technique of observational studies and aims to give a portrayal of a specific situation in such a way as to allow the reader to penetrate the superficial record and also to check the researcher’s interpretations by explaining an appropriate selection of the objective evidence from which the case study had been built.

As a research method the case study looks at a single instance and aims to identify the unique features of interaction within that situation. Its strengths are that the results are more easily understood by a wide readership beyond the professional research circle. As pointed out by Anderson (1990:163), case studies go beyond a single questionnaire or set interviews. They incorporate all types of data and look for converging lines of inquiry. Case studies use triangulation to interpret converging evidence, pointing to a clear conclusion. Conclusions suggested by different data sources are far stronger than those suggested by only one source. The case study also provides suggestions for intelligent interpretation of other similar cases. In addition to this, Nisbert and Watt (1978) as quoted in Maroney, B.P. and Buckely, M.R. (1992) also note that a particularly important benefit of this research design is the possibility of a case study identifying a pattern of influences that is too frequent to be discernible by the traditional statistical analysis. It should be however be pointed out that the case study design has a number of weaknesses. It is a frequent criticism of case study research that the results are not easily generalised except by an intuitive judgment that “this case is similar to that case”. Another weakness of this design is that the observer in a case study has to be selective, but this selectivity is not open to checks, which can be applied, in vigorous systematic inquiries such as large-scale surveys, hence it tends to be personal and subjective.

The research design is however, flexible and thus it can pick up unanticipated effects. While the case study method can thus change to take into account new insights, one can not readily tell how the observer’s perception has affected the conclusions reached. Other critiques of the case study approach to research have pointed at lack of reliability and validity, saying that another researcher replicating the study may come up with different conclusions. However, the use of multiple data sources like the questionnaire, documents
as well as the development of a formal case study protocol could help address this problem of validity and reliability, Leedy (1995).

The primary source of information, therefore, for the case study was organizational records and documents. These were complimented by a structured through a structured questionnaire and personal interviews of selected individuals.

The type of data that the researcher generated for the Barclays Bank of Zimbabwe investigation was to a large extent qualitative, with quantitative data also being generated but to a lesser extent. This then made the study basically qualitative in nature. As Paton (1977:8) points out, in qualitative studies, “there is no burden of proof, there is only the world to experience and understand. Shed the burden of proof to lighten the load of the journey of experience” he urges.

As such logical reasoning for such a study shows that it is a descriptive study. A descriptive research, according to Best and Khan (1993), is concerned with conditions or relationships that exist, practices that prevail, beliefs, points of view or attitudes held and trends that are developing in the unit under study.

3.1.3 Population and Sampling Techniques

Best and Khan (1993:11) describes a population as:

“All group of individuals that have one or more characteristics in common that is of interest to the researcher. The population may be all individuals of a particular type or more restricted part of a group”.

According to Moser and Kalton (1979:54), a population consists of a number of units of enquiry and the surveyor must decide whether information is to be sought from all or only some of these units, i.e. whether he should take a census or be satisfied with a sample. In addition, Zikmund (1991:450) said that ‘Population is any complete group of entities sharing some common set of characteristics’. It other words, it can be defined as a group of individuals that have one or more characteristics in common that are of interest to the researcher. The target population refers to the total population that the researcher would like to make generalisations about”.

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The population of interest to this research comprised of thirty-eight Barclays Bank of Zimbabwe branches and my limit of analysis was confined to two main branches in Harare (First Street and Pearl House branches and Head Office) and, three out of six executive directors and six senior managers at strategic management level based at Head office.

3.1.3.1 Sampling techniques
There are two types of sampling techniques, namely probability and non-probability sampling. In probability sampling the elements have a known chance of being selected. A true probability sample, because of stringent requirements is likely to be too expensive and time consuming for most uses. The method reduces bias drastically, sampling error can be calculated and eliminated by large samples.

3.1.3.2 Systematic sampling
Zikmund (1991:466) refers to systematic sampling as ‘a procedure in which a starting point is selected by random process and then every nth number on the list is selected. The procedure is extremely simple. A starting point is selected by random process and then every nth number on the list is selected’. Moser and Kalton (1986:19) highlighted that systematic sampling produces a more even spread of sample over the population list than does simple random sampling. This usually leads to greater precision. The following are the advantages: it is quick and economic, it is convenient and it can yield random results if the arrangement of items in the list is random in character. Its disadvantages are as follows: the problem of periodicity occurs if a list has a systematic pattern, which is not random in character.

3.1.3.3 Convenience sampling
Zikmund (1991:463) defined convenience sampling as ‘the sampling of obtaining those people or units that are most conveniently available’. This is mostly used to obtain a large number of completed questionnaires quickly and economically. The advantage is that it is cheap because on chooses the most accessible population members. The researcher used convenience sampling since he works closer to the two branches.
3.1.3.4 Random sampling

Random sampling is defined as a method of selection in which each N units in the population to be covered, a calculable (and –non-zero/probability of being selected. The advantages of random sampling are: all members of the population are known and equal chance of being selected, it works well with relatively small populations, bias is minimised and sampling error can be calculated and limited for large samples. The disadvantages are: is only appropriate for small populations, usually very expensive and time consuming for most uses.

According to Entwhistle and Nisbert (1976) as quoted in Yin (1984), “there is no single correct procedure for sampling. The method chosen depends on the purpose of the inquirer, on the type of analysis to be made and on certain restrictions of time, staff, facilities...which have to be accepted as external constraints”. Although as the above quote states, there is no single correct procedure for sampling. One general rule should apply. That is, the sample should be carefully chosen so that the researcher is able to see all the characteristics that are present in the total population from which the sample has been chosen. Pope and Gilbert (1987) as quoted in Oliver and Chapman (1996) also state that, “the depth of a researcher’s portrayal of other conditions and circumstances might influence the outcome (e.g. staff in supervisory grades only)”. In line with this observation, the researcher chose purposive-sampling in order to come up with a sample of strategic managers, senior branch managers, operational managers, supervisors and clericals.

Thus in purposive sampling the discretion is left to the wisdom of the researcher. The sample therefore comprised of 30% (two branches in Harare and Head office out of fifteen branches) of the branches in Harare covering the standard, premier, corporate and head office staff.

However, for lower level staff i.e. the branch managers, clericals and non clericals, random sampling had to be employed to come up with a sample of at least twenty-five people from each branch sampled. According to Fowler (1993:632) “the key component behind all probabilistic sampling approaches is randomisation, key because random sampling creates an equal chance of each element being selected into the sample”.

A total of sixty (60) questionnaires of Questionnaire “A” will be distributed at random to non-managerial staff at the two branches whose combined population is one hundred and
forty (140) employees. A total of ten (10) questionnaires of Questionnaire “A” will also be distributed to all the senior and lower managers at those branches and a total of ten (10) questionnaires of Questionnaire “B” will be distributed to senior managers at strategic level in Head Office whose population is thirty (30). Personal interviews will be conducted with three senior managers at Head Office using questions drawn from Questionnaire “B”.

3.1.3.5 Stratified sampling
Stratified sampling is referred to as a procedure in which simple random sub-samples are drawn from each stratum that is more or less equal on some characteristic. Moser and Kalton (1986:85) argue that stratification does not imply any departure from the principle of randomness. It means that before any selection takes place, the population is divided into a number of strata; then a random sample is selected within each stratum. If the sampling fraction is the same for every stratum, this procedure is almost certain to be improvement on a sample random because it makes sure that in the population (sexes, age groups, regions, town type and the like) are correctly represented in the sample. In view of time constraints this procedure was not applied. Cognisant of time constraints and costs, this sampling technique is not suitable for this research.

3.1.4 Data Collection Methods
Several methods are considered for the purposes of collecting data. These include observation, the interview, focus groups and questionnaire. For the purposes of this research, the researcher collected data using questionnaires, conducted personal interviews and did a review of company records and documents.

3.1.4.1 The Questionnaire
According to Oppenheim (1992) there are various definitions of questionnaire. It is a general term to include all techniques of data collection in which each person is asked to respond to the same questions in a predetermined order (de Vauls, 1991). According to Leady (1989) the questionnaire is the ‘most common place instrument for observing data beyond the physical reach of the observer.’ In this instance, it is itself regarded as an interview without an interviewer present, able to gather data from remote and far away respondents. The other advantages are that it is able to gather information of a personal
nature and places less pressure on the subject for immediate response, unlike the interview or the observation method. The questionnaire is anonymous hence it encourages greater honesty on the part of respondents.

For this research, a self-administered questionnaire was either emailed or hand delivered to managers in Head office and branches under covering letter. For the mailed questionnaires to the two branches of Barclays Bank, ‘strictly private and confidential’ addressed internal envelopes were sent to all selected respondents. The questionnaire was sent to selected individuals from top management down to the shop floor. Due to the complex nature of Barclays bank structure, a slightly different questionnaire was therefore be designed and distributed to senior management at the strategic level to tape their valuable contributions about strategic planning in use at the bank. In all cases the researcher emphasised the important issue of confidentiality and anonymity since respondents may feel that if their names appear on the completed questionnaire the researcher may divulge it to other parties. As for Questionnaires distributed to managers in Head office, the researcher instructed all respondents to drop off all completed forms with the receptionist so that they can be collected in bulk. Questionnaires that exceeded the time limit were followed up by phoning the respondents.

3.1.4.2 Interviews
An interview is defined by Kahn and Cannell (1957) as a purposeful discussion between two or more people. It is used to gather valid and reliable data which is relevant to research questions and objectives. Sanders et al (1997) state that interviews may be highly formalized and structured, using standardized questions for each respondent, or may be informal and unstructured discussions. Interviews may be categorized as either: structured interviews, semi-structured interviews and unstructured interviews. Interviews may also be categorized as standardized interviews and non-standardised interviews (Healey, 1991; Healey and Rawlinson, 1993; Healey and Rawlinson, 1994). The other view of interviews is that of Robson (1993) categorizing them based on the work of Powney and Watts (1987) as: respondent interviews and informant interviews.
Personal Interviews conducted

Interviewing is one of the most common methods for collecting data in qualitative research. Interviews allow participants to provide rich, contextual descriptions of events. The process of interviewing is time-consuming, and the quality of data often is dependent on the aptitude of the interviewer (http://www.cc.gatech.edu).

In order to iron out problems emanating from using one source of data collection, the researcher organised some personal interviews with selected three senior managers at strategic level. With this method the researcher asked the respondents the questions on Questionnaire (B) and completed the questionnaire based on the answers and explanations given.

Kumar (1999:184) believes that interviewing is the process of personal interaction between a researcher and a respondent’. It involves face to face conversation between the researcher and the respondent. Furthermore, he identified two types of interviews i.e. structured and unstructured. Structured has fixed questions and wording to avoid variations and the unstructured gives the interviewee freedom to provide detailed information. The researcher may ask questions relevant to the study in an unstructured interview. Leedy (1980:15) believes that the structured interview is closely related to the questionnaire. He says that ‘it is a data gathering technique containing questions for the interview which should be carefully planned’.

3.2 Research Procedure

After identifying the research topic, the researcher sought authority with his superior, who took the matter with the bank’s Compliance Department. Data was collected from three different groups of respondents: senior managers, managers and non managerial officials. The questionnaire was prepared to collect primary data. A pilot study was conducted at Cripps Road branch wherein relevance, suitability, validity and reliability of questionnaires were tested. Fist Street and Pearl House branches were chosen because of proximity. A total of 60 questionnaires were emailed or physically distributed to senior managers, managers and non managerial staff to provide feedback on the research. Company records were used as my primary source of data.
3.3 Research Limitations
There are various challenges that the researcher had to contend with. These were time, budgetary constraints, accessibility of documents and administrative issues. The limited time had an effect on the size of the sample that was used. This forced the researcher to use a smaller sample in order to get results quickly of course bearing in mind that this might compromise results.
Commitments such as work, the sudden death of my father and sister in a space of three weeks and family obligations affected the researcher’s level of total commitment to the whole research. Some respondents tended to exaggerate problems in their organisation.
Access to official and confidential documents that management had clues to weaknesses within the organisation was not that easy to obtain. The political and economic environment prevailing in the country at the time of this research was not favourable and impacted on results where a number of people were negative to all things happening around them, given that there was talk of early elections this year.

3.4 Conclusion
The chapter on research methodology dwelt on a detailed look at the population of interest to the researcher guided by relevant literature, research design, sampling method and data collection method adopted for the study.

The next chapter will be looking at data analysis and discussion of key events and research findings on Barclays bank case.
CHAPTER FOUR
RESULTS AND DISCUSSION

4.0 Introduction
This chapter presents the findings of this research and analysis of these findings. Tables, charts and graphs are used to present, analyze and illustrate data findings. The findings will be compared to the generally accepted strategic planning concepts set out in the literature review and if they are in agreement with practitioners and academics.

4.1 Response Rate
Sixty questionnaires (60) were sent out to senior managers, managers and non managers resulting in a population sample of sixty (60). A total of forty eight (48) responses were obtained, which translates to a response rate of 80 percent.

Table 4:1 Response rate analysis

<table>
<thead>
<tr>
<th>Category</th>
<th>Response Frequency</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior managers</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Managers</td>
<td>9</td>
<td>15</td>
</tr>
<tr>
<td>Non managers</td>
<td>36</td>
<td>60</td>
</tr>
<tr>
<td>Non Respondents</td>
<td>12</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100</td>
</tr>
</tbody>
</table>
A total of 48 employees at various levels responded to the research survey representing eighty percent (80%) response rate. Table 4.1 and figure 4.1 above show the frequency of the participants most of whom are clericals (60%) who were quite keen to express their views towards effectiveness of strategic planning process in a multicurrency economic era at Barclays Bank of Zimbabwe Limited. The table above shows that only 20% of the respondents were managers. Twelve questionnaires were not returned, representing 20%. This can be attributed to unwillingness and non-commitment to participate in the survey. It appears some colleagues were not happy with the previous opinion survey carried out by the bank. They assumed that the study was a follow up to bank’s Employee Opinion survey (EOS) which is a yearly survey conducted by the bank.

**Figure 4.1: Response Analysis by category**

A total of 48 employees at various levels responded to the research survey representing eighty percent (80%) response rate. Table 4.1 and figure 4.1 above show the frequency of the participants most of whom are clericals (60%) who were quite keen to express their views towards effectiveness of strategic planning process in a multicurrency economic era at Barclays Bank of Zimbabwe Limited. The table above shows that only 20% of the respondents were managers. Twelve questionnaires were not returned, representing 20%. This can be attributed to unwillingness and non-commitment to participate in the survey. It appears some colleagues were not happy with the previous opinion survey carried out by the bank. They assumed that the study was a follow up to bank’s Employee Opinion survey (EOS) which is a yearly survey conducted by the bank.
Figure 4.2: Position in bank

From the above Figure 4.2, six percent of senior managers, seventy one percent of non-managerial staff and nineteen percent of managers participated in the survey. The clerical staff includes the bulk of the employees as these include team leaders and senior clerks (graded B3 & B4) and junior staff who are graded B1 and B2. Their views therefore make significant impact on the implementation of strategic planning process at the bank as indications show that most of the managerial positions have been replaced by the team leaders whose grades are below managerial positions.

Table 4.2: Length of time on current position in Barclays

<table>
<thead>
<tr>
<th>Age distribution</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-5 years</td>
<td>6</td>
<td>12.50</td>
</tr>
<tr>
<td>6-10 years</td>
<td>10</td>
<td>20.83</td>
</tr>
<tr>
<td>11-15 years</td>
<td>29</td>
<td>60.42</td>
</tr>
<tr>
<td>16-20 years</td>
<td>1</td>
<td>2.08</td>
</tr>
<tr>
<td>21 years+</td>
<td>2</td>
<td>4.17</td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>100</td>
</tr>
</tbody>
</table>

As illustrated by Table 4.2 above the employees in the bank are very stable with only 12.5% of these having been on their current positions for 5 years and less. Further analysis shows that these are mainly managerial and senior clerks that have been with the same institution for a long time and have been promoted within the hierarchy of Barclays banking system. The level of knowledge in the strategic planning process issues is
expected to be high as they discharge this wealth of experiences in their current positions which under normal circumstances should improve performance of the business.

![Figure 4.3: Length of time in the banking sector](image)

Further to the stability shown on their existing positions, most employees in Barclays have chosen banking as their career and most of the respondents, twenty three (23) are over 21 years and above in the banking sector. Again this indicates the wealth of knowledge that the employees have in their jobs and as suggested by figure 4.3 most of this experience either indicate that these employees can not get alternative jobs or have chosen Barclays as the employer of choice. The bulk of the managerial employees are above forty years of age and are well experienced in the banking business.

![Figure 4.4: Presence of written Mission statement](image)

Results of the survey indicate that 94% said “Yes” and 6% disagreed on the presence of the mission statement. Out of the 94% respondents who acknowledged the presence of a mission statement, 75% reproduced the statement successfully and 20% wrote an incorrect statement while 5% did not make an attempt. In summary, we can safely say
that employees are aware of presence of a written mission statement and this answers the question that Barclays Bank makes strategic plans which reflect the multicurrency economic conditions.

**Figure 4.5: Understanding of the Mission Statement**

As depicted by Figure 4.5 above, twenty nine out of forty eight employees indicate that they understand the mission statement; nineteen employees said they could not understand it. According to Kuveya (2003), a mission statement is ‘a fundamental statement of purpose, defining the place of the organisation with its environment’. Since this happens to be a public statement on behalf of Barclays bank, which defines what needs to be achieved by the bank in terms of the customer needs it intends to satisfy, the markets to be served to meet those needs and the manner in which it will meet them, the importance by the employees to know and live it cannot be over-emphasised. Survey results reveal that most employees of Barclays Bank of Zimbabwe Ltd understood the mission statement and it is displayed in banking halls.

**Figure 4.6: Long Term goals**
Goals are described as finely focused statements of intent directed at those aspects of the organisation’s operations which are critical to success and often described as the core business (Kuveya, 2003). Such statements are usually intended to have a life, which extends beyond the immediate future and will be reviewed thoroughly every three to five years (Aaker 2001).

Results of the survey indicated that Barclays Bank Ltd has written longer-term goals in place as evidenced by Figure 4.6 showing thirty three of the respondents acceding to that version, one respondent does not subscribe to the fact that Barclays Bank Ltd has long term goals and fourteen are not sure of the existence of such goals. This synopsis partly answers my research objective number.1 which sought to establish if the bank makes strategic plans as the bulk of respondents suggested that indeed the bank make long term goals.

<table>
<thead>
<tr>
<th>Category</th>
<th>Population</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goals are realistic</td>
<td>23</td>
<td>47.92</td>
</tr>
<tr>
<td>Goals are not realistic</td>
<td>14</td>
<td>29.17</td>
</tr>
<tr>
<td>I do not know</td>
<td>11</td>
<td>22.91</td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>100</td>
</tr>
</tbody>
</table>

As evidenced by statistics shown in Table 4.3 above, 47.92% of the respondents allude to the fact that goals set by that bank appear realistic as well as challenging or stretching. Interestingly, four of the managers who participated in the survey said that the goals are not realistic which made the researcher wonder how then these managers cascade the goals downwards to their subordinates. Johnson and Scholes (2002) said a goal is a “General statement of aim or purpose”. They also brought out the fact that if the word goal is used, it usually means a general aim in line with the mission. It may well be qualitative in nature.
Table 4.4: Setting of clearly defined and measurable performance standards

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>30</td>
<td>62.50</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>4.17</td>
</tr>
<tr>
<td>Not sure</td>
<td>16</td>
<td>33.33</td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>100</td>
</tr>
</tbody>
</table>

As indicated in Table 4.4 above, most respondents (62.50%) acknowledged that the bank has performance standards which are measurable and clearly defined in dollarised conditions. Analysis that we can draw from this data is that 37.50% is still a sizeable figure to ignore and hence raises concern as lack of knowledge on availability of performance standards set by the bank may result in quality compromise of both the individual and organizational performance. Bank’s records review revealed that these elements are also reflected in individual’s Performance Development Plan that measure an individual’s performance against organizational set targets. Performance Development, according to Barclays Bank work book, provides a framework for conducting a planned management activity that seeks to address historically difficult factors, like behaviour, which have a significant impact upon individual, team and business performance.

![Figure 4.7: Participation in setting of objectives](image-url)
As shown by Figure 4.7 above, 77% of the respondents in the survey revealed that they are not involved in the setting of objectives. This clearly shows that management is critically involved in the setting of objectives. Ehlers and Lazenby (2007), state that firms can not expect their strategic plans to be successfully implemented if they do not have the banking of their most important shareholders-employees. Perusal of bank records (Personal Development Plan Guide for managers) the researcher noted that at the start of each year the Managing Director and members of the EXCO, former CMC, cascade business priorities for the ensuing year, that is, the most critical things that need to be achieved to attain the strategic plan. EXCO team members will prepare functional/departmental plan and share it with their teams to provide clarity and common understanding on the overall business objectives, functional plan and aims together with the expected targets for various business units. This is in line with objective number 1.

![Driving Force behind the Strategic Planning Process in the Bank](image)

**Figure 4.8: The driving force behind strategic planning process in the bank**

Survey results indicate that twenty six or 54.17% of the respondents knew that strategic planning process is driven by senior management, nineteen or 39.58% felt that general management are responsible for driving the strategic planning process at Barclays Bank of Zimbabwe. It is logically difficult for respondents who made it clear in question 8 of Questionnaire A that there is no relationship existing between individual/team objectives and company, to then know who drives strategic planning process at Barclays Bank of
Zimbabwe Ltd, hence the results in Figure 4.8 above show that nineteen or 39.58% placed General Management category. Generally, strategic planning process in the bank is driven from the bank’s top hierarchy. However, strategic implementation can only take place after procuring signoff from Emerging Markets (EM) head office situated in Dubai. This indicates that the bank makes strategic plans in multicurrency era.

Table 4.5: Relationship between individual/team objectives and company

<table>
<thead>
<tr>
<th>Category</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>33</td>
</tr>
<tr>
<td>No</td>
<td>6</td>
</tr>
<tr>
<td>Not sure</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
</tr>
</tbody>
</table>

As depicted in Table 4.5, thirty three of the respondents acknowledged that indeed a relationship exists between individual/team objectives and company objectives. It can be deduced from this data that the respondents knew about individual/team objectives as well as the presence of company objectives. However, there is lack of clarity on how these individual or team objectives really fit into the overall company objectives. This could be attributable to lack of information dissemination by general management at the operational level. If indeed the link was known, we would not have had such high number of respondents saying “No” and “Not sure”. Further investigations revealed that team leaders especially non-managerial employees are not involved in setting even their individual or team objectives. Instead, they are foistered down their throats. This creates problems and resistance from employees on given work assignments cannot be ruled out. Ehlers and Lazenby (2007) state that strategic management that is communicated to effectively will lead to better understanding by employees and other stakeholders.
Figure 4.9 represents data gathered in answering question 14 which sought answers on whether Barclays bank reviews monitoring data regularly and revise strategic decisions as appropriate. In the survey 12.50% of the respondents were of the opinion that little improvement is needed on that aspect, 37.50% of the respondents thought that some improvement is required in monitoring data regularly while 50% of the respondents felt that much improvement is required in the very same aspect.

Figure 4.10: Allocation of sufficient resources for implementation of strategies

The majority of respondents felt that sufficient resources are not allocated for implementation of strategies. Interpreting these responses, 50% who are of the opinion
that the bank is not allocating sufficient resources for implementation of various strategies are taking it from the notion that various strategies devised by the bank have taken long to be implemented. For example, the talk of the launch of a new product, Barclays at Work Loan Scheme started at the start of January 2011, but to date the product is still to be launched onto the market. Other banks are launching new loan products, electronic products such as internet banking and telephone banking to the market as fast as possible. This shows that these institutions allocate adequate resources for implementation of strategies so that the needs of their customers are met timeously. This contributes significantly to increasing market share.

| Table 4.6: Assignment of lead responsibility for action plan implementation |
|---------------------------------|--------|---------|
| Category                        | Frequency | Percentage |
| Assigned to an individual       | 7       | 14.58   |
| Assigned to a team              | 21      | 43.75   |
| Not sure                        | 20      | 41.67   |
| Total                           | 48      | 100     |

Of the respondents, 14.58% were of the view that lead responsibility is assigned to an individual meaning that employees are not being given opportunity to lead in implementation of certain plans. The larger group of respondents (43.75%) said that lead responsibility is assigned to a team. This can be interpreted in the sense that in Barclays bank, teams in the bank comprise of people with different competencies and each member of any team is at times given an opportunity to lead in an area where one is comfortable with. This is despite the fact that overall accountability rests with the manager. Of the respondents, 41.67% were not sure of whether lead responsibility is assigned to individuals or teams. This is a gap in the strategic planning process at Barclays Bank of Zimbabwe.
Figure 4.11 above shows that zero (0%) respondents revealed they receive feedback on their performance daily, thirteen or (27.08%) respondents said they are appraised when the need arises, twenty-nine or (60.42%) employees said they receive feedback on a quarterly basis while three respondents or (6.25%) said that they receive feedback annually and three or (6.25%) said that they receive feedback half yearly. From the data, it can be deduced that there are some inconsistencies in the way feedback is given to individuals. In essence feedback should be given to individuals/team on a daily basis depending on the need, but the above statistics are spread which do not make good reading at all. It is an area for improvement on the part of the bank’s strategy planning process.

Table 4.7: Comparison of bank’s business performance and operational characteristics with competitors

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>7</td>
<td>14.58</td>
</tr>
<tr>
<td>No</td>
<td>9</td>
<td>18.75</td>
</tr>
<tr>
<td>Not sure</td>
<td>32</td>
<td>66.67</td>
</tr>
<tr>
<td>Total</td>
<td>42</td>
<td>100</td>
</tr>
</tbody>
</table>

The bulk of the respondents (66.67%) are not sure that Barclays bank’s performance and operational characteristics do compare well with those of competitors. This has been evidenced by the results announced in December 2010 when Barclays moved out of the
top ten of the best performing banks in terms of profitability compared to the rest of the industry and the 2009 results when it was in the top ten. Furthermore, previous records show that Barclays was one of the best performing company on the stock exchange in terms of profitability. Barclays Bank is still the largest bank in terms of capitalization but a trend of poor performances in 2010 if not immediately addressed may lead to loss of this status and market share. The bank has been pursuing a very conservative approach in terms of lending, although its loan to deposit ratio has been increasing (ZSE Overview, 2011). It was also reviewed that other banks like CBZ have been concentrating on diversifying and improving revenue streams. It views insurance products as an area of significant growth for the group and recently launched insurance operation.

Figure 4.12: Identification of strengths and weaknesses

The largest group of respondents (65%) alluded to the idea that the process helps in identifying their strengths and weaknesses. The strengths of Barclays Bank are as per Table 1.2. A sizeable number of respondents (23%) indicate that they are not so sure. The introduction of Performance Development (PD) process to the non-managerial employees in June 2009 has led the employees to generally accept that PD is a noble concept of performance measurement of the business if success is to be achieved. Practiced properly PD concepts of Previews and Reviews can create a high spirit of performance where it can help individuals identify their strengths and weaknesses and also overcome challenges of subjectivity. Other employees who said “No” (13%) have indicated that there has not been adequate training and communication regarding the benefits of PD.
plans to the business and the employees. This is crucial if the business is going to win the buy in of the general staff employees. This shows that there is a gap in the bank’s strategic planning process.

![Importance of periodically gathering and analysing market data and external factors](image)

**Figure 4.13: Significance of periodic gathering and analysing of market data**

Survey results (Figure 4.13) indicates that 75% of the respondents have placed a lot of emphasis on the need for the bank to carry out market analysis and periodically review data from the market data and external factors since the environment is continuously changing. Market analysis looks at analysing components in the environment which are macro-environment, market/task environment, internal environment, industry environment and the operating environment. Davis (2007) says, “It is important for strategic managers to identify and evaluate the conditions in the organisation’s internal and external environment and to then make decisions on how to match these two environments. This forms the vantage point from where the strategies will be devised.” Such data can be interpreted in the sense that developments in the banking sector (as highlighted in Chapter 1) have guided respondents to place a lot of emphasis on the need to periodically gather and analyse market trends in order to be abreast with current developments. Furthermore, 15% of the respondents said that it is important to periodically gather, analyse data and external factors and only 10% view it as less important.
Periodic gathering of data and analysing market data will assist in identifying opportunities and threats in the macroeconomic environment. Gaps will be identified so that the Barclays Bank can take corrective action timely.

![Bank use of strategy (situational) diagnosis options](image)

**Figure 4.14: Use of the Strategic (situational) diagnosis to formulate strategic plan options**

The questions were being rated on a scale of 1 to 5 with 1 being the lowest rating and 5 being the highest. Little improvement needed was being represented by numbers 1 and 2, some improvements needed was represented by number 3 and much improvement needed was being represented by numbers 4 and 5. As shown in Figure 4.10, 13% of the respondents were of the view that there is little improvement needed on this aspect, 38% said that some improvement is required, while 49% of the respondents were of the view that much improvement is definitely required. This clearly shows that there is a gap in the bank’s strategic planning process which requires correction.
According to the survey results as depicted by Figure 4.15 above, all the areas suggested by the researcher need improvement although Product Innovation and Promotion tops with 48%. This, therefore, suggests that the bank is not responsive to the multicurrency economic conditions in terms of product innovation and promotion, which could be a recipe for disaster considering the volatility of the market. From the bank’s records reviewed, New Product Approval (NPA) process is very time consuming given the protocols at Emerging Markets. Speed of Implementation of ideas ranks second with 31% also indicating that the bank is also less responsive to multicurrency era in terms of speed of execution. From the bank records reviewed (CMC reports-May to December 2010); it appears the issue of implementation of strategies has been compounded by the structure of EM which gives less autonomy to the individual markets to implement ideas. This is recommendation that the bank must adopt if it is to survive in the multicurrency economic conditions.

### 4.2 Analysis of Respondents at Strategic Level of Barclays Bank

As indicated in Chapter 3, ten questionnaires were distributed to managers at strategic level and responses are shown on table 4.12 below. As expected by this researcher, all the ten managers completed the “Yes” and “No” questions uniformly. It is also imperative at this stage to highlight that the researcher used the same Questionnaire (B) to conduct interviews with three managers at strategic level in order to tap in their valuable
contributions in explaining the strategic issues posed on the questionnaire in the Barclays context. The results are also presented below.

### Table 4.8: Analysis of Respondents at strategic level

<table>
<thead>
<tr>
<th>Question</th>
<th>Total</th>
<th>Yes/True</th>
<th>%</th>
<th>No/Not True</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Were you involved in the development of the bank’s mission and vision statements?</td>
<td>10</td>
<td>10</td>
<td>100</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Do top executives take formal responsibility for the bank’s strategic business planning?</td>
<td>10</td>
<td>10</td>
<td>100</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Is strategic planning a top priority activity in Barclays Bank, performed on a regular basis under these multicurrency economic conditions?</td>
<td>10</td>
<td>10</td>
<td>100</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Does the organisation provide resources (managers’ time, money, staff support, etc) earmarked specifically for strategic planning?</td>
<td>10</td>
<td>10</td>
<td>100</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>In your own assessment, does the bank make strategic decisions (implementation action plans) based upon strategic plan?</td>
<td>10</td>
<td>10</td>
<td>100</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Does the bank periodically gather and analyse data about market and other external factors which affect the business in the multicurrency economic era?</td>
<td>10</td>
<td>10</td>
<td>100</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Are sufficient resources allocated for implementation cognisant of the multicurrency economic conditions?</td>
<td>10</td>
<td>10</td>
<td>100</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Do you think the bank reviews monitoring data regularly, and revise strategic decisions as appropriate?</td>
<td>10</td>
<td>10</td>
<td>100</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Barclays Bank assesses institutional factors such as cost and availability of capital, government regulations and the economy under these multicurrency conditions.</td>
<td>10</td>
<td>10</td>
<td>100</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Are individuals responsible for strategic planning under these multicurrency times rewarded for successful performance?</td>
<td>10</td>
<td>10</td>
<td>100</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
4.3 Findings from Review of Records and Interviews done with strategic level managers

4.3.1 Development of the Bank’s Mission and Vision Statements
Perusal of records indicated that no current executive committee member was part of the team that developed the vision and mission statement of Barclays bank. The researcher also established that the mission statement and vision are the same in all markets worldwide and are set at Barclays Bank PLC in the United Kingdom. Individual markets are only needed to append their name on the vision.

4.3.2 Formal Responsibility for the Bank’s Strategic Business Planning Process
All executives take formal responsibility for the organisation’s strategic planning process through Personal Development (PD) plans wherein performance is rated for each individual executive committee (EXCO) member. Strategic Plans are done at GRCB level and cascaded to EM and later to individual markets such as Zimbabwe. Each EXCO member is expected to come up with strategies for their own area which will be aligned to the EM and GRCB. The strategies are debated at EXCO level and later with the local board before they are implemented. PD plans are reviewed quarterly and ratings are linked to bonuses paid annually. Executive Committee (EXCO) members refer to all executive directors of Barclays bank of Zimbabwe Limited. GRCB refers to Global Retail and Commercial Banking which happens to be Barclays group Head Office.

4.3.3 Strategic Planning As a Priority under Multicurrency Economic Conditions
Indeed strategic planning process is a top priority for Barclays Bank of Zimbabwe Ltd. One strategy session is done at the start of every year where the board of directors and EXCO members go on a special retreat at one of the luxurious hotels to discuss strategic issues. These strategic sessions come up with one year to five year plans. Review of the strategy is done on quarterly basis as the business is operating in multicurrency economic
conditions. These strategies are supported by robust operational and tactical plans which are flexible in view of the unpredictable turbulent economic environment. Strategies are done using scenario analysis, that is, if things get worse and if things get better. Phases are then developed to display events progression and strategies are developed for each scenario. Progress on strategy implementation is checked by Board of Directors on a quarterly basis.

4.3.4 Allocation of Resources
Barclays Bank of Zimbabwe Ltd allocates funds for Strategic retreats and Board Members and brainstorming sessions with staff. The MD and EXCO members make time to engage staff at various fora including branch visits, lunches and Town Halls. The ideas, suggestions and opinions feed into strategies. In some instances the bank hires specialists like economists and other consultants to provide insights.
Adequate resources are allocated for the implementation of the strategy. In cases were finance is not available the business ranks actions in order of priority with those projects with high income generating capacity prioritised. The transition from Zimbabwe dollar currency to United States dollar currency has however been difficult for the bank to secure credit lines due to country risk. The parent company rates Zimbabwe as a risk country to invest in. It appears that the parent bank views the Zimbabwean bank in the same context as the United Kingdom political stand point.

4.3.5 Making of Strategic Decisions (Implementation of Action Plans) Based Upon Strategic Plan
Review of records unearthed that action tracking logs are developed to track the implementation of the Bank’s strategies. EXCO members cascade strategy implementation actions to their lieutenants and incorporate those actions in their PD plans. Progress is assessed during PD plans reviews. Apart from action tracking logs, the business has a number of committees set to effectively implement strategies. These include Country Management Committee (CMC) which comprises of all EXCO members, Asset and Liability Committee (ALCO) comprising of Finance, Treasury, Commercial Banking, Retail Banking and Risk department, Risk and Control Committee and Operations Committee. On top of these committees there is Credit Committee, Audit
Committee, Remuneration and Selection/Promotion committee. These committees include board members.

4.3.6 Analysis of Data about Market and Other External Factors
The bank gathers information on a continuous basis and information is presented as and when necessary. Finance department and Treasury department act as advisors to the business and are responsible for gathering information for the business. On monthly EXCO meetings, Finance department and Treasury department produce reports detailing latest developments on the markets, trends, business performance and other market components. Consultants have also been hired to provide information to the bank. Assessment of industry is also done through market intelligence and a well presented competitor analysis report presented to EXCO. In addition, the business leverage on the group for best practices.

4.3.7 Review and Regular Monitoring of Data, and Revision of Strategic Decisions
The bank has adequate systems to monitor data and review the strategies. The fact that the bank takes a scenario approach towards strategic planning makes it easier to monitor data since triggers will be in place. In cases of adverse changes the business has a robust Business Continuity Management plan (BCM) and Crisis Leadership Team (CLT) in place to lead the business out of crises. The challenge is that sometimes change of strategy requires EM approval resulting in delays due to red tape.

4.3.8 Assessment of institutional factors such as cost and availability of capital, government regulations and the economy
The bank has dedicated Compliance and Legal teams to deal with all regulatory issues. Barclays has never breached any regulatory requirements and this is highly regarded as a core competency by the market. In addition, its ALCO looks at all financing matters for the business and sits monthly to review any developments.
4.3.9 Structure of the bank

Barclays Bank of Zimbabwe is a subsidiary of Barclays Plc by virtue of being the major shareholder through its investment vehicle AFCAME which owns 67.8%. The other significant shareholders are Old Mutual (12.5%) and Fed Nominees (1.6%). It reports to Barclays Emerging Markets which in turn reports to Barclays Global Retail and Commercial Banking (GRCB).

The bank has a functional organisational structure from GRCB level to individual countries. The functions are Finance, Treasury, Commercial Banking, Retail Banking, Risk Management, Compliance, Internal Audit, IT, Operations and Corporate Affairs which forms EXCO. At Barclays Zimbabwe level all EXCO members report to the MD but also report to another EXCO member at emerging markets (EM) level who in turn report to EM MD and another EXCO member at GRCB level. This structure was created in 2005.

4.3.10 Area(s) which need improvement to remain competitive in this environment

Both strategic level managers interviewed by the researcher concurred that the bank needs to improve its product innovation and marketing. Lending products such as working capital loans, capital expenditure, overdrafts and personal loans must be availed to companies and individuals. The bank is only authorized to lend up to USD60 million. This limit has proved to be inadequate to satisfy customer demands. In addition the NPA process which is followed before a new product is launched takes a long time. Strategic level managers also concurred that the bank needs to improve its decision making cycles as speed of implementation is a major source of competitive advantage. This has been compounded by the structure of EM which gives less autonomy to the individual markets to implement ideas.

4.4 Key Findings of the Research

4.4.1 Responsibility for the Bank’s Strategic Planning Process
The research found out that, indeed, Barclays Bank makes strategic plans but they are done at GRCB level and then cascaded to EM who in turn cascade to individual countries such as Zimbabwe, Botswana and Zambia. Due to the fact that markets differ, each EXCO member comes up with strategies for his/her bank. These strategies are then tabled for debate at EXCO level meetings and later with the Board of Directors before putting them to action. The strategies are aligned to the EM and GRCB global strategy.

4.4.2 Strategic Planning horizon in Barclays Bank

The research found out that EXCO members meet at the start of each year offsite to come up with one year to five years plans. Review is done quarterly. Scenario planning analysis sighted in the literature review section is used to make strategies. A quarterly board meeting is also held to review strategy implementation.

4.4.3 Implementation of Strategies

Evidence from the research revealed that action tracking logs are used to track implementation of strategic plans. The Bank’s strategic plans for implementation are cascaded down the hierarchy by EXCO via individual PD plans. The research also found out that the bank has a number of properly constituted committees which effectively implement strategies. The bank’s decision making and implementation cycles in Zimbabwe are very long due to lack autonomy caused by the structure at EM. This threatens this potential source of competitive advantage.

4.4.4 Product Innovation and Marketing

Evidence from the research revealed that products are launched only after signoff from the GRCB and EM. New Product Approval (NPA) process is very time consuming given the protocols at Emerging Markets and GRCB. This also threatens this source of competitive advantage. Other financial institutions are currently offering products such as
personal loans, mortgage loans and investments products. This is a revenue stream that Barclays Bank is losing in terms of fees, transaction fees and interest. Other institutions are recording better non incomes due to the fact they launch products timely as the decision makers are locally based.

4.4.5 Impact of Resource Allocation
As shown in the bank’s records, Barclays Bank’s view is that adequate resources are allocated for strategy implementation. In the same documents, however, the bank acknowledges that inadequacy of capital has delayed execution of certain projects. Therefore, the key finding to this issue is that some capital projects for the bank could not take off as planned due to lack of adequate finance. This assertion can be supported by an example given that the bank could not purchase Point of Sale equipment yet the idea was mooted one and a half years ago. The same can be said about its information technology which is considered outdated but replacement project has been put on hold.

4.4.6 Organisational structure
Barclays bank’s organisational structure has resulted in a slow decision making process resulting in the business facing challenges in adapting to the fast changing operating environment. This is compounded by added decision making layers at EM and GRCB level which results in uncoordinated priorities and goals across the business and operational inefficiencies as result of overlaps and duplication of effort across departments.

Barclays Plc is now micro-managing Zimbabwe resulting in the local Board and management having little influence on the strategic management as strategies continue to be interfered with by EM EXCO members. This compels Zimbabwe to pursue strategies that are crafted at EM level which are meant to be implemented in all markets but may not applicable to the multicurrency economic environment in Zimbabwe. For example in 2009, EM forced all markets to implement a radical corporate expansion programme which was not feasible in Zimbabwe as the economy was under a multicurrency economic environment.
4.5 Proposition Testing
The research proposition states that, ‘Barclays Bank of Zimbabwe does not make strategic plans that take care of the current multicurrency regime in Zimbabwe’. From the findings of this research, the researcher’s proposition has been proved wrong since Barclays Bank follows strategic planning process in the multicurrency era as evidenced by the findings on this chapter.

4.6 Conclusion
The chapter on data analysis and discussion looked at the findings from the data obtained through the questionnaires and interviews conducted with strategic level management. Data obtained from the review of records was also discussed with findings presented and analysed. Most of the findings have been presented using graphs and tables.

The next chapter will be focusing on summary, conclusions and recommendations
CHAPTER 5
CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter will discuss the summary of the main areas of this research, conclusions drawn from the research and recommendations for Barclays Bank of Zimbabwe with specific reference to strategic planning in a multicurrency economic environment. The chapter first focuses on the summary of the previous chapters, followed by the main conclusions drawn from the research, recommendations based on earlier analysis and ends with a presentation of area of further study.

5.1 Summary

The chief purpose of this study was to establish the effectiveness of strategic planning in a multicurrency economic environment as represented by a case study of Barclays bank of Zimbabwe Limited. To this end the objectives of the research were, to establish if the current strategic plans employed by Barclays Bank of Zimbabwe are reflective of the current economic environment, to ascertain gaps to the bank’s strategic planning process, to proffer strategies to the identified gaps and to find ways of improving bank’s performance in terms of regaining market share and the bottom line.

Literature from a very long history of strategic planning pertaining to multicurrency economic environments was reviewed and its importance to the research was also analysed.

The methodology that was used in the research was a case study of Barclays Bank of Zimbabwe Limited. Data was collected using questionnaires, interviews with strategic level management and review of company documents and records. This data was covered extensively in Chapter 4. This chapter will, therefore draw conclusions, make recommendations basing on the analysis of presented data and present areas of further research.
5.2 Conclusions

The purpose of the study has been to establish whether Barclays Bank of Zimbabwe Limited, makes strategic plans that are reflective of current multicurrency economic environment and to assess which strategies proved to be problematic and those that have allowed businesses to respond dynamically, survive and emerge strongly as economic conditions improved. The researcher did this using three main data sources: academic studies of business responses to difficult environments and environmental jolts, including an analysis of contemporary commentary on the current Zimbabwe crisis; questionnaires and interviews and bank records.

Bearing in mind the gaps and weaknesses in the literature, the researcher summarised the key findings of the study and highlighted key issues for Barclays bank to consider. Businesses adopt a variety of strategic approaches to dealing with multicurrency economic conditions which the researcher attempted to discuss in the study.

The study of Barclays Bank of Zimbabwe has led to the following conclusions:

5.2.1 Barclays Bank of Zimbabwe has well documented strategic plans that tend to reflect the current the multicurrency economic conditions.

Research results have confirmed that, indeed Barclays Bank of Zimbabwe makes strategic plans that tend to reflect the current multicurrency economic conditions. The challenge is on employee participation and successful implementation. Implementation requires the signoff from GRCB and EM to take off.

5.2.2 Lack of autonomy to implement its strategy

Gaps to the strategic planning process at Barclays Bank included among others, lack of autonomy by Barclays Bank of Zimbabwe in implementing strategies, unsupportive organisational structure in dealing with current effects of multicurrency economic
climate, strategies being changed regularly, lack of strategic agility, strategic flexibility and lack of employee involvement in formulating strategic goals.

5.2.3 Barclays Bank makes use of scenario Planning

Research results have confirmed that Barclays bank of Zimbabwe uses the scenario analysis when devising strategies. Strategic plans are for one year and five year periods. Review of these strategies is done quarterly and implementation is driven through Performance Development plan tool which is a measure of an individual’s performance against bank’s set goals and objectives.

5.2.4 The bank uses various survival strategies

Business performance under these conditions does not map on to organisational characteristics such as business size or sector in an undifferentiated way. There is no single ‘best practice’ strategy that guarantees business survival, or success, under multicurrency economic conditions. The available evidence offers no consensus as to whether retrenchment, investment, ambidextrous or scenario analysis strategies, financial strategies are more likely to bring about survival or success. The strategy literature does, however, point to the more likely success for organisations that adopt ambidextrous strategies and financial strategies.

5.2.5 Barclays Bank’s performance is declining under the multicurrency era

Business performance is highly variable under multicurrency economic environments. Some firms prosper while others struggle and yet others are forced into closure. The case of Barclays bank of Zimbabwe can be a representative of other foreign owned commercial banks operating in Zimbabwe like Standard Chartered, MBCA and Stanbic Bank in terms of reporting structure and implementation of strategies. The situation might be different with other locally owned banks but the other key findings to this research may also be a representative of issues found in the banking industry and other organisations in Zimbabwe.
5.3 Recommendations

In order to effectively deal with identified gaps to the strategic planning process under these multicurrency economic conditions, this section proffers general and specific measures that Barclays bank can implement. These recommendations link with my research objective number 4 and the corresponding research question.

5.3.1 Change Bank Status and Organisational Structure

According to Dale McConkey as quoted in Fred (1999), “A management truism says structure follows strategy. Too many organisations attempt to carry out new strategy with an old structure.” The practice can be likened to putting a square peg in a round hole. It might work out on remote cases but the general position is that the failure rate is high.

It is recommended that Barclays Plc desist micro managing its subsidiaries by allowing them to operate on their own. Strategies will then be implemented by the Board which is elected by the major shareholder in this case Barclays PLC. This will give the Barclays Zimbabwe more autonomy and control over strategic management without day to day interference from EM EXCO members. This model is very successful because it is being applied to ABSA Bank which is another subsidiary of Barclays but maintained its brand name. Barclays PLC should ring fence Barclays Bank Zimbabwe and let local leadership to pursue strategies applicable under the local conditions. In addition, before the new structure was implemented in 2005, countries were able to perform well with Barclays Zimbabwe ranked number 1 in the Zimbabwean Market. This means if Barclays applies this model to Zimbabwe the bank will be able to carry out more effective strategic management which is suitable to the Zimbabwean economy.

5.3.2 Minimize Strategy Drift

A culture of strategy drift is prevalent in Barclays where the bank changes strategies frequently. For instance, the bank closed many branches in 2004/2005 only to come back two years later with a radical retail expansion programme. In line with this strategy
reopened Highfield branch, Westgate, Zvishavane branch, Rusape branch, Gokwe branch and Kadoma Branch. This is attributed to change of top leadership and response to unanticipated government policy changes. The bank closed Westgate branch, Highfield and Chitungwiza Branch on 30 June 2011. This sends wrong signals to the market.

It is recommended that the bank utilise its standing in the market to influence policy formulation. This will ensure that the business will craft strategy with greater degree of certainty to minimize strategy drift. By being proactive, the bank will maintain a consistent and stable strategy whilst going beyond the primary colours on the palette by maintaining flexible tactics. Furthermore, leadership changes should only result in changes in tactics rather that strategic direction.

5.3.3 Balance top-down and bottom up approaches

Barclays Bank must find the path between top-down vision and bottom-up circumstances and define to what extent goals should be set top-down versus bottom-up. Top-down financial goals must be adjusted to bottom-up realities. Currently, the strategy formulation is done by top management with little input from the shop floor. This means lower level employees have little knowledge of what strategy the business is pursuing which greatly affect strategy implementation as there will be resistance. In some cases, strategies do not translate into sensible targets at the lower levels of the organization. Involvement of grassroots in some cases will mean that the bank will be able to accommodate top-management vision while crafting targets that specific business units can achieve. According to (Burnes, 2000) involvement builds trust and commitment essential for long term relationship which in turn contributes to continual improvements of performance. This is important since current organisational conditions of technological and political complexity require teams of committed people to work together to achieve long term changes. According to Johnson and Scholes (1999) participation implies involvement in strategic decision through working groups and teams as well as in setting of the organisational strategic agenda.
5.3.4 Change of Leadership
It is recommended that Barclays Bank must consider change of the current CEO and the senior management. Appointment of new CEO and senior management will ensure that they bring with them a new sense of direction, develop new financial and operating strategies and revitalise Barclays Bank of Zimbabwe.

5.3.5 Increase in Lending Limit
To increase revenue streams and the exodus of customers, it is recommended that Barclays Bank should approach their leadership in the GRCB and EM for an increase in the lending limits so that they can introduce more lending products to their customers. The bank should also source external credit lines by taking advantage of the Bank’s Brand, which is very strong and well known worldwide. However, due to political instability in the country, the major shareholders are not willing to inject more funds into the bank.

5.3.6 Prioritisation of Projects
Although research findings indicate that the bank allocates adequate resources for strategic implementation, the projects should be ranked in order of importance. Projects which are important should be ranked highly and accorded the urgency they deserve in the implementation.

5.4 Recommendation for Further Research
The overall purpose of this research was to critically assess the preparedness of Barclays Bank of Zimbabwe strategically from a multicurrency economic perspective. Given the gaps identified and recommendations proffered, the problems identified in this research should therefore be considered as a starting point and a framework for future research.

The area that needs further research is to examine if the strategies discussed in the literature review section really work in multicurrency economic environments especially in the African context since this a new phenomena.
5.5 Conclusion
From the literature and research findings, it can be concluded that Barclays Bank of Zimbabwe makes strategic plans reflecting multicurrency economic conditions. This proves the proposition wrong.
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### Appendix 1: Loans to Deposits Ratios as at 31 December 2010

<table>
<thead>
<tr>
<th>Name of Institutions</th>
<th>Total Loans and Overdrafts</th>
<th>Total Deposits</th>
<th>Loans to Deposits Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Commercial Bank</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agribank</td>
<td>30 279 740</td>
<td>24 740 194</td>
<td>122.39%</td>
</tr>
<tr>
<td>BancABC</td>
<td>129 014 875</td>
<td>211 426 832</td>
<td>61.02%</td>
</tr>
<tr>
<td>Barclays Bank</td>
<td>43 638 980</td>
<td>172 426 527</td>
<td>25.23%</td>
</tr>
<tr>
<td>CBZ</td>
<td>431 699 790</td>
<td>572 900 927</td>
<td>75.35%</td>
</tr>
<tr>
<td>FBC</td>
<td>73 482 046</td>
<td>134 941 093</td>
<td>54.45%</td>
</tr>
<tr>
<td>Kingdom</td>
<td>101 681 714</td>
<td>111 297 344</td>
<td>91.36%</td>
</tr>
<tr>
<td>MBCA</td>
<td>86 619 506</td>
<td>683 564 59</td>
<td>126.72%</td>
</tr>
<tr>
<td>Metropolitan</td>
<td>29 101 310</td>
<td>43 968 427</td>
<td>66.19%</td>
</tr>
<tr>
<td>NMB</td>
<td>62 008 242</td>
<td>87 898 364</td>
<td>70.55%</td>
</tr>
<tr>
<td>Stanbic</td>
<td>100 532 619</td>
<td>296 587 046</td>
<td>33.90%</td>
</tr>
<tr>
<td>Stanchart</td>
<td>110 536 932</td>
<td>217 953 691</td>
<td>50.72</td>
</tr>
<tr>
<td>TN</td>
<td>36 691 181</td>
<td>53 844 841</td>
<td>68.14%</td>
</tr>
<tr>
<td>ZABG</td>
<td>1 516 545</td>
<td>14 271 449</td>
<td>10.63%</td>
</tr>
<tr>
<td>ZB</td>
<td>72 694 259</td>
<td>102 092 913</td>
<td>71.20%</td>
</tr>
<tr>
<td>Total</td>
<td>1 306 497 739</td>
<td>2 113 275 109</td>
<td></td>
</tr>
<tr>
<td>Average</td>
<td>87 299 849</td>
<td>140 885 007</td>
<td>61.97%</td>
</tr>
<tr>
<td><strong>Merchant Banks</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CABS</td>
<td>58 174 444</td>
<td>118 786 723</td>
<td>48.97%</td>
</tr>
<tr>
<td>CBZ Building Society</td>
<td>18 876 374</td>
<td>10 414 618</td>
<td>181.25%</td>
</tr>
<tr>
<td>FBC Building Society</td>
<td>7 236 455</td>
<td>7 023 588</td>
<td>103.03%</td>
</tr>
<tr>
<td>ZB Building Society</td>
<td>3 424 445</td>
<td>7 818 609</td>
<td>43.80%</td>
</tr>
<tr>
<td>Total</td>
<td>87 711 717</td>
<td>144 043 538</td>
<td></td>
</tr>
<tr>
<td>Average</td>
<td>21 927 929</td>
<td>36 010 884</td>
<td>60.89%</td>
</tr>
<tr>
<td><strong>Savings Bank</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>POSB</td>
<td>23 177 189</td>
<td>37 869 755</td>
<td>61.20%</td>
</tr>
<tr>
<td>Total</td>
<td>23 177 189</td>
<td>37 869 755</td>
<td></td>
</tr>
<tr>
<td>Grand Total</td>
<td>1 669 277 825</td>
<td>2 567 605 748</td>
<td>65.01%</td>
</tr>
</tbody>
</table>

*Source: Reserve Bank of Zimbabwe Monetary Policy Statement, 2011*
### Appendix 2: Bank Performance table for 2010

<table>
<thead>
<tr>
<th>Bank</th>
<th>Operating expenditure</th>
<th>Profit after Tax</th>
<th>Assets</th>
<th>Capital adequacy</th>
<th>Advances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barclays</td>
<td>33 987 832</td>
<td>(1 300 000)</td>
<td>228 935 529</td>
<td>24%</td>
<td>43 129 502</td>
</tr>
<tr>
<td>First Banking</td>
<td>20 202 711</td>
<td>3 728 986</td>
<td>164 943 527</td>
<td>184%</td>
<td>75 896 069</td>
</tr>
<tr>
<td>Corporation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CBZ</td>
<td>41 076 847</td>
<td>20 947 197</td>
<td>649 703 774</td>
<td>26.26%</td>
<td>423 207 456</td>
</tr>
<tr>
<td>Stanchart Bank</td>
<td>30 798 273</td>
<td>8 377 764</td>
<td>281 750 192</td>
<td>22.15%</td>
<td>108 651 858</td>
</tr>
<tr>
<td>Kingdom Bank</td>
<td>24 225 284</td>
<td>4 088 312</td>
<td>154 881 929</td>
<td></td>
<td>77 630 401</td>
</tr>
<tr>
<td>MBCA</td>
<td>15 406 601</td>
<td>1 605 170</td>
<td>159 916 204</td>
<td>15%</td>
<td>82 267 580</td>
</tr>
<tr>
<td>Stanbic</td>
<td>29 088 000</td>
<td>7 768 000</td>
<td>340 030 000</td>
<td>218.40%</td>
<td>263 415 000</td>
</tr>
<tr>
<td>Metropolitan</td>
<td>8 271 064</td>
<td>1 906 468</td>
<td>65 307 237</td>
<td>31%</td>
<td>31 633 887</td>
</tr>
<tr>
<td>ZB Bank</td>
<td>24238 158</td>
<td>1 414 984</td>
<td>148 659 087</td>
<td>20%</td>
<td>70 407 892</td>
</tr>
<tr>
<td>Premier Bank</td>
<td>9 319 000</td>
<td>5 558 000</td>
<td>55 328 000</td>
<td>29.55%</td>
<td>26 887 000</td>
</tr>
<tr>
<td>Trust Bank</td>
<td>760 958</td>
<td>586 572</td>
<td>17 413 728</td>
<td>91.45%</td>
<td>1 436 670</td>
</tr>
<tr>
<td>Agribank</td>
<td>18 174 216</td>
<td>(8 203 149)</td>
<td>61 327 059</td>
<td>28%</td>
<td>28 816 718</td>
</tr>
<tr>
<td>Interfin Bank</td>
<td>11 246 609</td>
<td>2 021 320</td>
<td>169 965 700</td>
<td>18%</td>
<td>100 146 600</td>
</tr>
<tr>
<td>Corporation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BancABC</td>
<td>14 224 000</td>
<td>3 392 000</td>
<td>251 795 000</td>
<td>20%</td>
<td>18 845 000</td>
</tr>
<tr>
<td>NMB</td>
<td>15 365 768</td>
<td>616 110</td>
<td>102 416 261</td>
<td>17.49%</td>
<td>60 377 965</td>
</tr>
<tr>
<td>TNBank</td>
<td>6 252 558</td>
<td>1 133 500</td>
<td>49 574 318</td>
<td>33%</td>
<td>29 788 913</td>
</tr>
</tbody>
</table>

Source: Reserve Bank of Zimbabwe Monetary Policy Statement, 2011
Dear Respondent

RE: An assessment of strategic planning by commercial banks in a multi-currency era: A case study of Barclays Bank of Zimbabwe Ltd.

I am a final year student undertaking Masters in Business Administration (MBA) with the University Of Zimbabwe (UZ), Graduate School of Management.

In order to fulfill the requirements of the MBA degree programme, I am required to submit a dissertation research project into an area of strategic interest. I have chosen the captioned as my research topic. The attached questionnaire will assist me in answering the research questions.

Kindly make time to complete the questionnaire. All the information given in response to the questionnaire will be treated with the utmost confidence and for academic purposes only.

Please allow me to collect the questionnaire by 22 June 2011.

Thank you.

Yours sincerely

Nicholas Makowani
SECTION A

DEMOGRAPHICS

1. Position in Bank

   Senior Manager
   Manager
   Clerical-Senior (B3&B4 Grades)
   Clerical-Junior (B1&B2 Grades)
   Non Clerical

2. Length of service in current position in the Bank. (Years)

3. Length of service in the Banking sector (Years)

SECTION B

STRATEGIC MANAGEMENT

4. Does your bank have a written mission statement? Yes □ No □
   If your answer is yes, what is the mission statement?

4.1 Do you understand the statement? Yes □ No □

5. Does your bank have written longer term (3 years and above) goals?
   Yes □ No □ Not sure □

6. In your view, do these goals appear realistic yet challenging?
   Goals are realistic □ Not realistic □ I do not know □

7. Do management engage you in the setting of objectives? Yes □ No □

8. Is there a relationship at all between your individual/ team objectives and those of the company? Yes □ No □ Not sure □
9. How important is it for your bank to periodically gather and analyse data about market and other external factors which might affect the business in this multicurrency economic environment?

Less important [ ] Important [ ] Most important [ ]

Other comments below

10. Who is driving the strategic planning process in the bank?

- Human Resources [ ]
- Senior Management [ ]
- Individuals [ ]
- Team Leaders [ ]
- General Management [ ]

11. Do you think your bank uses the strategic (situational) diagnosis to formulate strategic plan options in the multicurrency economic times? Improvement needed

(On a scale 1-5) Little Some Much

1 2 3 4 5

Any further comments

12. Does Barclays bank consider market penetration options, e.g., pricing/promotion, market expansion, segmentation as a strategy in this dollarised economic environment?

- Uses pricing/promotion option [ ]
- Uses market expansion technique [ ]
- Uses segmentation [ ]
- Not sure [ ]

Any other comments

13. Does the bank have set clearly defined and measurable performance standards for each plan element considering the turbulence of the economy?

- Yes [ ]
- No [ ]
- Not sure [ ]
14. Does your bank review monitoring data regularly and revise strategic decisions as appropriate? [Improvement needed] (On a scale 1-5) Little Some Much

1 2 3 4 5

Insert any other comments.

__________________________________________________

15. In your view, are sufficient resources allocated for implementation of strategies? Yes [ ] No [ ] I do not know [ ]

16. How does Barclays bank assign lead responsibility for action plan implementation? Assigned to an individual [ ] Assigned to a team [ ] Not sure [ ]
Any other comments:

__________________________________________________

17. How often do you receive feedback on performance? Daily [ ] When the need arises [ ] Quarterly [ ] Annually [ ]

18. Do you think the bank’s business performance and operational characteristics compare well with those of competitors? Yes [ ] No [ ] Not sure [ ]

19. Does the strategic planning process help you to identify your strengths and weaknesses? Yes [ ] No [ ] Indifferent [ ]

20. What areas in terms of strategies formulated and implemented by the bank in such a multicurrency economic environment do you suggest need improvement? E.g.

Product Innovation and promotion [ ]
Technological advancement [ ]
Speed of Implementation of ideas [ ]
Thank you
Appendix 4: Questionnaire ‘B’

Dear Respondent


I am a final year student undertaking Master in Business Administration (MBA) with the University Of Zimbabwe (UZ), Graduate School of Management.

In order to fulfill the requirements of the MBA degree programme, I am required to submit a dissertation research project into an area of strategic interest. I have chosen the captioned as my research topic. The attached questionnaire will assist me in answering the research questions.

Kindly make time to complete the questionnaire. All the information given in response to the questionnaire will be treated with the utmost confidence and for academic purposes only.

Please allow me to collect the questionnaire by 22 June 2011.

Thank you.

Yours sincerely

Nicholas Makowani
QUESTIONNAIRE (B)
AN ASSESSMENT OF STRATEGIC PLANNING BY COMMERCIAL BANKS IN A MULTICURRENCY ERA: A CASE STUDY OF BARCLAYS BANK OF ZIMBABWE LTD

Please fill in all the details required. Place an X in the box to indicate your preferred answer where appropriate.

1. Were you involved in the development of the bank’s mission and vision statements?
   YES ☐ NO ☐

2. Do top executives take formal responsibility for the organisation’s strategic business planning?
   YES ☐ NO ☐ Not sure ☐

3. Is strategic planning a top priority activity in Barclays Bank, performed on a regular basis especially under these harsh economic conditions?
   YES ☐ NO ☐

4. If the answer is yes, how often is it reviewed under this environment?
   Annually ☐ Bi-annually ☐ ever 3 years ☐ 5 years ☐ Other (Specify)…….

5. Does the bank provide resources (managers’ time, money, staff support, etc) earmarked specifically for strategic planning?
   YES ☐ NO ☐

6. In your own assessment, does the bank make strategic decisions (implementation action plans) based upon strategic plan?
   YES ☐ NO ☐

7. Does the bank periodically gather and analyse data about market and other external factors which affect the business in these multicurrency economic times?
   YES ☐ NO ☐

8. Are sufficient resources allocated for implementation cognisant of the current harsh economic conditions?
   YES ☐ NO ☐

9. Do you think the bank reviews monitoring data regularly, and revise strategic decisions as appropriate?
   YES ☐ NO ☐

10. Does the bank assess the industry as a whole in terms of new competitors and concepts, new technologies, procurement practices, price trends, labour practices, etc?--
Comment

New competitors and concepts……………………………………………………………………………………………………
New technologies……………………………………………………………………………………………………………………
Procurement practices…………………………………………………………………………………………………………………
Price trends………………………………………………………………………………………………………………………………
...
Labour practices…………………………………………………………………………………………………………………………
Other ………………………………………………………………………………………………………………………………………
...
11. Barclays bank assesses institutional factors such as cost and availability of capital, government regulations and the economy under these difficult economic conditions.
   True ☐ Not true ☐

12. Are individuals responsible for strategic planning in the multicurrency regime rewarded for successful performance?
   YES ☐ NO ☐

13. Do you think some of the areas in the current strategic planning process listed below need improvement in order to remain competitive in this environment? E.g.

   Product Innovation and promotion
   Technological advancement
   Speed of Implementation of ideas
   Others (specify and provide comment)

Comment

______________________________________________________________________________________________________________________________________________
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THANK YOU