EFFECTS OF CORPORATE GOVERNANCE ON STRATEGIC PLANNING PRACTICES WITHIN EQUITY BANK IN KENYA

BY

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A RESEARCH PROJECT SUBMITTED TO THE FACULTY OF BUSINESS AND MANAGEMENT SCIENCE IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION AT THE UNIVERSITY OF NAIROBI

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DECLARATION

I, Kevin Maganga Makhuga, hereby declare that this MBA project titled "Effects of Corporate Governance on Strategic Planning Practices within Equity Bank in Kenya" is my own conceptualization and has never been submitted to any other university or institution of higher learning for any academic award.

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SUPERVISOR'S APPROVAL

This research project prepared by Kevin Maganga Makhuga titled "Effects of Corporate Governance on Strategic Planning Practices within Equity Bank in Kenya" has been handed for assessment with my endorsement as the appointed University supervisor.

Signed: Date: **21ST NOVEMBER 2022.**

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DEDICATION

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LIST OF ABBREVIATIONS

CBK	Central Bank of Kenya
CG	Corporate Governance
GLS	Generalized Least Square
MLR	Multiple Linear Regression
NED	Non-Executive Director
NSE	Nairobi Securities Exchange
SACCO	Savings and Credit Co-operatives
SPSS	Scientific Package of Social Sciences
SPP	Strategic Planning Practices
SWOT	Strength Weaknesses Opportunity and Threats

ABSTRACT

Corporate governance is a critical area in every organization that influences the strategic planning practices adopted by a firm. Good corporate governance helps in the formulation of strategic decisions such as strategic planning which are effective and thus leads to performance of the business. This study therefore envisioned to establish the effect of corporate governance on strategic planning practices. To find out the effect of corporate governance on strategic planning practices the researcher collected primary data using questionnaire method which added up to 94.2 % response rate. Data collected was on strategic planning practices which were the dependent variable, corporate governance and organizational culture which were the dependent variables. This data was collected from Equity bank branches that are within Nairobi County due to accessibility and cost. The study conducted descriptive and inferential analysis to the data collected. The descriptive analysis indicated that the bank is doing very well in adopting strategic management practices given that its overall mean ranged between 3.57 and 4.04, although, the results indicated that improvement is required for better performance. Descriptive statistics indicated that the strategic planning practices adopted can be attributed to the corporate governance whose performance was found to be good, indicated by an overall mean ranging between 3.43 and 4.08. The organizational culture which was the second independent variable indicated a lower performance than corporate governance which implied that it was less practiced compared to corporate governance. Its overall performance of organizational culture was slightly above average as the means of statements under organizational culture ranged between 3.01 and 4.2. The study as well conducted regression analysis and revealed that the model account 68.1% of the changes in the strategic planning practices indicated by R squared value of 0.681. Adjusted R squared is slightly below the coefficient of determination with a value of 0.675 indicating presence of some few elements in the model that did not help to improve the model. The effect of corporate governance was discovered to be statistically significant on strategic planning practices as shown by a p-value of less than 0.05. The regression coefficients indicated that the effect of corporate governance on strategic planning practices was statistically significant but the p- value of organizational culture was 0.085 which was greater than 0.05 indicating a statistically insignificant impact on strategic planning practices.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

One of the significant approaches of improving efficiency in businesses is corporate governance (CG) which affects the functioning as well as development of capital markets and exhibit a strong impact on strategic planning practices of a firm such as resource allocation among others. Corporate governance affects performance and behaviour of a firm by influencing managerial decisions on entrepreneurship, innovation activities, development projects and supply chain logistics among others. In the current era of globalization and capital mobility, corporate governance has become an important framework of a business to acquire competitive advantage by positively influencing the strategic planning practices of an organization (Maher & Andersson, 2002). Performance differs from firm to firm depending on their ability to implement strategic management practices that align the firm resources with the achievement of the objective and goals of a firm.

The study was anchored on stakeholder theory by Connelly (2010); this theory argues that stakeholders consist of corporate shareholders, creditors, government and even groups that agitate people to conserve the environment, among others. Stakeholder relationships improves when there is an increase in social spending which is conducive in reduction of social costs of firms, which increases the net financial worth. Another theory that underpins this study is the recourse-based theory which explains that it is valuable to possess resources which are rare, hard to imitate and substitute. Firms should try to establish sources of competitive advantage through the use of their resources. When a company increases its volume of sales and is able to retain an increasing number of customers compared to its competitors is said to have a competitive advantage and it results from a firm’s resources (Barney, 1991). The study will also be supported by Hambrick and Mason (1984) founders of upper echelons theory. It will be used in this study as the top- level management members are the unit of analysis in this theory. They are referred to as the strategic leaders directly involved in the organization’s strategy implementation.

Kenya’s Banking sector is highly profitable and plays a vital role in in the economic resource allocation. They are involved with channelling funds from depositors to investors thereby boosting the Kenyan economy. Banking is among the sub-sectors of financial sectors in Kenya confronted by corporate governance challenges such as financial crisis among others. Increase in corporate governance challenges such as fraud, agency conflicts and inside trading among others has led to a great concern among the leaders about corporate governance. Enron collapsed in 2001, global financial crisis of 2008, WorldCom collapsed in 2002, and Chase Bank's collapsed in Kenya in 2014, among others, as a result of dramatic corporate failures (Cheng, 2009). Despite the studies done in this area of corporate governance, this study seeks to study how corporate governance affects the strategic planning practices of Equity bank in Kenya. The study interest in Equity bank is due to the fact that Equity bank has continuously remained at the top of microfinance banking in Kenya. Currently it has expanded to some of African countries.

1.1.1 Corporate Governance

Corporate governance is the integration of corporate policies and implementation of the best practices in a firm with an aim of ensuring achievement of the objectives of the stakeholders and investors Mallin (2007). Meisel (2004) defines corporate governance as being a system that directs and controls an organization. Corporate governance entails the control and the association between the stakeholders, board of directors, management and the shareholders. It entails a broad array of processes, procedures and systems which controls the existing link between stakeholders in a firm (Mallin, 2010). Corporate governance entails ethical values which are made up of accountability, fairness, responsibility and transparency among others. Good governance is valuable to a firm in that it contributes to financial risk reduction which may result from business operations and as a result enhance shareholders' confidence in the entity. It also assists in elimination of fraud, dishonesty and other unethical behaviours that arise often in business operations (Rashid and Islam 2008).

Good corporate governance demands accountability in task execution from the employees of an organization. Investors are assured through accountability that adequate return will be realized up on their investment (Rashid and Islam 2008). In attempt to realize an organisation goal which is to maximize wealth of shareholders, the entity must adopt sound corporate governance practices that assist in achieving the goal. The mechanism of corporate governance adopted to ensure efficiency and long-term survival of the firm must minimize on cost. It should also ensure that there is proper alignment of ownership and control. This can be done by aligning shareholders interest with managerial (Aluchna, 2009).

The study operationalized corporate governance using the following indicators: the board of directors' structure, the size of board, largest shareholders' ownership, experience level of the board of directors and independency of the board of directors (Buallay, Hamdan & Zureigat, 2017). Size, structure, experience and the board independence which affect the decision making of the board and which in turn affects the entire procedure of strategy formulation and implementation.

1.1.2 Strategic Planning Practices

Strategic planning determines the scope and direction of an institution in the long run, allocating its available resources to the ever changing business environment and, in precise, its existing markets, customers and also clients, so as to accomplish stakeholder expectations (Johnson & Scholes, 1993).

Strategic planning assists the firms to cope with environmental uncertainties, thrive in a competitive environment, improve performance and fulfil long term objectives. Strategy is a process that ensures all objectives, long term goals and including allocation of resources in an organization are put in place to achieve them (Chandler, 1992). Quinn (1980), explain that strategy refers to the plans or patterns that integrates the key goals, policies and sequences of actions in to a unified whole in an organization. Strategic Planning is a recognized essential discipline, a vital, systematic as well as an ongoing process that assists organisations to plan the adoption and application of their own resources, skill set, and knowledge so as to attain their missions, set goals and objectives in the dynamic environments. Environmental strategic planning outlooks the manner in which a firm integrate its products or services and position them strategically in the existing environment (Miles & Snow, 1978).

Hill and Jones (2004), holds that the main goal of a strategy is to achieve competitive advantage for an organisation. The business institution should fit in its resources and internal abilities to the external conditions around the business. Through strategy a firm deliberately inquires in to a pitch of action that assists it in attaining competitive advantage and profitability (Porter, 1980). Quinn (1980) also adds that a business organization that a good formulated and structured strategy is able to assemble, arrange and allocate a firm exceptional and viable image basing on competencies and shortcomings which are both internal, environmental projected change and smarter opponents initiating contingent steps.

There are three phases of Strategic planning practices which include; formulation, implementation and evaluation. In the formulation phase, development or reviewing of organization's vision, mission and long term goals is done by scrutinizing the firm both internally and externally to identify the (SWOT) which is strengths, weaknesses, opportunities and threats (David, 2001). Strategic formulation involves situational analysis that undertakes to establish the interior and exterior atmosphere of the firm to determine the SWOT with a goal of establishing strategic opportunities and goals in line with the path that a firm engages in order to achieve its mission.

The study will employ the following indicators to operationalize strategic practices of management: formulation, implementation and strategy controls. Strategy intent involves mission, vision, objective and bank policies. The strategy formulation involves the external and internal analysis of the strategy formulated. The strategy implementation is constituted by institutionalization and operationalization of the formulated strategy, while strategy control is constituted by actual practices feed- back, standard practices and corrective measures (Gabow, 2019).

1.1.3 Equity Bank

Equity bank Kenya limited commenced business on registration in 1984 as Equity Building Society which was a microfinance institution providing mortgage financing to its customers. With years Equity Building Society evolved rapidly from microfinance institution to a banking institution under a holding company of Equity Group Holdings Ltd. Equity bank was established in Kenya and was formed into a legal corporation and registered under the Kenya Companies Act cap 486 in 2014 which resulted from corporate restructuring of its parent company. The bank is a financial service provider offering retail banking and microfinance services among other several related services with its headquarters in Nairobi in Kenya (Mberia & Wachira, 2021). Before November the year 2014, Equity Group Holdings Ltd was operating as a licensed bank as well as a holding company for its own subsidiaries. Equity bank is owned by Equity Group holdings with close to 14 million customers who are served by equity branches established in six East African countries. Equity bank Kenya limited is among the largest commercial banks in Kenya given that it serves the highest number of customers. It has 52 branches within Nairobi and 190 branches across Kenya (Allen et al., 2021).

Equity bank Kenya limited has a board of directors constituting eight members and is chaired by Ambassador Erasstus Mwencha while Gerald Warui is the managing director (Allen et al., 2021). Equity bank Kenya Limited has experienced an immense growth given that currently it trades among the listed entities on the NSE and Uganda securities Exchange from the year 1984 when it was established as Equity Building Society to provide mortgage financing for the majority low-income customers. Equity bank which was initially a society was represented by a modest house as the society's logo reverberating with its determination steady progress in winning its targeted market and in making lives of its customers better while seeking security and advancement of their dreams toward achievement (AAL, 2018).

The rapid growth transformation of Equity bank from historical beliefs, where African hesitate in accessing financial resources as they were declared technically insolvent in 1993, as a microfinance in to a commercial bank extending its networks across East Africa with more that 14 million customers (Mberia & Wachira, 2021). The bank has been progressing toward its vision of being the market leader of socio-economic empowerment of African people. Equity bank Kenya

Limited formulated model ensures that there is flexibility, accessibility and convenience in customer service delivery as it passionately commits to empower its clients in order to transform and upgrade their living standards. This has contributed toward the success of the bank to its current advancement where it is now providing a comprehensive financial services and with that growing a pan African footprint (Njoroge & Mugambi, 2018).

1.2 Research Problem

Poor corporate governance practices are the major reasons that cause business failures such as lack of internal control, having weak regulatory systems, establishment of risk management strategies that are poor which results to poor performance (Bauer and Guenster, 2013). Gupta and Sharma (2014), great corporate governance practices lead to increased share performance and eases the mechanisms of acquiring capital for extra investment. Michael and Goo (2015), asserts that lack of existence of good corporate governance is attributed to many businesses collapsing all over the world.

Corporate governance has successfully attracted public interest by its importance to the economic field in regard to corporations and societies in Kenya today. The effect of corporate governance(CG) in Kenya on new markets has not been widely studied in comparison to US and other countries that have developed economies (Bonn, Yoshikawa, & Phan, 2014). Since the year 1984 to the year 2005, about 34 banks collapsed in Kenya. This collapsing was attributed to poor financial performance caused by failures in corporate governance (Upadhyaya, 2011). Although, there is tremendous effort that has been put to stabilize the banking sector, some banks facing strenuous financial performance have been put under receivership while others have been liquidated (Kiruri, 2013). Strategic management decisions concerning the allocation and utilization of resources in corporations is fundamental in productive investment that incorporates innovation, growth and economic development (PSICG, 1999).

Equity bank Kenya faces managerial challenges in their expansion strategies, innovation strategies, and implementation strategy among others which require thorough scrutiny of different opinions of the corporate management board in order to formulate strategic decisions which are efficient and effective (Gworo, 2012). Equity bank faces challenges in formulating accountable and efficient corporate governance which can facilitate smooth implementation of the best practices in a firm which triggers the achievement of the objectives of the stakeholders and investors. These challenges if not addressed will continue affecting the efficiency of operations in the bank which negatively affects its performance. Therefore, to address the research gaps more research on this front need to be done on how corporate governance, which is crucial element in a business, specifically it affects the strategic planning practices of commercial banks taking the case study of equity bank which is trades in the NSE. The case study purpose to address the impact of effective corporate governance on strategic planning practices.

1.3 Research Objective

This research intended to ascertain the effect of corporate governance on strategic planning practices within Equity Bank Limited.

1.4 Value of the Study

First, valuable contribution to the theories that have been pinpointed by the study in that, it will refine or add to the theories by testing a previously untested hypothesis about previous findings and bring out clarity of the theories. It may also assist in testing the theories that have been used in this study in order to confirm or rebut them. Furthermore, the study may enlarge on the theories used by revealing new applications or processes thus extending their usefulness. In the field of academia, the scholars can use this study for reference. They would be keen to note how strategic planning practices of Equity bank in Kenya has been affected by corporate governance, leadership, culture, structure and environmental and legal factors which has led to better decision making that yielded excellent results which has continually boost bank's performance.

Secondly this study may contribute to commercial banks' management by enlightening them on the impact of good CG on strategic planning practices. It will further help management to make informed corporate decisions in regard to management practices that will lead to achievement of companies' goals and objectives which in turn will result to success and enhanced performance. From the results of this study the management will be informed on the aspects that the company requires to put maximum focus in order to yield optimum results. They will also learn more on other factors that affect strategic planning practices. This knowledge will help in decision making toward these factors to ensure that there is implementation of efficient strategic planning practices which will lead to the company success.

Thirdly, the study might be of use to government, regulatory authority and policy makers in financial sector as it may guide the process of making policies which may be based on the factual premise from this study's findings. This will assist in making relevant and attainable policy objectives. Policy makers in every company may use this study to make effective policies and good corporate governance based on the study's findings which may lead to company's success. The study may assist in providing educative material on how the government can make strategic planning practices that are effective by formulating good corporate governance in parastatals and fully government owned companies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter highlights the theoretical foundation, where some of theories are discussed. This chapter reviewed the independent factors that affect strategic planning practices of Equity bank in Kenya. Then the empirical studies which have been conducted by different scholars relating to this area of study. The chapter finally concluded by the conceptual framework and the summary review of the literature.

2.2Theoretical Foundation of the Study

This research was hinged on three key theories including; stakeholder theory, resource-based theory, strategic fit theory and upper echelons theory (Freeman, 1984).

2.2.1Stakeholder Theory

Freeman R. Edward came up with Stakeholder Theory in 1984 which discusses organizational management and business. Stakeholder Theory supports capitalism by stressing the relationship interconnecting employee, customers, investors, suppliers and the community with the business. In managing an organization, business ethics such as morals and values should be practiced. Freeman explains that a business should be of benefit to all stakeholders. Stakeholder theory assumes that for a company to perform well it must integrate the contributions of all the different groups of stakeholders who have different interest to the company. It is therefore important that the company should take consideration of all these interests when making strategic corporate decisions (Lawal 2015).

The focus of stakeholder theory is protecting the interest of the stakeholders so as to create value for the organisation. The goal of every entity is to multiply the shareholders' wealth by creating value to customers which can be achieved by ensuring there it good corporate governance of the management structure of a firm. A good management structure will be capable to determine the contribution in terms of responsibilities and rights of the stakeholders in a firm (Aguilera & Jackson, 2013).

Ansoff (1965), who has specialized in studying corporate strategies, opined that stakeholder theory explains the interconnected relationships in an organization and the conflicting requirement interests of different stakeholders in an organization. Sometimes the interest of managers may conflict with those of the shareholders. In such a scenario the management should moderate or sacrifice some of this demands and interests to fulfil basic obligation to other stakeholders.

Stakeholder theory gives three alternative perspectives that a firm need to employ when formulating and implementing corporate governance strategies. The descriptive-empirical stakeholder theory is mang the alternatives that describe the behaviour and the characteristics of the corporate. The second alternative is the instrumental stakeholder theory which establishes the kind of relationship between the parties and the fulfilment of corporate goals. The last alternative is the normative stakeholder theory which is built on moral philosophical instincts that the obligation of a firm toward its stakeholder should extend beyond current shareholder approaches (Donaldson & Preston, 1995).

This theory has been criticized by different scholars; Saleem, Kumar, and Shahid (2016) criticizes the theory that its operation counteracts corporate governance where it removes the main or immediate focus of the firm from the shareholders, who own the firm and therefore their interest to maximize their return should be prioritized, rather focus on satisfying the needs of the stakeholders.

2.2.2Resource Based Theory

The theory explains how an organization has a better chance to build on its competitive advantage if it possesses strategic resources (Freeman et al., 2010). The theory assesses the resources essential by the firm to dispose in order to become competitive. A firm is required to use its unique resources to capabilities and competencies for efficient performance in a competitive business environment to reduce threats and meet customer satisfactions. Competitive advantages are determined by how well firm is able to marshals and invest its resources efficiently.

Firm's resources can either be tangible or personnel- based. Tangible resources are physical and financial reserves while personnel based are values such as expertise, loyalty and commitment. According to Freeman et al. (2010), to maintain a competitive advantage resources that need to be accumulated and retained should be priceless, attractive, unique and hard to copy also they should not be substituted. According to Sweeney (2009) employees are the valuable asset of a firm. Employee ought to relate well with customers for a firm to remain competitive.

The two categories of resources of a firm should work together in one accord for a positive result. This theory serves as a foundation for strategic management hence complementing the stakeholder theory and therefore, competitiveness calls for an effective management of both organizational resources as well as enhancing stakeholder relations (Freeman et al., 2010).

The major weakness in the application of this theory is that many firms lack adequate strategic assets which are capable, unique and hard to copy (Al-Ansari, 2014). This theory portrays a weakness in that companies that have more resources that are unique and hard to copy have an advantage to compete effectively in the economic. Assumption is made where firms that adopt this theory often misallocate and redistribute resources to individual who are in powerful positions

(Conner, 1991). Possessing hard to imitate slack resources can be seen as CSR role model and at the same time be seen as a way of mitigating the potential backlash of charging high prices than the normal economical prices. A company that gains the competitive advantage over its competitors may increase prices of their products thereby earning abnormal profits. This is a nefarious behaviour which uses exorbitant prices to extract wealth from customers (Conner, 1991). Assumption is made where firms that adopt this theory often misallocate and redistribute resources to individual who are in powerful positions (Conner, 1991).

2.2.3 Upper Echelons Theory

Hambrick and Mason (1984), advanced upper echelons theory and it holds that the outcomes of an organization is influenced by the decisions of the top managers. According to Shropshiro et al. (2013) the theory support that the character of the organizations' CEOs are associated to different outcomes in that organization and the managerial decisions made influences top managers. The fact that managers process information differently leads to different decisions

Dominant coalition determines the strategy creation and implementation in organizations, power groups, directors' and managers determine process of decision-making as well as the strategic course of the organization (Umans & Smith, 2012). Upper echelon theory explores the reasons behind specific strategy decisions due to behavioural characteristics and differences of individuals in the power groups (Hambrick, 2007). The theory of upper echelon is based on the notion that the organization reflects the characteristics of the power groups. The essence of upper echelon revolves around individuals' demographics and how it affects behaviour and in turn impacts on organizational outcomes.

2.3 Corporate Governance and Strategic Planning Practices

Strategies are set of processes that a firm design and implements to realize its objectives and goals. Cuevas-Rodriguez et al. (2016) researched on the way implementation of corporate governance strategies varies in the process of privatization of a firm. An organization adopts different corporate governance strategies to enhance its niche. Changing the structure and character of the board is one of the CG strategies. A company may decide to shift from the board model from member-based to CEO only. In this case the CEO possesses all the power and the responsibility of decision-making rests on him or her.

The powers that CEO holds in the CEO-only base design are of great concern to practitioners according to. Tricker (2015), argue that this model naturally develops and manifests its desire for the independency of the board. Despite the fact that diversification is less considered when the power is on CEO resulting to high magnitude of influence of the CEO, where there is excess managerial and monitoring challenges (Baldenius, Melumad & Meng, 2014), it also counteracts agency theory by making the CEO interest to be prioritized more that the stakeholders' interest.

Corporate governance can as well increase the participation of non-executive directors' seats in the management board. This leads to many diverse opinions that will raise the need to for debates and discussions that will result to functional decisions to improve the organization performance. Partially increasing non-directors will to achievement of stakeholders' objectives which will lead to increase customers' interest toward the firm as well as entities of social responsibilities (Mori & Mersland, 2014). Increase in returns on investment may be as a result of increased sale of intermediate goods or as a result of increase in sales to individuals who are interested to companies that engages in CSR. In most cases the non-executive directors avoid behaviors and innovative solutions that can amount to high risks (Wellens & Jegers, 2014).

2.4 Empirical Studies and Research Gaps

Hamid (2018) did corporate governance effects on performance of Kenyan commercial banks by employing a descriptive research design, where it carried a census on commercial banks in Kenya in 2017. Primary as well as secondary data was used by utilizing questionnaires and annual bank supervision reports from Central Bank of Kenya (CBK) and websites of commercial banks within Kenya. Mean and std deviation was calculated through descriptive statistics to describe the relationship of the variables. The impact of CG on performance of commercial banks within Kenya was determined by regression analysis. The regression model revealed that the board's independence and the size of the board have no statistical significance but have a positive effect on performance. Board meetings revealed a negative effect and had no statistical significance. Bank size revealed a statistical significance and had a positive effect on performance. In correlation analysis, bank size and the size of the board both had statistical significance and positive correlation. The board's independence wasn't statistically significant with a positive correlation coefficient while board meetings indicated a negative correlation coefficient with no statistical significance. The study made a conclusion that the impact between CG and performance was positive. However, more research needs to be done on how corporate governance affects strategic management practices thus ensuring performance in an organization.

Wangechi (2018) studied effect of CG practices on implementation of strategy among deposit taking SACCOs situated in Nairobi, Kenya employing a cross-sectional design where primary data was obtained by questionnaire method that was given out to the financial managers. Correlation analysis and also regression analysis was undertaken on the data which revealed that ownership structure, board independence, participative governance and board diversity had positive and significant relationship while duality of the CEO had a negative effect on strategy implementation.

The regression analysis revealed a positive impact of CG on strategy implementation. The study concluded that corporate governance practices have a significance link with strategy implementation. More studies need to be done to identify how corporate governance specifically affects the strategic planning practices as well as study whether different companies experience the same effect. Strategic planning entails a step by step process for establishing main key corporate decisions which an institution ought to make so as to succeed in the coming years (Northouse, 200I).

Awuor (2019) studied the impact of strategic management practices (SMP) on customers' retention among commercial banks within Kenya. A survey method was utilized to gather data among the 43 registered banks with the CBK. The study came up with questionnaires which were distributed to all the banks to be filled by the bank managers and the departmental heads. Out of 117 questionnaires that were issued out to the banks, only 100 of them were given back which made a return rate of 86 percent. The study used descriptive statistics, measure of disparity and inferential statistics in presenting analysis of data and its interpretation. It also applied Pearson correlation, factor analysis and ANOVA on the data. Multiple regression analysis was also applied and result revealed that corporate governance, leadership, organization culture as well as customer relation management attributed to 74.9% change in retention of customers. All the strategic independent variables revealed a significant positive impact on retention of clients. A knowledge gap exists where more study needs to be done to study the factors which affect the strategic planning practices of different companies in Kenya.

Sheikh (2019) studied SMP and performance of Kenya's commercial banks in Nairobi employing a descriptive research design to targeted staff at Kenya Commercial Bank. Researcher utilized both secondary and primary data obtained from a sample of workers at management level which was obtained by stratified random sampling. Questionnaires were employed and secondary data was acquired from document reviews. Descriptive analysis was adopted where the study calculated mean, standard deviation (SDev), percentages and frequencies. Bivariate correlation analysis and linear regression was adopted for inferential statistics. Results revealed that strategy intent, formulation, implementation and control had strong correlation with performance on the contrary the variables were statistically significant. Strategic management practices reveal to have a strong effect on performance. Therefore, more research work needs to be conducted on factors that affect the strategic planning practices.

Gitonga (2019) researched on influence of CG on financial performance of listed corporations within Kenya. It targeted a population of 12 corporations in Kenya where data was obtained from 98 CEO's, general managers and managers through structured questionnaires for primary data while secondary data collection sheets were used for secondary data. A census design was used where all the corporations were sampled. Descriptive analysis of the mean, SDev and also frequency distribution was done on the data. Charts, frequencies and tables were used for presentation. Inferential statistics was used to draw conclusion. The findings revealed that financial transparency, internal controls, internal audit standards, and ownership structure positively correlates with the financial performance. Similar variables were found to explain 71% change in the financial performance. More studies are required to be done in order to explain the link that exist between corporate governance and strategic management practices using different methods of analysis.

Internationally Marashdeh (2014) researched on impact of CG on performance of firm in Jordan. Researcher utilized multiple regression panel data analysis whereby the generalized least square (GLS) random effect model was utilized to test the impact. The study utilized secondary data on

CG from Osiris database, data from firms' annual records and data obtained from sampling 115 listed firms. In the findings, board size did not bear any substantial impact on performance while CEO duality revealed a favourable impact on the performance of the firm. NEDs revealed a negative impact on performance of the organization. Moreover, managerial ownership and ownership concentration revealed both negative and positive impacts on firm performance. Foreign ownership was discovered to have a positive association with the firm performance. More research should be done where different methods of analysis will be used so that results can be compared.

Walker (2018) did a study on CG strategies to boost organizational performance in accounting sector. The study conducted a direct interview of 3 semi managers from 3 different companies in accounting industry in western side of the US. More data was obtained from reviewing corporate governance strategies that had been documented. The data was then compiled, disassembled, reassembled, interpreted and conclusions were drawn. The findings revealed three themes that emerged which are; laws regulations and rules of corporate governance; the role of CG in organizational performance; more effective CG strategies. The study concluded that the results can improve the work quality of the employees which can contribute to social change. More study is required to specifically show by which extent corporate governance affect strategic management practices in an organization.

Mohamed et al. (2014) researched on the effect of CG on bank performance basing on evidence from Arabian Peninsula. The study seeks to investigate the effect of internal CG mechanisms and control variables which include bank size, bank financial performance and bank age. The study was done on convectional and Islamic banks that are situated at the seven Arabian Peninsula states. The study adopted regression analysis (OLS) to test to which extent does the financial performance of the bank impacted by corporate governance mechanisms. Findings unveiled that there was a substantial link between CG and bank profitability. Tobin's Q was significantly affected by number of outside directors, board activism, bank age and board size. It unveiled that there was no clear correlation between CG and firm performance and there is relatively limited impact of CG on bank financial performance in countries that are developing. More research ought to be undertaken using other different methods of analysis and data collection to give findings that can be compared other studies.

Table 2. 1: Empirical Study and Research Gaps

The Study	Methodology	Key Results/Findings	Research Gap	Current Study Focus
The effects of corporate governance on the performance of commercial banks in Kenya (Hamid,2018)	Descriptive research design	Board independence, bank size and the size of the board had a positive effect on performance of commercial banks in Kenya	Focused on the effect of corporate governance on performance only and failed to consider the effect it has on strategic management	Current study will address the effect of corporate governance on strategic planning practices.
The effect of corporate governance practices on strategy implementation in deposit taking SACCOs in Nairobi city in Kenya (Wangechi,2018)	Cross-sectional design	A positive impact of corporate governance practices on strategy implementation deposit taking SACCOs in Nairobi City.	Focused of the impact of corporate governance on strategy implementation and left out other strategic management practices	Current study will address the effect of corporate governance on strategic planning practices.
The effect of strategic management practices on customer retention in commercial banks in Kenya (Awuor, 2019).	Descriptive research design	Corporate, governance, leadership, organization culture and customer relation management affect positively customer retention. In commercial banks in Kenya	Focused strategic management practices and customer retention and failed to consider corporate governance	Current study will address the effect of corporate governance on strategic planning practices.
Strategic management practices and performance of Kenya commercial banks in Nairobi City County in Kenya (Sheikh, 2019).	Descriptive research design	Corporate Strategic intent, strategy formulation, strategy implementation and control had a positive effect on performance of KCB in Nairobi City in Kenya.	Considered the effect of strategic management practices on performance leaving a gap of the effect of corporate. governance	Current study will address the effect of corporate governance on strategic planning practices.
Influence of corporate governance on financial performance of listed corporations in Kenya (Gitonga, 2019).	Descriptive research design	Financial transparency, internal audit standards, internal controls and ownership structure positively affects financial performance of listed corporations in Kenya	Focused on how financial performance is affected by corporate governance and failed to consider strategic management practices	Current study will address the effect of corporate governance on strategic planning practices.
Effect of corporate governance on firm performance in Jordan (Marashdeh, 2014	Descriptive research design	CEO duality and foreign ownership had positive impact, NEDs had negative impact and both managerial ownership and Ownership	Addressed the effect of corporate governance on performance and failed to consider how CG	Current study will address the effect of corporate governance on strategic planning practices.

The Study	Methodology	Key Results/Findings	Research Gap	Current Study Focus
		concentration revealed both negative and positive impact on firm performance in Jordan.	affects strategic management practices	
Corporate governance strategies to improve organizational performance in the accounting industry ('Walker, 2018).	Qualitative approach- content analysis	Established three themes: Laws regulations and rules of corporate governance, the role of corporate governance in organizational performance, effective corporate governance strategies which enhances organizational performance of accounting industry.	Focused on corporate governance and organizational performance and failed to consider strategic management practices	Current study will address the effect of corporate governance on strategic planning practices.
Effect of corporate governance on bank financial performance basing on evidence from the Arabian Peninsula (Mohamed et al..2014).	Descriptive research design	A significant positive relationship between corporate governance and bank profitability of the Arabian Peninsula.	Focused on corporate governance and organizational performance and failed to consider strategic management practices	Current study will address the effect of corporate governance on strategic planning practices.

Source: Researcher, (2022)

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research design employed and is briefly described on its relevance to the study. The population that is targeted was also be discussed. The chapter also expounded on sample design, method applied in gathering data and data analysis techniques adopted.

3.2Research Design

This research embraced case study research design regarded as an empirical enquiry which tend to examine a modern element in detail and in its factual context, more so, when the boundaries between the phenomenon studied and context are evidently unclear (Yin, 2009). It involves gathering, analysing and presenting collected data. The method has been adopted in order to explain the association between the study's independent variable which is corporate governance and the dependent variables which is strategic planning practices. Since the case study research design uses both quantitative and qualitative research methodologies, it was therefore, appropriate in explaining the characteristics of variables being studied as well as the cause and effect of more than one variable.

3.3 Population of the Study

Population covers a comprehensive group of people, objects or phenomena that possesses similar characteristics that are distinctive from other objects or individuals (Cooper & Schindler, 2003). The population of this research comprised of all Equity bank branches that are within Nairobi County. There are 52 branches of equity banks in Kenya. Therefore, the study sent two questionnaires to every branch in order to collect a total of 104 responses.

3.4Data Collection

Primary data enabled collection of different data that is essential for the study. This was undertaken by sending structured questionnaires in form of survey to different branch managers and some members of the board of management of Equity bank. The study collected cross-sectional data of the current situation at Equity Bank Kenya Limited.

3.5 Data Analysis

Descriptive and also inferential statistics were then utilized in data analysis of the study. Descriptive statistics outlined the mean median and the standard deviation (std. dev) of variables while regression and also correlation analysis unveiled the association between the variables. Multiple linear regression analysis was applied to establish relationship existing between the corporate governance (independent variable) and the strategic planning practices (dependent variable). MLR analysis is an approach which analyses the association between dependent variable and a number of independent variables. The study employed Spearman's correlation to analyse correlation between the independent variables and dependent variable.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

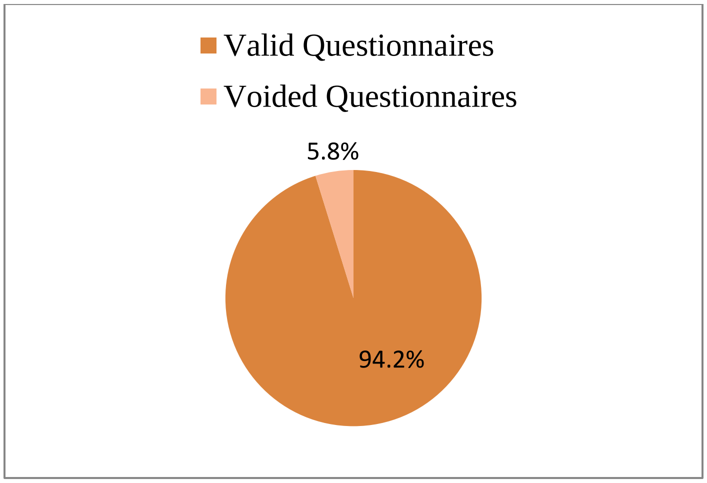
4.1 Introduction

The chapter analyzes data that was collected where the response rate is highlighted, the descriptive analysis is then undertaken to describe each study variable. Correlation analysis is then undertaken after which regression analysis is undertaken to test the study hypothesis. The chapter thus concludes with the summary and also interpretation of the study findings.

4.2Response Rate

The response rate is the ratio of the number of complete responses that was collected from the survey divided by the sample size targeted by the study. The sample size of the study targeted a total of 104 participants. The researcher was able to collect 98 complete and dully filled questionnaires from the selected study respondents. It yielded a return rate of 94.2% which was considered sufficient for the study.

Figure 4.1:Response Rate. 1



Source: Researcher, (2022)

4.3Descriptive Analysis

This section covers the descriptive analysis for corporate governance(CG) and organizational culture, which constitute the independent variables, as well as the strategic planning practices (the dependent variable) of Equity bank in Kenya. Descriptive statistics define variables from the data collected in form of mean, median and mode.

Table 4.1:Descriptive Statistics

Source: Researcher, (2022)

	N	Minimum	Maximum	Mean	Std. Dev	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Y= Strategic planning practices	98	28	117	90.49	13.937	-1.212	.244	3.027	.483
X1 = Corporate Governance	98	16	68	53.32	8.761	-1.109	.244	2.060	.483
X2 = Organizational Culture	98	14	57	42.05	6.135	-.846	.244	4.150	.483
Valid N (listwise)	98								

From the descriptive statistics table strategic planning practices which are the dependent variable of the study had overall mean of 90.49 a high positive std deviation of 13.94 indicating that the distribution of the data was widely dispersed from the mean. The high mean indicates that most respondents agreed with majority of the statements which implied the adoption of strategic planning practices by their respective Equity branches. The skewness of -1.212 indicates that the data was skewed left, that is, most responses were lower than the mean. Kurtosis of 3.027 indicates flattening top and a heavy tailed distribution implying that a good number of responses were close to the minimum and maximum which are indicated by the minimum and the maximum of 28 and 117 respectively. Corporate governance had a mean of 53.32 which indicate that most respondents agreed with the statements thus Equity bank has good and accountable corporate governance that practice strategic planning in its operations and a standard deviation of 8.76 indicating wide dispersion of responses from the mean. A skewness of -1.11 indicates that data was skewed left implying that majority of the responses were below the mean and the kurtosis of 2.06 indicates flattening top and a heavy tailed distribution implying that a good number of responses were close to the minimum and maximum which are indicated by the minimum and the maximum of 16 and 68 respectively. This implies that performance of corporate governance varies from average - good for majority of Equity branches in Kenya. On organizational culture an overall mean of 42.05 a high positive standard deviation of 6.135 indicating that the distribution of the data was also widely dispersed from the mean. The mean indicates that most respondents agreed with majority of the statements which implied the adoption of strategic planning practices by their respective Equity branches. Organizational culture had a skewness of -0.846 and kurtosis of 4.15. The skewness indicated that the distribution of responses was skewed toward left indicating that many responses indicated a lesser value than the mean and the kurtosis indicated that a very heavy tailed distribution.

4.3.1 Strategic Planning Practices

Table 4. 2: Strategic Planning Practices Frequency Table

Statements	N	Mean	Std Dev	Variance
Stakeholders are aware of the reasons for the existence of the bank.	98	3.62	1.16	1.35
Stakeholders are aware of the policies, mission and vision of the bank.	98	3.61	1.09	1.19
Stakeholders are aware of the long-term and also short-term goals of the bank.	98	3.57	1.14	1.30
The bank endeavors to achieve the stakeholder's purpose.	98	3.92	1.00	1.00
Stakeholders identify themselves freely with the objectives of the bank	98	3.59	1.17	1.38
There is a sense of ownership of the objectives and policies of the bank within the stakeholders	98	3.68	1.15	1.33
Stakeholders are involved in the formulation of strategy for the bank	98	3.59	1.16	1.34
Internal factors are thoroughly analyzed to identify strength and weaknesses of the bank	98	3.71	1.13	1.28
The bank provides resources required to carry out research on the environment factors, competition, market and innovation required	98	3.81	1.02	1.04
Decision making relies on the analysis made by the bank for the purpose of making informed decisions.	98	3.86	1.08	1.16
The management board ensures that enough resources are apportioned for the execution of the strategic plan.	98	3.65	1.25	1.57
The allocation of resources is aligned with the objective of the bank.	98	3.79	1.12	1.24
The resources available are strategically allocated to avoid wastage	98	3.93	1.08	1.16
The responsibilities of the stakeholders are aligned according to their skills and qualifications.	98	3.73	1.21	1.46
The systems in the banks are in line with the objectives, strategies and their plans	98	3.72	1.10	1.21
Implementation plan of the strategy is collectively formulated	98	3.84	1.16	1.33
Horizontal and vertical communications are effective giving enabling the senior and the junior employee to interact freely and effectively.	98	3.92	1.06	1.13

The employees are clearly directed by the seniors assisting them to be aware of their roles.	98	3.87	1.18	1.40
Targets are mutually developed by all the stakeholders from the bank's objective enabling the stakeholders to identify themselves with the achievements of the banks.	98	3.68	1.07	1.15
The progress in the implementation of the strategy is closely and continuously monitored.	98	3.82	1.05	1.10
The actual outcome and the actual level of implementation is regularly compared to what is expected.	98	3.74	1.14	1.31
The Stakeholders are appraised continuously on their level of execution of activities within the bank	98	3.79	1.07	1.14
Timely and corrective measure are taken into place to address any shortcoming identified	98	4.04	1.04	1.07
Internal and external audit is done regularly	98	4.00	1.07	1.13

Source: Researcher, (2022)

The descriptive analysis of strategic planning practices indicate that all the statements mean were above three implying that the majority of responses were in agreement with the statement. This suggests that all branches of equity bank adopt strategic planning practices in their operations although the efficiency of adoption varies from one branch to the other. The statement that was highly rated was that; timely and corrective measures are taken into place to address any shortcoming that is identified, which had a mean of 4.04, with a std. dev of 1.04 and a variance 1.07, indicating that the values only deviated from the mean with one standard deviation unit. On the other hand, the statement with the lowest rating was: Stakeholders are aware of the long-term as well as short-term goals of the bank, which had a mean of 3.57, with a std. dev of 1.14 and a variance of 1.30. It showed that majority of participants were neutral on whether stakeholders understood clearly on long-term and short-term goals of the bank, with a slight deviation of either agreeing or disagreeing with the statement.

4.3.2 Corporate Governance

Table 4. 3 Corporate Governance Frequency Table

Statements	N		Mean	Median	Mode
	Valid	Missing			
The qualification of directors is on a higher level, they are knowledgeable, experienced and competent	98	0	4.08	0.93	0.86
The structure of the board is diversified for efficient decision making	98	0	3.87	1.10	1.21
The composition of the board is diversified for effective and efficient decision making	98	0	3.84	1.20	1.44
There are set criteria which define the professional qualification and requirement that should be met in appointing directors	98	0	3.43	1.41	1.98
The bank often conducts training programs for the management committees	98	0	3.61	1.11	1.23
The bank reviews the size and the composition of board of directors regularly	98	0	3.67	1.17	1.36
Members of the board have undergone training in directorship prior to appointment	98	0	3.77	1.03	1.07
The management board conducts a balanced logical assessment of the position in the bank	98	0	3.74	1.11	1.22
Both executive and also non-executive members of the board are fully involved in the policy making of the banks and are fairly balanced	98	0	3.80	1.05	1.09
Experience and skills are the main factors considered in selecting members of the management board	98	0	3.99	1.01	1.02
The management board led by the board's chairperson, CEO and the senior management are responsible in formulating objectives and policies as well as coming up with a plan or strategy to fulfil them	98	0	3.85	1.13	1.29
Posts and roles of the board are separate from each other according to the positions	98	0	3.94	1.02	1.05
The responsibilities of the executive directors and the authorizations are clearly defined in the company's act	98	0	3.73	1.26	1.58
The board of directors involves technocrats and specialist in matters that requires skills	98	0	4.00	1.03	1.05

Source: Researcher, (2022)

The descriptive analysis indicates that the performance of corporate governance of equity bank in Kenya is above average as indicated by all the means of the respective statements. The statement with the highest mean was: “The qualification of directors is on a higher level, they are knowledgeable, experienced and competent,” which had a mean of 4.08 indicating that they agreed with the statement, and a standard deviation and variance of 0.93 and 0.86 respectively, indicating just slight deviation of less than one unit. The statement with the least mean was: “There are set criteria which define the professional qualification and requirement that should be met in appointing directors,” which has 3.43, and a standard deviation and variance of 1.41 and 1.98 respectively. This indicates that majority of respondents were neutral about this statement, with a slightly higher deviation of one standard unit. The respondents were therefore not sure whether there was set criteria for appointment of directors.

4.3.3 Organizational Culture

Table 4. 4: Organizational Culture Frequency Table

Statements	N		Mean	Median	Mode
	Valid	Missing			
People in this organization are person –oriented	98	0	3.65	0.98	0.95
People embrace hierarchical order in this organization	98	0	3.70	1.11	1.22
Decisions made here are centralized	98	0	3.61	1.07	1.15
There are many levels of supervision in this organization	98	0	3.59	1.20	1.44
Responsibilities are highly defined	98	0	3.66	1.06	1.13
No tolerance to personal relationships in this organization.	98	0	3.47	1.05	1.10
People here are task oriented	98	0	3.62	1.08	1.17
Individual output is not easily measured	98	0	3.31	1.29	1.66
Work roles are not strictly defined	98	0	3.01	1.40	1.97
In this organization people focus on themselves	98	0	3.04	1.16	1.34
Organization goals are secondary to individual goals	98	0	3.17	1.18	1.38
Creativity is strongly encouraged	98	0	4.20	1.04	1.07

Source: Researcher, (2022)

The overall performance of organizational culture is slightly above average indicating the practice of a good culture that motivates performance of equity bank among the employees. The statement with the highest mean was: “Creativity is strongly encouraged” which had a mean of 4.20, with standard deviation and variance of 1.04 and 1.07 respectively, indicating that majority of those who took part strongly agreed with the statement. The statement with the least mean was: “Work roles are not strictly defined,” which had a mean of 3.01, a std. dev and variance of 1.40 and 1.97 respectively. This implies that most respondents disagreed with this statement suggesting that work roles are not strictly defined in Equity bank.

4.4Correlation Analysis

The goal of the analysis is often to ascertain how closely one variable is connected with another. A variable that is associated with itself has a correlation of 1, but a variable that is correlated with the variable directly opposite of it has a correlation of -1. Variables with a correlation of 0 are completely uncorrelated. The study is interested in the relationship between the independent and dependent variables.

Table 4.5:Correlation Table

Correlations

		Y= Strategic planning practices	X1 = Corporate Governance	X2 = Organizational Culture
Y= Strategic planning practices	Pearson Correlation	1	.819**	.478**
	Sig. (2-tailed)		.000	.000
	N	98	98	98
X1 = Corporate Governance	Pearson Correlation		1	.475**
	Sig. (2-tailed)			.000
	N		98	98
X2 = Organizational Culture	Pearson Correlation			1
	Sig. (2-tailed)			
	N			98

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Researcher, (2022)

Correlation analysis indicates that corporate governance has a very strong positive and significant correlation against strategic planning practices as indicated in the correlation table by a value of 0.819. This implies that strengthening corporate governance will significantly lead to an increase of strategic planning practices. Organizational culture as well has a strong positive and significant correlation of 0.478 with strategic planning practices implying that improving the organizational culture will lead to improvement of strategic planning practices of the bank.

4.5Regression Analysis

Regression analysis is undertaken to unveil the relationship between corporate governance and strategic planning practices. It is utilized in determining whether there exists a significant relationship between the study variables or not at 95% confidence level.

4.5.1Model Summary

Regression model summary indicates the results that show the strength of the model as indicated by R squared. It offers the coefficient of determination, which shows how well the study's chosen model can account for variations in the dependent variable. On the other hand, adjusted R squared modifies the statistics according to the number of independent variables in the model.

Table 4.6:Model Summary Table

Model	R	R Square	Adjusted R Square	Std. Error of Estimate
1	.825a	.681	.675	7.950
a. Predictors: (Constant), X2 = Organizational Culture, X1 = Corporate Governance				

Source: Researcher, (2022)

The model summary table indicate that R squared is 0.681 implying that the independent variables in the model account 68.1% of the changes in the strategic planning practices (dependent variable). This implies that only 31 9% of changes in the study's dependent variable are attributed to other factors that are not captured in the model. Adjusted R-squared is slightly below the coefficient of determination with a value of 0.675 indicating presence of some few elements in the model that did not help to improve the model.

4.5.2Analysis of Variance

Table 4. 7:ANOVA Table

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12838.654	2	6419.327	101.574	$.000^b$
	Residual	6003.836	95	63.198		
	Total	18842.490	97			

a. Dependent Variable: Y= Strategic planning practices

b. Predictors: (Constant), X2 = Organizational Culture, X1 = Corporate Governance

Source: Researcher, (2022)

The p-value was 0.00 in the ANOVA table that indicated that it was less than 0.05 and therefore there was statistically significant effect of corporate governance and strategic planning practices within Equity bank in Kenya.

4.5.3Regression Coefficient

Table 4. 8:Coefficients Table

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	14.678	6.164		2.381	.019
	X1 = Corporate Governance	1.217	.105	.765	11.623	.000
	X2 = Organizational Culture	.260	.150	.114	1.739	.085
a. Dependent Variable: Y= Strategic planning practices						

Source: Researcher, (2022)

The regression coefficients table indicates that effect of corporate governance on strategic planning practices is statistically significant which is denoted by a p-value of 0.000 which is deemed to be less than 0.05. The p- value of organizational culture was 0.085 which is greater than 0.05 indicating a statistically insignificant impact on strategic planning practices. The coefficients of the independent variables transformed the model in to:

$$Y= 14.678 + 1.217X_1 + 0.26X_2 + 6.164$$

The model implies that increasing corporate governance with a unit while maintaining all other factors to be constant leads to an increase of 1.217 changes in strategic planning practices and vice versa. Conversely, if all other factors are left constant then a unit change in organizational culture leads to 0.26 changes in strategic planning practices.

4.6Discussion of Results

The study purposed to unveil the effect of corporate governance on strategic planning practices within Equity bank in Kenya. The study therefore targeted the 52 branches of Equity that are within Nairobi County since they were easily accessible since the study relied only on primary data.

The researcher identified two independent variables which were corporate governance and organizational culture. Questionnaires were utilized to gather primary data which were sent directly to the respondents using survey links. However, the study targeted 2 responses from each Equity branch adding up to 104 responses but was only able to collect 88 responses due to inaccessibility of three branches. This comprised of a response rate of 94.2% that was found satisfactory to proceed with the study.

In the analysis descriptive statistics was employed to give details of the central tendency of the data in every variable. In summary of the descriptive analysis, the performance of strategic planning practices within Equity bank was good indicated by means (ranging between 3.57 and 4.04) of all the statements that were used to collect information on strategic planning practices. All the statements under strategic planning practices had both median and mode of 4 suggesting that majority of participants agreed to the statements. Corporate governance as the first independent variable was found to have a good performance indicated by the means of respective statement ranging between 3.43 and 4.08 under corporate governance with both mode and median of 4 apart from one statement that recorded a mode of 3. The organizational culture as the second independent variable indicated a lower performance than corporate governance which implied that it was less practiced compared to corporate governance. The overall performance of organizational culture was slightly above average as the means of statements under organizational culture ranged between 3.01 and 4.2.

In correlation analysis, both corporate governance and organizational culture indicated strong positive and significant correlation against strategic planning practices of 0.819 and 0.478 respectively. Correlation analysis therefore implied that strengthening corporate governance and organizational culture would significantly lead to an increase of strategic planning practices. The study as well conducted regression analysis and revealed that the model account 68.1% of the changes in the strategic planning practices indicated by R squared value of 0.681. Adjusted R squared is slightly below the coefficient of determination with a value of 0.675 indicating presence of some few elements in the model that did not help to improve the model. The effect of corporate governance was discovered to be statistically significant on strategic planning practices as indicated by a p-value of less than 0.05. The regression coefficients indicated that the effect of corporate governance on strategic planning practices was statistically significant but the p- value of organizational culture was 0.085 which was greater than 0.05 indicating a statistically insignificant impact on strategic planning practices

Findings of the current study are concuring with the results of Wangechi (2018) whose regression analysis revealed a positive effect of corporate governance on the strategy implementation. The finding also concurred with those of Awuor (2019) whose multiple regression analysis results revealed that corporate governance, leadership, organization culture and the customer relation management had a substantial positive impact on retention of customers. Also Sheikh (2019) results revealed that Strategic management practices which were strategy intent, formulation, implementation and control had strong correlation with performance and were statistically significant. The findings of Mohamed et al. (2014) were also similar with the current findings in that, the findings revealed a significant link between corporate governance and bank profitability. Walker (2018) findings as well agreed with the current study findings that corporate governance impacts organizational performance. The current study findings were also similar to those of Gitonga (2019) which indicated that financial transparency, internal audit standards, internal controls and the ownership structure positively correlates with the financial performance.

The findings of the current study disagreed with Marashdeh (2014) who established that board size did not bear any substantial impact on performance. NEDs revealed a negative impact on firm performance. Managerial ownership and also ownership concentration revealed both negative and positive impacts on firm performance. Foreign ownership was revealed to have a positive association with firm performance. Similarly, the current study disagreed with the findings of Mohamed et al. (2014) whose results revealed that there existed no clear correlation between CG and firm performance and there was relatively limited impact of CG on bank financial performance in countries that are developing. The study as well disagreed with the findings of Hamid (2018) who established that board's independence and size of the board had statistically insignificance positive effect on performance. Board meetings revealed a negative effect and had no statistical significance.

The study findings revealed that they supported the theories that underpinned the study. The Stakeholders' Theory that was advanced through the works of Connely (2010) indicated that organizations exist to support different stakeholders and meet their objectives. The findings indicated that corporate governance practices had significant effect on strategic planning practices. It indicated that a bank with proper governance practices was essential to enable strategic planning and therefore able to meet objectives of different stakeholders. This guarantees the organisation of survival as well as enhancing its competitiveness.

The other theory that underpinned this study was resource-based theory that proposed that organisations needed to ensure that they used their resources effectively to enhance competitiveness and meet their goals and obligations. The study findings; by indicating positive and significant effect of corporate governance practices on strategic planning practices, is an indication that firms that use qualifications, experiences, structure as well as quality decisions from the board members, enhances their competitiveness.

The upper Echelons Theory was also a critical theory in the study as it defined that outcomes of an organisation are influenced by decisions made by the top managers (Hambrick & Mason, 1984). The findings of the study also supported this position as it was clear that corporate governance(CG) practices had significant and positive impact on strategic planning. The outcome of implementing strategic plans is the ability to meet goals and a step closer towards attaining the vision of the organisation. Even though organization culture had insignificant impact on strategic planning practices, the study indicates that organizational culture is not as essential in helping the organization undertake strategic planning practices like corporate governance practices.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter discusses how the objective of the study, which was to unveil the effect of corporate governance on strategic planning practices within Equity bank in Kenya, was established. The chapter entails an in-depth summary of study findings, the conclusions made and extensive recommendations. It outlines also the limitations that were encountered and also the areas suggested for future research.

5.2 Summary of the Study

Corporate governance is a critical area in every organization that influences the strategic planning practices that are adopted by a firm. Good corporate governance therefore, formulation of strategic decisions such as strategic planning which are effective, leading to performance of the business. The study therefore purposed to reveal the effect of corporate governance (CG) on strategic planning practices. To do so, the study collected primary data using questionnaire method which added up to 94.2 % response rate. Data collected was on strategic planning practices which were the dependent variable, CG and organizational culture which were the dependent variables. This data was only collected from Equity bank branches that are within Nairobi County due to accessibility and cost.

The study conducted descriptive and inferential analysis to the data collected. The descriptive analysis indicated that the bank is doing very well in adopting strategic management practices given that its overall mean ranged between 3.57 and 4.04, although, the results indicated that improvement is required for better performance. Descriptive statistics indicated that the strategic planning practices which are adopted can be attributed to the corporate governance whose performance was found to be good, indicated by an overall mean ranging between 3.43 and 4.08. The organizational culture which was the second independent variable indicated a lower performance than corporate governance which implied that it was less practiced compared to corporate governance. It overall performance of organizational culture was slightly above average as the means of statements under organizational culture ranged between 3.01 and 4.2.

In correlation analysis, both corporate governance and organizational culture indicated strong positive and significant correlation against strategic planning practices of 0.819 and 0.478 respectively. Correlation analysis therefore implied that strengthening corporate governance and organizational culture would significantly lead to an increase of strategic planning practices. The study as well conducted regression analysis and revealed that the model account 68.1% of the changes in the strategic planning practices indicated by R squared value of 0.681. Adjusted R squared is slightly below the coefficient of determination with a value of 0.675 indicating presence of some few elements in the model that did not help to improve the model. The effect of corporate governance was discovered to be statistically significant on strategic planning practices as infered by a p-value of less than 0.05. The regression coefficients indicated that the effect of corporate governance on strategic planning practices was statistically significant but the p- value of organizational culture was 0.085 which was greater than 0.05 indicating a statistically insignificant impact on strategic planning practices.

5.3 Conclusion of the Study

From the study findings, several conclusions were made in regard to the study variables as outlined below.

5.3.1 Strategic Planning Practices

Strategic planning practices are very critical for the lucrativeness of a business. Findings have indicated that Equity bank embraces strategic planning practices in order to assists the firms to cope with environmental uncertainties, thrive in a competitive environment, improve performance and fulfil long term objectives. Strategic planning has therefore assisted the banks to become the leading private bank in Eastern and Horn of Africa in terms of having many customers and in making profitability by achieving its long term and short-term goals. The study therefore concludes that the banking sector and other business require embracing strategic planning practices in their operations in order to improve their performance by ensuring that goals and objectives are achieved efficiently.

5.3.2 Corporate Governance

The study revealed a significant association between corporate governance (CG) and strategic planning practices. This implies that CG is crucial in establishing strategic planning practices that are effective, productive and achievable. Similarly, correlation analysis indicated that corporate governance has a strong positive and significant correlation with strategic planning practices. This suggests that enhancing corporate governance will lead to improvement in strategic planning practices and decreasing corporate governance will lead to decrease in strategic planning efficiency. Therefore, the study concludes that banks require adopting sound corporate governance practices that can assist in achieving the goal. Good corporate governance that can ensure efficiency and long-term survival of the firm and also minimizing on cost. It should also ensure that there is proper alignment of ownership and control within the organization for better planning.

5.3.3 Organizational Culture

The study established a significant positive correlation between organizational culture and strategic planning practices. However, the regression analysis established an insignificant positive link between organizational culture and strategic planning practices. Although culture does not substantially impact strategic planning it is very crucial in enhancing performance Employee productivity will increase in a setting with a positive organizational culture. The health and well-being of the workforce increase when an organization has strong values, beliefs, and practices in place. Customer satisfaction will rise as a result of a strong organizational culture. As a result of increased employee collaboration, the workplace will become a more creative and innovative place to work. Reduced employee churn, higher employee engagement, and improved communication between management and staff and customers are all results of a strong and healthy company culture.

5.4Study Recommendations

From the conclusions this research therefore recommends;

1. The banking sector in Kenya to enhance their corporate governance in order to have improved strategic planning practices that are effective in making sure that the business objectives are met.
2. That the corporate governance is enhanced through a well-diversified board, adequate size, presence of independent directors, the age composition of board members represents both the young and the old among other corporate governance issues. These characteristics are significant to ensure that strategic planning practices are well put in place to enhance organizations achieve their objectives.

3. The study therefore recommends that organizations should place as a matter of priority, measures that should be adopted in each organization to ensure that they put in place strategic planning practices as it acts as a great incentive towards meeting the goals and objectives of these organizations. Strategic planning practices should involve the determination of the direction that the organizations follows to attain the goals and objectives through the use of current resources in the organization.
4. The study also found organizational culture important. Organization culture is developed from the known practices, communication and organization structure that is adopted in a firm. It therefore means that when the organization determines on what it needs to be known for, then thought process should be embraced to ensure that such organization culture is in tandem to their customs and beliefs and contains the motivation towards meeting their vision and mission.

5.5 Implication of the Study

The study implications is well derived from the value of the study, where CBK (regulator of commercial banks) would ensure that all commercial banks before being licensed have a board of directors that meet the required corporate governance structure, in form of minimum qualifications, years of proven experience, knowledge of the industry as well as corporate governance structure and composition of board members.

The study also implicates the shareholders as well as board of directors in the banking industry to enhance proper corporate governance practices, that ensures that the quality of decisions made meets expectations and therefore able to undertake strategic planning practices that would eventually lead to meeting objectives.

The study also addresses a research gap, by undertaking the study that seeks to identify the effects of corporate governance practices on strategic planning practices within Equity Bank. The study provides new knowledge, that is useful to future researcher as well as academicians who would utilize the study and findings in developing the research gaps that their studies would address. The study also helps in giving more credence on the theories posited in this study. The study findings support the theories.

5.6 Study Limitations

The limitations of this study would be indicated by the fact the study collected data using structured questionnaires. Even though the study identified respondents who occupied management positions since they were aware of organizational strategy, as well as the way study respondents were well informed on the purpose of the data collected, together with the anonymity that was guaranteed for study respondents. It was difficult to address bias from respondents where they get a strong urge to over appraise themselves by indicating that the bank performed in some elements that it did not perform. This limitation would be addressed by collecting secondary data which perhaps would be free from personal bias by study respondents.

The data collected was also limited to managers in different branches of Equity Bank in Nairobi County. Therefore, the study did not collect data from other branches outside Nairobi County, where Equity Bank is known to have operations across the entire country and sometimes beyond the country. Despite the use of statistics, where a sample is used to generalize the characteristics of the entire population, it may not be completely accurate to indicate that these were the findings for all branches of Equity bank, or for all other banks as well. The study findings were therefore limited to Equity Bank branches in Nairobi County.

The aspects of corporate governance as well as strategic planning practices are broad concepts that are far reaching and intensive to say the least. It means that to accurately determine the extent of these variables accurately, so many aspects need to be evaluated and therefore so many questions need to be asked to effectively assess these variables in large organization such as Equity bank.

5.7Areas Suggested for Future Research

Future research is recommended on a similar study, where the study would collect secondary data rather than primary data. This would address the limitations of bias that are prerogatives of undertaking qualitative analysis through the use of questionnaires. The findings of such a study would be compared to the findings of this current study.

A similar study would also be conducted in a future study where data would be collected from all the branches of Equity Bank. This would ensure that the data collected represents all the branches, and managers of Equity Bank. The other areas would well be incorporated for such a study and therefore perhaps bring out a more informed findings when compared with this study that only focused on Equity Bank branches in Nairobi County.

The study would also recommend a similar study to be conducted in future, where time for data collection and analysis would not be so limited that it would be possible to design more questions in regard to the variables of strategic planning practices and corporate governance, to ensure that all aspects of these variables have been incorporated.

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APPENDICES

APPENDIX I: Questionnaire

1. Give the name of the branch ____________________

2. Please indicate your position in this bank

   a) Senior management ( )

   b) Middle-level management ( )

   c) Functional-level management ( )

3. Please tick the level of education that you have achieved

   a) Post-graduate level ( )

   b) Under-graduate level ( )

   c) College level ( )

   d) O-level ( )

4. Indicate the number of years you have worked for the bank.

   a) 1year – 5 years ( )

   b) 6 years – 10 years ( )

   c) 11 years – 15 years ( )

   d) Above 15 years ( )

Section B: Level of Qualification of management Board.

The following statements relate to the qualification of the management board in Equity bank. Please indicate by ticking the number that best coincides with your lever of agreement with the statement.

Where 1, 2, 3, 4 and 5 represent strongly agree, agree, neutral, disagree and strongly disagree respectively.

Statement	1	2	3	4	5
The qualification of directors is on a higher level, they are knowledgeable, experienced and competent.					
The structure of the board is diversified for efficient decision making.					
The composition of the board is diversified for effective and efficient decision making					
There are set criteria which define the professional qualification and requirement that should be met in appointing directors					
The bank often conducts training programs for the management committees.					
The bank reviews the size and the composition of board of director regularly.					
Members of the board have undergone training in directorship prior to appointment					
The management board conducts a balanced logical assessment of the positions in the bank.					
Both executive and non-executive members of the board are fully involved in the policy making of the banks and are fairly balanced.					
Experience and skills are the main factors considered in selecting members of the management board.					
The management board led by the board's chairperson, the CEO and the senior management are responsible in formulating objectives and policies as well as coming up with a plan or strategy to fulfill them.					
Post and roles of the board are separate from each other according to the positions.					
The responsibilities of the executive directors and the authorizations are clearly defined in the Company's act.					
The board of directors involves technocrats and specialist in matters that requires skills.					

Section C: Strategy Intent and Formulation

The following statements relate to the strategy intent and formation in Equity bank. Please indicate by ticking the number that best coincides with your lever of agreement with the statement.

Where 1, 2, 3, 4 and 5 represent strongly agree, agree, neutral, disagree and strongly disagree respectively.

Statement	**1**	**2**	**3**	**4**	**5**
Stakeholders are aware of the reasons for the existence of the bank.					
Stakeholders are aware of the policies, mission and vision of the bank.					
Stakeholders are aware of the long-term and short-term goals of the bank.					
The bank endeavors to achieve the stakeholder's purpose.					
Stakeholders identify themselves freely with the objectives of the bank					
There is a sense of ownership of the objectives and policies of the bank within the stakeholders					
Stakeholders are involved in the formulation of strategy for the bank					
Internal factors are thoroughly analyzed to identify strength and weaknesses of the bank					
The bank provides resources required to carry out research on the environment factors, competition, market and innovation required					
Decision making relies on the analysis made by the bank for the purpose of making informed decisions.					

Section D: Strategy Implementation and Control

The following statements relate to the strategy implementation and control in Equity bank. Please indicate by ticking the number that best coincides with your lever of agreement with the statement.

Where 1, 2, 3, 4 and 5 represent strongly agree, agree, neutral, disagree and strongly disagree respectively.

Statement	**1**	**2**	**3**	**4**	**5**
The management board ensures that Adequate resources are allocated for the execution of the strategic plan.					
The allocation of resources is aligned with the objective of the bank.					
The resources available are strategically allocated to avoid wastage					
The responsibilities of the stakeholders are aligned according to their skills and qualifications.					
The banks systems are aligned with the objectives, strategies and the plans of the bank					
Implementation plan of the strategy is collectively formulated					
Horizontal and vertical communications are effective giving enabling the senior and the junior employee to interact freely and effectively.					
The employees are clearly directed by the seniors assisting them to be aware of their roles.					
Targets are mutually developed by all the stakeholders from the bank's objective enabling the stakeholders to identify themselves with the achievements of the banks.					
The progress in the implementation of the strategy is closely and continuously monitored.					
The actual outcome and the actual level of implementation is regularly compared to what is expected.					

The Stakeholders are appraised continuously on their level of execution of activities within the bank					
Timely and corrective measure are put into place to address any shortcoming detected					
Internal and external audit is done regularly					

Section E: Organizational Culture

The following statements relate to the organizational culture in Equity bank. Please indicate by ticking the number that best coincides with your lever of agreement with the statement.

Where 1, 2, 3, 4 and 5 represent strongly agree, agree, neutral, disagree and strongly disagree respectively.

Statement	**1**	**2**	**3**	**4**	**5**
People in this organization are person –oriented.					
People embrace hierarchical order in this organization.					
Decisions made here are centralized.					
There are many levels of supervision in this organization.					
Responsibilities are highly defined.					
No tolerance to personal relationships in this organization.					
People here are task oriented.					
Individual output is not easily measured.					
Work roles are not strictly defined.					
In this organization people focus on themselves.					
Organization goals are secondary to individual goals.					
Creatively is strongly encouraged					

THANK YOU

APPENDIX II: Turnitin Report

21ST NOVEMBER 2022

EFFECTS OF CORPORATE GOVERNANCE ON STRATEGIC PLANNING PRACTICES WITHIN EQUITY BANK IN KENYA by KEVIN MAGANGA MAKHUGA D61/83859/2016

ORIGINALITY REPORT

13%	12%	3%	4%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	erepository.uonbi.ac.ke Internet Source	4%
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	Submitted to Mount Kenya University	

APPENDIX III: Data Collection Letter

UNIVERSITY OF NAIROBI

FACULTY OF BUSINESS AND MANAGEMENT SCIENCES

OFFICE OF THE DEAN

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Nairobi, Kenya
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Website: *business.uonbi.ac.ke*

Our Ref: **D61/83859/2016**

October 19, 2022

TO WHOM IT MAY CONCERN

RE: INTRODUCTION LETTER: KEVIN MAGANGA MAKHUGA

The above named is a registered Master of Business Administration Student at the Faculty of Business and Management Sciences, University of Nairobi. He is conducting research on ***"Effects of Corporate Governance on Strategic Planning Practices Within Equity Bank in Kenya."***

The purpose of this letter is to kindly request you to assist and facilitate the student with necessary data which forms an integral part of the Project.

The information and data required is needed for academic purposes only and will be treated in **Strict-Confidence**.

Your co-operation will be highly appreciated.

PHILIP MUKOLA (MR.)
FOR: ASSOCIATE DEAN, GBS & R
FACULTY OF BUSINESS AND MANAGEMENT SCIENCES

PM/fml

APPENDIX IV: Supervisor Allocation Form

UNIVERSITY OF NAIROBI

SCHOOL OF BUSINESS MASTERS PROGRAMME

MBA PROPOSAL/PROJECT SUPERVISION ALLOCATION FORM

SECTION A: (To be completed by the student)

Name of student: KEVIN MAGANGA MAKHUGA Reg. No.: D61/83859/2016

Department: Faculty of Business and Management Science..

Specialization (Tick as appropriate)

i)	Marketing	[ ]
ii)	Human Resource Management	[ ]
iii)	Strategic Management	[✓]
iv)	International Business	[ ]
v)	Insurance/Risk Management	[ ]
vi)	Entrepreneurship	[ ]
vii)	Finance	[ ]
viii)	Accounting	[ ]
ix)	Operations Management	[ ]
x)	Management Information Systems	[ ]
xi)	Procurement & Supply Chain Management	[ ]

Mobile phone: 0724 408 527 Email: williamkevin008@gmail.com

Proposed Title of Study:

Effects of Corporate Governance on Strategic Management Practices; A Case Study of Equity Bank of Kenya.

....

Name of Preferred Supervisor(s): (i) Prof. Gathungu (ii) Dr. Kithinji (iii) ....

Signature of student: .... Date: 18th November 2021

SECTION B: (For Official Use only. To be completed by the Department)

i) Name of Supervisor Allocated:

Supervisor: Prof. J. Gathungu .... Mobile No.: ....

Co-Supervisor (If any): .... Mobile No.: ....

Moderator: Prof. E. Aosa .... Mobile No.: ....

Proposal Presentation/Submission Dates:

Proposal Presentation: .... Oral Defence: .... Project Report Submission Date: ....

ii) Approved by Thematic Coordinator:

Name........................ Signature: .... Date: ....

Approved by Chairman of Department:

Name: Dr. F. M........ Signature: .... Date: 24/11/21......

NOTE:

1. A student shall not commence proposal writing before allocation of University supervisor.
2. Original Transcript, Fees Statement and Synopsis should be attached to this form. This form is available in the Department, SOB website or Ambank House. Students get their copy later from the Department after allocation is done.
3. The approved copy of this form must be attached to the proposal when submitting for moderation and presentation and when submitting the final project
4. Original to be filed in the Department.
5. Turnitin report **MUST** be attached to the proposal when submitting for moderation, presentation and when submitting the final project.
6. Each student **MUST** fill in the attached declaration form on plagiarism and collusion.