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A Critical Analysis of the Survival Strategies Used By Commercial Banks in Zimbabwe Post Dollarisation (2009-2015)

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Abstract

Bank failure has been very common in Zimbabwe in recent years. The situation has worsened despite the dollarization of the economy. This research sought to critically analyze the survival strategies used by commercial banks in Zimbabwe post dollarization (2009-2015). A descriptive survey design was adopted. Primary data was collected using questionnaires. Secondary data from published journals and text books was used as a complement to primary data. The study revealed that strategies used by commercial banks include product differentiation, superior distribution channels, adequate risk management as well as technological innovation. Challenges faced by bank were found to be cash shortage, lack of lender of last resort, stringent regulation, high capital requirements and high operating costs. Political, economic, technological and legal factors were found to be the major external environmental factors that influence strategy implementation. The study also revealed that the major internal business factors that influence strategy implementation include resource availability, organizational structure, effective communication and good leadership. It was found that there is a strong positive relationship between strategy and bank performance. The study recommended that banks should encourage and educate customers on the use of plastic money to curb the problem of cash shortage. Banks should embrace technology so as to improve product innovation. RBZ should loosen its regulatory framework so as to create a conducive operating environment. The central bank should engage with the government for the recapitalization of the RBZ.

Keywords: *Strategy .Survival strategy*

Introduction

Zimbabwe experienced very extreme economic hardships from the year 2000 up to 2008. Inflation levels were rising at unacceptable rates. Zimbabwe's year on year inflation rate rose to 59% in 2000 from 58.5% recorded in 1999 and galloped during the period 2002-2007 where it rose from 71.9% in 2001 to 66 212% in 2007 (RBZ, 2008).By mid-2008, the inflation rate had reached an abnormal level of 231 150 889% (RBZ, 2009).

The hyperinflationary situation negatively affected all sectors of the economy and the financial sector was no exception. The situation impacted on every player in the sector, be it the lender, or the borrower. In the years 2003 and 2004, Zimbabwe was hit by a financial crisis which resulted in some banks being put under curatorship by the regulatory authority and others being closed. The RBZ actions were to blame for this bank failure, such as the introduction of the overnight central bank accommodation that was at 400% per annum, forced CEO departures and some stringent requirements to surrender tradable securities to central bank as well as hikes in the statutory reserves requirements for commercial banks. Other reasons were poor corporate governance, high prevalence of insider loans, diversion by managers from their core banking business, that is, speculative activities (parallel market foreign currency dealings) and creative accounting. (Makoni, 2006).

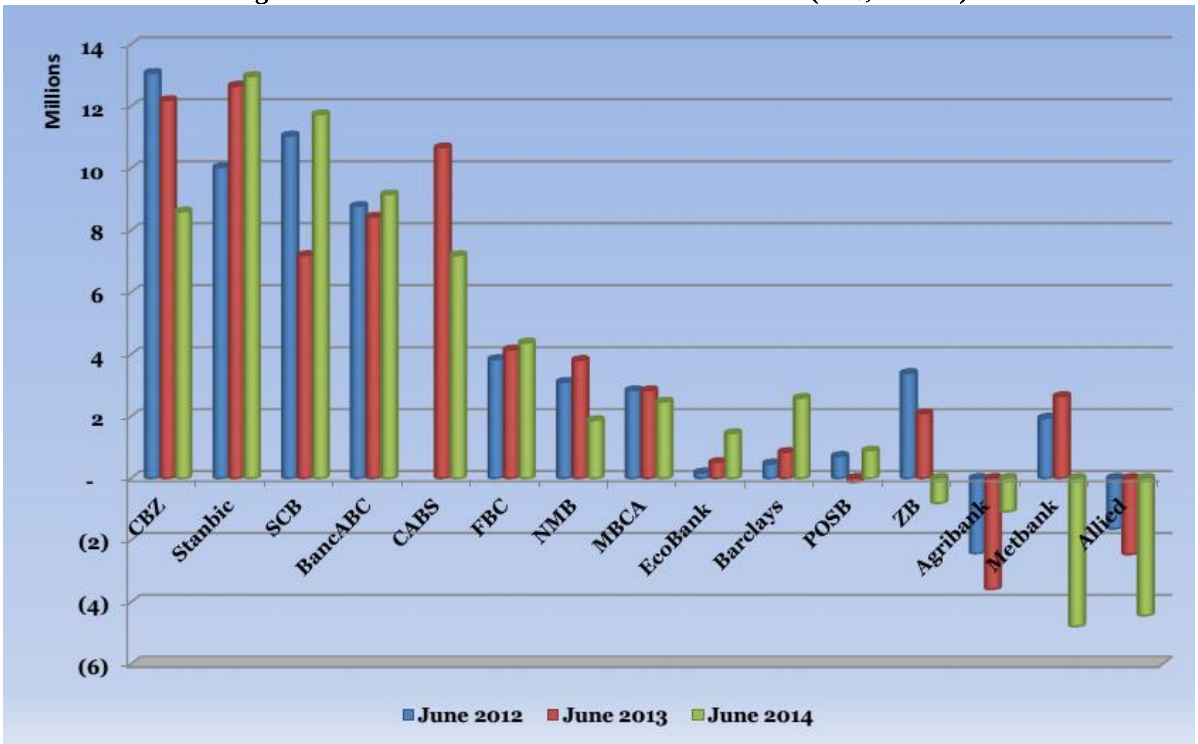
Most of the troubled financial institutions were locally owned banks. In the same period Trust Bank Ltd, Barbican Bank and Royal bank failed to sail through and later amalgamate to form the Zimbabwe Allied Banking Group (ZABG) in 2005 (Deposit Protection Corporation (DPC) 2008). Time Bank, National Discount House, United Merchant Bank, and Rapid Discount House also closed in the same period. Savings were eroded during inflation and people lost confidence in the banking sector which caused the emergence of the parallel market. During the hyperinflation period, the banking sector experienced a lot of challenges like liquidity constraints, failure to secure foreign credit lines, bad loans and foreign currency shortages.

In 2009 the Zimbabwean government introduced a multicurrency regime in an effort to curb the hyperinflation which had hit the economy very hard. This development saw the suspension of the Zimbabwean dollar as a legal tender and the incorporation of the Pula, Rand, and US dollar as major trading currencies. The United States Dollar was made the primary currency as prices and all government transaction were denominated in USD that include taxes and the budget (Sikwila, 2013). The adoption of the multicurrency system improved the economic situation as witnessed by the fall in inflation rates to single digit figures in the following years, that is 3.1%, 3.5%, and 3.7% in 2010, 2011 and 2012 respectively (ZimStats, 2012).

The improvement in the economic situation also led to the revival of the financial services sector. The multiple currency exchange rate system re-ignited financial intermediation in the country and bank performance was boosted during the new regime .The level of bank deposits and lending was also improved (RBZ, 2010). However, achievements brought by the multiple currency were offset by the highly short-term nature of the deposits prohibiting long-term lending (Kwesu, 2009)

The operating environment was characterised by tight liquidity, short term nature of deposits, high rate of non-performing loans(NPLs), inability to attract funding and inadequate credit lines. Given this tough operating environment, most banks managed to do very well as they recorded positive profits. Banks such as CBZ Bank, Stanbic, Standard Chartered, BancABC and CABS did exceptionally well from 2012 up to 2014 as they recorded profits before tax (PBT) in excess of $5million (Norumedzo, 2014).

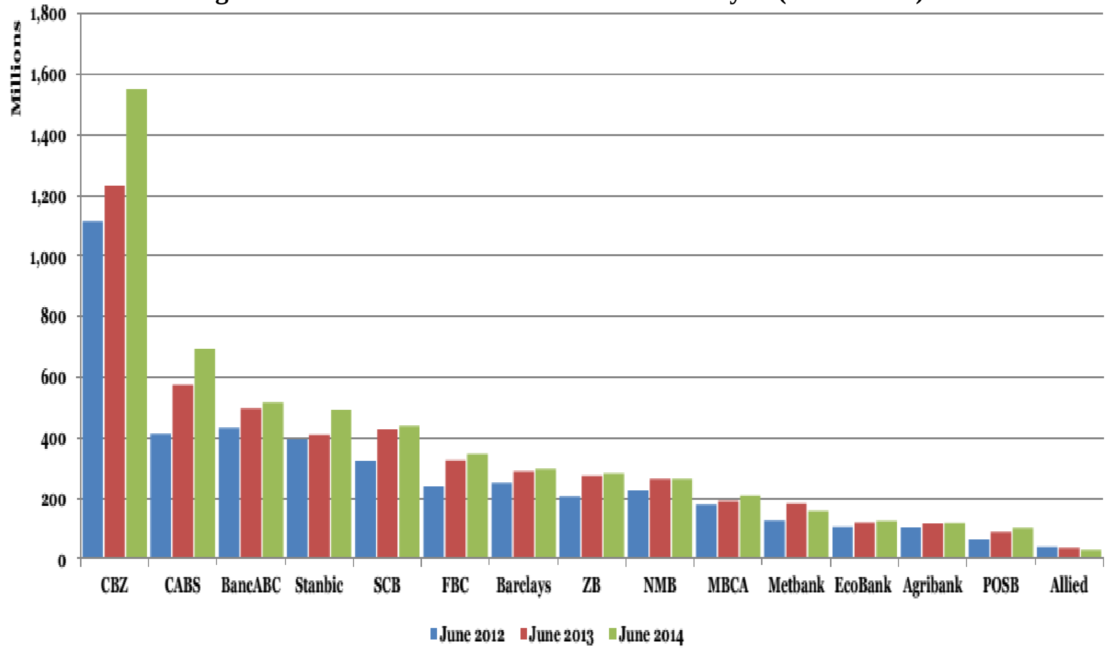
Figure 1: Zimbabwe Banks Profit before Taxation (US$, million)



Source: A. Norumedzo (Zimbabwe Banking Sector Analysis 2014)

Most banks also recorded growth rates during the 2012 – 2014 period on their balance sheets except for Met Bank and Agri Bank. The major part of the assets in these balance sheets comprise loans and advances (Norumedzo, 2014). The banks that were most profitable are the ones that generally lead the market share by loans and advances, as depicted by the following figure.

Figure 2: Zimbabwe Banks Balance Sheet Analysis (2012 - 2014)



Source: A. Norumedzo (Zimbabwe Banking Sector Analysis 2014)

However not all bank did well during the multicurrency regime as some were put under curatorship. Some voluntarily surrendered their licences and some got their licences withdrawn by the central bank. In 2011, Renaissance Merchant Bank was placed under curatorship. The bank was considered not safe and sound as there was much abuse of depositor funds by the management. The RBZ's audit at the bank unearthed severe liquidity challenges and poor corporate governance practices as the major causes of the failure (RBZ, 2012). Genesis Merchant Bank also willingly surrendered its operating license in the same year following failure to raise required capital and Royal Bank also ceased operations as it was no longer saving the public interest (RBZ, 2012). The tragedy did not end by these two banks as 2013 saw Trust Bank Corporation Limited its operating licence cancelled by the regulatory authorities as it was considered undercapitalized a threat to depositors' funds. In 2015 also, Allied Bank (formerly ZABG), AfrAsia Bank Zimbabwe Limited (formerly Kingdom Bank) and Tetrad Investment Bank ceased operations. The two commercial banks were closed while the investment bank was put under judicial management (RBZ Monetary Policy Statement, July 2015).

There is also tough competition to the banking sector from quasi-banking institutions such as mobile money services from Telecommunications companies and Microfinance Institutions (MFIs). The RBZ statistics showed a high rate of increase in the use of mobile money as it increases from $453.61 million in April 2015 to $514.5 million the same year. On the other hand, the use of cheques and Real Time Gross Settlement (RTGS) services was on the fall demonstrating a clear sign of a shift from the traditional banking system (RBZ, 2015). There is also pressure exerted by the microfinance sector as these institutions offer almost similar products to those offered by bank and their number has risen of late, standing at 147 as at 30 June 2015 from 68 in 2014 (RBZ, 2015).

Zimbabwe banks have experienced a challenging operating environment since the year 2000. The situation improved just after the adoption of the multicurrency regime and deteriorated again as witnessed by bank closures. The financial sector, has been characterised by hyper-inflation, liquidity problems, and tight monetary policy stances, shortage of foreign currency and high levels of non-performing loans among other challenges. However, some banks have been posting solid earnings while others are struggling and some are closing down given similar operating conditions. This is a cause of concern. Taking into cognisance the threatening presence of quasi banking institutions, MFIs as well as the volatile economic environment, this research sought to critically analyse the survival strategies used by commercial banks in Zimbabwe post dollarization (2009-2015).

Research Objectives

The primary objective of this research was to critically analyse the survival strategies used by commercial banks in Zimbabwe post dollarization (2009-2015).

Secondary Objectives

1. To identify the various survival strategies employed by commercial banks.
2. To investigate the internal factors that affect strategy implementation.
3. To investigate the relationship between strategy and bank performance.

Literature Review

Musyoka 2012 described strategy as a unified, comprehensive and integrated plan designed to ensure that the basic objectives of the enterprise are achieved. Giving their own argument, Thompson and Strickland (1993) alluded that it is the pattern of the organization's moves and management approaches employed to attain set objective the pursuing of the mission. Johnson and Scholes (1999), refers to strategy as the direction and scope of an organization over the long-term; which achieves advantages for the organization through configuration of resources within a challenging environment to meet the needs of the market and to fulfil shareholder expectations. Hill and Jones (2001) asserted that strategy is the action that the company takes to attain its objectives.However, combining these various definitions together; strategy can be defined as a plan put in place to achieve organizational objectives.

A survival strategy as pointed is a logical and /or rational pattern that is implanted or implemented to continuously overcome challenges so as to gain sustainability in an environment. Applying this to a banking institution, it means a bank must have a survival strategy in order to deal with its environment both internal and external. Survival strategies help the bank to improve performance and stay above competition as failure to compete will lead to failure.

A bank must hold adequate capital for a variety of reasons. Grossman (1982) pointed out that bank capital provides a buffer against a shortfall in cash flows. He also added that by holding capital, banks might undertake less risk than they might under other circumstances, since capital is at risk in case of failure. In the context of bank survival, a bank in this case cannot engage in risky investments as this may lead to failure and capital may be used to compensate creditors. He pointed out that bank capital serves as an important cushion against unexpected losses and that it important for the safety and soundness not only of the individual bank but for the whole system. This all implies that capital is a very important element in banking as well as bank survival.

One of the challenges facing the banking industry worldwide is poor corporate governance. Banks should ensure good corporate governance so as to safeguard depositor's funds. Depositors and bondholders contribute almost all of the bank' capital yet most of the decisions are taken by the board, senior management and the shareholders. This has pressured monetary authorities to tighten corporate governance issues (Becht, Bolton and Roell, 2012).

Some banks have failed due to poor corporate governance and good corporate governance has been considered as a survival strategy (Mehran, Morrison and Shapiro, 2011). Grossman (1982) stresses that effective corporate governance practices are essential for the achievement and maintaining of public confidence in the banking sector. It pointed out that for there to be effective corporate governance the banks should have an adequate number and appropriate composition of the board that is independent from the day to day running of the business. There should also be some high degree of transparency in the governance of bank issues. In general, the bank should ensure best practices in a legal manner so as to avoid bank failures due to management malpractices.

One way for an organization to survive in a competitive environment is to create and enjoy competitive advantages over its rivals. One of the best way for a firm to achieve competitive advantages is through innovation (. A similar point was shared by Martin-de Castrol et al (2013) as he opined that developing successful technological innovations is essential for creating and sustaining competitive advantage. A company can make use of a merger or acquisition to achieve a set of strategic objectives. However, mergers and acquisitions are usually not central in achieving strategic objectives but act as a pathway to the achievement of these objectives (Roberts, Wallace and Moles, 2012). One of the strategies banks use to survive is through merging with other firms or acquiring another corporation. As pointed out by Alan, Khan and FareehaZafar (2014) a merger or acquisition can be used as a last chance of survival.

Companies can merge, acquire or get acquired for various reason. When threatened with survival, a firm can merge with another so as to remain vibrant (Alan, Khan and FareehaZafar, 2014). When a bank wants to add a new product line, enter a new market or increase its distribution reach, mergers are one of the most efficient ways to achieve these, (Sherman and Hart, 2010). They added that a merger or acquisition can be driven by the need to obtain intellectual property and fierce competition, which is driving many of the deals in the industries such as banking. Evans (2000) found that companies merge for the creation of added value called synergy value, which takes three forms, of increased revenue, lowering of expenses and cost of capital. He also identified positioning in the industry, diversification and organizational competences as some reasons for mergers and acquisitions. Sharing a similar view with Evans, Gaughan (2007) averred that an acquisition may provide certain synergistic benefits for the acquirer such as when two companies complement each other.

Mergers and acquisitions can be used by corporations as a growth strategy, as alluded by Gaughan, (2007) that one of the common motives for mergers and acquisitions is expansion. Sharing a similar view, Jorgensen and Jorgensen (2012) opined that acquisitions are mainly applied as part of a business or corporate growth strategy and added that a bank can strategically choose to apply mergers and acquisitions to increase market share. Mergers and acquisitions can pave way for entering new markets, adding new product lines and increasing the distribution reach (Alan, Khan and FareehaZafar, 2014).In general, however most companies merge so that they expand, grow and be in a position to survive in the competitive environments they operate in. the banking industry is one of the most competitive industries and when threatened by survival, mergers and acquisitions are very noble strategies to pursue.

The concept of product differentiation was first developed by Michael Porter in 1980 as one of the generic strategies for achieving competitive advantage (Spencer, Joiner and Salmon, 2009).. A differentiation strategy involves the firm creating a product/service which is considered unique in some aspect that the customer's needs are satisfied (Dirisu, Iyiola and Ibidunni, 2013). In other words, product differentiation is all about offering something different from what is being offered by competitors.

Most companies make use the of product differentiation strategy as way of fighting competition. As substantiated by Spencer, Joiner and Salmon, 2009 product differentiation is now the most commonly used generic strategy for achieving competitive advantage. Past researchers have shown that a number of organizations view product differentiation strategy as a more important and distinct means of achieving competitive advantage (Chenhall and Langfield-Smith, 1998). However, the application of this strategy can be costly to an organization. As argued by Jermias (2008) product differentiation firms tend to invest heavily in research and development activities in order to increase their innovative capability and enhance their ability to keep up with competitors.

Several authors have put forwards their views as to the measurement of differentiation of a product or service. Product differentiation strategy can be measured using variables such as provision of high quality products, fast deliveries, change of design, introduction of new products and provision of unique product features (Chenhall and Langfield-Smith, 1998). Sharing a similar view, Abu-Aliqah (2012) used high quality, fast delivery and unique product features as variables to measure product differentiation. However, Morgan, Kaleka and Katsikeas (2004) measured the differentiation concept by high product quality, packaging design and style. The measurement variables by (Chenhall and Langfield-Smith, 1998) and those by Abu-Aliqah (2012) are more appropriate for use by a baking institution than those by Morgan, Kaleka and Katsikeas (2004) which include packaging that does not conform to financial products.

Excellent customer service is one of the important aspects of bank survival as it results in customer satisfaction. Providing excellent service quality is widely recognized as a critical business requirement (Voss et al, 2004). Service quality is not just a corporate offering, but a competitive weapon (Rosen et al, 2003) which is essential to corporate profitability and survival (Newman and Cowling, 1996). Many researchers have praised the benefits of customer satisfaction and quality and have mentioned them as the indices of an organization competitive advantage (Ruyter, 1997). Organizations have to put more emphasis on excellent customer service since the customers are one of the most important assets of any organization. Caruana (2002) substantiated that service loyalty is one of the most important structures in service marketing due to its final effect on customer's repeated purchases. Adding on to the same point, Kandampully (1998) referred to service quality as the most powerful competitive weapon and the organization life giving blood.

Resource availability is one of the key factors in the strategy implementation process. The company's resources comprise the financial, physical, human and technological resources (Thomson, 1990). The resource based view to strategy management view knowledge, skills and experience of human resources as a key contributor to a firm's bundle of resources and capabilities (Musyoka, 2012). The human resource is viewed as the most important of all the resources the firm possesses. Johnson and Scholes shared a similar view by suggesting that the organization's resources as the most important and valuable resources. Putting more emphasis on the importance of human resources, Simons (1994) alluded that as skills expertise become recognized as a major asset of the firm, the efforts in cultivating and enhancing them becomes a significant part of strategy development.

Most of the organization's resources depends on the capability of the human resource side for a successful strategy implementation. As noted by (Viseras, Baines and Sweeny, 2005) strategy implementation depends crucially on the human or people side of the project management and less on the organization and system related factors. Much emphasis here is on the human resources part of the organization's resources. However, it is the blending of all of the firm's resources that will result in a successful strategy implementation.

Effective communication is one of the key factors that affect the implementation of strategies in an organization. Peng and Littlejohn (2001) stressed that effective communication is a key requirement for effective strategy implementation. They further pointed that communication plays an important role in the training, knowledge dissemination and learning during the strategy implementation process. The concept of effective communication is often overlooked by a number of organizations. As noted by Forman and Argenti (2005) a lot of effort is devoted to the study of organizational strategy, including strategy implementation, but very little attention is given to the link between communication and strategy. Organizations where employees have easy access to management through open and supportive communication climates tend to outperform those with more restrictive communication environments (Pearce and Robinson, 2007). Effective communication can also motivate employees as they feel to be part of the team in the strategy implementation process and also enhances idea sharing among the people in the organization leading to the successful implementation of the strategy.

Strategic decision making is one of the duties of top management in an organization as they shape the direction the organization is to take in the competitive environment. Schmidt and Brauer (2006) cited the board of directors as one of the key subjects in the strategy implementation process of the organization. The board has the final approval of the strategy to be adopted in an organization and failure to be visionary at this level will lead to the failure of the whole process. In agreement, Smith and Kofron (1996) believe that top managers play a critical role in the implementation, not just the formulation of strategy. It can be noted that if the leadership is poor at the top of the organogram, the strategy implementation process may fail. As noted by Cater and Pucko (2010) a well formulated strategy, a strong and effective pool of skills and human capital are extremely important resources for strategy success, poor leadership is the main obstacle in successful strategy implementation. This relates to what Beer and Eisenstat (2000) suggested that in the absence of effective leadership, conflicting priorities will result in poor coordination within the organization.

There must be some high level of commitment from the top managers as a means to motivate the lower level managers and other non-managerial employees. According to Marginson (2002) without commitment of senior executives, participants feel fooled and mislead. This complements what Wernham (2004) claims that the commitment to the strategic direction is a prerequisite for strategy implementation, so top managers have to show their dedication to the effort.However, even though top management is responsible for most of the duties in strategy implementation the contribution of other employees cannot be overlooked. As argued by Nobble (1999) strategy implementation may not be successful if the lower level managers and non-managerial employees are not adequately informed about issues concerning the implementation of strategies. Chimhanzi and Morgan (2005) shared a similar view by indicating that companies that focus their attention to the involvement of all employees significantly realize higher percentages of strategy implementation. There is need for overall and total participation by every employee in the organization for a successful strategy implementation.

The type of an organogram the company adopts has much influence on the strategy implementation process as it affects the speed at which decisions will be taken. The organizational structure plays an important role in strategy implementation (Heide, Johannessen and Gronhaug, 2002). Nobble (1999) emphasized on the need for a proper strategy-structure alignment as a necessary precursor of the successful implementation of new business strategies. The firm will have to adjust the organogram so as to deal with changes in the operating environment. The structure of the organization should also be consistent with the strategy to be implemented. Moreover, the nature of the organizational structure to be used in implementing strategy is influenced by the environmental stability and the interdependency of different units (Dooley, Fryxell and Judge, (2000).

Organizations engage in strategic performance for a number of reasons most notably to achieve their objectives and improved performance is one of them. As observed by Pealtie (1993) the main reason for the introduction of formalized strategic planning is to improve company performance through development and implementation of better strategies. Sharing a similar view, Kottler (1996) contends that the main reason for strategic planning is to guide the organization in setting out its strategic intent and priorities. Strategic planning assist organization to perform better in their operations. Thompson, Strickland and Gamble (2007) postulates that the essence of good strategy is to build a market position strong enough to produce successful performance. In addition, a company's strategy provides a central purpose and direction to the activities of the organization and to the people who work with it. Successfully implemented strategies tend to produce good results in form of improved performance. They observed that there is a link between strategic planning and firm performance. Adding on to the debate, Dooley, Fryxell and Judge (2000) concluded that there is a positive association between strategic consensus and firm performance.

Methodology

The researcher adopted a descriptive survey design which allowed structured questionnaires to be used. The design enabled quantitative data to be collected. A total of ten out of the thirteen commercial banks operating in Zimbabwe were chosen. The research was mainly concentrated in Harare and Bulawayo because these cities have the most number of bank branches. Bulawayo was chosen mainly for its convenience due to time and financial constraints whilst Harare is the capital city and most commercial bank's headquarters are located there. An average of three respondents were chosen from each bank branch. This included one branch manager, one head of department, and one operational staff. A total of forty respondents were reached out to. A simple random sampling technique was used to choose commercial banks. Judgmental sampling method which is a form of non-probability sampling was used in selecting questionnaire respondents. The researcher used personal judgement with the belief that these respondents had adequate knowledge and experience to provide reliable responses to the questions. Primary data was collected from the sample population using questionnaires and secondary data was obtained from sources such as journals, the internet and the banks' official websites. The questionnaire had mostly closed ended questions to make it easy for the respondents to answer. Data was analysed using SPSSv21.

Findings

Relationship between strategy and bank performance

Data analysis model

The following regression model adopted from (Wachira, 2010) was used to determine the relation between bank performance and survival strategies.

$\mathbf{Y = (\beta0 + \beta1X1 + \beta2X2 + \beta3X3 + \beta4X4 + \beta5X5 + \beta6X6 + \beta7X7 + \beta8X8 + \beta9X9 + e)}$ where:

Y = Bank performance, X1 = Adequate risk management, X2 = Quality customer service, X3 = Product innovation, X4 = Good corporate governance, X5 = Technological innovation, X6 = Extensive branch network, X7 = Easy access to loan, X8 = Agent banking and X9 = Adequate capital

Bank performance is the dependent variable and strategies used by banks are the independent variables that include, adequate capitalization, technological innovation, extensive branch network, good corporate governance, quality customer service, easy access to loans, agent banking, product innovation and adequate risk management.The regression result is summarised in the table 1 below:

Table 1: Multiple Regression Analysis.

Variable	**β**	**T**	***p***
Constant	5.887	1.357	1.90
Adequate risk management	0.146	0.448	0.659
Quality customer service	0.078	0.438	0.666
Product innovation	0.122	0.433	0.670
Good corporate governance	0.564	2.089	0.50
Technological innovation	0.008	0.031	0.975
Extensive branch network	-0.454	-1.515	0.145
Easy access to loans	0.209	0.740	0.468
Adequate risk management	-0.029	-0.117	0.908
Quality customer service	.0195	0.651	0.522
Model Summary	R^2 = 0.646		

Source: Primary data

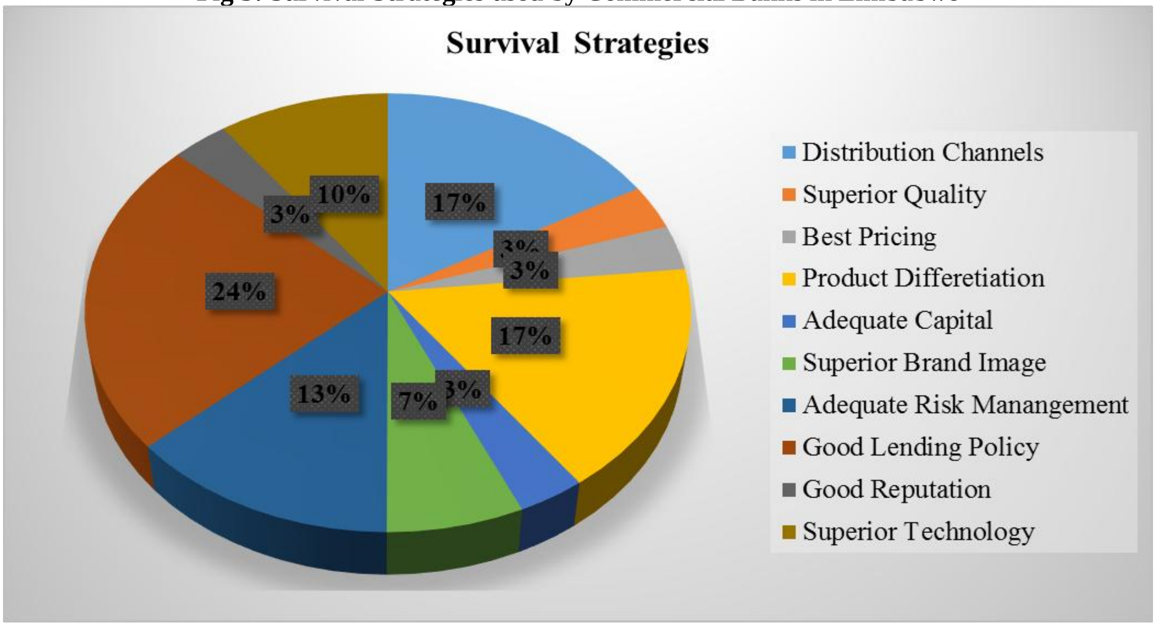
According to the regression analysis established, taking all factors (strategies), constant at 0.190, the performance of commercial banks would be 5.887. The data findings analyzed also show that taking all other independent variables at 0.190, a unit improvement in risk management lead to a 0.146 increase in bank performance and a unit increase in product innovation will lead to a 0.122 increase in bank performance. Other factors that contribute positively to bank performance are quality customer service, good corporate governance, technological innovation, easy access to loans and adequate capitalization as they all have positive betas. The results presented in Table 1 infers that good corporate governance contribute more to bank performance than all other strategies as it carries a beta of 0.564. The results show that there is a positive relationship between strategic implementation and bank performance.

These results are similar to the findings of Njagi and Kombo (2014) who conducted a study in Kenya to determine the effect of strategy implementation on the performance of commercial banks in Kenya. The study found that there is a strong and positive relationship between strategy implementation and organizational performance. The results are also consistent with those of Wachira (2010) who conducted a study on the relationship between strategy implementation and performance of commercial banks in Kenya. The study found that strategic implementation results in superior quality products and services, more customer oriented products and enhanced repeat purchase and positive feedback from customers.

Survival strategies used by commercial banks in Zimbabwe

Respondents were asked about the survival strategies used by commercial banks in Zimbabwe. Figure 3 below show the responses.

Fig 3: Survival Strategies used by Commercial Banks in Zimbabwe



Source: primary data

According to Fig 3 above, 24% of the respondents identified good lending policies as the main survival strategy they have been employing. They stated that a conservative lending policy has been their main source of competitive advantage, and has assisted in reducing the amount of non-performing loans. 17% of the respondents cited best distribution channels and product differentiation as the survival strategies they have been using. As most of the products offered by commercial banks are homogeneous, they stated that coming out with new products different from those offered by competitors has been a unique and powerful strategy. Respondents stated that their banks had to find other channels of reaching out to the consumer such as internet banking, cell phone banking, use of agents, merchant banking as well as increasing the number of automated teller machines.

However, 13% of the bankers cited adequate risk management as one of the survival strategies the Zimbabwean commercial banks have been using. Since 2009, high non-performing loans has been identified as a major cause of bank collapse, and these banks have been employing various risk management techniques to avoid falling into the same trap. Some banks have been investing in technological advancement with 10% of the respondents identifying superior technology as a survival strategy they have been employing. Only 3% of the respondents identified adequate capital, best pricing, superior quality products and good reputation as sources of competitive advantage. This implies that these are not mainly used to gain competitive advantage by commercial banks in Zimbabwe, but are relied upon as survival strategies to some extent.

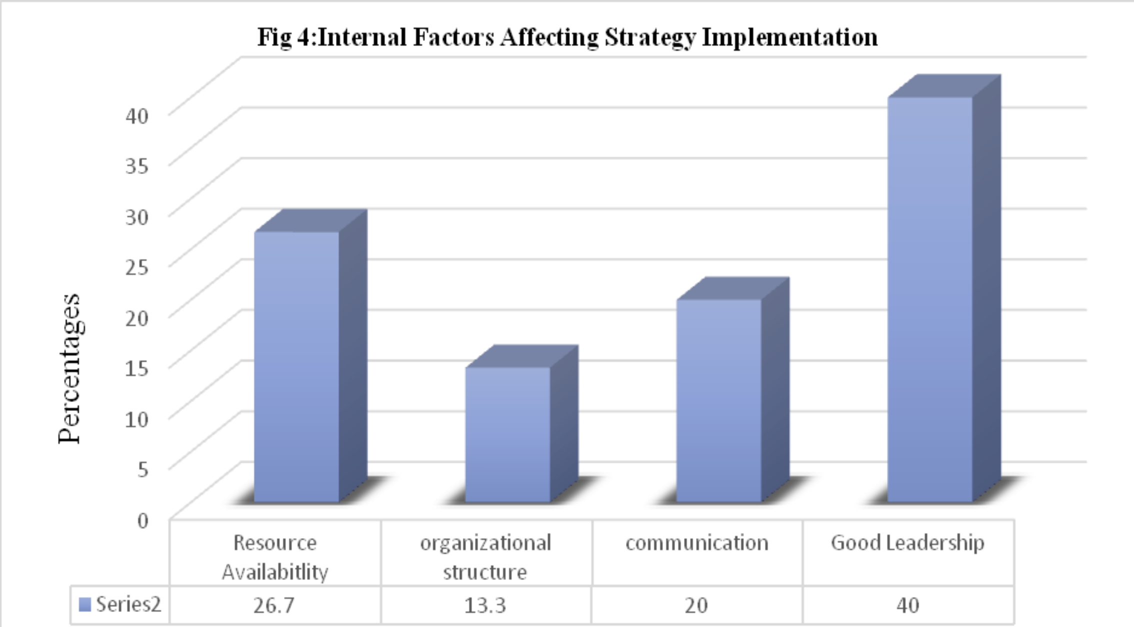
Figure 3 above clearly show good lending policy as the major survival strategy used by commercial banks in Zimbabwe, followed by product differentiation and best distribution channels, both at 17%. These results are similar to those of Dirisu Iyiola and Ibidunni (2013) who carried out a study in Ghana on the analysis of strategies used by Ecobank Ghana Limited to gain competitive advantage. They found out product differentiation, IT advancement, skilled and competent staff as well as high quality services as the main strategies used by Ecobank Ghana.

However, the results are different from the findings of the research done in Kenya by Musyoka (2012). The researcher found the main strategies used by Kenya Commercial Bank as exploring new opportunities, setting approachable plans, embracing team work, exploring new technologies, expanding to new regions and employing new staff. The difference may have been caused by the fact that Musyoka researched on one bank rather than the whole banking sector.

Internal factors that affect the implementation of survival strategies

Respondents were asked to identify the internal organizational factors that influence strategy implementation and Figure 4 below summarize the findings.

Fig 4: Internal factors affecting strategy implementation



Source: Primary data

Most of the respondents, 40% of them identified leadership as the most important factor influencing strategic planning implementation. They cited that without good leadership, strategic planning may be a failure even if all other resources are present. Top management and the board of directors were identified to be the corner stone of strategy implementation and being key to the success of the bank as they are responsible for strategic objectives formulation. Resource availability was identified as the second most important internal factor affecting strategy implementation with 26.7 % choosing it. The respondents pointed out that the banks do need resources in form of skilled manpower, financial resources as well as technological resources. 20 % of the respondents cited communication to be one of the most important factors that facilitates strategy implementation. The respondents pointed out that management in their banks make sure that all important issues are effectively communicated throughout the organization. They also cited that before a new product or service is introduced, the staff is trained on how to sell it as well as being trained when new systems are to be introduced. 13.3 % of the respondents identified as important to strategy implementation is the organizational structure. The respondents pointed out that decision making need to be decentralized so as to effectively implement some strategies. They also cited that there should be a structure – strategy alignment to ensure a successful strategy implementation process.

These results are similar to the findings of Mwembe and Kopha (2014), who conducted a research on the organizational factors that affect strategic change implementation at the Cooperative Bank in Kenya. The study found, organizational structure, management style, organization culture and effective communication to be the factors that influence strategic change implementation. However, the results differ in that the researchers in Kenya identified organizational structure and effective communication as the two most important factors as compared to leadership and resource availability. The difference may have been caused by the fact that the Kenyan study focused on one bank, while this one focused on ten bank, hence the results will differ from one bank to the other.

Conclusions and Recommendations

The research concluded that the main survival strategies used by commercial banks in Zimbabwe are product differentiation, superior distribution channels, adequate risk management, embracing of technology and product innovation. This conclusion is similar to the one reached at by Dirisu Iyiola and Ibidunni (2013) who found that the main strategies used by banks in Ghana were effective information systems, product differentiation and IT advancement as well as innovation in operations and finance. However, the conclusion differs from the one reached in by Musyoka (2012) who concluded that the strategies used by KCB included exploring new opportunities, setting approachable plans, embracing team work, exploring new technologies, expanding to new regions, employing new staff as well as growing business. The research also concluded that the major internal business environmental factors that affect survival strategy implementation are resource availability, effective communication, structure of the organogram, management style and the organizational culture. Other factors were found to management style and organizational culture. The results conform to empirical evidence from Kenya were Mwembe and Kopha (2014) observed that organizational structure, management style, organization culture and effective communication were the major internal business factors that influenced strategic change implementation.The study reached a conclusion that there is a positive relationship between strategy implementation and bank performance. The results align well to those of Wachira (2010) who found a positive relationship between strategy implementation and bank performance in Kenya. Empirical evidence from Kenya by Njagi and Kombo (2014) also reached a conclusion that there is a moderately positive relationship between strategy implementation and organizational performance. The central bank should loosen its regulation so that the banking operating environment should be more conducive for the banks as most banks are complaining about the stringent regulations.. The central bank should revise the banking act so as to be able to regulate the non-bank mobile money operators that are enjoying unfair competitive advantages against banks. Banks are blaming the liquidity crunch on the absence of the lender of last resort function. Therefore, the central bank should engage the government on the recapitalisation of the Reserve Bank.

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