DEVELOPING TURNAROUND STRATEGIES TO ENHANCE PROFITABILITY FOR INVESTRUST BANK PLC: A PRAGMATIC ACTION RESEARCH

BY

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DECLARATION

I, **Evelyn Namunjebwa Kasempa** do here by declare that this work is my original work achieved through personal reading and research. This work has never been submitted to the University of Zambia or any other universities. All sources of data used and literature on related works previously done by others, used in the production of this dissertation have been dully acknowledged, If any omission has been made, it is not by choice but error.

Signed ……………………..………… Date……………………………..…….

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APPROVAL

This dissertation by **Evelyn Namunjebwa Kasempa** approved as a fulfillment of the requirements for the award of degree of Master of Business Administration in Management Strategy.

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ABSTRACT

Development of appropriate turnaround strategies to enhance profitability is vital to the survivability of Investrust Bank Plc. Which has been making losses consistently in the period 2013-2018. The brand is under serious threat and a turnaround to address the crisis is discussed hence, the study gained a deeper understanding of the lived experiences of the senior management at Investrust Bank Plc. This was a phenomenological case study inquiry driven within the qualitative paradigm. Phenomenology was used in this study to aim at understanding circumstances surrounding Invest trust Bank Plc making losses. Further than this phenomenology was chosen to understand from the point of view from bank actors the preferred turnaround strategies that can be used to propel Investrust bank into a profit making. Seven (7) indepth interviews with senior management at Investrust Bank Plc. were conducted. These Seven (7) senior managers were selected by expert purposive sampling and the data was analyzed using qualitative content analysis. The circumstances surrounding Investrust bank plc making losses were external and internal. The external factors, identified themes are; central bank monetary policies such as increase in minimum capital requirement , Introduction of IRFS 9, government monetary controls and increase in market players. The internal factors findings are shareholders selling shares and lack of capitalization, loss of customers, lack of innovation, failure to generate revenue, unsustainable operational cost and failure to manage non-performing loans. Seven key strategies were developed namely financial strategies, technology advancements, revenue generation strategies, marketing strategies, diversification, retrenchment and top management strategies. The analytical hierarchy process was applied to rank which strategies will be more effective and the Three main strategies which should be implemented in order to turnaround the situation at Investrust Bank Plc. are Financial strategies, Technology advancements and Revenue generating Strategies and should be included in the banks next strategic plan.

Keywords: *Turnaround Strategies, Profitability, Investrust Bank, Analytical Hierachy.*

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DEDICATION

I dedicate this research paper to my mother Vester Mambo Kasempa, Father Wilmington Kasempa, spouse Jacob Chisenga, and my son Jay Jay, Sister Chimuka and Chipo whose constant and continuous support made it possible for me to complete the postgraduate course and this research project.

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LIST OF ACRONYMS AND ABBREVIATIONS

AHP	Analytical Hierachy Process
BOZ	Bank of Zambia
CAR	Capital Adequacy Ratio
IBP	Investrust Bank Plc.
ICT	Information and Communications Technology
IRFS	International Financial Reporting Standards
PWC	Price Waterhouse Coopers
TSA	Treasury Single Account
ZCCM	Zambia Consolidated Copper Mines Limited

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Organizations around the world normally face a decline in their performance as they carry out their business activities. It is common knowledge that when a for-profit organization losses the competency to make a profit or financially sustain its activities, it will go bankrupt. It has been observed since time immemorial, how corporates have failed and filed for bankruptcy despite putting in mechanisms to revive their businesses. Many studies have explored the reasons why businesses fail and this can stem both from the external environment as well as the internal factors. Internal factors that can cause business failure in public companies include lack of core competitiveness, inadequacy of corporate governance and poor decision making, aggressive diversifications and problems in capital structure and cash flows (Zhu, 2012). According to Justino & Tengeh (2016) the external factors that play a role in failure of small enterprises include market environment, competition, customers, political environment, corruption factors and globalization. Mwanza (2012) in his finding listed the following as causes of business failure, weak management and governance of institutions, changes in operating environments which leads to intense competition, economic factors such as inflation which leads to high cost of living, poor performance management, weak controls, poor spread risk and turbulence in political environment which is not conducive for all players in the production and business chain. These factors when experienced by a firm may cause organizational failure.

Organizational failure is defined by Mellahi & Wilkinson (2020) as the deterioration in an organizations adaption to its microniche and the associated reduction of resources within the organization. In this definition we can deduce that when an organization deteriorates, the strategies that where implemented are not achieving the goals of the organization hence the end result is to exit from the market. At this stage it would be important for an organization to begin to adopt turnaround strategies. Turnaround strategies are essential for any business that wants to remain profitable and expand in size, they are the backup plan for unforeseen circumstances because in the market place there is always a shift in the factors that influence the existence of a firm. These turnaround strategies have been observed to move declining firms back into profitability. Seth (2010) defines Turnaround as a means to a substantial and sustainable positive change in the performance of a unit through determined efforts. To put it in simple words, it implies producing a noticeable and durable improvement in performance from down to up. from no good enough to better, from unsatisfactory performance to acceptable and from losing to achieving. The choice of turnaround strategies to be used are dependent on the factors that are affecting an organization at a moment, hence a strategic analysis will guide any organization on what needs to be done in order to achieve the objectives that they set out.

Zambia's financial landscape has considerably changed over the period 2009-2018 and the financial sector has grown in assets, deposits, profitability and products offering. The growth can be attributed to an industry wide branch network expansion strategy, automation of a large number of services and a move towards emphasis on the complex customer needs rather than traditional 'off-the-shelf' products. The BOZ annual supervision report emphasizes that the financial institutions will need to cope continuously with changing business environment and a continuous flood of new requirements via a robust ICT platform, while staying sufficiently agile. Consumers will continue to demand individualized services, and to demand them faster than ever. Hence financial institutions will continue to aggressively design new products that leverage on ICT to remain competitive

Investrust is a public limited company and is incorporated under the companies' act of 1994. It has been in existence for twenty three (23) years now and bragged to be the only wholly indigenous bank till Zambia Industrial Commercial Bank (ZICB) was incorporated in 2017 as a restructure plan of BOZ for Intermarket Bank that was repossessed by Bank of Zambia in 2016. Investrust bank PLC was formally known as Investrust Merchant Bank but changed its name in 2002 to Investrust Bank Limited. It got listed on the Lusaka stock exchange (Luse) in 2007. ZCCM Investments Holdings Plc is the major shareholder owning 71.4% . it has a footprint in eight (8) out of ten (10) provinces of Zambia with a branch base of 25 branches, three (3) main agencies and various agents conducting branchless banking on behalf of the bank in order to service its customers. It conducts commercial and retail banking services and some of its products include; accounts, treasury services and credit facilities.

For a local small bank that has no international affiliates, Investrust bank has been a positive contributor to the economy of Zambia. It employs over 400 employees, thus contributing to reducing the high levels of unemployment in Zambia. In 2014, in a quest to positively add to the strategy of the Bank of Zambia in increasing financial inclusion, Investrust bank launched Agency Banking. Agency banking model is a function of certain commercial banks that is regulated by the central banks legislation that allows them to contract third party retail networks as banking agents. Hence this has impacted a growth in their footprint and reduced on their costs to open up new branches and also visibility to service their retail end users who are the masses. Other innovations include the 2014 launch in mobile banking and ussd mode (unstructured supplementary service data) that has generated income for the bank and also reduced the congestions in the branches thus selling convenience to their customers.

Investrust bank also boasts a strong shareholding structure where the majority shareholder is the Zambia Consolidated Copper Mines (ZCCM) which is a diversified investment holdings that is listed both on the Lusaka stock exchange, London stock exchange and Euronext stock exchange. This acquisition has received a lot of attention amoungst stakeholders.

1.1.1 Turnaround Strategies

Turnaround strategy is about doing different things and attempting to change companies' fortunes by fundamental adjustments in strategy, such as acquisition and divestment. Operating turnarounds are about doing things differently in terms of processes such as manufacturing, so that the firm's efficiency can be improved. (Arwin, Mcgree & Sammut-Bonucci 2015). Turnaround strategies is defined as a rapid change of corporate strategy that is needed to deal with issues such as falling profitability, lower return on investment or loss of market share. These issues result from sudden changes in demands from the external marketplace, be it competitors, suppliers or customers (Johnson and Scholes 2002). This definition observes the external factors that can influence the success or downfall of a business due to a corporate strategy that has been implemented but is not yielding any results hence the rapid response to this external threat needs a turnaround strategy. Lack of a company to adapt to a change in external factors can cripple its ability to compete within the market which in turn may cause poor performance of an organization and begin to affect the company internally and hence they need to effect a turnaround strategy. In order for a company to effect a turnaround strategy, they must first acknowledge and identify what is really going wrong within and outside the organization so as to develop and implement a problem solving turnaround strategy. According to Mintzberg (2008), a turnaround strategy is a set of consequential directive, long term decisions and actions targeted at the reversal of a perceived crisis that threatens the survival of a firm. It is the process by which a business with inadequate performance is analyzed and changed to achieve desired results (Scherrer 2010). Analysis is a strategic tool that top management in any organization must carry out throughout the business. Hence when a strategic plan is implemented it does not mean that the work is done, organizations must therefore analyze internally and externally which of these strategies need a turnaround so as to keep a business sustainable and profitable. Turnaround management hence involves management review, activity based costing, root failure cause analysis, and SWOT analysis to determine why the company is failing (Boyne, 2009). SWOT analysis is basically analyzing an organizations strengths, weaknesses, opportunities and threats.

Hiller (2011) argues that in a fast moving and weak economy, it is not surprising that most organizations are finding themselves in crisis more frequently. He further adds that it takes analysis and planning for a sustainable recovery to be achieved. Many businesses have implemented turnaround strategies and still they have not yielded the desired results hence the need for organizations to assess the environment in which they are operating in before they develop and implement turnaround strategies. Morrow (2004) says the nature of the industry environment is likely to be an important factor when considering a firms turnaround strategy. The organization must analyze the stakeholders, customers, competitors, suppliers, industry trends, regulations, technology developments, social and economic factors and many more that are constituted in an industry environment. Mwanza (2012) says the choice of turnaround strategies and their successful implementation is dependent on the prevailing circumstances in the internal and external environment of an organization as well as the severity of the decline.

There are many types of turnaround strategies. Historically, literature has shown a number of turnaround strategies that have been adopted by threatened or declining organizations. This study will review the literature on the turnaround strategies that Atundaondimu (2015) found to be adopted in the four (4) commercial banks in Kenya, which are Marketing Strategies, financial strategies, revenue generation, retrenchment, top management change, technology advancement and diversification. Therefore these turnaround strategies must improve the financial performance of an organization.

1.1.2 Organizational Performance

One of the overarching questions in the business world is why organizations fail and others succeed when they seem to all be in the same market were some are doin so well, hence them having similar objectives. It is important for an organization to know which factors influence its organizational performance so as to use them to achieve the objectives. On the other hand, organizational performance refers to ability of an enterprise to achieve such objectives as high profit, quality product, large market share, good financial results, and survival at pre-determined time using relevant strategy for action Koontz & Donnell (2008). Antundaondimu (2015) believes Organization performance is what business executives and owners are usually frustrated about. This is so, because even though the employees of the company are hard-working and are busy doing their tasks, their companies are unable to achieve the planned results. Performance yields a satisfied customer who is key to the profitability of an organization and this is what top management is normally frustrated about. Theres been a paradigm shift in organizations where its no longer about customer satisfaction, it is customer experience that contributes to excellent organizational performance. However, employees may be hard working and diligently carry out their tasks and an organization may still fail to perform hence the importance of all functions to be defined clearly, sound strategies must be developed so as to enhance the performance of the organization so as to yield profitability. Furthermore, performance refers to the nature and quality of an action performed in a company to achieve the accomplishment in its primary functions and tasks to produce profit (sink 1991). Commercial banks measure performance using so many variables therefore, this study will focus on profitability as a parameter to measure the performance of Investrust bank. Osuagwu (2014) says bank profitability is largely determined by credit risk and other factors that relate to the internal organization of banking firms as well as market concentration is significant as a determinant of bank profitability

The table below shows the performance as measured by profits by all 18 (eighteen) commercial banks as at December 2018 just to see the position of Investrust bank industry wise. Many commercial banks are doing so well and growing in terms of the balance sheet and profitability but Investrust Banks loss position is getting worse.

Table 1.1: Profits/losses of Commercial Banks in Zambia

PROFIT BEFORE TAX		**K'm 30 DEC 2018**	**% Share**
1	STANBIC	126,476	22%
2	ZANACO	80,094	14%
3	INDO-ZAMBIA	76,219	13%
4	STANCHART	70,465	12%
5	BARCLAYS	58,363	10%
6	BANK OF CHINA	51,624	9%
7	CITI BANK	51,110	9%
8	ECO BANK	40,709	7%
9	FIRST CAPITAL	34,184	6%
10	FNB	30,320	5%
11	FIRST ALLIANCE	19,530	3%
12	UBA	8,769	2%
13	ACCESS	7,509	1%
14	AB BANK	1,442	0%
15	**INVESTRUST**	(81,826)	-4%
16	CAVMONT	(26,853)	-5%
17	ATLASMARA	(27,323)	-5%
	TOTAL	**577,878**	**100%**

INDUSTRY AVERAGE	**314,548**	**54%**

Source: Commercial Banks 2018 Competitor Analysis.

This research is a phenomenological case study inquiry driven within the qualitative paradigm.

1.2 Statement of the problem

The main goal for most businesses is to earn a profit. Generating profits in a business environment often indicates that an organization is offering goods or services desired by consumers at a reasonable price. However, according to the financial statements of Investrust bank plc. For the period 2009 to 2018, the bank has been reporting losses for over six (6) years and as a result the bank has been having financial challenges to meeting its core objective (see table 2).

Table 1.2: Profile of Losses of Investrust Bank

YEAR	PROFIT/LOSS (ZMW)
2009	10,072,294.00
2010	(4,939,054.00)
2011	5,747,654.00
2012	14,340,911.00
2013	(2,780,063.00)
2014	(5,073,133.00)
2015	(50,914,000.00)
2016	(47,395,000.00)
2017	(37,998,000.00)
2018	(81,826,000.00)

Source: Financial Statements of Investrust Bank PLC

The losses have had a negative impact in terms of reputation and organizational performance. This has resulted in poor customer retention, Dormant accounts, reputation challenges as most customers have lost confidence in the Bank and migrated to other banks, hence resulting in reduced customer base and high turnover of staff as reflected in the end of year financial notes. The bank is further facing challenges to generate revenue and profits. The bank has implemented different turnaround strategies uninformed by research to try to improve the service delivery, however things have not worked. The Brand Investrust Bank Plc. is under serious threat and risks closure due to the consistent loss making that the bank has continued to experience over the last six (6) years. Instead of being the leading bank since it is a Zambian owned bank, the firm fails to generate sustainable profit and this has led to loss of stakeholder confidence. If this trend continues the bank risks closure. Hence the need for a turnaround situation.

Therefore, a study which would develop turn around strategies that will make the bank profitable using pragmatic approach could help resolve the problem. Therefore, given the statement of the problem, this study seeks to answer the following research questions.

1.3 Aim of the Study

The aim of the study is to develop turnaround strategies which would be appropriate to propel Investrust bank plc. into a profit making firm.

1.4 Research Questions

1. Why has Invest trust been making losses? (addressed withn nominalist ontology and abductive logic)
2. What turnaround strategies would be appropriate to propel Invest trust bank into a profit making bank? (addressed withn nominalist ontology and abductive logic)
3. How can the turnaround strategies be weaved together to propel Invest trust bank into a profit making bank? (addressed withn pragamatic trasfrmative ontology and abductive logic)

1.5 Research Objectives

1. To understand circumstances surrounding Invest trust Bank Plc making losses
2. To describe from the point of view from bank actors the preferred turnaround strategies that can be used to propel Investrust bank into a profit making bank.
3. To assess using the analytic hierarchy process the appropriate turnaround strategies that could be used to propel Investrust bank into a profit making bank.

1.6 Significance Of The Study

This research will help to improve the processes of weaving turnaround strategies so as to yield profitability. The findings of this study will directly benefit the research community, commercial banks, financial sector and share holders who play a key role in the functioning of Investrust Bank Plc. It will also benefit the stakeholders; the management, the customers and the staff. The Turnaround strategies proposed may be incorporated by businesses from other disciplines as well which will help with faster recovery in an event of a crisis and enable profitability quicker.

This was the first study on turnaround strategies at Investrust Bank Plc. that looked at business decline, what has been done and what should be done in order for the bank to be profit making again. It provides an initial framework for future research because the current literature on banks making losses in Zambia is still in need of further research . Moreover, the current study could be extended to analyze losses and profitability in local banks.

For strategic practitioners, this study stresses the importance of detecting circumstances of loss making before proposing appropriate turnaround strategies and practices.

1.7 Scope and Delimitation of the Study

In the interest of time, and given the fact that Lusaka has many Banks, the study focused on developing turn-around strategies to enhance profitability in commercial banks, with specific focus on Investrust Bank PLC. The study limited itself to in-depth interviews for collecting data.

The focus of this research was to understand the causes of the losses at Investrust Bank Plc so as to develop turnaround strategies that will propel the bank into a profit making organization again. Hence it required the full participation of the senior managers at Investrust Bank at data collection stage so as to ensure the turnaround strategies developed will be implemented without any challenges.

Therefore, this study did not cover all commercial banks in Zambia but only focused on Investrust Bank Plc. Secondly, the study collected data from Seven (7) senior managers of Investrust Bank only not from all stuff.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter summarizes the information from other authors, researchers and scholars, who have conducted a research in the study of turnaround strategy. The specific areas covered here are the phenomenology, theoretical framework, turnaround strategies and the influence of turnaround strategies on the performance of an organization.

2.1.1 Bank Performance

Measuring a bank's performance is done so using various parameters, due to, when the word bank comes to mind one thinks of loans, deposits, ATM machines, foreign exchange, and many other things that are considered parameters when assessing performance of a bank. When comparing two or more banks, determinants of performance may differ in size, profitability, footprint etc. Bank performance is very critical to stakeholder, it is a decision making tool for customers, investors, suppliers, other business entities and so on and so forth. While a shareholder will define bank performance in terms of profits and dividends, a customer may determine that bank performance is the price and quality of the services offered as well as the community using corporate social responsibility as a measuring tool. This has attracted an interest of academic research and various researchers on defining the determinants of bank performance. Shaftoe (2017) says key financial ratios that investors use to analyze banks include return on assets, return on equity, efficiency ratio and the net interest margin. These parameters are also used to compare financial performance with other competitors. Naifer (2010), found that performance is significantly related to expenses management, ownership structure and bank loans. In light of these results, he recommend that banks seeking to improve their profitability and their market share increase their bank loans and reduce state ownership or even privatisation of public banks which will lead to the banks to become more competitive, and will encourage financial innovation. Bikker (2010) demonstrated that measuring the performance of a bank is hard and that indicators differ strongly in quality. He strongly aligned his study towards competition because that is where pricing and efficiency is determined which are strong indicators for bank performance. This study will adopt profitability as the best measure for banks performance, Mulualem (2015) says the measure of profitability of a bank is determined by the return of assets (ROA) and the return on equity (ROE). Lastly a study by PWC(price water house coopers) outlined that profitability based measurement on the other hand can serve as a more robust and inclusive means to measure the performance by gauging the extent of operational efficiency as well as capturing the nuance of banks diversifying earnings through non-interest income activities and management of their costs.

2.1.2 Causes Of Bank losses

According to Kroszner (2002), non-performing loans are closely associated with banking crises. The core activity of a bank is to accept deposits and give out loans thus making profits, therefore when the loans, the banks are giving become non-performing it means one of its core activities is crippled hence resulting in bank failure. Allen, Björn & Christian (2012) in their study on the role corporate governance plays on bank failure, highlighted on how defaults are strongly influenced by a banks ownership structure. They found that high stakes in the bank induce lower level management which has direct influence on the banks daily operations to take high risks which may eventually result in bank failure. Macroeconomic variables also can play a major role to bank losses, latter (1997) says a collapse of asset prices, or sharp increase in the interest rates or fall in exchange rates are interrelated hence bank managers and supervisors must ensure banks are not vulnerable to such factors. Insider lending can also attribute to the causes of bank failure Chege (2016) says a manageable level of insider lending is advisable, excessive levels might lead to losses that often might threaten continued existence of a bank. Vadova (2003) says one of the factors that usually stand behind the banking crisis is inadequate risk management. This is mainly attributed to lending to high risk borrowers.

Poor bank liquidity risk management has strong positive relationship with the bank failure Ugoani (2015). This results in a bank not having adequate funds to meet deposit withdraws and loan demands. Microeconomic variables may also lead to bank failure, Cheserek (2007) lists poor bank supervision, regulation, inadequate infrastructure in accounting and law, fraud and corruption, banking strategies and operations, liberalization/deregulation, government interference and political patronage.

2.1.3 Turnaround Strategies for Profit Making.

Every business has a strategy that helps it achieve its objectives, but sometimes these strategies do not work and thus threatens the business ability to make profits, therefore the business must make deliberate efforts to revive the business so as to turnaround and be profit making again. Many studies have been conducted showing different turnaround strategies struggling businesses have implemented. A study by Bowman, Collier & Schoenberg (2013), who conducted a study on strategies for business turnaround and recovery, found six effective turnaround strategies which are; cost efficiencies, asset retrenchment, a focus on the firms core activities and building for the future, the last two relate to the change process required for implementation which is reinvigoration of firm leadership and culture change. Wandera (2018) found the turnaround strategies that are to be used in a crisis to be: cost reduction, diversification, reorganization, modernization and Organizational performance. Mungai & Bula (2018) found that the turnaround strategies that were used by Kenyan airways were Revenue generation strategies, cost reduction strategies, financial restructuring and organizational performance restructuring. Njeru (2010) found that the turnaround strategies adopted by the national bank of Kenya were, managerial restructuring, operational restructuring, asset restructuring and financial restructuring. Kamunde (2010) study on turnaround strategies at development bank of Kenya found that the bank employed the following turnaround strategies, operational restructuring, top level management change and stakeholder management he further concluded that no single strategy is able to confront decline, firms should adopt various combined strategies concurrently for a successful turnaround.

2.1.4 Processes To Propel Bank Profits.

Turnaround process is a process dedicated to corporate renewal. It uses analysis and planning to save troubled companies and returns them to solvency, Thompson & Strickland (2007). When an organization has formulated and analyzed turnaround strategies that can save a declining business, the next vital step is to identify processes that will be used to propel these strategies so as to ensure the desired result is achieved. Ansoff (1999) defines strategy implementation as the process that turns strategies and plans into actions in order to accomplish an organizations strategic objectives and goals. It is an internal action that requires that the full operations of a business are in line with the turnaround activities. Mutunga (2018) describes ways to implement a turnaround strategy as designing the organizations structure, allocating resources, developing information and decision process, and managing human resources, including areas such as the reward system, approaches to leadership and staffing. Maheshwari (2002) suggest that choices that would enhance performance are leadership change, domain change, retrenchment of both assets and people, technology up gradation, cost reduction and HR interventions. Slatter, Lovett & Barlow (2006) discovered that they are seven essential ingredients that can attain a turnaround or recovery plan, these are crisis stabilization, new leadership, stakeholder management, strategic focus, critical process improvements, organizational change and financial restructuring. Scherrer (2003) attributed a successful turnaround to the presence of a strong management team and sound business core. He further clarifies that the key elements to any successful business turnaround were from the highest priority: sound core business followed by; leadership of competent management followed by; capital for use throughout the process; and finally followed by the trust and support of the company's stakeholders. Panicker and Manimala (2011) study confirmed that "successful turnarounds were accomplished through progressive building up of organizational competencies in line with the stage theory (through strategies such as employee engagement, cost rationalization, lean management, image building, and focusing on core business) before taking up aggressive growth and expansion strategies".

2.1.5 The Role Of The Central Bank On Commercial Banks

Ajayi (1995) says, "a central bank is an institution charged with the responsibility of regulating the supply, availability and the cost of money in the interest of social welfare", It has regulatory authority over all other financial institutions in promoting financial stability and a sound financial system. The traditional role of the central bank is the regulation of the stock of money in such a way as to promote the social welfare of the economy. Ajayi (1999) list the following as the major role of the central bank, regulating the issue of currency and controlling the quantity of money and credit for monetary policy purposes which is the same as saying that it is the function of the Central Bank to issue currency in adequate quantity for the smooth running of the economy, acting as banker to the government or acting as the fiscal agent of government, acting as banker to the commercial banks - including the lender of last resort function, managing the country's international reserves as well as its exchange rate. He further says central banks are expected to foster the development of financial infrastructures such as the development of money and capital markets, the instruments of the market and the development of specialised financial institutions. The central banks also control minimum capital requirement of commercial banks and a study by Ndede, Ambrose & Nyawira (2017) found that capital requirements have positive linear relationship with financial performance of commercial banks in Kenya. Banks should comply with capital requirements since apart from increasing on its financial performance, increased capital provides a measure of assurance to the public that an institution will continue to provide financial services even when losses have been incurred, thereby helping to maintain confidence in the banking system and minimize liquidity concerns.

2.1.6 Turnaround Theories and Models.

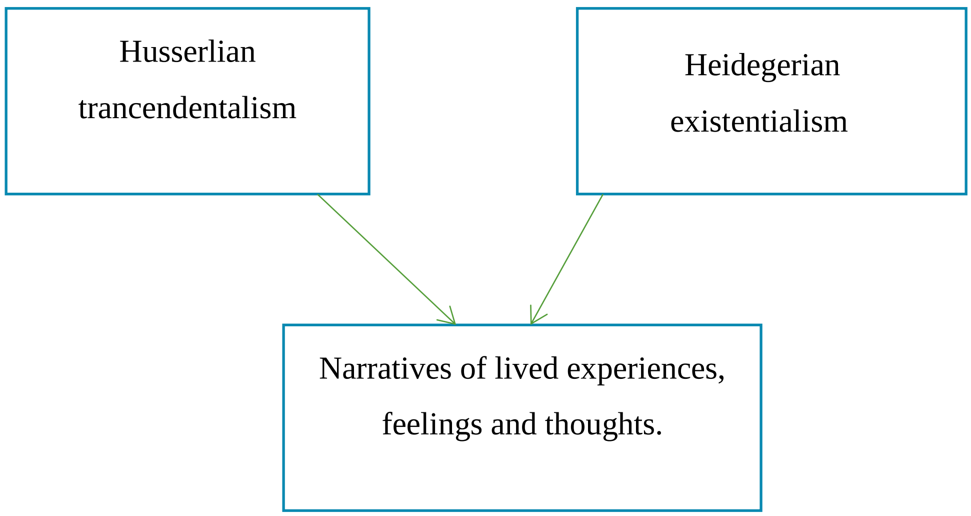
Turnaround models have been developed to save declining businesses by a few authors. Lohrke, Bedeian & Palmer (2004) introduced the three phase turnaround process. In terms of this model, the three-phase turnaround process are Phase1 Turnaround Situation where the decline is analyzed, Phase2 Turnaround Response where response is initiated and Phase3 Turnaround Outcome where there is transition and outcome. Smith & Graves (2005) developed a turnaround model as a two key phases and a series of integrated steps. It depicts the turnaround process as a series of integrated steps, being two key phases–the decline stemming and the recovery phase. Concentrate on the severity of the financial distress, the amount of free assets available, size, ability to stem the decline, stabilize, retrenchment activities to improve efficiency and cash flows. Sudarsanam & Lai (2001) say turnaround model should focus on restructuring strategies. These strategies being operational restructuring, managerial restructuring, asset restructuring and financial restructuring.

2.2 Theoretical Foundations

The theoretical review of this study will be guided by phenomenology. According to Qutoshi (2018), says phemomenology as a philosophy provides a theoretical guideline to researchers to understand phenomena at the level of subjective reality. This plays a key role in understanding the actor or the subject regarding particular phenomena relating to life experiences. Fochtman

(2008) traces the roots of phenomenology in the epoch of plato, Socrates and Aristotle as a philosophy of human being. He further highlights the phenomenology by Edmund Husserl (transcendentalism) whose phenomenology attempts to study lived experiences of human beings at the conscious level of understanding, and Martin Heidegger (existentialism) who was a student of hussel who added the interpretive nature to these lived experiences. Additionally the study also acknowledges the following theories that aided the researcher to have a holistic overview on turnaround strategy and business decline in organizations, Generic Strategy Theory and the Financial Life cycle.

Figure 1: Phenomenology



2.2.1 Husserlian Trancendatalism

Husserlian transcendatal perspective of phenomenology is central to the concept of description of the invariant aspects of phenomena as they appear to consciousness, Qutoshi (2018). This according to Crotty (1998) means he focusses on seeking realities and not pursuing the truth in the form of manifestation of phenomena as it is in the form of life world made of interconnected, lived experiences subjectively. Which is key to this study especially when addressing the objectives of this study as it seeks to interview the strategic leaders of Investrust bank plc. Giogi & Giorgi (2003) say that the scientific method is descriptive because its point of departure consists of concrete descriptions of experienced events from the perspective of everyday life by participants. As a result this research tries to describe the structure of the phenomenon because decription of events as they appear as a method of knowing in phenomenology is fundamental because it is a matter of describing, not of explaining or analyzing. Gearing (2004) defines phenomenology as a detailed description and interpretention of lived experiences through bracketing and according to Husserl, bracketing is essential to research to gain insights into lived experiences. Qutoshi (2018) states the methodologies used in phenomenological approaches as interviews, observations, action research, discussions, focus group meetings and analysis of the text. He further says findings can be vigourously reported through the use of direct quotations of the research particpants and interpreting through description rather explanation.

2.2.2 Heidegerian Existentialism

Heidegerian existential phenomenology is a transformation of husserls philosophy which is also known hermeneutic phenomenology. Laverty (2003) acknowledges that Heidegger focused on dasin, which is translated as 'the mode of being human' or 'the situated meaning of a human in the world'. Heidegger was emphasizing on how you can not separate the individual from the world they live in. Annells (1996) says Heidegger in contrast viewed humans as being primarily concernrd creatures with an emphasison their fate in an alien world. This is were the existentialism comes to play. In this case the study focusses on the lived experiences of the respondents and can not do away with the market they are operating in. Heidegger emphasizes on how the background and understanding are key in referring to a persons experiences. Munhall (1989) says there is a transaction between the individual and the world as they constitute and are constituted by each other. Interpretion is therefore seen critical to this understanding. Laverty (2003) described this interpretive process as concentrating on historical meanings of experience and their development and cumulative effects on individual and social levels. This brings understanding to phenomena by offering expressed meaning.

2.3 Theories

The Two theories generic strategy theory and financial life cycle aided the researcher in having an overview on the topic at hand which surrounds turnaround strategy and profitability of organizations.

2.3.1 The Generic Strategy Theory

The generic strategy theory describes how a company pursues competitive advantage across its chosen market scope. Competitive advantage is very important for any organization because it distinguishes an organization from its competitors. There are three/four generic strategies, either to lower costs, to differentiate, or to focus on either. A company chooses to pursue one of two types of competitive advantage, either via lower costs than its competition or by differentiating itself along dimensions valued by customers to command a higher price. A company also chooses one of two types of scope, either focus (offering its products to selected segments of the market) or industry-wide, offering its product across many market segments. The generic strategy reflects the choices made regarding both the type of competitive advantage and the scope. The concept was described by Michael Porter in 1980 (Kavale, 2017). Porter introduced his five forces model with the forces bargaining power of suppliers and buyers, the threat of new entrants and substitute products, and rivalry amongst existing firms. Njuguna (2015) says these five forces framework is then used to identify the three generic competitive strategies to achieve a defendable competitive position.

An organization that masters the forces and applies the generic strategies can achieve high returns even in an unfavourable market. Njuguna (2015) says the fundamental basis of above average performance in the long run is sustainable competitive advantage. He further says the significance of any strength or weakness a firm may possess is ultimately a function of its impact on relative cost or differentiation.

Cost leadership strategy occurs when a firm have the ability to produce at lower costs than the competitors so as to sell in high quantities so as to maximize profits. Wandera (2018) says Cost Advantage exists when the firm is able to deliver same benefits as competitors but at a lower cost and it involves the firm winning market share by appealing to cost-conscious or price-sensitive customers. This is achieved by having the lowest prices in the target market segment or at least the lowest price to value ratio but differentiation advantage are the core benefits that a firm obtains which exceed those of competing products. As markets get saturated and prices decline, firms that can produce more cheaply will remain profitable for a long period of time.

Differentiation strategy is the ability to provide unique and superior value to the buyer in terms of product quality, special features or after sales service (Njuguna, 2015).It attempts to create a distinctive competence by offering products that are perceived to be unique by customers because of innovativeness, style or quality. Miller & Toulouse (1986) says this creates brand loyalty that renders customers less sensitive to price and allows large profit margins. The firms might need to modernize so as to produce unique and better quality output diversification into new unique product lines can also work for an organization that is seeking to change its fortunes as regards performance. Cheng (2013) highlighted that the core competencies for organizations seeking success in performance include the processes, skills and assets that influence organizations to achieve competitive advantage. Other factors have also been mentioned to contribute to core competencies which include location, brand, facilities, employees, customer loyalty, market coverage, market share, service quality, technology, leadership, systems and procedures and organizational culture. Turnaround organizations should strive for unique characteristics in order to distinguish themselves from competitors in the eyes of their consumers (Thompson, 2013). This can be exploited through cost reduction, diversification, reorganization and modernization to take advantage of the capabilities.

Focus strategy is basically segmenting the market so as to create a niche for your business. Mcgee (2015) says focus strategies are about serving a particular customer group better than anyone else. He further adds that focus strategies require specific skills that will help achieve the objective and is highly related to the marketing strategy. Therefore, closer attention to competition will enable the firms to develop capabilities to better manage its affairs in important business relationships hence success (King, 2007). This can be achieved by employing cost reduction strategy for cost leadership and modernization and diversification strategy for differentiation.

This theory fits well for this study because of how it supports that firms that are in distress should revisit these generic strategies and see if they are competitive in the industries that they operate in. For instance a firm that is not managing its costs will not maximize on profits, a firm that is not evolving and keeping upto date with a shift in consumer preference and differentiation by its competitors will lose its market share thus dwindling the performance of such a firm. Thompson & Strickland (2008) describes generic strategies as being core to improvement of an organization's performance. Barney (2009) said that for a successful turnaround process to take place at least one if not all of the generic strategies must apply otherwise its bound to decline more

2.3.2 Financial Life Cycle (FLC)

The theory was first introduced in 1966 by Raymond Vernon to explain the expected life cycle of a typical product from design to obsolescence, a period divided into the phases of product introduction, product growth, maturity, and decline. The theory further finds its application on companies which also go through the same phases of life, Wandera (2018). Penrose (2010) aligns the product life cycle theory with turnaround and argues that a turnaround is an extended life added to the existing deteriorating life span of a business. He further talks about how this process must be investigated and it should include cost analysis, expense analysis, productivity and human resources, productivity and physical resources, productivity of market, financial analysis and working capital analysis among others. Wandera (2018) argued that a firm experiencing an extended first stage will often end in financial distress, which eventually may result in liquidation. Application of this operational cyclical model is logical for 'turnaround' of the firm during a period of poor performance which if executed well can be followed by increased returns.

The theory has a bearing on all the variables under this study: financial strategies, revenue generation strategies, marketing strategies, technology advancements and diversification, it simply depends with the life cycle stage of the bank under consideration and the necessary changes they are adopting. Wandera (2012) says most of the companies undergoing the decline stages tend to run for strategies that can keep them longer in the business with the hope of revamping back hence end up adopting among others the cost reduction, reorganization, modernization and even diversification. This can help these companies to shed their negative trends and assume positive trends hence adding a new lifeline to themselves. Therefore this theory fits well for this study because, looking at the consistent losses that the bank has been making, it reflects that they are in their declining stage and therefore the study will adopt these variables mentioned above to assist with developing the turnaround strategy that will revive their business into profit making.

2.4 Analytical Hierarchy

Analytical hierarchy process is a multiple criteria decision-making tool that has been used in almost all the applications related with decision-making (Kumar & Vaidya 2004). Beynon (2002) says analytical Hierarchy is a useful technique for decision makers to rank information based on several criteria. He further says it is a prominent management tool to support multi criteria decision problems on several qualitative factors. This Analytical Hierarchy Process is very important to this study as the researcher intends to list a number of turnaround strategies that could be used in the bank and various studies, hence the researcher will apply this process to yield the intended result which Is profitability in the best way possible. This process will aid in decision making by ranking which turnaround strategies will propel Investrust Bank into profit making.

theories used in financial management studies, Game Theory, Resource Based Theory, Resource Munificence Theory, Causality of the Distress Theory and institutional theory that will aid the reasearcher in useful content to deducing turnaround strategies.

2.4.1 The Game Theory

Game theory is the study of rational behavior in situations involving the interdependence of outcomes. (Neumann and Morgenstern, 1944). It provides an analysis of decision making process of one or more players their behavior and when there are plenty of possible outcomes. Game theory studies strategic interactions (Kockesen & Ok 2007). Busu (2018) says Strategic behavior is a generic term that designates all concerted and consistent actions promoted by an enterprise in order to influence the competitive environment or at least to adapt to its evolution. A lot of literature has stressed the fact on how game theory is mainly about interactions and how the decision of one player affects outcome to all players. Therefore this births the idea of strategy which in a business setup encompasses competitive advantage. Like any other theory, the objective of game theory is to organize our knowledge and increase our understanding of the outside world (kockesen & OK, 2007). For instance if there’s a shift in the outside world that an organization interacts with, the outcome of such an organization will be impacted e.g. in the banking industry if there’s a rumor that institution the depositors of such a bank will rush so as to withdraw all their funds with such a bank.

Game theory suggests that Strategic thinking involves looking in the future to predict how others will behave, and then using this information to make decisions. These choices are often implemented so as to influence the choices of others. Therefore game theory is very important in classifying organizational situations, analyzing how people might behave in them, and making clear predictions that can be tested experimentally or, with more work, in the field. (Camerer & Knes, In press). It is very significant in the formulating of the alternative strategy to compete with one another and at the same time it is very good for decision making according to fluctuations in industries. This is very key if a business must continue to exist and earn profits.

2.4.2 Resource Based View Theory

According to Madhani (2010) The Resource Based View (RBV) analyzes and interprets internal resources of the organizations and emphasizes resources and capabilities in formulating strategy to achieve sustainable competitive advantages. Resources of an organization may be considered as inputs that enable firms to carry out their activities. Resources of an organization include human resources, financial resources, physical resources, and information resources. Madhani further added that internal resources and capabilities determine strategic choices made by firms while competing in their external business environment. Meaning Firm's abilities also allow some firms to add value in customer value chain, develop new products or expand in new marketplace. This enables an organization to develop sustainable competitive advantage. According to Armstrong (2009), RBV theory aims in providing justification for attaching importance to resourcing activities especially talent management and can also be used to enhance the value of the HR contribution in achieving competitive advantage. In applying the concepts of value, rareness, inimitability, and substitutability, he suggest human capital pool must have both high levels of skill and a willingness (i.e., motivation) to exhibit productive behavior this is because HR practices could not form the basis for sustainable competitive advantage since could be easily copied by competitors.

Maina & Maina (2015) summarized that In Resource Based viewpoint theory (RBV), the resources possessed by a firm are the primary determinants of its performance. The resources may remain latent until the firm deploy its capabilities, with these may contribute to a sustainable competitive advantage. Authors such as Grant (1991) emphasize on how this theory has an advantage on the implications for strategy formulation by analyzing a firms resources and capabilities, appraising the firm's capabilities, analyzes the profit earning potential of firm's resources and capabilities, select a strategy and upgrade firms resources.

2.4.3 Resource Munificence Theory

Environmental munificence is the scarcity or abundance of critical resources by one or more firms operating within an environment (Castrogiovanni, 1991). When firms face this scarcity of critical resources they hence want to turnaround the strategies because resource munificence allows a firm to grow and be stable but if resources are scarce a firm will begin to decline. Environment of an organization includes all factors or influences that can affect the existence of such a business. There are critical resources both internal and external that any organization needs so as to meet its objective, hence this theory examines Firms seek munificent environments and attempt to enhance the munificence of their present environments (Dess & Beard, 1984). According to tang (2008) there is a strong relationship between environmental munificence and alertness especially when entrepreneurs have high levels of self-efficacy in performing the roles and tasks of new venture creation. In turn, entrepreneurial alertness is related to continuance, behavioral and affective commitment of entrepreneurs. According to Cressy (2006), resource munificence is not only financial in origin but also management, human capacity and also partly to resource munificence that is considered the center of turnaround strategies.

As a firm is declining, it becomes hard for such a firm to maintain its position while increasing its resources hence Pretorius (2008) notes how important capital is to an organization. A firm cannot sidestep failure if it cannot meet the minimum threshold for organization capital. The level of firm resources at the time of the turnaround attempt affects the declining firm's capacity to implement strategic change. Maintaining adequate resources while responding to decline is often a problem, because the decline process destroys the firm's resources over time. He further adds that Environmental munificence plays an important role in the preconditions and the ability of a firm to recover from decline. The matching of resource and environmental munificence thus governs the turnaround strategies This theory forms part of the study because it will help in understanding the management, stakeholders and the banks resources in implementation of turnaround strategies to save the bank from failing.

2.4.4 Causality of the Distress Theory.

Financial distress causes an organization to be incapable of generating revenue or income thus crippling the existence of such an organization hence causing decline. The cause of decline and failure is frequently classed as either strategic or operational in nature, Robbins & Pearce (1992). Njeru (2010) suggests that it is easier for a business to respond to operational problems such as inefficiencies, cost relationship pressures, incorrect resource applications and managerial deficiencies, as in this case there is room to maneuver, and the contributing factors are more visible. In contrast, strategic causes have to do with weak or wrong positioning in the market, technological changes that govern demand determinants and loss of competitive advantage by the venture – all highly susceptible to external influences not clearly visible to the decision makers. Strategic factors have a close relationship with the external environment and the firm's response to changes in that environment. Strategic causes generally require more speedy action Pretorius (2008). Competitors may take advantage of a distressed firm and may use this to woo the customers to them hence a turnaround would save such a firm from decline.

Analysis is important when a business realizes decline, it must be aware of what went wrong so as to ensure the right strategy is formulated and implemented. Pretorius (2008) says a broad generalization is therefore that a turnaround situation is less severe if it is due to operational weaknesses, while it is more severe if it is strategically caused. The rationale is that operational preconditions can be corrected with relative ease and expectation of success, while strategic preconditions require directional change and the high-risk expectations typically associated with new venture creation. An unwise choice of new strategy by the turnaround manager will therefore have a more severe impact on potential recovery than will nowise operational decisions. Environmental munificence will also determine whether certain strategies are viable, as unforgiving environments, such as economic downturns, make it harder to achieve successful turnaround than beneficial environments, such as growing economies or operation in growth industries. It therefore stands to reason that ineffective turnarounds often occur when management fails to correctly diagnose causes of the firm's decline and responds inappropriately (e.g. trying to increase efficiency when the firm's weak strategic position is the cause of the problem, or vice versa).

2.4.5 Institutional Theory

According to one of the leading theorists on institutional theory, he says the theory “attends to the deeper and more resilient aspects of social structure. It considers the processes by which structures, including schemes, rules, norms, and routines become established as authoritative guidelines for social behavior. It inquiries into how these elements are created, diffused, adopted, and adapted over space and time; and how they fall into decline and disuse (Scott, 2005). Organizations are governed by institutions which determine how responsibility is shared. It also determines how information flows and the authority by clearly defining the reporting structure Peng (2009). This is basically used to identify the role played by institutions in defining the activities and the way they are carried out in an organizations Scott (2002). According to Zucker (1987), institutional theories of organization provide a rich, complex view of organizations. In these theories, organizations are influenced by normative pressures, sometimes arising from external sources such as the state other times arising from within the organization itself. The institutional theory recognizes the embedment of institutional actors in an environment of formal and informal rules. Institutional theorists suggest that organizational actions and processes are driven by their actors in order to justify and plausibly explain their actions. According to this perspective, strategy implementation are rationally accounted for by organizational actors and rooted in the normative and social context that motivates actors to seek legitimacy (Schoenberg et al., 2013). The theory suggests that a leaner organizational structure and reduced red tape increase flexibility and facilitate the fit between intra-organizational processes and the environment. Economically, a key reason for downsizing is to reduce costs as organizations seek to maximize efficiency (Zhang, 2009).

Several strategies seem pertinent, notably a cost leadership strategy which enables the organization to increase return on sales, or to increase market share through aggressive costing. Following staff downsizing the company can mute the leaner cost structure into competitive advantage by increasing profitability or lowering prices, which will be expressed in increased market share.

Oliveira and Martins (2011) posits that institutional theory emphasizes that institutional environments are crucial in shaping organizational structure and actions. The theory stipulates that organizational decisions are not driven purely by rational goals of efficiency, but also by social and cultural factors and concerns for legitimacy. Institutions are transported by cultures, structures, and routines and operate at multiple levels. The theory claims that firms become more similar due to isomorphic pressures and pressures for legitimacy. This implies that firms in the same field tend to become homologous over time, as competitive and customer pressures motivate them to copy industry leaders. For example, rather than making a purely internally driven decision to adopt e-commerce, firms are likely to be induced to adopt and use e-commerce by external isomorphic pressures from competitors, trading partners, customers, and government.

The table below shows justification of the theories used in my study.

Table 2.4: Theory Summary Table

No.	Author	Title of Study	Theories Used	Turnaround Strategies
1.	Alex Atundaondimu	Turnaround Strategies and Performance of Selected Commercial Banks In Kenya	1.Resource based theory 2. Institutional theory	1. Marketing Strategies 2. Financial Strategies 3. Revenue Generation Strategies 4. Retrenchment 5. Top Management Changes Technology Advancement 7. Diversification
2.	Virginiah Irungu	Turnaround Strategies Influencing Recovery of Commercial Banks Under Receivership Programme In Kenya: A Case of Chase Bank	1.Stakeholders Theory 2.Resource Munificence Theory 3.Casuality of the Distress Theory	1.Turnaround Leadership 2.Stakeholder Management 3.Portfolio Divestment 4.Retrenchment Strategy
3.	Carolyne Mutheu Mutunga	Implementation of Turnaround strategies at Kenya Broadcasting Corporation	1.Game Theory	1.Low Cost Operation 2.Product Differentiation 3.Appropriate Turnaround Organization Leadership
4.	Abdirahman Hassan Sheikh	Effect Of Turnaround Strategies On The Performance Of Kenya Airways	1.Institutional Theory 2.Open Systems Theory 3.Resource Based Theory	1.Cost Management Strategies 2.Managerial Restructuring 3.Asset Restructuring Strategy

				4.Culture Change
5.	Joseph Ogwobo Wandera	Turnaround Strategies and Performance of State-owned Sugar Companies	1.The Generic Strategy Theory 2.Life Cycle Theory 3.Contingency Theory of Structural Adaption To Regain Fit Theory	1.Cost Reduction Strategy 2.Diversification 3.Reorganization 4.Mordernization Strategy
6.	Wilson Murithi Njeru	Turnaround Strategies Adopted By The National Bank Of Kenya	1.Resource Munificence Theory 2.Casuality of the Distress Theory	1.Managerial Restructuring 2.Operational restructuring 3.Asset Restructuring 4.Financial Restructuring
7.	Charles Rotich	Turnaround Strategies And Performance Of Kenya Commercial Bank	1.Resource Based View Theory 2. Contingency Theory 3.Institutional Theory	1.Cost Efficiencies 2.Asset Retrenchment 3.Leadership Change 4.Replenish and Renewal Of the Firm

2.5 Turnaround Strategies

From the literature reviewed the common turnaround strategies that have been implemented by declining businesses will be discussed in this section. Turnaround strategies are a set of systematic efforts following a specific laid out plans to oversee a firm's survival under threat from internal and external elements which threaten its profitability and long term survival (Akrani, 2012). Turnaround strategies that the study will focus on will include Marketing strategies, financial strategies, revenue generation strategies, retrenchment, top management changes, technology advancement, and diversification and sales strategies.

2.5.1 Marketing Strategies

The main goals of marketing strategies for business leaders are to fill market needs, grow market share, and increase shareholder value, Jemaiyo (2013). This is the strategy that allows the environment especially the customer to know all about a business hence its importance when considering a turnaround activity. Jenkins (2015) says Identifying consumer insights and trends through marketing assists with the evaluation of cost savings and other ongoing initiatives, and may contribute to organizational growth. The objective of a turnaround strategy is to sustain and grow an organization. Marketing new products keeps customers aware of new offerings; for long-term growth organizations must involve innovation and insights from customers (Barwise & Meehan, 2011). The feedback from the market is what allows an organization to be proactive with innovation thus achieving sustainability. Virvilaite (2009) notes that, Strategic marketing is one of the functional strategies that together constitute an overall business strategy. However, the importance of marketing strategy is very high over all business strategy because of control of key marketing relationships with organizations outside of the support functions, delivery of the goods to the market and sales. It is no wonder that when a business is failing and implements a turnaround strategy, one of its first responses is to initiate new marketing techniques so as to grow the business, diversification, grow customer base and increase market penetration. Businesses will also use marketing strategies to increase revenue by adding new products and improve on customer service.

Isoraite (2009) concluded that organization of marketing strategy is influenced by all four marketing mix elements: product, price, distribution and promotion. The organization has to constantly analyze its environment, evaluate the strategies employed by competitors and examine marketing mix elements. Marketing strategy also allows for segmentation which allows for better management and profitability of a business portfolio. The purpose of segmentation is to identify customer/user groups that have as much similarity as possible within group, but dissimilarity with other groups with respect to the relevant characteristics and deciding which group or groups of customer/users the organization is equipped to serve and can do so profitably, Haksever (2000). Atundaondimu (2015) found that the banks were using the following marketing strategies, increase market penetration, promotional activities, new market programs to increase customer base, add new products and improve customer service.

2.5.2 Financial Strategies

Financial strategies are very vital for the existence of any financial institution because when profit is the objective these strategies ensure maximization. Hence when an organization is facing decline a turnaround financial strategy is key. A banking crisis or failure can be triggered by weakness in banking system as a result of persistent illiquidity, insolvency, undercapitalization, high level of non-performing loans and weak corporate governance Calomiris, heider & Hoerova (2015). Therefore, Atundaondimu, (2015) notes that the objective of financial strategy is to use the financial strength of the business as an asset and to restructure the business through reduction in the par value of shares, reduction in the rates of interest, postponement of maturity of debt and conversion of debt into equity.

Commercial banks need to find ways of being innovative so as to enhance their financial strength and stability. Financial innovation comes with different features which diverge from country to county but a few of the attributes that seems to be common across board for instance: innovation which is the development of new financial products and markets; securitization like moving towards interest rates that are determined by the market and marketable financial instruments as opposed to bank loans; liberalization of the financial market operations through deregulation; and increased competition within the financial sector, Oluitan, Ashamu & Ogunkenu (2015).

Atundaondimu (2015) acknowledges that the variables which contribute to turnaround in commercial banks. He states that interest costs represent the highest category of costs for banks; loans represent the largest revenue source for banks. Where most of the profits for a bank are generated. He further adds that short-term funds such as demand deposits should only be used for short-term applications such as cash and securities and likewise longer-term funds should be used for long-term yields such as loans. Which can assist in Also Cash and treasury/demand deposits are important. Banks may speed up turnaround by moving their low yield cash and treasuries to higher yield applications. He highlights the financial strategies that were implemented by the commercial banks are capacity utilization, financial restructuring, loan income through better loan portfolio, follow up on non-performing debtors, aggressive pricing, entry into new markets and focusing on core activities.

2.5.3 Revenue Generation Strategies

The aim of revenue generation is to make income. A bank's realized income stream is a reflection of its strategy or turnaround strategy in an event that it had challenges, the realized income shows its capacities as well as the market environment in which it operates. A study by De Young and Roland (1999) and Stiroh (2004) on US commercial banks found that there is a positive correlation between fee business income and interest income, the volatility of a bank's profitability is increased with the expansion of sources of fee based business, and the default probability of bank is caused by increased variability. These fee based business is basically revenue generation. There are a number of revenue generating options that include price cuts, increased promotion, a bigger sales force, added customer services, and quickly achieved product improvements. Attempts to increase revenues and sales volumes are necessary, Atundaondimu (2015).

The non-deposit funding share similarly reflects funding intentions as well as funding possibilities, Demirguc-Kunt & Huizinga (2009). There results provide a strong indication that banking strategies that rely preponderantly on non-interest income or non-deposit funding are indeed very risky. Robert DeYoung and Tara Rice (2004) studied that primary source of income for banks is the interest margin which banks earn by transacting as a middleman between borrowers and depositors, but they also stated that non-interest income is also earned by banks from its customers in the form of charging fees for financial services which banks provide to its customers. De Young and Roland (2001) stated that noninterest income increases the earnings volatility due to the fact that there is higher probability of losing a client of fee based income then losing a client who is loan based, the shift to non-interest income requires heavy investment in human resources and technology, and fee based activities leads to higher degree of financial leverage which increases earnings volatility. Stiroh (2004) stated on similar ground that volatility in non-interest income is higher as compared to volatility in interest income.

Increased revenue in turnaround banks can be attributed to better management of the loan portfolio where few loans are written off, and better pricing, Heggde and Panikar (2011). Rogers (2013) posits that commercial bank turnarounds, revenues are increased by such methods as the increased use of loan capacity, better use of inventory, better pricing and better quality. Which ensures that costs reduction should be implemented so as to yield increase in revenue. The revenue generating strategies developed were better use of inventory,better management of loan portfolio, costs are minimized through control of interest costs, minimization of loan losses and operating/overhead costs, price cuts on products, better quality in the bank generating revenue.

2.5.4 Retrenchment Strategies

Organizations choose either to grow or to retrench when they are facing a performance crisis. Turnaround strategy is a form of retrenchment strategy which focuses on operational improvement when the state of decline is not severe, Rasheed (2005). According to David (2013), firms use retrenchment when an organization regroups through cost and asset reduction in order to help declining performance. Retrenchment includes selling off land and buildings, cutting the number of employees, knocking off product lines, discontinuing the marginal businesses, and closing obsolete factories, in this case for banking this may indicate obsolete branches. Asset retrenchment refers to the net reduction of assets (Robbins and Pearce 1992), such as closing plants, divesting equity and reducing stocks of property, equipment, and inventory (Morrow et al. 2004; Lim et al. 2013). Meanwhile, cost retrenchment refers to the net reduction of total costs such as Selling, General, and Administrative (SGA) expenses, interest expense and miscellaneous costs. (Robbins and Pearce 1992; Lim et al. 2013. Robbins and John (1993) also found retrenchment is positively related to turnaround performance. Ung (2018) concluded that retrenchment will lead to firm performance and the reduction of the costs and assets, the efficiency of monitoring structure, the threat of firing, and stewardship can enhance the firm performance. He further adds that the ownership exploration remains as a big issue that influences the retrenchment actions. The ownership concentration denotes a positive statistical significance with firm performance. This implies that large ownership firms will improve firm performance. This implies that in order to apply this strategy ownership matters.

However some authors have stated otherwise. According to the Pearce & Robbins (2008) argues that retrenchment and recovery can create additional costs that impact turnaround performance negatively. Moreover, Castrogiovanni & Bruton(2000) expose there is no retrenchment performance linkage. The retrenchment strategies that they developed were divested in non-core assets, shift in organizational structure, reduced operating costs, reduced workforce and recovery strategy.

2.5.5 Top Management Changes

A successful turnaround requires leadership that can inspire the stakeholders and manage all aspects of the process from start to finish. Leadership that will inspire the staff and ensure the objectives of an organization will be met. Gatti (2002) said that Successful corporate turnarounds depend upon the replacement of the current top management and actions to be taken simultaneously at three different levels, strategic, financial and organizational. The importance of taking action simultaneously at a strategic, financial and organizational level may be connected to the circumstance that firms which face deep crisis need radical change, which in turn requires the firm to change as a whole. This change is also applicable to commercial banks. However, banks may insist to introduce a turnaround manager to work alongside the owner (Slatter and Lovett, 1999). The turnaround manager may revisit strategies from time to time just to measure the impact and turnaround. The establishment of a new leadership often involves substitution of employees at a middle management level. In these cases, the new top management, once it has settled, decides to perform its task bringing in the company new actors in key positions, Gatti (2002). He Finally concluded that, it has been pointed out that successful turnarounds seem to imply a renewal of the organization’s shared basic assumptions, i.e. the firm’s culture. To this regard we argued that firm’s ideological change can be expected to result directly and immediately from the establishment of a new leadership, whereas cultural renewal cannot.

Turnaround management demands competent leadership to pave way on the implementation of the policies, motivate the subordinates and communicate the importance of the process. Collard (2011) emphasizes that it is always safer to change the leadership whenever an organization is conducting turnaround management. Experience at the top management is crucial since the existent leadership has a clear understanding of the culture of the organization. Despite that, retaining the existent leadership who are not ready to admit failure on their part in provision of competent guidance in implementation of the organization's corporate strategy is risky (Bibeault, 2012). Turnaround strategies developed were, change in senior management, change in CEO to send signals to stakeholders, leadership of bank to motivate subordinates.

2.5.6 Technology Advancement.

It has been shown that much of the success of using technology to facilitate organizational change depends on the characteristics of the organization itself. Organizations with employees who are comfortable with technology and have access to systems will undoubtedly have more success delivering technology-driven change. Church, Gilbert, Oliver, Paquel & Surface (2002). It is critical that Organizational Development professionals are given the appropriate training in IT and technology-related areas to be able to fully understand the implications involved in their implementation and to help apply and communicate to others the importance of this direction for the future of the field (Church, Waclawski, & Berr, 2002; McDonagh & Coghlan, 1999).

Kemboi (2018) study proceeds to conclude that automation enhanced better service quality, provided constant and consistent service availability, led to the elimination of errors and data redundancies and finally, led to time saving due to fast service delivery. System automation opened up a world of opportunities for the customer, gave the bank a better competitive edge in the industry, enhanced customer satisfaction, customer loyalty, and increased revenue due to reduced marginal costs hence, higher profit margins. The study further recommended that the bank should continuously automate its systems as new technologies emerge since by adopting automated systems, both customer service level and customer relationship improved for the better and that the bank should incorporate and invest in technology since technology was noted as an important aspect in the alignment of information systems with business strategy. Lastly, he concluded that the banks should automate all its services since automation enhances service quality, constant and consistent service availability, elimination of errors and data redundancies and time saving due to fast service delivery.

Technology advancement is also important internally when assessing performance of the organization especially for performance appraisal. Saha & Majumder (2017) acknowledged that Impact of technology on performance appraisal in industrial organization has particular significance; it determines the organization's success or failure. They stated Performance Appraisal is directly related to the job performance of the employees. They acknowledged that organizations are using technologies for HR field such as employee participation, clearly defined jobs and extensive formal training. Which is very important in turnaround management so as ensure desired results are obtained. Atundaondimu (2015) established that the turnaround strategies in relation to technology advancements implemented by commercial banks are new technology implemented, reduced costs and improved efficiency, speedy decision making, improved processes and change in fuction on the market.

2.3.7 Diversification.

Declining firms may choose to adopt diversification strategies in order to increase their profits to supplement their income and to take advantage of a shift in opportunities in their competitive market. According to Ansoff (1965), a diversification strategy is the entry into new markets with new products. Banks adopt the diversification strategy because the markets they thrive in are continuously changing. Arasa (2014) applied three main diversification strategies, the first form of diversification is geographical which involves opening of wholly owned subsidiaries in the region. The other is product diversification where the bank has managed to unveil several products to its customers to meet their needs. The bank also engages in unrelated diversification such provision of insurance services through agency. He concluded that as the income from diversification increases, the total profits of the banks have also registered significant increment.

A study by Dishon (2016) focused on the following diversification strategies; mobile and internet banking, provision of treasury and trade finance, investment portfolio, provision of forex exchange, custody services, agency banking, provision of selection lending services and investment banking. The consequences of such diversification was increased competition amongst commercial banks. The study revealed that as result of diversification, competition among commercial banks has been heightened to a very great extent especially on customer deposits, profit margins and customer value. The researcher recommends to the policy makers to enact policies that regulate diversification being undertaken in the banking industry. Further, strategic planning managers should enhance diversification in areas that have less diversification such as insurance services.

A study by Murethi, Nyamweya & Chepkorir (2019), concluded that credit diversification has a significant effect on financial distress prediction. Credit diversification activities have reduced the probabilities of default on the side of borrowers through introduction of new types of credit facilities. Credit risk can be reduced through specialization of lending. The study recommended that the management of banks should introduce new types of credit facilities to increase on their credit portfolios. Besides, the management of banks should reduce on credit risk through specialization of lending. Atundaondimu (2015) established that the commercial banks in kenya had implemented the following strategies, positive performance feedback, seek growth opportunities, knowledge enhancements, increased total borrowing capacity, absorption capacity that will allow exploitation and exploration.

2.5.9 Turnaround Strategies and Bank Performance.

Commercial banks must continue scanning their environment so as to stay competitive, and they do so by continuously turning around strategies that are no longer yielding the intended result. This is so they can improve their performance. A study by Atundaondimu (2015) concluded that indeed the turnaround strategies adopted by the banks has had a positive effect on the performance of the commercial banks. He further recommends that Kenya Commercial banks undertaking turnaround strategies should not only concentrate on attracting new customers but also emphasize on developing extensive distribution channels to gain a competitive edge in the market. Another study by Njeru (2010) concludes that the turnaround strategies are managerial restructuring, operational restructuring, asset restructuring and financial restructuring. The study also concludes that the factors significantly affected turnaround strategies adopted by the bank. The study recommends that companies wishing to turnaround should focus more on operational restructuring, asset and financial restructuring as strategies than focus on managerial restructuring. There is also need for companies to pursue turnaround strategies to do so in cognizance of the factors that influence such strategies especially cutbacks, technology, retrenchment, profitability, bank size, senior management turnover, free assets, severity of financial distress, capital structure, bank relationship, block shareholding, managerial shareholding, and leverage.

Irungu (2017) concluded that the turnaround strategies that the commercial banks divest in non-profit generating assets to stop cash drain and in non-core assets/profitable assets to generate more cash to salvage financial distress and restructuring. He further found that layoffs in the bank: closure of some branches and business units, reduction in short term assets such as debtors and selling of some business units has enabled the bank to reduce its operating costs. The study recommends that commercial banks under receivership program's should pursue turnaround strategies to do so in cognizance of the factors that influence such strategies especially leadership, retrenchment, portfolio divestment and stakeholder management to recover to their initial financial feet. Kamunde (2010) says for any turnaround to be successful, the organization must move fast to salvage the core of the business. Increasing efficiency is an important factor as these actions improve profitability in the short run and allow the company to release resources that may be used elsewhere. This can also play an important role in winning back stakeholders support and help raise external resources to fund other strategies.

A summary of similar research done like this one is reflected the table below further identifying gaps.

2.5: Literature Review Summary Table

Author	Title of Study	Methodology	Findings/Conclusions	Comments, Critique (If Any)
Rotich, C. (2015)	Turnaround Strategy and Performance Of Kenya Commercial Bank.	Data was collected using an interview guide which was administered to bank managers of Kenya Commercial Bank. Qualitative data collected was analyzed using content analysis technique.	The study concludes that turnaround strategies have a positive effect on the performance of the Kenya Commercial Bank. The study recommends that for turnaround to be successful there is need to pursue a strategy at any given time. Whenever a firm is faced by a decline and it desires to attempt turnaround it should consider replacing the current management and hire an experienced team to steer the turnaround process. The study implies that policy makers should obtain knowledge of banking sector dynamics and the appropriate turnaround strategies to enhance economic performance and therefore obtain guidance.	The research was limited to analyzing the extent to what turnaround strategies had affected the performance of Kenya commercial bank and focused mainly on top management changes as the answer to a successful recovery plan.
Ngonjo, C. & Sindani, M. (2013)	Strategy Implementation Process In Commercial Banks In Kenya.	This study used primary data collected using a questionnaire. The questionnaire contained both closed and opened ended questions. The questionnaires were administered to communications managers.	The study concludes that in most banks there is moderate involvement of staff in the formulation of strategies. The study concludes that in majority of banks, the comparison of actual results with the set objectives is always great. The study further concludes that the process of strategy implementation in banks is not affected by rigid organization structure, poor organizational culture, limited top management involvement, poor communication, interdepartmental competition and poor leadership skills as these challenges are not evident in the banks. The study recommends that the top management at the banks should put in place measures to ensure that resources are availed for successful implementation of the strategies. The study recommends that training should be done in order to improve the performance of the staff as well as the top management	I agree with this author strategy should be every employees input and top managers should be involved in ensuring resources are available and strategies are monitored. Training staff is vital so as to ensure good quality of staff to be in line with the set objectives of the organization. However the researcher did not explicitly state the resources that will yield the successful implementation of the strategies.
Ndung'u, C. W, Dr. Machuki, V. N, & Dr. Murerwa, T. (2014)	Response Strategies by Commercial Banks to Economic Changes in Kenya.	Primary data collected using questionnaires administered to the managers of the banks who are responsible for developing response strategies. Secondary data was obtained from the	The study established that the commercial banks have been able to respond to the changes in their environment through retrenchment strategies which involved cutting operating costs and divestment of non-core assets. They have also responded to the environment using various investment strategies which contrast with retrenchment and as such firms perceive these changes as opportunities	The research highly recommends cutting of costs, retrenchment and divestment of non-core assets. Which is viable in a turnaround situation where an organization wishes to maximize its profits. But does not highlight how these

		banks' existing bank publications and annual reports.	to invest, innovate and expand into new markets in order to achieve or extend a competitive advantage. It was also established that ambidextrous strategies have been used where organizations combine incremental change with discontinuous change, or the exploitation of existing resources to improve efficiency. This occurs through exploration of new sources of competitive advantage and innovation. It is recommended that in order to stay ahead of competition, commercial banks should continuously scan the environment aggressively and speed up implementation of various strategies.	turnaround strategies can be weaved together so as to ensure a successful turnaround.
Dr. Maishanu, M. (2011)	Corporate Failure and Turnaround Strategies In Banking Industry.	The study adopted a review of case study.	The paper believes that the struggle to survive through a turnaround strategy starts with the knowledge of failure and the causes of failure. Although failure is common with all organizations whether big or small, manufacturing or service industries etc., the concept of failure or 'insolvency' slightly differs in banking industry because of its contagious nature. Thus, a good turnaround strategies must consider changing the status quo by injecting new and vibrant management and it should be swift, prompt, and decisive to negate the spillover effect such neglect could cause..	Awareness is very important for a business at all times so as to detect failure.this author highlights how, even in a turnaround , consideration of change must be vibrant at all times because the banking industry is volatile. However the study does not elaborate on what turnaround strategies the banking industry can implement.
Schoenberg, R., Collier, N. & Bowman, C. (2013).	Strategies for Business Turnaround and Recovery: A Review and Synthesis.	Literature that includes 22 empirical studies, which investigated business turnarounds in previous recessionary environments. We review this literature in its entirety, rather than as individual contributions, to synthesize the lessons available for businesses operating in today's challenging economic environment	Review revealed convergence in the findings of the prior studies. Six effective turnaround strategies were consistently identified. Four of these relate to the content of the turnaround, namely cost efficiencies, asset retrenchment, a focus on the firm's core activities and building for the future and two relate to accompanying change processes required for implementation: reinvigoration of firm leadership and culture change	Cost efficiencies, asset retrenchment, a focus on firm's core activity, building for the future, reinvigoration of firm leadership and culture change are the six strategies that these authors outlined. The researcher did not include sub strategies ar processes that can enable the weaving of these strategies together to ensure a recovery.
Kamunde, D. K. (2010)	Turnaround Strategies At Development Bank Of Kenya Limited	Primary and secondary data were used. Primary data was collected by way of pre-guided interview comprising of open ended	The research findings indicated that Development Bank employed various strategies to confront declining performance. The process involved top management change, which saw the exit of the previous CEO and other changes at the board level. The process involved all	This researcher notes how turnaround strategies applied can improve profitability which in turn increases the confidence of stakeholders which play a vital

		questions. Content analysis was the analyzing technique.	the stakeholders to provide support for the much needed changes. For any turnaround to be successful, the organization must move fast to salvage the core of the business. Increasing efficiency is an important factor as these actions improve profitability in the short run and allow the company to release resources that may be used elsewhere. This can also play an important role in winning back stakeholders support and help raise external resources to fund other strategies.	role in the existence of an organization however he does not elaborate on which strategies were the most important.
O'neil, H. M. (1986)	An Analysis Of The Turnaround Strategy In Commercial Banking.	Discriminant analysis is used to test the predictions	The turnaround prescriptions developed in the durable goods industries are found to be valid predictors in the commercial banking industry. Suggestions are made to encourage further study of applications of the strategic paradigm in service industries.	The researcher did not bring out many turnaround strategies that are applicable to the commercial banks.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter discusses the methodology, which was used in the study in order to achieve the research objectives. Methodology is the general research strategy that outlines the way in which a research project is to be undertaken, and among other things, identifies the methods to be used in it. igwenagu (2016). Therefore the areas covered include research design, population of the study, data collection procedures and data analysis. The table below shows the research design matrix that will used in this research study.

Table 3.1: Research Design Matrix

Research Question	Research Objectives	Population & Sampling	Data Collection	Data Analysis
RQ1. Why has Invest trust been making losses?(nominalist ontology and abductive logic)	1. To understand circumstances surrounding Invest trust been making losses	1. Senior Management in Investrust bank (Expert Purposive Sampling)	1. Interviews (Person to Person) 2. Documentary Reviews	1. Content Analysis
RQ2. What turnaround strategies would be appropriate to propel Invest trust bank into a profit making bank?(nominalist ontology and abduction logic	2. To describe from the point of view from bank actors the preferred turnaround strategies that can be used to propel Investrust bank into a profit making bank	1. Senior Management Officials in Investrust Bank Plc. (Expert Purposive Sampling)	1. Interviews (Person to Person)	1. Content Analysis
RQ3. How can the turnaround strategies be weaved to appropriate to propel Invest trust bank into a profit making bank? referential pragmatism	3. To assess using the analytic hierarchy process the appropriate turnaround strategies that could be used to propel Investrust bank into a profit making bank.	1. Senior Management Officials in Investrust Bank Plc. (Expert Purposive Sampling)	1. Interviews (Person to Person) 2. Documentary Reviews	1. Content Analysis 2. Analytical Hierachy Process

3.2 Research Design

This was Akhtar (2016) says the research design is regarded as a blue print, a master plan that specifies the methods, techniques and procedures for collecting and analyzing the needed information or simply a framework or plan of action for the research. This was a phenomenological case study inquiry driven within the qualitative paradigm. Phenomenology was appropriate in this study because it aims not at measuring but understanding circumstances in a setting about a matter in this case to understand circumstances surrounding Invest trust Bank Plc making losses . further than this phenomenology was chosen To understand from the point of view from bank actors the preferred turnaround strategies that can be used to propel Investrust bank into a profit making bank. Phenomenology within qualitative research is being used in this study to describe and interpret issues or phenomena of interest. (Viswambharan and Priya, 2016).

3.3 Population of the Study

The population for this study was limited to Seven (7) senior management of Investrust bank out of the fifteen (15) senior managers. This is the set of people whom information is desired and will give vital data that will aid in concluding with sound innovative solutions hence they were identified via expert purposive sampling. Expert purporsive sampling is used to select respondents who have expert information or perculiar information pertaining to loss making and strategic planning relating to the subject under inquiry. The sample elements were drawn included the CEO, and six heads of departments of the following departments; alternative channels, retail banking, Human Resources, treasury, credit and marketing.

3.4 Data Collection

Data in this study was collected using person to person Interviews. The Interview consisted of open-ended questions see appendix 2. This is because interviews are appropriate in a phenomenological study and allows respondants to speak freely and for the researcher to probe aspects that are not clear (Fox 2000).

3.5 Data Analysis

When analyzing interview data, qualitative content analysis was used. The reson for selecting content analysis is that, the researcher was interested in looking for any of the major elements that are considered for performing content analysis are: words, characters, themes, paragraphs, concepts, items and semantics. It is very important to capture the relevant information needed for the content analysis so that there is enough data for the intended content analysis. Elo (2014) Just like any other research, content analysis also involves sampling, just that it is not the people or the products, the sample here is the content itself. The sample should be big enough to represent the entire population

The content analysis process that the researcher used can be broken down into 4 steps.

Step 1: Determine Coding Categories

Measurement of the content in this study was based on structured observation which is a systematic observation based on certain written rules. This was done by mainly categorizing the content. The categories defined for the analysis should were mutually exclusive. These written rules helped to make easier replication and also to improve reliability. These categories had specific words and patterns that answer the questions of the researcher that were mainly themes.

Step 2: Code the Content

The researcher assigned a label to the code to the text that had to be analyzed, and the text was words and phrases. During the coding process, numbers were assigned to each category. Coding is a set of rules that explain the method of observing the content in given text. The coding in this research was guided by four important characteristics, frequency, direction, intensity, and space.

- Frequency was described by the number of times a particular code occurred.
- Direction was identified by the contents appearance being, positive, negative, opposite, support etc.
- Intensity was denoted by the amount of the strength towards a particular direction.
- Space referred to the amount of space assigned to the text or the size of the message.

Step 3: Check Validity and Reliability

Looking at the sensitivity of the banking sector and how readily available information is on the banking industry, checking validity was key for this coding process. The codes needed to be validated for its reliability so as to check consistency and relevance. This validity was also used to examine the experts selected for this study. Validity was used to check the different phrases or words that are part of the categories to see if they have similar meaning and to make sure that they all belong to the same category and how reliable the data was. Accuracy checks were also doner.Establishment of reliability is very critical in content analysis as any results without proper validation and reliability is considered useless.

Step 4: Analyze and Present Results

After completing the analysis, they were several sets of information organized and available. This content was presented in report format that can be easily understood readers. This involved review of the final results, identifying patterns, arranging all the information in a sequence and finally presenting it in the form of a report. This report addressed the period of the study, the location chosen for the study, the aim and objective of the study, explained different tools and techniques used during the study and data sources and its composition. The results narrated the findings without adding too much of judgements, hence giving a direction to the important stakeholders for further discussions and evaluations of the situation and encourage them to take decisions based on the report.

The researcher additionally used the analytical hierarchy process to assess the appropriate turnaround strategies that can propel Investrust Bank Plc into a profit making bank. The parameters used to assess the strategies were feasibility, Cost of intervention, Time to yield and Human resource needed. Beynon (2002) says analytical Hierarchy is a useful technique for decision makers to rank information based on several criteria. He further says it is a prominent management tool used to support multi criteria decision problems on several qualitative factors. This Analytical Hierarchy Process is very important to this study as the researcher intends to list a number of turnaround strategies that could be used in the bank and various studies hence It will be applied to yield the intended result which Is profitability in the best way possible.

CHAPTER FOUR

FINDINGS

4.1 Introduction

This chapter presents the findings of the study and the findings are presented objective by objective.

4.2 Circumstances surrounding Investrust making losses

This section is about objective Number one which is to 'understand circumstances surrounding Investrust Bank Plc making losses'

Interviews with key players in the bank showed that profit was an essential condition for the existence and survival of the bank. Survivability was seen in the long run, linked to the ability to generate profit and keep a positive cash flow. Interviews showed that the main source of performance factors were found within the bank itself (internal factors) just as research elsewhere has shown (Bonn, 2000 ; Barney, 2001). Apart from internal factors, the bank is subject to external forces that act upon the whole economy as enunciated in some studies (McNamara and Valeer, 2001; Wiggins and Ruefli, 2002). Below are factors that were identified to affect profits. The researcher first deals with external factors and follows with internal factors.

External Factors

In this study, external factors included central bank monetary policies, government monetary controls and Increase in market players. Each one is presented below.

Central Bank Monetary policies

The bank of Zambia has been implementing a number of monetary policies to control and regulate the money supply and credit in the economy. These policies have had a negative effect on the bank as it failed to cope or make adjustments. Two of these polices affected the bank and these are increasing the minimum capital requirement and the introduction of IRFS 9.

Increasing the minimum capital requirement

The bank was operating in an economy were in 2010 the central bank opted to address capital requirements by tightening as the country was experiencing an economic recession. One senior bank employee had this to say.

The bank was affected from a regulatory perspective, the central bank increased the minimum capital requirement for local banks from 20 million to 104 million kwacha and for foreign banks to 520million. This meant that the shareholders needed to pump in more capital so as to meet the requirement of which the bank has not been compliant since. The effect of this on the profitability is that the bank has no capital to take part in larger lending deals so as to generate revenue or sustainable income. The noncompliance of the bank on minimum capital requirement also led to a reputation risk were stake holders lost confidence in the bank, hence the migration of a huge percentage of the customer base to other banks they deemed as stable which also affected the profitability of the bank by losing transactional income.

Respondent one

Introduction of IRFS 9

The international financial reporting standard-9 is an accounting standard that was introduced by the International Accounting Standards Boards (IASB) to respond to the financial crisis aimed at improving the accounting and reporting of financial assets and liabilities. Carrasco (2018) acknowledges how it has influence over the provision framework of banks which has made banks evaluate how economic and credit changes has changed their business models, portfolios, capital and the provision levels under various scenarios. IRFS 9 is meant to ensure commercial banks make better decisions in managing provisions and capital plans. Bank of Zambia fully implemented the use of IRFS 9 in 2015 were, a complete shift in terms of accounting for loan loss provisions by introducing an 'expected credit loss model' compared to the current 'incurred loss model' under the previously used accounting standard IAS 39. This for Investrust Bank plc meant that the bank needed to provide for all bad loans which further eroded their profitability. The banks non-performing loans take up 50% of the total loan book hence they are still affected by this on profitability. One respondent had this to say;

The bank has had a bad loan book where our non-performing loans take up 50% of the total loan portfolio and has had to do provisions since the introduction of IRFS9. The credit underwriting was poor in the past most of these loans were not secured and the provisions were not done accurately hence affecting the profitability further when the team ensured sound credit underwriting was done

Respondent Two

Government Monetary controls

In 2015 the government of Zambia through the ministry of finance introduced the Treasury Single Account (TSA) system. The TSA system is a unified structure of bank accounts which gives a consolidated position of goverments cash resources. It aims at improving governments ability to efficiently and effectively manage public funds. This was done by creating an account with the central bank and this led to huge funds of monies sitted with commercial banks to be channeled to this TSA. Investrust Bank being a local bank, had a lot of support from the government in terms of deposits sitting on their books and deposits are what fuel commercial banks. They were hit badly because their deposit book was largely skewed towards the government savings. Investrust bank would invest these deposit in treasury bills and generate income hence when they lost these deposits it affected their profitability. This also meant the capacity to lend out reduced further due to limited deposits. This created a mismatch on the banks balance sheet hence the bank needed to borrow funds to address this mismatch which increased interest costs. Two respondents had this to say;

The fueling side was largely Zambian government driven. The majority wallet share in terms of deposits was on the government side. When the single treasury account was open, the bank lost *the lion share of its deposits and lost the income it would make on these deposits. This loss in deposits affected the bank's profitability as the bank income earned on these deposits were no more. This loss of deposits created a structural mismatch on the balance sheet. The assets and liabilities share was not significant hence the bank has been running on short positions because of this. There was a shortfall on liabilities hence the need for the bank to always borrow expensive liabilities on interbank which shoots the interest cost and eats into the bottom line.*

Respondent Three

The introduction of the single treasury account which made the bank lose most of its deposit base, has made the bank to be in a position of sourcing expensive deposits from the market which has increased interest costs over the years.

Respondent Four

Increase in market players

In 2010 there were a number of new entrants that were fully operational in the banking industy in Zambia. Banks such as First national Bank from south Africa, United Bank for Africa from Nigeria, Ecobank from togo and Industrial commercial bank from Malaysia. These banks have a large African and global presence and are reputable banks who have technology advancements that made them competitive instantly. This led to Investrust bank losing a lot of customers to these banks hence reducing their customer base which affected transactional income and affecting profitability. These banks came with robust technology such as offering Point of sale machines to businesses, deposit taking ATM machines and instant issuance of debit cards all of which to date, Investrust bank has not been able to offer these services to their customers. One respondent observed the following;

Technology around this period 2012-2018 was/is at an advanced stage amongst the banks. They were new players on the market that had banking solutions that Investrust Bank PLC could not compete with. Due to lack of capitalization, the bank could not invest in these products that were high revenue generating. For instance the new banks came with solutions such as Point of sale machine, instant issuance of debit cards, ATM machines that can take deposits, the bank could *not play in this space meaning their revenue lines were getting slimmer thus affecting profitability.*

Respondent five

Internal factors

Maina & Maina (2015) summarized that In Resource Based viewpoint theory (RBV), the resources possessed by a firm are the primary determinants of its performance. The resources may remain latent until the firm deploy its capabilities, with these may contribute to a sustainable competitive advantage. According to Madhani (2010) The Resource Based View (RBV) analyzes and interprets internal resources of the organizations and emphasizes resources and capabilities in formulating strategy to achieve sustainable competitive advantages. Resources of an organization may be considered as inputs that enable firms to carry out their activities. Resources of an organization include human resources, financial resources, physical resources, and information resources. In this study, internal factors included shareholders selling shares, shareholders lack of capitalization, loss of customers, lack of innovation, failing to generate revenue, unsustainable operation costs and failure to manage non-performing loans each one is presented below.

Shareholders selling shares & lack of capitalization

Shareholders are the owners of a company and provide financial backing which is called equity. They play an important role in the functioning of a company because the provide the capital for the company to engage in its core business. For Investrust bank, its profitability has also been affected due to shareholders selling shares. On the shareholders side, they stopped to bring in capital and this led to majority shareholders selling their shares to ZCCM-IH which owns 78% of shares at the moment. Despite ZCCM-IH coming on board in 2015 as the major shareholder, the bank has still not attained profitability and as such they have still not met their minimum capital requirement, which is still affecting their capacity to do big business that will generate revenue and give the bank sustainable profitability. Due to lack of capital, the bank is unable to implement turnaround strategies that are capital intensive. One senior bank official had this to say;

Due to lack of capitalization, the bank could/can not not invest in turnaround strategies such as Technology that will make the bank competitive again. These techo products are capital intensive and can be high revenue generating products. For instance the new banks came with solutions such as Point of sale machine, instant issuance of debit cards, ATM machines that can take deposits, the bank can not play in this space meaning and this is affecting our revenue lines which are getting slimmer thus affecting profitability. The bank can not take part in the big deals on the market like lending out huge funds to large corporates due to lack of capital, making us unable to generate hugeincome from bigger risks.

Respondent Six

Loss of customers

Customers are the most important part of the business, without them there will be no sales hence no revenue and profitability. Investrust bank has lost a huge part of their customer base who wanted advanced banking solutions for convenience hence affecting the transactional income that the bank was making from these customers. To date the bank still has not invested in new technology to pro products utilization due to lack of capitalization affecting its ability to remain competitive. Therefore having challenges to acquire new customers as well as retain old customers. One respondent had the following to say;

Reduced customer base due to the loss of confidence in the market and lack of technology advancements which has made the bank lose transactional income and affected its profitability.

Respondent Seven

Lack of innovation

Innovation is key for a business to operate effectively and efficiently. This saves time, resources for both customers and the organization and gives a business competitive advantage over competitors Investrust bank has not been innovative, a lot of processes within the bank remain manual, the bank has not updated its core banking system, hence there's an expense to conducting these processes due to lack of automated processes thus affecting the bank's profitability further. The world is changing and processes are all going online, hence banks generating revenue from electronic services but for Investrust this revenue line is still not sufficient to revive the bank because more innovation needs to be invested in, in order for the bank to be competitive and have sustainable profitability. Additionally, They also do not have any performance management systems making it hard to measure staffs contribution. A senior respondant had this to say;

The bank has not invested in the core banking system making a lot of processes manual, moreover the bank does not have sound performance management systems that can aid the bank in monitoring profitability of staff and products.

Respondent Two

Failure to Generate Revenue

Revenue keeps a business alive, it is a lifeline. In order for a business to increase profitability, increasing revenue is key. With the increase in capital requirement by the central bank and Investrust Bank not being compliant since 2012, this has had a negative impact on the bank which is disproportionate to the market; it has limited capacity to grow. Due to lack of capacity the bank cannot generate enough revenue to aid it in being profitable. They cannot do certain investments and deals that can aid generate revenue and make the bank profitable. As respondent six alluded above.

Unsustainable Operational Costs

The managing of Operating costs is key to a bank. The cost to income ratios should be kept at bare minimum so as to maximize profitability. These are the costs incurred to carry out business. For Investrust bank, these costs have been at high rate. The corporate strategy at the time was to expand the footprint due to the new players on the market and the government support, prior to 2011, the bank had 9 branches, 2015 the bank had 27 branches , that was eroding the capital further . This increase in footprint raised the expenses further because the bank had to pay for all assets acquired, services provided, and rentals on premises hence raising the operational costs to be very high. In the long run, most of these branches turned out not to be profit making hence the closure of most of these branches but this still has not improved the bank's profitability as the costs to this strategy heavily affected the bank's profitability.

Operational costs spiked due to increase in footprint due to the pressure of expansion on the new entrants which rose expenses on assets acquired, increased staff expenses and premises and network thus affecting thebottom line.

Respondent One

Failure to manage non-performing loans

A loan is Non-performing when the borrower defaults and does not make a payment towards the interest or the principle. Banks take risks by giving out loans hence they use depositers money to lend these funds out. Causes of NPLs are high interest rates, low GDP, poor credit appraisal, inflation, unemployment, and improper lending disbursement to sectors of the economy that are not doing well. The quality of the loan portfolio for Investrust bank plc has been the worst on the market the Non-performing loans have been an overall 50% of the loan book and so there is no income being generated on these loans instead there is a cost of provisions being made on these bad loans due to IRFS 9 thus affecting the bank to generate profits. The credit underwriting in the past was not adequate, the appraisals were poor. Most of these loans are unsecured which has affected the recovery rate.

Bad credit underwriting cost the bank interest income and has affected the profitability further due to provisions.

Respondent Two

4.2.1 Turnaround Strategy Practices Adopted by Investrust Bank Plc to Address the Decline

In order to address the decline created by so many factors, Investrust Bank Plc has placed various interventions in an effort to restore the business to being sustainable again. The research results found out that the banks stakeholders have put in place interventions to try and mitigate the losses and revive the business to once were it was and these strategies may have helped in one way or another but the bank is still reporting losses.

Strengthening of Governance and Management

In response to the declining overall performance of Investrust bank, there has been board and top management changes from the CEO and most senior managers. The shareholding structure changed too which saw ZCCM-IH being major share holder this has seen a positive impact from stake holders who have slowly started gaining confidence in the Investrust bank plc brand. The board implemented these changes in order to mitigate all corporate governance concerns and also to assure the stakeholders that the bank is implementing a turnaround strategy. One of the respondants had this to say;

interventions taken to restore the business to normal was acquisition of the new CEO which has brought in diversity of skills within the management team. The new leadership is more focused on getting the business back on track and future sustainability. Similarly, a reconstitution of the board members brought in better synergies with all this adding up to stronger governance and management for the company.

Respondant Four

Closure of Branches and Refinement of Products and Business Processes

The bank has since reduced its footprint and closed off all the branches that were not profit making and they have merged the branches that were in the same radius so as to rationalize costs. They have reduced the branch network from 27 to 20. The banks products have been assessed and a lot of products that became obsolete are no longer on product offering. The bank has invested in a few products such as agency banking where the bank recruits agents who perform banking solutions on behalf of the bank, these agents are able to open accounts and collect deposits on behalf of the bank hence making the process of account opening instant and seamless as well as deposit taking. Though there is still a lot more work to be done. The bank has introduced new products that are tailor made to match the competition on the market such as mobile wallets, etax payments etc.

Credit Underwriting, Restructuring of Loans and aggressive recoveries

The bank has reorganized and centralized the credit function by improving credit governance, credit and monitoring changing its risk management frameworks. The accepted risk criteria has been stiffened so as to ensure only quality risk assets are booked by introducing risk grades that are calculated as a result of the clients financials. These risk grades influence pricing and reflect financial status. The credit underwriting has been improved the credit monitoring the loan book by ensuring that loans are performing and ensuring the clients are paying as and when they are required to. The monitoring team is also ensuring that loans are properly provided. They have hired highly skilled team to ensure all credit functions are sound and are contributing to mitigating the losses. The bank has also increased the recoveries team so as to ensure repayments on bad loans are done. Since the bank is in a better loan portfolio management, they have restructured their appetite on non interest income facilities which are mainly off balance sheet facilities. Quality risk assets are still being onboarded for sustainable income but the focus is more on non interest income.

Reduction of operational costs

Part of the turnaround strategies involved shrinking of operational coverage from across the bank by closure of branches and agencies that were not profitable and merging of some branches. This has effectively reduced some part of the operational costs but the bank still has not recorded a profit. The overall effect was an encouragement that improvement on operational sustainability of all the business units was now easy to achieve, expenditures would only be kept to bear minimum for only the essentials. Concentrated growth would ensure that more operating income is achieved hence an attempt to move towards profitability. The assurance that profitability will be gained has made all staff support the turnaround initiatives as their job security would be assured as well as better or improved working terms.

4.3 Strategies that would be appropriate to propel Invest trust bank into a profit making bank?

This section is linked with the second research objective which is ‘to describe from the point of view from bank actors the preferred turnaround strategies that can be used to propel Investrust bank into a profit making bank.’

Interviews with the experts in the bank showed that turnaround strategies are inevitable if the bank is to stay operational and does not risk closure. Turnaround strategies are a rapid change of corporate strategy that are needed to deal with issues such as falling profitability, lower return on investment or loss of market share, (Johnson & Scholes 2002). Interviews showed that the main recommended turn around strategies were seven key strategies that had several sub strategies and these were Financial, Technology advancements, Revenue generating, marketing, Diversification, Retrenchment and Top Management changes. Which these turnaround strategies have been identified by researchers such as Atundaondimu (2017). Below were the developed turnaround strategies.

Financial Strategies

Financial strategies are key for a turnaround situstion and the finding above showed that Investrust Bank is undercapitalized, which literature has shown that capital is key for any business to function. The first financial strategy that is to be implemented should be to recapitalize the bank by shareholders and equitable partners to improve the capital base which sorts out regulators and the reputation. The bank will be able to lend out quality assets that will generate sustainable income. Investments in technology that will make operations efficient and effective, investments in risk (cyber security), investments in staff development and performance management systems so as to improve staff productivity. The bank should continue cutting costs by letting go of all obsolete assets and closing off branches that are not profit making and have small balance sheets. The following Senior bank official had the following to say;

The most important turnaround financial strategy that should be implemented is recapitalization by shareholders and equitable partners,so as ti improve the capital base and then the bank can implement follow up strategies. financial restructuring is key in order to strengthen the balance sheet,lend out quality loans for sustainable income, Invest in robust technology, minimize costs in terms of expenditure by going paperless which will cut costs, aggressive recoveriees of non-performing loans, aggressive pricing, Innovation that will improve processes that will bring efficiency and effectiveness. Interest expenses should be minimized, the bank should not borrow expensive funds especially once the bank is recapitalized and the bank should turnaround and be the one to lend so as to earn interest from other banks and financial institutions so as to improve the bottom-line ,Investment in risk and performance management systems.

Respondant One

Revenue Generating Strategies

In order to increase revenue, the bank should have a better management of the loan portfolio and ensure the asset pricing is in line with the objective of generating substantial amount of revenue. Operating costs and overhead costs should be monitored so as to maximum on revenueRevenue generating focus should be on quality assets and quality products which obtain sustainable income. They should also be deliberate focus on non-interest income such as off balance sheet facilities.

The bank should focus on non interest income such as offering off balance sheet facilities and trade, and book quality assets that will generate sustainable income. The bank should ensure revenue generating products on the techno side are convenient and advertised so as to ensure more customers are onboarded to increase revenue lines by increasing promotions on products, an aggressive sales force team to increase sales volumes that increase revenue, excellent customer service by segmentation, product improvement, better use of inventory and competitive pricing.

Respondant Two

Technology Advancements

Interoperability will revive the performance of the bank. This is where multiple institutions are linked together electronically so as to benefit the bank whereas, funds are settled with the bank and income is generated via the charges of these services. This includes integrating with MNO's (Mobile network operations), big organizations offering services that can be purchased online, payment gateways, POS machines and all other advanced technologies that the competitors have acquired that are ensuring seamless banking on the end users and boost deposits.

The core banking system in the bank needs to be improved so as improve the business processes which will enhance service delivery. Automation of business processes will lead to a drastic improvement in productivity, it will reduce costs and thus it will also speed up decision making. For instance, the bank needs to invest in a robust MIS system for performance tracking so as to aid with the decision making that will enhance performance in the bank as well as invest in high *revenue generating technology solutions such as POS machines, Deposit taking machines and systems that will enhance the turnaround time of most solutions the bank offers.*

Respondant Four

Retrenchment Strategies

Retrenchment strategies are meant to improve through cost and asset reduction. The bank needed to cut operating costs and get rid of all obsolete assets that are not generating income for the bank. This will require the bank to restructure and reorganize so as to ensure all the strategic business units are profitable. This will help the bank to recover and turnaround. With the closure of branches, the bank will need to downsize so as to reduce the head count because currently, the bank is over staffed. This will in turn reduce the labor cost that will positively impact the bottom-line of the bank. Retrenching obsolete assets will also improve efficiency for the organization. A senior respondant said the following;

The bank needs to downsize because the closure of branches have made the bank to be over staffed, the bank should also get rid of all obsolete assets that are not profitable, organizational structure should be aligned with the strategy so as to ensure all business units are profitable.

Respondent Five

Top Management Changes

The top management that was interviewed of seven senior managers (7) interviewed senior managers, six (6) of them are all new with not serving more than four years. With the new structures being implemented in the bank, there will be need for more changes made so as to implement the new policies, change the culture in the bank, motivate the staff and also ensure the vision of the bank is clearly communicated. This will ensure there's a competent leadership that will pave way for a successful turnaround. A senior bank official hed this to say;

There has been a change in senior management, but in order for the turnaround to be successful there will still be need for changes in leadership so as to send signals to stakeholders and motivate subordinates.

Respondant Seven

Marketing Strategies

The bank needs to initiate new marketing programs and broaden the business and customer base and market penetration. The bank needs to segment their products and service delivery, add new products and improve customer service. This will be done by being market oriented and focus on the customer thus generating market intelligence. This will aid the bank in offering the most popular products that are fast selling and will generate revenue for the bank. Hence when these products are launched, the promotional advertising will need to be implemented so as to ensure there is awareness.

The bank needs to develop an aggressive direct sales strategy, effective relationship management of the customers too will build the trust and respect of the customers. The bank will need to increase its budget on advertising so as to reassure the market that they are still in business and have competitive products to offer. The bank will have to aggressively increase promotional activities that will help with the sales volumes. The managers observed that the market is ever changing and customer preferences are moving towards the digital era, hence the bank will need to initiate new products and advertise largely on social media.

Respondant Six

Diversification

The bank needs to diversify, the feedback they have been collecting from stakeholders has enlightened that they strongly need to diversify. They need to ensure they have the right skills, knowledge and capabilities to have a successful diversification strategy. Hence they need to carry out mystery shopping so as to know what the competition is offering. The bank will need to ensure they have a rapport with their clients so as to get feedback. This will aid in moving to new product range and services. New opportunities will increase revenue. A respondant had the following to say;

The bank will need to have a positive performance feedback tracker that will aid them in diversifying into the right products and services, the bank will need to seek growth opportunities *in other industries that are profit intensive, conduct a lot of research and developments, and explore the market and its customers.*

Respondant Three

Having looked at the findings in objective two the following table is a summary of perceived turnaround strategies that could probe the bank to make profits.

Table 4.1: Turnaround Strategy Summary Table

	KEY STRATEGY	SUB STRATEGIES
1.	**Financial Strategies**	Recapitalization, Investments In Risk and Technology, Investments in Staff Developments, Investments in Performance management systems, Minimize costs, Financial restructuring & Reduce interest expenses
2.	**Technology Advancements**	Interoperability, Change of core banking system, Payment gateways and POS machines, Deposit taking ATM machines, MIS system for performance management & Instant issuance of debit cards
3.	**Revenue Generating Strategies**	Better Management of Loan Portfolio, Booking quality assets, Focus on non-interest Income, Increase in product promotions, Segmentation, Competitive pricing & Product improvement
4.	**Marketing Strategies**	Segmentation, Improve customer service, Generate market intelligence, Promote and advertise products, Direct sales strategy, Effective relationship management, Increase budget on advertising, Increase sales volumes, Use of social media, Customer retention & Market digital products
5.	**Diversification**	Mystery Shopping, Employee and customer feedback &Monitor product performance
7.	**Retrenchment Strategies**	Cut operating costs, Retrench all obsolete assets & Downsize
8.	**Top Management Changes**	Cultural Change, Staff Motivation & Ensure competent Leadership

4.4 Weaving turnaround startegies to to propel Invest trust bank into a profit making bank

This section is dealing with objective number three which is 'to assess using the analytic hierarchy process the ideal turnaround strategies that could be used to propel Investrust bank into a profit making bank'The analytic hirrachy process was chosed as the theretical approach. The

Analytic Hierarchy Process (AHP) was used in a focused discussion with the repondents where comparisons were taken of personal measeuremnts that were later debated to create a fundamental scale which reflects the relative strength of preferences and feelings. The AHP is useful in multicriteria decision making and resource allocation (Sarty, 1980; Saaty and Kearns, 1985; Saaty, 1986).

The researcher shared the interview data of possible strategies and in thegroup discussion, a nonlinear framework for carrying out both deductive and inductive thinking without use of the syllogism by taking several factors into consideration simultaneously and allowing for dependence and for feedback, and making numerical tradeoffs to arrive at a synthesis or conclusion was used (Kumar & Vaidya 2004). Beynon (2002). Only five criteria were used in the ranking to select the best alternatives and a battery of interventions. The table below shows the scoring per turnaround strategies strategy and the criteria that was used to rank them was consideration of feasibility, cost of intervention. Time to yield results and human resour need. The scoring was rated on a scale of 1 to 5 were 5 is the most favourable and 1 is the least favourable.

Table 4.2 : Analytical Hierachy

Strategy and Ranking	Feasibility	Cost of intervention	Time to yield results	Human Resource need	TOTAL
2. Technology advancements	5	3	5	4	17
4. Marketing Strategies	3	2	4	5	14
1. Financial strategies	5	5	5	4	19
5. Diversification	2	2	3	3	10
6. Retrenchment strategies	1	1	2	3	7
7. Top management changes	2	1	1	2	6
3. Revenue generating strategies	5	2	4	4	15

After the scoring, the following diagram shows how the strategies can be woven together.

Figure 2: Weaving The Turnaround Strategies

The following three are the most critical in that their scores were rather close and the participants were confortable to begin with these and to implement them in the first year ofthestrategic planning beginning 2021 and the other four could be phased in the subsequent years.

- Financial Strategies- to be the first and most important strategy
- Technology advancements- to be the second most important strategy
- Revenue Generating strategies- the third most important strategy

4.5 Summary

The study findings show that business failures can be caused by both external and internal factors. There are five external factors that are linked to loss making and these are ; Central Bank Monetary policies, increasing the minimum capital requirement, introduction of irfs 9, government monetary controls, increase in market players. As for external factors, six were idenrifed including shareholders selling shares & lack of capitalizationloss of customers lack of innovation, failure to generate revenue, unsustainable operational costs, failure to manage non-performing loans. Given thesefactors, the possible range of strtegies that could be applied in the first year of the strategic plan were Financial Strategies, Technology advancements and Revenue Generating strategies.

CHAPTER FIVE

DISCUSSION

5.1 Introduction

This section deals with the discussion and the researcher delves into the meaning, importance and relevance of the results. The chater focuses on explaining and evaluating what was found, showing how it relates to the literature review and research questions, and making an argument in support of the overall conclusion

5.2 Discussion

The study covered the areas of; loss making, turnaround strategies adopted, and turn around strategies that should be implemented and how they should be weaved together so as to ensure the bank is in a profit making position and enhanced performance is achieved.

5.2.2 Business Decline

The causes of business decline at Investrust bank where found to be due to both external and internal factors and this was reflected in the huge losses they keep reporting at the end of each financial year. Generally, the external factor findings reported in this paper agree with the literature stated in the study by Cheserek (2007) who lists poor bank supervision, regulation, inadequate infrastructure in accounting and law, fraud and corruption, banking strategies and operations, liberalization/deregulation, government interference and political patronage. The external factors for Investrust bank are mainly as a result of central bank monetary policies such as increase in minimum capital requirement , Introduction of IRFS 9, gogevernment monetary controls and increase in market players. The internal factors findings are shareholders selling shares and lack of capitalization, loss of customers, lack of innovation, failure to generate revenue, unsustainable operational cost and failure to manage non-performing loans. The raise in minimum capital requirement has led the bank in not being compliant since 2012 when it was implemented; this has resulted in the loss of confidence in most stake holders. The findings of the literature and this study agree that loss making in a bank is hugely associated with non performing loans Kroszner (2002) agrees to this. Vadova (2003) also notes how banking crisis is related to inadequate risk management which is attributed to lending to high risk borrowers. The bank has put in a lot of measures to try and improve the loan book such as ensuring that the credit underwritting is sound and only quality loans are onboarded but this has not improved the banks performance hence the need for more strategies. They have deployed an aggressive recoveries team that is bargaining restructures and also ensuring that all loans are recovered but due to the fact that their loan book is 50% bad loans and unsecured they keep eroding their capital. the literature acknowledges how accounting and low can affect a banks performance, and when the implementation of IRFS 9 was done, this had a huge impact on the loan book because the bank needed to make provisions for over 50% of their loan book which was bad loans, eroded their capital and bottom-line further. The literature also agrees that government interference can affect the bank, It is seen in this report how the government introducing the single treasury account (TSA) had a huge blow on the banks deposits considering that IBP has a strength in mobilizing public sector funds due to it being a Zambian bank. The introduction of this TSA resulted in the bank loosing most of its deposits, and deposits are a fuel for a bank thus affecting its profitability in the long run. This caused the bank to lose its cheap funds and thus had to start sourcing expensive deposits that has increased their expenses Under the financial strategies that the senior managers have recommended, recapitalization is the first one that will see to it that the bank has enough capital to lend out to low risk customers that will enhance the performance of the loan book and improve the bank bottomline. The new players on the market that had advanced technology had competitive advantage over IBP and led to a reduction in customer base hence affecting the revenue lines of the bank. In the literature, porters five forces in the generic theory, talks about the threat of new entrants as a force a bustiness should be threatened by and this study it shows by the findings that the entrance of banks such as FNB, UBA and Ecobank had a huge impact on the customer base of Investrust Bank that has affected their ability to generate transactional income. An organization that masters the forces and applies the generic strategies can achieve high returns even in an unfavourable market. Njuguna (2015) says the fundamental basis of above average performance in the long run is sustainable competitive advantage. Investrust bank is not competitive because these new players were technologically advanced and to date offer products that the bank still has not invested in.

Njunguna further says the significance of any strength or weakness a firm may possess is ultimately a function of its impact on relative cost or differentiation. The entry of new players gave the bank reason at the time to invest in rapid expansion which contributed to huge costs that led to the erosion of capital and bottomline. The bank thus far has closed a number of branches to manage costs as a turnaround strategy. Other measures used to manage costs was to minimize operating costs and only uptake essential needs so as to curb the cost to income ratio which has been high the past six years, where costs exceed income.

5.2.3 Turnaround Strategies

Turnaround strategies largely are built on financial, technology, diversification, marketing, revenue generation, retrenchment and top management changes as agreed with the literature by Atundaondimu (2015). These are the same strategies that have been developed in this study. Most of the literature that was on turnaround strategies did not elaborate on sub strategies hence the deliberate showcase by the researcher. Smith (1998) found that, the strategies used by the banks in their turnaround process revolve around the five areas which include management strategies and organizational restructuring, including replacement of the CEO, cost reduction and financial restructuring, including debt and cash flow management; strategic restructuring and growth strategies such as sustained marketing, and restructuring strategies, including cost reduction through operations restructuring, and elimination of redundant assets, and improved marketing. This is in line with the various turnaround strategies that the bank actors have proposed will turnaround Investrust banks performance For instance, the turnaround strategy practices as discussed in the literature review include; cost reduction or downsizing which was largely applied by. Secondly, there was repositioning which was actually achieved through the redefining of products to ensure that the company was able to effectively compete with others in the banking industry. Thirdly, change in management as discussed in chapter two was exercised at Investrust bank Plc as the strengthening of the governance and management took place. The literature discusses the various turnaround strategies that banks implement so as to yield profitability. The research findings indicate that the bank had already adopted some of these strategies such as change of top management. This is key for successful turnarounds its also a reflection that something is being done to manage the declined performance. Most of the new top management have served less than five hence despite this strategy implemented, the bank has since not yielded any profitability. The research findings also note financial strategies such as recapitalization and cost reduction, which aims to stabilize operations and restore profitability by pursuing strict cost reduction. The bank also aims to achieve profitable long-term growth through restructuring the firm's asset portfolio, product/market refocusing and largely technology solutions that will see the bank diversifying in revenue generating products. This literature supports the strategies that were adopted at Commercial banks in kenya, a study by Atundaondimu (2015) that retrenching obsolete assets will reduce administration expenses.

CHAPTER SIX

CONCLUSION

6.1 Introduction

This chapter states the answer to the main research question which was ‘how can the turnaround strategies be weaved together to propel Invest trust bank into a profit making bank?’. A summary and reflection on the research is made while the research covers recommendations for future work and shows what new knowledge has been added to research. The objectives of this study was to understand circumstances surrounding Investrust Bank PLC making losses, to describe from the point of view from bank actors the preffered turnaround strategies that can be used to propel Investrust Bank into profit making and to assess using the analytic hierarchy process the appropriate turnaround strategies that could be used to propel Investrust bank into a profit making bank.

6.2 Main Finding

The main finding is that there are three most critical strategies that ought to be implemented in the first year of the next strategic planning and these are (i) financial strategy, (ii) technology advancements strategy and (iii) revenue generating strategies and the other four could be phased in the subsequent years.

6.3 Limitations of the Study

Like all research, this has its own limitations and signfiances.

Previously, the role of implementing a turnaround strategy has been poorly understood.

This qualitative research intended to understand the complex reality and the meaning of actions in a given context. This focus failed to obtain accurate and reliable measurements that allow a statistical analysis. Because the sample was small and considered not to be representative of the population, the results should be taken wih a pinch of salt as they have not constituted a general and sufficiently comprehensive view of the entire population (Martin & Bridgmon, 2012). Finally, the fact that the researcher was once a member of the organization and that data was collected using an interview guide may have caused some of the respondents to withhold valuable information considering that the researcher is working for the competition (another bank). Nevertheless, despite the above limitations the findings in this report have significant policy implications that have offered direction to future strtagic planning.

6.4 Recommendations with Policy Implications

Based on the findings that Investrust bank should implement various turnaround strategies in order to enhance performance, the researcher recommends the following;

(i) In the banks next strategic plan the bank should focus on these three strategies being Financial, technology advancements and revenue generating strategies so as to turnaround the situation at Investrust bank.

(ii) The bank should further adopt a direct sales strategy so as to ensure aggressive selling to increase the customer base.

(iii) The turnaround strategies should be rolled out in a workshop based layout and each and every member of staff must be involved in the roll out of these strategies both at formulation and implementation stage and the strategies must be evaluated consistently.

(iv) there is need for the shareholders to adequately recapitalize the bank so as to ensure the capital insive tunaround strategies are fully implemented and yield the intended result.

Policy makers in organizations will have a lot of insight from this study to help them develop guidelines and forecast for their organizations that may counter the various reasons of business failures. The knowledge from this study is important for going concerns and recovery strategies that should help turnaround distress situations. This study provides both a warn and caution, as well as solutions that can guide policy makers to provide for issues before the crisis, and it also gives guidelines on what to do in case a business starts to decline. This study is also significant to the shareholders who have the capacity to recapitalize the bank and see the developed strategies that are highly dependant on recapitalization

The researcher recommends that further research should be conducted on the impact of stakeholder perception on turnaround strategies of a business trying to recover.

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APPENDICES

Appendix 1: Interview Guide

1. In your own opinion, why has the bank been making losses? As you answer care to add your opinions in regards to the points below.

2. What turnaround strategies would be appropriate to remove Investrust bank in a loss making position?

3. Share with me what you have done in the past six years to enhance performance and be profitable?

3. In Regards to these areas (marketing, financial, revenue generation strategies, retrenchment, top management changes, technology advancements, diversification and sales strategies) what have you done and has or is it working?

4. What do you think should be done in order to make profits? Which strategies do you think are the most important in hierarchy?in terms of feasibility, cost of intervention, human resource need and time to yield results.

5. How can these strategies be weaved together to ensure the bank is profit making?

Appendix II: Letter of Introduction

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Graduate School of Business
P. O. Box 32379
Lusaka, Zambia

16th September, 2019

TO WHOM IT MAY CONCERN

RE: INTRODUCTORY LETTER FOR EVELYN NAMUNJEBWA KASEMPA (GSB151964)

This letter serves to introduce Evelyn Namunjebwa Kasempa GSB151964 a bonafide student in our Master of Business Administration (MBA) Management Strategy programme at the University of Zambia – Graduate School of Business (UNZA–GSB). In partial fulfilment of their Postgraduate studies, each student is required to undertake a research in the final year of study.

May you kindly assist the student in granting permission for her to collect data from your Institution. The research is purely for academic purposes and the student is ethically bound to treat the provided information with strict confidentiality.

Should you have any queries or would like further information about the student, please contact the UNZA–GSB on the above e-mail address or telephone numbers.

Yours faithfully,

UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
17 SEP 2019
DIRECTOR
UNIVERSITY OF ZAMBIA
P.O. BOX 32379, LUSAKA

Dr Lubinda Haabazoka
DIRECTOR – GRADUATE SCHOOL BUSINESS

cc Assistant Registrar – Graduate School of Business