

**INFLUENCE OF STRATEGIC MANAGEMENT PRACTICES ON THE  
PERFORMANCE OF CHRISTIAN CHURCHES IN NAIROBI, KENYA**

**BY**

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT FOR  
THE AWARD OF THE DEGREE OF MASTER OF BUSINESS  
ADMINISTRATION, SCHOOL OF BUSINESS,  
UNIVERSITY OF NAIROBI**

**2016**

**DECLARATION**

I Anthony Ndung’u Karoki hereby declare that this research project entitled ’Influence of strategic planning on the performance of Christian churches in Nairobi, Kenya’ is my original work and has not been presented for a degree in any other University

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## **ACKNOWLEDGEMENTS**

Am thankful to almighty God for granting me the strength and to fulfil my academic aspiration, without your provision and abundant grace this would definitely not be possible.

Thanks to Dr. James Gathungu for your guidance and insightful reviews, He has helped shape this project into a meaningful form without his guidance it would have been very difficult to complete this project.

My heartfelt gratitude goes to my parents Mr & Mrs Karoki, for your prayers encouragement and believe in me with it I would not be this far. My brothers and sisters you have encouraged me and understood my crazy schedules may the lord bless you.

Finally to all my friends and classmates, those who we have burnt the midnight oil together and to those who I almost became a stranger to because of the long hours in school, to those who went out of their way to help and encourage me when the going was very hard. Receive Gods blessings.

## **DEDICATION**

This research project is a dedication to my grandmother Mary Nyagachu Githui, though she did not go to school she has been the greatest inspiration for my academic journey, may the lord bless you richly. To my brothers and sister Collins, Winrose, Carol, Joseph and John, the sky is the starting point.

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## ABSTRACT

The essence of strategic management practices in firm performance has been recognized widely both in and outside academics. Christian churches in Nairobi operate within a dynamic environment where they are faced with various challenges emanating from political, economical, socio – cultural and technological challenges. Churches have been caught unprepared for such challenges and the reason could be lack of adequate strategies to deal with the same. This paper established the influence of strategic management practices in the Christian churches operating in Nairobi. It used a cross sectional design, which was considered most appropriate for the study since the Christian churches, are widely spread throughout the Nairobi County. To obtain the primary data, the study used a questionnaire, which was administered to one hundred key respondents drawn from the churches in Nairobi County. These included the church ministers, pastor, administrators and congressional church members. The secondary data, especially from the already documented materials such as the strategic plan and annual reports was used to supplement the primary data which had been received from the interview. Content analysis was used to analyse data to arrive at analytical conclusions. The study revealed that most Christian churches in Nairobi have a strategic plan, which provides clear plans for the operations of the respective churches. Findings further reveal that strategy had a significant positive relationship and played a major role in the performance of Christian churches. The study recommends that church leadership involve members in formulation of the Strategic in order to increase buy in and expedite the implementation.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background of the Study**

The world is experiencing a host of challenges such as upsurge of commodity prices, and depletion of the available resources and the level of dependence between states has largely risen. Therefore the management must improvise new techniques of dealing with the prevailing circumstance so as to sustainably meet the market needs. Companies and organizations are today in a rapidly changing business environment, which demands for strategic thinking. Increasing dynamicity of economic environment attributed to globalization phenomenon, escalating competition on the product market and variation in investor and customer demands. Companies have to respond to these changes by changing their strategies of dealing with the market environment. This can be achieved through technological innovation, speedy delivery of products to the market, quality enhancement and reducing operational cost.

All these calls for employment of management strategies which is a continuous development and assessment have to be done so as to regulate the commercial environment and undertake an analysis into the industries and businesses targets and goals so as to adequately and favourably compete with their rivals in businesses (Lamb, 1984). Realising an advantage over the competitors is a rigorous exercise that requires companies to adopt new strategies that will enable the organization to attain their desired goals (Walker, 2012).

The study was anchored was by the Resource Based Theory (RBT) of the firm (Helfat, and Peteraf, 2003) and supported by a number of other theories discussed herein. The Resource based theory is of the opinion that resources can only be of good use to the company if they are optimally utilised to positively influence the firms competitiveness and bring desired results to the company (Helfat and Peteraf, 2003; Barney, 1991; Penrose, 1959). On the other hand, the Dynamic Capability theory posits that internal structures and processes coupled by key competencies are essential to enhance performance through the changing environmental condition in which the firm operates. Organization type determines the management strategy to be instituted and the ability of the organization to be flexible to the dynamic environment of business. Some of the popular theories of management like those of Boyne and Walker (2012), Chandler (1962) and Child (1972), together quoted in Meier, O'Toole, theorised that companies that are privately owned can execute their strategic choices, even under huge constraint from their competitors. The most important factor is the manner at which strategic issues are handled determines the development of the organization and it entire growth. It is crucially necessary to heed the fact that the interacting factors that influence strategy must as well resolve very important items which include; infrastructure constraints, level and availability of resources, technological adequacy level as well as material used in the process of production.

Christian religious institutions play important roles in economic and social development in many countries and more so in Kenya. Religious institutions contribute towards social change in communities. The well-being and growth of these institutions is anchored on

strategic management practices. Organizations both profit oriented and non-profit for instance churches are slowly embracing strategic management principles to run on the basis accountability and transparency (Clinton, Williams, & Stevens, 1995).

### **1.1.1 Strategic Management Practices**

Strategic management in organizations balances between strengths and weaknesses and opportunities and strengths depending on the environment in which the firm operates. This is geared towards maximizing the output of the firm and strengthens its management approach (Andrews, 1987). Defining strategy entails considering both external and internal attributes and processes of the organization. Bateman and Zeithman (1993) consider strategy to include the actions and how resources are distributed along the management decisions to realise expected performance.

The two different levels of strategies in any given organization are cooperate strategy and business strategy. Cooperate strategy deals with the organization as a whole and how it can be improved in terms market share, departments in operation, products it offers and how the resources can be mobilised and utilised on its core functions (Johnson et al., 2008). Business strategy deals with how the organization can improve its value in form of products and services as dictated by customers' needs and wants and the changing business environment in order to be the leader on the market as compared to the competitors in place. These strategies if well planned executed and implemented by the right management in place in terms of competence and experience will automatically enhance the overall organizational goal, objectives and financial performance.

### **1.1.2 Organizational Performance**

Performances of organizations have been attributed to their ability to deliberate on the customer requirement effectively and efficiently McCann (2004). It has also been argued that growth of the firm is a context in a particular framework of the matter being investigated (Hofer, 1983). Historically Financial components have been used as yard stick to gauge institutional performances. This may include return on assets, liquidity ratios, gearing ratios, revenue growth and earnings per share (Pandey, 1999).

Financial yardsticks can be very inefficient, when used to measure firms performance, Kaplan and Norton, (1992) stated as a result of unreliability of financial measures most of stake holders in the early 1990s were mere inclined to using the Balanced Scorecard (BSC). The firm is seen as having responsibilities to a wider set of groups than simply shareholders (Freeman, 1984). The BSC performance measurement system by Kaplan and Norton (1992) integrated internal business processes, financial, customer orientation, knowledge acquisition and development.

Definitions of growth involves several a wide range of philosophies that has undergone evolution over time for instance Profit Impact of Marketing Strategy (PIMS). It asserts that companies rely exclusively on a number of factors to create economic values. Elkington, (1997), introduced the Triple Bottom Line which appeared to be a new instrument and was used to measure the growth level in organizational. Contemporary performance measurement takes cognizance of the BSC and the TBL leading to the Sustainable Balanced Score Card (SBSC). This paper advances an argument that

performance is influenced by many factors key among them strategic management practices, organizational resources, but this influence could be affected by a firm's external environment and innovation.

### **1.1.3 Practice of Strategic Management that Influence Performance of Organization**

This study will cover different factors that influence strategic management practices and will be founded on Porters theory 1991, and Miles & Snow typology, (1984). It encompassed a set of vision, a statement of the mission and objectives; management of resources; and evaluation of activities and operations which are the most relevant to the pursuit of competitive advantage and firm performance. The most consideration in strategic management is how organizational efficiency and effectiveness can be realised through proper thinking and objective to align with the goals of the organizations .this can be achieved by putting in place the management with experience knowledge and skills in running similar strategies in organisation with similar environmental setups (Mintzberg, 1994).

Past research scholarly works in strategic management have argued a statistically positive relationship between and firm performance and strategic management practices (Lumpkin and Dess, 2001). The essence of organizational performance is a function strategic management practices, organizational resources and response capabilities environmental changes (Lumpkin and Dess, 2001). Porter (2001) notes that the external environment within which, firms operate changes continuously presenting firms with challenges and opportunities alike, prompting effective response capabilities.

Hillman and Keim (2001) acknowledge that both private and public organizations operate under a very competitive environment and their operations are always put under close scrutiny. Porter (2001) on the other hand argues that strategy must not regard competitiveness of a firm to be limited to business environment it operates but the strategies it employ in running its fundamental business activities geared towards giving solution to organizational objectives and goals.

#### **1.1.4 Christian Religious Churches in Nairobi**

Kenya has about eight thousand registered churches (Kenya Bureau of statistics, 2015). 30 % of these churches have either their secretariats or branches in Nairobi. Missionaries build the older churches at the beginning of the twentieth century which includes Anglican Church, Africa Inland Church, Roman Catholics, Methodist, Baptist Churches, Seventh Day Adventist and Presbyterian Church of East Africa. These churches have been regarded as main stream churches and have well established institutions which exercise professionalism and accountability. Lately, Nairobi county has registered a host of churches that have emerged as compared to other parts of the country, though it has also been witnessed in different parts of the country that new churches are coming up which do not have well defined structures and systems that guides the members to be accountable.

However most of the some of the upcoming churches such Christ is the answer have used management systems similar to the once used by mainstream churches. This system are characterised a clear demarcation between spiritual leadership and administration leaders

In recent years, the Christian institutions in Nairobi have experienced unprecedented growth. Which has led to the desire to establish systems that ensures that transparency and accountability as well as decision making cut across the church membership so as to ensure everyone is involved in the process of decision making. In that regard transparency coupled with accountability has been strengthened in churches through members' participation approach.

## **1.2 Research Problem**

The major question surrounding strategic management is to offer an explanation on why organizations differ in their output while operating in the same business environment.. There is no conclusive established framework that completely explains the source of variation in organizational performance. Differences in institutional performance can partly be explained by a number of factors key among them resources of a firm (Helfat & Peteraf, 2003), the external environment (Bourgeois, 1980) and continuous innovation that keep a firm a head of competition (Chesbrough, 2003).

Performance of Christian churches in Nairobi is important as they contribute to the social-economic development of Kenya that will invariably accelerate economic development to help the country achieve the Vision 2030. Research has found that the resources can explain variation in performance that organizations control, but that alone is not sufficient as firms operate in a dynamic environment. This has resulted in to some organizations going under and yet they had good resources.



This calls for organizations to be adaptive as Burnes (1996) argues that for firms to attain superior performance, they have to continuously realign to the external environment otherwise they will be pushed out of business.

While Studies have established a direct correlation between strategic management practices and growth in different organizations (Amit and Schoemaker, 1993), the influence of the strategic management practices on performance of Christian churches in Kenya has not been investigated. There is no evidence within the context of this study that has been found to have studied the impact of strategic management practices comparatively on performance of Christian church in Nairobi. Therefore this study will adduce evidence on the above relationship.

The concept of strategic management and performance has been widely studied by different scholars but no study has been undertaken to show the impact of strategic management on the performance of Christian religious institutions in as much as the concept of strategic management continues to gain popularity in this institutions. Kakui (2010) studied the strategic planning in Christ is the Answers Ministries, he found that Strategic planning provided a road map on how things should done, it provided central direction and purpose for the organization, the study recommended further research on the relevance of strategic planning on the performance of the Churches. Muriuki (2010) studied Strategic planning practices and performance of commercial banks in Kenya she found that strategic planning has a positive correlation with performance where a proper plan is in place and has a direction the organization performs. Okwako (2013) studies the

strategic planning and performance of public secondary schools in Rarienda District, Kenya. He found that 74% of the schools practiced strategic planning and this had a positive influence on their performance. Yamo (2000) Strategic planning and performance of civil engineering construction firms in Nairobi she found that strategic planning enhanced performance of civil engineering firms and firms in the construction as a whole. Skokan (2012) researched on the relationship between firm performance and strategic planning of SMEs. He notes that strategic planning has a direct impact on the performance of the same. Kumar (2015) studied correlation between strategic planning and firm performance at University of Delhi, Delhi, India. He writes that although strategic management can be overwhelming the results and impact are tangible. This study attempted to answer the broad question: What is the influence of the strategic management practices on the performance of Christian churches institutions in Nairobi?

### **1.3 Research Objective**

The research objective of the study was to determine the influence of strategic management practices on the performance of Christian churches in Nairobi, Kenya.

### **1.4 Value of the Study**

Strategic management as a field of study is still in the pre-paradigmatic stages with a host of theories and frameworks still in the formative stages. The study is expected to make significant contributions to theory building by either affirming or refuting current theories.

Further, the study will shed more light on the nature of influence of various variables on firm growth clarifying current frameworks. The results of this study will support, critiques, extensions and replications and form a basis for future empirical investigation.

The study will make policy recommendations aimed at enhancing firm growth within the Christian religious instructions operating in Nairobi, Kenya. This will enable decision makers formulate appropriate policies to enhance competitiveness of their organizations.

The study will make significant contributions to the practice of strategic management by equipping managers with knowledge on causes of variation in growth between organizations. The findings will help managers of Christian churches in Kenya to focus on critical success factors within their organizations hence enhance the performance of their churches.

This chapter discussed the background and conceptualization of the study variables namely; strategic management practices and organizational performance. The chapter presents theoretical underpinning of the study. The research problem was discussed into details bringing out the justification of the study. The chapter goes further to discuss the objectives of the study as well as the value of the study.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This section presents the theoretical review, empirical literature and conceptual framework along the studies major constructs. First, the theoretical underpinnings of the study are presented and discussed. This is then followed review of empirical literature along the hypothesized relationships. This brings in to the fore the state of knowledge and extant gaps in knowledge that the study will address. The chapter further presents the conceptual framework and the hypothesis of the study.

#### **2.2 Theoretical Foundation**

The role of strategic management practices on growth of firms is explained by various theories including the Resource Based Theory (RBT), Dynamic capability theory, the Agency Theory, the Contingency Theory and the Human Resource-Based Theory. The study is anchored in the Resource Based Theory (RBT) of the firm (Helfat, and Peteraf, 2003), Dynamic capability theory and supported by a number of other theories discussed herein.

##### **2.2.1 The Resource-Based Theory**

The pursuit of competitive advantage is indeed an idea that is at the heart of much of the strategic management literature (Barney, 2007; Porter and Kramer, 2006; Liao and Hu, 2007). Understanding sources of sustained competitive advantage has become a major area of study in strategic management (Porter, 1991; Barney, 1991; Peteraf, 1993). In

resource based view the resources determines the advantage and the overall performance an organization can achieve (Barney, 1986, Peteraf Also Bergen, 2003). Looking on the presumptions that vital assets would heterogeneously be disseminated crosswise over organizations, and that these contrasts need to be stable overtime, Barney (1991) analysed the interaction between firm assets and managed aggressive focal point. Four experimental indicators of the possibility for firm assets will produce maintained focused point might be value, rareness, inimitability, and non-substitutability.

According to Barney, (1991) the resources that enables a firm to compete favourably are firms capabilities, internal processes, knowledge expertise, and attributes. For firms to favourably compete in the business environment then they have to adopt unique strategies that out do the competitors. Currently several theories have come up and gained enormous popularity in trying to explain how firm gain competitive advantage over others. This includes resource-based theory which was authored by Wernerfelt in 1984. The importance of the theory gaining prominence earned him a lucrative prize (Strategic Management Journal best paper). Other scholars have argued that competitive advantage theory which is grounded on resource based view had simple interpretation and assumes that for a firm to continuously enjoy their competitiveness it has to place their focus on how they have managed to attain their attributes so as to consistently maintain their standards.

In that regard we can conclusively say that resource based theory has equipped us with the necessary understanding of the factor that impact on the sustainability of the competition of the firm. Even though, there has been controversies associated with RBV and its applicability many still belief that it is conceptualised rather than giving an empirical evidence therefore there is need to dwell on understanding how to clarify the remnant in the field. (Fahy, 2015).

RBV has raised numerous discussions, one of which was on the year 2014 during Academy of management review. An almost exhaustive interrogation was done by Buttler and Priem (2001), and his fellow counterpart Barney (2001) who rigorously debated the importance of RBV, and its suitability on attaining competitive advantage in terms of value structures and processes.

### **2.2.2 Dynamic Capability Theory**

The theory overarches other theories of strategic management in explaining how organizations gain competitive advantage over other operating in the similar environmental context. It was advanced by Teece et al. (1997).

It enables companies think in line with establishing the strategies that will enable them compete with other firms without compromising on their focus This theory therefore links the capabilities that a firm possesses and the overall performances that results from interlinking this capabilities through application of strategies that are well formulated and implemented by the competent and skilled personnel. These capabilities can be enhanced

through the organization formulating the right objectives in line with its mission, vision and goals. For profit making organization these capabilities should be within the operational cost to minimise unnecessary cost implication to the organization (Zahra et al., 2006: 2). Capabilities enable the firm to conceptualise its operation and business processes to achieve the intended cost effective approach. In this study therefore the theory underpins the belief that capabilities can influence how strategies can be formulated and applied for an intended objective of the firm depending on how the environment is changing.

### **2.3 Strategic Management Practices in Organizations**

The management of the firm depends largely on strategic planning execution and implementation. This will give a road map on how an organization should be run to achieve its mission, vision and strategic goals. According to Baum et al, (2001) organizations that have been applying strategies for example the porters and Ansoffs strategies have been performing exemplary as compared to those that have not been well applying the strategies.

Application of strategies have crossed the normal norm of their applicability in profit making organization to even those that are not geared towards profit. Christian religious institutions find strategic management applicability vital to their operations which is a deviation from their normal way of solving there operational shortcomings (Hanlon and Scott, 1993). This will eventually lead to improved performance as a result of well executed and implemented strategies in the churches.

Strategic application in organizations have been viewed on different spectrum, some researchers views the influence of strategy on performance as statistically significant (Zajac et al., 2000). Whereas, some study view the influence as insignificant in influencing performance. For instance, Campbell and Hunt, (2000) argues that application of certain strategies like focus and cost strategies might significantly influence performance as opposed to differentiation strategy. Management of the firm therefore must well chose and implement a strategy that fits the overall organizational goals for better performance to be realised.

#### **2.4 The Strategic Management Practices and Performance of Organizations**

Firms operate in an environment that permits competitors to carry out a substituted products and services and therefore firms have no option other than adopting strategies that would help them remain competitive in a changing business environment. For example some firms adopt porters competitive strategies that is; differentiation, focus and cost leadership while others have adopted Miles and Snow argument that reactors do not influence firms performance as opposed to his other strategies like defenders, prospectors and analysers. However it is important to note that each firm is entitled to choose among the many strategies as formulated by several authors depending on its operational environment and competition in its market niche to remain relevant to the customers and enhance its overall performance if not operate on a brake even scale.



In choosing a strategy that suits the competitive environment of a firm it is important first for a firm to critically analyse its firm internal processes including personnel, physical resources and the financial muscles in order for it to compete without straining. The competence of the firm is anchored on how it can apply its resources and internal processes to boost its best chosen strategy for it to succeed since weakness in its core competences will result to failure of the best strategy which might be applied by the competitors to gain more superiority on the market.

The success of any firm in a competitive business environment depends on its core resources in place. Porter's strategies can be applied by firms depending on the resources the firms possess and the nature of the firms' goods and services it offers to the market. For instance differentiation strategy is applied by firms with clear knowledge of the market to offer unique products with the customers' needs and expectation in their mind. Focus strategy can be applied by firms that needs to focus on a particular market niche due to the resources they have in place. Cost differentiation is applied by organization that want to produce at the lower cost depending on its internal structures and processes and the ability to outsource at a cheaper rate in order to remain competitive than competitors and also meet the customers' expectations. Firms that do not carefully select a strategy that fits its market and the resources it possess automatically will fail as compare to those that are careful on the choice of the strategy that do not strain its resources and internal processes. (Dess, Lumpkin and McGee, 1999). Therefore, the above can be hypothesized as follows:

## **2.5 Empirical Studies and Research Gaps**

Past research on strategic management and firms output focused on profit making organizations. Little research has been undertaken on Christian religious institutions. In their studies, Obwoye (2006) and Kung'u (2007) observed that churches in Kenya were making a good effort to embrace strategic management practices. The studies observed that most of the Christian institutions in Nairobi have a strategy in place.

The levels of adoption of strategic management practices vary from one church to another. About 30% of churches in Nairobi have near robust strategic management systems in place. The two studies focused on strategic management practices and never took into account the role or impact of strategic management practice on performance.

Kakui (2010) studied the strategic planning in Christ is the Answers Ministries which is a major church in Nairobi, he found that Strategic planning provided a road map on how things should be done, it provided central direction and purpose for the organization, the study also recommended among further research on the relevance of strategic planning on the performance of the Churches. The study did not consider performance as a key variable and hence a gap which the present study seeks to bridge. This chapter presented theoretical, conceptual and empirical literature along the key constructs of the study. First, the theoretical underpinnings of the study are presented and discussed. This is then followed by pair wise review of empirical literature along the hypothesized relationships. This brings in to the fore the state of knowledge and extant gaps in knowledge that the study will address.

**Table 2.1: Summary of Knowledge Gaps**

<b>Study(s)</b>	<b>Area of study</b>	<b>Findings</b>	<b>Methodology</b>	<b>Knowledge gaps</b>	<b>Focus of this study</b>
Kakui M. K. (2010)	Strategic planning in Christ is the Answer Ministries	Christ is the Answer Ministries has a well documented strategy	Regression analysis	The study focused on a single church entity	Consider other churches
Kung'u (2007)	Strategy implementation challenges in the mainstream Churches in Kenya	Main stream churches face a number of challenges while implementing strategy	Survey of 150 churches	The study focused on challenges facing church in implementing strategy	Consider the strategic management practices
Obwoye (2006)	Factors influencing strategy implementation on the performance of churches in Nairobi	Strategy implementation has no influences the operations of church on its own	Cross sectional survey	Little has been shown on the influence of strategy on church performance	Broaden the scope of the study variables
Skokan (2012)	Strategic planning and business performance of micro, small and medium-sized enterprises	Strategic planning has a direct impact on the performance of micro, small and medium-sized enterprises	Cross sectional survey	No study has been done to access the influence of strategic planning on the performance of Christian churches	Conduct a similar study for Christian churches in Nairobi, Kenya
Dr Kumar (2015)	Correlation between strategic planning and firm performance at University of Delhi	Strategic planning has a direct and positive correlation with the performance of the University of Delhi	Regression analysis	No study has been done to access the influence of strategic planning on the performance of Christian churches	No similar study of Christian churches in Nairobi, Kenya.

**Source: Researcher 2016**

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

The chapter starts by discussing the research design upon which the study is adopted. It also talks about number of items targeted by the study. It further discusses data collection methods, reliability and validity of measurements, operationalization of research variables and analysis of data.

#### **3.1 Research Design**

The study adopted cross-sectional design. Cooper and Schindler (2006) posit that cross sectional studies are carried out once and represent a snap shot of one point in time. Nachmias and Nachmias (2004) contend that cross sectional studies help a researcher to establish whether significant associations among variables exist at some point in time. This study seeks to establish interrelationships between strategic management practices and performance of Christian churches in Nairobi, Kenya.

Because the researcher was dealing with events that have already happened, he had no control over variables in terms of being able to control them. The cross-sectional design is appropriate because it provides a firm foundation in collecting data from a cross section of firms to determine linkages between study variables at one point in time. This design was used successfully by Machuki (2011).

### **3.2 The Population of the Study**

The target population of this study consisted of Christian churches operating in Nairobi, Kenya as at December 2015. According to the National Council of Churches of Kenya (2015), over 4000 churches have been registered currently with branches at various sides of the countries that share particular set of belief that put them together. The registered churches are composed of the less known evangelical ministries and mainstream churches. Using a simple random sampling method, a sample of 100 churches was picked for the study.

### **3.3 Data Collection**

The study will take a quantitative approach by collecting secondary and primary data using semi-structured questionnaire which comprised of closed ended questions on a scale of not at all (1) - to a very large extent (5). The study also collected qualitative data using open ended questions. In this regard, structured interviews were conducted where one respondent from the selected companies were interviewed.

The questionnaire was divided into four sections. Section A captured information on demographic profile of the respondents while the rest of the sections focused on each of the research variables. Section B captured data on strategic management practices and section on firm growth. Section C captured data on organizational non-financial performance and section D captured data on organizational financial performance.

The respondents comprised of top level managers, who are better placed to give the required data because they are involved in their organizations decision making. The secondary source of data was collected from the churches' annual published and unpublished accounts.

### **3.4 Data Analysis**

The study used descriptive analysis such as frequency distribution and measures of central tendency were used to analyse the demographic data. In addition inferential statistics such Pearson (product moment) correlation coefficient ( $r$ ) was be used to establish relationships between two variables.

Correlation reveals the level or degree of association between variable as well as their direction (Cooper and Schindler, 2006).. A positive ( $r$ ) means a positive relationship between the variables while a negative ( $r$ ) means a negative relationship. Pearson correlation coefficient was used to establish the relationship between strategic management practice and organizational performance.

## **CHAPTER FOUR**

### **DATA ANALYSIS, RESULTS AND DISCUSSION**

#### **4.1 Introduction**

The purpose for this study was to establishing whether strategic management practices influence the performance of Christian churches in Nairobi. The chapter presents data analysis, results and discusses the key findings for each specific objective as stated in each section. The respondents include persons who are participating in the operations of Christian churches in Nairobi.

A successful interview was held with one hundred key respondents from the Christian churches in Nairobi. Various questions were posed to the respondent in relation to the objectives of the study. The researcher was able to interview the intended people whose response helped to achieve the objectives of the study.

#### **4.2 Respondent Characteristics**

Section A of the questionnaire sought to obtain data of the general nature of all Christian churches in Nairobi to help the researcher understand the respondent's background. One hundred survey questionnaires were sent to respondents from Christian churches in Nairobi. A total of 80 responses from church ministers, pastors, administrators and members representing churches in Nairobi were returned. The lengthy and dedicated data collection effort managed to collect a firm response rate of 80%.Of the 80 responses, 70 were adequately complete. The remaining 30 responses had varying degrees of random missing data.

#### 4.2.1 Respondents Length of Service with the Church

The study required that the respondents indicate the length of service in their Churches.

Data analysis reveals the following information presented in the table 4.1

**Table 4.1: Respondents length of service with the Church**

<b>Years of service</b>	<b>Frequency</b>	<b>Percentage</b>
Below 1 year	8	11
Range between 1 -5 years	6	7
Range between 6 - 10 years	10	14
Range between 11 - 15 years	16	23
Range between 16 and 20 years	24	36
Over 20 years	6	7
<b>Total</b>	<b>70</b>	<b>100</b>

*Source: Field data. 2016*

Table 4.1 presents the results indicate that 7% of the respondents have served with their Churches for over 20 years, 36% have served in their Churches for 16 – 20 years, 23% have served for 11 – 15 years, 14% have served for 6 – 10yearsand 18% for a period of less than 5 years. The results indicate that 80% of the respondents have served in their Churches for more than10 years and therefore they understand the practices of strategic management adopted by their Churches in order to gain competitive advantage.

#### 4.2.2 Church Years of Operation

The study sought to know how long each of the Churches have been in operation in Nairobi. Data analysis revealed that the four out of five mainstream Churches that



returned their questionnaire have been in existence for more than 20 years. Others have been in operation for relatively short period of time as indicated in table 4.2 below. Out of the total churches surveyed, 37% have been in operation a period of less than five years.

**Table 4.2: Duration of church Operation**

Years of service	Frequency	Percentage
1 year and below	10	14
Range between 1 and 5 years	17	23
Range between 6 and 10 years	25	37
Range between 11 and 15 years	8	11
Range between 16 and 20 years	7	9
Over 20 years	4	6
Total	70	100

*Source: Field data. 2016*

Table 4.2 presents a breakdown of the duration of service that the responders have served in the respective churches. The data shows that the majorities have served in the churches for a period between 6 and 10 years, this represents 37% of the respondents.

#### **4.2 Position of the Respondents**

The respondents were requested to indicate their position in the church operations. The results were as presented in the table 4.3 below.

**Table 4.3: Position of the Respondents**

<b>Position held</b>	<b>Frequency</b>	<b>Percentage</b>
Pastor/Priest	11	16
Deacon	16	23
Administrator	16	23
Member	22	31
Others	5	7
<b>Total</b>	<b>70</b>	<b>100</b>

*Source: Field data. 2016*

Table 4.3 presents results indicating that 31 % of the respondents were lay church members, which, ideally represents the majority cohort group in church operations. 23% of respondents constituted of deacons and church administrators respectively. These two cohorts are charged with the responsibility of running church affairs and therefore responsible for strategic plans. Pastors and priests are the top leaders of the Christian churches and constituted 16% of the respondents. Their responses were critical for the study.

#### **4.3 Strategic Management Practices**

The following subsections describe each variable in detail. The main objective of the study was to establish the influence of strategic management practices in Christian churches in Nairobi. Various questions were posed to the respondents in order to solicit the required information for the study. The responses to these questions were from both primary sources as well as from secondary sources.

### 4.3.1 Church Strategic Policy

The respondents were requested to indicate whether their Churches have a strategic policy. The results were as presented in the table 4.4 below

**Table 4.4: Strategic Management Policy**

<b>Variable Indicator</b>	<b>Mean</b>	<b>Std. Deviation</b>
Not at all	2.67	1.35
Small extent	3.71	1.63
Moderate extent	3.78	0.64
High extent	4.32	0.92
To a large extent	3.78	0.64

*Source: Field data. 2016*

Table 4.4 presents the indicators of the existence of strategic policy were rated highly (M=4.32) being the lowest (M=2.67). This is indicative of the fact that respondents are aware that the policy exists. The results indicate that a big percentage of t Churches have a strategic plan. While a relatively small percentage indicates that their Churches do not have a strategic plan. This is in line with past research notably.

### 4.3.2 Strategic Management Practices

To identify how strategic role influences performance of Nairobi Christian churches, the respondents were requested to indicate whether there exist strategy and what its role is in the operations of the churches. The results are shown in Table 4.5 below.

**Table 4.5: Strategic Management Practices**

<b>Variable Indicator</b>	<b>Mean</b>	<b>Std. Deviation</b>
The church has a strategic plan	4.87	0.95
The church is creative in its methods of operation	4.46	0.92
The church allocates adequate funds for innovation yearly	2.20	1.59
The church develops new programs and services regularly	2.70	0.45
The church's technology is among the latest in the market	2.67	1.35
The church carries out process reviews and improvements	4.60	0.94
Speed of adoption of new processes is fast	2.70	0.45

*Source: Field data. 2016*

Table 4.5 presents data that suggest emphasis on strategic plans is a highly considered indicator followed by process reviews as key pillars of Christian church performance. Strategy plans indicator received an emphasis of (4.87) while process reviews (4.60). Accordingly, strategic management practices involve the review of the environmental conditions, customer needs, competitive strategies and weakness, socio – political, legal and economic condition, technical development and availability of resources that lead to identification of opportunities and threats facing an organization. Arguably, this is critical to the general performance of Christian church community.

#### **4.4 Church Performance**

Church performance is influenced by many factors key among them is organizational resources, but this influence could be affected by a firm's external environment innovation and more importantly, the presence or absence of strategic management practices also commonly referred to as competitive strategies.

The definition of competitive strategies encompasses how organization gain advantage over competitors through application of certain laid down guru's arguments. Under the dependant variable of performance, respondents were requested to indicate to what extend their Churches have adopted ways and means of being responsive to the members' needs and strategies to help them achieve competitive advantage in a five point likert scale. The findings were represented in Table 4.6.

**Table 4.6: Strategic Management Practices**

<b>Variable Indicator</b>	<b>Mean</b>	<b>Std. Deviation</b>
The church customizes service for the members	2.80	1.23
The church has an excellent reputation	3.40	1.51
The church offers excellent service to its members	4.00	0.94
The church's internal processes are efficient and effective thus enhancing performance	4.30	0.68
The church is responsive to the members' needs	4.50	0.53

*Source: Field data. 2016*

Table 4.6 presents the existence of strategic management practises in Christian churches. The results indicate that churches basis for member's preference is based on responsive to the members' needs (mean 4.50), based on are efficient and effective internal processes (mean 4.30), based on excellent service to its members (mean 4.00), based on excellent reputation mean (3.40) and based on attractive and customizes service for the members (mean 2.80). The above results therefore indicate that Churches member's basis for preference is on various bases but not on only one base due to varied likes, interests and preferences of the members.

#### **4.5 Discussion of Results**

Strategic management practices are an integral management process for any organization that desires to perform better in the modern environment. Organizations that fail to adapt to the changing realities would become weaker with time and eventually cease to exist. Those organizations that resist change for long periods, either deliberately because they do not want to confront the brutal realities, or because they did not notice the change in the environment, can only survive for a short period of time before eventually coming face to an eminent death and decay. The role of strategic management practices in organizations is to inculcate a culture of being responsive to changes taking place in the environment. Strategic planning, implementation and management is a tool to help an organization cope with changing environmental conditions without compromising the ideals for which it was created.

The Christian churches in Kenya have generally made efforts to appreciate and embrace strategic management practices. The older, more established churches show more appreciation of strategic management practices, although the younger, more dynamic churches also have not been left behind. The most important aspect of strategic management undertaken by churches is in strategic planning, namely: development of the vision, mission, and objectives statements.

The study has established that all the Christian Churches operating in Nairobi embrace strategic management practices in order to ensure their survival in an environment with limited resources, personnel, volunteers and ever changing environment. Each Church

has adopted only those competitive strategies that that fit well within their overall strategic plan and enables the Church to maximize on their opportunities and strengths in order to gain and retain its attractiveness so as to enhance the Church performance in reaching out to a wider scope of their audience.

This study confirms the findings of other past researches conducted on the application of strategic management practices. Strategic management practices have been widely recognised as a leading competitive strategy within the Christian Churches. Churches have greatly benefited from SMP in other related and unrelated businesses especially in their endeavour to supplement in the Church income as well as meeting the psychosocial, academic, health among many other needs in the society.

However, it is important to note that overall strategic management practice is quite unique in the Church. All the Christian Churches heavily rely on the collection of offerings and tithes from the members but also all the some Churches have through strategic management planning invested on other programs whose proceeds have offloaded to some extent the burden of meeting the Church budgets and enhancing performance. Just like in the profit making organization where the focus is striving to gain advantages by reducing the economic costs/ operation costs below all competitors which is enhanced through low cost leadership strategy.

The findings agree with the existing theories, In resource based view the resources determines the advantage and the overall performance an organization can achieve, the adoption of strategic planning in the church helps the churches align their resources in order to achieve their strategic objectives by increasing efficiency and effectiveness. This dynamic capability theory links the capabilities that a firm possesses and the overall performances that results from interlinking this capabilities through application of strategies that are well formulated and implemented by the competent and skilled personnel. This is also established in the finding as an area of agreement between the findings and the existing theories.



## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter consists of the findings based on specific objectives, conclusions and recommendations for action and suggested areas for future research.

#### **5.2 Summary of the Study**

Objective of the study was to investigate the impact of strategic management practices on the performance of Christian churches in Nairobi. The study reveals that adopting the concept of strategy is important in the performance of institutional operations. Like any other organization in any industry, Christian Churches need a well-documented strategic plan, which provides the direction of future business endeavors. The set objectives cover the key areas that build a robust growth of church membership, congregations and institutions that has significant impact in their areas of operation. The strategic planning practices carried out by the Christian churches are conducted through formal planning process.

Most of the Christian churches in Nairobi gather information from the external environment as well as an analysis of the internal environment. The central purpose of gathering information from the environment is to ensure appropriate response to the external environment threats.

SWOT analysis is used to identify strategies that align, fit or match the churches' resources and capabilities to the demand of the environment in which they operate. This analysis is to ascertain the effects of various factors on operations before formulation of such plans.

Scanning the environment could facilitate managers to cope with uncertainty for enhanced firm performance, the study reveals. The ability of the church to accept planning systems flexibly has facilitated the churches to come in terms with the dynamicity of business environment and be in tandem with their plans.

The planning horizons adopted by churches provide a platform that allows both short-term and long-term strategies to run simultaneously. Strategic planning denotes a high level of involvement of church members in the planning process. Thus, church members' participation in planning facilitates opportunity recognition, which is central to the strategic process and therefore superior overall performance. Therefore, the research sought to find out if high level involvement of church members practices influence the achievement of higher performance. The research results further showed that there is positive economic growth, when measured in terms of church membership growth and performance. The results were reflective of the statements by Hadley, (2007) that strategic planning creates enabling situation for growth and general performance.

Findings further reveal that strategy had a significant positive relationship and played a major role in the performance of Christian churches. However, while setting objectives had no significant influence on church performance. The elements of the strategic management process include having a vision and mission for the enterprise that blend futuristic thinking and strategic planning practices. (Coplin, 2002). The study went out to enquire whether the usages of strategic management process elements influence the achievement of favorable growth.

The top church leadership's attitude towards the overall strategic management process elements was found to be very good and indicated by index of 92.2%. This could imply that strategic management practices within the Christian churches in Nairobi have a strong indicator in growth. The top church leadership was positive about the usage of strategic management processes elements of setting the vision, mission, objectives, implementation strategies, monitoring and evaluation.

The finding concurs with the views of Entrialgo et al., (2000) and Poister and Slyke (2002) in that for the firm to compete effectively and efficiently there is need for the firm to include strategic management process elements that look and aim at developing strategic goals and objectives, identifying strategic issues, developing and evaluating alternative strategies to be taken and developing action plans that fit within the changing business environments.

Strategic management process elements (having vision, mission statement, objectives, implementation strategies and evaluation) had a significant positive moderating influence on the usage of strategic planning practices and therefore performance of churches in Nairobi.

The rationale of strategic planning practices of leadership and innovation is to sustain a positive relationship and equilibrium between an organization and its environment over the long run to improve the enterprises' effectiveness, efficiency and overall productivity for enhanced competitive advantage. It is the disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it did, and why it did it. The predictor planning flexibility influence on the performance of churches was positive. The implication of this is that the more inflexible the plans, the better the performance of Christian churches. For strategic management, the most important predictor was propensity to respond to legal requirements of the church community. The implication of this is that the influence of the tendency to respond quickly had a significant part to play in making it pertinent decisions.

### **5.3 Conclusion of the Study**

The attitudes towards strategic management by both the top church leadership and lay members could arguably be concluded that strategic role had a positive relationship and played a major role on the average church growth moving towards the achievement of higher levels of general performance. The activities that were actualized by strategic planning were manifest in either the basis by which a church differentiates itself

competitively from its competitors and operation model as demonstrated by its capacity to manage its resources effectively and efficiently to enhance its productivity through strategic leadership and efficient management processes as well as the practices.

The high score on strategic planning could imply that these aspects of planning intensity have been used as a means of absorption that may lower the perception of risk linked with the environmental changes that the Christian churches operate in increasing the likelihood that the individual churches remain competitive. Environmental scanning intensity involves information gathering and analysis is critical to the development and maintenance of competitive advantage strategies and to remain understood especially in environments where the church community is changing too fast with services offerings that have relatively short life cycles.

The study has conclusively confirmed that strategic management practices plays a very big role in the growth and development of Christian churches in Nairobi and contributes greatly towards enhanced performance. The benefits of strategic management practices that accrue to the general public have been explicitly discussed and it is important to note that the study will provide a resource for policy makers and practitioners in the Christian church community field in Kenya

In conclusion, the strategic management practices seem to be a stronger predictor of enhanced performance of Christian churches in Nairobi. This observation is a confirmation of the performance of Christian churches report findings during 2014-2015 period when there was a marked improvement in the church growth (NCKC, 2015).

#### **5.4 Limitations of the Study**

Out of the 100 respondents targeted 80 responded giving a response rate of 80%. Statistically this is acceptable but the researcher would have wished for a higher response rate, which would enrich the findings. A higher response rate would have been possible if the researcher had more time with the respondents during the interviews as some of them cited heavy workloads. This forced the researcher to make several trips to and from the church premises in order to get hold of the respondents. This had cost and time implications to the respondent. The church members were not easy to identify, forcing the researcher to spend considerable time in the church premises presenting time wastage. In almost all cases the interview took place within church premises and in hurry. Authenticating the questionnaire was therefore futile.

#### **5.5 Recommendations of the Study**

The findings of this research are useful for policy makers and for those who want to improve Christian church operations. Recognition that Christian churches are vehicles for social-cultural transformation, they get greater support from the government in their endeavours. Christian churches have been known to hold the key to community transformation and hence require special focus and support.

Considering the results of the study, several recommendations can be made. First, it is clear that those involved in the formulation of the vision and mission statements as well as the objectives and the plans were purely from the top leadership of the church. Therefore, members of the church should be involved in the planning process so as to expedite the implementation phase and avoid unnecessary resistance.

Top church leadership team should be thoroughly involved in gathering information from external environment as well as the internal environment analysis. The external analysis of the organization shows the external operating environment. This analysis should be used to identify strategic opportunities and threats in the church's operating environment. The information should be used to plan effectively for fluctuations that may occur in the church so as to remain relevant. The respondents recommended further research to be carried out on the impact strategic management practices in Christian churches operating outside Nairobi County as this is where most members of the Christian community are based.

#### **5.5.1 Areas for Further Research**

This study was aimed at determining the impact of strategic management practices on performance of Christian churches in Kenya. There is need for further research work to be done on other areas relating to strategic management. The researcher therefore recommends that further research be conducted on strategy formulation and implementation processes adopted by Christian churches in Kenya.

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**APPENDICES**

**Appendix 1: Introduction Letter**



**UNIVERSITY OF NAIROBI  
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DATE... 30<sup>th</sup> August 2016

**TO WHOM IT MAY CONCERN**

The bearer of this letter ... ANTHONY NDUNGI KAROKI .....

Registration No. .... D61174297/2014 .....

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

  
**PATRICK NYABUTO  
SENIOR ADMINISTRATIVE ASSISTANT  
SCHOOL OF BUSINESS**



## Appendix II: Research Questionnaire

### The influence of strategic management practices on the performance of Christian churches in Nairobi, Kenya

Dear Respondent,

The purpose of this questionnaire is to collect data from Christian churches in Nairobi. The information will be used to examine the impact of strategic management practices on the growth of Christian churches in Nairobi, Kenya. The data will be used for academic purposes only and will be treated with strict confidence. Kindly spare some time to respond to the questions.

#### Section A: General Information

(Tick where appropriate)

1. Name of church.....

2. How long have you served in this church?

Less than 1 year [  ]      1-5 years [  ]      6-10 [  ]  
11-15 [  ]      16-20 [  ]      over 20 [  ]

3. What is your Position .....

4. How long have you served in this position?

Below 5 years [  ]      6-10 years [  ]      11-15 years [  ]  
16-20 years [  ]      Over 21 years [  ]

5. Which category does your church fall in? Main stream [  ]      Evangelical [  ]  
Gospel Offshoots [  ]

**Section B: Strategic Management Practices**

6. Please specify to what extent you agree with the following statements regarding your Church's strategic management practices. Use the key below and TICK as appropriate.

**Key:**

**1 = Not at all; 2 = Small extent; 3 = Moderate extent; 4 = High extent;**

**5 = Very high extent.**

	<b>Innovation</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
a	The Church has a strategic plan					
b	The Church is creative in its methods of operation					
c	The Church allocates adequate funds for innovation yearly					
d	The Church develops new programs and services regularly					
e	The Church's technology is among the latest in the market					
f	The Church carries out frequent process improvements					
g	Speed of adoption of new processes is fast					

What would you say is the effect of strategic management practices on your Church's growth?

.....

.....

How many new programs/services has your institutions introduced in the last five years?

None  1-3  4-6  7-9  10 and above

What is the effect of external environment on your Church's capacity to innovate?

.....

.....

How much has your firm spend on Research and development in the last three years?

Below 5Million  5-10 Million  11-15 Million  16-20 Million  above 20

**Section C: Non- Financial Performance**

7. Please indicate to what extent you agree with the following statements regarding your Church's non-financial performance over the past three years. Use the key below and TICK as appropriate.

**Key:**

**1 = Not at all; 2 = Small extent; 3 = Moderate extent; 4 = High extent;**

**5 = Very high extent.**

	<b>Firm Performance</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
a	The Church has an excellent reputation					
b	The Church is in the forefront in impacting the community					
c	The Church engages in environmental friendly activities					
d	The Church encourages learning and development of members and staff					
e	The Church is responsive to the members' needs					
f	The internal processes are efficient and effective					
g	The Church offers excellent service to its members					

**Section D: Financial Performance**

8. Please provide appropriate responses to the following statements regarding your organization's performance over the past three years. Use the key below and TICK as appropriate.

In the last three years, the church has given to needy members and community projects?

Below 10%,  11-30%,  31-60%  61-100%

In the last three years, what has been the increase of membership giving?

Below 10%,  11-30%,  31-60%  61-100%

In the last three years, what has been your church membership/attendance growth %?

Below 10%,  11-30%,  31-60%  61-100%

Please indicate how often your institution conducts customer satisfaction surveys?

Quarterly  Half yearly  Yearly

### Appendix III: List of the Christian Churches

1	Good News Center Church
2	Redeemed Gospel Church-NCBD
3	St. Francis of Assisi Catholic church
4	Redeemed Gospel Church-Ruiru
5	Bible Baptist church Ruiru
6	Disciples church
7	Light Stand Church
8	Chrisco church
9	New Life Restoration Ministries
10	Free Life Christ Ministries
11	Life spring christian
12	Christian Fellowship
13	Jesus Worship Ministries
14	Calvary Baptist Church
15	The word power Ministries
16	Prayers beyond Borders
17	Philadelphia Faith Ministries
18	East Africa Pentecostal Church
19	East Africa Pentecostal Church
20	Redeemed Gospel Church
21	East Africa Pentecostal Church Pumwani
22	United Church Ministries of East Africa
23	Church on the Rock
24	Redeemed Gospel Church
25	World Restoration Centre
26	New Revelation Church
27	Pentecostal Free Church
28	East Africa Pentecostal Church Pumwani
29	Redeemed Gospel Church – Pumwani
30	Calvary Chapel- Gikomba
31	East Africa Pentecostal Church-Gikomba
32	CHRISCO- NCBD
33	Maximum Miracle Center- Huruma
34	Deliverance Church-Njathaine
35	Vision Evangelistic Ministries
36	Pentecostal Free Church-Mwiki
37	Jesus Evangelistic Ministries- Korogocho
38	CHRISCO- NCBD
39	New Life Gospel Church-Nyayo
40	Jesus Evangelistic Ministries – Kahawa



41	Miracle Maximum Ministries -Pangani
42	Evangelical Presbyterian – ChurchMathare
43	Redeemed Gospel Church-NCBD
44	Vision Evangelistic Ministries
45	New Way Church of God-Githurai
46	East Africa Pentecostal ChurchPumwani
47	Free Pentecostal Fellowship in Kenya Eastleigh
48	Deliverance Church –Baba Ndogo
49	Philadelphia Faith Ministries-Kariobangi
50	Deliverance Church -Ruaraka
51	M East Africa Pentecostal ChurchPumwani
52	East Africa Pentecostal Church – Pumwani
53	Pentecostal Free Church- Kiwanja
54	M CHRISCO- NCBD 07
55	New Way Church of God- Kongo Soweto
56	East Africa Pentecostal – ChurchPumwani
57	Deliverance Church
58	Maximum Miracle Center -Majengo
59	New Revelation Worship Center
60	Apostles Centre Ministries
61	Full Gospel Churches
62	Power Pack Christian Church
63	Baptist Church Mwihoko
64	God's Emmanuel worship
65	Miracle Life Assembly
66	Abide in christ ministry
67	Harvestors Global Church
68	Uhai Centre Church
69	Evangelical Grace Church
70	New Revelation Worship Center

**Sources: NCCK, 2015**

## Appendix IV: Map of Nairobi



