

**INFLUENCE OF STAKEHOLDER INVOLVEMENT ON
STRATEGIC PLANNING PROCESS OF MONEY REMITTANCE
COMPANIES IN KENYA**

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DECLARATION

This project is my original work and has not been presented for an award of a degree in any other University.

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DEDICATION

I dedicate this research project to my entire family; it is through your support, prayers and selfless assistance that this was possible. I will forever remain indebted to you all.

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This Research project would have been a dream had it not been for the following people who contributed immensely. Prof. Martin Ogutu my supervisor who tirelessly guided me through to completion. My sincere gratitude for her constant advice and constructive criticism.

To my family and friends, your support and kindness was overwhelming. Thank you for having faith in me. Special thanks also go to my immediate boss for his support and understanding. Finally, I thank the Almighty God for the life and strength he gave me. His protection has seen me through trying moments.

ABSTRACT

Strategic management, strategic planning and stakeholder's involvement are key areas that organization in the global demanding environment usually put a lot of resources and efforts in. The importance of recognizing and including necessary stakeholders in the strategic planning process is important from the time when stakeholders are not included, the significance and projected benefits from the strategy will be minimal. The objective of the study was to examine the influence of stakeholder's involvement in strategic planning at the Money Remittance Companies in Kenya. A cross-sectional survey design was used in the study. The study population consisted of 19 Licensed Money Remittance Providers in Kenya. A structured questionnaire was used to collect data. The study found that that stakeholder involvement influences strategic planning positively. Stakeholders are engaged in the planning process since they helps build ownership within the organization. The expectations of the stakeholders in the strategic planning process are well managed and rationalized and better participation in the process by different stakeholders is probably expected to bring enhanced outcomes and a better trust, rights and ownership. The study recommends that companies need to empower and involve more of their primary stake holders in strategic planning more so the employees in the organizations since they understand the organization and the issues therein more than anyone else.

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LIST OF ABBREVIATION AND ACRONYMS

GDP	Gross Domestic Product
KRA	Kenya Revenue Authority
RBV	Resource Based View
USD	United States Dollar

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Organizations have long recognized that for success to be sustained, a strategic fit between the organizational goals and capabilities and the changing, unpredictable and complex social and operating environment is required. In order to attain this fit, a focused cooperation between all the stakeholders of the organization is needed. There is a need for the strategic planning and practicing to be properly managed and maintained in full participation. To cope with changes in the global environmental, organization must actively and effectively involve all stakeholders in all their business in order to achieve their objectives (Ansoff, 1991). The approach of stakeholder emphasizes the need for requisite relationship with all people who are interacting with the organization. The sustainability of this cooperation depends on how open or honest in sharing critical issues in all the activities of the business. It is very central to know the character of each stakeholder within the organization so that managers understand the stakeholders who are operating within or outside the organization.

The study will be guided by stakeholder theory and resource based view theory. In the stakeholder theory, the cutting edge association must react to the worries of the different partners in which it identifies with, and in any occasion, must work inside the lawful system set up by the direct state (Carnall, 2007). Partner hypothesis returns in business administration talks of the 1930's (Boomer, 2007) the word now alludes to anybody fundamentally influencing or influenced by another person's basic leadership action. Resource Based View (RBV) was introduced by Warnerfelt (1984). The theory explains

how firms should exploit internal resources for sustainable competitive advantage. RBV is crucial in strategic management in the organization and demands that, as the management formulates strategy, they must take cognisance of both tangible and intangible resources in the organization. Stakeholder theory and RBV are therefore crucial for the study because they recognize the management's role in building consensus in the organization and exploiting the internal resources in strategic management.

Stakeholder involvement in strategic planning process at the Money Remittance Companies in Kenya is a topic of growing interest. An important lesson learned from the design and implementation of strategic planning process around the world is that social factors are the primary determinants of the success of Money Remittance Companies in Kenya, making stakeholder involvement an essential ingredient. Stakeholder involvement not only has produced decisions that were responsive to Money Remittance Companies in Kenya interests and values. The Kenyan Diaspora represents around 3% of the country total GDP; an assumption that is more than what the nation procures from mining which is 1.08 percent. The Diaspora settlement is relentlessly going up. In the year 2013, the total was at \$ 1,290.6 million however expanded by \$ 137 million in 2014 to \$1,428.5 million; a 11% growth

1.1.1 Strategic Planning Process

Strategic management, strategic planning and stakeholder's involvement are key areas that organization in the global demanding environment usually put a lot of resources and efforts in. As indicated by Pearce and Robinson (2008) key management is an

understanding of options and activities that affect in the description and practice of planning proposed to realize the company destinations. Partner administration is the way toward dealing with the desires of anybody that has an enthusiasm for a venture or will's identity influenced by its expectations or yields. Any effective association requires a high level of partner administration. It is vital to comprehend the qualities and issues that partners have with a specific end goal to address them and keep everybody on board for the span of the venture.

Key anticipating the other hand has been characterized as the procedure by which an association utilizes a methodical criteria and thorough examination to plan focused techniques that empower the firm to discover a position in the present condition by detailing, execution (practice) and control of formally archived authoritative desires (Porter, 2009; Mintzberg, 2004; Pearce and Robinson, 2008). The strategic planning process engages the formation of vision statement and also the mission statement, undertaking of situational analysis, to finish the formulation of strategy and the preferences are implemented, monitored and evaluated (Pearce and Robinson, 2008). Once formulated, strategies are implemented, closely monitored and evaluated (Porter, 2009). The target of key of arranging is to a line an organization's activities to its structure, in a way helpful in its set of existence and competence. Firms confront expanded ecological change, for example, more globalization and focused markets. Concede, (2005) contends that organizations advantage from vital arranging. These benefits can be achieved when all stakeholders are involved at strategic planning.

Without a strategy, an organization is like a rudderless ship (Thompson, Strickland and Gamble, 2008).

Stakeholders are people who have interest in organization that operates within their environment, either internal or external. Stakeholders may include; Employees, target population, government, customers, development partners, suppliers and State Corporation. Most organization fail to excel due lack of stakeholder involvement (Carnall, 2007). Having a fostered participation of all the stakeholders in an organization is important in the strategic planning process to ensure focus and commitment to mission and vision of the objectives of the organisation. Mintenez (2004) established that most organisation have blue prints of strategic planning process but what sets aside good performing organisation to poor performing organisation is the inclusivity of the implementation of the strategic plans. Mintenez (2004) established that the best performing organizations are those that have optimally included all the necessary stakeholders in the process of achieving their vision. Pearce, Robinson and Mital (2008) explained that all organizations exist as open systems.

1.1.2 Stakeholder Involvement

Different authors have given different definitions of a stakeholder depending on the context being talked about. For instance in the context of business organizations, Andrew (2006) defines a stakeholder as any party that contributes inputs to an enterprise and who, as a result, have at risk investments that are highly specialized to the investment. Blair

also defines a stakeholder as a person, individuals or groups that have rights, ownership or claims in a business and its dealings.

In the case of stakeholders in the strategic planning process, Johnson et al (2004) defines a stakeholder as a person who may either: have insight or experience in the strategic plan, will be affected by the vital arrangement, have data, experience, or understanding that will be useful in building up the arrangement, might be in a position to either support or square advance of your arrangement, have a vested in enthusiasm for the procedure, are ultimate conclusion producers or individuals who must affirm the arrangement, will actualize any part of the arrangement, should be educated of the arrangement or have been champions or faultfinders of your work previously.

Johnson et al (2004) therefore defines stakeholder involvement in the strategic planning process as the process of including views and the contribution of stakeholders in the practice of designing, execution and evaluation of the strategic planning practices. Additionally Victor (2007) defined stakeholder involvement as the empowering participants within and outside an organization's environment to make decisions that influence the organizations practices and outcomes. Victor (2007) explains that to empower the stakeholders, the leaders should be able to be clear and honest about the goals of the organizations with the stakeholders and build their capacities to ensure that they are successful in their contributions towards attainment of the goals.

1.1.3 Money Remittance Companies in Kenya

Most of the remittances coming to the country are from North America, Middle East and Europe. North America records the highest amount of remittances, followed by the Middle East. The interesting thing about the report is that the Middle East has slightly overtaken Europe in terms of remittances, which may be attributed to the economic tribulations that Europe has been facing over the last decade. Perhaps another good reason as to why there is a huge number of Kenyans working in the Middle East is because there is huge demand for labor in that part of the world, and their immigration rules and regulations favor migrants. It is much easier to get a visa and a work permit in the Middle East compared to Europe, which further explains why remittances from that part of the world have had an upward trend in the last decade (Monthly Economic Review, 2014)

Money transfer plays a very significant role, because it provides migrants with an easier way to send money to their friends, family and relatives back home. As a matter of fact, if money transfer did not exist, people would be forced to make frequent trips just to bring money back home. According to Kenya's Ministry of Foreign Affairs, there were more than 3 million Kenyans living and working abroad in 2011, and 3 years later, this number has definitely increased by a huge margin. Due this, the amount of remittances sent to the country has continued to increase, and one can confidently say that much should be expected in the near future (Monthly Economic Review, 2014).

1.2 Research Problem

A stakeholder involvement in strategy ought to set up the targets of partner engagement through the arrangement readiness handle and demonstrate how the inclusion of partners is accomplished at each phase of the arrangement planning/dispersal prepare. It ought to demonstrate how the procedure of arrangement making will be attempted and straightforwardness conveyed. As a component of conveying straightforwardness, the methodology ought to be made openly accessible. The technique ought to incorporate the vision for partner engagement and the subtle elements intentionally, players, strategies and duty. Controlling standards incorporate inclusivity, straightforwardness, fittingness, lucidity and exhaustiveness (Wilson, 2000).

Involvement of stakeholders in strategic planning process at Money Remittance Companies in Kenya responds actively to the challenges and within external and internal environment to enhance sustainability and management. Internal stakeholders are accountable or considered responsible for specific venture to administer exercises and are needed to be part in pre-defined activities, while others usually are not like that. Like outside partners, inside partners are likewise by chance required in or guided with respect to diverse exercises for which they have no direct obligation. Organizing activities in which inner associates partake with opposing levels of contribution join venture range valuation; reference of the determination element, task properties and venture lifespan; forecast of application and charges; creating of expenditure strategy and venture strategy; distinguishing proof of venture risks; getting prepared for resource administration, extend resources, staff, partner association and building; design and audit of venture arrange;

cooperation of work and strength provisions; and gathering up partner trust of obligation concerning the project plan..

Researchers have studied diverse parts of stakeholder involvement and strategic management, Mutura (2012) did a study in stakeholder involvement in strategic change management process within the insurance industry in Nairobi and found that strategic change and its management is important in the long term survival in the insurance industry and stakeholders are important in the process. Kisinguh (2006), which addressed shareholders involvement in the strategic change management in public organizations. John (2007) gives also examined the contribution strategic planning on the success of private and public institutions. Bariti (2009), did a study on management perception of stakeholder's involvement on reform and modernization programme at KRA, Korir (2006) did a study on management perception of social responsibility at KRA. Though, a review of all these studies indicates that there is no empirical work done in the area of stakeholder involvement in strategic planning process at the Money Remittance Companies in Kenya, Thus the study create a knowledge gap which this study endeavors to fill. To what extent are stakeholders involved in strategic planning process at the Money Remittance Companies in Kenya?

1.3 Research Objective

The objectives of the study are:

- i. To establish the influence of stakeholder involvement on strategic planning at Money Remittance Companies in Kenya
- ii. To determine factors influencing stakeholder involvement at Money Remittance Companies in Kenya

1.4 Value of the Study

The study findings will contribute to enhancement of strategy theory and stakeholder theory in a position to restructure their performance in such a way as to enable them meet overall organizational effectiveness through stakeholder's involvements in strategic planning there is limited literature on the involvement of stakeholders.

In contributing to policy development, the findings of this study will be valuable in assisting the stakeholders in formulating of the relevant policies for strategic planning that will see more stakeholders getting part in the strategic planning process. The strategic development process in Money Remittance Companies in Kenya should be improved to break away from a longstanding trend of passivity where the Money Remittance Companies in Kenya heads were involved with nearly everything in the planning process. The study findings will enable the Money Remittance Companies in Kenya to know which practices are not implemented, which are poorly implemented and know the degree of stakeholder partaking in the strategic planning process. This will ensure that the policy makers in the Money Remittance Companies in Kenya implement the relevant policies that will ensure that not just more but relevant stakeholders are

participated in the strategic planning process and that the institution adopts strategic planning practices in its operations.

The study findings will add value in the administration practices as it will point out the stakeholder contribution in the strategic planning practice and its importance in Money Remittance Companies in Kenya. Knowing this will ensure that the management of Money Remittance Companies in Kenya to enhance the inclusiveness of their strategic planning process by involving more relevant stakeholders in the strategic planning process or reducing the contribution of stakeholders who contribute little to the strategic planning process.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter contains the theoretical and literatures review of the research study. Theoretical literature holds the information regarding stakeholder involvement, resource based theory, strategic planning process and stakeholder involvement.

2.2 Theoretical foundation of the Study

The theories to be studied include; stakeholder theory as fronted by Freeman (1984) and resource based theory as described by Wernerfelt (1984) are reviewed.

2.2.1 Stakeholder Theory

Stakeholder theory was primarily initiated by Freeman (1984) who expressed as group of people or individuals who are exaggerated with, or have an influence the business's actions as that company's stakeholders. Donaldson and Preston (1995) emphasizes the economic gains that is attained by the companies that develop stakeholder theory by constructing powerful association with stakeholders. According to Rodriguez et al., (2002) a competitive advantage can be accomplished by making stronger stakeholder relationships originating from faith, trust, creativity and innovation which render to superior performance of the company.

All organizations do have stakeholders with a role to pertain power on issues in the organization. such that stakeholders should be accepted and appraised for their promising

assistance or danger to the company and its competitive advantage (Mason & Mitroff, 1981). As to such, every stakeholder has different significance and influence in the company and the administration of the business required to assume a 'Stakeholder planning' applying to understand the unlike distinctiveness of the company's stakeholders; like where they come from who they are and what significance they have in the success of the organization. Stakeholder mapping will be capable to collect and sort out the different stakeholders in terms of the influence and desire they have in the organization.

Stakeholders in 'low power/low interest' quadrant may be characterized by lack of power and interest making them open to influence by the organization's management. They are more likely to accept what they are told and hence need minimal effort and involvement; stakeholders in 'low power/high interest' quadrant are those who are interested in the company's strategy but can do nothing because they lack the power. The management must justify the plans to these lot of stakeholders so that they don't consider gaining more power by joining with parties in the other quadrants; those in 'high power/low interest' quadrant are likely to gain power and move to key players if not kept satisfied.

2.2.2 Resource-Based View

The resource based view considers internal resources in an organization as key to superior firm performance. It was introduced in the 1980s as an approach to achieving organizational competitive advantage. The theory stresses that the organization's competitive advantage lies right inside the organization and not at competitive

environment. Wernerfelt (1984) fronted the resource based theory where he linked it to the internal resources of the organization. These resources that are grouped into tangible and non-tangible assets assist the organization to exploit the brilliant relationship of the human, administrative and concrete resources that are manipulated to produce a competitive advantage above all the competitors of the firm. In that sense, stakeholder involvement can be linked to the view of resource baseness of the firm.

Through RBV, the company is able to effectively deploy its internal resources and hence develop a distinctive competence that the competitors may not easily replicate or imitate. This will enable the firm to perform highly and obtain higher rates of return (Barney, 1991). According to Ayuso, et al. (2006) some of the internal factors that may lead to competitive advantage include culture, reputation, and long-term relationships with stakeholders. Mahoney and Pandian (1992) adds that effective management of resources in the organization leads to a sustainable competitive advantage.

2.3 Stakeholder Involvement in Strategic Planning

The moral and values for managing organization business is critical in stakeholders involvement. Stakeholder or shareholders are investors of the organization and the organization has mandatory responsibility to put their interests first. The organization converts the inputs of investors, employees and suppliers into usable output which will return some benefit to the organization. Bryson (2006) States that the ideal size of strategic planning group is around four up to seven individuals and probably not more than nine. The group should be representatives of large groups this is so because there is

a compromise between getting more individuals involved and the attainment some result coming from the process. However the team needs to be as inclusive as possible. Keeping participants involved and highly engaged is the most important thing to the success of a strategic planning process as this increases ownership of the process by the stakeholders. Bryson (2006) says that a successful communication strategy to keep members educated of the strategic planning process generally has high importance for the progression and the performance of the organization.

Bryson (2006) says that the participation of stakeholders in the strategic planning process needs to be guided by particular guidelines and timelines. If not, it is very important that you as the management of the strategic planning process is very clear about what specifically each stakeholder is supposed to achieve, his unique importance and the purpose of his involvement. This will guarantee that the process of stakeholder involvement in the strategic planning process is not unnecessarily lengthy without achieving any meaningful results. Another important aspect that needs to be observed in the strategic planning process is the stakeholder's expectations. It is vital that the prospects of the stakeholders in the strategic planning process are well managed and rationalized

The stakeholders depending on the groups that they have been drawn from have different expectations in the outcomes of the strategic formation process. To be successful, the management of the planning process must think about these expectations before they start the process. Once they have completely thought out this process they should clearly

describe why the stakeholder involvement exercise is being carried out and how its joint results will be important.

The management of the process needs to be explicit about the strategy that is being used, what can change and what the options are. Explaining to the stakeholders on any constraints on what can be done at the beginning of the process is very important. The management should also not raise expectations where matters are pre-determined by other factors outside their control, for example, government statutes, policy or financial considerations (Borough Council, 2005).

Strategic control according to Pearce and Robinson (1997), is apprehensive with pursuing a strategy since is it being implemented, identifying and making modifications as necessary. For ongoing or long-term activities, regular review periods are necessary to check whether the process is meeting the purpose as agreed. This can happen through team meetings where stakeholders are empowered, informed and consulted. An organization, according to Yabs (2010), can use varied methods both qualitative and quantitative to evaluate the performance of their operations. Some organizations evaluate their performance according to their social responsibility while others rate them according to their best management practices, net profit, return on investment and others. Steady observing of the cooperations between the association and partners is basic, especially in those situations where the chief is dubious about a partner and furthermore where partner bolster is pivotal (Freeman, 1984).

The idea of partner association depends on the conviction that when partners are genuinely required in a movement, for example, the vital arranging process, the advantages for the association and the partners have a tendency to be more prominent than if they had not been included. In this manner the reason for partner inclusion in the exercises of an association, for example, Money Remittance Companies are (Mgomezulu, 2001); It is their perfectly fine to take an interest in authoritative choices and express their suppositions; Ownership of thoughts: possess thoughts are wanted to those of others and when they are actualized there is a superior shot that they will succeed ; More tranquil chief partner relations as partner contribution has a tendency to bring away from any detectable hindrance any worries they may have and these issues would then be able to be settled by straight to the point talk; expanded partner responsibility regarding the association by partners permitted to take part in essential procedures, for example, arranging; they feel a more prominent partiality towards the association when their sense of self and self-actualization desires are well satisfied; Better belief of administration by partners whom take part; so as to partake in the imperative choices of the association, they should know administration's thought processes and covets and through knowing there is in an open system and they are all very eager to confide the administration's expectations; reliance is a fundamental element in the effective operational process of an organization.

The purpose of the organization according to Lynch (2009), is ultimately to advance the interests of its owners usually the shareholders. Stakeholders are likely to have conflicting interests thus an organization's vision, mission and objectives requires to be

established by keeping in mind the dual sets of purposes; to those who will implement them, and those who have a stake in the outcome. Therefore the purpose of the organization will be shaped by the values of the organization and the power of the stakeholders. According to Johnson and Scholes (1997), it is useful to analyze and comprehend diverse stakeholders to regard in the degree to which they are expected to demonstrate an energetic importance in the strategic growth of the organization.

2.4 Summary of literature and knowledge gap

Most strategic planning process in an organization is often done with the assistance of a specialist or consultant together with the top management far away from the organization's premises, usually in a meeting dubbed 'strategic retreat'. Dandira (2011) pointed out that strategic planning by top management give them a sense of authority and a manifestation of the scale of the variance among them then their underlings. This syndrome makes strategic planning process to be a preserve top management alone. On contrary, when the strategy preparation is over, then the top management brings to the company a strategic plan that has to be implemented by the entire organization. The vision, mission and key objectives are then cascaded downwards to the subordinates for implementation. Thus the paradox that while the top management monopolize strategy formulation yet they expect employees to implement it.

The literature also highlights the fact that stakeholder involvement and resource based view in organizational strategy making process can be a foundation of viable competitive advantage to which can enhance organizational performance since it influence the

success of strategy implementation in an organization. With proliferation of highly entrepreneurial, innovative and knowledgeable employees across the organization, the management needs to adopt an integrative approach to strategic management in order to achieve corporate success.

Bryson (2006) says that the connection of stakeholders on the strategic planning process needs to be guided by particular guidelines and timelines. If not, it is very important that you are the management of the strategic planning process is very clear about what specifically each stakeholder is supposed to achieve, his unique importance and the purpose of his involvement. This will confirm that the process of stakeholder involvement in strategic planning process is not unnecessarily lengthy without achieving any meaningful results. Another important aspect that needs to be observed in the strategic planning process is the stakeholders' expectations. It is essential that the opportunities of the stakeholders in the strategic planning process are well managed and rationalized.

The stakeholders depending on the groups that they have been drawn from have different expectations about the outcomes in the strategic planning development. To be successful, the management of the planning process must think about these expectations before they start the process. Once they have completely thought out this process they should clearly describe why the stakeholder involvement exercise is being carried out and how its joint results will be important.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter deliberates on the methods of data collection and analysis. It demonstrates the research design, population sample, sample design, data collection, and data analysis.

3.2 Research Design

This study was attained through using a cross-sectional survey design. Cross sectional surveys lets the collection of a huge amount of data from a sizeable population within a shorter period. It enables a researcher to get a snapshot of the situation all at once. According to Mugenda and Mugenda (2003), data collected from a sample can be generalized to the whole population.

There are several money remittance companies in Kenya thus this research design is appropriate to get a snapshot of the stakeholder involvement on strategy planning in money remittance companies in Kenya. A cross-sectional survey is appropriate for the researcher since it took a short period to conduct over a wider population at a single point in time. The design has been successfully used by a similar study done earlier (Kasimbu, 2007). Therefore the researcher was able to gather information from the selected sample within a short period minimizing the costs and the getting the snapshot of the wider population.

3.3 Population of Study

Consideration of all money remittance companies in Kenya was done in order to ensure that the findings reflect stakeholder involvement on strategy planning in money remittance companies in Kenya. The population of study in this research consisted of all money remittance companies in Kenya. According to CBK (2015) statistics there are 19 Licensed Money Remittance Providers in Kenya. Due to the small number of companies, a census was done for the study. This enabled the researcher to capture all the companies.

3.5 Data Collection

A structured questionnaire was used to collect various sets of data which was organized in three parts. Part A focused on the organization demographics; part B focused on the extent of stakeholder's involvement in the strategic planning process, and part C was on the factors influencing stakeholder involvement. The questionnaire is the utmost commonly used technique for data collection in social sciences. It is common since the researcher can govern over the forms of data at the time of data collection.

The respondents in this study were 19 strategic managers in the money remittance companies. They were presented with descriptive statements about stakeholder involvement in the strategic planning process in a likert scale and were needed to score. This is since the likert scale is an significant tool for rating responses from respondents on numerous defined variables (Kothari, 2004). The questionnaires were managed through "drop and pick" method targeting the staff liable for planning and policy in the companies.

3.4 Data Analysis

Data analysis is the way toward carrying out request, structure and importance to the huge of data gathered. It includes looking the information gathered and making conclusions and derivations Kombo and Tromp (2006). Data cleaning (editing) was carried out to ensure that the data is free from inconsistencies and any incompleteness (Cooper and Schindler, 2000). The nature of data which will be collected will be mainly quantitative; therefore the study will make use of descriptive statistical tools of analysis (mean, standard deviation and regression analysis) to analyze the data that was collected.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter discusses data analysis, presentation and interpretation in line with the objective of the research that were set. Results of all the questionnaires that were used to collect primary data and returned duly filled by the respondents are analyzed. The findings are presented and analyzed according to the three sections of the questionnaire starting with the general information, extent of stakeholder involvement in strategic planning and influencing stakeholder contribution in strategic planning in money remittance companies.

4.2 Organizational Profile

The study sought some information from the respondent organization in order to understand the organization profiles. This was meant to assist the researcher to relate the facts on organization profile with strategic management process in this organization. Aspects of the organization profile included the total number of years the company has been in operation, number of employees working in the organization, key stakeholders involved and the strategic plan involvement in the business and the nature of service offered.

4.2.1 Length of service

The study needed to find the period the organizations have been in operation. The summary of the findings are presented in the Table 4.1

Table 4.1: Length of service

Length of service	Frequency	Percent
Less than 10years	7	41.2
10-15 years	5	29.4
16-20 years	3	17.6
More than 20 years	2	11.8
Total	17	100

Table 4.1 demonstrates that majority 41.2% of the money remittance companies had been operating for less than 10 years, 29.4% had been operating for 10 to 15 years, 17.6% had been operating from 16to 20 years while 11.8% had been operating for more than 20 years.

4.2.2 Number of staff

The study required to find out how many staffs were in the organization. n. The summary of the findings are presented in the Table 4.2

Table 4.2: Number of staff

Number of staff	Frequency	Percent
Less than 10 people	1	5.9
11-30 people	9	52.9
30-60 people	7	41.2
More than 60 people	0	0.0
Total	17	100.0

Table 4.2 illustrates that majority 52.9% of the money remittance companies had 11 to 30 people, 41.2% has 30-60 people while 5.9% had less than 10 people.

4.2.3 Having a strategic plan

The study sought to find out whether the companies had a strategic plan in place. The outcomes are found in table 4.3

Table 4.3: Having a strategic plan

Availability of Strategic Plan	Frequency	Percent
Yes	12	70.6
No	4	23.5
I don't know	1	5.9
Total	17	100.0

The study found that majority 70.6% of the businesses had a strategic plan in organization. 23.5% did not have a strategic plan in place while 5.9% did not know whether there was a strategic plan in place. The results indicate that most of the organizations have deliberate strategy planning process in the various organizations which culminates to strategic plan manuscript. The strategic plan is a central factor in money remittance companies as it helps in coming up with strategies that will benefit the companies at this era of high competition.

4.2.4 Key stakeholder involved in strategic planning

The study found that the key stakeholders contributed in the organization's strategic planning are the ones having a strong concern in the performance of the organizations and they are the staffs, clients, shareholders and controlling agencies. The study found that everyone has a distinctive perception about what it will need for the company to prosper. Outside stakeholder ideas and understandings are mainly valued in the initial eras of planning because they enhance perception to understand the environmental operations, and also the visualization of the organization's forthcoming. Workers usually identify the strengths and the weaknesses of the organization, regularly know what acquires in approaching organizational performance, and they have actual understanding of what it needs to bring.

4.3 Stakeholder Involvement in Strategic Planning

The respondents were enquired to rate the statements on stakeholder Involvement in strategic planning. The table 4.4 illustrates the findings.

Table 4.4: Stakeholder Involvement in Strategic Planning

Stakeholder Involvement in Strategic Planning	Mean	Standard deviation
Engaging stakeholders in the planning process itself helps build ownership within the organization	4.4029	0.6653
Great participation in the process by a different of stakeholders tends to generate better outcomes and a greater sense of ownership.	4.3658	0.8688
Our company uses broad engagement strategies to increase	4.0517	0.7541

participation in and commitment to strategic planning.		
Outside stakeholder views and perceptions are particularly valued in the early phases of planning where they add insight to understanding the operating environment, as well as to a vision of the organization's future	4.2154	0.6857
Stakeholders are given a chance to contribute their own ideas during the strategic planning process	3.7357	0.6648
The company often strive to include key stakeholders in the strategic planning process by conducting surveys that illuminate stakeholder perceptions of the company	3.9544	0.7548
Results in better, implementable decisions and actions that are supported by a wider segment of the stakeholders	4.2651	0.3271
Good stakeholder involvement can help reach important organizational mission objectives - safety, health, and force readiness.	4.3257	0.4567
Fosters strategic development of partnerships	3.6779	0.8655
Results in collaborative problem solving	3.8524	0.8651
Ultimately results in broader support for decisions	3.6625	0.3265
The company integrate stakeholder involvement and risk communication processes into technical planning and resourcing.	3.7410	0.5554
The company includes stakeholder involvement to address complex issues—success depends on a coordinated effort	4.3873	0.4124
Involvement of stakeholders in the strategic planning process is	4.3651	0.8647

guided by particular guidelines and timelines

The expectations of the stakeholders in the strategic planning 4.4233 0.8101

process are well managed and rationalized

The findings show that appealing stakeholders in the planning process itself aids forming ownership within the organization as shown with a mean of 4.4029. They agreed the expectations of the stakeholders in the strategic planning process are well managed and rationalized with a mean of 4.4233 and high participation in the process by a different of stakeholders tends to generate better outcomes and a greater sense of ownership was agreed with a mean of 4.3658. It was found that the companies includes stakeholder involvement to handle difficult issues—performance depends on a harmonized strength as shown with a mean of 4.3873 and Involvement of stakeholders in the strategic planning process is guided by particular guidelines and timelines was indicated with a mean of 4.3651.

The respondents were in agreement that high participation in the process by a different of stakeholders tends to generate better results and a better sense of ownership with a mean of 4.3257 and upright stakeholder participation can assist reaching important company mission and vision objectives - security, shape, and strength willingness was agreed with a mean of 4.3257. External stakeholder ideas and intuitions are particularly valued in the early phases of planning where they add intuition to understanding the working environment, as well as to a vision of the organization's future as shown with a mean of 4.2154 and the plan findings in improved, implementable choices and activities which are

secured by a broader division of the stakeholders was agreed with a mean of 4.2651. it was also agreed that the companies uses wide engagement strategies to increase contribution and assurance to strategic planning as shown with a mean of 4.0517.

The statements agreed with a m lower mean of between 3.5 to 4.0 include The company often attempts to consider important stakeholders in the strategic planning process by undertaking surveys that improve stakeholder views of the company with a mean of 3.9544; Results in collaborative problem solving (m=3.8524); Stakeholders are given a chance to contribute their own ideas during the strategic planning process; Stakeholders are given a chance to contribute their own ideas during the strategic planning process (m=3.7357); Fosters strategic development of partnerships m=3.6779 and Ultimately results in broader support for decisions m=3.6625.

4.4 Influencing Stakeholder Involvement in Strategic Planning

The respondents were inquired to rate the statements on stakeholder Involvement in strategic planning. The table 4.5 illustrates the findings.

Table 4.5: Influencing Stakeholder Involvement in Strategic Planning

Influencing Stakeholder Involvement in Strategic Planning	Mean	Standard deviation
It offers important insight in strategic planning	4.6215	0.3261
Expert knowledge of stakeholder group	4.1572	0.9517
Strategic resources held by a stakeholder group	4.0325	0.9654
Level of importance of stakeholder group in relation with	4.2653	0.4325

other stakeholders		
It facilitates “buy-in” and support for strategy	4.3876	0.6758
It allows ownership of organization	3.0854	0.4356
The nature of goals of various stakeholders	3.2367	0.3784
It may identify issues not addressed by executive	4.2517	0.2839
The degree and position of influence held by a stakeholder	3.9902	0.0937
The extent to which a stakeholder group has power to determine the nature of strategies	4.5718	0.8493
Demand from organised stakeholders, particularly policy makers	3.3302	0.5603
Many heads are better than one	4.0811	0.2933
Extent that they are able to persuade, induce, or coerce others into following certain courses of action	4.3261	0.1829
Possession of knowledge and skills (e.g. specialized information)	4.1289	0.4638
Representation in powerful organizations (e.g. membership on influential committees)	4.0278	0.2910

On the influence of stakeholder involvement in Strategic Planning, Table 4. Show that majorly the respondents have strongly agreed that it offers central insight in strategic planning with a mean of 4.6215 and it has influence which a stakeholder group has power to determine the nature of strategies was agreed with a mean of **4.5718**. The respondents

agreed that it influences on the level of importance of stakeholder group in relation with other stakeholders as shown with a mean of 4.2653.

The respondents agreed that stakeholder involvement influences strategic planning in the following ways; Degree that they are able to influence, persuade, or force others into following certain courses of action $m= 4.3261$; it may identify issues not addressed by executive $m=4.2517$; It facilitates “buy-in” and support for strategy $m=4.3876$; Possession of knowledge and skills (e.g. specialized information) $m=4.1289$; Representation in dominant organizations (e.g. connection on influential committees) $m= 4.0278$ and Expert knowledge of stakeholder group $m=4.1572$

The respondents moderately agreed that stakeholder involvement influences strategic planning on demand from organized stakeholders, particularly policy makers with a mean of 3.3302 and the nature of goals of various stakeholders mean of 3.2367 and it allows ownership of organization was moderately agreed with a mean of 3.0854.

4.5 Relationship between Stakeholder Involvement and strategic planning process

The study sought to establish how stakeholders' involvement influence strategic planning process. using linear regression analysis. The regression model was:

$$Y = \beta_0 + \beta_1 X_1 + \epsilon$$

Y is strategic planning process, β_0 is regression constant as indicated by y-intercept, β_1 is the regression coefficients and X_1 is stakeholders' involvement index, while ϵ is the error term.

Table 4.6: Model summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.786a	.618	.480	.42097

The findings of the study presented in Table above show the degree of variations on the strategic planning process which is clarified by the independent variables. The R square value is 0.618. This means that the independent variable explain 61.8% of the variations in dependent variable. The rest 38.2% are clarified by other factors.

Table 4.7: ANOVA

	Sum of Squares	df	Mean Square	F	Sig..
Regression	3.160	15	.790	4.458	.022
Residual	1.949	15	.177		
Total	5.109	30			

- a. Predictors: (Constant), strategic planning process
- b. Dependent Variable: stakeholder involvement

The findings in table above displays that the independent variables is statistically significant in forecasting the use of strategic planning process. The study proven a significant value of $p=0.022$ showing a statistical significance relationship.

Table 4.8: Regression Coefficients

	Unstandardized		Standardized		
	Coefficients		Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	5.485				
Strategic involvement	.630	.127	.098	.498	0.029

The results in Table above show the coefficients of the regression. According to the findings, Strategic involvement ($P=0.029$), is significant in foreseeing the use of strategic planning process since the p values is less than 0.05.

The resulting regression equation was:

$$Y=5.485+0.630\beta_1$$

The findings indicate that when all the factors are held constant the use of strategic planning process will increase by 5.485 units. When all the factors are held constant one

unit use of stakeholder involvement upturns the use of strategic planning process by 0.630 units.

4.6 Discussion of Findings

According to Freeman (1984; 1999), the stakeholder theory considers an organization as a social construction made of an interaction of various stakeholders. He further asserts that an organization operates as an open system where it is affected and affects both the inner and outside environment.

Findings on degree to which stakeholders were participated in strategic planning process indicate a good stakeholder involvement. This is because the overall mean score of stakeholder involvement in strategic planning process that was 3.7, is above the average mark of 2.5. Some of the findings points towards Andrews (1971) description of a rational strategy formulation model that involves systematic environmental scanning which concerns the PESTEL factors, followed by assessment of inner strengths and weaknesses and outside opportunities and threats thereby culminating to an clear goal setting, assessment of different courses of activities, and the improvement of a complete plan to realize the aims and goals by the top management in the organization.

The study also established a great involvement of strategy experts such as consultants, strategic planners and business analysts in strategic planning process with a mean of 4.2, which also indicate that the top management preferred external knowledge as opposed to internal competencies as was established by Dandira (2011) who pointed out that

strategic planning by top management give them a sense of influence and expression of the scale of the variance among them and the subordinates.

Nevertheless, not all stakeholders can be involved at all levels. It depends on their interest and power that they wield (Freeman, 1984). Kasimbu (2007), Owuor (2011) and Oyiro (2011) also assert that organizations involve their stakeholders to various extents depending on various factors. This study results also support these assertions why stakeholders are involved at different levels. The study further revealed that a good proportion of health-based non-governmental organizations selectively communicate their decisions and policies and are allowed to make their own contributions during the strategic management process. This is not surprising considering Freeman (1984) argues that stakeholder involvement at different levels may take the form of sharing information, consulting, empowering or deliberating on decision.

When the influencing factors are examined individually, some factors greatly influence than others. Among the sixteen factors that the respondents were to rate, the study results showed three factors that greatly influence stakeholder involvement in the strategic planning process. Wheelen and Hunger (2008), argue that sources of revenue of an organization dictate the strategy decision making however contrary to this argument, the study results do not indicate this. According to the results, the factor with the greatest influence is the level of importance of a stakeholder in relation with other stakeholders.

These findings are a demonstration of Clarkson's view that these results are attained since the stakeholders attitude rallies decision making process by making it simple to bring more accurate and concrete policies, laws, guidelines and plans by bringing better evidence and larger skills into the decision making process by implanting new creativities into current reasonable organizations and social values; and by constructing political backing from, and decreasing hostility to policy offers through unification of stakeholders worries.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter delivers the summary of the findings of the study on stakeholder involvement in the strategic planning process in money remittance companies. It also presents the conclusions that were made from the study; the recommendations as well as the suggestions on areas where further research may be required in order to provide more knowledge that can bridge the research gaps that may have been left by this study.

5.2 Summary of findings

The first objective was to identify the extent to which stakeholders are involved in the strategic planning process. The study found that one of the main stakeholders involved in the process are employees, customers, shareholders and regulatory agencies. The findings show that stakeholders are engaged in the planning process since they help build ownership within the organization. It was found the expectations of the stakeholders in the strategic planning process are well managed and rationalized and better participation in the process by different stakeholders looks to produce better results and a more feeling of ownership. It was found that the companies include stakeholder involvement to address difficult matters success depends on a harmonized determination and participation of stakeholders in the strategic planning process is guided in a particular guidelines and timelines. It was found that better participation in the process by different of stakeholders will to bring improved results and a better feeling of ownership and upright stakeholder participation can assist reach significant company vision and

objectives. External stakeholder ideas and understandings are mainly appreciated in the early phases of preparation to which they enhance vision to understand the situational operations, and also the mission of the organization's prospect as the planned results is improved, implementable choices, activities and decisions that are maintained by a broader part of the stakeholders.

The second objective of the study was to examine the influence of stakeholder involvement in strategic planning process. The study found that stakeholder involvement has a high influence on strategic planning process. Stakeholder involvement offers important insight in strategic planning and it has influence which a stakeholder group has power to determine the nature of strategies. The study found that stakeholder involvement influences on the level of importance of stakeholder group in relation with other stakeholders. The study established core milestones realized by the Board through engagement with its primary stakeholders. Most importantly, the stakeholders mobilized towards development of strategic plan. This was attained through financial support from healthy profit lines, strong market shares, happy external stakeholders, among so many other inputs. The study gotten that older managers, division managers and other subordinate staff were participating in strategic management process. Study also found that initial participation of employees in the strategy process helps workers in understanding objectives, goals, and norms and also avoids them from being taken by astonishing, placing all employees at the one stage, helping the staffs to sense the ownership of the process thus confirming improved results.

Stakeholder contribution has a high influence on strategic planning in the degree that they are able to encourage, persuade, or force others into ensuing convinced ways of action, it may identify issues not addressed by executive, It facilitates “buy-in” and support for strategy. It also influences in the control of skills and knowledge (e.g. dedicated information), representation in dominant business (e.g. connection on powerful groups) and expert knowledge of stakeholder group. The study found that stakeholder involvement influences strategic planning on demand from organized stakeholders, particularly policy makers, the nature of goals of various stakeholders and it allows ownership of organization in a moderate way. Strategic planning is a group work and the result of the actions and distribution of resources must have an influence on the business by increasing the productivity or carrying out almost the much needed modification for the advantage of the stakeholders. Some of the assessable results from strategic planning must be developed service distribution and the excellence of the individual lives of the people. Since the ambiguity or dangers that can make it harder to attain specified objective, the necessity for plan formation rises to form a way of handling the uncertainty.

By the time strategy is articulated it empowers the organizations to make important choices in terms what to ensure, when to ensure, how to make it and also what the anticipated results can be. Once strategy is built it develops a viable method of making worth by the organization to the public that its works for. It is proposed to be a product of a comprehensive course in a way to legitimize the conclusions reached and confirm it when execution will be. Strategy can be considered as a procedure that is fundamental to

the long-standing achievement of an organization. Strategic planning allows public managers to assess, choose, and execute options for giving actual facility. A school of thought claims that an strategic planning is associated in the overall management course.

5.3 Conclusion

The study found that stakeholder involvement influences strategic planning positively. Stakeholders are engaged in the planning process since they support forming possession in the business. The expectations of the stakeholders in the strategic planning process are well managed and rationalized and better participation in the course by a different stakeholders senses to make improved results and a superior sense of tenure.

The study concludes that stakeholder participation is simplifying designed development to connect the opinions of all stakeholders into decision making practices and their participation is supposed to be an operative tool in handling strategic matters that are strategic designing and execution of the associated programs. Advantages witnessed include; they are able to encourage, convince, or force others to fallow predefined courses of activities, it may identify issues not addressed by executive, it facilitates “buy-in” and support for strategy. It also influences in the ownership of expertise and skills (e.g. particular facts), representation in powerful organizations.

The study concludes that commitment in strategic planning in the organization is a binder to growing the business as a frontrunner, as it lets you to enlarge the vision by appearing to stakeholders, reassuring positive opposition, determining what to amend in the mission or if to remove suits that have outlasted their valuable existence and forward properties away and the

way to contest chances with the organization's capability and objectives. Altogether, articulates the need for leader to adapt upright goals and information into operative achievement, where everyone in the business accepts accountability, performs as a manager.

5.4 Recommendations

The study recommends that companies need to empower and involve more of their primary stake holders in strategic planning more so the employees in the organizations since they understand the organization and the issues therein more than anyone else. The consultants who play a pivotal role at strategic planning should also have a role to play at strategy implementation as this will not only give the company a professionally designed strategic plan but also ensure it is implemented.

Adequate communication and top management leadership must be seen on matters regarding strategy in the organization. This can be done by widely sharing the strategic plan in the organization and organizing special dissemination sessions to highlight the contents and expected deliverables of the strategic plan. The organizations should also strive to balance their performance measures by identifying areas of weakness or poor performance as per the balance score card and uplift them in order to have a sustainable competitive advantage that the organization desires.

Planning is not an single occasion or an event but it is a nonstop course of consolidation what performs and removing what is not adding achievement, of taking much risked choices with the utmost information of their latent consequence, of location aims, assessing success and outcomes through regular response system and doing modifications

as circumstances alter. The significance of this method will not be exaggerated especially because of locating the objectives, classifying latent dangers that could upset the accomplishment of the objectives and having response approach as the procedure reveals so that enhancements could be completed.

5.5 Limitations of Study

The study was limited to the money remittance companies in Nairobi County and therefore the results cannot be generalized for other companies. There are a number of stakeholders to an organization that the study did not cover as it only focused on the primary stakeholder and more specifically the managers of the organization. Other primary stakeholders that could be of interest in such a study may include customers and suppliers.

The study focused on stakeholder involvement which is only one aspect influencing strategic planning. In effect, therefore, it was difficult to establish the absolute cause-effect relationship between the two variables. This is because the proportion of influence from other factors would not be defined.

5.6 Suggestions for Further Research

The study suggests that the same study can be done in another organization as this study concentrated on money remittance companies and the results cannot be generalized. The suggestion is because other companies can highlight other issues that influence stakeholder involvement in strategic planning in a different way.

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APPENDICES

Appendix I: Questionnaire

QUESTIONNAIRE (To be filled by a staff in Management)

Dear Respondent,

I am an MBA (Strategic Management) student from the University of Nairobi conducting a research on the “**the influence of stakeholder involvement in the strategic planning process at Money Remittance Companies in Kenya**”. The data collected will be used purely for academic purposes.

SECTION A: GENERAL INFORMATION

Instruction: Please fill in the blank spaces or Tick (√) where appropriate as applicable

1. Company Name (Optional)

2. How long has the company been in Business?

Less than 10years { } 10-15 years { }

16-20 years { } More than 20 years { }

3. How many people work in this company?

Less than 10 people { } 11-30 people { }

30-60 people { } More than 60 people { }

4. Does the company have an official Strategic plan?

Yes { } No { } Don't know { }

5. Who are the key stakeholder involved in startegic planning of this company?

.....

SECTION B: STAKEHOLDER INVOLVEMENT IN STRATEGIC PLANNING

6. Below statements describes stakeholder involvement in strategic planning in an organization. To what extent do you agree/disagree with them in the context of your organization? {Tick (√) the appropriate column}(1)Strongly disagree (2) Disagree (3) moderately agree (4) Agree (5) Strongly Agree

	Statements	1	2	3	4	5
1.	Engaging stakeholders in the planning process itself helps build ownership within the organization					
2.	High involvement in the process by a variety of stakeholders tends to generate better outcomes and a greater sense of ownership.					
3.	Our company uses broad engagement strategies to increase participation in and commitment to strategic planning.					
4.	External stakeholder opinions and insights are especially valuable in the early stages of planning where they add insight to understanding the operating environment, as well as to a vision of the organization’s future					
5.	Stakeholders are given a chance to contribute their own ideas during the strategic planning process					
6.	The company often strive to include key stakeholders in the					

	strategic planning process by conducting surveys that illuminate stakeholder perceptions of the company					
7.	Results in better, implementable decisions and actions that are supported by a wider segment of the stakeholders					
8.	Good stakeholder involvement can help reach important organizational mission objectives - safety, health, and force readiness.					
9.	Fosters strategic development of partnerships					
10.	Results in collaborative problem solving					
11.	Ultimately results in broader support for decisions					
12.	The company integrate stakeholder involvement and risk communication processes into technical planning and resourcing.					
13	The company includes stakeholder involvement to address complex issues—success depends on a coordinated effort					
14	Involvement of stakeholders in the strategic planning process is guided by particular guidelines and timelines					
15	The expectations of the stakeholders in the strategic planning process are well managed and rationalized					

SECTION B: INFLUENCING STAKEHOLDER INVOLVEMENT IN STRATEGIC PLANNING

7. Below statements describes factors influencing stakeholder involvement at Money Remittance Companies in Kenya. To what extent do you agree/disagree with them in the context of your organization? {Tick (√) the appropriate column}(1)Strongly disagree (2) Disagree (3) moderately agree (4) Agree (5) Strongly Agree

	Statements	1	2	3	4	5
1.	It offers important insight in strategic planning					
2.	Expert knowledge of stakeholder group					
3.	Strategic resources held by a stakeholder group					
4.	Level of importance of stakeholder group in relation with other stakeholders					
5.	It facilitates “buy-in” and support for strategy					
6.	It allows ownership of organization					
7.	The nature of goals of various stakeholders					
8.	It may identify issues not addressed by executive					
9.	The degree and position of influence held by a stakeholder					
10.	The extent to which a stakeholder group has power to determine the nature of strategies					
11.	Demand from organised stakeholders, particularly policy makers					
12.	Many heads are better than one					

13.	Extent that they are able to persuade, induce, or coerce others into following certain courses of action					
14.	Possession of knowledge and skills (e.g. specialized information)					
15.	Representation in powerful organizations (e.g. membership on influential committees)					

Appendix II: List of licensed money remittance providers

1. Amal Express Money Transfer Ltd
2. Amana Money Transfer Limited
3. Bakaal Express Money Transfer Ltd
4. Continental Money Transfer Ltd
5. Dahabshill Money Transfer Company Limited
6. Flex Money Transfer Limited
7. Global Money Transfer Limited
8. Hodan Global Money Remittance And Exchange Limited
9. Iftin Express Money Transfer Limited
10. Juba Express Money Transfer Limited
11. Kaah Express Money Transfer Ltd
12. Kendy Money Transfer Limited
13. Money Gram Money Transfer Limited
14. Real Value Money Transfer Ltd
15. Safaricom Money Transfer Services Ltd
16. Tawakal Money Transfer Limited
17. Uae Exchange Money Transfer Limited
18. Upesi Money Transfer Ltd
19. Wastren Union Money Transfer Limited