STRATEGIC PLANNING AND PERFORMANCE OF NAIROBI COUNTY, KENYA

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DECLARATION

This Research Project is my original work and has not been presented for a degree in any
other University or any other Institution of Higher learning for examination.
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DEDICATION

This project is dedicated to my family members including my parents Mrs. David Owango Onyony and Mrs. Lillian Owango, my sisters and brothers for their love, support and constant encouragement during the entire period of this project.

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LIST OF ABBREVIATIONS AND ACRONYMS

SDGs-Sustainable Development Goals

RBV-Resource-Based View

SCA-Sustainable Competitive Advantage

ABSTRACT

Strategic planning includes various organizational practices including strategies employed, choosing the best course of action and direction and making effective decision towards resource allocation to help achievement of the firm future goals and objectives. The major components of strategic planning include environmental scanning, strategy formulation, strategy implementation as well as strategy evaluation and control. The primary objective of this study is to determine the relationship between strategic planning and organization performance focusing on a case study of Nairobi County. collection during this research study was based on interview guide. Primary data was collected by interviewing senior managers and middle managers within different department in Nairobi County. The interview questions were closely related to the objective and aim of the study. Data analysis was done through the use of content analysis. This was done with the aim of obtaining systematic qualitative in-depth description of the study variables. The study concluded that there is a positive relationship between strategic planning and performance of Nairobi County. This is because strategic planning practices such as formulation of objectives, formulation of strategic plans, the use of participatory decision making as well as the inclusion of rewards and recognition resulted into high performance levels of the organization. The adoption of training and development, employee participation and effective resource allocation resulted into a positive influence on the performance of Nairobi County. The study recommends the need for Nairobi County to adopt formal strategic planning to improve and promote the achievement of their future goals and objectives and performance in general. Importantly, Nairobi County top management should adopt effective strategy formulation, implemementaion and evaluation to ensure that proper strategies are generated and effective feedback is given after the implementation of the various strategies. The study also recommends the need for improving employee training and increased participatory decision making by Nairobi County top management to optimize their performance and achieve long term goals and objectives.

CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

Strategic planning plays a significant part of management since it involves the formulation and implementation of the major initiatives taken by a company's top management on behalf of owners of the firm (Uzel, 2015). In support of the above findings, Porter and Kramer (2006) argued that strategic planning includes the consideration of resources and an assessment of the internal and external environments in which the organization competes. Strategic planning also helps to provide overall direction to the organization top management, especially through the specification of the organization's objectives, developing policies as well as designing of plans to achieve the set objectives and the allocation of resources to implement the plans (Pearce & Robinson, 2009). Notably, Jester and Soilen (2013) noted that performance include the actual output and results that global firms experience after achievement of the set goals and objectives.

Owolabi and Makinde (2012) noted that strategic planning practices are not constant in nature and may include a feedback loop to monitor execution and control of the activities within the organization to improve performance. Through proper control and monitoring of the organization activities, the firm top management is able to fit the organization within its internal and external environment (Opano, 2013). Njagi and Kombo (2014) indicated that strategic planning provides a blue print that defines the means of deploying resources to help exploit present and future opportunities within the organization environment.

Maroa and Muturi (2015) posit that strategic planning can be used to analyze the environment where organization operates and ensure survival and success of the firm. The adoption of strategic planning practices help organizations to constantly match capabilities and environmental requirements (Muchira, 2013). Organization with formal strategic plans can predict changes in the environment and act pro-actively and this is why many organizations are more concerned with the formulation of strategic plans to help them improve their performance (Muthini, 2012). Therefore, from the above background the primary objective of this research paper is to investigate and evaluate the strategic planning and performance at Nairobi County.

1.1.1The Concept of Strategic Planning

According to Pearce and Robinson (2009), strategic planning refers to the process of diagnosing an organization's external and internal environments, formulating goals of the firm as well as deciding on a vision and mission. The creation and selecting the general strategies to be pursued and allocating resources to improve the organization performance are also part of strategic planning activities. The primary objective of strategic planning is to align the firm's operations and activities with its environment and help to promote its survivals and performance (Owolabi & Makinde, 2012).

Jenster and Soilen (2013) noted that strategic planning requires an organization to monitor its internal and external environments to determine the main changes that may require modifying existing strategic and tactical plans of the organization. Accordingly, Babatunde and Adebola (2012) assert that the central to strategic planning is the determination of long-term goals and objectives of an organization. Strategic planning

improves and promotes the nature and direction of the organization and helps enhance the financial and strategic performances.

Hillarie (2011) also argued that strategic planning a places emphasis on resource allocation and it is a deliberate planning process which is mostly initiated by top management of the firm. Strategic planning also ensures that the firm has appropriate structures, plans, objectives as well as processes and culture (Agu & Anichebe, 2013). There are also those who argue that strategic planning is a formal managerial process and it help firm top leadership to develop the organization mission, objectives as well as major strategies and policies. These plans and activities mostly results into the achievement of the organizational goals through increased performance levels. The development of strategic plans mostly requires the commitment of the top management and proper acquisition and allocation of resources to achieve organizational aims and objectives (Abok, 2013).

1.1.2 The Concept of Performance

According to Jenster and Soilen (2013), performance refers to the actual output or results that an organization achieves and may be in terms of the goals and objectives achievement. Maroa and Muturi (2015) categorized performance in different areas including the financial performance, the market performance and the shareholder return performance. The financial performance is mainly measured in terms of the profits achieved as well as in terms of the return on assets and return on investment (Muchira, 2013).

Njagi and Kombo (2014) noted that performance help increase the effectiveness and efficiency to improve the ability of the organization to deliver goods and services. Taylor and Taylor (2014) argued that performance outcome is a multi-dimensional concept and cannot be based in a single measurement. Performance may include strategic focus, leadership, knowledge management as well as profitability levels. Performance may also be measured in terms of increased sales or increase in the revenue base of the company.

According to Hillarie (2011), effectiveness in performance ensures that an organization is able to achieve their set strategic objectives and goals. Performance mainly focuses on the promotion of efficiency, efficacy and value to the organization. Some of the major measures of evaluating performance include profitability, productivity, creativity, growth as well as development and market penetration. Notably, Michael Porter (1986) argued that organization performance depends on the ability to create value to the customers.

1.1.3 County Government in Kenya

In late 2010, after the promulgation of the New Constitution in Kenya, a new system of local government was formed. The promulgation of the new Constitution led to the formation of two levels of government organizations-the central government headed by the president and the county government head by governors. The county government organization operations started in the country in 2013 and its main aim was to promote local development among various in the country.

Currently, there are 47 counties in the country and each county is headed by the government. County government organizations mostly generate funds to sustain their operations and also receive funding from the national government. Through their

operations, county government organizations have managed to improve the living standards of their people despite challenges associated with corruption and lack of enough resources in terms of funding.

Based on Article 191 and 192 of the 2010 Constitution of Kenya, there are 47 counties in Kenya and they are responsible for county legislation and other executive functions. County governments in Kenya are allowed to promote agriculture, county health services, control pollution and other cultural activities within the county. Trade and development, education and child care, county transport as well as animal control and county planning are also part of major functions of county governments in Kenya. Each county in the country also have county assemblies that represent their people.

1.1.4 Nairobi County

Nairobi is the capital city of Kenya and Nairobi County is among the forty seven counties in Kenya. Although Nairobi County is the smallest, it is the most populous County in Kenya. Nairobi County was founded in late 2013 and it currently has about seventeen Parliamentary constituencies. The County headquarter is known as Nairobi City Hall. According to recent studies by Kimemia (2015), Nairobi County generates about sixty percent (60%) of Kenyan's wealth and it has a population of more than three million people. Currently, Nairobi County has more than 32,000 civil workers from different socio-cultural backgrounds and the top management of the County mostly includes strategic plans in their operations and activities.

Nairobi is also regarded as the main commercial centre in Kenya. This is because it has well-developed infrastructure including modern financial systems and communication

networks. The leading domestic as well as international industries are operating in Nairobi County. Nairobi County also hosts the country's largest industrial center and this accounts for more than twenty percent of the country's GDP. It is also argued that the current population within Nairobi County is above three million.

The main vision of Nairobi County is to be the city of choice to invest, work and live in. However, the mission of Nairobi County is to provide affordable, accessible and sustainable quality service, enhance community participation and create a secure climate for political, social and economic development through the commitment of a motivated and dedicated team. In their 2013-2018 strategic plan, it is true that Nairobi County is working towards the achievement of the millennium development goals, the Vision 2030 as well as the sustainable development goals (SDG).

1.2 Research Problem

According to Uzel (2015), the use strategic planning is a key factor towards the promotion of the organization success in terms of the achievement of set goals and objectives. The main objective of strategic planning is to guide and control the firm through careful analysis of the challenges within the internal and external environment leading high levels of efficiency in the management of the organization. As part of organization, County government management is not different and involves constant use of strategic plans to measure performance outcomes and achieve the set goals.

Nairobi County government organization was founded in late 2013 and its primary objective is to promote the local development of the people living within Nairobi City and its surroundings. To achieve this goal, the County government has a strategic plan

which covers the needs of its cosmopolitan population. In the past, Nairobi County has faced several challenges such as inefficiencies in the provision of services, high levels of corruption as well as high levels of operational costs due to ghost workers. These problems are currently being addressed through the application of strategic plans which align the firm activities with its intended goals.

There are several past studies that have been done to determine the effect of strategic plans towards organization performance. Taylor and Taylor (2014) also explored the main factors influencing the effective implementation of performance measures in the United States of America and recommended the need for having both short term and long terms plans by organizations to help improve their performance levels. Jenster and Soilen (2013) seek to understand how strategic plans affect organizations performance levels in China and recommended the need for having strategic plans to help organizations achieve their long terms goals.

Moreover, a study by Owolabi and Makinde (2012) indicated that strategic planning helps to improve the corporate performance of organizations in Nigeria. This study involved cross-sectional design and included many organizations in the country. Muchira (2015) noted that there is a direct relationship between strategy implementation and performance of Commercial Banks in Kenya.

In view of the foregoing discussion, it is clear that none of these previous studies have focused on the relationship between strategic planning and county government organizations performance outcomes within Nairobi County. Additionally, these previous studies are scanty and mainly focused on manufacturing industries rather than County

Government Organizations. Therefore, this study seeks to answer the question-What is the relationship between strategic planning and performance at Nairobi County?

1.3 Research Objectives

- i. To establish strategic planning practices adopted by Nairobi County
- To establish the link between strategic planning and the performance of Nairobi County

1.4 Value of the Study

It is expected that the results and findings of this study will benefit several stakeholders including top leadership and management of Nairobi County, the policy makers as well as the academicians and government agencies. The study findings will provide top leadership and management of Nairobi County with an opportunity to design and implement proper strategic plans and improve their performance. This will help the organization to set best practices, policies and strategies that are in line with their vision and mission.

Moreover, the study findings will also help different policy makers and government agencies to adopt the best strategic planning practices and policies that organizations can use to achieve their mission and vision. The new strategic policies adopted can help other counties to design and create effective strategic plans as well.

Moreover, the study will also give academicians an opportunity to conduct further studies on the relationship between strategic planning and county government organizations performance both locally and globally. This is because the study findings will act as a reference point in such future studies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The purpose of this section is to provide effective analysis of theoretical and empirical literature. The section also include the analysis of the historical and current literature related to strategic planning and performance outcomes of County Government organizations in Kenya using a case study of Nairobi County. The researcher identified various theoretical frameworks as well as empirical gaps in the literature for the purpose of suggesting future areas of scholarly studies. Some of the concepts discussed in this chapter include theories used in the study including the resource-based theory and contingency theory. The chapter also covers strategic planning practices in organizations, the link between strategic planning and organization performance as well as the empirical studies and knowledge gaps related to the topic of study.

2.2 Theoretical Framework

Theoretical framework mainly refers to the structure that supports a theory, especially of a research study (Aguilar, 2018). In most cases, an effective theoretical framework introduces as well as provides a description of the theory that tries to explain the research problem related to the study (Green, 2014). The study of strategic planning is associated with several theories. This study includes resource-based theory as well as the contingency theory.

2.2.1 Resource-Based Theory

Resource-based theory was first introduced in late 1980s and it supports the view that firms compete on the basis of their resources and capabilities (Rousseau, 2017). This theory also assumes that firms within an industry may be heterogeneous with respect to the bundle of resources that they control. Thus, it is important that organization use their resources to outsmart their competitors.

Otubanjo (2018) also noted that the application of resources can help firm to deliver sustainable competitive advantage. This is because when resources are managed such that their outcomes cannot be imitated by competitors, the firm is able to achieve high competitive advantage. Companies that have unique, rare and non imitable resources are able to achieve sustainable competitive advantage in the society.

Moreover, according to Ípek (2018), the resource-based view (RBV) stems from the principle that the source of firms competitive advantage lies in their internal resources including the competence level of their workers and the available resources to use in their operations. The theory also predicts that certain types of resources owned and controlled by firms have the potential and promise to generate competitive advantage and eventually superior firm performance (Ainuddin et al., 2007).

Notably, it is true that County Government Organizations are noted to have unique characteristics, such as flexibility and employees from different cultural backgrounds with various competencies. Despite this, it is true that County Government Organizations various challenges such as inadequate resources in terms of time, poor management capacity and other technical expertise challenges due to nepotism and ethnicity hiring

preferences. These special characteristics and circumstances make strategic planning vital for effective management of County Governments in Kenya.

2.2.3 Contingency Theory

According to Williams, Ashill and Naumann (2017), contingency theory support the view that there is no one best way to organize and achieve the organization goals. The theory was first coined by Lawrence and Lorsch (1967) who argued that the amount of uncertainty and rate of change in an environment impacts the development of internal features in organizations and any one way of organizing and planning organizations activities is not effective. Therefore, it is imperative that organization adopt a number of ways and methods to meet their needs and objectives (Williams, Ashill & Naumann, 2017).

Weill and Olson (1989) also noted that contingency theory is guided by the general orienting hypothesis that organizations whose internal features best match the demands of their environments will achieve the best adaptation. This is a clear indication that organization should use and apply different strategies and procedures in planning their operations, policies and goals (Taylor &Taylor, 2014). When organizations are using different plans and strategies, they are in a position to embrace creative ways of achieving their goals and objectives within budget and time (Omondi et al., 2013).

From the above theories, it is evident that resource based theory support the achievement of the organization outcomes and county government organizations should use their resources to implement their strategic plans and achieve their set goals and objectives. Engaging different strategies provide flexible view of problem solving and reduce strategic challenges facing the firm.

2.3 Strategic planning Practices in Organizations

Strategic planning has been explained by various writers and scholars in different but complementary ways. According to Drucker (1954), strategic planning involves the provision of various plans to ensure effective decisions making in the firm. In support of the above findings, Ansoff (1970) argued that strategic planning is the process of seeking a better match between the firm operations and its environment. There are also those who argue that the primary objective of strategic planning is to improve and promote operations efficiency and effectiveness in various firms in the society (Porter & Kramer, 2006). This mostly results into the formulation of the firm objectives as well as the allocation of the firm resources to meet the changing needs of the organization (Williams, Ashill & Naumann, 2017).

According to Porter and Kramer (2006) some of the best strategic planning practices such as strategy formulation and implementation mostly results into the achievement of the firm goals and objectives in terms of profits and growth. Strategic planning practices also help organizations to achieve their set purposes and policies. This is mainly because it involves the development of detailed plans and programs that aim at the achievement of the firm goals and objectives (Omondi et al., 2013).

Mpoke and Njeru (2015) noted that strategic planning practices allow organizations to plan for the future. This is because the application of strategic plans involves the identification and specification of a firm's strategy as well as the provision of

responsibilities for execution of the firm plans. Effective strategic planning practices mostly results into the establishment of the good methods necessary to ensure that the policies and programs set are implemented (Omondi et al., 2013). The primary elements of strategic planning include strategic analysis, strategic choice and strategic implementation. The programs contribute towards the setting of clear vision, mission and goals of the company and this leads to the achievement of the firm objectives (Wanjala & Rarieya, 2014).

2.4 The Link between Strategic Planning and Organization Performance

According to Agu and Nichebe (2013), it is strategic planning that guides the organization top management to direct the organization towards the achievement of the set goals. Strategic planning provides clear focus for everyone in the organization to make consistent decisions that move the organization toward its envisioned future and this is mostly associated with increase performance of the company (Wanjala & Rarieya, 2014). There are also those who argued that strategic planning is part of effective decision-making activity and help top management of organization to make informed judgment on their main issues and operations (Omondi et al., 2013).

Management studies by Akinyele and Fasogbon (2007) also indicated that strategic planning involves the implementation of policies and programs on the organization. The implementation of policies involved the allocation of resources, organizing the workers and ensuring that the set goals are achieved within the set budget and timeline (Awino et al., 2012). Proper implementation of organization programs is closely associated with high performance in modern organizations (Wanjala & Rarieya, 2014).

Moreover, Alexy et al. (2018) argued that strategic planning is a rational and adaptive approach towards the achievement of the organization plans and it mostly results into high performance in the firm. Strategic planning involves the application of creativity and innovation in fitting the organization in its environment. Through rational strategic planning organizations are able to adapt to changes in their environment especially through making rational decisions on their major operations and activities (Omondi et al., 2013). Organizations that are able to adapt to new changes usually depict high performance in terms of their profitability and growth rate. Porter (1996) also support the view that rational strategic planning enables an organization to determine its strategic direction and identify relevant opportunities and effectively seize them to meet their demands and needs.

Evidently, Hillarie (2011) postulated that organized strategic planning processes is directly related to strategic thinking which is a vital tool for improving performance of global firms. Strategic thinking allows organizations to enter new markets, introduce a new service or products and outsmart their competitors (Omondi et al., 2013). However, there are those who argue that there is need for the consideration of other factors such as the organizational structure, the nature of the environment, and the size of the organization and how they influence the firm performance (Jenster & Soilen, 2013).

2.5 Empirical Studies and Knowledge Gaps

A number of studies have been carried out around the subject of strategic planning and performance outcomes within various organizations around the globe. Notably, past researchers have come to a conclusion that there is a direct relationship between strategic

planning and organization performance in various regions globally. This is evident in a study by Owolabi and Makinde (2012) which involved the investigation of the effects of strategic planning on corporate performance using a case study of Babcock University.

Babatunde and Adebesi (2012) investigated the impacts of strategic environmental scanning on the firm performance level in a competitive business environment by studying Nestle and Cadbury Company in Nigeria. Furthermore, studies by Maroa and Muturi (2015) on the influence of strategic management practices on the performance of floriculture companies in Kenya indicated that strategic planning can help promote and increase the performance of agricultural firms in the country. In Nigeria, Anichebe and Agu (2013) investigated the effects of strategy formulation and implementation in business organizations and it was evident from their findings that strategy formulation and implementation improves the general performance of the business in the society.

Parse and Klause (2013) also conducted a study to determine the relationship between strategic planning and company performances among Chinese companies and found out that there is a direct correlation between company performance and the strategies adopted by the Chinese-based companies. Moreover, Njagi and Kombo (2014) in their study to determine the effect of strategy formulation and implementation on performance of various banks found out that effective formulation and implementation of policies is directly related to increase in the bank performance.

From the above empirical review, it is evident that no study has been conducted within Nairobi County to evaluate the relationship between strategic planning and performance outcomes of the organization. Therefore, this study aims to fill the gap by determining the

relationship between strategic planning and performance outcomes of County Government organizations using a case study of Nairobi County.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research design, the data collection as well as the data analysis methods that were used to conduct the research. Since this is a case study, the study population and the sample size are not included in this study.

3.2 Research Design

In this study, the researcher adopted case study research design. The researcher only focused on Nairobi County and data was be collected and analyzed in order to investigate and evaluate the relationship between strategic planning and organization performance using a case study of Nairobi County. The researcher also used a correlational study to determine whether or not two variables are correlated. For example, the determination whether strategic planning is directly related to performance at Nairobi County.

The case study design was chosen because it enabled the researcher to establish the relationship between different variables. Additionally, case study provided the researcher with an opportunity to give a detailed analysis of the situation. Importantly, the designed helped to give an in-depth understanding of phenomena under study and provided multiple kinds of information. Additionally, case study will promoted flexibility of data gathering and formed a basis for future research.

Moreover, it is worth noting that although there are different types of research designs such as experimental design, cross sectional design and longitudinal design, case study is not time consuming and help to generalize the population. When compared to other study

designs such as longitudinal research design, case study is less costly and is effective in analyzing the performance of an organization. Other designs such as cross sectional research design is used to gather data from more than one case to determine patterns in variables and is mostly used surveys. Therefore, the researcher adopted and used case study to provide detailed analysis of the topic of the study.

3.3 Data Collection

In this study, the researcher used both primary and secondary data. The primary data refers to data that is being collected for the first time by the researcher while secondary data refers to data that has been previously collected for other purpose but is being utilized in a current research. The secondary data was obtained from articles, books, newspapers, internet and magazines as well as other online data bases related to the topic of study. The researcher used face to face interviews to obtain important information about the population of study.

The researcher adopted and used face to face interviews since it is easier to collect large amounts of information in a cost effective way. The interview also gave the respondents an opportunity to express their views regarding the topic of the study in details. Interview allowed the researcher to capture on the respondents perception of strategic planning and performance at Nairobi County.

The researcher adopted a qualitative approach to give a deeper understanding of the research subject and to get close to the respondents. Face to face interviews were used to collect data and provide flexibility in asking and answering questions. A pilot study was conducted in order to test the interview questions as well as to help create a picture of

what is expected from the respondents. This also assisted in revising the interview questions so as to avoid misinterpretation of the research topic. The respondents included 10 respondents which include six senior managers and 4 middle managers within different department in Nairobi County.

3.4 Data Analysis

In this study, the researcher used qualitative techniques in analyzing the data. Qualitative research method involves exploration of a concept with the intention of providing more understanding of a topic or just for the purpose of creating awareness of an existing concept. After getting the responses from the respondents, the responses were then edited and classified for easier analysis.

The researcher adopted content analysis method to analyze data collected through interviews. The use of content analysis allowed the researcher to interpret responses from the respondents so as to determine relationships between research variables. Data were summarized to highlight the main key points and long statements were compressed into brief statements. Data were interpreted, and conclusions drawn in a precise manner.

Additionally, it is worth noting that tables and charts were used for further representation of findings from the study and for easier understanding and analysis. The results and findings of the study are presented in pie-charts, graphs and tables for easier understanding. This help in easier analysis and discussion of the findings reached.

4.1 Introduction

This chapter mainly presents and consists of data analysis of the findings of the research study. The chapter also includes the results and discussion of the study findings. The study used a case study design and the data is mainly analyzed through content analysis. The data collection in the study was done based on the set objectives which includes to establish strategic planning practices at Nairobi County as well as to establish the link between strategic planning and the performance of Nairobi County.

4.2 Demographic Information

This study aimed at collecting data from 6 senior managers and 4 middle managers involved in strategic planning activities in Nairobi County. The respondents were from different departments and majority of them have worked at Nairobi County for about two years. Notably, six senior managers and four middle managers were interviewed during the data collection process. Some of the respondents have Master's degree while others have bachelor degrees from various Universities in the country as well as from international Institutions of higher learning.

4.2 Strategic Planning Practices

The researcher asked the respondents various questions associated with strategic planning practices adopted by the Nairobi County Government. Various responses were given including the main strategic planning practices adopted, the mission and vision statement

of the organization as well as the involvement of various stakeholders in the implementation of the strategic plans of Nairobi County. This is fully illustrated below.

4.2.1 Mission and Vision Statements

The interviewer asked the interviewees to indicate if Nairobi County had vision and mission statement and if they fully understand them. From their responses, it was evident that the main vision of Nairobi County is to be the city of choice to invest, work and live in. Moreover, the respondents agreed that the primary mission of Nairobi County is to provide affordable, accessible and sustainable quality service, enhance community participation and create a secure climate for political, social and economic development through the commitment of a motivated and dedicated team.

It was evident that Nairobi County operations started in late 2013 and the County government is performing various functions associated with public health management, environmental management, provision of housing and social services as well as provision of infrastructure services. The Nairobi County includes three arms of government including the executive headed of government headed by Governor Mike Sonko Mbuvi Kioko. There are also county chief officers whose main role is to support the executive committee in the day to day activities in the County management systems. The Nairobi County Chief officers also help to develop strategic plans and ensure there effective implementation.

From the interview, it was evident that the key values within Nairobi County government include accountability, delivery of high quality services as well as team work, transparency and excellence. Nairobi County also supports high levels of integrity,

accessibility, responsiveness and equity. As a metropolitan area, Nairobi County enjoys a rich human capital and the County has the best infrastructure in the East African region.

4.2.2 Strategic Planning Practices at Nairobi County

During the interview, the respondents were asked to provide some of the strategic planning practices that have been adopted by Nairobi County Government. From the responses given, it was true that Nairobi County Government has adopted a number of strategic planning practices including the setting of the vision and mission of the organization. The firm top management also practice environmental analysis and consider different strategies in their activities and operations. Different department heads usually formulate different strategies.

Moreover, it was evident that proper allocation of resources, human resource training and development and setting of employees target were part of strategic planning practices adopted by the organization. The top management also considered the employees viewpoints and opinions in some major decision making activities in the firm. Both short term and long terms goals and plans were set by the top management of the organization as well.

The respondents also argued that strategy formulation, implementation as well as strategy evaluation and control were part of the organization programs. The organization goals and plans were also communicated to the employees. This was done in the firm with the aim of ensuring that all the employees and various stakeholders are working towards the achievement of a common goal. Proper evaluation of the employee performance was also done once in a while based on the data findings.

4.3 Strategic Planning and Organization Performance

Based on the study findings and the responses given, it was evident that the adoption of strategic planning has helped improved the performance of Nairobi County to a large extent. The respondents also indicated that the strategic plans adopted by the County Government of Nairobi included short term, medium term as well as long term objectives and goals. The strategic plans adopted by the various department head were well formulated and implemented and this resulted into positive results towards the organization performance.

The respondents also indicated that the firm had a five year strategic plan that was aligned with Vision 2030 and the various departments were given enough resources to ensure the set objectives and plans were achieved. The Nairobi County has different departments and each department had set their targets in line with the firm general objectives and goals. The set objectives were reviewed after some months to ensure that they were in lined with the organization general goals and objectives. The respondents also noted that each department had annual work plans which were organized in terms of specific individual target, include different action plans and was the basis of key performance improvement in the organization.

The respondents also indicated that Nairobi County top leadership mostly engage in environmental scanning activities to determine the challenges and opportunities within the region. Some of the tools used in the external and internal analysis within the organization included the use of SWOT analysis, PESTLE Analysis as well as the use of Value Chain analysis and Michael Porter's five forces of analysis. The analysis was customized based on different department needs. Political threat was the main challenge

facing Nairobi County and this negatively affected the performance of the firm to some extent.

The majority of the respondents also argued that the use of strategic planning improved decision making, communication management and the setting of goals within the firm. The setting of strategic action plans and targets resulted into improvement in the organization performance. Strategic planning activities improved the firm performance including in terms of change management, growth of the firm revenues and increase, improved decision making as well as the anticipation of future problems in the firm. Majority of the respondents also agreed that the use of strategic planning models improved problem solving activities in the organization. This is because there were formal strategic plans that were used by department heads to solve various problems in the firm. All these strategic planning practices resulted into increased performance of the organization.

4.4 Strategic Planning and Performance Indicators

Based on the responses given, it was evident that strategic planning usage within Nairobi County improved various performance indicators. For example, there was high employee satisfaction in the company due to the use of two way communication and bottom line approach of management by the top leadership in the organization. The management mostly communicated with the employees and the employees views were considered in major decision making in the firm. This allowed the firm employees to participate in various decision making activities and ensured that their aspirations were fully captured

in the primary and key decision making process by the management and top leadership in the organization.

The respondents also noted that the use of strategic planning helped the firm to deliver high quality and excellent services to the public. This is because the firm top management adopted strategic evaluation and monitoring systems where management adopted follow-ups and evaluation of the workers progress based on the set targets. This means that the set targets and goals were well monitored and the employees were encouraged to achieve them within the set deadlines. With proper controls and monitoring, the organization was able to identify risks and adopt effective mitigation measures in their activities leading to the delivery of excellent and high quality services to the public.

The respondents also assert that the use of strategic management improved innovation in the organization. This is because the top leadership and management considered diverse opinions in their decision making process and this improve innovation and creativity in the organization. The interview also revealed that the use of strategic planning improved change management, the learning and growth of the organization members as well as improved efficiency. The formal strategic plans and practices adopted in the organization also helped to reduce corruption in some departments in the organization. It is also worth noting that the majority of the respondents supported that the use of strategic planning improve profitability, revenue generation and market share levels within Nairobi County.

4.5 Strategic Planning Challenges

There are a number of challenges that were highlighted by the respondents as part of issues affected the implementation of strategic plans within Nairobi County. For example, the majority of the respondents agreed that political interference was the main challenge affecting the implementation of strategic plans and goals within Nairobi County. A section of the respondents also indicated that lack of funds and delay in financial resource allocation was a big challenge towards the implementation of strategic plans within the organization.

Some of the respondents also noted that lack of expertise from the top management was a big problem towards the implementation of strategic plans within the organization. Some of the top management within the organization was resistance to changes and this also affected the strategic implementation process. There are also a section of the respondents who argued that lack of commitment from top leadership was a serious challenge towards strategic planning implementation in the firm. Other challenges identified included high levels of corruption and lack of strategy alignment with the set goals.

4.7 Discussion of the Findings

The findings of this study revealed that the adoption and use of strategic planning practices helped Nairobi County to improve their performance levels. Jenster and Soilen (2013) also revealed similar findings and argued that the adoption of training and development programs by different department improved the employee's knowledge and gave them the opportunity to improve their skills, attitudes and capabilities, especially towards the achievement of the set goals and objectives. The strategic planning practices

adopted by the top leadership also acted as a blue print and a road map through which various activities were carried out in the firm. It is also evident that Nairobi County mostly adopted formal strategic planning process and all the employees have their roles and duties well laid out.

Moreover, these findings are reliable to that Njagi and Kombo (2014) who contends that top management and leadership should consider their employees viewpoints and perspectives in the process of setting major goals and making key decisions in the organization. The organization top leadership considered employee participation in key decision making and adopted two way communication systems. However, challenges associated to resistance to change are common in the organization due to political interferences.

The senior management also worked in harmony with their employees and this inspired the delivery of excellent services within the organization. Enough resources were allocated to various departments to help in the achievement of the strategic goals and plans. However, it should be noted that there are some delays in money allocation to some departments within the organization. This was in line with the study by Zhang et al. (2018) which support the use of resource based theory and indicate that it is important that organization top management provide their employees with enough resources to improve the achievement of set goals.

The study findings also revealed that many senior managers within the organization were involved in the strategic planning process. The organization had both short term and long term goals and used various tools to analyze their environment. The top management also

involved different strategies in setting their goals and this is in line with contingency theory which supports the use of diverse plans in management organizations (Williams, Ashill & Naumann, 2017). The primary performance indicators that were evident due to the adoption of strategic planning practices within the organization include the delivery of excellent services, high customers and employee satisfaction, high profitability as well as improve decision making and problem solving within the organization.

CHAPTER FIVE: SUMMARY, CONCLUSION AND

RECOMMENDATIONS

5.1 Introduction

This chapter includes summary of the major findings based on the analysis given in chapter four. Based on the primary objectives of this study, the conclusions and recommendations are also presented in this chapter. Specifically, the chapter includes main findings associated with strategic planning practices at Nairobi County as well as the link between strategic planning and the performance of Nairobi County.

5.2 Summary of Findings

This section mainly presents the summary of findings from the study. This summary is based on the objectives of the study. The first objective was to establish some of the strategic planning practices within Nairobi County. However, the second objective was to establish the link between strategic planning and organization performance.

5.2.1 Strategic Planning Practices

This study established that some of the strategic planning practices within Nairobi County include setting of objectives, development of strategic plans, and analysis of the firm operations as well as allocation of resources to various departments in the organization. The firm top management also considered employees viewpoints in their activities and operations. Other strategic planning practices adopted by the organization include evaluation of strategies set, providing direction and analysis of the firm environment.

It was noted that the use of strategic planning improved the firm activities. These practices improved the general performance of the organization. This is because they resulted into effective decision making, proper allocation of resources and proper problem solving in the firm. Thus, it can be concluded that strategic planning practices are important and should be adopted by all organizations in the society. This will help improve decision making and problem solving activities in organizations, especially through proper allocation of resources and effective setting of plans.

5.2.2 The Link between Strategic Planning and Organization Performance

This study established that the adoption of strategic planning practices improved the performance of the organization. Strategic planning resulted into efficient and effective decision making, improve the setting of the objectives and led to proper problem solving in the organization. The study also established that some of the major benefits associated with strategic planning include better selection of tactical decisions, consideration of others viewpoints as well as promotion of teamwork and cooperation among various stakeholders in the organization. The respondents also indicated that the adoption of strategic planning resulted in provision of clearly defining purpose of the firm as well as the creation of realistic goals and plans which were consistent with the firm mission and vision.

The study also established that there was a high improvement in profitability, market share and increased revenue collection due to the effective use of strategic planning practices within the organization. The firm goals were achieved within the set time frame and budget due to proper application of strategic planning tools and techniques by the top management of the firm. Therefore, it was concluded that strategic planning positively

impact organization performance and all organizations should adopt strategic planning in their activities and operations.

5.3 Conclusion

In conclusion, it is true that the objective of this study which was to investigate the relationship between strategic planning and organization performance has been achieved. The study found out that there is a direct relationship between strategic planning and organization performance at Nairobi County. Some of the strategic planning practices within the organization include setting of objectives, formulation of strategic plans, adopting of participatory decision making, rewarding and recognition of employees as well as training and development of the employees. It was evident that the adoption of these strategic has influence the performance of the organization in a positive way.

Moreover, the study findings further indicated that formality, employee participation as well as adoption of strategic analysis tools had a positive influence on the performance of the organization. The study concluded that the strategic planning has a positive impact on organization performance and should be adopted by all organizations globally. The study also recommended that senior management within Nairobi County should set both short term and long term strategic plans. The firm should also include employee training and development in their annual development goals.

5.4 Recommendations

This study recommends that Nairobi County Government should adopt effective formal strategic planning to improve and promote its effectiveness and efficiency in service delivery. It is expected that this will improve the firm performance to a large extent as well. Importantly, the top management and leadership of the organization should ensure that they have one year, three years as well as five year strategic plans to facilitate the achievement of both their short term and long term goals.

The top management of Nairobi County should also ensure that effective feedback mechanism is developed after careful evaluation and control of the strategies implemented in the firm. The top leadership within Nairobi County should also support employee participation in the development of various strategic plans in the organization. This will increase and improve diversity, creativity and innovation in the decision making process within the organization. Nairobi County top management should also implement strategies associated with training and development of their employees, especially towards the achievement of their long terms goals. The strategic plans adopted by the Nairobi should be aligned with Agenda Four, Sustainable Development Goals and Vision 2030.

Nairobi County should also adopt various contingency plans in dealing with challenges associated with politics which affect its smooth operations, especially during general elections in the country. The Nairobi County Government should also evaluate and measure their performance based on the public satisfaction levels. Furthermore, it is important that the top management adopt proper environmental scanning using various strategic tools to understand the main strengths, weaknesses as well as opportunities and

threats facing the organization. Other strategic analysis tools such as PESTLE, Value Chain Analysis and Michael Porter's five forces analysis should be adopted as well as to help identify challenges that are facing the organization.

5.5 Limitation of the Study

There are various challenges and limitations during this study. For example, there was lack of enough funds to carry out the study effectively. Additionally, there were also some cases of lack of cooperation from some respondents. Some respondents wanted further explanation and confirmation on what the information gathered will be used for. However, the researcher explained that the data collected was only meant for academic purposes. Moreover, it was a bit challenging to schedule the respondents for face to face interview since some of the respondents had a very busy schedule.

5.6 Suggestions for Further Research

This study was based on a case study method and was specific to Nairobi County Government. Thus, the researcher recommends the need for a more generalized study to establish the relationship between strategic planning and performance among County Governments in Kenya. Importantly, the researcher suggest the use of surveys and questionnaires method in future studies since this study mainly involved the use of face to face interviews.

Furthermore, future studies should involved a comparative study to help determine the comparison of two or more counties use of strategic planning and their performance levels in the country. Future studies should also cover the relationship between cultural

diversity and County Government performance in the country. The researcher also suggests the need for future studies determining the relationship between top leaders characteristics or personality and the performance of County Government organizations.

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APPENDICES

Appendix I: Interview Guide

SECTION A: GENERAL INFORMATION

- 1. In which department are you working?
- 2. What is your position in the organization?
- 3. How long have you been working in the organization?
- 4. What is your highest level of education?

SECTION B-STRATEGIC PLANNING PRACTICES

- 5. Which strategic planning practices undertaken in your organization?
- 6. Were you involved the formulation of strategic practices in your organization?
- 7. What key benefits can organization achieve after adoption of strategic planning practices?
- 8. What is the vision and mission of Nairobi County?
- 9. What are the strategic plans and long terms goals of Nairobi County?
- 10. Does top management/leadership consider the viewpoints of employees in the evaluation and control of Nairobi County plans?
- 11. What are some of the current strategic practices in your organization?

SECTION C-STRATEGIC PLANNING PRACTICES AND ORGANIZATION PERFORMANCE

12. Has strategic planning had effect on performance of your organization?

- 13. How is your organization performance compared to other counties in the country?
- 14. Which are some performance benefits that your organization has attained due to the adoption of strategic planning?
- 15. What strategic planning practices your organization has adopted to improve their performance?
- 16. Has the application of strategic planning practices improved the clarification of future direction and development of effective strategies of Nairobi County?
- 17. What performance have been achieved within Nairobi County due to the adoption of strategic planning practices in terms of effective decision making, proper problem solving as well as growth of profitability and anticipation of future problems?

SECTION D-PERFORMANCE

- 18. What is the effect of strategic planning on the promotion of financial performance in your organization?
- 19. Has strategic planning promoted the service delivery, customer satisfaction and innovation in your organization?
- 20. What is the effect of strategic planning on the following performance indicators in your organization?

Change management

Automation of processes

Learning and increased growth

Operating efficiency

Corruption eradication

- 21. What is the effect of strategic planning on market performance of your organization?
- 22. What are some of the challenges associated with strategic planning practices in your organization?
- 23. Recommend some strategies that can be used to promote strategic planning practices and performance in your organization.