STRATEGIC PLANNING PRACTICES BY LARGE LAW FIRMS IN NAIROBI, KENYA

By

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DECLARATION

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

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

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D61/70772/2008

This research project has been submitted for examination with my approval as the University of Nairobi Supervisor.

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

Jeremiah Kagwe

DEDICATION

This research is dedicated to my wife Susan Chesang and my children Samantha Jepkemboi, Sasha Jerop and Shanice Jerotich for their patience, understanding and continuous encouragement while undertaking this research. It is also dedicated to my mother Dinah J. Chebiego for her unceasing support right from the formative stages of my education.

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ABBREVIATIONS AND ACRONYMS

CEO	Chief Executive Officer
EPISTEL	Environmental, Political, Informatic, Social, Technological, Economic and Legal
LSK	Law Society of Kenya
PEST	Political, Economic, Social and Technological
RBV	Resource Based View
SPSS	Statistical Package for Social Sciences
STEER	Socio-cultural, Technological, Economic, Ecological and Regulatory
SWOT	Strengths, Weaknesses, Opportunities and Threats

ABSTRACT

The practice of law has over the years been termed as a noble profession guided by certain guarded norms and practices. In recent years however, there has been a paradigm shift in that law firms are now embracing certain business management tools, albeit minimally. These firms therefore have had to shake off the nobility tag and embrace business management practices. There is thus a keen interest to establish whether large law firms in Nairobi, Kenya practiced strategic planning as a business management tool. Alongside that, it is important to ascertain the challenges faced by the said law firms in strategic planning and finally how they address the challenges that they encountered. The data collected from the respondent large law firms in Nairobi was analyzed using descriptive statistics (measures of central tendency and measures of variations). From the discussion of the findings, it was found that slightly more than half of large law firms in Nairobi practiced strategic planning. Thus it can be concluded that large law firms in Nairobi, Kenya engaged in strategic planning practices as a management tool. The study recommends that in order to address the challenges arising from strategic planning practices and have an effective strategic planning; large law firms should introduce performance based employment contracts for its employees. It further recommends that large law firms should take steps to institutionalize strategic planning in order to involve all its employees. An implementation matrix should also be developed and resources committed to the strategy implementation process.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Most organizations – irrespective of their size, age, or industry – are increasingly faced with the challenge of continuous and dynamic change and therefore needs an effective, comprehensive business plan because the process of developing the plan forces the entrepreneur to think about the harsh “reality” of the business world, rather than the more common dream world (Herter, 2005). Effective strategic planning is necessary for organizations to survive and make appreciable contribution in an environment characterized by high competition. While there have been great breakthroughs in other fields, there has not been any significant breakthrough in the field of strategic planning to enable organizations respond effectively to the challenges posed by the current and the unfolding environment in which they exist. This has mostly been the case because there has been lack of investment on strategic planning practices in general as compared to other fields of knowledge and practice (Patel, 2005).

The intensity of competition in an industry is not a matter of luck. Rather, competition is rooted in underlying industry economics and goes well beyond the established competitors. Not all industries have equal potential. They differ fundamentally in their ultimate profit potential as the collective strength of the forces of competition differs; the forces range from intense in industries like tires, paper and steel, where no firm earns spectacular returns, to relatively mild in industries such as oil field equipment and services, cosmetics and toiletries, where high returns are common (Delmar & Shane, 2003). Effective strategic planning is therefore needed for firms to transform potential into actual comparative advantage. The ways to achieve profit, win elections and transformation of people are different and therefore necessitate conscious differences in their strategic planning.

Pearce and Robinson (2001) indicated that strategic planning enables an organization to identify the prevailing environmental opportunities and threats, and also to figure out or estimate the organization’s resource capabilities taking into account the strengths and weaknesses of its resources so as to align itself accordingly to battle with the environmental challenges. Competition, uncertainty, and the realities of business risks have become accepted constants to the law firms in Kenya. Some firms, recognizing the importance of common direction, commitment, and values - have instituted effective strategic planning processes. They have seen that being different, not the same, is the key to success and, accordingly, have developed externally focused plans. The present level of effectiveness of a law firm's strategic planning is not sufficient to meet the market conditions law firms are facing. There is still a belief that planning can be accomplished quickly (on a weekend retreat) and that the focus of planning ought to be on internal issues and concerns. Further, any consideration of longer term strategic issues, even in a planning environment, takes a back seat to a focus on the short term and unless monitored and managed, short term considerations always drive out long term ones. A law firm's strategic planning must dramatically improve for firms to more effectively compete and do something that virtually every partner wants his/her firm to do - control its own destiny.

1.1.1 Strategic Planning

Strategic planning is defined as the process of diagnosing an organization's external and internal environments, deciding on a vision and mission, developing overall goals, creating and selecting general strategies to be pursued, and allocating resources to achieve the organization's goals (Hellriegel, Jackson, & Slocum, 2005). Strategic planning has been defined as a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it (Bryson, 2005). It provides a systematic process for gathering information about the big picture and using it to establish a long-term direction and then translate that direction into specific goals, objectives, and actions (Poister & Streib, 2005). It blends futuristic thinking, objective analysis, and subjective evaluation of goals and priorities to chart a future course of action that will ensure the organization's vitality and effectiveness in the long run.

Strategic planning is an organization's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy including its capital and people (Osbourne, 2009). Strategic planning is an action-oriented type of planning that is useful only if it is carefully linked to implementation – and this is often where the process breaks down (Poister & Streib, 2005). Public managers may fail to link their strategic planning efforts to other critical decision-making processes. The objective of strategic planning is to align an organization's activities with its environment, thereby providing for its continuing survival and effectiveness. It requires an organization to monitor its internal and external environments constantly for changes that may require modifying existing strategic and tactical plans or developing different ones altogether.

The essential task of strategic planning is to see that everybody understands the group purpose and objectives and the methods of attaining them. If group efforts are to be effective, people must know what they are expected to do. Thus, the function of planning involves evolving mission statement and objectives as well as designing the actions to achieve them (Osbourne, 2009). Osbourne, opines that strategic managers must determine the relevant macro environmental factors (microeconomic environment, technological environment, the socio-cultural environment, the demographic environment, the political-legal environment and the international environment) affecting the company’s operations and assess the opportunities and threats they create.

1.1.2 Strategic Planning Practices

The organizational strategic planning process is affected by several factors that include external control, a firm’s power and politics and the management styles employed in the firm. In firms where the CEO is the one that influences most of the decision, Pearce and Robinson (2002) posit that the effectiveness of the firms strategic planning is likely to be greatly diminished. in the contrary, in organizations where the management style involves the participation of employees in the strategic planning and its related strategies, this challenge is reduced as there is more ownership by the employees who work together to ensure that the strategy they put in place actually works. The size of the organization influences also the strategic process in the firm. Gilmore (2001) argues that small and medium sized organizations do not have the benefit of planning departments or operation research groups. Such firms therefore need a simple practical approach to strategy formulation. The large firms however tend to develop their strategic plans in annual strategic planning cycles complete with prescribed procedures that include board management participation.

According to Keith, Butler, Cray, Hickson and Wilson, (2008) senior management in small firms might not be versed with the strategic planning process and as a result might not give a more holistic assessment of the firms’ operating environment. Further, Buchanan and Boddy (1992) argue that the political view of strategy development and its related effects is an outcome of the process of bargaining and negotiating among powerful internal and external interest groups and as a result ensuring commitment at the top might be affected because in some ways, strategic planning reduces executive decision-making power. Staff commitment encourages involvement throughout the organization, and "empowers" people to make decisions within the framework defined by the strategic planning process. As a result, this shifts some of the decision making from the executive office to the participants (Mintzberg, 1994). Such commitment is essential to success.

1.1.3 Large Law Firms in Nairobi

The Law Society of Kenya is Kenya's Premier Bar Association with its membership currently standing at about 8,000 advocates. The Society has the mandate to advice and assist members of the legal profession in Kenya in respect of conditions of practice. By law, one must be a member of the Society in order to practice as an advocate in Kenya. Membership to the Society is however individual and not corporate. There are about 600 law firms operating in Nairobi with about 50 of them being large in size. Majority of them are sole proprietorships (LSK, personal communication, August 19, 2013).

The practice of law has for many years been regarded as a noble profession guided by certain guarded norms and practices. For instance, legal practitioners were not permitted to advertise their services. In recent years however, there has been a paradigm shift in that law firms are now permitted to advertise albeit minimally. These firms therefore have had to shake off the nobility tag and embrace business management principles and practices.

Kenya is increasingly regarded as an attractive investment destination for businesses from all over the world. This surge of interest in Kenya brings with it the need for higher quality legal advice at the local level and in many situations, at a cross border level. On the other hand, the legal system has matured considerably with the emergence of many law faculties in Kenyan Universities and it is estimated that about 500 advocates will be enrolled annually in Kenya.

However the legal practitioner in Kenya is faced with a myriad challenges, key among them are the emergence and the entry of foreign law firms and especially from the East African region. This firms bring with them expertise in various spheres of their specialization and thus incumbent upon law firms operating in this country and in particular in Nairobi to design strategies that gives them a competitive edge in the environment in which they operate in.

Legal practitioners are now embarking on specialization and the days of general practitioners are long gone. Fields such as constitutional law, elections law, international law, environmental law, mining law, company law, intellectual property law, procurement law and the voluminous churning of laws every often calls for a different approach to the practice of law in Kenya.

All these pose challenges for the legal practitioner in Kenya. On the flipside however, the legal profession has tremendous opportunities that one can harness for success. For instance, the cross border opportunities brought about by the East Africa Community are yet to be harnessed. This requires a rethink on the part of legal firms who may have to put in place strategies that will enable them address the challenges and harness the opportunities in their operating environment.

1.2 Research Problem

Even though the concept of strategy may have had its original underpinnings in the military and its war efforts, over many decades it has become a mainstay and a major process (organizational activity) in for-profit and not-for-profit organizations (Jarzabkowski, 2008). These organizations have refined and used the process to understand issues which they cannot control but have a significant impact on their survival and success, and use their limited resources and competencies to improve their competitive positions. By consciously using formal planning, a company could exert some positive control over market forces, create competitive advantages, improve organizational effectiveness, and improve its performance. Strategy is designed to help firms achieve competitive advantage. In the broadest sense, competitive advantage is what allows a firm to gain an edge over its rivals. Competitive advantage enables a firm to achieve high performance over an extended period of time. Strategic planning therefore is part of the contemporary managerial tool kits not only for dealing with the inevitable uncertainty in the management environment but also, for stimulating organizational performance.

The legal industry in Kenya has become very competitive and for a legal firm to survive it has to have a well laid out strategy to give it direction and purpose in its operations. The performance of a legal firm depends on the extent to which the use of strategic planning is put in place in order to accomplish the set objectives and mission statement of that organization. Strategic planning therefore focuses upon long range objectives and short-term priorities. A properly structured strategic plan enables management to comprehend the relationship of goals, objectives and action attainment. Despite the fact that strategic planning has brought far reaching revolution which has tremendously transformed most business landscape, it is still not appreciated by the law firms and is also plagued with some constraints in the legal profession.

Recent local studies undertaken locally on strategic planning include; Bibiana (2009) who researched on strategic planning by service providers in the Telecommunication industry in Kenya and established that strategic planning practices adopted were formal and documented though the involvement of the strategic planning process is left to the top level management. Gichira (2009) researched on strategic planning at Compassion International Kenya. The findings were that strategic planning process was unique to its context. The process is deliberate in which top executives are the ones involved in the deliberations of the strategic planning process and then communicate it down the organization for implementation. The process is initiated by the Board Members, led by Strategic Planning Committee and facilitated by an external consultant but the Country Director is the one principally responsible for the success of the strategic planning process.

Other studies include Rono (2011) who worked on strategic planning among classified hotels in Mombasa, Kenya. The results were that strategic planning among respondent classified hotels is done through formal meetings; and assignment of responsibilities for planning. Resultant strategic plans are communicated to stake holders internally and externally. Strategic planning however is hindered by budgetary constraints, limited by laid down procedures set by top management; managers work with intuition, employees resistance as strategic plans incorporate change; prioritization of sales and turnover; and strategic planning process taking time, such that it is overtaken by events. Gatome (2012) researched on strategic planning at Equity Bank Kenya Limited and the findings were that strategic planning process is consultative done by the board, top management, middle level management, use of consultants and input from the banks strategic partners. It was clear that political, economic, social, technological, environmental and legal factors influence the bank's corporate strategic planning. This research project seeks to answer the following question; what are strategic planning practices adopted by large law firms in Nairobi, Kenya?

1.3 Research Objective

The objectives of the study will be;

i. To establish strategic planning practices by large law firms in Nairobi, Kenya.
ii. To determine the challenges arising from strategic planning practices adopted by large law firms in Nairobi, Kenya.
iii. To determine how large law firms in Nairobi, Kenya address the challenges.

1.4 Value of the study

The study will be of value to management or proprietors of large law firms’ as they will be able to know the importance of strategic planning to firm’s competitiveness and thus put in place mechanisms that would allow the firms implement strategic planning fully in response to the changes in the operating environment. The findings of the study will also be useful to other law firms operating in the country as they will understand the importance of strategic planning.

The study will also create a monograph which could be replicated in other sectors. The policy makers will obtain knowledge of the law practice dynamics and the appropriate strategies; they will therefore obtain guidance from this study in designing appropriate policies that will regulate the sector. Future scholars may use the results of this study as a source of reference.

The findings of the study can be compared with strategic planning in other sectors to draw conclusions on the appropriate ways of ensuring successful implementation of strategic planning. It will also benefit consultants who endeavor to provide assistance to successful running of organizations in developing and sustaining a competitive edge in their environment.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter is concerned with the review of literature related to the study. An overview of theoretical foundation of the study, strategic planning, strategic planning process, value of strategic planning and challenges of strategic planning will be discussed.

2.2 Theoretical Foundation of the study

Combining profound, established theoretical threads in an effective manner needs careful selection. The resource-based view of a firm (RBV) has experienced a rapid diffusion throughout strategic management literature (Priem & Butler, 2001). Firm's aim must be to achieve competitive advantage over its competitors, which it ideally derives from valuable resources that are superior in use, hard to imitate and difficult to substitute. According to Barney (1991) resources can be classified into three categories: physical capital resources such as plant and equipment, human capital resources such as training relationships and experience, and organizational capital resources, for example, reporting structure, formal/informal planning and controlling. For firm resources to be the source of a sustained competitive advantage, they must pass the valuable, rare, imperfectly imitable, (non-) substitutable) test (Barney). Resources can occur in different forms such as patents, relationships or processes.

Barney (1991) further argues that the contrary is applicable for informal strategic planning. Informal planning can occur parallel to the formal process simply by top management engaging in unofficial talk. In contrast, a few firms have chosen to do away with all formal procedures, thereby implementing an emergent and autonomous approach to strategic planning. Shell constitutes a prime example: the company sees strategic planning as a learning process and refrains from formal frameworks as much as possible (De Geus, 2008). The planning process can be characterized as a functional competence in that it deals with distributing a firm's resources to fit the strategic alignment of the firm. Strategic initiatives need to be distributed and executed as dictated by the strategic plan. Thus planning can be viewed as a capability. However, dynamic capabilities can only be sources of sustainable competitive advantage when imitation is prevented through learning mechanisms (Teece *et al.*, 1997). This is to say that organizations perform activities via routines that evolve over time. The 'dynamic' aspect of the capabilities approach can only be partly attributed to planning processes and strongly depends on the organization in question. This argument is in line with the concept of learning mechanisms: they are rooted in firm behaviour and differ since every firm has diverging learning paths.

Another theoretical lens that can shed light on strategic planning is institutional theory which recognizes the embedment of institutional actors in an environment of formal and informal rules. Institutional theorists suggest that organizational actions and processes are driven by their actors in order to justify and plausibly explain their actions. According to this perspective, strategic planning processes are rationally accounted for by organizational actors and rooted in the normative and social context that motivates actors to seek legitimacy (Dacin, Oliver *et al.,* 2007). Fundamentally, the suggestion is that the literature should reconcile the legitimacy of strategic planning instead of its efficiency. Through various cognitive, normative and regulative forces organizations adopt a standardized set of practices (Scott, 2001). In other words, an organization is composed of three pillars: the cultural-cognitive, normative, and regulative elements that together with associated activities and resources provide stability to social life.

Normative systems include both values and norms that define legitimate means and choices. Normative expectations arise from external pressures and become internalized by the actor. In the planning context this could relate to shareholders who, from a respected company, expect to have a high degree of formal planning to justify future directions. It is a way to confer rights and responsibilities, even internally where, for instance, corporate leadership collects strategic information from its business divisions. Planning systems constitute an anticipation – or normative expectation – that organizations are expected to adopt. In consequence, all existing organizations as well as those joining the field are expected to adopt the standard: a formal planning system. Companies try to fit in with the norm by adopting similar formal planning processes that validate them as part of the organizational field. In essence, traditional institutional theory believes that organizational fields become structured by powerful influences among organizations. The adoption of a system such as formal planning is highly dependent on the extent to which it is institutionalized by legitimacy. Legitimacy concerns lead organizations to adopt practices that "conform to the mandate of the institutional environment" (Kraatz & Zajac, 2006).

2.3 Strategic Planning

The way that a strategic plan is developed depends on the nature of the organization's leadership, culture of the organization, complexity of the organization's environment, size of the organization and expertise of planners (McNamara, 2000). Strategic planning for public and non-profit organizations is important and probably will become part of the standard repertoire of public and non-profit planners. It is important, of course, for planners to be very careful about how they engage in strategic planning, since every situation is at least somewhat different and since planning can be effective only if it is tailored to the specific situation in which it is used (Ring & Perry, 2005). Since strategic planning tends to fuse planning and decision making, it makes sense to think of decision makers as strategic planners and to think of strategic planners as facilitators of decision making across levels and functions in organizations and communities. Strategic planning may help public and non-profit sport organizations to think and act strategically. The objective of strategic planning is to align an organization’s activities with its environment, thereby providing for its continuing survival and effectiveness. It requires an organization to monitor its internal and external environments constantly for changes that may require modifying existing strategic and tactical plans or developing different ones altogether.

Formal strategic planning constitutes a powerful contribution to enhance managerial understanding and decision making. The planning process helps to unify corporate directions. By starting the process with a proper articulation of the vision of the firm, subsequently extended by the mission of each business, and the recognition of functional competencies, the planning process mobilizes all of the key managers in the pursuit of agreed upon and shared objectives. This unifying thrust can be very hard to accomplish without the formalization and discipline of a systematic process (Sherman, Rowley, & Armadi, 2006). Perhaps the most important of the attributes of a formal strategic planning process is that it allows the development of managerial competencies of the key members of the firm by enriching their common understanding of corporate objectives and business and illustrating the way in which those objectives can be transformed into reality. In other words, the most important contribution of the planning process is the process itself. A mere by-product is the final content of the planning book. The engaging communicational efforts and the multiple interpersonal negotiations generated the need to understand and articulate the primary factors affecting the business and the required personal involvement in the pursuit of constructive answers to processing business questions are what truly make the planning process a most vital experience (Digman, 2006).

Strategic planning is an organization's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy including its capital and people (Adeleke, 2001). Various business analytic techniques can be used in strategic planning, some of which include SWOT Analysis (Strengths, Weaknesses, Opportunities and Threats), PEST Analysis (Political, Economic, Social and Technological), STEER Analysis (Socio-cultural, Technological, Economic, Ecological and Regulatory factors and EPISTEL (Environment, Political, Informatic, Social, Technological, Economic and Legal). Strategic planning looks at a company as a system composed of many subsystems. It permits the top management of the company to look at the enterprise as a whole and the interrelationship of parts rather than deal with each separate part alone and without reference to the other. Strategic planning provides a mechanism for the interrelated parts of an organization to be coordinated thereby avoiding sub optimization of parts at the expense of the whole. It permits management to focus attention on the major issues relevant to the survival of the enterprise.

2.4 Concept of Strategy

The concept of strategy embraces the overall purpose of an organization. It is the determination of the basic long-term goals and objectives of an enterprise, adoption of causes of action and the allocation of resources necessary for carrying out those goals. Gole (2005) proposes that strategic management is a process, directed by top management to determine the fundamental aims or goals of the organization, and ensure a range of decisions which will allow for the achievement of those aims or goals in the long-term, while providing for adaptive responses in the short-term. The three core areas of corporate strategy as outlined by Gole (2005) encompasses: strategy analysis, strategy development and strategy implementation. Strategic analysis deals with examining the environment within which the organization operates.

According to Pearce and Robinson (2007), Strategy formulation is concerned with determining where the organization is, where it wants to go and how to get there. It involves carrying out situation analysis that leads to setting of objectives. Vision and mission statements are crafted and overall corporate objectives, strategic business unit objectives and tactical objectives are also developed. Strategy implementation is the process of allocating resources to support an organization’s chosen strategies. This process includes the various management activities that are necessary to put strategy in motion and institute strategic controls that monitor progress and ultimately achieve organizational goals. Strategy evaluation includes review of external and internal factors that are bases for strategies formulated, measuring performance and taking corrective action, if necessary. This is important as all strategies are subject to future modification depending on environmental turbulence (Robbins and Coulter (1996).

Higgins (2007) on his part describes strategic implementation as the process of allocating resources to support chosen strategies. This process includes the various management activities that are necessary to put strategy in motion and institute strategic controls that monitor progress and ultimately achieve organizational goals. Further, the studies points out that almost all the management functions–planning controlling organizing motivating, leading directing integrating, communication and innovation- are in some degree applied in implementation process.

Burkhart’s theory of strategic planning points out that strategic planning determines the company’s current position, where they want to go, how to get there and how they will know if they got there or not. Current position of the company can be assessed with the help of SWOT analysis. Strategic planning should respond to changing circumstances of the environment in the best possible way. It can be described as externally oriented planning i.e. their own products and competitor products will be viewed from an outsider’s point of view. Therefore setting goals is necessary and an approach must be developed to achieve these goals. There is no one perfect strategic planning model. Each organization has to develop its own model of strategic planning often by selecting a model and modify it (Burkardt, 2005).

2.5 Strategic Planning Process

Strategic planning process helps identify the objectives of an organization or corporate body, determine an appropriate target, decide upon suitable constant and devise a practical plan by which the objectives may be achieved. In trying to clarify the view of strategic planning process, after assessing the progress of the strategic planning process, the organization needs to review the strategic plan, make necessary changes, and adjust its course based on these evaluations. The revised plan must take into consideration emergent strategies, and changes affecting the organization's intended course, (Smith, 2000).

Identification of the organization's vision and mission is the first step of any strategic planning process. The organization's vision sets out the reasons for its existence and the "ideal" state that the organization aims to achieve; the mission identifies major goals and performance objectives.
Both are defined within the framework of the organization's philosophy, and are used as a context for development and evaluation of intended and emergent strategies. One cannot overemphasize the importance of a clear vision and mission; none of the subsequent steps will matter if the organization is not certain where it is headed, (Mintzberg, 1996). The mission statement articulates the company's purpose both for those in the organization and for the public. The mission statement should arouse a strong sense of organization identity and business purpose (Thompson & Strickland, 1995). A vision describes a set of ideals and priorities, a picture of the future, a sense of what makes the company special and unique including a core set of principles that the company stands for. The mission has to be aligned with the organizations' goals and objectives to facilitate the implementation of strategic plans. It can either impose restrictions or provide opportunities for the organization depending on its chosen strategic direction. However, in all cases, missions have a long lasting effect on nonprofit strategic planning practices (Rhodes & Keogan, 2005).

The objective of external analysis and internal analysis is to identify strategic opportunities and threats in the organizations operating environment and pinpoint the strengths and weaknesses of the organization. When carrying out the internal analysis, a company has to look at the distinctive competencies (unique company strengths), resources and capabilities in building and sustaining a company's competitive advantage (Pearson, 2008). Dess and Beard (2004) suggest that the degree of firms' involvement in the strategic planning process may directly and indirectly be a function of the degree of complexity and change in their competitive environment. It has also been suggested that if an environment is characterized by low complexity and slow change, thereby exerting no or only weak competitive pressures on a firm, there will be no incentive to become very much involved in the strategic planning process (Steiner, 1979). SWOT analysis is the comparison of strengths, weaknesses, opportunities and strengths that normally result in the identification of a company's distinctive competencies and opportunities. After the SWOT analysis, the company makes a strategic choice which entail choosing among the alternatives generated by a SWOT analysis (Pearson, 2008). The organization has to evaluate various alternatives against each other with respect to their ability to achieve major goals.

The strategic plan generated by this kind of process generally covers a one-to-five year period, with the plan being updated or "rolled forward" every year (Hax & Majluf, 1996). Some organizations go through this kind of process every year although this should not be taken to imply that the organization chooses a new strategy each year. In many instances, the result is simply to reaffirm a strategy that is already in place. In many organizations, the results of the annual strategic planning processes are used to input into the budget process for the coming year. Thus, strategic planning shapes resource allocation within the organization. Effective strategic planning is not a guarantee to successful strategic management efforts in either for profit or nonprofit organizations. The implementation stage carries the greater weight in making strategic management efforts successful. Implementation is interrelated with the other components of the strategic planning. These components include human resources management, organization's structure, operational plans, and monitoring. Thus, implementation is a critical component of organization's strategic planning model as a tool to promulgate for better strategic management practices in nonprofits.

Periodic evaluations of strategies, tactics, and action programs are essential to assessing success of the strategic planning process. It is important to measure performance at least annually (but preferably more often), to evaluate the effect of specific actions on long-term results and on the organization's vision and mission, (Rowley, Lujan, & Dolence, 2007). The organization should measure current performance against previously set expectations, and consider any changes or events that may have impacted the desired courses of actions.

2.6 Importance of Strategic Planning

Formal strategic planning constitutes a powerful contribution to enhance managerial understanding and decision making. The planning process helps to unify corporate directions. By starting the process with a proper articulation of the vision of the firm, subsequently extended by the mission of each business, and the recognition of functional competencies, the planning process mobilizes all of the key managers in the pursuit of agreed upon and shared objectives. This unifying thrust can be very hard to accomplish without the formalization and discipline of a systematic process (Hax & Majluf, 2006). One of the great advantages of strategic planning is that it simulates the future on paper. If the simulation does not result in the desired picture, the exercise can be erased and started all over again. Simulation choices are reversible. Simulation encourages and permits the manager to see, evaluate and accept or discard a far greater number of alternative courses of action than he might otherwise consider. Although identification of the “right” course of action is far more significant than generating a number of alternatives, the fact that more alternatives are brought forth for review may produce ideas that a lesser effort would not (Steiner, 1979).

Perhaps the most important of the attributes of a formal strategic planning process is that it allows the development of managerial competencies of the key members of the firm by enriching their common understanding of corporate objectives and business and illustrating the way in which those objectives can be transformed into reality. In other words, the most important contribution of the planning process is the process itself. A mere by-product is the final content of the planning book. The engaging communicational efforts and the multiple interpersonal negotiations generated the need to understand and articulate the primary factors affecting the business and the required personal involvement in the pursuit of constructive answers to processing business questions are what truly make the planning process a most vital experience (Stirling, Ireland, & Palia, 2011). Strategic planning looks at a company as a system composed of many subsystems. It permits the top management of the company to look at the enterprise as a whole and the interrelationship of parts rather than deal with each separate part alone and without reference to the other. Strategic planning provides a mechanism for the interrelated parts of an organization to be coordinated thereby avoiding sub optimization of parts at the expense of the whole. It permits management to focus attention on the major issues relevant to the survival of the enterprise.

Steiner (1979) noted that superior financial performance in firms is not the direct result of strategic planning, but the product of the entire range of managerial capabilities in a firm. These capabilities include knowledge and expertise to successfully engage in the strategic planning process. It has been suggested that competence in strategic planning may determine the degree to which firms become involved in the strategic planning process (Higgins & Vincze, 2003). In support of this assertion, Steiner suggested that firms do not engage heavily in the strategic planning process because their managers do not know what makes the process operate. Through strategic planning, an organization is able to have a sense of direction or “road map” that enables it to clearly see where it is going and where the future will lead it. Without a sense of direction, an organization will spend its time reacting to problems thus, taking hasty and uninformed decisions that may be very costly.

Gerbing *et al.*, (1994), argue for strategic planning touting its positive relationships with organizational performance (i.e., improved financial performance), organizational processes, morale, and employee commitment to organizations. Furthermore, they argue that strategic planning is positively related to effective organizational mission definition, competitive advantage, and organization-environment alignment critical to creating and sustaining a superior competitive advantage. Mintzberg (1993), a vocal critic, offered a requiem for strategic planning in the private sector arguing that it has not been successful because in an uncertain environment, it inhibits an organization’s ability to engage in creative thinking critical to innovative ideas necessary to deal with environmental surprises. In his view, strategic planning gives tunneled vision and does not allow management to take note of other possible approaches to problems. Despite these arguments recent increases in the adoption of strategic planning in the public sector at a time when the private sector seems to reduce its use makes its study in public transit agencies ever more important.

Terreberry (2008) notes that strategic planning enables management, staff, and other stakeholders to reflect on the nature of the organization, the present and future needs of its customers, and possible changes in the environment including technology, social trends, and economic forces. A systematic and objective assessment of the forces enables management to come to terms with unique strength of the organization. In this regard, the required strategic decisions can be taken. Strategic planning can provide opportunity to involve the various levels of management in the process. As different levels of management participate in strategy formulation, they get a clearer sense of where the organization wants to go. This to a very large extent facilitates the integration of employees and management to the goal and objectives of the organization thereby assuring higher performance.

2.7 Challenges of Strategic Planning

Proponents of strategic planning have identified several challenges which include power and politics, external control the predominant management styles and characteristics and the size of the organization. Pearce and Robinson (2002) argue that where the dominance of the CEO approach autocracy, the effectiveness of the firms strategic planning is likely to be greatly diminished. The strategic planning is strongly influenced by the ability of the CEO to provide managers at all levels with the opportunity to play a role in determining the strategic posture of the firm. In organizations where the management style involves the participation of employees in the strategic planning and its related strategies, this challenge is reduced as there is more ownership by the employees who work together to ensure that the strategy they put in place actually works. Gilmore (2001) argues that small and medium sized organizations do not have the benefit of planning departments or operation research groups. Such firms therefore need a simple practical approach to strategy formulation.

Thompson and Strickland (2001) also observe that in small owner managed companies, strategy is developed informally, often never being written but existing only in the entrepreneurs mind and in oral understanding with key subordinates. The large firms however tend to develop their strategic plans in annual strategic planning cycles complete with prescribed procedures that include board management participation. This process usually ends up with written strategic plans. Keith, Butler, Cray, Hickson and Wilson, (2008) also share the same view and asserts that because of their size, small firms cannot afford strategic planning staff and personnel that larger firms possess. In their research, they defined small firms as those with less than one hundred employees. They also note that senior management in small firms usually means one individual and not a group of managers. Buchanan and Boddy (1992) argue that the political view of strategy development and its related is an outcome of the process of bargaining and negotiating among powerful internal and external interest groups. When people in organizations are rooted to different experience, they will always seek to protect their view and with different views comes the need to exercise power.

One of the major challenges of strategic planning is ensuring commitment at the top, because in some ways, strategic planning reduces executive decision-making power. It encourages involvement throughout the organization, and "empowers" people to make decisions within the framework defined by the strategic planning process. As a result, this shifts some of the decision making from the executive office to the participants (Mintzberg, 1994). Such commitment is essential to success. Strategic planning implies organization-wide participation, which can only be achieved if people believe that their involvement counts, and that they will benefit from the process. Strategic planning might inhibit changes, and discourage the organization from considering disruptive alternatives. A conflict lies with a desire to retain the stability that planning brings to an organization while enabling it to respond quickly to external changes in the environment.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research design, the target population, data collection instruments and the techniques for data analysis.

3.2 Research Design

The research design adopted is a cross sectional survey design. According to Cooper and Schindler (2000), a descriptive research design is concerned with finding out the; who, what, where, when and how much. Furthermore, a research design is structured, has investigative questions and part of formal studies. The design was appropriate because the main interest was to explore the viable relationship and describe how the factors support matters under investigation.

A cross sectional study looks at data collected across a whole population to provide a snapshot of that population at a single point in time. This kind of study was used to determine strategic planning process by large law firms in Nairobi. Descriptive design method provides quantitative data from cross section of the chosen population. This design provided further insight into the research problem by describing the variables of interest.

3.3 Population of Study

The population of study comprised all the large law firms in Nairobi. There are 50 large law firms operating in Nairobi (LSK, personal communication, August 19, 2013).

3.4 Data Collection

The study used primary data which was collected through self-administered questionnaires. The structured questionnaire was used to collect data on strategic planning practices by large law firms in Nairobi. The questionnaires consisted of both open and closed ended questions designed to elicit specific responses for qualitative and quantitative analysis respectively. The questionnaires were administered through “drop and pick later” method.

3.5 Data Analysis

The data collected was analyzed using descriptive statistics (measures of central tendency and measures of variations). Once the data was collected, the questionnaires were edited for accuracy, consistency and completeness. However, before the final analysis was performed, data was cleaned to eliminate discrepancies and thereafter classified on the basis of similarity and then tabulated. The responses were then coded into numerical form to facilitate statistical analysis. Data was then analyzed using statistical package for social sciences based on the questionnaires. In particular mean scores, standard deviations, percentages and frequency distribution were used to summarize the responses and show the magnitude of similarities and differences. Results were presented in tables and charts.

CHAPTER FOUR: RESULTS AND DISCUSSION

4.1 Introduction

This chapter discusses the organization, analysis and presentation of data. After the administration of instruments, the data was coded, edited, organized and cleaned. The analysis enables critical examination of data and making of inferences. Presentation of data is by way of tables, graphs and cross-tabulations so that it can be clearly understood. This chapter will specifically discuss the preliminary analysis on respondents' demographic data, strategic planning practices by large law firms in Nairobi, challenges arising from strategic planning practices adopted by large law firms in Nairobi and how the challenges are addressed.

4.2 Demographic Background of the Respondents

The study sought to determine how the respondents were spread out across gender spectrum. This will help in finding out whether there are serious gender disparities in the administration of large law firms in Nairobi, Kenya.

Table 1

4.2.1 Distribution of Respondents by Gender

	Frequency	Percentage
Male	20	74.1
Female	7	25.9
Total	27	100

Table 1 shows that out of the sample population, 74.1% were male while 25.9% were female. The big disparity shows that large law firms are dominated by the male gender. The education system therefore should try to motivate the female gender to pursue studies in law.

4.2.2 Age of the Respondents

Age of the respondent is a very essential demographic variable. It is expected that middle aged persons are to be found in large law firms and not the youthful ones.

Table 2

Distribution of the Respondents by Age

	Frequency	Percentage
Under 30 years	3	11.1
31 to 40 years	14	51.9
41 to 50 years	6	22.2
Over 50 years	4	14.8
Total	27	100

Table 2 shows that most of the respondents were in the age brackets of 31 to 40 years and 41 to 50 years with 51.9% and 22.2% respectively. Those below 30 years of age were only 11.1% while those aged over 50 years were represented by 14.8%.

4.2.3 Education level of the respondents

The education level was of interest to this study. The study sought to determine the highest education level that people who run large law firms have. It is expected that the least education level that these respondents would have is university level.

Table 3

Distribution of Respondents by Education Level

	Frequency	Percentage
Postgraduate level	11	44
University	12	48
Tertiary College	2	8
Total	25	100

Table 3 shows the distribution of the respondents by the highest education level. As expected, most of the respondents had acquired education to the university level represented by 48%. A good number of the respondents had also acquired education to the post graduate level represented by 44%. Only 8% of the respondents had acquired education to a tertiary college.

4.2.4 Length of Continuous Law Practice of the Respondents

The study sought to investigate the length of continuous law practice that the respondents had. It was expected that the respondents were experienced due to the fact that they are operating in large law firms.

Table 4

Length of Continuous Law Practice of the Respondents

	Frequency	Percentage
Less than five years	2	7.4
5 to 10 years	14	51.9
Over 10 years	11	40.7
Total	27	100

Table 4 shows the distribution of the respondents by the length of continuous law practice. Most of the respondents had 5 to 10 years of continuous law practice represented by 51.9%. 40.7% of the respondents had over 10 years of experience while only 7.4% of the respondents had less than five years of continuous law practice.

4.2.5 Number of employees in the law firm

The study sought to investigate the number of employees in the law firms. The number of employees can affect the process of strategic planning.

Table 5

Number of Employees in the Law Firms

	Frequency	Percentage
Less than 10	7	25.9
11 to 20	14	51.9
Above 21	6	22.2
Total	27	100

Most of the firms had 11 to 20 employees represented by the 51.9%. This is expected due to the size of the firms. 25.9% of the firms had less than 10 employees while 22.2% of the firms had more than 21 employees.

4.3 Strategic Planning Practices

4.3.1 Firms that Practice Strategic Planning

The study sought to investigate the firms that practice strategic planning.

Table 6

Firms that practice strategic planning

	Frequency	Percentage
Yes	15	55.6
No	12	44.4
Total	27	100

Most of the large firms practiced strategic planning represented by 55.6% of the total firms. Only 44.4% of the large firms in Nairobi did not practice strategic planning.

4.3.2 The frequency at which the Law Firms Review their Strategic Plan

The study sought to investigate the frequency at which the law firms reviewed their strategic plan. It is expected that an organization should review its strategic plan from time to time.

Table 7

Frequency at which the law firms review their strategic plan

	Frequency	Percentage
Quarterly	1	6.7
Annually	13	86.6
Every 5 years	1	6.7
Total	15	100

Most of the large firms that practice strategic planning reviewed their strategic planning annually represented by 86.6%. The other firms reviewed their strategic planning quarterly and every 5 years represented by 6.7% each.

4.3.3 Importance of Strategic Planning to the Law Firm

Table 8

Importance of Strategic Planning to the Law Firm

	Frequency	Percentage
Less Important	1	6.7
Important	4	26.7
Very Important	8	53.3
Extremely Important	2	13.3
Total	15	100

Out of the firms that practiced strategic planning, 53.3% of them indicated that strategic planning was very important to the law firm. 26.7 of the respondents indicated that strategic planning was important to the firm, 13.3% of the respondents indicated that strategic planning was extremely important to the law firm. Only 6.7% of the respondents indicated that strategic planning was less important to the firm.

4.3.4 Effect of Strategic Planning Efforts on Foreseeing Areas of Future Opportunity

Table 9

Effect of strategic planning efforts on foreseeing areas of future opportunity

	Frequency	Percentage
Very low extent	2	13.3
Low extent	3	20
Moderate extent	1	6.7
Great extent	6	40
Very great extent	3	20

Total	15	100

Table 9 shows the extent of the effect that strategic planning efforts have on foreseeing future opportunities. Out of the firms that practiced strategic planning, 40% of them felt that the extent was great. 20% of the respondents felt that the extent was very great, another 20% of the respondents felt that the extent was low, 13.3% felt that the extent was very low while 6.7% felt that the effect was moderate.

4.3.5 Effect of Strategic Planning Efforts on Foreseeing Major Future threats

Table 10

Effect of strategic planning efforts on foreseeing major future threats

	Frequency	Percentage
Very low extent	1	6.7
Low extent	3	20
Moderate extent	1	6.7
Great extent	3	20
Very great extent	7	46.6
Total	15	100

Table 10 shows the extent of effect of strategic planning efforts on foreseeing major future threats. 46.6% of the respondents felt that strategic planning efforts affected the foreseeing of major future threats to a very great extent. 20% of the respondents felt that the efforts affected major future threats to a great extent. 6.7% of the respondents felt that the efforts had a moderate extent of effect while 20% of the respondents felt that strategic planning efforts affected foreseeing major future threats to a low extent and 6.7% of the respondents felt that strategic planning efforts affected foreseeing major future threats to a very low extent.

4.3.6 Strategic Planning Efforts Help the Firm Clarify its Priorities

Table 11

Strategic planning efforts help the firm clarify its priorities

	Frequency	Percentage
Very low extent	1	6.7
Low extent	2	13.3
Moderate extent	1	6.7
Great extent	8	53.3
Very great extent	3	20
Total	15	100

Table 11 illustrates the extent to which strategic planning efforts help the firm clarify its priorities.73.3% of the respondents felt that efforts help the firm clarify its priorities to a great extent. 20% of the respondents felt that the efforts help the firm clarify its priorities to a low extent. 6.7% of the respondents felt that the efforts had a moderate effect on the firm clarifying its priorities.

4.3.7 Strategic Planning Help Develop Long-term Legal Goals

Table 12

Strategic planning help develop long-term legal goals

	Frequency	Percentage
Very low extent	1	6.7
Low extent	1	6.7
Moderate extent	2	13.3
Great extent	3	20
Very great extent	8	53.3
Total	15	100

Table 12 shows the extent to which strategic planning helps develop long term legal goals. 53.3% of the respondents felt that strategic planning helps firms develop long-term goals to a very great extent. 13.3% of the respondents felt that strategic planning helps firms develop long-term goals to a moderate extent. 6.7% of the respondents felt that the effect was to very low extent while 20% of the respondents felt that the effect was to a great extent.

4.3.8 Strategic Planning Efforts Help the Firm Design Technologies into Legal System

Table 13

Strategic planning efforts help the firm design technologies into legal systems

	Frequency	Percentage
Very low extent	1	6.7
Low extent	1	6.7
Moderate extent	3	20
Great extent	4	26.6
Very great extent	6	40
Total	15	100

The study sought to determine the extent to which strategic planning efforts help the firm design technologies into legal systems. 66.6% of the respondents felt that strategic planning efforts help the firm design the technologies into legal systems to a great extent, 13.4% of the respondents felt that efforts help to a low extent while 20% felt it helps to a moderate extent.

4.3.9 Strategic Plan Serves as the Basis for Resource Allocation and Decision Making

Table 14

Strategic plan serves as the basis for resource allocation and decision making

	Frequency	Percentage
Very low extent	1	6.3
Low extent	1	6.3
Moderate extent	4	25
Great extent	3	18.7
Very great extent	7	43.7
Total	16	100

Table 14 shows the extent to which a strategic plan serves as the basis for resource allocation and decision making. 62.4% of the respondents felt that it serves to a great extent, 25% felt it serves to a moderate extent while 12.6% felt that it serves to a low extent.

4.3.10 The Firm has Completed or Underway Strategic Planning

Table 15

The firm has completed or underway strategic planning

	Frequency	Percentage
Strongly disagree	2	13.3
Disagree	1	6.7
Neutral	3	20
Agree	6	40
Strongly agree	3	20
Total	15	100

Table 15 shows whether the firms have a completed or underway strategic planning. 60% of the firms had a completed or underway strategic planning while 20% never had a completed or underway strategic planning.

4.3.11 The Firm has Produced Strategic Plan Document

Table 16

The firm has produced strategic plan document

	Frequency	Percentage
Strongly disagree	2	13.3
Disagree	3	20
Neutral	8	53.3
Agree	1	6.7
Strongly disagree	1	6.7
Total	15	100

Table 16 shows whether the firm produced strategic plan document. 13.4% of the respondents indicated that their firms produced strategic plan document while 13.3% indicated that their firms never produced strategic plan document. 53.3% of the respondents were neutral about the issue.

4.3.12 The Firm has a Budget Tied to Strategic Priorities

Table 17

The firm has a budget tied to strategic priorities

	Frequency	Percentage
Strongly disagree	2	13.3
Disagree	3	20
Neutral	7	46.7
Agree	2	13.3
Strongly agree	1	6.7
Total	15	100

Table 17 shows whether the firms had a budget tied to strategic priorities. 20% of the respondents agreed that their firms had a budget tied to strategic priorities. 33.3% disagreed that their firms had a budget tied to strategic priorities.

4.3.13 There are Performance Measures Used to Track Strategic Goals and Objectives

Table 18

There are performance measures used to track strategic goals and objectives

	Frequency	Percentage
Strongly disagree	2	13.3
Disagree	4	26.7
Neutral	5	33.4
Agree	2	13.3
Strongly agree	2	13.3
Total	15	100

Table 18 shows whether the firms had performance measures to track strategic goals and objectives. 26.6% of the respondents agreed that their firms had performance measures for tracking strategic goals and objectives. 40% of the respondents disagreed that their firms had performance measures for tracking strategic goals and objectives.

4.3.14 The Annual Budget Supports the Strategic Plan

Table 19

<u>The annual budget supports the strategic plan</u>

	Frequency	Percentage
Strongly disagree	2	13.3
Disagree	4	26.7
Neutral	6	40
Agree	1	6.7
Strongly agree	2	13.3
Total	15	100

Table shows whether the annual budget supported the strategic plan. 20% of the respondents indicated that their firm's annual budget supported the strategic plan. 40% of the respondents felt that their firm's annual budget did not support their strategic plan.

4.3.15 The Capital Budget Sharply Reflects the Strategic Plan

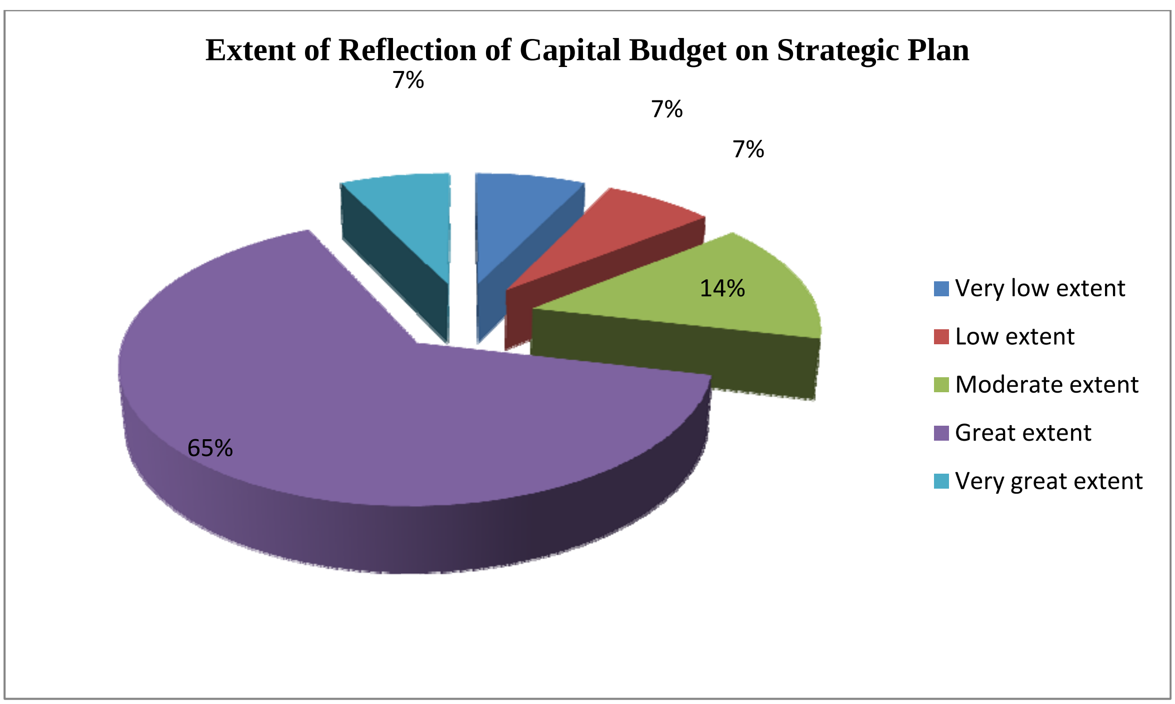

Figure 1: *The capital budget sharply reflects the strategic plan*

Figure 1 shows the extent to which the capital budget is reflected on the strategic plan. 65% of the respondents felt that it is reflected to a great extent. 14% felt that it is reflected to a moderate extent, it also reflected to a very great extent, low extent and very low extent by 7% of the respondents each.

4.3.16 The Strategic Plan Strongly Influences the Budget Requests

Table 20

The strategic plan strongly influences the budget requests

	Frequency	Percentage
Very low extent	1	6.7
Low extent	2	13.3
Moderate extent	8	53.4
Great extent	2	13.3
Very great extent	2	13.3
Total	15	100

Table 20 shows the extent to which the strategic plan influences the budget requests. 26.6% of the respondents felt that their firm's strategic plan influenced the budget requests to a great extent. 20 % of the respondents felt that their firm's strategic plan influenced the budget requests to a low extent.

4.3.17 Annual Salary Adjustments are based on Advancing the Strategic Plan

Table 21

Annual salary adjustments are based on advancing the strategic plan

	Frequency	Percentage
Very low extent	1	6.6
Low extent	2	13.3
Moderate extent	9	60.1
Great extent	2	13.3

Very great extent	1	6.7
Total	15	100

Table 21 shows whether the annual salary adjustments are based on contributions to advancing strategic plan. 20% of the respondents felt that the annual salary adjustments of the firms are based on advancing strategic plan to a great extent. 19.9% of the respondents felt that the annual salary adjustments of the firms are based on advancing strategic plan to a low extent.

4.3.18 Top Management Spends Appropriate Time on Strategic Planning

Table 22

Top management spends appropriate time on strategic planning

	Frequency	Percentage
Strongly disagree	1	6.7
Disagree	1	6.7
Moderate	10	66.7
Agree	2	13.3
Strongly agree	1	6.6
Total	15	100

Table 22 shows whether the top management of the firms spend appropriate time on strategic planning. 19.9% of the respondents felt that their firm's top management spent appropriate time on strategic planning. 13.4% of the respondents felt that their firm's top management did not spend appropriate time on strategic planning.

4.3.19 Strategic Planning is Given More than a Lip Service

Table 23

Strategic planning is given more than a lip service

	Frequency	Percentage
Strongly disagree	1	7.1
Disagree	1	7.1

Moderate	2	14.3
Agree	9	64.3
Strongly agree	1	7.2
Total	14	100

Table 23 shows whether strategic planning is given more than a lip service in the firms. 71.5% of the respondents felt that the strategic planning is given more than a lip service in their firms. 14.2% of the respondents felt that strategic planning was not given more than a lip service in their firms.

4.3.20 Strategic Planning Procedures are well understood in Our Firm

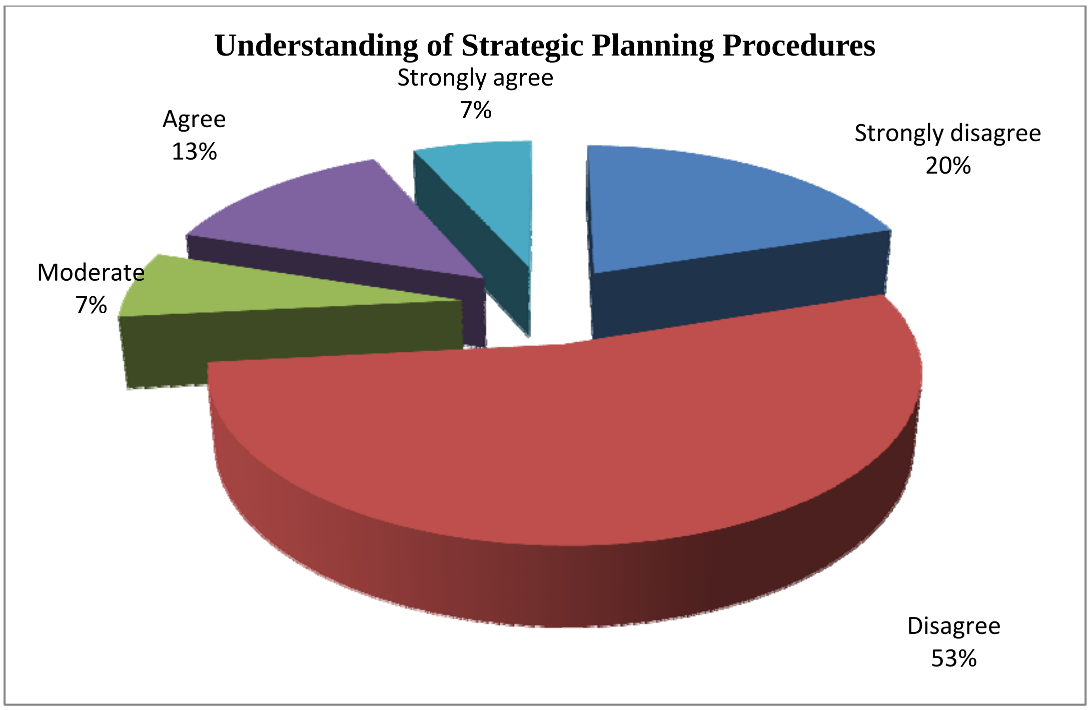

Figure 2: *Understanding of strategic planning procedures*

Figure 2 shows whether the strategic planning procedures are well understood in the firms. 73% of the respondents felt that the strategic planning procedures are not well understood in their firms. 20% of the respondents felt that the strategic planning procedures are well understood in their firms.

4.3.21 Strategic Planning Process is too mechanical, too routine, and too rigid

Table 25

Strategic planning process is too mechanical, too routine, and too rigid

	Frequency	Percentage
Strongly disagree	1	6.7
Disagree	1	6.7
Moderate	2	13.3
Agree	8	53.3
Strongly agree	3	20
Total	15	100

Table 25 shows whether the strategic planning process is too mechanical, too routine, and too rigid. 73.3% of the respondents agreed with the statement while 13.4% of the respondents disagreed with the statement.

4.3.22 Managers get Guidance from Top Management for Effective Strategic Plan

Table 26

Managers get guidance from top management for effective strategic plan

	Frequency	Percentage
Strongly disagree	3	20
Disagree	8	53.3
Moderate	1	6.7
Agree	2	13.3
Strongly agree	1	6.7
Total	15	100

Table 26 shows whether managers get guidance from top management for effective strategic plan. 73.3% of the respondents felt that managers did not get guidance from top management for effective strategic plan while 20% of the respondents felt that managers got guidance from top management for effective strategic plan.

4.4 Discussion

Dess and Beard (2004) suggested that the degree of a firm' s involvement in strategic planning process may directly and indirectly be a function of the degree of complexity and change in their competitive environment. It has also been suggested that if an environment is characterized by low complexity and slow change, thereby exerting no or only weak competitive pressures on a firm, there will be no incentive to become very much involved in the strategic planning process (Steiner, 1979). The findings of this study show that 55.6% of large law firms practiced strategic planning. This is an indication that such firms have shaken off the nobility tag in favour of business management practices.

Smith, (2000) argued that organizations need to review their strategic plans and adjust their course based on the evaluations. This study established that 86.6% of large law firms in Nairobi reviewed their strategic plans annually. The frequency at which they reviewed their strategic plans explains why 67.7% of large law firms in Nairobi have their budgets tied to strategic priorities. Such priorities can only be ascertained upon an evaluation of the firm's strategic plan.

The study showed that only 22.2% of large law firms in Nairobi have more than twenty one employees. The remaining 77.8% have less than twenty one employees. Many of the large law firms in Nairobi therefore fall within the category that Keith, et al defined as small firms because they have less than one hundred employees. Further, the study established that strategic planning practices in more than 73.3% of large law firms in Nairobi was too mechanical, too routine, and too rigid. The strategic planning practices of the said firms were too mechanical, routine and rigid perhaps because as Keith et al, pointed out, they fall under the category of small firms who could not afford strategic planning staff and personnel that larger firms possessed.

The study also showed that 73.3% of large law firms in Nairobi indicated that managers did not get guidance from top management. This was a challenge to effective strategic planning as it not only hindered the strategic planning process but left the end product non acceptable to those responsible for strategic implementation and attainment. Pearce and Robinson (2002) argued that where the dominance of the CEO approach autocracy, the effectiveness of the firms strategic planning is likely to be greatly diminished. The study shows that more than 73% of employees in large law firms in Nairobi did not understand well the strategic planning procedures in their firm.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings of the study in relation to the set objectives. It also includes conclusion, recommendations and suggestions for further research.

5.2 Summary

The study sought to find out the strategic planning practices carried out by large law firms in Nairobi, Kenya. To investigate this, three objectives were identified. The objectives were;

i. To establish strategic planning practices by large law firms in Nairobi, Kenya.

ii. To determine the challenges arising from strategic planning practices adopted by large law firms in Nairobi, Kenya.

iii. To determine how large law firms in Nairobi, Kenya address the challenges.

The study found out that in relation to distribution by gender, large law firms in Nairobi were dominated by the male gender which represented 74.1% of the total number of respondents. It was also observed that 51.9% of the respondents were aged between 31 to 40 years of age. Most of the respondents had attained higher education. 48% of the respondents had gone up to the university level while 44% of the respondents had gone up to the postgraduate level. Most of the employees were experienced. 92.6% of the respondents had more than 5 years of continuous law practice. In terms of the number of employees that each firm had, 74.1% of the firms had more than 10 employees out of which 22.2% of the employees are within the age bracket of 41-50 years of age.

In terms of strategic planning practices, only 55.6% of the large firms in Nairobi practiced strategic planning. Out of those that practiced strategic planning, 86.6% of them reviewed their strategic plan annually. 66.6% these firms pointed out that strategic planning process is important to their firms.

In terms of challenges arising from strategic planning practices, most of the managers do not get guidance from top management for effective strategic planning. 73.3% of the firm’s managers did not receive guidance from top management. This hinders effective strategic planning. On the other hand, the final plans and objectives of strategic planning process are not accepted by those responsible for their implementation and attainment.

In relation to how the challenges are addressed, most of the respondents said that they have introduced performance based employment contracts for the staff members; they also said that they have taken steps to institutionalize strategic planning to involve all members of staff as they will be involved in the implementation of the strategic plan. Finally, the respondents pointed out that firms have developed an implementation matrix and committed resources to the implementation process.

5.3 Conclusion

The study found out that more than half of the large law firms in Nairobi have adopted strategic planning practices. There were more than 10 employees in the large law firms, majority of them being of the male gender. Firms that had a strategic plan felt that it was important to them and they reviewed it annually. Most of the large law firms encountered challenges when it came to managers getting guidance from top management and letting those who are responsible for implementation and attainment of plan accept the final plan and objectives.

5.4 Recommendations

In order to address the challenges arising from the strategic planning practices and have an effective strategic planning, large law firms should introduce performance based employment contracts for staff members. The firms should also take steps to institutionalize strategic planning in order to involve all members of staff. An implementation matrix should also be developed and resources committed to the implementation process.

5.5 Suggestions for Further Research

The scope of this study was restricted to large law firms in Nairobi, Kenya. In order to have a better understanding of strategic planning practices by law firms in Kenya, it is proposed that studies be undertaken to establish strategic planning practices by all law firms in Nairobi and the country at large. Studies should also be undertaken to establish why 44.4% of large law firms do not engage in strategic planning. It is further proposed that studies be undertaken to establish the relationship between strategic planning and the performance of large law firms.

5.6 Limitations of the study

As pointed above, the study covered only the large law firms operating in Nairobi. This limited its scope and to that extend the study may not be extrapolated to cover strategic planning practices by other large law firms operating outside Nairobi. Secondly, the study sought to establish strategic planning practices by large law firms only. It neither studied law firms in Nairobi nor in the whole country. To that extend, the study is limited to large law firms hence does not give an indication as to strategic planning practices by small and medium size law firms.

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Thompson, A., & Strickland, A.J. (2001), *Crafting & Executing Strategy*. Text and Readings 15th Edition. New York: McGraw-Hill.

Dear Sir/Madam,

Re: Request for Research Data,

The researcher is a Postgraduate student at the University of Nairobi pursuing a Master of Business Administration (MBA) program specializing in Strategic Management. The topic of the research is 'Strategic planning practices by large law firms in Nairobi, Kenya'

The attached questionnaire has been designed to help the researcher gather data from the respondent for the above purpose. The questionnaire is intended to collect data and has been formulated to enable the respondent make appropriate responses to the two (2) sections with ease. The researcher will ensure that the responses are treated in confidentiality since this information is sought for academic purposes only.

Your cooperation in this research through answering the necessary questions will be highly appreciated.

Yours faithfully,

Anthony E. Kiprono
Researcher
Email: tonykiprono@gmail.com
Cell phone 0722480387

Research Questionnaire

Please provide answers in the spaces provided and tick (√) in the box that matches your response to the question where applicable.

Section A: Demographic Characteristics

1. Name of the law firm (Optional)…………………………………………………………

2. Gender: Male ( ) Female ( )

3. What is your age bracket? (Tick as applicable)

a) Under 30 years ( ) b) 31 – 40 years ( )

c) 41 – 50 years ( ) d) Over 50 years ( )

4. What is your highest level of education/qualification?

a) Post graduate level ( ) b) University ( )

c) Tertiary College ( ) d) Secondary ( )

5. Length of continuous law practice with the firm?

a) Less than five years ( ) b) 5-10 years ( )

c) Over 10 years ( )

6. How many employees are there in your law firm?

a) Less than 10 ( )

b) 11 – 20 ( )

c) Above 21 ( )

Section B: Strategic Planning

7. Does your firm have a strategic plan?

Yes ( ) No ( )

8. If your answer to question 7 is yes, how often does your firm review it strategic plan?

a) Quarterly ( ) b) Semi-Annually ( )

c) Annually ( ) d) Every 5 years ( )

9. How important is strategic planning to your organization?

a) Not important ( ) b) Less important ( )

c) Important ( ) d) Very important ( )
e) Extremely important ( )

10. To what extent does your firm place emphasis to each of the following components of strategic planning process? Use 1- Very low extent, 2-Low extent, 3-Moderate extent, 4-Great extent, 5- Very great extent;

Statement	1	2	3	4	5
Strategic planning efforts help the firm to foresee areas of future opportunities					
Strategic planning efforts help the firm develop a clear mission statement for our organization					
Strategic planning process helps the firm foresee major future threats					
Strategic planning efforts enable the firm to properly appraise the firm’s strengths					
Strategic planning process helps the firm to properly appraise the firm’s weaknesses					
Strategic planning efforts help the firm clarify its priorities					
Strategic planning activities help the firm to develop useful long range objectives					
Strategic planning helps the firm develop useful long-range legal program strategies					
Strategic planning efforts help the firm to develop and implement credible medium and long-term legal goals					
Strategic planning efforts help the firm to prevent and avoid unpleasant surprises					
Strategic planning efforts help the firm to anticipate the future legal needs of customers					
Strategic planning efforts help the firm to adequately respond to its customers’ demands					
The firm’s strategic planning effort helps to anticipate future human capital needs of the organization					
Strategic plan includes a plan to adequately meet the firm’s future human capital needs					
Strategic planning efforts help the firm to design appropriate technologies into legal system and services					
Strategic plan serves as the basis for resource allocation and decision-making					

11. To what extent did your firm tie its strategic plan to strategic management practices to monitor the accomplishment of the strategic goals and objectives? Use 1- Very low extent, 2- Low extent, 3-Moderate extent, 4- Great extent, 5- Very great extent

Statement	1	2	3	4	5
Strategic management exists in our firm					
The firm has completed or underway strategic planning					
The firm has produced strategic plan document					
The firm has a budget tied to strategic priorities					
The firm has sufficient resource allocation to support the accomplishment of strategies					
There are performance measures used to track strategic goals and objectives					
There are changes in control and evaluation processes to provide feedback on the implementation of strategic plan					

12. To what extent do you agree with the following regarding resource allocation to strategic planning in your firm?

Statement	1	2	3	4	5
The annual budget prepared strongly supports the goals, objectives, and priorities established in the strategic plan					
The capital budget sharply reflects the goals, objectives, and priorities established in the strategic plan					
The strategic plan has a strong influence on the budget requests submitted by department heads					
Performance data tied to strategic goals and objectives play an important role in determining resource allocations					
Annual salary adjustments are based on contributions to advancing the strategic plan					

13. To what extent do you agree with the following regarding strategic planning in your firm? Use 1-Strongly disagree, 2-Disagree, 3-Moderate, 4-Agree and 5-Strongly agree.

Statement	1	2	3	4	5
Top management spends an appropriate amount of time on strategic planning					
Strategic planning in our organization is given more than a lip service					
Our strategic planning system proceeds on the basis of an acceptable set of procedures					
Our strategic planning procedures are well understood throughout our firm					
Our strategic planning process pays too much attention to just putting numbers in boxes					
Our strategic planning process is too mechanical, too routine, and too rigid					
New ideas are generally welcomed during our strategic planning process					
Many managers are not willing to accept our weaknesses when devising our strategic plans					
Managers get sufficient guidance from top management for effective strategic planning					
Our strategic planning process is such that the final plans and objectives are accepted by those responsible for their implementation and attainment					

14) In view of the above challenges that your firm faces in your strategic planning process, what are some of the mechanisms you use to address the said challenges?

1)……………………………………………………………………………

2)……………………………………………………………………………

3)……………………………………………………………………………

4)……………………………………………………………………………

THANK YOU FOR YOUR TIME