

**STRATEGIC PLANNING BY THE CONSTITUENCY  
DEVELOPMENT FUND (CDF) NATIONAL MANAGEMENT  
LEVEL IN KENYA**

**BY  
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## DECLARATION

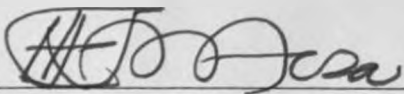
This research project is my original work and has not been submitted for a degree in any other university.

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This research project has been forwarded for examination with my approval as the university supervisor.

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May God abundantly bless and reward you all.

## **DEDICATION**

I dedicate this project work to my parents Mr. Philip Kipkemoi Sigei and Mrs. Rosemary Sigei, siblings Robert Kirer, Ellyne Chepngetich, Patrick Kirer and Pius Kirer whom I respect for their love and support during my formative years as a student. They always encouraged me during this course and have been a pillar of my hope and success.

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## ABSTRACT

Strategic planning simply put is where the organization wants to be the next year and in the near future. Strategic planning is important mainly because it enables an organization to clearly define the purpose of the organization which in the process leads to the establishment of realistic goals and objectives consistent with the set mission in a defined time frame within the organization's capacity and resources for implementation. There has been a concern that as much as organizations engaged in commercial activities partake strategic planning, the same has to be applied to the not for profit organizations both in the private and public sectors.

The public sector in Kenya has managed to embrace strategic planning though the realistic benefit cannot be ascertained as they offer the services to its citizens for free. The earlier studies have mostly paid more emphasis on organizations that engage in commercial activities and none has paid particular emphasis to the public sector and specifically devolved funds that are in Kenya. This study sought to gain deeper insight on strategic planning process and challenges faced during strategic planning at the Constituency Development Fund national management office.

The research was a case study research design involving the state run Constituency Development Fund with emphasis on the national management office that coordinates

activities in all the Kenyan constituencies. Two respondents who work at the national management office were interviewed against an expected number of three and this was found to be sufficient and the results analyzed and presented.

The findings of the study are that the Constituency Development Fund national management office undertakes formal strategic planning with reference to the government Vision 2030 strategy alongside the Millennium development Goals. It was found that the fund sets up its mission and visions which are adequately communicated to all the stakeholders. There was found to be stakeholder involvement and their input was considered by the private consultant engaged to generate the strategic plan. The challenges faced ranged from lack of all stakeholder participation, legal challenges, project implementation challenges and even weak linkage between the CDF and other technical departments. Among the steps being taken to address the challenges was holding stakeholder sensitization seminars and simplifying the strategic planning process.

It is recommended that stakeholders be involved in the policy making process and the strategic plans be simplified for easier understanding. During the study, time was a major limiting factor and some respondents could not find time for the interview. In addition, the study dwelt on middle level management and not corporate management or functional staff members.

There is need for further studies to be undertaken in the public sector devolved funds regarding the strategic planning process. In addition, there is need to undertake further research on factors that are affecting strategic plan implementation at the CDF.

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# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the study

Organizations have to continually come up with decisions that are future oriented which will lead to realization of their mission and vision. Strategic management has been defined as the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives (Pearce and Robinson, 1991). This way the organization will have to come up with future oriented objectives and plan adequately in order to meet them. Therefore the crafting of a strategy represents a managerial commitment to pursue a particular set of actions in growing the business, attracting and pleasing customers, competing successfully, conducting operation and improving the company's financial and market performance.

The public sector in the Republic of Kenya has tried to stay abreast with the developments in the field of strategic management. It has employed various strategies in various sectors of the economy for the benefit of the citizenry. The Government has equally devolved resources to the grassroots by use of various funds that were set up by Acts of Parliament. The scarcity of resources and the need to eliminate disparities in the country has seen the need for the employment of strategy in managing such funds.

### 1.1.1 Strategic Planning

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 and in so doing, the organization has to ensure that it thinks acts and learns strategically at all times. In addition to this, the organization has to translate all insights into effective strategies to cope with the changing circumstances in the environment (Bryson, 2004). This is due to the fact that the changes in the environment directly affect the organization and an organization that does not consider these changes will not survive.

Strategic planning is valuable for any organization as it helps articulate questions that ordinarily would not be addressed, which helps create a more successful and sounder future for the organization. The process also encourages ownership and commitment from all the parties involved, and helps move the organization from short-term thinking to long-term thinking. According to Bryson, (2004), strategic planning leads to improved decision making as it forms a reference point for the decision maker. In the public sector, strategic plans lead to enhanced effectiveness of broader societal systems. It also benefits the people involved by helping create a real, demonstrable public value at a reasonable cost.

There are a variety of perspectives, models and approaches used in 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 the expertise of the planners among others. In addition to the size of the organization, differences in how organizations carry out the planning activities are

more of a matter of the nature of the participants in the organization than its status whether in the public or private sector.

### **1.1.2 Devolved Funds in Kenya**

Devolution of power in the public sector has been viewed as the best tool in tackling development disparities in various parts of the country. According to Ferendinos, (2007), decentralization in governments leads to improved efficiency, governance and equity; improved development and poverty reduction; and it can be used as a conflict resolution strategy.

The public sector in Kenya has been faced by daunting challenges in the implementation of its project and funds that have been put up. According to Kiuna (2007), weak governance and systems in the public sectors posed a great challenge to the development of the country as it tended to misallocate scarce resources thereby causing delays and increasing costs of projects. In addition corruption and the political environment played a role in the management of such government projects.

According to the Kenya Institute of Public Policy Research and Analysis (KIPPRA), the funds that have been set up to manage these devolved resources, are the Constituency Development Fund (CDF), Local Authorities Transfer Fund, Secondary School Education Bursary Fund and Road Maintenance Levy Fund. In addition, there exists the HIV/Aids Fund, Rural Electrification Programme Fund, Women Enterprise Fund and the Free Primary Education.

### **1.1.3 Constituency Development Fund (CDF)**

The Constituency Development Fund was established in 2003 when the National Alliance Rainbow Coalition (NARC) administration came into power after the 2002 General Elections. According to KIPPRA, this was affected through an Act of Parliament which was contained in The Kenya Gazette Supplement No. 107 (Act No. 11) of 9th January 2004 (GOK, 2004). The CDF Act was amended in 2007 to factor in provisions that had not been considered in the earlier Act. The main aim of the fund was to control imbalances in regional development brought about by partisan politics. It also had the aim of combating poverty at the grassroots. The line ministry in charge of the Fund is the Ministry of State for Planning, National Development & Vision 2030.

Initially, the CDF had an annual budgetary allocation of 2.5% of government ordinary revenue. This has been scaled up to 7.5% of the ordinary government revenue. Since its inception, the fund has received a total of Kshs 33,254,479,942.00 upto and including the 2007/2008 government financial year (GOK, 2009). 75% of the allocation is distributed evenly among the 210 constituencies. The remaining balance of 25% is allocated based on the constituency poverty index. The CDF is managed through 4 committees 2 of which are at the national level with headquarters in Nairobi, and 2 at the grassroots level which is each of the constituencies.

The national level of the CDF is made up of the Constituency Fund Committee which is a committee of the national assembly established in line with the House Standing orders. (GOK, 2003) It has the responsibility of considering all project proposals submitted by

the constituencies and after making the appropriate recommendations, advise the Clerk of the National Assembly who forwards the same to the Minister of Finance for inclusion in the Printed Estimates. The second committee is the CDF National Management Committee which is charged with overseeing the daily operations of the Fund. It is charged with ensuring allocation and disbursement of funds to every Constituency, and prudent management of the Fund among others. It manages the functions through the publicity, projects, finance, audit and complaints sub-committees.

The grassroots level is made up of the District Project Committees which ensures that there is no project duplication in the districts and the Constituency Development Fund Committee which prioritizes the projects in a given constituency. These two grassroots committees receive project proposals which are vetted and forwarded through the patron who is the Member of Parliament for the constituency for onward submission to the Constituency Fund Committee for approval and financing. (GOK, 2003)

Due to the vast amount of resources controlled by the kitty, there arises a need to ensure that there is a sense of direction and commitment in ensuring that all the stakeholders benefit. Prudent choices have to be made the whole time for the better good of the public and all the stakeholders to the CDF kitty. All these can be achieved if the concept of strategy is adopted in running the fund's affairs at the board and constituency levels.

## **1.2 Research Problem**

Strategic planning is the process of determining what the organization wants to achieve in future. Organizations have to undertake strategic planning due to the challenges in the environment they are operating. The complexities of organizations dictate the strategic planning approach to be undertaken in a given organization. Strategic planning is the key to helping the organization collectively and cooperatively gain control of the future and the destiny of the organization.

The strategic planning process, in many organizations, has to contend with challenges when doing strategic planning which range from an erratic environment, lack of proper planning and even lack of resources among others. According to a source, strategic planning in public sector organizations is faced by other unique challenges ranging from weak management styles and governance, corruption, lack of facilities and even national disasters among others (Kiuna 2007). In addition, the organizations in the public sector are often offering their services for free to the citizenry and thus the potential benefit cannot be ascertained in financial terms.

The studies that have been undertaken on strategic planning are numerous but more emphasis has been on organizations that are engaging in commercial activities. These studies include Okindah (2008), Asewe (2009), Gichira (2009) and Mbugua (2010) among others. There have been limited studies on strategic planning in the public sector and specifically in the devolved funds in Kenya.

The CDF being an organization has to contend with the various challenges in the environment and there could be need for them to change their strategy for the sake of its continuity. Having this in mind, what is the strategic planning process in the CDF? What are the challenges faced by the CDF when formulating strategies?

### **1.3 Research Objectives**

This study had two objectives:

- i. To establish the strategic planning process in the CDF
- ii. To establish the challenges faced by the CDF during strategic planning

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

The findings of this study were beneficial to various stakeholders. Firstly, it enabled policy makers in the CDF Board and the Ministry of Planning, National Development & Vision 2030 develop guidelines on how to improve the strategic planning process that exists in the constituencies and develop a harmonized plan that were applied uniformly to deal with the challenges faced. Secondly, to all strategic managers, consultants and employees, the findings of the study helped shed more light regarding the strategic planning process especially on devolved funds in the Kenyan public sector.

Lastly, the study stimulated further research on the area of strategies planning in the public sector. This was specifically of importance to future researchers.



## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter presents a review of the theoretical literature available in strategic management. This covers areas of strategic planning and the steps involved during the process. The chapter also highlights the merits and limitations of strategic planning.

### **2.2 Concept of Strategy**

Strategy has always been viewed as the 'radar' in which the ship in this case the company finds its final destination. According to Johnson and Scholes (1999), they define strategy as the direction and scope of an organization over the long term. This achieves advantages for the organization through the configuration of resources within a changing environment to meet the needs of markets and to fulfill stakeholder's expectations. This gives strategic decision the characteristic of being complex in nature. Strategies are always meant to work for the good of the organization both in the short term and into the future.

Strategy can be viewed as a means of establishing organizational purpose. This concept points out that strategy has got to do with the shaping of the long term goals and objectives of the organization, defining major action plans needed to achieve the objectives and allocating the necessary resources (Chandler, 1962) These calls for strategic managers to come up with long term goals, plans of meeting the goals and continuously monitor the plans for changes that will be brought about by the external environment.

Competition has been considered to form a basis for developing strategies. The concept relies on the fact that the organization operates in a specific segment of the industry and that the forces in play in the segment include competition among the participants. Through segmentation the organization can analyze the business they are in, position themselves strategically, allocate resources and manage the portfolios under their control. The company therefore has a duty to benchmark based on its customers' expectations and offer value to its customers better than their competitors.

According to Hax and Majluf (1996), strategy is needed in order for organizations to obtain a viable match between their external environment and their internal capabilities. In this case, strategy is not viewed as responding to opportunities only but equally adapting to the changes in the external environment. A good analytical model is the Porter's 5 forces model of analyzing the attractiveness of the industry (Porter, 1980)

The management levels in the organization can equally dictate the strategies undertaken in the organization. This is brought about by the various levels of management in an organization. It views strategy as the product of top management which is the corporate, the business level comes up with action programs and functional level executes the day to day operations. The organization will thus succeed if all the players work together in harmony and each level is thought to be doing their part in contribution to the collective whole.

Decisions taken by an organization over time will equally serve to determine which strategy to be undertaken. This can be seen through analysis of the organization history in

relation to major milestones and decisions which triggered the same. The organization therefore exists because of the decisions which have been chosen and implemented over time. Organizations that made strategic decisions are still in survival and those that didn't apply strategy are no longer in business.

According to Hax and Majluf (1996), caring about the stakeholders could be a useful way of putting the central strategies concern of the firm in a proper perspective. It is the duty of an organization not only to maximize shareholders wealth but to equally consider engaging the society in constructive activities so that it can lead to a wider customer base. In doing so, the organization considers all the factors necessary to bring about harmony between all the stakeholders in the environment.

Strategic intent can shape the strategy undertaken in an organization. This involves an active management process that needs sense of urgency, focusing the organization on the essence of winning and motivating people to achieve the same. The organization should thus get out of the comfort zone based on the resources they have under their disposal and stretch the same resources to do more for the organization. The organization therefore will need to extrapolate the resources it commands to get new opportunities and interests in the market.

Resource based view of strategy can equally be used to determine a strategy to be undertaken by an organization. The resource based view of strategy advocates that a firm will outsmart its competitors if it wields and controls resources that passes certain unique characteristics. The nature of resources has to be inimitable to avoid duplication by

competitors, durable to ensure continuity in a changing environment and appropriate regarding the strategy employed by the organization. The resources equally have to be suitable to the positioning strategy adopted by the organization and competitively superior than those of the other players in the market.

In conclusion, the concept of strategy embraces the overall purpose of a organization. According to Hax and Majluf (1996), there has been a move to bring together the various concepts. This concept relies heavily on the mission which has the job of acting as a bridge between the approaches of the business of the organization and the unique competencies that it possesses. The firm should develop strategies in order to outsmart competitors as well as increase shareholder value. All the stakeholders have to be considered at all times and the organization should have an eye of identifying opportunities wherever they arise in the environment

### **2.3 Strategic Management**

Strategic managements cannot be entirely thought of as the process of strategic decision making. According to Johnson and Scholes (1999), the scope of strategic management is great because it encompasses wider aspects than those of operational management. This encompasses forecasting future conditions and coming up with prudent decisions and plans to tackle the environment as and when it changes. In these cases, strategic management deals with ambiguous and complex situations that do arise in an organization's environment. The practice cuts across all sections of the organization and is fundamental for organizational survival. The decisions taken have a long term

implications and therefore care should be taken when making such strategic decisions. Furthermore, strategic management is concerned with ensuring that the strategy is implemented effectively across the organization.

Strategic management is seen to include strategic analysis, strategic choice and strategy implementation. In strategic analysis Johnson and Scholes (1999) point out that the organization has to understand their strategic position in terms of external environment, internal resources and competencies and the expectations and influence of stakeholders. Secondly, strategic choice has got to do with the organization getting a deeper understanding of bases underlying future strategy. Finally, strategy implementation is concerned with the conversion of the strategy decided upon into action programs that can be undertaken by the organization. The firm has to consider all parameters as it makes the strategic decision to enable it achieve its long term goals.

#### **2.4. Evolution of strategic management**

Strategic management gained popularity starting in the 1960s. According to Bateman and Zeithmal (1993), during this period all through to the 1980s strategic planning emphasized a top-down approach to goal setting and planning and in this case, senior management was charged with the duty of ensuring that strategies were developed. In addition, during this period there was relative environmental stability. Management used past history of strategic decisions undertaken to come up with future trends and thus take strategic choices that best suit the mission of the organization. There were abundant business opportunities and the companies that were in existence were rapidly expanding and the challenge therefore at this point was to manage the organization to be able to

cope with the opportunities that were being offered by the external environment.

The environment changed turbulently from the 1970s to the mid 1980s. According to Ansoff & McDonnell (1990), this was due to the fact that competition had increased and business opportunities had started reducing. Strategic plans introduced rigidity and left out other aspects regarding strategy. After this period there was need to rethink the strategic planning approach that was to be taken. According to Bateman and Zeithmal (1993), there was need to involve the managers throughout the organization. This made the strategic plans flexible and responsive to needs and changes in the environment.

Recent developments after 1990s include the Resource Based View of Strategy. According to Hermann (2005), this view of strategy affirmed that the main source of sustainable competitive advantages resided in the development and use of valuable resources. Furthermore, there have been strides in technological development, blurred industry boundaries and more complex sources of competitive advantages and these needs scholar and practitioners to come up with new dominant paradigms revolving around concepts of knowledge, learning and innovation. This will enable organization survive well past this era into the future.

## **2.5 The strategic planning process.**

The strategic planning process has been seen to encompass three distinct steps. These are the foundation of mission and objectives, the scanning of the environment and the crafting of the strategy to be adopted. The organization has to logically follow the steps so as to come up with a prudent strategy and in doing so, consider all contextual factors

that are in play in the environment to get the end result.

### **2.5.1 Formulation of mission and objectives**

Before a company comes up with the mission it should undertake a stakeholder impact analysis and in doing so, the company will be able to identify all the stakeholders, their interests and concerns and their expectations they look forward to receiving from the company. The corporate mission statement is a key indicator of how an organization views the claims of its stakeholders (Hill and Jones, 2001). It will thus encompass the vision or mission of the company, the key values management will operate in and an explicit statement of goals that guide the attainment of the vision or mission.

The mission statement has to be market focused rather than product focused yet achievable, motivating and specific. Whenever a mission is product focused, it becomes obsolete quickly whenever the product mix changes. There is need to make the mission based on external focus rather than internal focus so as to achieve maximum benefits from the environment. There is need to state the purpose of the organization based on whatever need the organization wants to satisfy in the market than the product or service that is internally produced. While the mission should stretch the organization by showing its strategic intent, it should be realistic at all times. The mission should show the nature of their competencies and thus the same should be used to achieve them which will require staff and managers to be motivated to work towards a common goal.

The vision or mission is the purpose for which the company is in existence. In this case,

the organization articulates and brings out their business in relation to the industry they are in. According to a source, the organization's mission must portray its history, distinctive competencies and environment (Donnelly, Gibson & Ivancevich, 1992). This is because the organization's history shows its objectives, accomplishments, past mistakes and the policies they had adopted.

Organizational objectives are the expected outcomes out of a mission and encompass all operations that happen day to day seek to achieve. When the said objectives are formulated properly they can be converted to specific actions, provide direction, establish long term priorities of the firm and facilitate control within the organization (Donnelly, Gibson & Ivancevich, 1992) Management must prudently set up objectives that will lead to the realization of the organization's mission and all the stakeholders both internal and external to the organization before coming up with the vision and the objectives that will lead to them being achieved.

The vision should be continuously communicated to all employees. The mission statement should be phrased in words that will inspire and challenge so that it can help build a committed effort from employees (Thomson & Strickland, 1992). The issue of communicating the vision therefore is to inspire and challenge everyone in the organization to be able to achieve the goals set out to realize the intended strategy. The objectives equally show the management commitment to achieve specific performance targets by a certain time.



### **2.5.2 Environmental scanning**

Stoffels (1994) defines environmental scanning as a methodology for coping with external competitive, social, economic and technical issues that may be difficult to observe or diagnose but that cannot be ignored and will not go away. It seeks to identify emerging aspects in the environment so that the organization can come up with proper ways of dealing with them. The organization should be able to observe the changes in the environment, create a relevant strategy that will make them finally adapt to the change that has occurred. The purpose of scanning is to learn, increase responsiveness and to enhance the adaptability of decision making process. There has been increased need of scanning the environment because of increased environmental turbulence brought about by changing parameters in the industry.

A firm can opt to do a SWOT analysis or its current strategy to scan both the external and the internal environment. The strengths are the company's internal assets and the weaknesses are the company's internal liabilities (Thompson & Strickland, 1992). The strengths and weaknesses have to be evaluated appropriately to ensure that they are gauged appropriately depending on the parameters that they do affect. The company should also identify the industry opportunities and threats facing it. The opportunities will be capitalized while the organization should ensure that it puts in place measures so that they are not exposed to these threats. The organizations should thus come up with strategies that exploit the opportunities and provide a defense against the threats.

Another model that can be used by a firm is Michael Porter's Five Forces Model. These

five forces are the threat of new entrants to the industry, intensity of rivalry among existing competitors, pressure from substitute products, the bargaining power of buyers and the bargaining power of suppliers (Porter, 1980) A company should therefore undertake a structural analysis of these to determine the strategy it will adopt in order to outsmart its competitors. Caution should be exercised because not all the five forces are in play in a given industry and only the relevant should be evaluated and based on that analyze the industry which should be clearly differentiated from the business it wants to compete it in.

The firm should always ensure that it scans the environment before choosing a given strategic decision. This is because, according to Thompson and Strickland (1992), the better matched a company's strategy is to its external environment and internal situation, the less the need to continuously shift strategy. The organization should always review the strategy adopted to ensure that it fits the future and if it does not, there is need to come up with a new strategy.

### **2.5.3 Crafting a strategy**

This has been termed as the crucial point in developing a strategy. This is the stage where a clear set of recommendations, with supporting justifications, that revise as necessary the mission and objectives of the organization and supply the strategies to accomplish them. In this stage therefore the firm is trying to create sustainable competitive advantage (Mitchell, 2008). According to Thompson and Strickland (1989), strategy is the pattern of approaches that are generated by the firm's management to produce successful

performance. The firm should therefore have the expertise to handle their tasks.

There exist three aspects of decision making. These aspects relate to the various levels of management and the ability of the managers to craft strategies. The aspects are corporate level strategy which deals with the organization as a whole, business level strategy which entails how a company will compete within each line of business and finally the functional strategy which in most cases is normally localized and shorter horizon strategies. The firm has to ensure that all sections and levels of organization have the capabilities to deal with the respective strategic decision making process.

It is prudent to organize all corporate level strategy into three major strategy components. According to Mitchell (2008), the firm should come up with the growth strategy portfolio and parenting strategy. Growth strategy mainly deals with retrenchment or aggressive growth. They are either concentration in a given industry or diversifying into other lines of business. The two main concentration strategies that can be adapted by a firm could either be industrial integration which involves taking over the other businesses in the value chain or horizontal growth which means expanding current products to cover wider markets or segments. In diversifying, an organization could diversify in a related field or a totally new field. The decision to be undertaken in growth strategy is greatly guided by the resources under the disposal of the firm.

Regarding the portfolio strategy, Mitchell (2008) points out that this concerns making decisions about the portfolio of lines of business or strategic business units. In doing this, the organization can use the BCG Growth Share matrix in determining whether the

company's strategic business units are stars, dogs, cash cows or question marks. The organization can consider diversification or concentration based on the placing of their strategic business units. It is not prudent to have a single business as it is dangerous if a variable in the environment changes.

A business strategy is a well coordinated set of action programs aimed at securing a sustainable competitors advantage as put across by Hax & Majluf (1996). In this case, the organization will have to come up with both broad action programs and specific action programs. According to Porter (1980), competitive strategy entails being different and aims at deliberately choosing to perform activities differently or unique activities that deliver value to all stakeholders.

There exist competitive tactics that an organization can employ. This can be timing tactics which involves determining the most ideal time to make a strategic move. On the other hand, an organization can equally employ the market location tactics. This can either be offensive to take away market share from competitors or defensive tactics where the organization tries to wade off competitors to maintain the market share through structural barriers, increasing expected retaliation or reducing the inducement for attack by making the industry look unattractive.

Functional strategies should equally be considered during the crafting of strategies. The major distinguishing factors about these strategies are the essence of having a short time horizon, being specific and primarily involving operating managers. All functional strategies in the organization come out of the business game plan as pointed out by

Thompson & Strickland (1980). The firm should therefore carefully come up with prudent functional and operational plans if it wants to achieve its mission.

If strategic planning is done adequately, it will result in a clearly defined blueprint for management action at all levels of the organization (Donnelly, Gibson & Ivancevich, 1992). Although the horizons governing the various level strategies are different, they all stem from the same document which is the strategic plan. Whenever a strategic plan has been done with all the stakeholders involved, an organization will easily generate an achievable mission that will be complemented by the objectives and action programs. This will lead to the organization realizing all the strategies that they will have set in place.

## **2.6 Merits of Strategic Planning**

The strategic planning process has been viewed as a general tool of unifying the whole organization. This has been through various accomplishments as pointed out by Hax & Majluf (1996). The unification of the organization has been achieved through the vision statement that is generated at the early stages of strategy formulation. The vision gives a sense of purpose to the organization and its members through the identification by members thriving to achieve it.

Through the distinction brought about by the levels of strategy undertaken in the organization, the organization is able to segment appropriately. The organization structure will be balanced in a way that each section and department has a specific expertise and competency. The corporate strategy will unify the whole organization while

the business strategy defines the separate businesses and their specific business strategies. The functional strategy will point out how the specific action programs will be undertaken so as to realize the whole strategy.

Strategic plans tend to be future oriented and thus by essence introduces the culture of thinking ahead and planning for the future in the organization. Since activities in the company are routinized and done repeatedly, the essence of planning for the future will not be appreciated if strategic plans are not in place., Strategic plans will always ensure that managers think of the future and stretch the organization's resources to do more.

### **2.7 Limitations of Strategic Planning.**

According to Hax & Majluf (1996), strategic plans can also be detrimental to the organization. The limitations have to be properly recognized or they could destroy the effectiveness of the same plans. There is an increased risk of bureaucratization due to the fact that strategic plans are usually put down in writing. This fact can make the organizational members not do what is prudent and reasonable because it goes against the strategic plan.

Erratic changes in the environment will present challenges to strategic plans. If strategic plans are to be entirely depended upon, the organization in a rapidly changing and unpredictable environment will be vulnerable. In this case, there needs to be room for changing the strategy by what Hax & Majluf (1996) recommend as opportunistic planning. This planning responds to unexpected emergencies of opportunities and threats, concentrates on segments of an organization and is based on existing capabilities.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter presents the research design used in the study. It also highlights the data collection technique and the data analysis method to be used to interpret the data.

### **3.2 Research Design**

The research design adopted was a case study. The unit to be studied was the State run Constituency Development Fund (CDF) and the theory to be used in generalization was strategic planning. Case studies have been defined as an examination of a specific phenomenon. In case studies, Yin (1994) pointed out that generalization of results is made to theory and not to populations.

Cooper & Schindler (2006) contend that case studies place more emphasis on a full contextual analysis of fewer events which in this case is strategic planning. Case studies also help generate multiple information and provide valuable insight to problem solving and the investigator does not control the data collection environment (Yin, 1994) as in other research strategies; hence the procedures become all the more important. According to Stake (1995), during interviews, which by nature are open-ended, the subject's schedule must dictate the activity.

### **3.3 Data Collection**

Primary data was used for this study. This was collected through personal interviews. A

total of two respondents who are managers at the CDF national management office were interviewed. This comprised the Financial Manager and the Internal Audit Manager.

The personal interview technique was ideal for the research as it allowed the researcher and the respondents to seek further information on any question or response that had not been understood. It also gave the researcher chance to probe for more information and allow the respondents the opportunity to ask the researcher any questions regarding the research.

### **3.4 Data Analysis**

The data collected was qualitative and thus content analysis was used to analyze the data. Content analysis has been defined as a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same to relate to trends (Nachmias and Nachmias 1996). Reliance is placed on theoretical propositions of the study, and then to analyze the evidence based on those propositions.

The assumption made was that the words that were mentioned most often were the ones that reflected the greatest concerns. According to Weber, (1990), one thing to consider is that synonyms may be used for stylistic reasons throughout a document and thus may lead the researchers to underestimate the importance of a concept. It has the attractive features of being unobtrusive, and being useful in dealing with large volumes of data. This approach had been used previously in other research projects such as Kamuna (2007) and Kiuna (2007).



## **CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION**

### **4.1 Introduction**

This chapter presents the analysis and interpretations of the data from the field. It presents analysis and findings of the study as set out in the research methodology on strategic planning by the constituency development fund national management level in Kenya. The data was gathered exclusively from an interview guide as the research instrument. The interview guide was designed in line with the objectives of the study. To enhance data quality of data obtained, unstructured questions were used whereby respondents indicated their views and opinions on strategic planning by the constituency development fund national management level in Kenya.

### **4.2 Interviewee description**

The researcher aimed to get an understanding of the fund's strategic planning process and ended up undertaking interviews with members of staff. From the finding, the study established that majority of the interviewees had worked for a period of six (6) years with the fund in different capacities before ascending to management positions. The respondents were two managers of the fund who in the departments of finance and internal audit. The two departments were chosen together with the Chief Executive Officer as they were found to be knowledgeable of the programs of the fund and were involved in the day to day operations of the fund. The interviews were undertaken within official working time and the research assistant took notes as the respondents gave their input.

#### **4.2.1 Description of CDF**

The Constituency Development Fund was established in the year 2003 through the CDF Act. It is one of the devolved funds in which public funds are allocated to local communities for development projects. According to the interviewees, the fact that legislators who are members of parliament are patrons for the fund enables the needs of the constituents to be better articulated at the national level. The projects that are financed by the funds are all over the country in the two hundred and ten (210) constituencies which are allocated funds by the organization. The respondents believe that as much as the fund is engaged in the approval and vetting of projects, there is need to address the challenges that face the management of the fund.

The recent promulgation of the new constitution in August 2010 is believed by the respondents to be a factor to be considered in all the activities in the fund. In addition, the creation of new constituencies will require the fund to proactively plan their future programs and put in place strategies so that the organization can deliver on its core mandate. Since the fund is one of the various devolved funds, the organization is using the approach of channeling funds for approved projects directly to the beneficiaries which are the community members. The interviewees believe therefore that caution has to be taken by the Board of Directors to ensure that there is no mismanagement of funds by the community and approved projects are actually implemented considering value for money. The researcher found out that the fund was developed by the Government as an initiative

towards the achievement of Vision 2030 and Millennium Development Goals by the year 2015.

#### **4.2.3 Funding of CDF**

The researcher found out that most of the funding was from the Government of Kenya. This is based on 2.5% allocation of ordinary government revenue. 75% of the funds are distributed equally among the 210 constituencies and the remaining 25% is distributed based on the constituency population and poverty levels. During the 2003/2004 financial period, the interviewees contend that the budgetary allocation was approximately 1.3 billion Kenya shillings which has risen gradually to an amount of close to 10 billion Kenya shillings in the 2008/2009 financial period. The researcher found out that each constituency is required to devote at least 68% of the funds received in a given financial year for development projects. There is also need to maintain an Emergency Reserve of 5% and office expenses should not exceed 3% of the annual allocations. The funds are to be used only for activities that support the social welfares and usage in personal endeavors, support of political activities and funding of religious activities is highly prohibited.

#### **4.3 Strategic Planning at the CDF**

The fund is able to achieve its objectives as it is guided by the mission and vision. The fund has the vision to be the leading institution in the efficient and effective management of devolved funds alongside the mission of providing leadership and policy direction in the optimal utilization of devolved funds. The interviewees agree that there is a direct

relationship of the mission with the strategies adopted by the fund. The mission takes into account the need for the fund to facilitate equitable development and poverty reduction at the community level. The study also noted that with the promulgation of the new constitution, the fund has embarked on adopting strategies that are guided by the fundamental rights as enshrined in the constitution.

The researcher found out that the CDF is guided by overall Government strategy that is prevailing at the time when developing its strategies. The strategies that guided the fund were the Economic Recovery Strategy for Wealth and Employment Creation (ERS) for the period 2003 to 2007. Upon expiry of this period, the Kenya Vision 2030 strategy was adopted and is the one currently being implemented alongside the Millennium Development Goals that are running up to the year 2015 to benchmark its activities and programs. The strategies are both developed upon consultative discussions with all the stakeholders and are aimed at guiding all the Government departments. The stakeholders are both local and international experts that come up with the best possible course of action to be adopted by the country in trying to accelerate transformation to an industrialized nation with low poverty levels and improved standards of living.

#### **4.3.1 Economic Recovery Strategy for Wealth and Employment Creation**

The researcher found out that from the period 2003 to 2007, immediately after the National Alliance Rainbow Coalition (NARC) Government came into power, the Economic Recovery Strategy for Wealth and Employment Creation (ERS) was the guiding principle in all Government operations. This is the same time that the

Constituency Development Fund was created. The ERS strategy had four pillars that guided all Government actions and programs. The Government recognized the need for economic growth through the strategy implementation period that was achieved through enhancing revenue collection, expenditure restructuring and a monetary policy that would support achievement of the economic growth. The economy improved from the 0.6% growth in 2002 to a growth of 7% by the year 2007. The second important pillar was the strengthening of the institutions of governance through reforms in the various arms of government and building capacity in institutions involved in enabling the poor access justice.

The researcher also found the third pillar to deal mostly with infrastructure. The Government considered rehabilitating and expanding the existing physical infrastructure. Particular emphasis was put on roads, railways and telecommunications and the strategy identified the rehabilitation of dilapidated infrastructure while at the same time building new ones. The final pillar in the ERS strategy was the investment in the human capital. This was to be achieved through education for all in primary, secondary and tertiary levels of education. There was also need to establish a National Social Health Insurance Fund for all Kenyans to easily access medical services and continued fight of the HIV/AIDS scourge. The Government had a belief that for the realization of the pillars, more investment had to be put to the productive sectors of the economy. This was to be achieved through reducing cost of capital and productive activities, provision of supportive services and even the reduction of regulatory impediments that increase cost of doing business.

### 4.3.2 Kenya Vision 2030 Strategy

The ERS Strategy having been successfully implemented, the Government came up with the Kenya Vision 2030 strategy. In the year 2005, the Government accepted recommendations of the National Economic and Social Council among which there was the need to prepare a long-term vision to guide the development of the country up to the year 2030. The vision is to be divided into medium term benchmarks that were to enable the government gauge the performance and realization of the set objectives. The strategy is divided into three pillars of economic, social and political. In the economic pillar, the country expects to maintain a growth rate of 10% in order to achieve the vision of being industrialized by the year 2030. For this economic rate to be sustained there is need to ensure that the key sectors of tourism, agriculture, manufacturing, wholesale and retail trade, business process outsourcing and financial services. The social pillar dwells on the country building a just and cohesive society that enjoys equitable social development in a clean and secure environment. The pillar brings into consideration education and training, health sector, water and sanitation, the environment, housing and urbanization and also gender, youth and vulnerable groups. The political pillar dwells on the political governance systems which will cover areas of the rule of law always prevailing, a transparent and fair electoral process and even democracy and efficient public service delivery. There is also need for transparency and accountability, security, peace-building and amicable conflict management.

### **4.3.3 Millennium Development Goals (MDGs)**

The Millennium Development Goals (MDGs) are internationally accepted standards for measuring progress towards poverty alleviation. The MDGs are eight goals to be achieved by 2015 that were aimed at responding to the world's main development challenges. The MDGs are drawn from the actions and targets contained in the Millennium Declaration that had eight goals. The eight MDGs are extreme poverty and hunger eradication, achievement of universal primary education, promotion of gender equality and women empowerment, reduction of child mortality and improvement of maternal health. In addition, there is combating of HIV/AIDS and other diseases, ensuring environmental sustainability and the development of a global partnership for development. The government has availed more resources through devolved funds whereby the CDF plays a pertinent role. The CDF national management office is overseen by the CDF Board. According to the CDF (Amendment) Act 2007, the Board shall be in charge of the activities and functions of the national management office. The Board is a body corporate operating under the State Corporations Act (1987), with perpetual succession and a common seal. The study found out that the Board is in charge of strategic planning and set up the vision, mission and values that will guide the fund as it plans strategically.

The researcher found out that as the fund falls under the Ministry of Planning, National Development and Vision 2030 in the Office of the Prime Minister, effort has been made to ensure that the strategic plan adopted by the fund was in agreement with the Ministry

of Planning, National Development and Vision 2030 Strategic Plan 2008/9-2012/13 and Office of the Prime Minister Strategic Plan 2009-2012. All the strategies to be adopted by the fund have to consider the aspects of poverty reduction, consider community development, attainment of Vision 2030 and the MDGs. The strategic plan of the fund is thereafter broken down to a set of time bound, concrete action plans that will be implemented. The strategic planning process at the fund is in the form of workshops and seminars in which the stakeholders are asked to provide their input. The strategic planning process has been issues and time focused and the environmental scanning and review was positive.

The strategic planning process begins by setting boundaries by using the vision and the mission statement and the corresponding values that will guide the organization. The strategic plan has time frame for which decisions it has to consider. The Finance Committee reviews the strategies that have been identified before implementation. Thereafter, the policies and strategies are taken to the CDF Board for discussion and consideration before adoption. If the strategy is approved, the Board passes a resolution which is communicated to the management before the strategies are adopted. The study found that CDF Board outsourced the strategic planning process to private consultants to assist in the preparation of the strategic plan and train the managers to be involved in strategic planning. Although no formal training has been given to the participants in the process, the consultant proved to be quite helpful in articulating the various areas to be considered when undertaking strategic planning. This was achieved through participative discussions, seminars, workshops and forums in which the participants were allowed to



articulate their requirements and have their input in the process. Few of the respondents indicated that training was offered to the participants through holding retreats outside the office for transformation.

Additionally, the study further aimed to investigate the financial implications on strategic planning on the organization where most of the respondents focused on annual budget where parent ministry the Ministry of Planning, National Development and Vision 2030 caters for the strategic planning process through availing of funds for the exercise. The departments having come up with the requirements which were translated to monetary terms, the finance department was charged with the compilation of the total annual budget. The same was vetted by the Finance Committee and a budget of the strategic plan having been approved was included in the parent ministry budget estimates. When the funds are not enough for strategic planning purposes, the departments are allowed to revise their projections and the same are considered in the supplementary estimates of the parent ministry.

#### **4.3.4 Communication of Strategic Decisions**

The researcher found out that strategic plan was communicated within the organization and to other stakeholders. This dissemination has been achieved through the public launch at the Kenyatta International Conference Centre on 20<sup>th</sup> of April, 2011 to both the external and internal stakeholders. The researcher found out that there is existence of written documents stating the fund's mission and objectives. There are also writings in the CDF website, brochures and printed stationery used in the office. There was also a

display of placards and wall mountings in the fund's headquarters that explicitly presented the vision, mission and core values.

The interviewees also highlighted that there existed an Internal Communication Policy to guide on how information was passed was exchanged among employees. The strategic decisions were communicated in retreats, internal news, office emails and even being mentioned in employee meetings and workshops. The interviewees believed that the most effective method was the official email facility for passing information from management to employees and regular meetings for feedback from the employees to management.

#### **4.3.5 Scanning the environment**

Stakeholder analysis is one of the key ingredients of environmental scanning. The researcher found out that the requirements of the stakeholders are accumulated and factored during the strategic planning process. This was achieved through interactive sessions such as seminars and workshops in which the input of the stakeholders were considered. The respondents gave an example of stakeholder involvement whereby Members of Parliament, constituency development committee, public media, donors such as World Bank, multilateral agencies, suppliers and even community based organizations together with non-governmental organizations were involved in the strategic planning process. The private consultants; University of Nairobi Enterprises Services (UNES) Limited upon engagement brought on board the external stakeholders that have input and equally considered their input in the strategic planning process at the fund. These stakeholders were mainly from the private sector and consisted of Non-Governmental

Organizations that focused on governance issues, professional organizations and associations and even the government body in charge of public procurement; the Public Procurement and Oversight Authority.

The fund has to consider the political, economical, social, technological, ecological and even legal (PESTEL) considerations. In addition, the fund has to undertake an assessment of its strengths, weaknesses, opportunities and threats (SWOT) as it tries to leverage its resources while executing its strategy. In an attempt to undertake strategic planning, the Board does SWOT and PESTEL analysis. The inequitable distribution of development across the country and the poverty levels that is still high have created opportunities for the CDF. The full government support and financing has proved to be one of the greatest strength of the CDF.

#### **4.4 Challenges faced by the fund while doing strategic planning.**

The fund is faced by a myriad of challenges as it tries to plan strategically. These challenges are mostly presented by the external and internal environment. In trying to undertake strategic planning, the fund is faced by the challenges ranging from the stakeholders, legal environment, challenges brought about by other technical departments of government, employee challenges and even challengers regarding the execution of projects. The fund has to consider the challenges whenever it is undertaking strategic planning for acceptance and overall ownership of the strategic plan as and when it comes to the implementation stage.

#### **4.4.1 Stakeholders challenges**

The study found out that lack of stakeholders understanding of strategic plan was a major hindrance to the strategic planning process. It was noted that more has to be done to bring the stakeholders on board so that their input can equally be considered. Lack of stakeholder involvement could lead to hardships during implementation and even sabotage of the whole process. The fund plans to undertake stakeholder seminars and workshops to arrest this situation. It was also noted that the implementation of the strategic plan was another challenge. The fund finds that this could come about as a result of stakeholders not understanding the process of strategic planning. The plan in this regards plans to simplify the strategic plan which will enable the stakeholders understand it better and enable implementation.

The study also found out that the unique differences between stakeholders was a major hindrance during the strategy planning process. This comes about due to the stratification of the stakeholders who range from politicians at the national level, the politicians at the local government, the private sector and even the constituents at the community level. This brings about different needs and expectations to the fund which have to be considered and harmonized into the strategic plan. The fund considered all views from the different stakeholders and tried to strike a balance to ensure inclusivity of all the stakeholders.

#### **4.4.2 Legal challenges**

The legal environment in which the fund operates in also posed a challenge during the strategic planning process. The fact that the fund reports to the parent ministry and also the Local Authorities Fund Accounts Committee of Parliament presents a challenge to the management. This brings about a dual reporting relationship which was an obstacle as the fund undertakes strategic planning. The fund has held consultative workshops and set up a taskforce to ensure that all the expectations are considered and a proper legal framework is established to guide all the operations of the fund. The report of the taskforce is being reviewed with a view of implementing the recommendations.

The promulgation of the new constitution has put the fund at crossroads regarding their mandate now that the focal unit at the local level is now the country. The taskforce on devolution is yet to give a clear guideline regarding how the fund will be managed. The respondents contend that the fund ought to be maintained but structures be put in place to ensure that projects are identified based on expected benefit and care taken to avoid duplication of projects. This is viewed as a viable solution so that all the projects that are being implemented by the fund are completed and the community derives value from the same.

#### **4.4.3 CDF and other technical departments challenges**

The weak linkage between Constituency Development Fund and the technical departments is another challenge that makes strategic planning to be undertaken by the

fund effectively. The technical departments are the departments in the public service that engage in certification and supervision of all the projects that are undertaken by the fund. This presents a challenge as they would want to run the entire fund's programs and projects with reference to their specific departments' objectives and this brings about disharmony as the fund equally wants to achieve its objectives. The interviewees noted that this poses a threat when it gets to the implementation of approved projects and during monitoring and evaluation.

The researcher also noted that there was found to be low technical expertise in the fund to implement the projects. This is due to the fact that the fund does not have technically qualified personnel and largely depends on the technical departments aforementioned. This presents a challenge as the fund tries to implement the projects as the other technical departments have other programs to supervise and the fund therefore has to adjust to these departments' timetable. The fund is of the view that it ought to employ technical officers or have officers from the departments seconded to the fund and concentrate solely on the fund activities.

#### **4.4.4 Employee challenges**

The study also noted that there were challenges that came about due to the fund's employees. The major challenge presented by this group was resistance to change. This was explained to be brought about by the lack of adequate training and preparation of staff towards the strategic planning process. The interviewees also noted that the lack of involvement in the process could be another reason for the resistance. The fund also

being in the public service brings in the challenge of complacency by employees and thereby leading to resistance. The fund has opted to sensitize the employees on the need to change and plans to appraise the staff members based on tasks and activities accomplished by employees towards the strategic plans adopted.

The study also found out that high turnover of the employees was hampering continuity and implementation of the strategic plan. The respondents noted that the fund is losing members of staff through resignations to pursue careers they find more rewarding outside the fund. The fund also has to cope with the transfer of staff members that are on secondment from other departments who are recalled back by the parent ministries. The interviewees noted that the fund is trying to come up with a framework that will motivate staff and therefore create loyalty to reduce the high turnover rate. There is also proposal to enhance the remuneration package and scheme of service so as to attract and retain staff from outside the civil service.

#### **4.4.5 Projects challenges**

The researcher also found out that there is low utilization of the completed facilities by the project. The interviewees contend that this is due to the fact that the line ministries do not commit resources on projects undertaken by the fund. An example was given whereby a hospital was constructed by the fund and upon completion, the line ministry in charge of medical services did not post doctors and nurses to the facility. This confirms the fact that the fund does not exhaustively consult the other ministries as it tries to vet and approve the projects. There is need to involve the other government departments and

the respondents agree that proper vetting in conjunction with these other departments is now undertaken by the fund to ensure that projects undertaken are viable and benefit the community.

The respondents also noted that due to poor transition during elections, some of the projects are abandoned when a new Member of Parliament is elected. The projects initiated by his or her predecessor are abandoned and over time leads to wastage of resources that had been committed to the project. The wastage occurs due to abandonment of the site and in some instances this attracts vandals who start stealing materials on site and even demolish the structures so far built to salvage for useful materials. The respondents believe that the transition has to be harmonized and projects prioritized so that started projects are completed before new ones are even approved.

#### **4.5 Discussion of findings**

The use of strategy has been viewed as the need for defining the organization in terms of where it wants to be in future. There is need for the organization to therefore consider the resources at its disposal and leverage the same to the advantage of the organization. (Johnson and Scholes, 1999) .In addition, Gichira (2009) and Mbugua (2010) do contend with the fact that strategic plans are used for planning ahead in order to achieve organizational objectives. This is confirmed by the study as the fund notes that for good governance and proper linkage with other stakeholders, there is need to have a roadmap which in this case is the strategic plan. This will guide the fund as it tries to achieve its goals in line with the mandate vested in it by the citizenry. The respondents were of the



opinion that strategic management was the utilization of strategic plans to achieve organization long term and short term objectives. The respondents were of the opinion that strategic management is focusing on goals and objective of the CDF board by laying of foundation on how CDF board can achieve its objectives that are long-term in nature. This was achieved through the setting of mission and vision by top management, articulation of objectives by middle level management and implementation of the goals and activities by the operational management.

According to Hax and Majluf (1996), strategy is needed in order for organizations to obtain a viable match between their external environment and their internal capabilities. In this case, strategy is not viewed as responding to opportunities only but equally adapting to the changes in the external environment. The study found out that the changes in the external environment of the fund dictated the strategy to be adopted. There was need to be in agreement with the new constitution and try to address the emerging challenges. There is also the essence of adopting strategy with regards to the management levels in the organization. In this case, strategy is viewed as the product of top management which is the corporate, the business level comes up with action programs and functional level executes the day to day operations. This was noted in the fund as the CDF Board set the mission and vision, articulation of objectives by middle level management and implementation of the goals and activities by the operational management. The organization will thus succeed if all the players work together in harmony and each level is thought to be doing their part in contribution to the collective whole.

Strategic management is believed to deal with ambiguous and complex situations that do arise in an organization's environment. The practice cuts across all sections of the organization and is fundamental for organizational survival. The decisions taken have a long term implications and therefore care should be taken when making such strategic decisions. The CDF national management office starts by identifying the vision, which leads them to generate the mission statement. This is then followed by the setting the objectives that will enable the fund achieve the mission and vision. The study found out that the Board of Directors come up with the expectations of the firm in the future and the same are finally articulated into the strategic plan after the involvement of the other stakeholders. Since the organization exists in a complex unpredictable environment and should ensure that the resources under their disposal are utilized efficiently to add more value to all the stakeholders. The corporate mission statement is one of the key indicators of how the organization perceives its stakeholders and their claims on the organization. (Hax and Majluf , 2001)The fund has articulated its mission to guide it in offering leadership and policy direction in the management of devolved funds for equitable distribution of national resources and poverty reduction at the community level. (GoK, 2011) From the mission, it can be noted that there is proper consideration of the main stakeholders which are the community members and citizenry of the Government of Kenya. In addition, the consultant collected the views and opinions of the stakeholders so that these could be input into the strategic plan.

The organization has to undertake proper environmental scanning as it tries to undertake strategic planning. Stoffels (1994) considers this as a way of dealing with the external

factors that are not within the control of the organization. The organization has to consider the political, economical, social, technological, legal and even ecological considerations. In addition, the organization has to undertake an assessment of its strengths, weaknesses, opportunities and threats as it tries to leverage its resources while executing its strategy. It was found that the fund through the consultant engaged undertook an analysis of the political, economical, social, technological, ecological and legal environments as it was undertaking strategic planning. An analysis of the strengths, weaknesses, opportunities and threats was also undertaken in equal measure. There has to be continuous and issues focused strategy by management at all times. There should be management support for the strategic planning process so that employees are able to relate to the process and own it. The study found out that the fund had supported strategic planning by developing an Information Communication Policy (ICT) policy that tallied with the objective of the e-governance that is being employed throughout the public service. The fund also developed auditing skills to assess the training needs of the staff continuously.

The organizational stakeholders have to be considered as the firm tries to undertake strategic planning. The caring of the stakeholders could be one of the most useful way in putting the central strategies to be adopted by the firm in proper focus (Hax and Majluf, 1996). The study found out that the fund paid particular attention to the stakeholders and was trying to ensure their inclusion and participation in the strategic planning process. The fund noted the need to simplify the strategic plan and communicate the stakeholders for effective implementation of the plan. It is the duty of an organization not only to

maximize shareholders wealth but to equally consider engaging the society in constructive activities so that it can lead to a wider customer base. In doing so, the organization considers all the factors necessary to bring about harmony between all the stakeholders in the environment.

The organization has to create ownership of the strategic plan by the employees who will work towards its achievement. According to Thomson and Strickland (1992), the plan ought to inspire and challenge and therefore create a committed effort among employees. This is further supported by findings in Asewe (2009) who noted that members of staff in an organization staff have to be adequately compensated and involved in the strategic planning process. The fund in this case considers the need to train the employees on the principles of strategic management to enable them implement the strategic plan. In addition, the fund considers that the plans have to be communicated to all the stakeholders and this has been undertaken for both the internal and external stakeholders. The respondents indicated that fund further supported strategic planning by conducting regular performance appraisal to track the annual effectiveness of the set targets and enhance the way information was shared with the stakeholders.

The public sector is faced with a number of unique challenges while undertaking strategic planning. According to Kiuna (2007), these challenges emanate from weak management and governance systems, corruption, political and escalation of project costs among others. The study confirmed the findings as the fund is faced by challenges that range from stakeholder acceptance of the process and even resistance to change by the internal

stakeholders. The challenges are daunting but the fund believes that proper involvement and trainings for all the stakeholders could enable it implement the strategies it has set.

# **CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

## **5.1 Introduction**

This chapter presents a summary of the findings of the study, conclusion and suggests some recommendations. At the end of this chapter suggestions for further study and research are suggested. These are areas that in future can be explored to further the knowledge and research on the process of strategic planning.

## **5.2 Summary of the Findings**

### **5.2.1 Strategic Planning at the Constituency Development Fund**

According to the study, the Constituency Development Fund national management office employs the principles of strategic management in the planning of activities both in the short and long term in order to achieve organizational objectives. The guiding principle was found to be the overall government strategy being implemented at the specific instant. The current strategies adopted by the fund make reference to the Kenya Vision 2030 strategy and the Millennium Development Goals. The fund breaks down the strategic plans to time bound action programs which are effectively communicated to all the stakeholders. The fund also considers the changes in the external environment and adjusts its strategy to be in line with the changing times. The fund also communicates the strategic plans effectively across the organization and the internal stakeholders are explicitly aware of the strategic plans in the organization.

### **5.2.2 Challenges to strategic planning**

The challenges the fund faces as they plan strategically range from lack of stakeholders understanding of strategic planning process which makes the chances of success upon implementation to be hard. The fund equally has to deal with legal hurdles that affect the adopted strategies, poor identification and implementation of projects. These factors have brought about variables that have to be considered during the strategic planning process.

In addition to the challenges aforementioned, it was also noted that employee resistance to change and high turnover made the strategic planning process difficult. The fund notes that training and seminars of critical stakeholders and simplification of strategic plan were some of the solution to the challenges encountered during strategic planning. The fund has also embarked to sensitization programs for all stakeholders and is equally coming up with a new participatory policy framework.

### **5.3 Conclusion**

From the study it is evident that for the organization has to actively embrace strategic planning for long term survival and achievement of its mandate. There is also need for all stakeholders to be involved in the strategic planning process and there should be adequate sensitization on the strategic plans that are in place through adequate communication. It is also evident from the study there are challenges to the strategic planning process and the

organization has to find ways of dealing with the same in order to implement the strategic plan.

From the study it is also evident that for the organization to be effective in implementation of strategic plans the members of staff ought to be involved and trained on the process involved. There should also be a clear distinction between the strategic planning process and the strategic implementation stage for effective strategies to be adopted. The organization also has to simplify the strategic planning process and enlighten the stakeholders on their benefits for easier application and implementation.

#### **5.4 Recommendations**

The study recommended that the fund should encourage a participatory, transparent and accountable public policy framework that considers all the stakeholders so that the strategic plans are implemented effectively. This will enable the stakeholders to appreciate the process and actively work towards the achievement of the strategic plan. The fund has to liaise with all the stakeholders with a view of coming up with a framework to address the challenges facing it as it tries to undertake strategic planning. These consultations could be done through workshops and even the collection of views through forums set up by the fund.

The study also recommended that for effective strategic plans, there ought to be a clear division between the strategic planning process and the strategic implementation process. This has to be followed by the adequate allocation of sufficient resources for the implementation of the plans and thereafter proper monitoring and evaluation be



undertaken to ensure that the resources were adequately used and there is value for money. It is also important for the organization to consider partnering with other organizations that deal with the community with a view of creating partnerships to undertake big projects that none can undertake separately. This will lead to value delivery to the communities which are the focal groups for the organizations.

### **5.5 Limitations of the study**

The major limiting factor experienced by the researcher was time as the interviews were conducted during normal working hours and some respondents complained of lack of time. Due to the time element, it was not possible to interview the Acting Chief Executive Officer to get his insight as he was not available due to prior commitments and therefore was not interviewed for purposes of the study. It was also noted that interruptions during response time were quite prevalent and could have affected the quality of output.

The study also concentrated on the managers in the fund and did not consider the input of operational staff or the members of the CDF Board. Another limiting factors experienced by the researcher was lack of total disclosure by the respondents regarding the measures being undertaken by the fund as it undertakes strategic planning. The respondents avoided the issue of the responsible parties that ought to address the challenges noted.

### **5.5 Suggestions for Further Study**

The study recommends that a comparative study be done on the strategic planning process in other state run government devolved funds that are guided by the government

strategy of Vision 2030 and the Millennium Development Goals. The study also suggests that a study be done on the factors that hinder effective implementation of strategic plan at the Constituency Development Fund national management office with a view of addressing the challenges.

The study suggested that a study be done on the strategic planning process at the country level such as Kenya Vision 2030 and the challenges faced during the process. The study also recommends that a comparative study be done on the strategies adopted by constituencies that are ranked to have utilized their funds efficiently for reliable results.

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## **APPENDIX I: INTERVIEW GUIDE FOR THE CHIEF EXECUTIVE OFFICER**

### **PART A: DEMOGRAPHIC INFORMATION**

1. Name of the interviewee?
2. How many years have you served in the organization?

### **PART B: STRATEGIC PLANNING**

1. Briefly describe your understanding of strategic management?
2. Does your organization have a strategic plan?
3. How long has the strategic plan been in place?
4. What is your role in the strategic planning process?
5. Does your organization involve stakeholders in the strategic planning process?
6. What mechanisms are there to ensure all stakeholder contributions are considered?
7. Does your organization refer to external and internal environment as they undertake strategic planning?
8. Does your organization engage consultants to assist during the strategic planning process?
9. Do you hold discussions with your line managers on strategic planning?
10. From your point of view, what are the challenges facing strategic planning?
11. What action has been taken by the organization to address the challenges?



## **APPENDIX II: INTERVIEW GUIDE FOR FINANCIAL MANAGER**

### **PART A: DEMOGRAPHIC INFORMATION**

1. Name of the interviewee?
2. How many years have you served in the organization?

### **PART B: STRATEGIC PLANNING**

1. Briefly describe your understanding of strategic management?
2. Does your organization have a strategic plan?
3. What is your understanding of the strategic planning process?
4. Are you involved in strategic planning in your organization?
5. Does your organization involve stakeholders in the strategic planning process?
6. What financial implications does strategic planning have on the organisation?
7. Does your organization engage consultants to assist during the strategic planning process and how are they paid?
8. Are those involved in strategic planning trained on it and what could be the budget of the training component?
9. How is the strategic plan communicated in the organization and stakeholders and what are the financial implications?
10. What challenges do you think are facing strategic planning?
11. What action has been taken by the organization to address the challenges?
12. Any suggestions on how to improve the strategic planning process?

## **APPENDIX II: INTERVIEW GUIDE FOR INTERNAL AUDIT MANAGER**

### **PART A: DEMOGRAPHIC INFORMATION**

1. Name of the interviewee?
2. How many years have you served in the organization?

### **PART B: STRATEGIC PLANNING**

1. Briefly describe your understanding of strategic management?
2. Does your organization have a strategic plan?
3. What is your understanding of the strategic planning process?
4. What is your role in the strategic planning process?
5. Does your organization involve stakeholders in the strategic planning process?
6. What mechanisms are there to ensure all stakeholder contributions are considered?
7. Does your organization processes support the strategic planning?
8. Does your organization engage consultants to assist during the strategic planning process and have they come for your input?
9. Are those involved in strategic planning trained on it?
10. How is the strategic plan communicated in the organization?
11. What challenges do you think are facing strategic planning?
12. What action has been taken by the organization to address the challenges?
13. Any suggestions on how to improve the strategic planning process?