

**STRATEGIC PLANNING AND ORGANISATION PERFORMANCE AT
NAIROBI CITY WATER AND SEWERAGE COMPANY LIMITED**

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DECLARATION

I Violet Awino Akello hereby declare that this research project is my original work and has not been presented for examination in other institution of learning such as college or University for any academic Award such as certificate, diploma or degree.

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DEDICATION

This research project is lovingly dedicated to my family who has been my constant source of inspiration. They have given me the drive and discipline to tackle any tasks with enthusiasm and determination, without their love and support, this project would not have been made possible.

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LIST OF ABBREVIATIONS AND ACRONYMS

AWSB	–	Athi Water Services Board
BOD	–	Board of Directors
BPOs	–	Business Process Owners
FSP	–	Formal strategic planning
GDP	–	Gross Domestic Products
ISO	–	International Organization for Standardization
MWI	–	Ministry of Water and Irrigation
NCC	–	Nairobi City County
NCWSC	–	Nairobi City Water and Sewerage Company
PMED	–	Planning, Monitoring and Evaluation Department
SLA	–	Service Level Agreement
SPA	–	Service Provision Agreement
WAG	–	Water Action Group
WARMA	–	Water Resources Management Authority
WASPA	–	Water Service Providers Association
WASREB	–	Water Services regulatory Board

ABSTRACT

Strategic planning is a concept that concerns with decision making and taking corrective actions to achieve long term targets and goals of an organization. The purpose of the study was to establish strategic planning practices at Nairobi City Water and Sewerage Company and its effects of firm's performance. The study adopted a case study design and it targeted ten management staff from different departments. The study used both primary and secondary data to gather the information. Primary data was collected using interview guides and in-depth interviews while Secondary data was collected from existing documentation reviews at Nairobi City Water and Sewerage Company. The data was analyzed using content analysis. The study established that strategic planning was mainly done with the guidance of an external consultant in consultation with top management and Planning, Monitoring & Evaluation Department (PMED). The leadership of the organization had a clear vision to be a world class provider of water and sewerage services and a clear Mission of providing reliable quality water and sewerage services in an environmentally friendly manner that delights customers within Nairobi City County (NCC).The study established that the challenges facing the organization included lack of synchronization between the strategic plan, performance contracting, departmental and individual work plans, also departments not working well together and slow decision making process partly due to political interference and changes in the constitution and water governance. The study concluded that Nairobi City Water and Sewerage Company strategic plan reaffirmed NCWSCs commitment to be a world class provider of water and sewerage services.The Company's high level of performance was largely depended on a higher degree of emphasis on strategic planning. The study also concluded that there was a difference between the results and approaches to measuring strategic planning effectiveness and organization performance The study recommended that the process should be inclusive of all the employees, all the departments should develop and apply their strategic plans, departments should review those plans to ensure the success of the implementation, there should be frequent horizontal meetings to enhance cohesion and congruence between departments, management should increase the budgetary allocation to be in line with the strategic plan for the successful implementation of strategies.

Keywords:Strategic planning;organization performance;Management staff at NCWSC.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Strategic planning is perceived as a crucial component of organizational development and change management. Consultants and managers are expected to make strategic decisions that affect organizational performance. During the past few decades, research on organizational contingencies and opportunity evaluation has propagated conceptual assessments under the study of judgment. Behind every organizational success, there are strategic decisions that map organization's path in accomplishing its goals as set by the board and top management level. If the decision making quality is not sustained, it can lead to a chaotic organizational failure. Managers and consultants need substantial amount of facts and figures before making any formal decisions and there is no guarantee to make the 'right' or perfect decision (Asaari & Razak, 2007).

According to Wagner (2006) the importance of strategic planning can be explained from a variety of perspectives including environmental scanning, strategy formulation, and linking goals to budgets and strategic planning process. The strategic planning process begins with the setting organizational goals. The linkage between strategic planning and organizational performance needs analysis to get a better understanding on how strategic planning is applied in practice and to improve performance. For strategic planning to be effective and useful, there must be commitment and involvement across all levels of the organization, overcome inherent problems such as; rivalry among departments, resistance to change, resource requirement, resources allocation and so on. The strategy initiatives and directions set up by firm management in the form of mission and vision statements

and targets for cost saving, debt/equity ratios embodied as argued by Grant (2006) “a framework of constraints and objectives that bounded and directed strategic choices.”

Managers are responsible to make choices on daily basis and communicate their decisions with the rest of the employees. Strategic planning has become a must for firms in the time of global competition, technological change and increased dynamics in markets. Business plan formulation practices, strategic planning and systematic decision-making can be considered a key determinant of the survival and success of firms (Zimmerer & Scarborough, 1996). The ability of successful entrepreneurs to avoid formalizing strategic planning processes until their firm is well established raises a question as to the relative importance of strategic vision, strategy formulation, strategic planning or business plan development. A study of 135 winners of the Australian Entrepreneur of the Year Award by Ernst and Young (2004), found most (72 percent) considered their greatest contribution to their business venture was their ability to provide vision and focus.

Borch and Huse (1993) studied the relationship between internal resources and the strategic orientation of firms' senior management. They found four types of strategic orientation: prospector, analyzer, defender and reactor typology. They termed their groups as “managerial firms” (which tended to be analyzers making use of market strategies for enhanced competitive positioning), “technological firms” (which were prospector types that used product development growth strategies involving innovation),

“traditional firms” (which were likely to avoid growth and risk) and “impoverished firms” (which lacked a coherent strategy) (Borch and Huse, 1993).

The field of strategic planning is largely concerned with how companies generate and sustain competitive advantage to achieve the desired performance through continuous implementation of strategic decisions. Resource Based Theory, theory of Dynamic Capabilities and game theories will therefore inform this study. The resource-based view (RBV) argues that resources are simultaneously valuable, rare, imperfectly imitable and imperfectly substitutable and are a crucial source of competitive advantage (Barney, 1995), and contribute to sustained performance differences between companies (Hoopes et al., 2003).

Organizational capabilities or as many authors call it today “dynamic capabilities” is defined as the capacity of an organization to purposefully create, extend, or modify its resource base (Helfat et al., 2007) and as the understanding of how companies can shape, reshape, configure and reconfigure their resource base in order to respond to demands stemming from their changing environments (Teece, et al., 1997). Game theory attempts to look at the relationships between participants in a particular model and predict their optimal decisions (Von& Morgenstern, 1944).

1.1.1 Concept of strategic planning

Strategic planning is an organizational management activity that is used to set priorities, focus energy and resources, strengthen operations, ensure that employees and other stakeholders are working toward common goals, establish agreement around intended outcomes/results, and assess and adjust the organization's direction in response to the

changing environment. It is a disciplined effort that produces fundamental decisions and actions that shape and guide what an organization is, who it serves, what it does, and why it does it, with a focus on the future. Effective strategic planning articulates not only where an organization is going and the actions needed to make progress, but also how it will know if it is successful. (Bryson, 1988). The foundation of strategic planning is based on the tradeoff between alternatives that can be aligned with a vision for the future and a philosophy to persevere sustainable advantage by leading the vision through continuous innovations (Porter, 1996).

Eisenhardt and Zbaracki (1992) define strategic decisions as those infrequent decisions made by the top leaders of an organization that critically affect organizational health and survival. As argued by Dean and Sharfman (1996) managers have no trouble in identifying strategic decisions, by implication, strategic decisions are complex, and involve a high degree of uncertainty. Their occurrence and type may be contingent on a wide variety of factors, including the external and the internal environments of the organizations in which they are made. Given these observations, it follows that the study of strategic planning is a matter of significance to managers and organizations at large. Hann and Powers (1999) points out that the intentions for strategic planning is to enhance organizational performance. Porter (1996) further states that well designed strategic plans provide an operational framework that allows the organization to enjoy distinct competitive advantages, thus experiencing improved performance.

1.1.2 Organizational performance

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). According to Richard et al. (2009) organizational performance encompasses three specific areas of firm outcomes: financial performance (profits, return on assets, return on investment.); product market performance (sales, market share.); and shareholder return (total shareholder return, economic value added). Specialists in many fields are concerned with organizational performance including strategic planners, operations, finance, legal, and organizational development.

Organizational performance is the most used dependent variable in organizational research today yet at the same time; it remains one of the most vague loosely defined. The biggest challenge to organizational performance is the external environment. All organizations operate in an external environment: Political, economic, social cultural, environmental and technological (Snider & Rendon, 2001). The primary goal of organizational performance is to increase effectiveness and efficiency to improve the ability of the organization to deliver goods and services. Performance is often presented as a multidimensional concept. In particular, two types of measures of company performance can be distinguished : financial or objective measurement and non-financial or subjective measurements. (Venkatraman & Ramanujam, 1987).

1.1.3 Water Sector in Kenya

Kenya's economy is largely rural-based and heavily dependent on its natural resource base that has intricate inter-linkages between land, water and climate. Water has always played a key role in the country's economy as a resource for human consumption, energy generation, agricultural development, industrial growth, livestock and tourism development. Currently 42% of the GDP is derived from natural-resources based sectors. From the mid- 1990s to 2000, the economic growth rate per annum has consistently been lower than the population growth rate, the former heavily linked to droughts, floods and/or rainfall failure((Sessional paper, 2009-2013).

A great number of stakeholders from private sector, civil society and government are active in the sector. However it is well documented that Kenya is a water-scarce country. With only 647 cubic metres of water per capita against the global benchmark of 1000 cubic metres, yet the Water Sector is crucial to Kenya's development; be it for production, wealth and prosperity. Ministry of Water and Irrigation (MWI) is the lead agency in the Water Sector. The mandate of the Ministry is to protect, harness and manage water resources in a sustainable manner to ensure availability and accessibility to raw and drinking water for all. Other sectors such as Health, Agriculture, Livestock, Energy and Tourism – are entirely dependent on water. The MWI's role is to ensure coordination of the sectors in relation to the present and future water requirements.

1.1.4 Nairobi City Water & Sewerage Company Ltd

Nairobi City Water and Sewerage Company (NCWSC) was incorporated in December 2003 under the Companies Act cap 486. It is a wholly owned subsidiary of Nairobi City County. It has its headquarters in Nairobi Kampala Road, Industrial Area and has its area of jurisdiction divided into six administrative regions, namely, Northern, Eastern, North Eastern, Central, Southern and Western which are further devolved into 25 zones. The Company is charged with the provision of the water and sewerage services in Nairobi. Those services were previously offered by the Water and Sewage Department of the Nairobi City Council.

Nairobi Water Company's formation arose from the enactment of the Water Act 2002, which created new institution to manage water resources in the country. The Nairobi Water Company has been appointed by the Athi Water Services Board (AWSB) to provide water and sewerage services to its residents under an agreed framework specified in the Service Provision Agreement (SPA) that ensures adequate and quality supply of water, affordable tariffs, maintenance and improvement of water and sewerage infrastructure. There is also a tripartite agreement between the NCC, AWSB and NCWSC. Other agreements include those for Agency and Operational assets between the NCC and NCWSC(Strategic Plan 2014/2015-2018/2019).Currently, of the three million residents of Nairobi, only 50 per cent have direct access to piped water. The rest obtain water from kiosks, vendors and illegal connections. Of the existing customers, about 40 per cent receive water on the 24-hour basis.

1.2 Research Problem

Changes in the business environment are leading to new and greater demands on strategic planning systems. Moreover, given that strategic planning's sole purpose is to improve strategic performance, improving, assessing and monitoring the effectiveness of the strategic planning process would appear to be a key managerial task. However, as proven by various studies, many organizations do not perform the task (Phillips & Moutinho, 1999). Although water service providers (WSPs) typically employ a major share of an economy's total employees, WSPs management suffers from an insufficient business-related knowledge base that management should possess. Moreover, WSPs experience challenges in resource constraints, institutional and capacity gaps including Poor leadership and governance in implementing strategies. Strategic plans remain blue prints with less impact in their realization In addition, formal plans or cost controls are initially provided on an irregular basis and strategic planning instruments are only used by a small number of individuals and developed rather intuitively (Brinkmann, 2002). These shortcomings point towards the importance of examining the value of strategic planning on performance for Nairobi City Water and Sewerage Company in detail.

Strategic planning is paramount in ensuring that an organization propagates the tidings of good governance. The dire need for good governance has been brought to light by the growing need of transparency and accountability of WSPs from stakeholders, owners and governments. This is because of rampant scandals which have led to closure of many companies especially public owned. It has forced the government and media representing the civil society to question how these companies use their resources and yet they are

supposed to give better services and goods needed by the citizens according to their mandates (Private sector corporate trust, 1999). The need for effective implementation of strategic planning principles in order to adequately propagate the strides of principles of good governance enshrined in the organizations is of utmost consideration. It is therefore clear to note that good governance without proper coordination to ensure it is followed throughout the life of the organization is futile. The performance of Nairobi City Water and Sewerage Company Strategic plans have to be driven by committed and dedicated staff members who bring fresh ideas and energies in the institution. However, challenges facing NCWSC is the implementation of the strategy relates to the unpredictable nature of policy agendas AND shifting attention of some actors involved in development.

There is a plethora of research findings on the relationship between formal strategic planning and organizational performance, but many of these findings have proved inconclusive (Glaister, et al. 2008). Despite the continued importance of performance objectives in the prescriptive literature, Greenley (1994) points out that attention has not been given to strategic planning and performance in empirical research. Several studies have also been conducted locally on the relationship between strategic planning and organization's performance in Kenya. Arasa (2008) carried out a research on strategic planning, employee participation and firm performance in Kenya's insurance industry. Ong'ayo (2012) carried out research on employee perception of the influence of strategic planning on organization performance at the ministry of foreign affairs , Kenya. Ongore and K'Obonyo (2011) did an empirical review on the effects of selected corporate

governance characteristics on firm performance in Kenya. The study showed a positive relationship between managerial discretion and organizational performance.

Sababu (2001) conducted a study on the effect of business policy on organizational performance among consumer cooperatives in Kenya, the study established that formal strategic management systems in Kenya influence Organizational Performance. The main purpose of this paper is to revitalize this area of research and provide new empirical evidence on the relationship between strategic planning and performance with specific reference to Nairobi City Water and Sewerage Company. This study seeks answers to the following question: What is the effect of strategic planning on performance of Nairobi City Water and Sewerage Company?

1.3 Research Objective

The objective of this study is to establish the effect of strategic planning on performance of Nairobi City Water & Sewerage Company

1.4 Value of the Study

The study will be significant to Nairobi City Water and Sewerage Company management and staff as it will enable them to understand and appreciate the critical aspects concerning strategic planning and impact on overall firm's performance, as well as seek ways to support and facilitate strategic planning and work towards eradicating bottlenecks so as to achieve effective implementation of strategic plans/decisions. The study will also provide stakeholders with a basis of understanding strategic planning in

the organization and seek ways of adopting best management practices hence contributing positively to the overall sector planning.

The study will assist NCWSC and stakeholders in the water sector in formulation of policies, standards, guidance and procedures for tackling strategic planning that positively relates to company or organization performance in the business operations. It will act as a useful resource for the government in understanding the need and usefulness of adopting appropriate strategic planning that ensures improved organization performance. The study will add significant value and contributions to WSPs planning and reshaping organization effectiveness to deliver on business and strategy. Similarly it will bring out opportunities that may exist and enhance planning process through best practices that can be scaled up and lessons adopted to inform other WSPs practices to deliver their mission.

Academicians will also benefit from the findings of this study since it will provide additional knowledge to the already existing literature on strategic planning. The study will also assist individual researchers to identify gaps in the current research and carry out research in those areas. It will as well assist academicians and scholars interested in issues pertaining to strategic management, and its relationship to firm's/organization's performance in water service providers, especially in the developing countries.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter summarizes information from existing literature on strategic planning and performance, the objective is to gain more insights on the topic of study and what others have said about the same topic. This will begin with a theoretical review on the nature of strategic planning and performance then followed by the empirical literature where studies on strategic planning and performance have been done.

2.2 Theoretical Foundations of the study

Strategic decision-making, strategic planning or simply strategy are all created as equivalent terms for a generic organizational phenomenon. According to Andrews (1971) “corporate strategy is the pattern of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of business”. He argued that both concepts of strategic planning or strategic decision making and strategy are used inter-changeably. The resource based view, Dynamic Capability View and Game Theory will be used as the underlying theories for this research.

The resource-based view (RBV) argues that resources are simultaneously valuable, rare, imperfectly imitable and imperfectly substitutable and are a crucial source of competitive advantage (Barney, 1995), and contribute to sustained superior performance differences between companies (Hoopes et al., 2003). Recent developments of the resource-based view have emphasized on the importance of dynamic capabilities to organizational

performance particularly in an environment that is more and more complex and changing (Macher & Mowery, 2009). The firm can translate these resources and capabilities into a strategic advantage if they are valuable, rare, and inimitable and the firm is organized to exploit these resources. According to the dynamic capabilities view, organizations are considered as collections of difficult-to-imitate resources leading to the development of competitive advantage and contributing to performance differences between companies (Hoopes et al., 2003).

Dynamic capabilities lead to an extension of the RBV by focusing on an examination of the sources of competitive advantage in rapidly changing environments through referring to the abilities of companies to “integrate, build, and reconfigure internal and external competencies to address rapidly changing environments” (Teece et al., 1997, p. 516). It has also been suggested that dynamic capabilities are indirectly linked with company performance through changing the firm's bundle of resources, operational routines, and competencies, which in turn affect organizational performance (Zott, 2003).

Similarly, dynamic capabilities enable organizations to renew competencies and to strategically manage the internal and external organizational skills, routines and resources required to improve company performance, particularly in a more and more changeable and uncertain context (Teece et al., 1997). Some other researchers believe that dynamic capabilities may enhance company performance by increasing companies' agility and strategic flexibility (Zahra et al., 2006). Nevertheless, a group of authors suggest that

organizational capabilities may not be a source of sustainable competitive advantage or superior company performance (Eisenhardt & Martin, 1992).

Game theory is the formal study of conflicts and cooperation. In game theory there are various external people or organizations that can affect the success of a strategic plan called "players". Any decisions made by an organization are not made in isolation. There is always a dynamic environment that will respond to such decisions and in some cases will anticipate them. The concepts apply whenever the actions of several agents are interdependent (Arnold, 1983). This concept provides a language to formulate structures, analyse and understand strategic scenarios.

2.3 The Nature of strategic planning practices

Bryson (1988) defines strategic planning as a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization (or other entity) is, what it does, and why it does it" (p. 5). Barry (1986) views strategic planning as the "process of determining what an organization intends to be in the future and how it will get there"(p. 10). In these definitions, as well as those offered by other authors, strategic planning has been viewed as a process of developing and maintaining a strategic fit among the mission of the organization, the strengths and weaknesses of the organization and opportunities and challenges in the organization's external environment.

The process is strategic because it involves preparing the best way to respond to the circumstances of the organization's environment, whether or not its circumstances are known in advance, it involves intentionally setting goals (i.e., choosing a desired future)

and developing an approach to achieving those goals. Finally, the process is about fundamental decisions and actions because choices must be made in order to answer the sequence of questions mentioned above. The plan is ultimately no more, and no less, than a set of decisions about what to do, why to do it, and how to do it. Because it is impossible to do everything that needs to be done in this world, strategic planning implies that some organizational decisions and actions are more important than others and that much of the strategy lies in making the tough decisions about what is most important to achieving organizational success (Bryson, 1988)

From the perspective of classical strategic management theory, “strategy” is considered a deliberate planning process (formal), initiated by top management (top-down), based on an elaborate industry analysis (rational) and aimed at designing a cohesive grand strategy for the corporation (Glaister *et al* 2008). Eisenhardt (1992) points out that strategic decisions are those which involve strategic positioning; have high stakes; involve many of the firm’ functions, and [can] be considered representative of the process by which major decisions are made at the firm. Three major objections are expressed against the use of strategic processes: strategic instruments limit the flexibility and the ability for creativeness; it is preferable to use the limited time resources for operational, sales or research and development activities rather than for strategy development processes and that strategic management is too bureaucratic (Kraus *et al.* 2007).

According to Glaister *et al.* (2008) strategic planning can be used as a label to describe an organizational managerial process, which can be broadly defined as the process of determining the mission, major objectives, strategies, and policies that govern the

acquisition and allocation of resources to achieve organizational aims. To assist in this process a number of analytical tools and techniques were developed, such as strengths, weaknesses, opportunities, threats (SWOT) analysis, Porter's five forces industry analysis, the BCG growth-share matrix and McKinsey's 7S model

An additional strategic planning system characteristic is the extent to which strategies within organizations result from a deliberate or an emergent process. Whether strategy formulation is, or can be, a deliberate process and the extent to which strategy emerges without any formal planning has been subject to debate. If strategies emerge within an organization, it might be expected that some of the standard tools and techniques of the strategic planning process would not be explicitly utilized or reported by such an organization (Glaister *et al.* 2008).

Aguilar (2003), points out that once the planning team has developed actionable goals, they cascade these goals down the Company. At each level, planning team works with operational management to determine specific actions and priorities, By involvement of operational management, the Company leadership buy-in and ensures that staff at all levels knows what must be done. Strategic implementation is considered to be the most critical phase in strategic planning. Most practitioners have recognized that problems with implementation in the most organizations have resulted into failed strategies and consequently failed companies (Kimeli, 2008). There are a number of factors which influence implementation of strategic plan which include: the availability of resources such as funds, adequate and appropriate human resources, internal processes and the external environment.

Successful strategic decision are dependent on the organizational having the internal strategic capability required for survival and success,(Johnson & Scholes,2002). Availability of resources makes it have competitive advantage over other organization. Involvement of stakeholders throughout the strategic planning process will attract support for policy and activities to avoid conflicts.The organization should be able to benefit from the expertise and creativity from a wider perspective from stakeholders leading to more sustainable outcome and less costs (Ramanujam & Venkatraman,1987). Management has to fit the strategic plans with certain aspects of Company' operations such as Organizational structure, skills, capabilities, resource allocations, policies, procedures, values and culture and budgets(Aldag & Stearns,1987).Firms operate in environment which is uncertain; this has a diverse influence on strategic decisions making given the aspects are interrelated.

2.4 Strategic planning and organizational performance

The general perception has been that that the use of strategic planning is an effective way to improve corporate performance. A closer look at the empirical literature on the subject reveals a somewhat different picture. Some studies show that there is a positive relationship between strategic planning and organizational performance (Bracker and Pearson,1986).Planning does not guarantee business success (Mintzberg, 1994).However, it is maintained that many of the contributing factors to business failures may be predicated and effectively addressed during early stages of business development when strategic planning is employed, thereby decreasing failure rates corporations.

According to Johnson and Scholes (1999) by allowing management to personally contribute both emotionally and intellectually towards determining the direction of the firm, it creates commitment from them such that they are personally accountable to the performance. This makes them motivated and in effect improves performance. Adding to this view point is Quinn (1980) and Kotter (1996) who note that the identification of strategic issues, strategy analysis and selection facilitates the achievement of efficient allocation of resources, sustainable competitive advantage and improved innovations.

Strategic planning seems to be an iterative loop between manager's experience and formal planning. The decision to undertake formal planning seems dependent on there being enough organizational slack to allow the time and resources needed to engage in strategic planning. While such planning may be informal, a manager's ability to use strategic thinking to make resource allocation decisions is important (Mazzarol *et al* 2009). Suklev and Debarliev (2012) define strategic planning as an attempt to alter a company's strength relative to that of its competitors, in the most efficient and effective way. These authors argue that the strategic planning focuses on the direction of the organization and actions necessary to improve its performance.

2.4.1 Strategic planning and Firm Performance-Global Viewpoint

The performance implications of strategic planning have been a central area of investigation for researchers over the past three decades. There is a plethora of research findings on the relationship between formal strategic planning (FSP) and organizational performance, but many of these findings have proved inconclusive. Early studies suggested that FSP enhanced performance whereas later studies concluded that there was

no clear systematic relationship between FSP and firm performance. It has been argued that Formal strategic Planning may be dysfunctional if it introduces rigidity and encourages excessive bureaucracy. It is recognized, however, that there may be non-financial consequences of strategic planning which provide benefits to the organization (Glaister et al, 2008). Miller and Cardinal (1994) claimed that planning produces better results than non-planning.

According to Taiwo and Idunnu (2007) firms that do strategic planning significantly outperform those that do not have strategic plans since they spent most of their times realizing and reacting to unexpected changes and problem instead of anticipating and preparing for them and are always in crisis management situations. Strategic planning improves organizational performance as it helps firms to develop strategic understanding which in effect focus on Company direction; focus drives performance and performance drives results. Thompson and Strickland(1987) argues that strategic planning improves organizational performance because it generates information, ensures a complete and thorough consideration of all feasible options after a firm has evaluated its environment; it stimulates new ideas, increases motivation, commitment and improves internal communication and interactions.

Malik(1975) in their study compared financial performance of strategic planners to non planners and found that the former outperformed the latter on 9 out of 13 financial variables. They concluded that in regards to growth and in earnings and sales, formal planners outperformed those who did not plan. Regarding the relationship; Barney (1995)

points out that firm performance is central in the study and practice of strategy. He explains that firms that gain competitive advantage outperform firms that gain only parity or a competitive advantage. According to Suklev and Debarliev (2012) strategic planning consists of planning processes that are undertaken in firms to develop strategies that might contribute to performance. It also involves resource allocation, priorities, and actions needed to reach strategic goals. Regarding the relationship between strategic planning and firm performance, these authors point out that firm performance is central in the study and practice of strategy.

While there is evidence for a positive relationship between strategic decisions and performance, the links between formal strategic plans and performance, particularly financial performance, is unclear. This raises a question as to whether it is the plan or the planning process that is as important, even though a manager may not have a formal business plan, he or she is likely to be engaged in informal or “intuitive” business planning. Research suggests that successful entrepreneurs are unlikely to have formal planning in the early stages of their business development. Additional studies have found out that the link between a firm’s resources and performance is moderated by strategic decisions (Mazzarol et al, 2009).

2.4.2 Strategic planning and Firm Performance-Local Perspective

Kathama (2012) examined the relationship between strategic planning practices and performance of state corporations in Kenya. The study found out that state Corporations adopted a number of strategic planning practices that has a positive impact on corporations but the impact was not significant at 5% level of confidence. The study

therefore failed to establish the relationship though the model was fit at the same level of confidence. This may suggest that some of the practice could have shown significant impact had the researcher modeled the strategic planning practices individually rather than lumping all the practices together into one variable while running the regression model.

Awino, Mutoria & Oeba (2012) investigated the influence of strategic planning and planning outcome on Banks' Performance. The study found out that they were positive relationship between strategic planning and firm performance. This study is significant since it has contributed to the body of knowledge of strategic planning where key variables have been linked to individually to organizational performance. The major deviation with the present study is the focus on the banking industry while the present focuses in the Water Sector. These industries are different in their operations and the study will therefore provide different results as far as the relationship is concerned.

Mukhokho (2010) examined the influence of strategic planning on the performance of the University of Nairobi. The study found out that strategic planning has a positive effect on performance of the University on a number of performance measures such as compliance with set budgetary allocations, events within UON being opened to Public, work environment, implementation of service delivery charter; research innovations and technology and outreach and extensions activities. The major weakness is its data analysis and it concludes the existence of relationships based on descriptive analysis and more specifically mean scores.

Odundo (2012) examined the moderating effect of environmental context on the relationship between level of implementation of strategic plans and performance of state Corporations in Kenya. The study revealed that for commercial state corporations, political good will and support has a significant effect on the relationship between the extent of implementation of strategic plans and their financial performance on the one hand, and their effectiveness on the other hand. Policy framework did not moderate the relationship between the extent of implementation of strategic plans and the financial performance of state corporations but had a significant effect on the relationship between their extent of implementation of strategic plans and efficiency.

Both dimensions on environmental context did not moderate the relationship between the extent of implementation of strategic plans and effectiveness of either commercial or non-commercial state corporations. This study provides empirical evidence to support the theory that effective strategic planning and implementation, within a positive environment of political goodwill and support leads to higher performance

2.5 Summary of literature review

The literature analysis indicates that strategic planning has gained prominence both in private and public organization. Although a high relevance of strategic planning in organization performance exists, its extent and design differ from sector to sector .This study has examined the relationship between strategic planning and firm performance giving attention to the effects of strategic planning on performance. The prescriptive strategic management literature implies that there is a positive link between strategic planning and organization performance, with guiding connection from strategic planning to performance.The general perception and belief has been that strategic planning

improves organization effectiveness, if wrongly pursued the anticipated value may not be tapped. A wrong strategy or a wrongly formulated strategy may not translate into the anticipated value for the organization. A strategic drift occurs when the organization's strategy gradually moves away from relevance to the forces at work in its environment. Strategic planning, is of limited value by itself, only a partnership with all parts of the management particularly execution, controls and rewards can result in synergy and lead to substantial advancement. To effectively address the study's research questions and objective, this research needs to devote more time to analyze the peculiarities of this water sector in order to advance understanding of strategic planning in NCWSC and derive valuable recommendations for research and practice.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that were followed in completing the study. It involved a blueprint for the collection, measurement and analysis of data. This section enabled the researcher in answering the research question.

3.2 Research Design

This study employed a case study. A case study is detailed investigation of a single individual or group. The defining feature capture is its holistic approach, it aimed at capturing all the details of a particular individual or group, which were relevant to the purpose of the study, within a real life context (Bent,2011). Case studies placed more emphasis on a full contextual analysis of fewer events or conditions. This enabled the researcher to have an in depth understanding of the behavior pattern of the subject matter. An emphasis of details provided insight for strategies adopted (Cooper and Schindler, 2003).

The design showed which individuals were studied, when and where and under which circumstances they were being studied. Research design also showed the way the study was designed, i.e. the method used to carry out research. It is important to highlight the method used when investigating and collecting data that is qualitative approach. The aim of this case study was to establish the effects of strategic planning on performance of Nairobi City Water and Sewerage Company.

3.3 Data Collection

Both Primary and Secondary data sources was used in this study where data was obtained. According to Mugenda and Mugenda (2008), primary data referred to data that the researcher collected from respondents while secondary data refers to data from other sources like records and documents, thus primary data would be considered more reliable and up to date. In- depth interviews and interview guides were used in research evaluation by the researcher. Ten management staff was the study's key target respondents. This was derived from various departments within Nairobi City Water and Sewerage Company.

In Interview guides, emphasis was obtained from answers to carefully phrased questions whereas under in - depth interviews, the interviewers sought to encourage free and open responses, and this allowed a trade – off between comprehensive coverage of topics and in -depth exploration of a more limited set of questions. Patton (2002) asserts that, the quality of the information obtained through these methods was largely dependent on the interviewer's skills and personality. In - depth interviews encouraged capturing of respondents' perceptions in their own words, a very desirable strategy in qualitative data collection. The primary focus in this research was Management staff in Nairobi City Water and Sewerage Company. This is ultimately where strategic decisions making starts, and the first level management where, if it fails, then lower level management cannot make strategic management work.

3.4 Data Analysis

Data analysis is defined as examining what had been collected in a survey or experiment and making deductions and inferences” Kombo and Tromp (2006, p. 117). Qualitative

analysis was conducted in this study. The data analysis sought to establish the effects of strategic planning practices on NCWSC organizations performance. This constituted establishing the nature and effectiveness of strategic planning practices as well as factors that influenced implementation of strategic plans. Qualitative method constituted content analysis which was used to extract key themes, concepts and augments.

Use of content analysis enabled huge volume of data to be sifted through with ease in a systematic fashion. It was a useful technique in discovering and describing the focus of Individual, groups, institutional or social attention. It also allowed inferences to be made which can then be collaborated using other methods of data collection (Weber,1990).Content analysis had been used to conduct similar qualitative studies in the past. These include; Mugenda and Mugenda (2003) among others.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents data analysis, results and discussions. The study's objective was to determine the effect of strategic planning on performance of Nairobi City Water and Sewerage Company. The study adopted a case study design and it targeted eight management staff from various department. Primary data was collected using an interview guide and in depth interview, content analysis was used to analyze the data. The data was thereafter analyzed based on the objective of the study and the findings are presented as per the different classes underlined below.

4.2 Response rate

The study targeted ten Management staff of Nairobi City Water and Sewerage Company drawn from both head office and regional offices. There was a response rate of 80%. According to Richardson (2005), having more than 50% response rate is regarded as an acceptable response rate in research.

4.3 Vision and Mission statements

The study asked the interviewees to indicate if the organization had vision and mission statements. They consented, indicating that Nairobi City Water & Sewerage Company Vision is "to be a world class provider of water and sewerage services"; while its Mission is "to Provide reliable quality water and sewerage services in an environmentally friendly manner that delights customers within Nairobi City County."

4.4 Environmental scanning process / external analysis in NCWSC

The respondents were also asked to describe the process of environmental scanning and external analysis in NCWSC. From the findings of the study, majority of the respondents cited that environmental scanning/ external analysis was done through consultation, analysis of the social-political and economic factors within the Nairobi City County and the Country's legislation framework. Another respondent alluded that "NCWSC had held a stakeholders forums to determine the needs and expectations of stakeholders in the month of August 2014". The Physical Environment was managed by the environment department.

Other responded cited out that the company had also carried out the customer perception survey in the last financial year 2013/2014 to determine the emergent needs of its customers. NCWSC recognized the need to carry out external analysis so as to establish a strategic fit with its environment.

4.5 How strategy formulation was conducted

In this section, the study sought to establish how strategy formulation was conducted in Nairobi City Water and Sewerage Company. From the findings, some respondents indicated that strategies were informed by local and national context and analysis. Another respondent stated that "The Company has Eight Directorates whose mandate was clearly stipulated. All the Business Process Owners (BPOs) under each directorate were required to come up with their objectives and combined to form the

company strategy. A forum was organized for all BPOs to share their strategies which together with help of consultants were summarized to form the Company strategy”.

The study further established that strategic planning was also done with the guidance of an external consultant in consultation with top management and Planning, Monitoring & Evaluation Department (PMED) which is a department charged with overseeing strategy. NCWSC has the current strategic plan 2014/2015-2017/2018 which will be in use for the next 5 years. To operationalize the five year strategy, attain alignment and performance, the strategy was translated into functional strategies, annual plans and budgets as well individual performance plans. The aim of the process was to ensure integration between organization, functional, thematic and individual performance.

4.6 Evaluation and control of strategies

Most of the interviewees agreed that evaluation was a periodic, in-depth analysis of key performance indicators which include financial performance, customer Service levels, billing efficiency among others. Evaluations lied on data generated through monitoring activities as well as information obtained from other sources (e.g. surveys). NCWSC monitors inputs, outputs and outcomes. Inputs are means mobilized for conducting activities and delivering strategies, i.e., financial, human, material, physical and technical resources.

Majority of the interviewees cited that weekly, monthly, quarterly, semi and annual reports were produced and discussions held on areas of variance against the plans with reference to finance and resourcing allocation. The study found out that all the BPOs have specific performance contracts clearly indicating compliance to the Company strategic plan as a key aspect to be evaluated biannually.

4.7 How the department responsible was in charge of strategic matters

The study further asked the interviewees to indicate how the department responsible for strategic related matters had been in charge of strategies related to organization performance. The study found out that the Planning, Monitoring and Evaluation department was vested with overall responsibility of strategic planning and review of the organization performance at the end of every strategy period. The department oversees and has demonstrated overall management and coordination of strategy review and supervision of strategy development over the periods. The department provided technical support to consultants and external strategy peer review teams.

Most respondents articulated that the planning, monitoring and evaluation unit conducted periodic reviews including impact assessments. Monitoring and evaluations outcomes and reports were being shared with staff and stakeholders to generate continuous adjustments necessary to keep the strategy implementation on track. . The department also liaises with the management in making key decisions based on evaluations done.

4.8 How strategic planning practices have aided in enhancing performance:

The study in this part sought to examine the strategic planning practices that have been adopted by Nairobi City Water and Sewerage Company and the effects on performance.

4.8.1 Designing quality service system in strategic planning

The respondents pointed out that strategic planning had aided Nairobi City Water & Sewerage Company in designing quality service systems which are around customer

needs. The Company in the last financial year automated the meter reading function. Meters were being read using a mobile device. At the same time; the Company implemented Majivoice system where customers are able to lodge their requests/complaints either on Mobile device and website. This is towards enhancing quality services to its customers. Another respondent said that “ Yes. Convenience to customers and effective management of customer queries thus accountability enhanced through strategic planning”.

The company also had adopted a wide variety of payments options where customers are able to pay at the comfort of their zones. Customers no longer had to visit Nairobi City Water & Sewerage services to pay for the services rendered. They could use Mpesa service; Jambo Pay and Banks. This is towards customer satisfaction.

4.8.2 Stakeholders satisfaction

Majority of the interviewees cited out that they had been tremendous increase in the level of stakeholders satisfaction after the strategic planning. The study found out that the staff of NCWSC are satisfied in the areas of sound terms and conditions of service; prompt payment of emoluments; timely communication; good working conditions and fair treatment among all staff. Other stakeholders identified were supplies who are paid after delivery of good and services rendered and NCC for prompt payment of lease fees and also improvements of service delivery since the inception of the Company. Another respondent stated that, “ In liason with the BPOs, forums and surveys are usually planned and executed. Outcome used to determine satisfaction level and necessary corrective action taken”.

4.8.3 Operating efficiency

The study in this part sought to determine if there had been effect of strategic planning on organizational efficiency. The interviewees agreed that indeed they was improvements in the areas of revenue collections; billing and resolution of customers complaints within the turnaround time. BPOs through performance contracting have clear targets and are required to share compliance reports every month. This was necessitated by strategic planning efforts.

4.8.4 Clarifying Future Direction and Establishing Priorities

From the study findings, majority of the interviewees cited that Nairobi City Water and Sewerage Company planning process was comprehensive, adaptable, efficient and realistically focused to the objectives. The BOD communicates the global strategic direction and mission priorities to the Board of Management (BOM). This shapes, prioritizes and streamlines NCWSCs work. The process involves alignment to the County Government of Nairobi plans and priorities; Company driven engagements through organized inputs by management and stakeholders.

A plan to develop a new strategy is discussed in the Board of Management meeting. A proposal on new strategy development process, those involved and the time frames is submitted and discussed by Nairobi City Water and Sewerage Company Board of Directors. Most of the interviewees cited that taking Stock is key source of information to drafting every new strategy in NCWSC. Assessment of the past and plans for the future was done in close consultation with key stakeholders; the National Government through the Ministry in charge of Water; the Nairobi City County Government, which wholly

owns the Company; WASREB, the Company's Board of Directors, management, staff and customers. Consultation workshops to generate inputs on key moment for strategy are given attention. Once BPOs have been biannually evaluated a management review is done where directions and priorities are mapped out.

4.9 Involving Department in the strategic planning effort

The study asked the interviewees to indicate if their departments were involved in strategic planning. Majority of the interviewees agreed that they had been involved in the strategic planning process. The BPOs were involved in coming up with requirements for their respective departments, achievements, challenges and future needs of staff and customers. This was mapped against resources (budget). The senior managers were also involved in the final consultative forum that came up with the Company current strategic plan.

The study also revealed that majority of the middle line management staff were more involved in the implementation process than the strategy formulation process. The Board of management therefore communicated the strategies which were being rolled out to the middle management. The study also revealed that in order to encourage ownership of the plan, early consultation with staff at all levels should be a key aspect of strategic effort. Though management endeavored to engage staff as evidenced by the great efforts made to encourage participation in the planning process, some participants suggested that the initial planning process could have been improved through a greater effort to engage more staff. More employees might embrace and internalize the next plan if they are involved sooner in the next process

4.10 Events precipitated the creation of the current plan

The study asked the interviewees to highlight the events precipitated to the creation of the current strategic plans. Majority of the interviewees pointed out that, Instituting Strategic Management process marked the beginning of efficient and effectual management system. As such, any modern business entity that wanted to “lead the market instead of being market led” needed to embrace the concept of strategic planning if it had to survive, develop and grow in today’s dynamic and competitive operating environment.

As pointed out in the Current Strategic Plan, Nairobi City Water and Sewerage Company took a bold step, right from its inception, to embrace the concept of strategic planning. The Company pursued two, three-year rolling strategic plans up to June 2010 and a five-year strategic plan spanning between 2011 and 2015. Review of 2010/11 to 2014/15 plan shows that from 2010/11 to December 2013, this third plan achieved an estimated overall implementation of 74%.

However, due to the requirements of the 2010 constitutional dispensation, the plan was reviewed in 2014 and succeeded by the current fourth strategic plan, covering the period between 2014/15 and 2018/19. NCWSC came up with these plans because of the prevailing government’s economic blueprint such i.e. the Economic Recovery Strategy for Wealth and Employment creation (ERS from 2003 – 2007) and its successor, the Vision 2030 and it’s implementing five-year Medium Term Plans.

4.11 Contribution of strategic planning to the success of NCWSC

Majority of the interviewees cited that there was improved performance as a result of strategic planning. They highlighted that the strategic plan immensely contributed by guiding NCWSC processes, resource utilization and monitoring performance periodically. The Company had implemented zoning Concept for the last 1 year which had yielded results in revenue collections to a total of 600 million, the highest ever since the Company's formation in 2004. Other key areas that had improved as pointed out by the interviewees included meter reading and billing as well as enhanced customer service and water distribution.

4.12 Challenges encountered during the strategic planning process

The study further asked the interviewees to state the challenges encountered during the planning process and how the challenges arose. Many of the interviewees stated that unexpected changes by external bodies such as Political Influence, Trade unions and resistance to change posed challenges in the strategic planning process because of goal differences. Others challenges encountered as cited by the interviewees included Synchronizing the interlinking operational processes between different directorates due to the nature of organization set up and changes in the constitution of the Country.

4.13 How challenges were handled

From the study findings, majority of the interviewees cited that Nairobi City Water and Sewerage reviewed the strategic plans and processes where desired changes were captured by all the Business Process Owners. The interviewees further stated that the involvements of key stakeholders through round table meetings necessitated negotiations

thus reducing goal incongruence among the stakeholders. The interviewees cited that training on change management also enabled the staff to reduce resistance. They also highlighted that planned meetings were held on weekly basis to review progress of implementations of the strategies adopted by the Company as well as management to provide guidance.

4.14 Degree of consensus on the mission, vision, goals and objectives

The study in this part sought to establish if there was a reasonable degree of consensus on mission, vision, goals and objectives. The interviewees pointed that there was absolute consensus to a large extent. BPOs, stakeholders and management were involved under the guidance of an independent expert.

4.15 Changes in the activities of the staff as a result of strategic planning

The study in this part sought to examine if the activities of the staff in the division changed as a result of strategic planning. A respondent mentioned that, “Right from day one of the strategic plan’s approval, all the NCWSC activities had been aligned to exceed the items in the strategic plan”. Some interviews pointed out that clear targets had enhanced accountability at some levels. The results revealed that there was a mood of change in the organization as the organization was going through a transition from a slow and bureaucratic focused organization to a business oriented organization focused on exceeding customer expectation. One respondent pointed out that, “ Yes, strategic planning has immensely contributed by guiding our processes, resource utilization and monitoring our performance periodically”.

4.16 Significant costs that emerged in the strategic planning process

The study asked the interviewees to state the most significant cost that emerged during the strategic process. The study established that decision making process was slow due to bureaucratic processes, existing legal framework and partly due to political interferences. One respondent quoted that “ The devolution process that changed the management of water supply in all the counties and related appointment of Board members were the most significant costs” Another respondent pointed out that ‘Political interference and also bureaucracy involved were crucial to the success of the strategic plan implementation’.

4.17 Other strategies and processes adopted to enhance performance

The study also asked the interviewees to give other strategies and processes which were adopted by their organizations to enhance its performance. As cited by one respondent, “ Each directorate has its sub strategies all geared towards the achievement of the set targets under the performance contract with our sole shareholders”. Other interviewees affirmed that Nairobi City Water & Sewerage Company viewed planning as means to support accountability and performance and most importantly as a fundamental process to realize ‘fit for purpose’. Development of performance plans, contract management, service level agreements, monitoring and evaluation, annual planning, mid strategy reviews monitoring and evaluation framework are fundamental strategies used by Nairobi City Water & Sewerage Company to deepen performance.

Majority of the respondents further stated that monitoring and evaluation track changes in given situations, systems and enabled the Company assess performance. Nairobi City Water & Sewerage Company uses monitoring and evaluation to identify what is working well or otherwise; as management tool to inform decision-making, re-plan and to demonstrate accountability. Monitoring continuously tracks performance against what was planned by analyzing data on the indicators established. It provides information on whether progress is being made towards achieving results (outputs, purpose, and goals)

through regular reporting systems. It also identifies success areas and gaps. Performance information generated from monitoring enhances learning from experience and improves decision-making. The respondents indicated that monitoring system determines whether NCWSC was achieving what it intends to achieve or failed to achieve and reasons for not achieving.

4.18 Recommendation to strengthen the relationship

The study in this section sought to find out recommendations from interviewees on ways to strengthen the relationship between strategic planning and performance in the Nairobi City Water & Sewerage Company. From the study, some of the interviewees recommended that all evaluations, even project evaluations that assess relevance, performance and other criteria need to be linked to outcomes as opposed to only implementation or immediate outputs. Other respondents emphasized on the need for continuous training to ensure all stakeholders clearly understood Nairobi City Water & Sewerage Company processes for long term strategies.

Annual planning be done on confirmed incomes as reductions of budgets mid-course affect implementation of strategic plan. Also mentioned were more pragmatic and frequent reviews to be done and lastly involvement of the middle line management staff in strategy formulation and implementation process was vital since this is where strategy implementation begins.

4.19 Discussion of the findings

The study found out that that Nairobi City Water & Sewerage Company Vision is “to be a world class provider of water and sewerage services”; while its Mission is “to Provide

reliable quality water and sewerage services in an environmentally friendly manner that delights customers within Nairobi City County.”The study also found out that the Planning, Evaluation and Monitoring department was vested with overall responsibility for Nairobi City Water & Sewerage Company s strategic planning and review of the organization performance at the end of strategy period. The department oversees and has demonstrated overall management and coordination of Company’s Strategy Review and supervision of the strategy development over the periods. This agrees with Porter (1985) who noted that despite the criticism leveled against strategic planning, it was still useful and it only needed to be improved and recasted.

The study also revealed that the BPOs were involved in the strategic planning process. However, to encourage ownership of the plan, early consultation with staff at all levels should be a key aspect of the next effort. Though management endeavored to engage staff as evidenced by the great efforts made to encourage participation in the planning process, some participants suggested that the initial planning process could have been improved through a greater effort to engage more staff. More employees might embrace and internalize the next plan if they are involved sooner in the next process. This is in agrees with (Ramanujam & Venkatraman,1987) who points out that Involvement of stakeholders throughout the strategic planning process will attract support for policy and activities to avoid conflicts. The organization should be able to benefit from the expertise and creativity from a wider perspective from stakeholders leading to more sustainable outcome and less costs .

Greenly (1986) noted that strategic planning has potential advantages and intrinsic values that eventually translate into improved firm performance. It is therefore a vehicle that facilitates improved firm performance. Strategic planning can be considered from content or a process viewpoint. The content relates to the distinct elements of the strategic plan which differ from firm to firm. The study also found out that Planning, Monitoring and Evaluation unit conducts periodic reviews including impact assessments. Outcomes and reports from the process are shared with staff and stakeholders with a view of generating continuous programme adjustments necessary to keep the strategy implementation on track.

The Impact and Shared Learning provides support to a variety of learning processes, creating and disseminating monitoring reports, and guiding reviews and reflections. This agrees with Robinson and Pearce (1983) who found out that in firms the formality of the planning process and the strategic decision process used were not congruent. The concerns include; assessing risk through environmental scanning; formulating goals and targets to be achieved in the competitive environment; selecting distinctive competences in order to gain a competitive advantage; determining authority relationships among the firm's departments; deploying financial physical resources to carry out firm strategies; and monitoring and controlling implementation.

The study further found out that environmental scanning/ external analysis was done through consultation, analysis of the social, political and economy requirements of the residents of Nairobi City County Residents. Thompson, Strickland and Gamble (2007)

postulate that the essence of good strategy making is to build a strong enough market position and an organization capable to produce successful performance despite unforeseeable events, potent competitive and internal difficulties.

NCWSC's vision and distinctive approach was particularly shaped by its analysis on the macro-micro factors within Nairobi City County. This agrees with Bryson (1988) who argue that strategic planning assists in providing direction so organization members know where the organization is heading to and where to expend their major efforts. It guides in defining the business the firm is in, the ends it seeks and the means it will use to accomplish those ends. The process of strategic planning shapes a company's strategy choice through the use of systematic, logical and rational approach. It reveals and clarifies future opportunities and threats and provides a framework for decision making. Strategic planning looks ahead towards desired goals. Strategic plan defines performance to be measured, while performance measurement provides feedback against the planned target (Dusenbury, 2000).

The study found out that NCWSC adopt methods that include consistent communication; consultation and the judicious use of consultants and facilitators to support the process. Dissemination is through key strategy messages that are compelling and focus staff and partners re-integration of core business, values and culture. This findings agree with Berry (1994) defines strategic planning as a management process that combines four basic features; a clear statement of the organization's mission; the identification of the agency's external constituencies or stakeholders, and the delineation of the agency's

strategic goals and objectives, typically in a 3-5 year plan; and the development of strategies to achieve them. The study found out that NCWSC undertake evaluation and control of its strategies through structural and systems changes, talent and capacity building, managing costs and overheads. This agrees with Kotter (1996) argument that the strategic planning process can be used as a means of repository and transforming the organization. NCWSC undertook evaluation and control of strategies through systems to promote effective internal communication and encourage inputs of external knowledge and perspectives, invest in structures and systems that generate and promote innovations, knowledge and alternatives as it strive to become a knowledge leader in the outside world on its priority themes.

Dusenbury (2000) also observed that the process of strategic planning shapes a company's strategy choice through the use of systematic, logical and rational approach. It reveals and clarifies future opportunities and threats and provides a framework for decision making. Strategic planning looks ahead towards desired goals. The study also found that strategic plans should be made based on confirmed incomes. This is also in accordance to (Johnson & Scholes, 2002) who indicated in his study that Successful strategic decision are dependent on the organizational having the internal strategic capability required for survival and success.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the findings of the study as analyzed in chapter four. It also includes summary, conclusions and recommendations of the study.

5.2 Summary of the findings

The study found out that Nairobi City Water and Sewerage Company's Vision is "To be a world class provider of water and sewerage services"; while its Mission is "to Provide reliable quality water and sewerage services in an environmentally friendly manner that delights customers within Nairobi City County." The study also found out that the planning, monitoring and evaluation department was vested with overall responsibility for NCWSC strategic planning and review of the organization performance at the end of each strategy period. The study also found out that the department oversees and has demonstrated overall management and coordination of Nairobi City Water and Sewerage Company Vision, Strategy Review and supervision of the strategy development over the periods. Monitoring and Evaluation unit conducted periodic reviews including impact assessments reports.

Outcomes and reports from the process of NCWSC were being shared with staff and stakeholders with a view of generating continuous adjustments necessary to keep the strategy implementation on track. The study further found out that environmental scanning/ external analysis was done through consultation, and analysis of the social,

political and economical factors within of NCC. The study also found that NCWSC held stakeholders forums to determine the needs and expectations of stakeholders in the month of August 2014. The physical environment was being managed by the environment department. The study also found out that Nairobi City Water and Sewerage Company carried out customer perception survey in the last financial year 2013/2014 to determine the emergent needs of its customers. NCWSC recognized the need to carry out external analysis so as to establish a strategic fit with its environment.

The study also established out that NCWSC adopt methods that include effective, consistent communication; consultation and consensus building; getting everyone involved; and the judicious use of consultants and facilitators to support the process. It was evident from the study that NCWSC communicates the strategies to ensure success and how they relates to NCWSC broader goals and strategic shifts; build capacity of the staff, teams, management to effectively deliver the strategies and facilitate uptake of strategies and associated change with desired speed and culture. It deploys methods of strategically allocating funds in line with organizational plans and priorities and strengthening management structures to improve decision-making, implementation and accountability.

The study found out that NCWSC undertook evaluation and control of strategies through implementing structural and systemic changes including staff capacity building, matching staff capacity, talent and strategic proprieties and managing staff costs overheads. Furthermore, the study established that Nairobi City Water and Sewerage Company

undertook evaluation and control of strategies by systems to promote effective internal communication and encourage input of external knowledge and perspectives invest in structures and systems that generate and promote innovations, knowledge and alternatives

5.3 Conclusions of the study

Nairobi City Water and Sewerage Company strategic plan reaffirms NCWSCs commitment to be a world class provider of water and sewerage services. The strategies sets direction, guide actions of staff and partners, articulates clear and ambitious priorities. It also sets out a clear framework for its work to be accountable, both to its stakeholders. Shaping the future strategy of Nairobi City Water and Sewerage Company involves drawing from local and County processes to ensure alignment and relevance; making reference to the County plans and priorities, national driven engagements while building strong working relationships.

Nairobi City Water and Sewerage Company high level of performance is largely depended on and places a higher degree of emphasis on strategic planning. Nairobi City Water and Sewerage Company uses multiple strategy planning systems and has adopted a number of strategies to enhance its performance. The empirical findings and analysis conducted in Nairobi City Water and Sewerage Company shows that strategic planning can directly contribute to organizational performance. The results of the interview guide on different strategic planning steps and effectiveness, measured by using management perception of strategic planning effectiveness was found in the relationship between the formality of strategic planning, management, employee and stakeholder's participation in

strategic planning. Regarding the second approach to measuring the strategic planning effectiveness and organizational performance (financial and non-financial) a significant correlation was found in the relationship between the strategic planning and the strategy implementation. Hence, formality of strategic planning has been shown as the most influential and impactful in organization performance.

The study also concludes that there is a difference between the results and approaches to measuring strategic planning effectiveness and organization performance, which confirms the case that selecting the appropriate approach to measuring relationship between strategic planning and organization performance must be done with caution. The comparative analysis conducted in this study with the purpose of establishing the relationship between strategic planning and organization performance in Nairobi City Water and Sewerage Company are a fundamental driver to organization performance to the best of the author's knowledge. The case of Nairobi City Water and Sewerage Company is good analysis and an instructive case demonstrated as a bridgehead on the relationship between the strategic planning process and organization performance.

Significant close relationship with strategic planning was found in organization the strategic planning tools in the case of Nairobi City Water and Sewerage Company. This is explained by appropriate and intensive usage of the strategic planning tools. The high level of engagement with stakeholders, the management, the Board and employee participation in the strategic planning processes which leads to improvement of the strategic planning effectiveness, ownership of strategies, accountability and

implementation and ultimate organization performance. The originality and the value of the study for the literature and theoretical knowledge lies in the attempt for the strategic planning and organization performance to be investigated as well as for a study analysis to be conducted in Nairobi City Water and Sewerage Company with useful conclusions about the strategic planning and its relationship with organizational performance.

This study also supports the existing literature knowledge in this area by evaluating several dimensions of strategic planning, simultaneously, with different approaches to measuring the strategic planning effectiveness. Since this study is based mainly on literature, empirical studies and interview, it offers some important insights to the applicability of strategic planning related to business environment in developing countries. Practical implications refer to the setting up of the different dimensions of the strategic planning practice in a way that will enhance strategic organization performance and give useful suggestions to managers by focusing their efforts on the effective strategic planning practice.

This study indicates the following practical suggestions that there is a strong relationship between formalized strategic planning, explicit and on-going organizational process, procedures, regular progress reviews; to improve the knowledge and skills for using the strategic planning techniques and to design an appropriate set of strategic planning techniques as an important element of the organizational performance. Top management of companies must increase the knowledge among managers on different organizational levels of the importance of strategic planning for the organizational performance,

understand their role in the strategic planning process and their role in developing management and organizational structure that encourage all staff and levels of the organization that must get involved and participate in the strategic planning process.

Finally the findings can also be used as an instrument to identify and overcome the barriers to effective strategy implementation as well as to determine critical issues of organizational effectiveness and activities necessary for the effective implementation of strategic planning, having in mind the following challenges to strategic planning implementation. Linking lessons on planning and implementation to overall strategic goals, and their understanding by the staff, partners; employee capacity, skills to adjust to new strategies, governance and management, organization culture, communication, ineffective coordination of implementation, and inadequate information systems for control activities. Nairobi City Water & Sewerage Company sees planning as means to support accountability and performance, and most importantly as a fundamental process to realize ‘fit for purpose.

5.4 Recommendations of the study

The study recommended that the strategic process should be inclusive of all the employees, all the departments should develop and apply their strategic plans, organization and departments should review those plans to ensure the success of the implementation, there should be frequent horizontal meetings to enhance cohesion and congruence between departments, management should increase the budgetary allocation to be in line with the strategic plan for the successful implementation of strategies.

Nairobi City Water and Sewerage Company strategies have presented a wide variety of opportunities for the organization to operate at the edge of its competence and to learn from its experience. Enhancing its capacity for organizational learning is critical to meeting the challenges that can be expected in the future. Nairobi City Water and Sewerage Company should optimize on its huge investment in assessments and consideration, and use outcomes and results for operational improvement or changing strategic priorities.

While strategies are long term, annual planning be done on confirmed incomes and to minimize reductions on budgets that subsequently affect plans made. The study recommended that Nairobi City Water and Sewerage Company should be aware that delivering its ambitious strategies presents a major challenge. The organizational structures, ways of working and behaviors must continually reinforce organization goals. Nairobi City Water and Sewerage Company's legitimacy and ultimate influence depends on being accountable for all that it does. In order to succeed, Nairobi City Water and Sewerage Company is committed to be accountable to partners and supporters who give time, money and solidarity. The organization should be responsive and innovative in relation to the ever changing and complex environment in which its work in while pursuing its strategies; be outward-looking, accommodating new ideas and relationships; remain committed to generating alternatives.

5.5 Limitations of the study

Many findings have arisen from this study. It may be that other factors associated with the predictor variables (different strategic planning dimension) influence the organization

performance. Therefore additional insight could be gained into influence of the development sector, environmental dynamics, governance, organizational and management dimensions and other additional relevant moderators on the planning-performance relationship. Considering that this study has been conducted in Nairobi City Water and Sewerage Company and that the strategic planning practice can be subject to some contingencies i.e. some cultural and institutional environment influence, much can be done in future research in this direction.

Subjective judgments by the interviewees are also a limitations in the process of strategic planning. If such judgements are faulty, efforts at better strategic plans are likely to be misdirected. Some of the interviewees were not available as scheduled and the researcher has to be flexible to enable carry her carry out an in-depth interviews. Another limitations in the study is the fact that 20% of the targeted interviewees were non responsive and this had an impact on the study.

5.6 Areas suggested for further research

It is evident that strategic planning at Nairobi City Water and Sewerage Company bears significantly on the overall organizational performance, and that strategy scholars should not abandon this line of inquiry altogether. The strategic planning literature bears key themes: The benefits of planning can outweigh the costs. Organizations that plan effectively are more likely to achieve higher performance than those that do not. Going through the motions of planning provides no great insights or benefits; it may actually result in a depletion of resources and lower quality decisions. Thus, a strong emphasis placed on planning is only justified when it is also focused on effective planning.

Future research may address following areas appropriate to this study. First, a longitudinal research design may improve the reliability of strategy measures and examine the long-term (i.e., beyond five years) effects of strategic planning. Further studies should expand the planning assessment process beyond the management staff, a more accurate depiction of planning activity may be gleaned from surveying all staff from each cadre within NCWSC in addition to the senior management .

Further studies should examine additional Service Providers in the industry. This study addressed only NCWSC. Additional investigations should include those Water service providers experiencing major macro environmental changes. In such industries, one may actually find a greater value in strategic planning activities. In general, these findings suggest the need for future research to explore the degree of emphasis and perceived effectiveness of various strategic planning.

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APPENDICES

Appendix I: Introduction Letter

Dear Sir/Madam,

Re: Introduction letter

I am a postgraduate student at the University of Nairobi pursuing a course in Master of Business Administration, specializing in Strategic Management. In partial fulfillment of the course requirement, I am conducting a case study on Strategic planning and organizational performance; A case study of Nairobi City Water & Sewerage Company.

For the purpose of completing my research, i wish to collect data through the attached Interview guide. Any information gathered during this study shall be treated as confidential and shall be used solely for my research project. A copy of the final research report shall be availed to you upon request.

Yours Sincerely,

Violet Awino Akello

Appendix 2: Interview Guide

The purpose of this interview guide is to assess the effect of strategic planning practices on performance of Nairobi City Water & Sewerage Company.

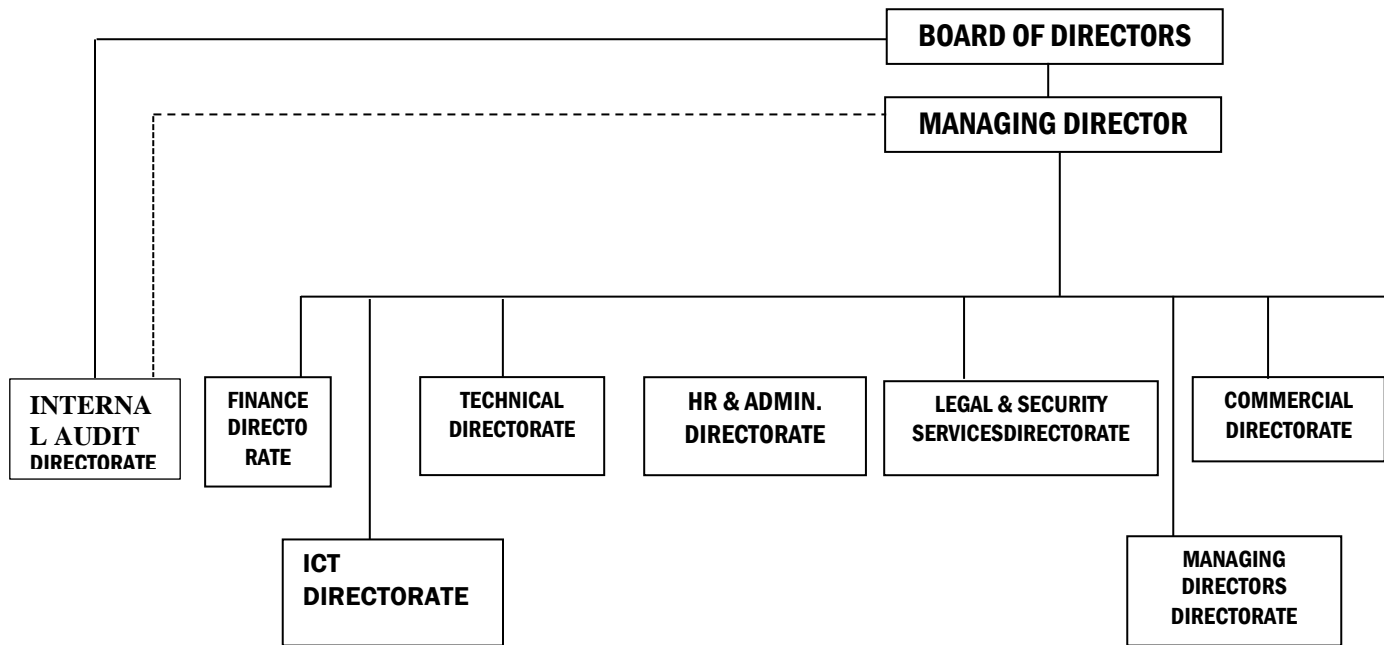
1. What is your position at Nairobi City Water & Sewerage Company?
2. Does Nairobi City Water & Sewerage Company have vision and mission statements?
3. Describe the process of environmental scanning/ external analysis in Nairobi City Water & Sewerage Company.
4. How is strategy formulation conducted in Nairobi City Water & Sewerage Company?
5. How does your organization undertake evaluation and control of strategies?
6. How has the department responsible for strategic related matters been in charge of strategies related to organization performance?
7. How are the following strategic planning practices done at Nairobi City Water & Sewerage Company aided in enhancing performance:
 - a. Designing quality service system in strategic planning.
 - b. Stakeholders satisfaction.
 - c. Operating efficiency.
 - d. Clarifying Future Direction and Establishing Priorities.
 - e. Assessing and sustaining organizational competence and impact.
8. How and to what extent was your division involved in the process?

9. From your perspective, what events precipitated the creation of the current plan?
10. Has strategic planning contributed to the overall success of Nairobi City Water & Sewerage Company ? In what ways?
11. What challenges were encountered throughout the process and how did the challenges?
12. How were these challenges handled?
13. Do you believe that a reasonable degree of consensus on the mission, vision, goals and objectives was achieved?
14. How have your activities and the activities of staff in your division changed as a result of the plan?
15. What were the most significant costs (political, bureaucratic, and financial) that emerged in the process?
16. What other strategies and processes are adopted at Nairobi City Water & Sewerage Company's to enhance its performance?
17. Recommend the various ways to strengthen the relationship between strategic planning and performance in your organization.

Thank you

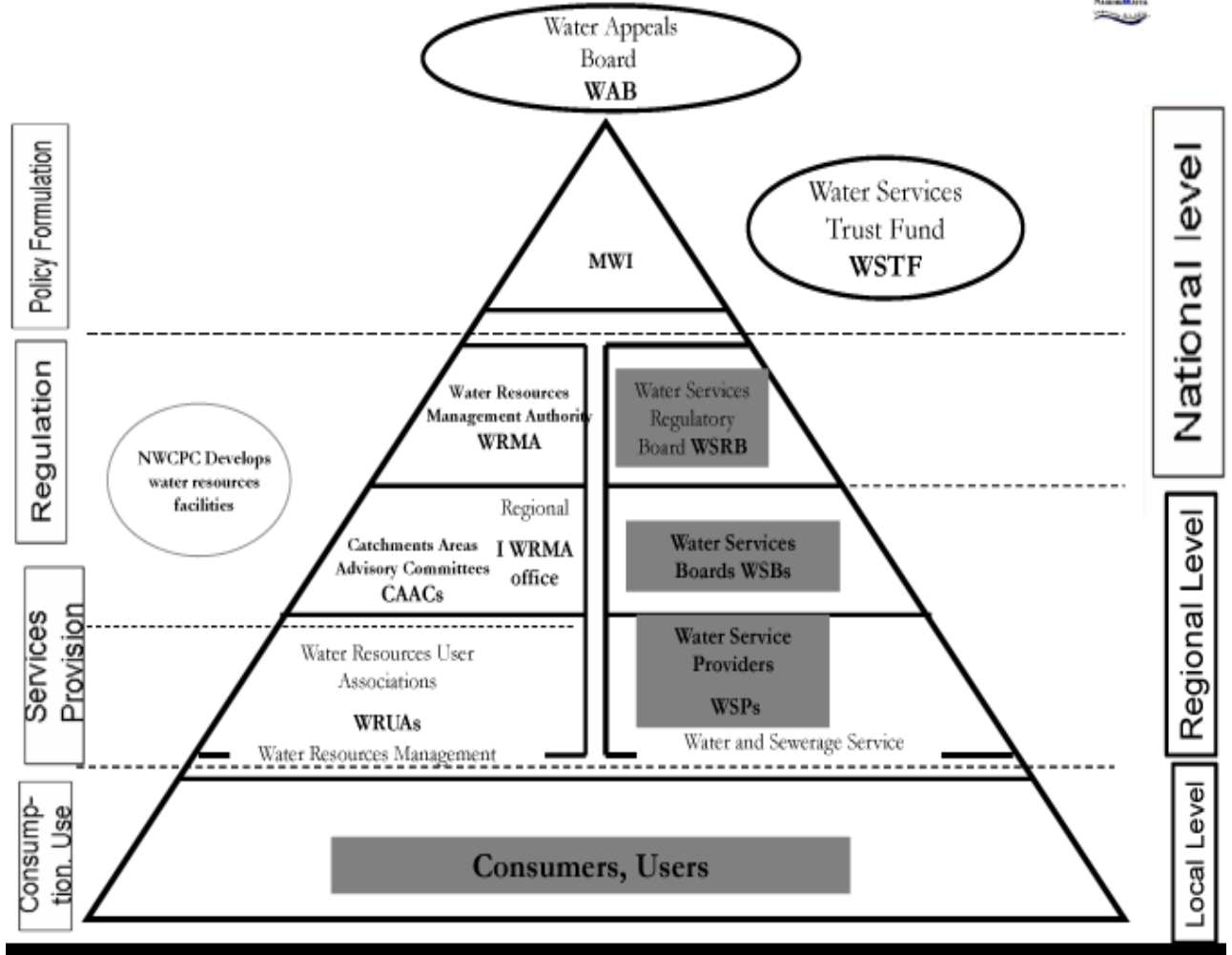
Appendix 3 : The Organogram

The organization structure for the company is as depicted below.



Appendix 4 : Institutional setup

INSTITUTIONAL SET-UP UNDER WATER ACT 2002



Appendix 5: Data collection approval letter



UNIVERSITY OF NAIROBI SCHOOL OF BUSINESS MBA PROGRAMME

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P.O. Box 30197
Nairobi, Kenya

DATE 09/09/2014

TO WHOM IT MAY CONCERN

The bearer of this letter VIOLLET AWIND AKELLO

Registration No. DG1/79138/2012

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

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

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

Thank you.

PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS

