

**STRATEGIC PLANNING PRACTICES AND
PERFORMANCE OF KENYA WOMEN HOLDING
LIMITED**

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**A Research Project Presented In Partial Fulfillment Of The Requirements For
The Award Of Masters Of Business Administration, School Of Business,
University Of Nairobi.**

2014

DECLARATION

This research project is my original work and has not been presented to any other university.

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This research project is submitted for examination with my approval as the University Supervisor.

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DEDICATION

To my family; my husband O. Nyamwange, my daughter Nyang'ara and my dear son
O. Nyamwange II for your love and support.

I thank the Almighty God for seeing me through AMEN.

ACKNOWLEDGEMENTS

During the trying moments of writing and compiling this project, some important people therefore need to be acknowledged for their professional generosity and input, considering the time this research project has taken to come to completion. I thank my supervisor, Mr. Eliud O. Mududa, whose incisive reading and constructive critiques of the project progress have been invaluable. My supervisor has been remarkably patient, providing consistent guidance, constructive comments and suggestions as well as helpful advice during the successive stages of this work. I would also like to acknowledge and thank all the entire staff and lecturers of Department of Management Science whom out of their busy schedule spared some time to ensure the progress of this project. Special appreciation goes to all KWH respondents who graciously gave their time to fill the research instrument.

ABSTRACT

Over the years, there have been changes in the Kenyan economy. Banks and other financial institutions have not been spared from the impact of these changes. The aim of this study was to determine the strategic planning practices adopted by KWH and the relationship of strategic planning practices and organization performance at KWH. To satisfy these objective data was collected from the senior management, of Kenya KWH who were targeted as the principal respondents. A self-administered Interview guide was used as major tool of data collection. The aim of the interview guide was to capture data on strategic responses adopted by KWH and managers' opinion on what should be done on ensuring that competitive advantage is attained. Descriptive research design was preferred for the presentation of findings. In this case data was evaluated and presented in form of textual/content analysis. The study established that KWH had put some strategies in place to cater for any challenges and threats to the operations. In this study, expansion coverage, people involvement and training of workforce appeared to be a strategic move by the KWH to lay a basis for offering satisfactory services to their customers and this was geared towards managing emerging trends in banking industry. The results of this study established that the commercial banks are in competition and their products and services differentiation is quite narrow thus requiring strategic planning of all the operations. It was concluded that successful organizations must be able, not only to deliver a high level of customer service, but also manage cultural change. The study recommended for a further research to be undertaken covering other firms especially in other financial institutions specializing in offering insurance services in Kenya.

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ACRONYMS AND ABBREVIATIONS

PESTEL	-	Political, Economic, Social and Technological analysis
SWOT	-	Strengths, Weaknesses, Opportunities and Threats
MDGs	-	Millennium Development Goals
KWFT	-	Kenya Women Finance Trust
KWH	-	Women Holding Limited
MFI	-	Micro-finance Institutions
CEO	-	Chief Executive Officer

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

McKeown (2011) argues that strategy is about shaping the future and is the human attempt to get to desirable ends with available means. According to Henderson (1981), Strategy depends upon the ability to foresee future consequences of present initiatives. The basic requirements for strategy development include, among other factors, extensive knowledge about the environment, market and competitors, ability to examine this knowledge as an interactive dynamic system; and the imagination and logic to choose between specific alternatives. Henderson explained strategy was valuable because of finite resources, uncertainty about an adversary's capability and intentions; the irreversible commitment of resources; necessity of coordinating action over time and distance; uncertainty about control of the initiative; and the nature of adversaries' mutual perceptions of each other.

Strategic thinking includes finding and developing a strategic foresight capacity for an organization, by exploring all possible organizational futures, and challenging conventional thinking to foster decision making today. Recent strategic thought points ever more clearly towards the conclusion that the critical strategic question is not the conventional What? but Why? or How? The work of Mintzberg (1994) and other authors, Bonn, (2001) Graetz, (2002) Liedtka, (1998), further support the conclusion; and also draw a clear distinction between strategic thinking and strategic planning, another important strategic management thought process.

Mintzberg (1984) argues that strategy emerges over time as intentions collide with and accommodate a changing reality. Thus, one might start with a perspective and conclude that it calls for a certain position, which is to be achieved by way of a carefully crafted plan, with the eventual outcome and strategy reflected in a pattern evident in decisions and actions over time. This pattern in decisions and actions defines what Mintzberg called "realized" or emergent strategy.

1.1.1 Concept of Strategy

Dow-Jones Irwin (1980) urges that 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 the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers, and communities. Dow-Jones Irwin definition corporate strategy, which determines the businesses in which a company will compete, and "business strategy, which defines the basis of competition for a given business.

1.1.2 Organization Strategic Processes

According to Byars (2001) a strategic plan is used to describe the steps taken by an organization in achieving its objectives and mission". Strategic Planning is a systematic, formally documented process for deciding the handful of key decisions that an organization viewed as a corporate whole, must get right in order to thrive over the next few years. Strategic planning practices involve formulation of vision and mission statement, performance of situation analysis and finally strategy formulation and choice (Pearce&Robbinson, 2008). It is executed by strategic planners or strategists, who involve many parties and research sources in their analysis of the organization and its relationship to the environment in which it competes Henry (2004). An important concept of strategic planning practices is an understanding that in order for an organization to succeed, everyone needs to work to ensure the team's goals are met (Johnson and Scholes, 1993)

Mission Statement may be referred to as the company's business vision. According to Starkey (2004), a mission is the first step of the strategic plan that defines the long-term vision of the organization. If an organization does not have a vision, then there is no reason for existing. It includes values that are unchanging, describes the firm and its visions, goals and acts as a guide in pursuit of future opportunities.

Environmental Scan, according to Bradford, includes these components: internal analysis of the organization, external macro environment (PESTEL analysis) and analysis of the organization's industry (task environment). Internal analysis identifies the strengths, weaknesses and external analysis to reveal opportunities and likely threats (SWOT). Industry analysis is performed using frameworks, which were developed by Michael Porter. He called them Porter's five forces. The framework evaluates entry barriers, suppliers, substitute products, customers and industry rivalry. For an organization to attain superior profitability, the organization looks to develop a

competitive advantage over its rivals. Competitive advantages normally based on cost or differentiation. According to Michael Porter, there are three industry-independent generic strategies from which the firm can choose.

Strategic implementation is an activity performed according to a plan in order to achieve an overall goal. For example, strategic implementation in a business context, involves developing and then executing of a new marketing plan. This is meant to increase sales of the firm's products to the end user. From selected strategies, implementation is made through programs, procedures and budgets. Implementation of these programs involves resources and staff motivation because this enables to achieve the firm's objectives.

1.1.3 Organization Strategic Practices

Any best practices that are from professional procedures, methods or techniques are defined as Strategic Planning Practices. According to Bresser and Bishop (2003), strategic planning practice is the product of the best minds inside and outside the corporation. The process considers future implications of current decisions, adjusts plans to the emerging business environment, manages the business analytically, and links, directs, and controls complex enterprises through a practical, working management system.

In order to achieve superior results, strategic management practices need to be consistently implemented. For instance, every organization needs to develop different types of recommendations such as best practice guidelines, guidance statements and best practice advice strategies. The purpose of these strategies is to provide recommendations that are based on best available evidence, inform and then help to deliver the best performance. Strategic planning practice involves formulation of vision and mission statement, performance of situational analysis and finally strategy implementation and choice (Pearce and Robinson, 2008).

1.14 Organizational Performance

Organizational performance is the actual results of an organization when measured against its intended objectives or goals. Performance of any organization is one of the mechanisms to gain people's commitment towards achieving the stated objectives of the organization. Increased competition, rapid change, reduced resources and

mounting employee expectations, have all combined in such a way that organizations are being expected to achieve more out of less (Neely et al 2006).

According to Richard et al (2009), an organization's performance encompasses three specific areas of a firm's outcome: Firstly financial performance – this includes profits, return on investment, and return on assets. Secondly shareholder return (economic value added, total shareholder return) and lastly Product market performance (sales market, market share etc.). Strategists in many fields have attempted to manage organizational performance using the balanced scorecard methodology – performance is tracked and measured in multiple dimensions such as Customer service, Financial performance e.g. shareholder return, Employee stewardship and Social responsibility e.g. Corporate, Citizenship, Community outreach.

Traditionally, companies placed heavy emphasis on the use of financial measures although they are historical by nature. The role of non-financial indicators, such as customer satisfaction, quality assurance, productivity, employee development etc. becomes important as they determine the competitiveness of a business as well as its ability to sustain profitability in the future.

1.1.5 Women Empowerment Organizations in Kenya

Improvement of the status of women is one of the Kenya Government's primary goals. It has shown its commitment to realizing this goal through the Vienna Declaration on Human Rights, the Convention on the Elimination of All Forms of Discrimination against Women and the Beijing Platform for Action, international human rights instruments that recognize the strong links between rapid population growth, high fertility, ill-timed pregnancies, weak health systems and poverty, among other factors.

Therefore, it is agreed that gender equality and women's empowerment must be integrated into national development strategies aimed at achieving development targets, including the Millennium Development Goals (MDGs). In line with this goal, various organizations have been formed toward the empowerment of the women in Kenya. One of such is Kenya Women Holding whose root can be traced to Kenya Women Finance Trust (KWFT).

1.1.6 Kenya Women Holding Limited

Kenya Women Holding Limited (KWH) is a membership based non-profit organization limited by guarantee that pursues a number of income generating activities to remain sustainable. Kenya Women focuses on ensuring the continuation of KWFT Microfinance mission and vision. Kenya Women's role includes product innovation and development, research, empowerment and corporate social responsibility activities.

Kenya Women traces its roots to KWFT a microfinance institution established in 1981. KWFT was established to provide access to financial services to women entrepreneurs to enable them to improve their economic status and livelihoods. Since its inception over 25 years ago, KWFT has risen to be one of the most successful micro-finance institutions in the country, with the largest network of any MFI providing deep penetration into rural and urban areas of Kenya.

KWFT enjoys a unique status in financial services as the only financial institution to focus solely on women clients. It has created a portfolio of products and services focused on meeting the needs of women entrepreneurs. KWFT's success is based on the recognition that women are a key niche market that has significantly lower levels of access to financial services than the rest of the general population.

1.2 Research Problem

The relationship between strategic planning practices and the performance of an organization received considerable attention during the 1970s and 1980s. However, despite the large number of studies examining this relationship, the results have been inconsistent. The majority of studies have reported a positive relationship between strategic planning and firm performance (Sapp and Seiler). However, several studies found that there is no relationship between strategic planning practices and organizational performance (Robinson and Pearce, 1987). Other studies also reported a negative relationship (Fulmer and rue, 1980).

Mucheke, (2013) in his study on the effects of strategic management practices on Yehu Microfinance Trust Fund, Mombasa County found out that there is a close relationship between strategic management practices and performances of the

organization. Adoption of strategic management practices led to improved performance in the organization. However, his study was limited to only one organization, Yehu Microfinance Trust Fund in Mombasa County.

Kathama, (2012) in her study on Strategic planning practices and performance of state corporations in Kenya found out that there is a positive relationship between strategic planning practices and performance of corporations. Her study was limited to state corporations only. She recommends that similar study should be done in private organizations in Kenya for comparison purposes and to allow for generalization of findings on the strategic planning practices and performance of organizations in Kenya.

The purpose of this research is therefore to fill the gaps in literature by examining the impact of strategic planning on the performance of the KWH. Given that the previous researches have been majorly foreign, the findings could not be generalized to Kenyan firms and more specifically to KWH. This then leads to the question: what are the strategic planning practices adopted by KWH and how do such practices enhance the performance of the organization?

1.3 Research Objectives

The objectives of this study were:

1. To determine the strategic planning practices adopted by KWH.
2. To establish the relationship of strategic planning practices and how they can influence organization performance.

1.4 Value of the Study

The findings from this study will be valuable to the current academic practices in the area of strategic planning research. It will be of value to academicians, as they will find useful research gaps that will stimulate interest in further research in the future.

The findings will be of benefit to the management and staff of Kenya Women Holding who will gain insight into how their organization could effectively use strategic planning for better organizational performance. The study offers an understanding on the importance of adopting strategic planning and as such improves

their performance and competitiveness in the microfinance sector. This study is further justified since it will be of value to those interested in setting up micro financial institutions in the country. The study will be able to help them understand what strategies to formulate in order to succeed and the importance of strategic planning as the firm grows amidst turbulent environment.

The understanding of the strategic planning practices adopted by Kenya Women Holding will help policy makers – governments and other stakeholders – to design targeted policies and programs that will actively stimulate the growth and sustainability of the microfinance sector in the country, as well as helping those policy makers to support, encourage, and promote the establishment of appropriate policies to guide the firms.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter provides information from publications on topics related to the research problem. It examines what various scholars and authors have said about the concept of strategic planning. The chapter reviews the various concepts related to the study which include the concept of strategic planning, strategic planning process and practices, performance measurement and challenges facing adoption of strategic planning in Kenya Women Holding. It presents the theoretical and empirical findings of studies related to strategic planning and performance measures of organizations. The chapter also provides the research gaps identified and the relationship between Strategic planning practices and organizational performance.

2.2 Theoretical Foundation

Strategic planning is a process that brings to life the mission and vision of the enterprise. A strategic plan, well-crafted and of value, is driven from the top down; considers the internal and external environment around the business; is the work of the managers of the business; and is communicated to all the business stakeholders, both inside and outside of the company (Nickols, 2011).

According to Dix (2002) Strategic planning is to a business what a map is to a road rally driver. It is a tool that defines the routes that when taken will lead to the most likely probability of getting from where the business is to where the owners or stakeholders want it to go. Moreover, like a road rally, strategic plans meet obstacles that call for adapting and adjusting as the plan is implemented.

As a company grows and as the business environment becomes more complex, the need for strategic planning becomes greater. There is a need for all people in the corporation to understand the direction and mission of the business. Companies consistently applying a disciplined approach to strategic planning are better prepared to evolve as the market changes and as different market segments require different needs for the products or services of the company. In 1994, Mintzberg took the entire strategic planning establishment to task in his book, *The Rise and Fall of Strategic Planning*. He declared that strategy did indeed have several meanings, all of which

were useful. He indicated that strategy is a plan, a pattern, a position, a perspective and, in a footnote, he indicated that it can also be a ploy, a maneuver intended to outwit a competitor. John Bryson (1996), professor of planning and public policy at the University of Minnesota, defines strategy as “a pattern of purposes, policies, programs, actions, decisions, or resource allocations that define what an organization is, what it does, and why it does it.”

Chandler, (1962) author of *Strategy and Structure*, the classic study of the relationship between an organization's structure and its strategy, defined strategy as “the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources for carrying out these goals.”

According to Andrews (1980), a 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 businesses the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers, and communities.”

2.3 Strategic Planning Process and Practices

This is an all-encompassing term referring to how environmental analysis is done; strategies are formulated, implemented and evaluated in an organization. It also refers to methods that are repeatedly used in evaluating the past, present and future plans by a particular organization. It expresses what an organization would like to achieve or to accomplish within a given time-frame. In some organizations the mission and vision statement are combined into a single statement while in others it is separated and is often in form of a single sentence. (Pearce and Robinson, 2003)

According to Mintzberg (1985) a Mission statement describes the organization's basic function in society, in terms of the products and services it produces for its clients. It is foundation upon which priorities strategies, plans and work tasks are built on. Major components of a good mission statement are; Customers, Products or Services, Markets, technology, concern for public image and concern for employees (King and

Cleland, 1979). King and Cleland (1979) highlighted the following benefits of a mission statement; ensuring unity of purpose within the organization providing a basis or standard for allocating organizational resources; establishing a general tone or organizational climate; serving as a focal point for individuals to identify with the organizations purpose and direction and to deter those who cannot participate further in the organization activities; to facilitate the translation of objectives into a work structure involving the assignment of tasks to responsible element within the organization and to specify organization purposes and then to translate these purposes into objectives in such a way that cost, time and performance parameters can be assessed and controlled.

A goal is a desired future state that an organization attempts to attain. An open-ended statement is not measurable and time-bound. Goals are important because organizations exist for certain purposes, the main one being the realization of their missions. Thus in most organizations, the key goals are survival, profit and growth (Sababu, 2001). Objectives on the other hand refer to specific result(s) an organization aims at achieving within a given time frame and with the available resources. They are more specific than goals. According to Sababu (2001) they are "managerial commitment to achieve specific performance targets by a certain time period. They are measurable performance targets towards an organization's mission and as a result, they are ends by themselves."

An organization does not exist in a vacuum but in an environment in which it operates and interacts with. It is therefore imperative to do an environmental analysis in order to come up with appropriate strategies. Environmental analysis is done at three levels: internal, operating and remote environments.

Internal analysis involves an audit of how well the organization's resources are utilized for the realization of organizational goals. These resources are; - tangible assets such as production facilities, raw materials, and financial resources and so on, intangible assets as brand names, company reputation, technical knowledge and organizational capabilities such as the ability of combining assets, people and processes to transform inputs to desired outputs.

The analysis of operating environment involves analysis of competitors, creditors, customers, labour and how they impact on the organization. Remote environment analysis involves an assessment of factors that originate beyond the organization's operating environment. These are political, economic social, technological, environment and legal factors.

According to Wit and Meyer (2004) strategy formulation starts with situational analysis of both internal and external environments and identifying the critical issues such as major problems, threats, weaknesses, and or opportunities that require particularly high priority attention by management. It further includes producing a clear set of recommendation to strategically positioning of the organization to compete successfully. A good strategy should be effective in solving the stated problems; be practical, that is be applicable in the current situation with the available resources and be feasible, that is applicable within a reasonable time-frame, cost-effective, not overly disruptive and acceptable to the key stakeholders in the organization.

Strategy implementation is the action stage of strategic management. It involves developing an implementation plan and mobilizing managers and employees to ensure that the new strategy is operational and effective in achieving the organization's objectives. Strategy implementation is the most difficult stage in strategic management as it requires personal discipline, commitment and sacrifice. It depends on the manager's ability to motivate employees, which is more of an art than a science. It cut across all divisions and departments requiring managers and employees to work as a team to successfully implement the strategy (David, 2001).

Strategy control is important in tracking if strategies are being implemented as planned and identifying problems or charges in its underlying premises and making necessary adjustments. It requires responsible managers to ask themselves the following two sets of questions; first, are we moving in the right direction? Are our assumptions about major trends and changes correct? Are we doing the critical things that need to be done? Should we adjust or abort the strategy? Secondly, how are we performing? Are objectives and schedules being met? Are costs, revenues and cash

flows matching projections? Do we need to make operational changes? (Pearce and Robinson, 2003:319)

Yabs (2010) identifies three types of strategic control: Feed-forward controls; Concurrent controls and Feedback controls. Feed-forward controls are instituted during the formulation of the strategy. They ensure timely commencement of work delivery of inputs in time, availability and quality control of all inputs and fulfillment of all formalities. These controls are to ensure that the firm or organization function properly.

Concurrent controls are in-built with the strategy to check progress from inside and to institute correct measures as implementation continues. They are sometimes called steering controls because they allow changes of direction of developments as situations demand. They include interim report, quarterly or monthly reports, international audit-exercises, quality control checks while production continues such as continuous assessment tests in colleges, drill exercises for disaster management and fire-drill for emergency fire exercises. Feedback controls are those controls that are instituted after the strategy implementation is complete. These controls include end of the year results, results of a football match or end of a football season, end of exercise reports, audit exercise, financial reports, return on investments residual income, resultant costs, product quality.

2.4 Performance Measurement

Organizational performance is the actual results of an organization when measured against its intended objectives or goals. Determining how to measure performance of a company is always difficult. First is the problem of finding useful definitions of concepts such as competitiveness or performance (e.g., see Buckley, Pass, and Prescott 1988; Littler 1988; Day and Wensley 1988). Second is the problem of how to operationalize these concepts.

Performance as a theoretical construct is defined as the accomplishments or outcomes of an entity. In addition to not differentiating between manufacturing and service issues, most strategic planning-performance studies relate solely to corporate performance. The derived construct is business performance that Lusch and Laczniak

(1989) define as the total economic results of the activities undertaken by an organization. Like its corporate counterpart, the measurement of business performance presents both conceptual and methodological problems (Fredrickson and Mitchell 1984). Again, the difficulty emanates from the diverse indicators of performance available. Nevertheless, for the business-level strategy researcher, the option to ignore performance is not viable, since performance improvement is an important strategic objective.

Walker and Ruekert (1987) stated that the dimensions of business performance that are of primary importance to corporate and business unit managers can be broken down into effectiveness, efficiency, and adaptability. However, they then admit that there is little agreement as to which measure is best. Thus, any comparison of business performance with only these three dimensions involve substantial trade-offs; good performance on one dimension often means sacrificing performance on another (Donaldson 1984).

Previously, managers have focused on improving the performance of the organization entity in terms of the profits they make but this has gradually changed as the non-financial aspect is also seen as a way of ranking the best performing organization. Attempts to optimize financial performance may negatively influence overall organizational performance, thus damaging the firm's competitive advantage. The methods that Kenya Women Holding can use to measure its performance include benchmarking and Balance Scorecard.

Bench marking is a way of measuring performance of one's organization against the best in the same or another industry as outlined by Spendolini (1992). Fitzsimmons et al. (2006) further defined it as a method to improve organizational performance and competitiveness in business life. Through this concept of benchmarking business can adapt and learn from other comparable operations to one's own performance or methods. In order to carry out supplier development, utilization of benchmarking approach is carried out, as a tool for continuous improvement in quality and performance (Datakumar et al. 2003).

The concept of benchmarking is primarily divided into three categories commonly in use today. The first element suggests Process benchmarking (Naylor, 2002) which has received the most vigilant attention and has evolved over the years (Anderson et al. 2005 and Beretta et.al., 1998). The second element is the performance benchmarking which is compared between the levels of achieved performance in different operations (Heizer et al. 2011). According to Slack et al. (2007), organizations can produce improvement plans based on the outcome of the competitive benchmarking. Lastly, Strategic Benchmarking that involves necessity to improve an overall performance by observing and examining the long term strategies and other approaches that have facilitated high performance in the organization in order to succeed.

Balance scorecard is a system developed in the early 1990s by Robert Kaplan and David Norton. It is a set of measures used to monitor business performance, which helps companies to continually refine their vision and strategy. The balanced score card uses a set of measures to provide feedback on internal business performance in order to continually improve strategic performance. Based on performance, the company considers the trade-offs between service and cost to improve performance of its supply chain and make adjustments to the networks.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides an explanation and description of methods and procedures that was employed in this study. These are; research design, target population, sample design, research instrument, validity and reliability, data collection procedure, data analysis and presentation.

3.2 Research Design

A descriptive case study was adopted to establish the status of strategic management practices at KWH. According to Yin (1984) case studies provide a very focused and valuable insight into the phenomena that may otherwise be vaguely known or understood. This view is further reinforced by Mugenda and Mugenda (2003) who observe that case studies allow a researcher to conduct an in-depth investigation of an individual, group, institution or phenomenon. This enables the researcher to determine factors and relationships among the factors that have resulted in the behavior under study.

A descriptive research design was also adopted in the study, which according to (Borg and Gall, 1989; Orodho, 2002) allows the researcher to gather information, summarize, interpret and present it. KWH was selected being the organization the researcher is working for and would like to investigate the value of strategic planning activities on the firm's performance.

3.3 Data Collection

The researcher submitted the research instruments, which enabled the establishment of rapport, to ease explanation of the purpose of the study and the meaning of items that may not be clear as observed by Best and Khan (1987). The appropriate instrument for the study is an Interview Guide as show in appendix 1.

The researcher visited the headquarters in Nairobi. Arrangements with the C.E.O. on the most suitable day and time for administering the research instruments were done in advance. This study targeted all levels of management to establish how strategies are formulated, implemented and controlled in the organization. Those targeted for

information consisted of the Chief Executive Officer, Head of Finance, Head of Programmes, Information Technology Manager and Senior field Officer in Kenya Women Holdings' management staff.

3.4 Data Analysis

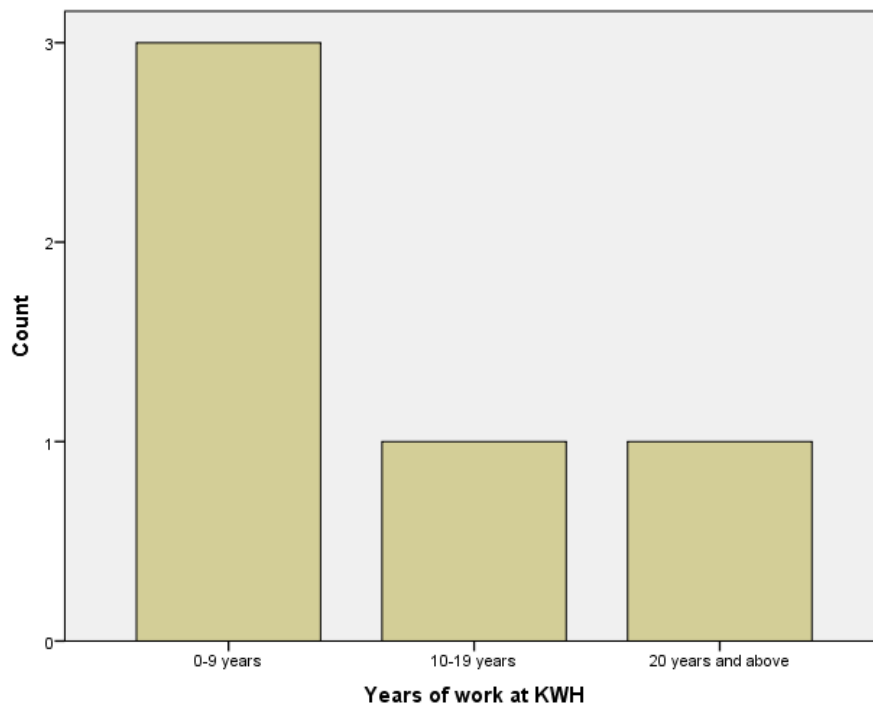
This being a qualitative research, content analysis was used to analyze data collected. Content analysis allows the researcher to describe the form or content of written materials (Bell, 2010). The research aimed at gathering an in-depth understanding of human behavior and the reasons that govern such behavior. The qualitative method investigates the why and how of decision-making, not just what, where, when. Hence, smaller but focused samples

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter presents data analysis, findings and discussions on data gathered from the field. The collected data was analyzed interpreted in line with the aim of the study namely, to determine the strategic practices adopted by KWH and establishment of how these practices enhance performance of KWH. The respondents were the senior management who included the chief executive officer of the group, head of programmes and head of finance. One more respondent from the programmes department was also included. Majority of the respondents have been working for KWH for less than ten years as can be seen from Figure 4.1

Figure 4.1 Years of Respondents



4.2 Strategic Planning at KWH

The study sought to understand the process of strategic planning at KWH. Majority of the respondents reported that, the organization does strategic planning on an annual basis and plans are reviewed once every beginning of the year. This helps in keeping the workers on track about the targets set and the status of current achievements.

The institution has been doing strategic planning since 1991 to meet targets, grow portfolio and budget efficiently. Majority the respondents concurred that strategic planning is done at the departmental levels where individual departments come up with their plans, which are then submitted to the chief executive officer who approves before forwarding them to the board that does the final review approval. One respondent however pointed out that the company comes up with adjusted plans whenever a review is done. This helps the company to constantly meet its targets and at the same time remain up-to-date with the industry's developments.

4.2.1 Mission and Vision

The company keeps formal documentation on the vision and mission. According to the respondents, the top management is largely involved in the formulation and updating of these statements. One of the respondents also pointed out that, consultants are engaged where need be. These statements are however largely management in the programmes and marketing dockets of the institution.

The study sought to know factors or some the things that guided the formulation of KWH's vision and Mission. Majority of the respondents said that the passion for enfranchising women in the country was the biggest motivation of the group's mission and vision. Others gave the following reasons; Institutional focus, target market and the original mission and vision of KWH, the clientele served and market need analysis. Finally, the need to have a clear framework for implementation of organizational goals and objectives formed part of the reasons KWH formulated mission and vision. The company's policy requires that the mission and vision statements be reviewed after every two years, however in practice; these statements are rarely reviewed unless there is a major change in the strategic direction/focus of the institution.

4.2.2 Vision and Shareholders Benefits

The study sought to know whether the company's vision was developed with the shareholders' benefits on the mind. Majority of the respondents (60%) agreed that the vision statement was developed with a long-term focus on the shareholders' benefits. The shareholders however must agree to agree with the challenges that are likely to be encountered in the process of achieving the vision. The company mission and vision are clear, and they give focus to the whole group.

4.2.3 Development of Key Strategies at KWH

Majority of the respondents indicated that, focusing on the group's reason of existence and reaching a consensus is what motivates strategy formulation in KWH. Others however pointed out that clarity on products and services offered to the clientele, challenges and strategies put forward to handle them, innovation of the products and investment needs, and KWH's theory of change plays a bigger role in formulating KWH's strategies.

In the study, the researcher also sought to understand the features of KWH's strategic goals. In response to this, majority said that products and services targets to achieve, target groups, time frame and a specific budget are major features of their plans. Others argued that clear statement of goals and strategic targets i.e. the target to reach out to over 2000 women in Kenya, investment awareness and academic empowerment of women are also important features of Kenya Women Holdings strategic plans.

4.2.4 Development of Short and Long Strategic Goals

The question sought to bring to the attention of the researcher how short and long-term goals are formulated in KWH. Majority of the respondents said that assessing the impact of the target outcomes, as some are long term and others short term is the best way of coming up with long term and short term goals. Other respondents said that the management looks at the strategic goals and decides the ones that can be achieved on short term and those achievable on long term. Another way used here is based on the experience and research on several factors likely to affect service delivery such as finances.

4.2.5 Monitoring and Evaluation

The researchers sought to understand how monitoring and evaluation is used to measure the progress towards achieving operational and strategic goals with key performance indicators. Most of the respondents said that this is realized through constant reviews that ensure that employees remain focused to achieving the set goals; others said that constant performance reports on each intervention are largely used where plans are reviewed in line with the actual achievements. New approaches are also given as and when where needed.

The gaps between current position and targeted position of the firm are bridged through product innovations that are based on the analyzed loopholes. This is the position that was favored by majority of the respondents. Some respondents however

said that these gaps are bridged through constant reviews and interventions broached by various departments within KWH.

4.2.6 Process of Strategic Planning

Majority of people who were interviewed said that the process used mostly on KWH is PESTEL and SWOT analysis. These two processes are commonly used to identify the organization's strengths and weaknesses and the opportunities available for the firm to explore. Some of the respondents said that the company uses a team level consultations which are mostly followed by board consultations and eventually drafting of the final plans.

The researcher also sought to understand the different roles of various departments in planning, implementation and evaluation of the strategic plans. 50% of the respondents said that the roles are shared departmentally especially in designing plans, implementing and reporting to the senior level management. The senior level management then evaluates the plans and finally passes them to the board for final review and approval. There is division of responsibilities generally when it comes to planning in KWH.

4.3 Contribution of Strategic Planning to Performance of KWH

In addressing the second objective of the study, the researcher wanted to know how strategic planning has contributed to the performance of KWH. The respondents highlighted several advantages of this process and recommended it for further use citing several areas where the company has experienced growth. The company has experienced growth in quality of services and products offered have improved through innovations, marketing research and setting of bench marks have all seen the quality and range of products improving over years.

KWH has embraced the changing nature of the employment, and most of them can react to them including loopholes that may have come with these changes. Ability to attract and retain highly talented employees has also gained pace in KWH. This has been realized through the ability to identify qualified staff, ability to plan ahead with the staff. Setting of reasonable goals that are specific and achievable, empowerment of the staff through trainings and revision of terms as and when necessary. Enhancing of teamwork through motivational strategies and proper communication of targets.

Team building is encouraged in KWH to help the employees' cement good working relations.

Strategic planning has also greatly improved customer satisfaction through quality products and services, proper market research that has helped the company deliver exactly what the customer want. Better customer relations have also received a significant boost due to strategic planning. This has led to prompt reaction to customers' feedback and hence high customer satisfaction and retention. On operating efficiency, the respondents acknowledged that operating efficiency and financial performance has increased over years because the strategic plans and goals are attained due to specific targets that are achievable.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The study was carried out to determine the strategic planning practices adopted and to establish whether strategic planning has helped KWH to improve its performance. From the analysis of data collected, the following discussions, conclusions and recommendations were made. The analysis was based on the objective of the study.

5.2 Summary

The summary was drawn from the results and findings of the study. It is based on objective of the research on the strategies used by KWH to gain competitive edge in the retail banking. On the adoption of formal strategies for achieving the bank's objectives, the results indicate that KWH had adopted a wider corporate coverage across the country and beyond, customers, and community development enabled the achieving of the group's overall objectives. From the analysis, it is clear that the group can extend their products and services to a larger range of clients within their coverage. On the implementation and the development of the strategies, the majority indicated that this is done by the various departments within which the strategies fall. The respondents who participated in the study were from various departments of KWH. They were mostly heads of departments and were better-placed to respond to questions regarding the strategic planning at KWH.

From the responses of KWH has been doing strategic planning since 1991. This shows that the company has an enormous experience in terms of formulating strategic plans that have seen the company expand over time. This view was supported by the respondents who concurred on the same.

5.3 Conclusion

The study established that KWH had put some strategies in place to cater for any challenges and threats to its operations. In this study, expansion to more coverage, people involvement and training of workforce appear to be a strategic move by the KWH to lay a basis for offering services geared towards facilitating emerging trends in banking industry. The results of this study tally with the findings of Musyoka (2012) who found out those commercial banks that employ strategic planning achieve

operational excellence and effectiveness. That the commercial banks are in competition and their products and services need to be differentiated through effective planning that involves strategic management. Schein (1985) concludes that successful organizations must be able, not only to deliver a high level of customer service, but also manage cultural change.

5.4 Recommendations

From the discussions and findings it is quite clear that the issue of strategies is not a new concept in KWH. The company involves all the departments who come up with various departmental strategies that undergo approval at different stages. From the responses, it is clear that some of the employees were not well versed with the whole process of strategic planning. There is, therefore, need for a company to have their employees trained on strategic planning and need to involve them at every stage of planning. The plans are reviewed after every two years; this is a good period for effective review of the plans. This is also a good move in keeping up with the current trends in the market. Some of the respondents who gave a contrary opinion however said that, strategic plans are never reviewed unless there's need to do so. This emphasizes how some of the employees are not versed with the process. Management should adopt a way of including everyone or at least making them understand the process.

Other companies in the same field should embrace strategic planning to realize growth in their operations efficiency and effectiveness. As the study found out, KWH has enjoyed growth in many of its services. It has seen it get several awards for efforts to see a woman in Kenya liberated. The strategies involved here can be easily replicated with little or no modification by other financial institutions offering same products. Strategic planning is good because through this the company can make clear decisions on what is realistic for the institution. Clear achievements can be made if the some of the plans are approved departmentally. When developing the vision and mission of the organization a more broad approach can be employed e.g. involving all the stakeholders from the employees to shareholders and finally to customers.

Despite the fact that KWH has its focus on women, it still faces steep competition from other institutions offering similar products to customers throughout the country. Strategies should, therefore, be more tailored towards reducing this completion.

Products should be innovated to make them more identifiable with women. The current loans like the recent one targeting women in agriculture is a way to go. This can also be achieved by investing in newer technologies that will assist in offering exceptional services to its customers.

5.5 Limitations of the Study

There were difficulties in getting respondents for interview because of the busy schedule and on the other hand, some of the respondents thought that the researcher was exposing exclusive information to current and potential competitors. The small number of respondents was considered convenient, but it could also be insufficient to rely on when coming up with findings that generalize the whole entity.

5.6 Suggestions for Further Research

When operating in a turbulent environment firms, usually, have difficulty in coming up with the appropriate strategies that give them an edge in the market. Some studies have been carried out on this area, but more can be undertaken to cover other firms especially in other financial institutions specializing in offering insurance services in Kenya. More studies in institutions similar to KWH can also be done to establish whether the findings of this study and other similar studies are true. The study also had few respondents, but similar studies can focus on more respondents to increase the confidence in the results obtained.

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APPENDICES

Appendix I: Letter to Respondents

TERESIA NYAMBURA WAKAHIA
P.O BOX 14077 -00100
NAIROBI.
30th September 2014

DR. JENNIFER RIRIA
CHIEF EXECUTIVE OFFICER
KENYA WOMEN HOLDING LIMITED
NAIROBI -KENYA

Dear Madam,

RE: REQUEST FOR AN APPOINTMENT

I'm a MBA student from the University of Nairobi under taking my Research paper on Strategic Planning Practices and Performance of Kenya Women Holding Limited.

I' m passionate about empowering women and would like to interview you and the management team of KWH to establish findings of my study which I will also share with Kenya Women Holding Limited to continue providing quality service to its clientele.

Thank you in advance and I'm looking forward meeting with you.

Yours sincerely,



Teresia Nyambura Wakahia

Appendix II: University Letter of Recommendation



UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE...15/9/2014...

TO WHOM IT MAY CONCERN

The bearer of this letter ...JEDCS/A NYAMBURA WAKAHIA.....

Registration No.....DGI/64509/2011.....

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



Appendix III: Interview Guide

1. What is your name?
2. What is the department or your functional area at KWH?
3. How long have you worked for KWH?
4. Do you do strategic planning at KWH?
5. If yes, how often do you do it?
6. How did you arrive at the length of strategic planning period?
7. Does your organization have a formal documentation of Vision and Mission statements?
8. If yes in (7 above) who is involved in the formulation of the organization's Mission and Vision statements?

9. What guided your Vision & Mission?

10. How often are the Vision and Mission statements reviewed?

11. What is the time horizon of your plans?

12. What influenced choices of this horizon?

13. How did you develop a Vision – with benefit that shareholders can expect?

14. How did the Mission clarify what business your company is in?

15. How did you develop key strategies that contributed to the overall Vision?

16. What are the features of your strategic goals?

17. How do you develop short and long term goals?

18. How do you use monitoring and evaluation to measure the progress towards attaining operational and strategic goals with key performance indicators?

19. How do you address gaps between current position and the targeted goals?

20. Which processes do you use in your strategic planning formulation in KWH?

21. How does strategic planning contribute to attainment of the following;
Quality of products or services?

Innovation and change?

Ability to retain essential employees?

Ability to attract essential employees?

Relationship among employees?

Customer satisfaction?

Retention of customers?

Operating efficiency financial performance?