

STRATEGIC PLANNING AT GRANT THORNTON KENYA

BY

PATRICK MUEKE SAMMY

**A RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF
DEGREE OF MASTER OF BUSINESS ADMINISTRATION,
SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI**

NOVEMBER 2015

DECLARATION

This project is my original work and has not been presented for the award of a degree in this University or any other Institution of higher learning for examination.

Signature.....

Date.....

PATRICK MUEKE SAMMY

D61/61240/2013

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

Signature.....

Date.....

PROF. EVANS AOSA

Department of Business Administration

School of Business

University of Nairobi

DEDICATION

This research project is dedicated to my late dad Sammy Mueke who before meeting his death was a source of inspiration and encouragement. My loving mother, Lena Sammy and sisters Serah, Jennifer and Annah.

ACKNOWLEDGEMENT

First and foremost, praises and thanks to the God, the Almighty, for His showers of blessings throughout my research work to complete the research successfully.

My deepest gratitude to my supervisor Prof. Evans Aosa without whose guidance and supervision, this project would not have been accomplished.

Sincere thanks to my family especially my parents for their love, prayers, caring and sacrifices. I am very much thankful to my late dad who really encouraged me and gave me hope when there was none. Rest in peace dad thanks a lot.

TABLE OF CONTENTS

DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
LIST OF ABBREVIATIONS	viii
ABSTRACT	ix
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study	1
1.1.1 The Concept of Strategy	2
1.1.2 Concept of Strategic Planning	4
1.1.3 Audit Firms in Kenya	5
1.1.4 Grant Thornton Kenya	6
1.2 Research Problem	7
1.3 Research Objective	9
1.4 Value of Study	9
CHAPTER TWO: LITERATURE REVIEW	10
2.1 Introduction.....	10
2.2 Theoretical Foundation	10
2.2.1 Environment Dependence Theory	10
2.2.2 Resource Based View	11
2.2.3 Agency Theory.....	12
2.2.4 Institutional Theory.....	13

2.3 Strategic Planning in Organizations.....	14
2.4 Formality in Planning	18
2.5 Approaches to Strategy Development	19
CHAPTER THREE: RESEARCH METHODOLOGY	21
3.1 Introduction.....	21
3.2 Research Design.....	21
3.3 Data Collection	22
3.4 Data Analysis	22
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION	24
4.1 Introduction.....	24
4.2 Demographic Information.....	24
4.3 Strategic Planning at Grant Thornton Kenya.....	25
4.3.1 Existence of Vision and Mission Statements.....	27
4.3.2 Objectives	28
4.3.3 Strategic Reviews.....	28
4.3.4 Environmental Analysis.....	29
4.3.5 Factors Influencing Strategic Planning	29
4.3.6 Factors that Determine Success in the Audit Sector	30
4.3.7 Benefits of Strategic Planning at Grant Thornton Kenya	31
4.3.8 Challenges of Strategic Planning	31

4.4 Discussion	32
4.4.1 Comparison with Theory	32
4.4.2 Comparison with other Empirical Studies	34
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS ..	35
5.1 Introduction.....	35
5.2 Summary of Findings.....	35
5.3 Conclusion	37
5.4 Recommendations.....	38
5.5 Limitations of the Study.....	39
5.6 Suggestions for Further Research	40
REFERENCES.....	41
APPENDICES	48
Appendix I: Letter of Introduction.....	48
Appendix II: Interview Guide.....	49

LIST OF ABBREVIATIONS

CEO: Chief Executive Officer

CPA: Certified Public Accountant

G.T: Grant Thornton

ICPAK: Institute of Certified Public Accountants of Kenya

PESTEL: Political Economic Social Technological Legal and Environmental

ABSTRACT

The environment in which organizations operate in is highly turbulent. Organizations face strengths and weaknesses internal to them as well as opportunities and threats external to their environment. In order to survive, the organizations are supposed to take advantage of the strengths and opportunities accessible to them while mitigating the weaknesses and threats facing them. Strategic planning is the cornerstone for success in the ever turbulent environment. Professional services network industry also faces these challenges and hence need to undertake strategic planning so as to meet the set objectives of any firm operating in the industry. Grant Thornton an International firm specializing in advisory, assurance and tax services is not exempt from the challenges. Grant Thornton is a leader in the industry that it operates in. The study was on strategic planning at Grant Thornton Kenya and the study objective was to determine strategic planning at Grant Thornton Kenya. It sought out to add on to the existing knowledge on strategic planning by investigating strategic planning as practiced by Grant Thornton Kenya. The study adopted a case study research design in order to specifically research on strategic planning at Grant Thornton Kenya. It enabled the researcher to have a thorough understanding of the behavior pattern of Grant Thornton Kenya. Primary data was collected using interview guides administered to the respondents who were senior management at the corporate level which comprised of; the managing partner, senior partner and the audit partner. Content analysis was used to analyze the data through describing phenomena, classifying it and seeing how the concepts interconnect as indicated by the respondents. The study found out that Grant Thornton Kenya has adopted a global strategic plan where the vision, mission and the strategies are developed globally and cascaded to the regional levels by the umbrella entity Grant Thornton International. The global strategic plans are then cascaded to Grant Thornton Kenya corporate level management which is entrusted with overseeing the strategic planning process at the firm. The corporate level then formulates and cascades the global strategic plan which they align along with local strategies which cannot conflict or negatively impact the global strategy. The strategic process is an all inclusive process as it also involves input from the employees of the firm in setting the objectives of the firm. The main challenge faced by the firm is changes in technology as it relies much on computers and software in service delivery to its clients. The study recommends that Grant Thornton Kenya should continue focusing on its people both client and employees so as to survive in the competitive industry. The study also recommends that the firm should invest in research to investigate on ways to improve its way of doing things and not to rely much on the umbrella entity.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

A vital connection exists between any business and its environment. Apparently, organizations are environment dependent and environment serving (Drucker, 1954; Chandler, 1962; Ansoff, 1987). The environment in which a business operates is constantly and persistently changing. The environmental turbulence necessitates an equal need for rapid recognition of appropriate strengths, opportunities to be exploited, threats to be encountered and weakness to be overcome (Pearce and Robinson, 2002).

The environmental turbulence necessitates an organization to undertake strategic planning in order to survive and prosper. Strategic planning has become the axis on which obsolescence caused by insistence on historical strength may be countered for competitive edge. Strategic planning is a conscious systematic process during which decisions are made about mission, values, goals, strategies, priorities and activities that an organization, and by extension industry players will pursue if they are to survive and remain relevant in the future, amidst a constantly volatile environment. Strategic planning is the cornerstone of every organization without which the organization will never know where it is going or whether it will ever get there. An important concept of strategic planning is an understanding that in order for an organization to flourish everyone needs to work to ensure the team's goals are met (Johnson and Scholes, 2002).

Strategic planning aid audit firms to overcome threats and weaknesses encountered as they exploit appropriate strengths and opportunities. Established in 1978 under the Accountants Act CAP 531 the Institute of Certified Public Accountants of Kenya (ICPAK) is the professional organization accountable for regulating activities of all Certified Public Accountants (CPA (K)s) (audit firms) in Kenya. Grant Thornton Kenya is a member firm of Grant Thornton International. Grant Thornton International is one of the world's leading organizations of independent assurance, tax and advisory firms. Grant Thornton Kenya, with nine partners and more than one hundred and thirty team members, the firm dates back nearly thirty years. The firm has deep links with the Kenyan business community and in-depth knowledge of the market.

1.1.1 The Concept of Strategy

Strategy is a multi dimensional concept and various authors have defined strategy in different ways. Johnson and Scholes (2002:10) define strategy as “the direction and scope of an organization over the long term: which achieves advantage for the organization through its configuration of resources within a changing environment, to meet the needs of markets and to fulfill stakeholder expectations”. According to porter (1996) strategy is the creation of a unique and valued position involving a different set of activities (p. 68), and it is about creating fit among a company’s activities, for if there is no fit among activities, there is no distinctive strategy and little sustainability (p.75). Chandler (1962, P.6) delineates 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 necessary for carrying out these goals”.

Mintzberg (1994), points out that strategy has long been used implicitly in different ways even if it has traditionally been defined in only one. He then presents five definitions of strategy as a plan, ploy, pattern, position and perspective. It is a plan since it is a consciously intended course of action to deal with a situation. Strategy can also be defined as a ploy as it is a maneuver intended to outwit an opponent or competitor. Strategy is a pattern-specifically a pattern in a stream of actions strategy as a pattern entails consistency in behavior, whether or not intended. Strategy is also defined as position as it provides a means of matching an organization with its environment. Finally, strategy is a perspective since it not only looks at the external environment but an ingrained way of perceiving the world. Strategy in this respect is to the organization what personality is to the individual.

Strategy as defined by various authors seems to be about gaining a competitive advantage as an organization achieves its set goals and objectives over competing organizations as it copes with a turbulent environment. It's therefore imperative for an organization to formulate, implement and evaluate favorable strategies in relation to its environment. Hence, the connection between the organization and its environment is the strategy (Ansoff, 1987; Mintzberg, 1987; Porter, 1987; Aosa, 2000). The core concept of strategic planning is evidently strategy.

Strategy though associated with military and form in the early years, in recent times, the word has been taken on as a business term. Strategy has been explained by various scholars and authors in different but complementary ways. The field of management in the business world has several concepts that have no agreed definition. Strategy happens

to be one of the many. Ansoff (1987) a pioneer in the field of business/corporate strategy in fact once warned that strategy is an elusive and somewhat abstract concept. Chaffee (1985) points out that strategy is multidimensional, situational, and dynamic, therefore, hard to define.

1.1.2 Concept of Strategic Planning

Strategic planning is a process of formulating, implementing and controlling plans guiding an organization in achieving strategic goals considering the external and internal environment (Mercer, 1991). It is a decision process that defines the business of an organization; it is also a process that identifies the opportunities and constraints which face that organization as it attempts to be successful and lays out a plan of action for goal attainment. Strategic planning process entails specifying the organization's mission, vision and objectives and developing policies and plans towards attaining the same over the specified time period. In addition, the process goes on to monitoring the implementation of strategy. Several tools of examining a firm's environment e.g SWOT analysis and PESTEL analysis have been developed and have been proven to work over time.

Evidently, strategic planning is the process of devising a plan of both offensive and defensive actions intended to maintain and build competitive advantage over the competition through strategic and organizational innovation. A plan is a written account of intended future course of action (scheme) aimed at achieving specific goal(s) or objective(s) within a specific timeframe. It explains in detail what needs to be done, when, how, and by whom, and often includes best case, expected case, and worst case

scenarios. A strategic plan is a document used to communicate with the organization the organizations goals, the actions needed to achieve those goals and all of the other critical elements developed during the planning exercise. The strategic plan might cover a certain period depending on the organizational culture of the organization (Balanced Scorecard, 2014).

Strategic planning enables the setting of priorities, allocation of energy and limited organization resources in order to strengthen operations and ensure that the organization is working towards achieving the common set goals and objectives as it adjusts to the changing environment. Strategic planning enable an organization to examine and learn from its environment, establish strategic direction, craft strategies that are anticipated to move the organization in a given direction and implementing those strategies in an effort to satisfy various stakeholders (Mintzberg, 1973; Porter, 1987).

1.1.3 Audit Firms in Kenya

An audit firm is a professional organization that offers professional services to other organizations at a fee. The services may range from assurance, audit, legal services, advisory, consulting, tax, corporate finance and actuarial. Depending on the expertise of the management an audit firm in Kenya should choose the services to offer to its clients. Most audit firms offer audit, tax, advisory and consulting services in Kenya.

Established in 1978 under the Accountants Act CAP 531 the Institute of Certified Public Accountants of Kenya (ICPAK) is the professional organization accountable for regulating activities of all Certified Public Accountants (CPA (K)s) in Kenya. ICPAK has since been devoted to its role in developing and regulating of the accountancy profession

in Kenya enhancing its contribution and that of its members to national economic growth development. Repealing of the 1978 Act saw a new enactment of the Accountants Act No. 15 so as to take into account various developments that shaped accounting profession both in Kenya and globally (ICPAK, 2014).

1.1.4 Grant Thornton Kenya

Alexander Richardson Grant at the age of 26 years in the year 1924, a senior accountant with Cleveland accounting firm Ernst & Ernst (today Ernst & Young) motivated by being a business leader in the world of accounting quit his job and joined William O'Brien and together started their own business, Alexander Grant & Co. Middle market companies were their clients and they were also providing accounting services throughout the Midwest while the company was built in Chicago. Grant Thornton (G.T) has since evolved to an international professional services network of independent accounting and consulting member firms (Grant Thornton, 2014).

Grant Thornton International is among the largest professional services network of independent accounting and consulting member firms providing tax, assurance and advisory services to privately owned businesses, public interest organizations and public sector organizations. Grant Thornton Kenya is a member firm of Grant Thornton International. Grant Thornton International is one of the world's leading organizations of independent assurance, tax and advisory firms. These firms help dynamic organizations unlock their potential for growth by providing meaningful, actionable advice through a broad range of services. Over 31,000 Grant Thornton people, across 100 countries, are focused on making a difference to clients, colleagues and the communities in which we live and work (Grant Thornton Kenya, 2014).

1.2 Research Problem

There is no consensus on any one way advocated by scholars on how institutions should go about strategic planning process. Strategic planning is indispensable for most firms as they face lots of challenges both external and internal to the firm. Different organizations will have different ways of achieving their competitive advantage. Different authors and scholars have advanced that strategies can form implicitly as well as be formulated explicitly (Mintzberg 1991, Johnson and Scholes, 1993).

Different organizations practice strategic planning differently. Aosa (1992) points out that foreign companies operating in Kenya are more involved in strategic planning than the local ones. Professional companies differ from family companies in strategic practices. Family companies are largely informal in their strategic planning activities. There is no one universal approach to strategic planning.

Grant Thornton, a foreign professional firm specializing in tax, assurance and advisory services to privately owned businesses, public interest organizations and public sector organizations, just like any other audit firm operating in Kenya faces environmental turbulence; these might involve strengths and weaknesses internal to the firm as well as opportunities and threats external to the firm. The professional services network industry has become very competitive and for a firm to survive it has to have well laid out strategy to give it direction and purpose in its operations. Apart from competition the external and internal environment in which the firm operates in is constantly changing. This calls for better strategic plans that capture the industry dynamics that are premised on radical changes reminiscent of the industry for swift responses may such occasions arise.

Several studies have been carried out in Kenya on strategic planning practices with most researchers bringing forth a comprehensive view on strategic planning practices taken on by organizations. Kamau (2008) did a research on Strategic planning practices adopted by tour and travel firms. His research brought to a close that formal planning process is in place in these firms. Emily (2006) studied strategic planning practices in public secondary schools in Kenya. She concluded that strategic planning practices provide a mechanism for coordinating decentralized strategy formulation within a structure of demanding performance targets. Karanja (2008) carried a research on strategic planning practices in audit firms in Nairobi. He concluded that audit firms in Nairobi can acquire and sustain a competitive advantage via well developed strategic planning practices.

Outside Kenya, various studies have been carried out among them; Study on strategic planning practices: how the mainland China construction companies go international through learning from Hong Kong (Wu Tong 2011). Strategic planning Practices in Singapore (F. Pavri, J Ang 1970s). The study on strategic planning and organizational performance in the regional government owned banks in Indonesia (Mohammed Sihab, Ridwan and John Marti, 2012). Strategic planning process and current practices by UMW Toyota Motor & Chemical Co of Malaysia (Izmir 2012).

It is evident from the various studies that strategic planning is practiced a lot among various organizations. These studies have also shown that strategic planning is practiced differently by different organizations. How does Grant Thornton undertake strategic planning?

1.3 Research Objective

The objective of the study was to determine strategic planning at Grant Thornton Kenya.

1.4 Value of Study

The study will benefit several populaces for example; the study will stimulate scholars to further research. Grant Thornton Kenya and entire fraternity will also benefit from the study as it will enlighten them in identifying the strategies to realize optimum results of their objectives and goals. The clients to Grant Thornton which involve privately owned business, public interest organizations and public sector will also understand how Grant Thornton practices strategic planning. Managers from different fields will be able to get information on strategic practices of the strategic practices of one of the leading professional firms in the world. This will enhance their decision making and policy design or improvement.

The Government might also find the study valuable in that it can act as a source of information by identifying factors that influence strategic planning practices in the professional services network. Strategic management field is pre-paradigmatic; the study will add on to the growing body of knowledge in strategic planning practices in Kenya. It will act as a source of reference for future research to be undertaken which are related to strategic planning practices among the professional services network.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature on strategic planning. A lot has been advanced in the field of strategic planning. Although the literature covers a wide variety of the past or previous studies undertaken in the context of strategic planning, this review will be broken down into theoretical foundation, strategic planning in organizations, formality in planning and lastly review on other approaches to strategy development.

2.2 Theoretical Foundation

There are several theories advanced relevant to strategic planning. These include: Resource based view theory, agency theory and Institutional theory.

2.2.1 Environment Dependence Theory

A vital connection exists between any business and its environment. Apparently, organizations are environment dependent and environment serving (Drucker, 1954; Chandler, 1962; Ansoff, 1987). The environment in which a business operates is constantly and persistently changing. The environmental turbulence necessitates an equal need for rapid recognition of appropriate strengths, opportunities to be exploited, threats to be encountered and weakness to be overcome (Pearce and Robinson, 2002).

The environment which includes factors in the remote environment (political, economic, social, technological and legal), industry (existence of substitutes, power of suppliers, power of buyers, threat of entry and rivalry among firms) and the operating environment

(customer profiles, competitive position, suppliers, nature of the labour market and creditors). The external environment of an organization consists of factors that are beyond the control of the firm. The factors affect to a great deal the choice and direction of the organization. Organization should consequently develop strategies that are adequately in relation to their resources and capabilities with the opportunities in their environment (Pearce and Robinson, 2002). The extent to which an organization has aligned its strategies to its environment describes its strategic fit. Environmental dependence theory assists the organization determine the superlative strategies in relation to its environment during strategic planning process.

2.2.2 Resource Based View

The Resource based view (RBV) asserts that firm's resources are key to its superior performance. While this significant body of research within the field of strategic planning was named by Wernerfelt (1984) followed by Prahalad and Hamel (1990) and later by Barney (1991) among others. Retrospectively, elements can be found in works by (Chandler, 1977; Coase, 1937; Penrose, 1959; Selznick, 1957; Stigler, 1961; Rugman & Verbeke, 2002; Williamson, 1975), where emphasis is put on the importance of resources and its implications for firm performance (Conner, 1991; Mahoney & Pandian, 1992; Rumelt, 1984). If a resource exhibits (Value, Rarity, Imitate and Organization) VRIO attributes, the resource enables the firm to gain and sustain a competitive advantage. RBV is an approach to achieving competitive advantage. Valuable and rare resources can lead to realization of a competitive advantage. The advantage can be sustained over a long period of time such that the firm can protect against resource imitation, transfer, or substitution (Barnley 1991).

In the resource based view, strategic planning uses organizational resources to generate a viable strategy. Strategic approaches are wide and varied, and resource based view is commonly cited strategic approach to attaining competitive advantage (Porter, 1985). The theory holds company assets as the primary input for overall strategic planning, emphasizing the way in which competitive advantage can be derived via rare resource combination. In many ways, business strategy aims to achieve competitive advantage through the proper use of organizational resources. As a result the resources based view offers some insight as to what defines strategic resources and furthermore what enables them to generate above average returns (profit).

2.2.3 Agency Theory

Agency theory is a supposition that explains the relationship between principals and agents in business. The first scholars to suggest, explicitly, that a theory of agency be created, and to actually commence its foundation, were Stephen Ross and Barry Mitnick, independently and roughly concurrently. Ross (1973) points out that an agency relationship has arisen between two (or more) parties when one, designated as the agent, acts for, on behalf of, or as representative for the other, designated as principal. In support of Ross, Eisenhardt (1985) explains how to best organize relationships in which one party (the principal) determines the work, which another party (the agent) undertakes.

In the relationship, the principal hires an agent to do the work. Agency theory presumes both the principal and the agent are inspired by self-interest. It's argued that the supposition of self interest exposes agency theory to inevitable inherent conflicts. Both parties are motivated by self interest, agents are likely to pursue self-interested objectives that deviate and even conflict with the goals of the principal. Yet, agents are supposed to act in the sole interest of their principals.

Krueger (2004) in his paper, points out that the plethora of strategic planning is in the agency theory in practice at all levels of the strategic planning process. He contends that starting from the corporate strategy to operational strategy the objectives designed at all levels must be supervised by the agents or managers for the organization to achieve its objectives management by an objective which observes that organization must formulate objectives at all strategic hierarchy levels. Hence agency theory is very crucial to strategic planning as the agents oversee the process.

2.2.4 Institutional Theory

Institutional theory originated from several authors; (DiMaggio, 1983; Powell, 1983; Scott, 1987; Selznick, 1948; Zucker 1983). The institutional theorists assert that the institutional environment can strongly influence the development of formal structures in an organization, often more profoundly than market pressures. The theory emphasizes rational myths, isomorphism and legitimacy. It considers the processes by which structures, including schemes, rules, norms and routines become established as authoritative guidelines for social behavior (Scott, 2004).

Meyer and Rowan (1977) argue that often these "institutional myths" are merely accepted ceremoniously in order for the organization to gain or maintain legitimacy in the institutional environment. Organizations adopt the "vocabularies of structure" prevalent in their environment such as specific job titles, procedures, and organizational roles. The adoption and prominent display of these institutionally-acceptable "trappings of legitimacy" help preserve an aura of organizational action based on "good faith". Legitimacy in the institutional environment helps ensure organizational survival.

DiMaggio and Powell (1983) conclude that the net effect of institutional pressures is to increase the homogeneity of organizational structures in an institutional environment. Firms will adopt similar structures as a result of three types of pressures. Coercive pressures come from legal mandates or influence from organizations they are dependent upon. Mimetic pressures to copy successful forms arise during high uncertainty. Finally, normative pressures to homogeneity come from the similar attitudes and approaches of professional groups and associations brought into the firm through hiring practices.

Benchmarking is a procedure whereby an organization compares its own performance in specific areas with the performance of peer institutions. For example SWOT analysis is a widely used tool to formally analyze the Strengths, Weaknesses, Opportunities and Threats prone to an organization. SWOT is a powerful tool when correctly used (Johnson and Scholes 2002). An organization that undertakes strategic planning requires institutional theory for benchmarking purposes with other organizations in the same industry.

2.3 Strategic Planning in Organizations

A plan is a written account of intended future course of action (scheme) aimed at achieving specific goal(s) or objective(s) within a specific timeframe. It explains in detail what needs to be done, when, how, and by whom, and often includes best case, expected case, and worst case scenarios. Strategic planning is about coming up with strategic plans that will enable an organization gain and maintain a competitive advantage over rivals operating in the same industry (Balanced Scorecard, 2014).

Drucker (1954) asserts that, strategic planning is management by plans, an analytical process and is focused in making optimal strategic decisions. Chandler (1962) defines strategic planning as a way for businesses to build strategies that help the company respond quickly to new challenges emanating from the environment. It enables the organization to deal with the changing environment. Ansoff et al. (1970) points out that strategic planning is a process of seeking a better match between a firm's products or technology and its increasingly turbulent markets. Business environment according to him changes from familiar to unfamiliar with strange technologies, customers, competitors, changing buyer and consumer attitudes, new dimensions of social control and most importantly, a questioning of the firm's role in society. Similarly, Hofer and Schendel (1978) describe strategic planning as an evolution of managerial response to environmental change in a focus moving from internal structure and production efficiency, to the integration of strategy and structure and production innovation, multinational expansion and diversification.

Bateman and Zeithml (1993) observe that planning is a conscious, systematic process during which decisions are made about the goals and activities that an individual, group, work unit or organization will pursue in the future. Robson (1997) elucidates that strategic planning process consists of three main elements that helps turn an organizations vision or mission into concrete achievable the three include strategic analysis, strategic choice and strategic implementation. The strategic analysis will comprise of setting the organizations direction with the vision, mission and goals being set. Strategic intent is set and resources are directed towards understanding the business environment. Generation, evaluation and selection of the most appropriate strategy encompass the strategic choice

stage. In the strategy implementation stage, the relevant policies are put in place with the formulation of frameworks that will aid in translating chosen strategies into actionable forms being also put in place.

According to Pearce and Robinson (2001) strategic planning is the set of decisions and actions resulting in the formulation and implementation of strategies designed to achieve objectives of an organization. It enables an organization gain a competitive advantage. Strategic planning is made up of three main elements: strategy formulation, strategy implementation and strategy evaluation (Ansoff, 1985; Bailey and Johnson, 2001; Mintzberg, 2008). Pearce and Robinson (2007) identified three levels of strategy: corporate, business, and functional or operational level. Strategic planning principally deals with organizational performance and it is critical in developing sustainable competitive advantage (Mintzberg, 2008; Sirmon et al., 2006).

Strategic planning is a process involving the evaluation of market conditions, customer needs and wants, competitive strategies and weaknesses, socio – political, legal and economic condition, technical development and availability of resources that lead to identification of opportunities and threats facing an organization (Pearce and Robinson, 2002). Cole (1996) points out that, organizations should practice strategies that enable the organization to take advantage of external opportunities while minimizing the impact of external threats, internal strengths are to be capitalized on and internal weaknesses are to be mitigated. Strategic planning is a conscious systematic process during which decisions are made about mission, core values, goals, strategies and priorities and activities that an organization, and by extension industry players will pursue if they are to survive and remain relevant in the future, amidst a constantly volatile environment (Johnson & Scholes 2002).

Johnson and Scholes (2002) view several approaches to strategic planning ranging from top-down, bottom-up and negotiated approach. SWOT analysis, Porters Five forces Model, Portfolio analysis, Scenario planning, Functional analysis and Value chain analysis are some of the tools and techniques used in strategic planning. The process of strategic planning involves development of vision and mission statement, situational analysis, external analysis, internal analysis development of objectives, development of strategies, and development of appropriate budgets, reward systems, information systems, policies and procedures (Muriuki 2005). Scanning of the environment will involve internal and external analysis and look at various aspects such as Political, Social, Technological, Economic and Legal environment (PESTEL) analysis.

A strategic planning process will involve the outlined steps; an internal analysis which involves identifying the organizations strengths and weaknesses by analyzing its competencies. It also involves the organization highlighting its competitive advantage. The organization should exploit and expand on its strengths as well as reduce or eliminate its weaknesses. External analysis which is the context in which an organization operates in is the second step. This takes in various factors including those outside its control, for example, political and economic environment. The next step is summarizing the current situation based on the available information gathered and evaluated in steps one and two followed by development of a mission and vision statement, goal setting, defining objectives that support the goals and development of strategies is the last stage. A good strategic plan will include at least the key tactics thought to be important to supporting the strategies. Generally tactics are more fully developed and added to the plan as time goes on (McKeown 2012).

2.4 Formality in Planning

The free dictionary by farlex online (2015) defines formality as condition or quality of being formal; accordance with required or traditional rules, procedure; its conventionality. Formal strategy is defined by the extent of deliberateness in planning. Formal strategic planning is the extent to which roles in or contributions to corporate strategic planning are structured in the organization of the planning process and can be viewed from four perspectives. Futurity of current decisions in formal strategic planning looks at chain of cause and effect consequences of an actual or future intended decision that a manager is going to make, in other words if the manager doesn't like the anticipated consequences the decision can readily be changed (Steiner, 1997)

Formal strategic planning can also be seen as a process that begins with setting organizations aims, defines strategies and policies to achieve and lastly develops detailed plan to implement the strategy so as to attain the desired goals and objectives. It mainly involves deciding in advance what kind of planning effort is to be undertaken, when it is to be done, how it is to be done, who is going to do it, and what will be done with the results (Steiner, 1997).

Steiner (1997) points out that strategic planning as a philosophy refers to an attitude, a way of life. Planning necessitates dedication to acting on the basis of contemplation of the future, a determination to plan constantly and systematically as an integral part of management. It's more of a thought process, an intellectual exercise, than a prescribed set of processes, procedures, structures, or techniques.

As a structure, formal strategic planning integrates strategic plans, medium-range programs and short-range budgets and operating plans. It's through the integration that top management strategies are translated into current decisions. The structural view determines the various models that strategic planning can follow, such as centralized, decentralized and devolved structures.

2.5 Approaches to Strategy Development

Deliberate and emergent strategies may be conceived as two ends of a continuum along which real world strategies lie. A strategy is described as deliberate where the collective vision, goals and intention(s) of an organization (in most cases as determined by its leadership) is articulated as broadly and in as much detail as possible, communicated to the employees responsible for implementation within that organization over a period of time, even though the adoption of such behavior or actions was never explicitly intended (Mintzberg and Waters 1985). Strategy may form following consistency in a pattern of decisions in which case, it would be described as emergent (Mintzberg 1987). The emergent strategy develops from everyday organizational routines. Strategies may develop as patterns, incrementally building on prior decisions. In the case of unforeseen circumstances, emergent strategies help in providing for unplanned responses. Serendipitous discoveries or events lead to the discovery of the emergent strategies. Autonomous action by managers deep within the organization may at times lead to the same. The emergent strategies are often successful and may be more appropriate than intended strategies.

On the other hand, rational model focuses on thoroughness of analysis (Chaffee, 1985) and evaluation of all possible courses of action (Mintzberg, 1987). Formal, structured analyses (Ansoff 1987), such as environmental scanning, portfolio analysis and industry analysis are used in this rational strategy formulation process to define opportunities and threats (Steiner, 1997). The result of this process is a highly detailed plan of action with multiple alternative courses of action, detailed with financial and resource related information. This approach often features the classic SWOT analysis to develop strategy. Strategy can also be intended in the sense that the strategy is deliberately planned by managers (Mintzberg, 1987; Whittington, et al., 2005). Strategy in this case, is regarded as a responsibility of the leaders. Leaders define strategies that influence the daily operations of an organization. The leaders are responsible for formulation, implementation, control and evaluation of the strategies.

Mintzberg also points out that strategy may be described as realized or unrealized. He describes realized strategy as strategy when delivered. Unrealized strategy lingers as an intention because it hasn't come to pass. It's somewhat a response to rational view hence another perspective to strategic planning arises. Mintzberg disapproves this by consenting to the fact that strategies may evolve, besides being intentional. Strategic planning is thus adaptive (Mintzberg, 2008).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes methods and procedures that were used by the researcher in order to conduct the study so as to achieve the objectives. The research design, data collection methods and data analysis are all covered in this chapter.

3.2 Research Design

Research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to purpose with the economy in procedure (Bromley, 1986). A case study was applied in order to specifically research on strategic planning at Grant Thornton Kenya. It enabled the researcher to have a thorough understanding of the behavior pattern of Grant Thornton Kenya. Kothari (1990) asserts that a case study is a careful and complete examination of a social unit, institution, family, cultural group or an entire community. He insists that a case study embraces depth than breadth of a study.

Yin (1994) points out that case study design allows a thorough, meticulous and systematic data collection on the research problem. The design allows and supports the use of content analysis. This enabled the researcher get more material details with systematic characteristics that led to trends being achieved.

3.3 Data Collection

The type of data collected was primary data. The primary data was collected through the use of interviews. The data collection instrument used in the research was an interview guide. The interview guide was administered on a face to face basis to three key people. The interview guide made use of open ended questions that directed the interviewer on the direction to take when conducting the personal interviews so as to get in-depth and relevant information. The use of open ended questions ensured that the researcher got as much information from the interviewee as he is confined in their response.

Data was collected from three senior partners who have been with the company for long and are involved in the audit firm's strategy planning. These were the managing partner, the senior partner and the audit partner. In most organizations top and middle level management are the ones involved in strategic planning therefore negates the need to interview everyone. Three senior partners were interviewed. The interviewees included the managing partner, the senior partner and the audit partner.

3.4 Data Analysis

Data analysis started by organizing the data collected from the interviews. The organization of data was followed by thorough reading, editing, cleaning up of interview notes and lastly the data was entered into a computer. Content analysis was applied by the researcher to analyze the data through describing phenomena, classifying it and seeing how the concepts interconnect as indicated by the interviewees. Content analysis was preferred due to the fact that results given are predictable, directed or comprehensive hence made the approach advantageous to the research.

Content analysis is described as a technique for the objective, systematic and quantitative description of the manifest content of communication (Cooper and Schindler, 2003). Content analysis is broad hence making it flexible and wide ranging tool that may be used as a methodology or specific technique. It provides for the rigorous application of reliability and validity as it guards against selective perception of the content.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter covers the analysis of the data collected and the findings obtained. The analysis has been done in line with the objectives of the study which was to determine strategic planning at Grant Thornton. The data was gathered through interview guides and analyzed using content analysis.

According to the data found, all the three senior partners projected in the previous chapter to be interviewed were interviewed. The creditable response was achieved after the researcher made restless effort at booking appointment with them despite their tight schedules and making phone calls to remind them of the interview.

4.2 Demographic Information

Data was collected from three partners of the firm working at Grant Thornton Kenya. The interviewees included managing partner, senior partner and the audit partner. The study, in a bid to ascertaining the interviewees' competence and conversance with matters regarding Grant Thornton Kenya asked questions on the department served by the interviewee, according to the data findings all the interviewees were senior managers in charge of various departments. The interviewees have also worked with the organization for at least ten years.

Due to the long period of being with the firm and their positions in the firm, the interviewees' responses consequently had the advantage of good command and responsibility being that they were senior partners and had experience and aptitude owing to the years of experience in the organization.

4.3 Strategic Planning at Grant Thornton Kenya

Grant Thornton Kenya has adopted a global strategic plan where the vision, mission and the strategies chosen are developed globally and cascaded to the regional levels by the umbrella entity Grant Thornton International. The mission, vision and values of Grant Thornton International states that the organizations global strategy aims to uphold a leadership position in the profession. The position is underpinned by consistent delivery of quality client service by outstanding people, significant partner-level involvement and a willingness to speak out on issues that matter to business and the public. The strategic goal states that for member firms to double worldwide market share over the next five years. To achieve this, firms will be required to give their full support to the strategy and unite behind one global vision. Member firms must also foster a unified global culture, which rewards thinking globally yet acting locally. Fostering shared values and a shared mindset can best be achieved by providing opportunities for partners and employees around the world to interact and expand their personal networks. Strong relationships among the partners and staff, in turn, translate into a robust, homogeneous global culture. Since Grant Thornton International develops a global strategy that member firms, as an obligation of membership are required to implement (along with local strategies which cannot conflict or negatively impact the global strategy) Grant Thornton Kenya has not formulated its own core values, vision or mission statements and instead follows the one

set by Grant Thornton International. The initiatives are adopted globally and are thus uniform in every member firm of Grant Thornton International. Every member firm works at realizing the global vision and mission of the umbrella entity.

Grant Thornton Kenya being a member firm, entrusts the corporate leadership with overseeing the strategic plan process at the firm. The formulated strategic plan at the corporate level is then cascaded to the departments. The departments at Grant Thornton Kenya which include; audit, tax, advisory, outsourcing and secretarial then adopt the relevant strategic objectives for further cascading. The departments then prepare the operating budgets for the first year and each subsequent year thereafter. This plan becomes the basis for the annual performance contracts for the key persons in each department. It's clear from the above literature that strategic planning is practiced at Grant Thornton Kenya, since the cascading of the strategic plans originate from the umbrella firm Grant Thornton International.

Grant Thornton Kenya does not have a defined strategic planning department but the four leaders of the organization are the ones responsible for strategic planning process at the firm. The firm does not have strategic planning department as it embraces strategic planning as an all inclusive process. Strategic planning at Grant Thornton Kenya happens at all levels and is not left to a few senior staff. The organization has objectives which are clearly stated and explained to all staff. The objectives are set interactively by the four senior most corporate level individuals, middle level management and functional departments. Environmental analysis is done by managers at different levels with the help from the employees. Everyone is involved in one way or another since the strategies

chosen to be undertaken in different departments are as a result of the feedback given by the employees in their interaction with clients. The firm values its people hence have to involve them in its strategic planning.

4.3.1 Existence of Vision and Mission Statements

Grant Thornton Kenya being a member firm of Grant Thornton International has adopted most of the rules and regulations of the umbrella firm as one of the tools for undertaking strategic planning. The Vision of Grant Thornton International is: to be the leading audit, tax and advisory firm servicing dynamic organizations in our chosen markets while the Mission is; to make a difference to our colleagues, our clients, our profession and our communities.

Grant Thornton has six core values abbreviated as CLEARR and include; Collaboration explained as ask for help, give help-we work well together. Leadership explained as to have courage and inspire others-we challenge each other to be the best we can be. Excellence explained as find a better way every time-we never get complacent. Agility which states that think broadly, act quickly-we thrive in change. Responsibility which is the use of influence wisely-we own our actions. Lastly is respect listen and understand, be forthright-we create honest relationships. Advisory, assurance and tax services are the main core functions of Grant Thornton Kenya. The firm helps dynamic organizations unlock their potential for growth by providing meaningful, forward looking advice.

4.3.2 Objectives

It was established that Grant Thornton Kenya has set objectives. The objectives are set at the corporate level with the involvement of the managers and constant consultation with the functional level management. The objectives mainly focus on their people. Every Grant Thornton Kenya staff is aware of the set objectives as they are announced regularly at the internal meetings.

On the contrary, the objectives change from time to time with the changes in the strategy addressed by the firm or after they are reviewed by the corporate level management. The firm has been successful in attaining most of its set objectives. However, some of the objective had not been achieved and the major reason to this was explained as a result of inadequate resources.

4.3.3 Strategic Reviews

The interviewees reiterated that Grant Thornton Kenya reviews its strategies. The reviews are carried out on a monthly basis by the departmental heads together with the managing partner. Every employee should also carry out a daily dashboard to check if the employee is on the course of achieving the objectives set out and short term plans. There is an annual review of the set strategies by the entire Grant Thornton Kenya management.

Grant Thornton International reviews the member firms strategies after a period of five years. The umbrella firm uses the member firm's information on strategic reviews carried by the member firm. All the reviews are aimed at finding the drawbacks affecting the plans such as changes in the environment unfavorable to the firm so as to curb them and devise ways of attaining the set strategies.

4.3.4 Environmental Analysis

Grant Thornton Kenya gathers information from the external environment as well as the internal environment. External analysis is conducted through environmental scanning. Grant Thornton Kenya assesses the macro-environmental factors affecting its operations. The firm loses a lot of its clients during times of economic crisis. Inflation might at times lead to the firm's clients making huge losses which make it hard for the clients to even pay their audit fees. Some of the clients opt to go for other audit firms which are charging lower fees. The political environment affects the firm adversely at times of political instability as most clients aren't in operations for example during the 2007 post election violence most clients of the firm had to put up the shutters to their operations and also affected the firm due to security issues.

Internal analysis is conducted through an assessment of the firm's resource capability to identify strengths and weaknesses of the firm. The firm relies a lot on computers and software which must be up to date so as to keep up with the competitors. The greatest strength of the firm lies with its people and they invest heavily in keeping their people at their best so as to realize their objectives.

4.3.5 Factors Influencing Strategic Planning

The study also determined the factors that influence the firm's corporate strategic planning. The interviewees concurred that the political, economic, social, technological, environmental and legal factors are some of the factors. The environment is very turbulent thus posing challenges to the organization. The firm has to review some of its objectives and goals periodically so as to attain a competitive advantage in the market.

The interviewees' elaborated factors such as being a member firm of Grant Thornton International posed challenges as some of the strategies formulated by the umbrella firm may be unfavorable in the third world countries like Kenya and still have to abide by them. The regulatory authority which is the Institute of Certified Public Accountants of Kenya (ICPAK) might also come up with new rules and regulations that might lead to challenges in strategic planning by the firm.

In addition, the use of computers, machines and software at Grant Thornton Kenya poses as a challenge to strategic planning as they are prone to advancement and hence calls for replacement or upgrading. The firm has adopted more of proactive approach to strategic planning. However, there can be factors which affect the audit industry or changes in the environment which may require the firm to have reactive strategy to be able to respond and handle the new changes in the environment.

4.3.6 Factors that Determine Success in the Audit Sector

The interviewees reiterated that success in audit sector lies with the person the firm interacts with that's why the firm values its people (employees and customers) a lot. The quality of the work done really matters. The employees of the firm are supposed to be well trained and willing to work. The clients will market the firm after being served well. Due to this fact the firm ensures that it delivers the best to its clientele.

Consequently the professional service network- advisory, assurance and tax doesn't support open advertising hence one must rely most on the clients and the quality of work done. The resources of the firm must also be up to date as technology is changing at a very high rate. The legal framework is also very important and one has to be very conversant with it because it might lead to very hefty penalties or may be termination of operating license by ICPAK.

4.3.7 Benefits of Strategic Planning at Grant Thornton Kenya

Strategic planning has enabled Grant Thornton Kenya realize both financial and non-financial benefits. The financial benefits include reduction in operational costs, growth in clients' number, sustained profitability, and growth in shareholders' funds among others. Non-financial benefits include; enhanced awareness of the external threats, an improved understanding of the competitors, building teams with a shared vision and clear definition of roles and responsibilities among others.

Strategic planning has aided in the capitalizing of the strengths and opportunities open to the organization due to the changing business environment. The firm also can change its direction so as to avoid the threats and weaknesses which face the organization. The process has enabled communication both internally and externally enabling the firm to accomplish its set goals and objectives.

4.3.8 Challenges of Strategic Planning

The environment in which the firm operates generally poses as a challenge to strategic planning by the organization. The factors both internal and external to the firm pose as challenges to the firm. The factors may include strengths and weaknesses internal to the firm and opportunities and threats external to the firm. The organizational environment which include political, economic, social, technological and legal framework are turbulent and hence need review the firm's goals and objectives

Evidently political instability makes some of the strategic plans unachievable during the stipulated time. For example during the 2007 post election violence most of the firm's strategic goals had to be reviewed. Economic factors such as employment and inflation rates have a great challenge to the firm. There is economic challenge in employing new

talent and keeping the firms employees as other players in the market poach them and pay them higher salaries. Inflation rate is affects their clients spending power. The rate of technology change is also posing as a challenge to the firm as the firm relies much on computers and software to deliver to their clients. Resistance during implementation is also another challenge faced by the firm and unforeseen changes in the global economy.

4.4 Discussion

4.4.1 Comparison with Theory

Formal strategic planning is defined by the extent of deliberateness in planning (Steiner, 1997). This is in conformance with strategic planning at Grant Thornton Kenya as it involves the development of the vision and mission statement, environmental analysis, setting of objectives and finally strategy evaluation and choice. The umbrella firm knows what is best for the organizations. The corporate level management at Grant Thornton Kenya involves the other employees of the organization in their strategic planning process. The employees feel that they are important to the organization as they are involved and contribute to the strategic plans. Failure to their involvement might lead to resistance to change and hence poor performance by the firm. The most important resource in an organization is its people (David, 2003). This is in conformance with the findings as Grant Thornton values its people and involves lower level managers and employees in its strategic planning process.

Johnson and Scholes (2002) pointed out SWOT analysis, Porters Five forces Model, Portfolio analysis, Scenario planning, Functional analysis and Value chain analysis as some of the tools and techniques used in strategic planning. SWOT analysis, PESTEL and Porters Five forces Model are some of important tools embraced by Grant Thornton

Kenya in carrying out its strategic planning. While SWOT analysis looks at the strengths and opportunities open to the firm considering also the weaknesses and threats facing the firm, the PESTEL examines the environment in which the firm operates in and includes the political, economic, social, technological and legal environment. Porters five forces analysis examines the threat of competitors, threat of substitution, bargaining power of buyers, bargaining power of suppliers and the degree of rivalry among the competitors.

Mintzberg and Quin (1991) argue that strategic planning is undertaken with future in mind and organizations need to analyze all the factors in their operating environment. The success of an organization is highly dependent on the ability to utilize the opportunities existing in their environment and mitigating against threats. This is in conformance with the findings as Grant Thornton Kenya often applies the tools and techniques in their strategic planning process, for example, SWOT analysis is often carried out by the firm hence the firm is able to capitalize on strengths and opportunities in its environment while minimizing the threats and weaknesses prone to the firm.

Performance contracting and the appraisal system carried out by the firm enables it in attaining the set objective. Adhering to the set policies and working towards the attainment of the organizations set objectives has enabled the organization attain most of its set objectives. The core functions of the firm which include provision of audit, advisory and tax services are made very effective and efficient due to the performance contracting and appraisal system. The findings conform to the theory as Grant Thornton embraces performance contracting and appraisal system.

4.4.2 Comparison with other Empirical Studies

According to Ciaran (2001), the strategic planning process can be broken into four main steps. The first step involves selection of corporate mission, vision and major corporate goals. Secondly, the analysis of the organizations external competitive environment to identify opportunities and threats follows. Third is the analysis of the organizations internal operating environment to identify the organizations strengths and weaknesses and lastly is the selection and implementation of strategies. The findings in the study concur to this as Grant Thornton Kenya undertakes all the stages as explained in the findings.

The study also found out that, at Grant Thornton Kenya the corporate level management is entrusted with overseeing the strategic planning process. This is in conformance with Rinje (2006) that strategic planning is as a result of rational planning process devised, if not dominated by the corporate management of an organization.

Aosa (1992) carried out a study to investigate the aspects of strategy formulation and implementation within large, private manufacturing companies in Kenya and found out that formal strategic planning was practiced in Kenya's large manufacturing companies. He further established that foreign companies were more involved in strategic planning than the local ones. Grant Thornton Kenya a foreign International firm embraces strategic planning hence confirms with the findings.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the key data findings, conclusion drawn from the findings highlighted and recommendation made there-to. The conclusions and recommendations drawn are in quest of addressing the research question or achieving the research objective which is documenting strategic planning at Grant Thornton.

5.2 Summary of Findings

The purpose of this study was to determine strategic planning as practiced by Grant Thornton Kenya. The research literature elucidates that Grant Thornton Kenya has adopted a global strategic plan where the vision, mission and the strategies are developed globally and cascaded to the regional levels by the umbrella entity Grant Thornton International.

The global strategic plans are then cascaded to Grant Thornton Kenya corporate level management which is entrusted with overseeing the strategic planning process at the firm. The corporate level then formulates and cascades the global strategic plan which they align along with local strategies which cannot conflict or negatively impact the global strategy.

The study also found out that strategic planning at Grant Thornton Kenya is an all inclusive process as it involves the employees. It happens at all levels and is not left to the corporate level management alone. The firm has objectives which are clearly stated and explained to all staff. The objectives are set interactively by the corporate level

management, middle level management and the functional management. Environmental analysis is done by the managers at different levels with the help from the junior employees. Everyone is involved in one way or another since the strategies chosen to be undertaken in different departments are as a result of the feedback given by the employees in their interaction with clients.

The factors influencing the firm's strategic planning include political, economic, social, technological, environmental and legal factors. Being a member firm of Grant Thornton International posed challenges as some of the strategies formulated by the umbrella firm may be unfavorable in the third world countries like Kenya and still have to abide by them. The regulatory authority which is the Institute of Certified Public Accountants of Kenya (ICPAK) might also come up with new rules and regulations that might lead to challenges in strategic planning by the firm. Use of computers, machines and software at the firm also poses as a challenge to strategic planning as they are prone to advancement and hence calls for replacement or upgrading.

The environment in which the firm operates generally is a challenge to strategic planning by the organization. Factors like political instability in Kenya pose a great challenge to the firm. Political instability makes some of the strategic plans unachievable during the stipulated time. Economic factors such as employment and inflation rates have a great challenge to the firm. There is economic challenge in employing new talent and keeping the firms employees as other players in the market poach them and pay them higher salaries. Inflation rate is affects their clients spending power. The rate of technology change is also posing as a challenge to the firm as the firm relies much on computers and software to deliver to their clients. Resistance during implementation is also another challenge faced by the firm and unforeseen changes in the global economy.

5.3 Conclusion

The study was carried out with an objective of determining strategic planning at Grant Thornton. The world has become a global village due to advancements in technology. The modern world due to becoming a global village exposes organizations to very stiff competition. Grant Thornton Kenya has been able to keep pace with the rivalry in the professional services network of independent accounting and consulting member firms. The study found out that Grant Thornton Kenya has adopted a global strategic plan where the vision, mission and the strategies chosen are developed globally and cascaded to the regional levels by the umbrella entity Grant Thornton International. In the regional levels the corporate level management is entrusted with overseeing the strategic planning process.

Evidently, Grant Thornton Kenya undertakes environmental analysis every time there is need and after the elapse of the stipulated time of the set objectives. It also reviews its strategies on a yearly basis and also adapts both reactive and proactive strategic planning. The firm values its people hence employees are involved in the strategic planning process leaving them feeling that they are part of the firm hence attainment of the set objectives by the firm by the employees.

The study results corroborate that strategic planning has provided a roadmap on how things should be done at Grant Thornton Kenya. It has helped the firm to remain relevant in the midst of a turbulent environment and also helped the firm to focus its resources and efforts through proper resources allocation. It also facilitated proper accountability and enhanced efficiency and effectiveness in the firm as it serves its customers in the professional services network business in Kenya.

5.4 Recommendations

From the discussions, the study recommends that a policy to address the very dynamic environment in which Grant Thornton Kenya operates in be put in place as Grant Thornton International might not be conversant with Kenyan business environment. Grant Thornton Kenya should continue focusing on its people (clients and the employees) so as to retain its employees and increase customer satisfaction and retention. The firm should also invest in research to investigate on ways of improving its way of doing things. They should not rely on umbrella firm. There are so many professional services network in the country and are posing a great challenge to their business. Due to this they should find new ways of coming up with strategies that are geared towards winning more clients locally.

In the current competitive world the firm should rely on the strategic plans set by the umbrella firm and devise their own strategic plans so as to enable them to thrive in the dynamic environment. The environment in which businesses operate is very dynamic and thus the strategies should be formulated in relation to the competitive environment analysis of each country. The umbrella firm is located in a first world country which poses the drawback that there are some challenges and opportunities in third world that they are not aware of. Technology poses as one of the greatest challenge by the firm Grant Thornton Kenya as they rely much on machines in delivering services to their clients. The organization should invest heavily so as to reduce the challenge of being obsolete.

In addition, Grant Thornton Kenya should embrace the legal framework affecting the firm and adhere to the set rules and regulations. The study also recommends that the regulatory authorities for example the ICPAK should improve on the pace of

implementation of relevant legislations. The legal framework really impacts on the performance of the firms. With the relevant rules and regulations in place the professional services network will be very profitable and will enable economic growth in the country.

In regard to research, the study recommends that other researchers should do further research on strategic planning especially students who are preparing to do their projects should expand their research on strategic planning in other institutions especially the governmental institutions. An organization can have a good strategy but fail in implementation of the strategy. The study recommends further research be done on strategy implementation process at Grant Thornton.

5.5 Limitations of the Study

The study majored on one audit firm leaving out the rest. The generalization of the results may not be applicable to all audit firms in Kenya. Due to the ever changing environment and the competition faced by every audit firm in Kenya different firms may adopt different ways of undertaking their strategic planning. Every audit firm may prefer to differentiate itself from other competitors.

Audit and accountancy industry is a private sector where how time is spend matters to all employees and partners. The researcher had to wait for a couple of weeks to see the firm's partners who were mostly the target participants. This was as a result of their busy schedules with their clients. During the interview some of the information was withheld as it was termed by the interviewees as firms secrets. The study also faced time constraints. The duration that the study was to be conducted was limited hence exhaustive and extremely comprehensive research could not be carried on strategic planning.

5.6 Suggestions for Further Research

The study recommends that further research should be done on the other audit firms so as get comprehensive information on how the other players in the industry go about the business of strategic planning. More research needs to be done to determine how other companies not in the professional service network industry approach strategic planning.

An organization can have a good strategy but fail in implementation of the strategy. I would therefore recommend that further research be done on Grant Thornton Kenya looking at the strategic implementation process. This would give us a better understanding of Grant Thornton Kenya and how successful implementation of the strategy has contributed to its success.

REFERENCES

- Ansoff, I. (1965). *Corporate Strategy*. New York: McGraw Hill.
- Ansoff, H.I. (1987). *Corporate Strategy*. Revised edition London: Penguin: 1st pub. McGraw-Hill, 1965
- Ansoff, H. I., Avner, J., Brandenburg, R. G., Portner, F. E., & Radosevich, R. (1970). Does planning pay? The effect of planning on success of acquisition in American firms. *Long Range Planning*, 3(2), 2-7.
- Aosa, E. (1992). *An empirical investigation of aspects of strategic formulation and implementation within large private manufacturing firms in Kenya*. Unpublished PhD thesis, University of Strathclyde.
- Aosa, E. (2000). *Development of Strategic Management: An Historic Perspective*. Unpublished Paper, University of Nairobi
- Barney, J. B. (1991). Firm Resources and Sustained Competitive Advantage, *Journal of Management*, 17, 99-120
- Bateman, T. S., & Zeithml, C. P. (1993). *Management: Function and Strategy* (2nd Edition). Irwin.
- Bailey, A., & Johnson, G. (2001). A framework for the managerial understanding of strategy development. In: H. W. Volberda., & T. Elfring (Eds.) *Rethinking strategy*, 212-230. London.
- Bryson, J.M. (1995). *Strategic planning for public and non - profit organization: A guide to strengthening and sustaining organization's achievement*, Jossey – Bass Publishers, San Francisco.
- Balanced Scorecard Institute. (n.d). *Strategic Planning Basics*. Retrieved October 2, 2014, from <http://www.balancedscorecard.org/Resources/Strategic-planning-Basics>

- Ciaran T. (2001). *Applying Content Analysis to Case Study Data: A preliminary report*. University of California. Los Angeles.
- Chandler, T. (1962). *Strategic Management, Formulation and Implementation – Concepts and Cases*. HarperCollins, New York, NY,
- Chandler, A. (1962). *Strategy and Structure: Chapters in the history of American Industrial Enterprise*. Cambridge Massachusetts, MIT Press.
- Chandler, A. D., Jr. (1977). *The Visible Hand: The managerial revolution in American business*. Cambridge, MA. Harvard University Press
- Cole, G. (1996). *Management: Theory and practice*. (5th ed.), London: DP Publications.
- Coase, R. H. (1937). *The Nature of the Firm*. In G.J. Stigler & K.E. Boulding (Eds.), *Readings in price theory*; pp. 331–351. Chicago: Irwin. (Reprinted from *Econometrica*, (1937), 4, pp. 386–405.)
- Conner, K. R. (1991). A Historical Comparison of Resource-Based View and Five Schools of Thought within Industrial Organization Economics: Do We Have a New Theory of the Firm? *Journal of Management*, 17, (1),121–154.
- Chaffee, E. (1985). Three Models of strategy. *Academy of Management Review*, 10, (1) 89-98.
- Cooper, D., & Schindler, P. (2003). *Business research methods*. (8th ed). New York: McGraw-Hill Irwin.
- David, F.R. (2003). *Strategic Management: Concepts and Cases*. (9th Ed). Upper Saddle River, New Jersey: Prentice Hall.
- DiMaggio, P. J., & Walter W. P. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 48,147-60.

- Drucker, P. (1954). *The Practice of Management*. New York: Harper and Row.
- Eisenhardt, K. M. (1985). *Control: Organizational and economic approaches*, *Management Science* (Pre-1986), 31(2), 134.
- Emily M. K. (2006). *Strategic Planning Practices In Public Secondary Schools in Kenya. Unpublished MBA Project*, School of business, University of Nairobi.
- Grant Thornton. (2014). *History of Grant Thornton*. Retrieved October 3, 2014, from <http://www.grantthornton.com/about-us/history-of-grant-thornton.aspx>
- Grant Thornton Kenya. (2014). *About us*. Retrieved October 3, 2014, from <http://www.grantthornton.co.ke/>
- Henderson, B. (1989). The Origin of Strategy. *Harvard Business Review*. November-December 1989, 139-143.
- Hofer, C. W., & Schendel, D. (1978). *Strategy Formulation: Analytical Concepts*. St. Paul, MN: West Publishing Company.
- Icpak. (2014). *Who we are*. Retrieved October 3, 2014, from http://www.icpak.com/index.php?option=com_content&view=article&id=181&Itemid=130
- Johnson, G., & Scholes, K. (2002). *Exploring corporate strategy*, (6th ed). London: Prentice Hall.
- Johnson, G., & Scholes, K. (1993). *Exploring Corporate Strategy. Text and Cases.*, Hemel Hempstead: Prentice-Hall.
- Kamau, F. (2008). *Strategic planning practices adopted by tour and travel firms in Kenya. Unpublished MBA Project*, School of Business, University of Nairobi.
- Karanja, S. (2008). *Strategic planning practices in audit firms in Nairobi, Kenya. Unpublished MBA Project*, School of Business, University of Nairobi.

- Kothari, C. R. (1990). *Research Methodology: Methods and Techniques*. New Delhi: Wishwa Prakshan.
- Krueger, J. (2004). Strategy Implementation Tactics as Response to Organizational, Strategic, and Environmental Imperatives. *Management Revue*, 15, 460-480
- Mckeown, M. (2012). *The Strategy Book*. London: FT Prentice Hall.
- Mahoney, J. T., & Pandian, J. R. (1992). The Resource-Based View within the Conversation of Strategic Management. *Strategic Management Journal*, 15 (5), 363–380.
- Mercer, C. (1991). *Brisbans cultural Development Strategy: The process, The politics and the Product*. Australia: Griffith University.
- Meyer, J. W., & Rowan, B. (1977). Institutionalized organizations: Formal structure as myth and ceremony'. *American Journal of Sociology*, 83, 340–363.
- Mintzberg, H. (1991). Learning 1, Planning 0: Reply to Igor Ansoff. *Strategic Management Journal*, 12(6), 463-466
- Mintzberg, H. (1994). The fall and rise of strategic planning. *Harvard Business Review*, 107-114.
- Mintzberg, H. (1973). *The Nature of Managerial Work*. New York: Harper & Row.
- Mintzberg, H. (1987). Crafting strategy. *Harvard Business Review*, 65(4), 66-75
- Mintzberg, H. (2008). *Strategy Safari: Your Complete Guide through the wilds of Strategic Management*, 2nd Edition. Prentice Hall, Pearson Education, 2nd Edition
- Mintzberg, H., & Quinn, J. (1991) *The strategy process; Concepts, contexts and cases*. Prentice Hall International.
- Mintzberg, H., & Waters, J. (1985). Of strategies, deliberate and emergent. *Strategic Management Journal*, 6, 257-72

- Muriuki, W. (2004). Strategic Planning at East African Breweries Ltd. *Unpublished MBA Project*, School of Business, University of Nairobi.
- Penrose, E. T. (1959). *The Theory of the Growth of the Firm*. New York: John Wiley.
- Pearce, J.A., & Robinson, R.B. (2002). *Strategic management: Strategy formulation and implementation*. Boston: McGraw-Hill.
- Pearce, J. A., & Robinson J. B. (2007). *Strategic Management: Formulation, Implementation Control*, (10th ed). Chicago, IL: Richard D. Irwin.
- Porter, M. E. (1985). *Competitive Advantage: Creating and Sustaining Superior Performance*. New York, NY: Free Press.
- Porter, M. E. (1987). *The Competitive Advantage of Nations: Strategic Analysis*. New York: Free Press
- Porter, M. E. (1996). What is Strategy, *Harvard Business Review*. November- December, 61-78.
- Prahalad, C. K., & Hamel, G. (1990). The core competence of the corporation. *Harvard Business Review* 68(3),79–91.
- Rinje, N. (2006). Strategic management at the Mater Hospital. *Unpublished MBA Project*, School of Business, University of Nairobi.
- Robson, W. (1997). *Strategic management and information systems* (2nd edition). England: Person Education Limited.
- Ross, S. (1973). The economic theory of agency: The principal's problem. *American Economic Review*, 63(2),134-139.

- Rumelt, D. P. (1984). *Towards a Strategic Theory of the Firm. Alternative theories of the firm; 2002, (2) pp. 286–300*, Elgar Reference Collection. International Library of Critical Writings in Economics, vol. 154. Cheltenham, U.K. and Northampton, Mass.: Elgar; distributed by American International Distribution Corporation, Williston, Vt.
- Rugman A.M., & Verbeke, A. (2002), Edith Penrose's Contribution to the Resource-Based Views of Strategic Management. *Strategic Management Journal*; 23, 769–780.
- Scott, W. R. (1987). The adolescence of institutional theory. *Administrative Science Quarterly*, 32, 493-511.
- Scott, W. R. (2004). Institutional theory. In G. Ritzer (Ed.), *Encyclopedia of Social Theory* (pp. 408-14). Thousand Oaks, CA: Sage
- Selznick, P. (1948). Foundations of the Theory of Organization. *American Sociological Review* 13 (1), 25–35
- Selznick, P. (1957). *Leadership in Administration: a Sociological Interpretation*. Evanston, IL: Row, Peterson.
- Sirmon, D. G., Hitt, M. A. & Ireland, R .D. (2006). Managing firm resources in dynamic environments to create value: looking inside the box. *Academy of Management Review* 32 (2007), 273-292
- Steiner, G. (1997). *Strategic Planning: What every manager must know*. New York, NY: Free Press.
- Stigler, G.K. (1961). The Economics of Information. *Journal of Political Economy*, 213–225.
- Williamson, O. E. (1975). *Markets and hierarchy: Analysis and antitrust implications*. New York: Free Press.

- Whittington, R., Johnson, G. & Scholes, K. (2005). *Exploring corporate strategy. Text and cases* (7th ed). Harlow, Essex: Prentice Hall
- Wernerfelt, B. (1984). A resource-based view of the firm. *Strategic Management Journal*, 5, 171–180
- Yin, R. (1984). *Case study research: Design and methods*. Beverly Hills, CA: Sage Publishing.
- Zucker, L. G. (1983). Organizations as Institutions. *Research in the Sociology of Organizations*, 2, 1–47.

APPENDICES

APPENDIX I: LETTER OF INTRODUCTION



UNIVERSITY OF NAIROBI SCHOOL OF BUSINESS MBA PROGRAMME

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

P.O. Box 30197
Nairobi, Kenya

DATE 12/05/2015

TO WHOM IT MAY CONCERN


The bearer of this letter PATRICK MUEKE SAMMY
Registration No. D61/61240/2013

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 I1: INTERVIEW GUIDE

STRATEGIC PLANNING AT GRANT THORNTON KENYA

SECTION A: GENERAL INFORMATION

1. Department.....
2. How long have you been working with Grant Thornton Kenya?.....
3. What position do you hold in the organization?.....

SECTION B: STRATEGIC PLANNING

1. Describe how strategic planning is done at Grant Thornton Kenya.
2. Who is involved in the strategic planning process?
3. Does the organization review its strategies? If yes, who is involved in the review process?
4. What are the challenges that face the strategic planning process?
5. What are the factors that determine success in audit firms and how does strategic planning benefit the audit firm industry?

Vision and Mission Statements

- a) Does the organization have a set vision and mission statement?
- b) Are all the staff aware of the organization's vision and mission statement?
- c) Who were involved in the mission and vision formulation?
- d) Has the mission of the firm ever been changed?
- e) If yes, what were the reasons behind the changing of the mission?

Objectives

- a) Are there any set objectives in the organization?
- b) If yes, what level are the objectives set?
- c) Is every staff at Grant Thornton aware of the objective?
- d) How often are the objectives reviewed?
- e) Has there been any significant change in your set objectives?
- f) If yes, what are the reasons that brought forward the need to do the changes?
- g) Has the organization been successful in attaining its objectives?

Situation Analysis/Environmental Analysis

- a) Does the organization evaluate its external opportunities and threats in relation to its internal strengths and weaknesses?
- b) How do changes in Political, Economic, Socio-cultural, Technological and legal framework governing your operations affect the organization?
- c) Does bargaining power of your customers or the bargaining power of your suppliers have any impact on your operation?
- d) How does threat of new entrants and rivalry among the audit industry affect the organization?
- e) Does the organization have their services substituted by other audit firms?
- f) Does the organization embrace value chain, balanced score card or any other approach/tool and techniques to strategic planning?

THANK YOU FOR YOUR PARTICIPATION