

**STRATEGIC PLANNING PRACTICES AND PERFORMANCE OF
ZIMBABWE STATE CORPORATIONS**

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DECLARATION

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

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DEDICATION

This work is dedicated to Almighty God, my wife, for her love and support. To our children, Chido, Vimbai and Michelle for their patience and understanding when I was too busy to give them paternal love and guidance.

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ABBREVIATIONS AND ACRONYMS

CEO	:	Chief Executive Officer
RBV	:	Resource Based View
PESTEL	:	Political, Economic, Social, Technological, Environmental and Legal
SWOT	:	Strengths, Weaknesses, Opportunities, and Threats
TMT	:	Top Management Team
ZANU PF	:	Zimbabwe African National Union Patriotic Front
ZSE	:	Zimbabwe Stock Exchange

ABSTRACT

The topic of strategic planning and how it influences organizational performance has been the subject of intense debate over the last five decades. It is conceptualized that when organizations embrace strategic planning practices in their operations performance is improved. It is argued that adoption of strategic planning practices by an organization enhances the efficiency and effectiveness of its operations. The objective of this study was to determine the influence of strategic planning practices on the performance of Zimbabwe state corporations. A census was conducted on Zimbabwe state corporations. The research design that was used in this study was the descriptive cross sectional survey method. The target respondents in this study were senior executives, general managers and line managers of the state corporations. Data was collected using questionnaires and analysed using descriptive statistics and correlation analysis. Collected data was tested for reliability and validity using Cronbach's alpha and principal factor analysis. The study established that state corporations adopted a number of strategic planning practices that had a positive influence on the performance of the corporations. The findings of this study, therefore, collaborates extant strategic management literature which states that strategic planning improves organizational performance. It is therefore recommended that Zimbabwe state corporations improve their corporate governance structures and internal control systems so as to enhance the efficiency and effectiveness of their operations. It is further recommended that some of Zimbabwe's state corporations be restructured and their operations be exposed to the competitive environment of the open market economy. It is recommended that the Zimbabwean government chooses a less interventionist stance on state corporations by providing managers with more autonomy and correspondingly higher accountability. This study is one of the few to determine the influence of adopting strategic planning practices by organizations operating in a closed economy but one which is also in transition. It is hoped, therefore, that this study provides a basis for further empirical studies, not only on state corporations but also on private and public sector organizations with similar contextual backgrounds.

CHAPTER ONE

INTRODUCTION

1.1 Background

Although strategic planning had gone out of fashion in the late 1970's, overtime the concept and practice of strategic planning has since been embraced by organizations from both the private and public sectors for its influence and impact on organizational performance. Michael Porter (1985) expressed the opinion that the reason why organizations fail or succeed is the central question in strategic discourse. Organizations do not operate in a vacuum but within an external environment. The environment is dynamic. It changes continuously, each time posing new challenges in terms of opportunities and threats. Strategy is the link between the organization and the environment and is also the key to the overall performance of the organization. Strategic planning can be defined as comprehending the environment and ensuring that the organization adapts to that environment. The strategic planning process comprises three main elements which help turn the vision, mission and objectives of organizations into concrete achievable deliverables. These are strategy formulation, implementation, evaluation and control.

The predominant theory which this study draws from to explain the different but interrelated components of the strategic planning process and its relationship with organizational performance is the Environment Dependence Theory. The basic premise of this theory is the open-system model of organization-environment relationship in which organizations are environment dependent and environment serving. Organizations depend on the environment for their resource inputs and produce goods or services for the consumption by the environment. Success, which is the survival and prosperity of any organization, depends on how it relates to the environment. Hofer and Schendel (1978) define strategy as “the match an organization makes between its internal resources and skills and the opportunities and risks created by its environment”.

Because the external environment is largely uncontrollable, organizations must continuously scan the environment for discontinuous and unpredictable turbulence. This way the organizations would be ready to adjust to environmental changes by adapting to them.

In the 2015 national budget presentation, Zimbabwe's Minister of Finance bemoaned the publicly held perception that Zimbabwe's state enterprises and parastatals have become synonymous with underperformance, mismanagement, looting and corruption. For the last 15 years, since being slapped with economic sanctions by the European Union and the United States, Zimbabwe has been battling a debilitating economic crisis. This economic meltdown has not spared state corporations which have a pervasive role in the country's economy in which they contributed more than 40% of the annual gross domestic product in the 1990's (Zimbabwe Newsday, 2014). Recent reports by the Auditor-General indicate that several state corporations are operating in the red, continuously bleeding the fiscus and in most instances failing to adequately provide the services for which they were set up for.

This study interrogated the extent to which Zimbabwe state corporations embrace strategic planning practices and the influence of adopting the same on their performance. The study was carried out in Harare, Zimbabwe. The population of the study was based on the Zimbabwe Government Online Database which lists out all the state corporations in categories divided according to their supervising Ministries. A personal drop-in census was conducted in which a survey questionnaire was directed to the chief executive officer (CEO) or a senior executive or line manager of each state corporation.

1.1.1 Strategic Planning Practices

A strategic plan, in simple terms, is concerned with the goals of the organization and the way in which those goals were achieved. Drucker (1954) first addressed strategy and strategy formulation as an approach to managing organisations.

Drucker's contention was that strategic planning is management by plans, an analytical process which is focused on making optimal strategic decisions. Steiner (1979) defines strategic planning as the systematic, formalized effort to establish company policies and objectives. It involves the development of detailed plans to implement policies and objectives.

The strategic planning process comprises of three main elements namely, strategic analysis, strategic choice and strategic implementation. In this study, these three elements have been sequenced into six interlinked components. These components are; defining the organization's strategic direction or intention in terms of vision, mission and goals, appraisal of the external and internal environments, identification and analysis of the organization's strategic issues, generating and evaluating strategic options and choosing the most appropriate strategy, implementing the strategy and evaluation and control of the process.

1.1.2 Organizational Performance

Sustained superior performance is the objective of many organizations as this enables organizations to grow and survive in rapidly changing environments. Performance in an organization reflects the result of the implementation of various strategies adopted by the organization. Different organizations use varying measures of performance, some are financial while others are non- financial. Organizational performance comprises the actual output or results of an organization as measured against its intended outputs, goals or objectives. According to the World Bank, the concept of performance encompasses the effectiveness of an activity; that is whether the objectives set for the activity are being achieved. It also includes efficiency which is the ability to undertake an activity at the minimum cost possible.

There are a number of management systems that are currently being used by several organizations to manage and evaluate performance. The Balanced Scorecard is one such system that allows an organization to clarify its vision and strategy and translate them into action. It provides feedback in order to improve organizational performance and results. Another management system which has

been adopted by many public sector enterprises across the globe is the Results-Based Management (RBM) system. The concept of RBM is said to have begun with Peter Drucker as Management by Objectives (MBO) in the 1960's. Currently, it has now developed into a proven and accepted approach for improved public sector accountability, effectiveness and efficiency.

1.1.3 Strategic Planning Practices and Organizational Performance

It is conceptualized that organizations that have effectively embraced strategic planning record better performance as compared to those that have not. Stoner (1994) and Viljoen (1995) argue that strategic planning tends to make organizations more systematic and managers spend more time and effort and allocate resources to those activities which contribute to the basic objectives of the organisation. Steiner (1979) observed that strategic planning is an integral part of the entire fabric of management and by setting goals and objectives, it provides a basis for measuring organizational performance. The carrying out of the various steps in the strategic planning process facilitates organizational effectiveness. By defining an organization's objectives and goals, strategic planning provides direction to the organization and enhances coordination and control of its activities.

It has been argued that although there is a general perception and belief and that strategic planning improves an organization's effectiveness, a wrong strategy or one that is poorly executed would not yield the intended benefits. Johnson, Scholes and Whittington (2008), note that strategic drift occurs when the organisation's strategy gradually loses relevance to the forces at work in the environment.

1.1.4 The Zimbabwe State Corporations

State Corporations, commonly referred to as "parastatals" in Zimbabwe are created by Acts of Parliament with the mandate to provide quality and affordable essential goods and services to the general public as well as raise revenue for the Government of Zimbabwe. The Board of Directors of state corporations are appointed by the responsible Ministries to oversee the discharge of the mandate

for which they were established and give strategic direction to the organizations. Before the advent of independence in 1980 the core mandate of state corporations in colonial Rhodesia was import substitution in critical products and services to compliment sanctions busting activities undertaken by the private sector. Rhodesia was running a command economy characterised by excessive licencing and bureaucratic control systems. The liberalization of the economy between 1990 and 1998 saw some of these state corporations being commercialised.

Between 2000 and 2009, the economic conditions of Zimbabwe deteriorated significantly after the European Union and United States imposed economic trade restrictions on Zimbabwe after its controversial land reform program of 2000. Parastatals faced serious viability problems as they could not access finance from multilateral institutions. This was aggravated by the fact that they operated non-economic prices. Despite the introduction of the multicurrency regime by the unity government most parastatals still rely heavily on funding from the Government.

Zimbabwe had 14 state corporations when it attained independence in 1980. To date these have since increased to approximately 70, of which 18 of them are 100% owned by the Government of Zimbabwe (World Bank Report 2012). Zimbabwe state corporations span the entire economic and social landscape of the country and as a result they have a pervasive role in its economic and socio-political performance.

1.2 Research Problem

The levels and trends of strategic planning practices adopted and embraced by an organization are a major determinant of the achievement of their objectives and the ultimate attainment of superior performance. Strategic planning is a formal process designed to help an organization to maintain an optimal alignment with the environment within which it resides. The strategic planning process involves defining the organization's vision and mission, scanning the environment, setting of objectives, generating strategic options, evaluating and deciding on the most appropriate strategies and monitoring of progress.

In the decade between 1999 and 2009 the economic conditions in Zimbabwe were very challenging. In 2002 the European Union and the United States imposed economic trade restrictions on Zimbabwe after its controversial land reform of 2000. The economic performance of the country declined sharply with acute foreign exchange shortages and severe hyperinflation which peaked at five hundred billion percent at the end of 2008 (World Bank Report, 2012). Parastatals faced serious viability problems, as they operated at controlled non-economic prices. With the advent of the unity government a multicurrency regime was introduced and the government allowed parastatals to charge tariffs that are closer to economic costs.

Despite the fact that the level of uncertainty and turbulence prevailing in the country has subsided since 2009 (World Bank Report, 2012), there is a general belief by the general public that service delivery by a majority of the parastatals has not improved and in most instances has actually deteriorated (Zimbabwe Newsday, 2014). Severe load shedding and power cuts are still rampant and severely curtailing commercial activities in the country. Some residential townships have been without piped water for over a year and there has been some sporadic incidents of cholera outbreaks. If the viability of state corporations does not improve in the immediate future any hopes of an economic turnaround would be severely compromised.

Several studies have been done to establish the relationship between strategic planning practices and organizational performance. Many of the studies were carried out in the developing countries between 1970 and the late 1990s. The initial studies include those done by Thune and House (1970). Thune and House studied 36 companies where they examined the performance of each company both before and after formal strategic planning was initiated. The study covered both informal and formal planners. Results of the study showed that formal planners outperformed the informal planners on all performance measures that were used.

Studies within the African context and in developing countries include one done by Fubara (1986). He did a survey in Nigeria and observed that companies that engage in formal planning experienced growth in profits. Arasa and K'obonyo (2012) carried out a study on the insurance industry in Kenya which confirmed that organizations that embraced strategic planning performed better than those which do not. Aosa et al., (2012) carried out a study on the implications of strategy and resource configurations on the performance of non-governmental organizations in Uganda. Performance in non-profit making state corporations, just like in non-governmental organizations comprise mainly of intangible services and a variety of interests among its many stakeholders. The study findings showed that there are significant positive associations between strategy, resources and performance. Strategy had a much lower association with performance than that of resources.

Arasa et al., (2011) did a study on participatory orientation to the strategic planning process. A survey of firms within the Kenyan insurance sector was done with focus on the strategic planning elements and the impact of leadership participation and involvement as well as worker participation and involvement in various strategic planning tasks. The study revealed that leadership and employee participation and involvement does influence the strength of the relationship between strategic planning and strategic planning outcomes. Participatory decision making fosters commitment and support from the relevant stakeholders which is critical for the success of strategy implementation.

In Zimbabwe, because of the prevailing socio-economic and political situation, there is a dearth of empirical studies on the relationship between strategic planning practices and organizational performance. Most of the studies, including that of Ndoda and Zvavahera (2014), focus on the impact of corporate governance and ethical behaviour on the performance of Zimbabwe state corporations without interrogating the influence of the other components of strategic planning practices.

1.3 Research Objective

The objective of the study was to determine the influence of strategic planning practices on the performance of Zimbabwe state corporations.

1.4 Value of the Study

To date there is no known study that has been conducted to establish the effect of strategic planning practices on the performance of organizations operating in semi closed economies under a regime of trade sanctions. It is hoped that this study will provide a road map to future researchers and academics to replicate the study. It will also contribute to the body of knowledge on the impact of strategic planning practices on organizational performance in transition economies.

As the Zimbabwean economy moves away from an inward looking, to an open export oriented economy, this study will assist policy makers to come up with policy frameworks and governance structures that would endear organizational processes that would sustain competitive advantage in dynamic environments and enhance superior organizational performances.

It is hoped that the findings from this study will educate and motivate management practitioners, both in the public and private sectors in Zimbabwe, to adopt and embrace strategic planning practices that will enhance the performance of their organizations

1.5 Chapter Summary

While recent research has provided ample evidence that strategic planning practices do influence organizational performance, the magnitude of the impact is still being debated. This chapter provides a background to this debate in the context of the problems and the challenges facing Zimbabwe state corporations which motivated the researcher to undertake this study. Zimbabwe is battling an economic crisis that has lasted 15 years and has driven more than three million Zimbabweans into foreign countries as economic refugees (World Bank Report, 2012).

Mismanagement, incompetence, bureaucracy, wastage and pilferage have been indicated as the main problems that have made Zimbabwe state corporations fail to achieve their objectives. This is mainly attributed to weak corporate governance structures and lack of effective internal controls. It was the objective of this study to determine the influence of strategic planning practices on the performance of Zimbabwe state corporations. It is hoped that the study will contribute to the body of knowledge on the influence of strategic planning practices on organizational performance in transition economies. It is further hoped that the results of the study will motivate both policy makers and management practitioners to adopt and embrace strategic planning practices that enhance the performance of their organizations. The next chapter presents the review of literature relevant to the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter lays out the main theories that underpin this study and reviews relevant literature on the theory and practice of strategic planning and captures the key empirical studies conducted on the relationship between strategic planning practices and organizational performance.

This study draws on the environment dependence theory to explain the influence of strategic planning practices on the performance of Zimbabwe state corporations. The awareness and understanding of the external operating environment enables business leaders to align the strategies of their organizations with external environmental conditions. It is argued that strategy making is most critical in times of change and in unstable environments. Each aspect of change in the environment is subject to varying degree of intensity. Literature contends that the level of environmental dynamism drives the degree of emphasis on strategic planning.

2.2 Theoretical Foundation

The central aim of the field of strategic management is to explain and predict the performance of organizations. This study uses the Environment Dependence Theory as the predominant theory to explain the relationship between strategic planning practices and organizational performance. The other theories this study draws from are the Resource Based View Theory, the Dynamic Capabilities Theory and the Upper Echelons Theory.

2.2.1 Environment Dependence Theory

All organizations are environment serving. They depend on the environment for their inputs and outputs. An organization's external environment defines the broad contextual background within which it operates. The external environment poses threats and opportunities to an organization.

Understanding the environment can help an organization identify some of the threats and opportunities it faces. Strategy involves relating an organization to its environment. Most of the external environment is beyond an organization's control hence the need by the organization to adjust to changes in the environment by adapting to them.

Porter (1980) five forces analysis provides an understanding of the nature of competition within an industry. The five forces framework is composed of the threat of new entrants, bargaining power of buyers, bargaining power of suppliers, threat of substitutes and rivalry among industry competitors. Ansoff and McDonnell (1990) strategic success hypothesis is premised on strategic diagnosis which is a systematic approach to determining the changes that have to be made to a firm's strategy and its internal capability in order to ensure the firm's success in its future environment. The strategic success hypothesis states that a firm's performance potential is optimized when the following three conditions are met; aggressiveness of the firm's strategic behavior matches the turbulence of its environment, responsiveness of the firm's capability matches the aggressiveness of its strategy and the components of the firm's capability must be supportive of one another.

According to Hamel and Prahalad (1994) the business environment is changing faster than ever before, with such change occurring in two dimensions, turbulence and complexity. Turbulence is defined as dynamism in the environment involving rapid, unexpected changes while complexity is defined as the measure of diversity in environmental factors such as suppliers, customers, socio-politics and technology. Chakravathy (1997) says when a business environment is highly complex and changing rapidly, the resulting turbulence in a firm's environment makes orderly conduct among its competitors more difficult. As complexity increases, the ability to understand and use information and predict outcomes becomes more difficult.

According to Mason (2007) a business environment is a complex adaptive system and therefore has an influence on the choice of strategic management activities. The underlying idea of the body of knowledge known as complexity and chaos

theory is that all things tend to self-organize into systems. The theory states that the system is not enforced by a single agent or manager and cannot be predicted from examining any single part of the system. As a result, individual managers cannot predict and plan long term outcomes. There is agreement amongst complexity and chaos authors that the traditional authoritarian, control oriented strategy making is ineffective in a complex turbulent environment. It is argued that what is needed is a transformational, facilitative and influencing leadership. Strategic planning has to be done differently, such as involving more people in the process, delegating to those closest to customers and using cross functional team.

2.2.2 Resource Based View Theory

One of early pioneers of the Resource-Based View (RBV) of the firm is Wernerfelt (1984). In the resource-based view, an organization is regarded as a bundle of resources, capabilities and competences. The goal of the organization should be to develop resources, capabilities and competencies that create a strategic fit with the organization's environment. Organizations obtain sustained competitive advantage by implementing strategies that exploit their internal strengths through responding to environmental opportunities, while neutralizing external threats and mitigating internal weaknesses. The RBV therefore represents the dominant framework for analyzing the internal strengths and weaknesses of an organization. It is through the synergistic combination and integration of resources that competitive advantage is created.

It is agreed that not all organizational resources hold the potential of sustained competitive advantage. According to Barney (1991), sustainable competitive advantage is reached by virtue of unique resources being valuable, rare, inimitable and non-substitutable. Unique resources in conjunction with casual ambiguity create isolating mechanisms, which are barriers to imitation and provide a rationale for differences in firm performances within the same industry. Causal ambiguity is when the link between an organization's resources and its competitive advantage is poorly understood. This makes it difficult for competing organizations to duplicate the successful strategies of the organization through imitation of its resources.

2.2.3 Dynamic Capabilities Theory

The concept of dynamic capabilities has its roots in the resource-based view (RBV) of the firm (Teece et al., 1997). The RBV explains what the sources of sustained competitive advantage are in stable environments. However where organizations are facing fast paced change, unpredictable events and unanticipated discontinuities in dynamic environments, resource advantages are likely to be rapidly eroded and it becomes critical that dynamic capabilities are brought to the forefront.

Dynamic capabilities have been defined as “the capacity to renew competencies so as to achieve congruence with the changing business environment by “adapting, integrating and reconfiguring internal and external organizational skills, resources and functional competencies” (Teece et al., 1997). Capabilities are embedded in organizational processes and are built and not easily bought in the open market. Zollo and Winter (2002) explain that learning is at the base of dynamic capabilities and guides their evolution. Learning, “a process by which repetition and experimentation enables tasks to be performed better and quicker” is also considered as a dynamic capability itself, rather than an antecedent of it.

Teece (2007) focuses on three types of dynamic capabilities. The first one is “sensing” which means the identification and assessment of opportunities. The second type of dynamic capability is “seizing” which refers to the activity of mobilizing an organization’s resources to capture value from these opportunities. The third capability is to reconfigure the resources of the organization and accomplish the necessary internal and external transformation. One of the criticisms levelled against the concept of dynamic capabilities is that it is tautological with no testable or practical implications. It would appear that mechanisms by which dynamic capabilities influence organizational performance are not well understood.

2.2.4 Upper Echelons Theory

The Upper Echelons Theory which was articulated by Hambrick and Mason (1984) provides a framework within which the role of top management in influencing organizational outcomes can be interpreted. The theory is built on the premises of earlier strategic choice literature (Child, 1972). The strategic choice perspective argues that “the effectiveness of organizational adaptation hinges on the dominant coalition’s perception of environmental conditions and the decision it makes concerning how the organization would cope with those conditions” (Miles and Snow, 1978).

Clearly, strategic choice ranks as one of the dominant roles and responsibilities of senior management and is a critical and significant component of the strategic planning process. The upper echelons theory suggests that strategic choices are the result of both the objective situation and the idiosyncrasies of the upper echelons (top management team) of the organization. Awino et al., (2011) posit that it can be argued that when confronted with the same objective environment, different managers make different strategic choices and decisions based on their individual experience and values. The upper echelons perspective focuses on executive backgrounds as the primary indicator of their mind-sets and potential behaviours. The cognitions, values and perceptions are argued to be a direct result of the observable managerial characteristics. Examples of such characteristics are age, education, tenure in the organization and functional background.

2.3 Strategic Planning Practices in Organizations

Over the past four decades, academics, researchers, and management practitioners have investigated the effects of strategic planning on organizational performance. Performance can be defined as the ability of an organization to produce results in a dimension determined in relation to set objectives. The World Bank (2012) argues that no public enterprise can afford to overlook the importance of clearly defining its objectives and priorities and assess its performance against well-defined benchmarks.

To date most studies which investigate the link between strategic planning and organizational performance tend to focus on financial related performance measures such as profitability. Other important non-financial measures of performance include customer satisfaction, customer retention, market share and innovation. Although the relationship between strategic planning efforts and organizational performance has received considerable attention, the results of early studies were inconclusive with findings ranging from positive relationship to no relationships. Several researchers have attempted to understand these contradictory findings. Armstrong (1982) published one of such papers. His analysis of 14 studies supported the hypothesis that formal planning was useful but noted the lack of definition or description of what the strategic planning process entailed.

Greenly (1986) examined published research into the relationship of strategic planning and the performance of manufacturing companies. He noted mixed conclusions with five studies concluding the existence of a positive relationship while four concluded that higher levels of performance did not necessarily relate to the utilization of strategic planning. Greenly argued that even if specific cause and effect relationships could not be established at that point in time, strategic planning still has “intrinsic values.” One such benefit is that it reduces uncertainty and this enables managers to make better decisions and consequently take more effective actions.

Although the findings of early studies suggested that the impact of strategic planning on organizational outcomes was not as clear as one might expect, recent research shows a positive association and that adhering to key elements of the strategic planning process yields positive results. According to Rhyne (1986) organizations whose planning processes follow the “key elements of the strategic management paradigm” tend to perform better than other organizations. This paradigm includes the development of a mission, long term goals, action plans and monitoring controls.

Stoner (1994) and Viljoen (1995) argue that strategic planning tends to make an organization systematic in terms of its development and this can lead to a greater proportion of the organization's efforts being directed towards the attainment of those goals established at planning stage. The organization therefore becomes more focused. Kotter (1996) argued that the strategic planning process can be used as a means of repositioning and transforming the organization. Anderson (2000) says "planning facilitates adaptive strategic thinking among managers and enhances the coordination of longer term goals." He sums up the implications of his study as follows: "Strategic planning processes are essential for good performance in all industrial environments and should not be ignored. However in dynamic and complex industries, performance is even higher when managers simultaneously are authorized to make autonomous decisions and learn from their actions."

2.4 Empirical Studies and Research Gaps

Various empirical studies have been done to establish the relationship between strategic planning and firm performance with varied conclusions. The initial studies include those done by Thune and House (1970) who studied 36 manufacturing companies in the United States across six sectors namely the food, oil, drugs chemicals, steel and machinery industries. Covering both formal and informal planners, they employed the approach of examining the performance of each company before and after formal strategic planning was initiated. The study used questionnaires, through mailed surveys, plus interviews to assess the planning process. The variables which were used to measure performance were sales; stock prices; earnings per share; return on equity and return on capital employed. The findings from the study showed that formal planners outperformed the informal planners on all performance measures used.

A study by Efendioglu and Karabulut (2010) in Turkey focused on the nature and practice of strategic planning in Turkish companies by examining the adoption and usage of various strategy analysis tool like the PESTEL analysis, the Value Chain analysis, the Growth Share Matrix (BCG). The study also looked at the impact of the use of different components or activities in a strategic process on the

relative performance of the companies in the sample over a 3 year period. Their research sample was drawn from the Turkish Chamber of Industry Database which listed the top 500 manufacturing firms in 2006. A survey questionnaire was mailed to the CEO of each company resulting in 71 returned responses (an overall response rate of 14.2%). Over ten industries were represented in the sample with the textile industry having the largest representation with nine firms. The performance measures used were average profit per year, average sales growth per year and average export growth per year.

The findings of the study revealed that a large number (more than 86%) of the firms in the sample had a strategic process in place. However, the basic question on the impact of the use of strategic tools on performance remained somewhat unanswered because of the nine common strategy analysis tools investigated only three were significantly positively correlated to firm performance.

Published research from Africa indicate that strategic planning is an effective tool in improving firm performance, Fubara (1986) did a survey in Nigeria and observed that companies that engage in formal planning experienced growth in profits. Arasa and K'Obonyo (2012) did a study in Kenya which mainly focused on the connection between the strategic planning process and organizational performance in the insurance sector. The results of the study indicated that there is positive relationship between strategic planning and financial and non-financial organizational performance.

2.5 Chapter Summary

The focus of this chapter was on reviewing relevant literature on the theory and practice of strategic planning and its influence on organizational performance. The theory of the environmentally serving organization is a contingent theory in the sense that it relates the resources and competences of an organization to the external environment on one end, and success or failure of different behaviour of external turbulence on the other. The resource based view and dynamic capabilities theories argue that organizations should develop and leverage their resources, capabilities and competences so as to align them with, and adapt them to external environmental conditions.

Upper Echelon's theory suggests that top management's objective assessments combined with their cognitive values provide the base for strategic choice. This chapter also reviewed empirical studies which have been conducted to establish the relationship between strategic planning practices and organizational performance. Early studies suggested that the influence of strategic planning on organizational performance was inconclusive. However evidence from recent research shows that adhering to key elements of the strategic planning process yield positive results. The following chapter presents the research methodology adopted for the study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses how this research study was conducted; explaining the design, methods, tools and techniques that were used. Among the elements discussed in this section are the research design, target population, data collection methods and instruments as well as the techniques that were used to analyse the collected data.

3.2 Research Design

A research design provides a framework for the collection and analysis of data. The research design that was used in this study was the cross sectional survey method. A cross sectional design entails the collection of data on more than one case and at a single point in time to collect a body of quantitative or quantifiable data in connection with two or more variables which are examined to detect patterns of association (Bell and Bryman, 2007). The main objective of this study was to determine the influence of strategic planning practices on the performance Zimbabwe state corporations.

The paradigm which informs and guides the researcher's study has implications for the design of the research and the data collection approach that will be taken. This study is premised in the positivist paradigm. The focal aim of the paradigm is the need to explain, ultimately enabling the prediction and control of social phenomena. Consequently, in this study emphasis was therefore placed on the explanation of behavior rather than understanding it.

3.3 Population of the Study

The target population of this study comprised of all the 67 Zimbabwe state corporations. The source of the list of Zimbabwe state corporations was the Zimbabwe Government web site (Refer Appendix II). Because of the relatively small size of the target population and the risk of non-response error, a census was conducted.

3.4 Data Collection

Although the study relied heavily on primary data which collected through a self-administered questionnaire, secondary data was sourced from published financial statements to validate the subjective self-assessed organizational performance measures. To smoothen out annual fluctuations, a three year average of the performance measures, covering the years 2011 to 2013 was calculated. Top management team comprising senior executive officers, general managers and line managers were the study's key target respondents. This is an accepted established approach as the top management team is seen as having a wide breadth of knowledge of all organizational functions, activities and the operating environment.

Since all the state corporations have their headquarters in Harare, the capital city of Zimbabwe, a drop off survey rather than a mail survey was adopted. The researcher or his representative hand delivered the self-administered questionnaires to target respondents. The completed surveys were returned by mail or picked up. The advantages of drop off surveys include the availability of a person who can answer general questions and create interest in completing the questionnaire. This increases the response rate and thus reduces non response bias. Where the questionnaire was not received within two weeks of delivery, the researcher performed a follow up procedure. This included two telephone calls, faxing another questionnaire and a third telephone call as a final reminder. Organizations whose questionnaires were not returned by the end of this procedure were considered as non-respondents.

The questionnaire was divided into three parts (Refer Appendix I). Part A covered general information. Part B had probing questions focusing on strategic planning practices. To gauge the extent to which strategic planning practices are embraced by state corporations, a 5 point likert type scale was used to capture data on three dimensions. The dimensions to be examined and measured included: the extent to which various strategic components were carried out; the extent to which strategic tools are used and the level of focus on strategic issues.

Each dimension comprised of six constituent elements which constituted the independent variables. Part C focused on the performance of Zimbabwe state corporations. Organizational performance was the key dependent variable in this study and both the financial and non-financial dimensions were examined also using a 5 point Likert type scale.

3.5 Data Analysis

The data collected was sorted, organized and analysed with the help of Statistical Package for the Social Sciences (SPSS). The analytical tools that were used in this study comprised of Cronbach's alpha, principal component factor analysis, descriptive statistics and correlation analysis. Cronbach's alpha was used to test the internal reliability of data. Computed Cronbach's alpha ranges from 1, denoting internal reliability, to 0, denoting no internal reliability. Alpha value exceeding 0.70 are considered reliable, values between 0.5 and 0.70 are acceptable while values of below 0.50 are considered less reliable and therefore not acceptable (Sekaran, 2003).

A principal factor analysis used to assess the construct validity of the scales of the independent variables. A factor loading of 0.7 level corresponds to about half the variance in the indicator variable being explained by the factor. A factor which explains more than 50 percent of the total variance confirms the scale is unidimensional. Descriptive statistics in the form of mean scores, standard deviations and frequency and percentage distributions were used to determine the extent to which strategic planning practices are embraced and adopted by state corporations and the levels and trends of their perceived performance.

The focus of this study was to examine the relationships between variables of interest and not the causal effects. Thus the correlation analysis technique was used whereby the Pearson's correlation coefficient was computed using SSPS version 20. When the coefficient of correlation gets closer to +1 or -1, the linear relationship between the two variables is strong. When the coefficient of correlation is near 0, little or no relationship exists. The sign of the coefficient of correlation indicates whether the data is positively correlated or negatively correlated.

3.6 Chapter Summary

This chapter presents and discusses the research methodology adopted for the study. After the introductory paragraph, the chapter continues with a definition of a cross sectional survey and explains why this particular research design has been adopted for this study. The target population of the study is then identified and the merits of using a census for the study are enumerated. The chapter then moves on to discuss the data collection techniques adopted by the study. The study relied heavily on primary data collected through a self- administered questionnaire. The questionnaire was divided into three parts, namely general information, strategic planning practices adopted by Zimbabwe state corporations and performance of Zimbabwe state corporations. The target respondents comprised the top management team of each corporation which included chief executive officers, general managers and line managers. Access to the target respondents was by means of a drop off survey.

Lastly the chapter outlines and discusses the analytical tools to be used by the study with the assistance of Statistical Package for the Social Sciences (SPSS). Cronabachs's alpha and factor analysis were used to test the reliability and validity of data collected. Descriptive statistics and correlation analysis were used to examine relationships between variables of interest in the study. The next chapter presents the research findings and analyses and discusses the results of the study.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter presents the findings of the study. It also analyses and interprets the results. Data analysis and presentation is the process of reducing large amounts of data collected to address the objectives of the study and the research questions. The study sought to determine the influence of strategic planning practices on the performance of Zimbabwe state corporations. Data collected from the respondents is presented in the form of tables and figures as appropriate and qualitative analysis done in prose.

4.2 Response rate

A total of 67 questionnaires were administered of which 37 were filled and returned giving a response rate of 55.2%. This response rate compares favourably to similar executive based studies (Humbrick, Geletkanycz and Fredrickson, 1993). Other studies indicate that a response rate in excess of 30% is relatively high for studies addressing strategic issues (Geletkanycz, 1997). However Singleton and Straits (2009) recommends that a response rate of 60% or more is adequate to represent the views of the target population. The response rate could have been higher were it not for the prevailing atmosphere of mistrust fostered by political factional fights within the ruling party, ZANU PF. Many respondents questioned the motive behind the survey as most of them perceived it as some form of audit designed to victimize them.

Table 4.1: Response Rate

	Frequency	Percentage
Response	37	55.2
Non Response	29	44.8
Total	67	100.0

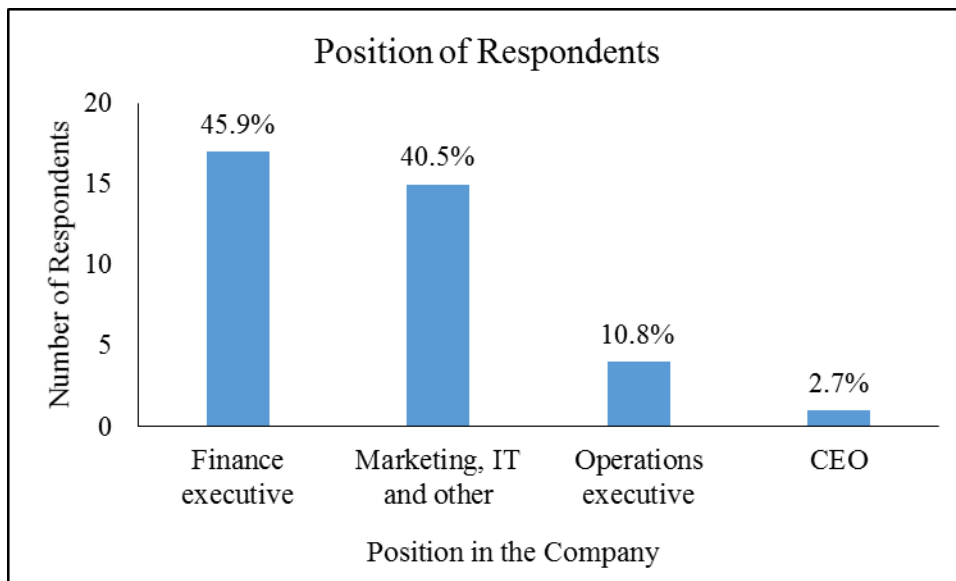
Source: Zimbabwe State Corporations Survey Data, 2015

4.3 General Information

In this section the demographic information of the respondents will be presented and analysed. This will provide us with information for the overview of and insight into the strategic orientation of the organization.

4.3.1 Position in the Company

The study sought to establish the respondents' position in the company. The findings are as shown on Figure 4.1. The limited research that has been done on the linkages between top managers and the strategies they pursue has focused almost entirely on the chief executive officer. Although it is true that in most organizations the chief executive has the most power, it is still of interest to study the entire top management team. The study of the entire team increases the potential of the Upper Echelons Theory to predict because the chief executive shares tasks and to some extent power with other team members as is presented in Figure 4.1.



Source: Zimbabwe State Corporations Survey Data, 2015

Figure 4.1: Position in the Company

From the findings in Figure 4.1, 2.7% of the respondents were CEOs, 45.9% of the respondents were financial executives, 10.8% were operations executives, while the remaining 40.5% of the respondents were in other positions such as marketing and IT executives, company secretaries and human resource managers.

4.3.2 Number of Years Worked

The study sought to establish the number of years that the respondents had worked for their respective companies. The findings are as shown in Table 4.2.

Table 4.2: Number of Years Worked

	Frequency	Percent
Below 10 years	22	59.5
10 – 20 years	13	35.1
Above 20 years	2	5.4
Total	37	100.0

Source: Zimbabwe State Corporations Survey Data, 2015

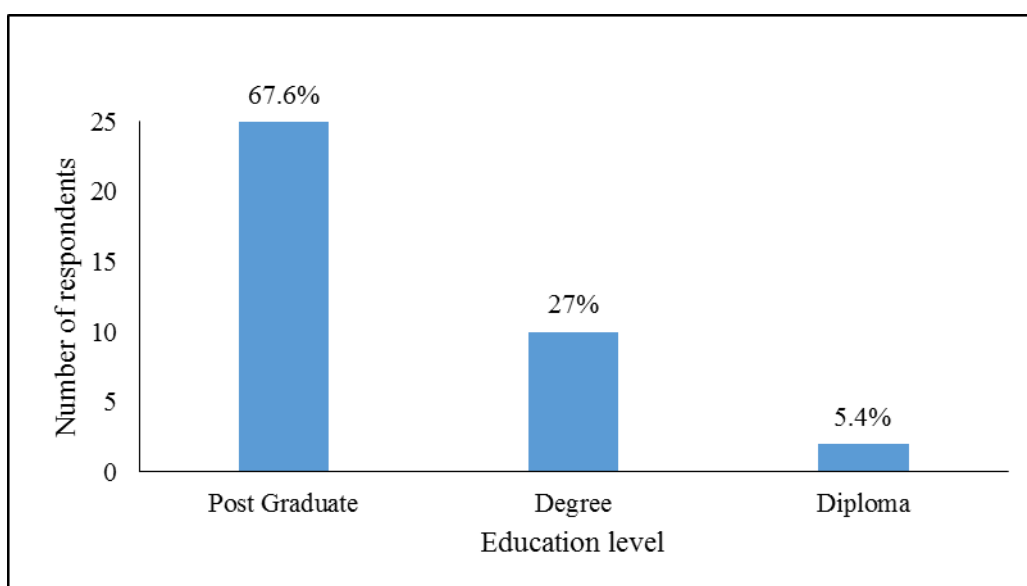
From Table 4.2, 59.5% of the respondents had worked for a period of below 10 years followed by 35.1% who had worked for between 10 to 20 years while 5.4% of the respondents had worked for more than 20 years. These findings show that the respondents had worked at their respective organizations long enough to understand how they went about their strategic planning process hence the data provided was deemed reliable.

Prior research on strategic change has asserted that long tenured senior executives are less likely to initiate strategic change. The Business Harvard Review (2013) found out that long CEO tenancy can hurt performance particularly with regards to customers' relationships and sustaining strong strategy. The Financial Gazette (2015) says statistics reveal that Zimbabwe's average CEO tenure is more than 10 years.

4.3.3 Level of Education

The study sought to find out the level of education of the various respondents and the results are as shown in Figure 4.2. From the findings 5.4% of the respondents were educated to diploma level, 27.0% of the respondents were degree holders while 67.6% were educated up to the post graduate level.

These findings show that the respondents were highly educated and thus they could be counted on to provide reliable information for the study. The Upper Echelons perspective focuses on executive background, such as age, functional background and educational experiences, as the primary indicator of their mind sets and potential behavior. This however ignores other structural determinants of their behaviors and orientation such as corporate governance and organizational structure.



Source: Zimbabwe State Corporations Survey Data, 2015

Figure 4.2: Level of Education of Respondents

4.3.4 Number of Employees

The study sought to establish the number of employees that the state corporations had. The findings are as shown in Table 4.3.

Table 4.3: Number of Employees

	Frequency	Percent
less than 50	13	35.1
50 - 250	10	27.0
over 250	14	37.8
Total	37	100.0

Source: Zimbabwe State Corporations Survey Data, 2015

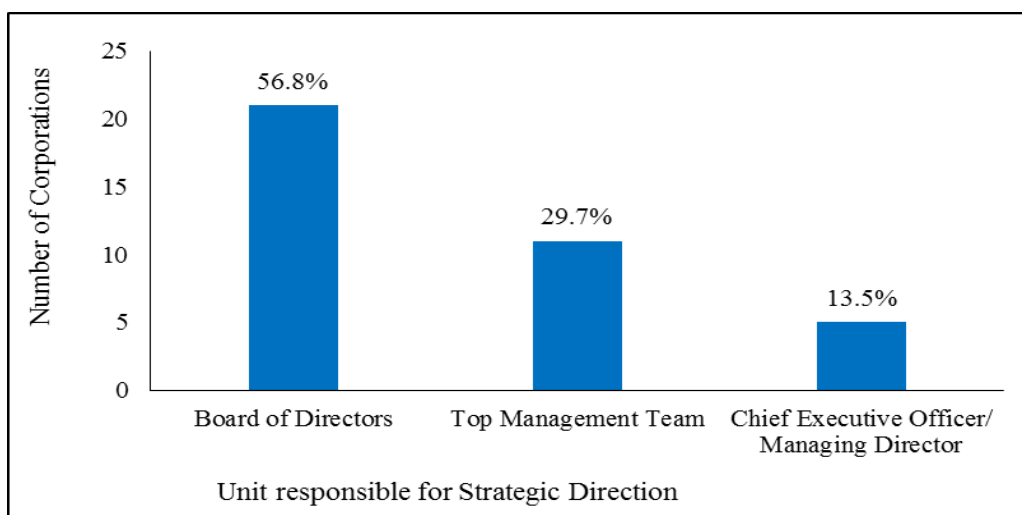
The findings showed that 35.1% of the corporations had less than 50 employees, 27% of the corporations had between 50-250 employees, and 37.8% of the corporations had over 250 employees. The majority of the organizations which responded were small to medium sized enterprises. Size is one of the most the most important factors that influence organizational structure. It is a reliable indicator of the complexity of the entity which might have a bearing on the strategy the organization adopts.

4.3.5 Formal Strategic Planning Process

The study sought to find out if the organizations had a formal strategic process in place. The findings showed that 100% of the state corporations had a formal strategic planning process in place.

4.3.6 Responsibility for Strategic Direction

The study sought to establish who is responsible for the strategic direction of the state corporations. The findings are as shown in Figure 4.3. The study established that in 56.8% of the corporations that responded, the board of directors was responsible for the strategic direction of the organization. In 29.7% the top management team was responsible for the same while in 13.5% the CEO/Managing director was responsible for the strategic direction of the organization.



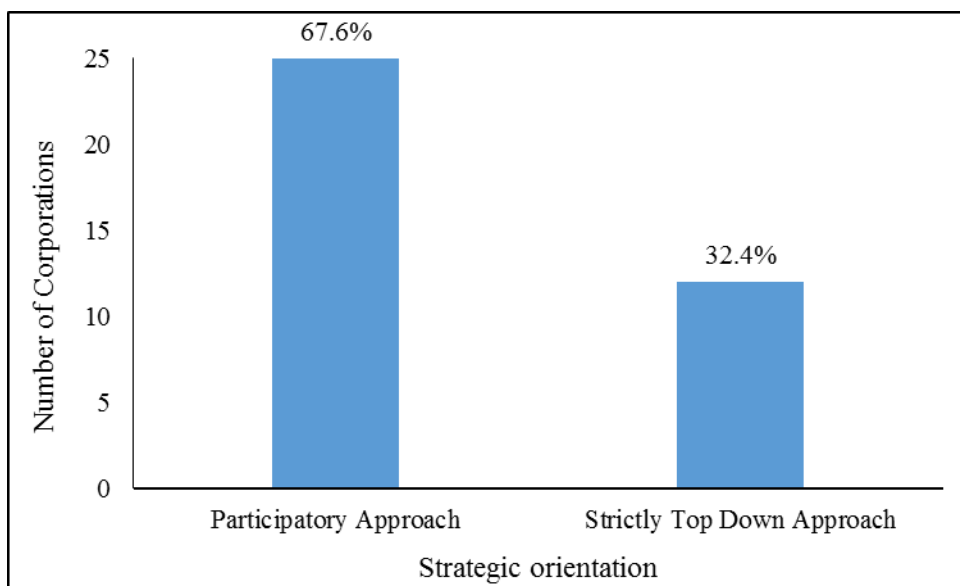
Source: Zimbabwe State Corporations Survey Data, 2015

Figure 4.3: Responsibility for Strategic Direction

Hambrick and Mason (1984) in their Upper Echelons perspective advocate a focus on teams and officers holding top management positions rather than on the CEO alone. Their observation is that strategic choice is an arduous task far exceeding the capabilities of an individual executive. Using the dominant coalition as the central construct they identified TMT (Top Management Team) as executives who also serve on the board of directors. However recent research now also include in TMT senior management outside the board of directors. Member of the board of directors have been shown to exert a direct influence on organizational strategy and performance, often through the provision of important information, legitimacy and other resources (Geleckanycz and Hambrick, 1997). At the same time they exert an indirect influence not limited to counsel and advice but also through the selection and dismissal of CEOs.

4.3.7 Orientation of Strategic Planning Process

The study sought to establish the orientation of the strategic planning process adopted by the state corporations, whether strictly top-down or participatory in approach. The findings are as shown in Figure 4.4.



Source: Zimbabwe State Corporations Survey Data, 2015

Figure 4.4: Orientation of Strategic Planning Process

The findings showed that 32.4% of the state corporations had a strictly top down approach strategic planning process while 67.6% of the organizations had a participatory approach. Due to international sanctions the Zimbabwean economy is operating under an uncertain and turbulent environment. There is agreement amongst chaos and complexity authors that traditional authoritarian, control oriented strategy making is ineffective in turbulent environments. Strategic planning has to be done differently, such as involving more people in the process, delegating to those closest to customers or stakeholders and using cross functional teams. Arasa et al., (2011), in their study, concluded that greater participation by their middle level managers in the strategic planning process has a positive impact on organizational performance. It improves understanding and commitment to corporate goals and ultimately facilitates smooth implementation and execution of strategies. By involving middle level managers and functional experts in strategic decisions, the organization can ensure that relevant information and alternative perspectives are considered in decision evaluation. Therefore participatory decision making leads to the development of innovative initiatives within an organization.

4.3.8 Culture of Acceptance and Encouragement of Change

The study sought to find out if the organizations had a culture of acceptance and encouragement of change. The findings are shown on in Table 4.4.

Table 4.4: Culture of Acceptance and Encouragement of Change

	Frequency	Percent
Has culture of acceptance of change	31	83.8
No culture of acceptance of change	6	16.2
Total	37	100.0

Source: Zimbabwe State Corporations Survey Data, 2015

The findings showed that 83.8% of the organizations had a culture of acceptance and encouragement of change while 16.2% of the organizations did not. In an environment that is uncertain and turbulent, resistance to change inhibits innovation and creativity leading to strategic rigidity. Complexity theory approach

says that in such environment management should be organic, decision making should be decentralized, learning and experimentation facilitated and change encouraged. Strategy making in a complex turbulent environment should balance between structure and rapid change through flexibility and rapid adaptability, initiating change rather than merely reacting to environmental change.

4.3.9 Key Drivers of the Strategic Planning Process

The study sought to find out the key drivers of the strategic planning process adopted by the state corporations and the findings are as shown in Table 4.5.

Table 4.5: Key Drivers of the Strategic Planning Process

	Frequency	Percent
Organizations ability to focus on customer needs	18	48.6
The analysis and leveraging of the organization's core competencies and capabilities	13	35.1
Top management dynamic capability to adapt quickly to a changing environment	6	16.2
Total	37	100.0

Source: Zimbabwe State Corporations Survey Data, 2015

The findings showed that organizations' ability to focus on customer needs was the key driver of the strategic planning process for 48.6% of the organizations followed by the analysis and leveraging of the organization's core competencies and capabilities for 35.1% of the organizations. Top management dynamic capability to adapt quickly to a changing environment came last in the key drivers of the strategic planning process. This is not consistent with extant literature that says the capability of top management to adapt quickly to a changing environment is a key driver in a complex and turbulent environment. Customer or stakeholder needs or preferences can change due to rapid technological change. The case of the vinyl records versus compact discs in the entertainment industry is a case point. If an organization does not adapt quickly to a changing environment this leads to strategic drift resulting in sub-optimal strategic decisions being made.

4.3.10 Time Horizon of Strategic Plans

The study sought to find out the time horizon of the organizations' strategic plans.

The findings are as shown in Table 4.6.

Table 4.6: Time Horizon of Strategic Plans

	Frequency	Percent
Less than one year	2	5.4
1-3 years	15	40.5
over 3 years	20	54.1
Total	37	100.0

Source: Zimbabwe State Corporations Survey Data, 2015

From the findings 5.4% of the organizations had a time horizon of less than 1 year, 40.5% of the organizations had a time horizon of between 1-3 years, while 54.1% of the organizations had a time horizon of over 3 years. It is therefore evident that the majority of the organizations had long term horizons in their strategic plans. This appears to contradict the chaos and complexity theory which states that in an uncertain and turbulent environment, although strategic planning is still important, it should have a short time horizon, information should be freely distributed and used quickly. Eisenhardt (1990), made the following observation: "The premium is on moving fast and keeping pace. More than ever before the best strategies are irrelevant if they take too long to formulate". It is argued that if an organization plans too far ahead into the future, there is a greater chance of uncertainty and it becomes difficult to work flexibility into the plan.

4.4 Tests for Reliability and Validity of Strategic Planning Constructs

Where a multi-indicator scale, like the 5 point Likert scale, is used one is recommended to calculate and report on Cronbach's alpha coefficient of internal consistence. A measurement scale can be reliable but that does not mean it is valid; that is, the scale actually measures what it supposed to measure. Principal component factor analysis was used to test the validity of the measurement scale.

4.4.1 Cronbach's Alpha Test for Reliability

Cronbach's Alpha was carried out to check the internal reliability of the data measurement scale. The issue is whether or not the indicators that make up the scale are consistent, that is, whether or not respondents' scores on any one indicator tend to be related to the scores of other indicators. The computed Cronbach's Alpha for the three strategic planning constructs all exceed 0.07 indicating very high reliability (Table 4.13).

Table 4.7: Cronbach's Alpha

Construct	Number of variables	Alpha
Strategic Planning Processes	6	0.811
Tools of strategic analysis	6	0.713
Key strategic issues	6	0.774

Source: Zimbabwe State Corporations Survey Data, 2015

4.4.2 Factor Analysis

Factor analysis is a statistical method applied to reduce the number of variables and to detect structure in the relationship between variables. Factor analysis in this study was used to determine the factors accounting for the structure of the correlation between measured variables.

4.4.2.1 Communalities

Communality is the proportion of variance that each single observed variable has in common with all the factors associated with it. The values range from 0 to 1, where 1 indicates that the variable can be fully defined by the factors and has no uniqueness. In contrast a value of 0 indicates that a variable cannot be predicted at all from any of the factors.

Table 4.8: Communalities

Variables	Initial	Extraction
Establishing a mission, a vision and organizational values that employees and stakeholders understand	.745	.819
Develop and specify stretching needs and measurable time bound goals and objectives	.674	.592
Involvement and engagement of relevant stakeholders in the formulating of the strategic plan	.720	.652
Communication of the organization's vision, mission and objectives to employees and other stakeholders	.608	.465
Check that the proposed strategies stand a good chance of achieving satisfactory targeted performance levels	.494	.440
Ensure there is adequate feedback, monitoring of results and that corrective action is taken where needed	.782	.910
SWOT analysis	.677	.660
Value chain analysis	.712	.651
PESTEL analysis	.534	.485
Core capabilities analysis and review	.485	.453
Porters Five Forces analysis	.683	.862
Balanced Scorecard	.537	.558
Flexibility of plans and quick adaptation to changes in the external environment	.647	.576
Emphasis put on organizational capabilities and competencies	.673	.703
Consideration and alignment of resources with budgetary plans	.701	.607
Procedures for anticipating failures of the strategic plan and for preventing or correcting them on a continual basis	.613	.569
Development of new customer segments	.648	.434
Compliance with good corporation governance and putting into place effective internal control systems	.740	.634

Source: Zimbabwe State Corporations Survey Data, 2015

From the Table 4.8, adequate feedback, monitoring of results and taking corrective action (0.910), establishing a mission, vision and organizational values (0.819) and Porters Five Forces Analysis (0.862) have the greatest communality, while ensuring that proposed strategies stand a good chance of achieving satisfactory performance (0.440) and core capabilities analysis and review (0.453) have the lowest.

4.4.2.2 Total Variance Explained

Total variance explained indicates how much of the variability in the collected data has been modelled by extracted factors. The study used Kaiser Normalization Criterion, which allows for extraction of factors that have an Eigen value of greater than 1. The Principal Factor Analysis was applied and 5 factors were extracted. These 5 factors explain 61.502% of the total variation (Table 4.9).

Table 4.9: Total Variance Explained

Factor	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% Variance	Cumulative %	Total	% Variance	Cumulative %
1	7.502	41.677	41.677	3.188	17.710	17.710
2	1.601	8.896	50.573	2.511	13.952	31.662
3	1.470	8.169	58.741	2.015	11.195	42.857
4	1.201	6.674	65.415	1.829	10.160	53.017
5	1.065	5.919	71.334	1.527	8.485	61.502

Extraction Method: Principal Axis Factoring.

Source: Zimbabwe State Corporations Survey Data, 2015

4.4.2.3 Structure Matrix

The structure matrix shows the loadings attributed to the extracted factors (Table 4.10). More than 50% of the items that load highly on factor 1 seem to relate to strategic planning processes. Of the four items that load highly on factor 2 all seem to relate to analysis, monitoring and control, which is closely allied to the use of tools of strategic analysis. Finally of the items that load highly on factor 3, more than 50% relate to emphasis on key strategic issues. Therefore the factor analysis results confirm the validity of the strategic planning constructs used in this study.

Table 4.10: Structure Matrix

Variables	Factors				
	1	2	3	4	5
Establishing a mission, a vision and organizational values that employees and stakeholders understand	.876	.369		.342	
Consideration and alignment of resources with budgetary plans	.733	.506	.492		.398
Involvement and engagement of relevant stakeholders in the formulation of the strategic plan	.719	.477	.548		.509
Flexibility of plans and quick adaptation to changes in the external environment	.653	.577	.562	.327	
Check that the proposed strategies stand a good chance of achieving satisfactory target performance levels	.639	.362	.392		.337
Ensure there is adequate feedback, monitoring of results and that corrective action is taken where needed		.863	.651	.471	
Value chain analysis	.477	.793	.396	.309	.353
Compliance with good corporate governance and putting into place effective internal control systems	.397	.670		.457	.489
PESTEL analysis	.496	.630	.351		
Communication of the organization's vision, mission and objectives to employees and other stakeholders	.541	.561	.402		.369
Emphasis put on organizational capabilities and competencies	.502	.402	.812		.373
Procedures for anticipating failures of the strategic plan and for preventing or correcting them on a continual basis	.324	.461	.700	.430	
Develop and specify stretching needs and measurable time bound goals and objectives	.619	.394	.690	.342	
Porters Five Forces analysis			.444	.858	.311
SWOT analysis	.589	.358	.420	.611	
Development of new customer segments or entry into new markets	.359	.484		.568	
Balanced Scorecard	.347	.498			.677
Core capabilities analysis and review	.395	.309	.376		.582

Source: Zimbabwe State Corporations Survey Data, 2015

4.4.2.4 Factor Correlation Matrix

There is strong correlation between factors 1, 2 and 3, suggesting that they are measuring the same underlying dimension, which is, strategic planning practices. On the other hand, factors 4 and 5 are not strongly correlated with factors 1, 2, and 3 (Table 4.11).

Table 4.11: Factor correlation matrix

Factor	1	2	3	4	5
1	1.000				
2	.485	1.000			
3	.488	.491	1.000		
4	.256	.355	.349	1.000	
5	.298	.319	.254	.036	1.000

Extraction Method: Principal Axis Factoring.

Source: Zimbabwe State Corporations Survey Data, 2015

The various components of strategic planning practices used in this study were tested for reliability and validity using Cronbach's alpha and principal factor analysis. The results of the tests do indicate that the statements are tapping towards a common domain and to a large degree do measure the concept of strategic planning.

4.5 Strategic Planning Practices Adopted by Zimbabwe State Corporations

In this study strategic planning practices are operationalized as three components, namely: strategic planning process, use of tools of strategic analysis and emphasis on key strategic issues.

4.5.1 Strategic Planning Processes

The study sought to find out the extent to which Zimbabwe state corporations applied various components of the strategic planning process. Strategic planning practices are oriented to a particular organization's circumstances at a particular time in its history. However, there are a number of proven and effective practices and methodologies that can be adapted by any organization.

Table 4.12: Strategic Planning Process

	Mean	Std. Dev
Establishing a mission, vision and organizational values that employees and stakeholders understand	4.108	1.075
Develop and specify stretching needs and measurable time bound goals and objectives	4.000	1.000
Involvement and engagement of relevant stakeholders in the formulation of the strategic plan	3.622	1.140
Communication of the organization's vision, mission and objectives to employees and other stakeholders	3.973	1.093
Check that the proposed strategies stand a good chance of achieving satisfactory targeted performance levels	3.487	0.901
Ensure there is adequate feedback, monitoring of results and that corrective action is taken where needed	3.378	1.210

Source: Zimbabwe State Corporations Survey Data, 2015

The responses were rated on a 5 point Likert type scale indicating to what extent respondents agree with the statements, ranging from 1 meaning to no extent, to 5 meaning to a very great extent. The mean and standard deviations were generated from SPSS and are as illustrated in Table 4.12 above. From the study findings, a majority of the respondents agreed to a great extent that their organizations applied the following components of strategic planning practices: establish a mission, vision and organizational values that employees and other stakeholders understand (mean 4.108), engagement of relevant stakeholders in strategy formulation (mean 3.622) and communication of the organization's mission, vision, goals and objectives to all stakeholders (mean 3.973). Furthermore, the respondents indicated to a moderate extent that they evaluated proposed strategies against targeted performance levels (mean 3.487), and ensured that there is

adequate monitoring of results and corrective action taken where needed (mean 3.378). The results of the study show that participation in the strategic planning processes is fairly well embraced by Zimbabwe state corporations and variation in the extent of this participation is reasonably low as reflected through the standard deviations.

4.5.2 Tools of Strategic Analysis

The study also sought to determine the extent to which Zimbabwe state corporations applied various tools of strategic analysis to gain insights about their environment and where their sources of competitive advantage lie.

Table 4.13: Tools of Strategic Analysis

	Mean	Std. Dev
SWOT Analysis	4.108	1.265
Value Chain Analysis	3.351	1.033
PESTEL Analysis	4.162	1.068
Core Capabilities Analysis and Review	3.324	1.056
Porters Five Forces Analysis	3.300	1.176
Balanced Scorecard	3.568	1.386

Source: Zimbabwe State Corporations Survey Data, 2015

Organizations involved in the strategic process use different tools for the analysis of their internal capabilities, changes in the external environment and their competitive positions. These tools were developed over time and their extensive use has been researched and documented by several authors in strategic management. In this study tools of strategic analysis which are commonly used were identified as outlined in Table 4.13 above.

Just like in the domain of strategic planning processes, the responses were rated on a similarly graded 5 point Likert type scale. The most commonly used tools of strategic analysis by Zimbabwe state corporations are the PESTEL analysis and the SWOT analysis with mean scores of 4.162 and 4.108 respectively which indicate that these tools are embraced to a great extent. An analysis of threats and opportunities facing an organization must begin with an understanding of the

general environment within which the organization operates. This environment consists of external and internal aspects of the organization which a strategist needs to understand, monitor and position the organization to manage the opportunities and threats arising therefrom. The importance of scanning the external operating environment increases during periods of extreme uncertainty and turbulence. PESTEL and SWOT analysis techniques have been used in the past to scan the environment and therefore their popularity or high frequency of usage is not surprising.

The third highest ranking tool in popularity or frequency of usage by Zimbabwe state corporations, after PESTEL and SWOT was the Balanced Scorecard with a mean of 3.568. This tool is primarily used by state corporations to manage and evaluate performance. This finding is surprising in view of the fact that many of Zimbabwe's state corporations do not have specific performance targets. Value chain, core capabilities and Porters Five Forces analytical tools rank the lowest in frequency of usage with means of 3.351, 3.324 and 3.300 respectively. However Zimbabwe state corporations still apply these tools to a moderate extent. Chakravathy (1997), argues that in a business environment that is highly complex and changing rapidly, the resulting turbulence in the environment makes orderly conduct among its competitors more difficult. His assertion is that Porters framework is useful only if the competitive forces represented by suppliers, competitors, buyers and substitutes are relatively stable and independent. In other words Porters Five Forces Model is most relevant for open market economies.

4.5.3 Emphasis on Key Strategic Issues

The study sought to establish the extent to which the Zimbabwean state corporations focused on various key strategic issues in the strategic planning process. The results are as shown in Table 4.14.

Table 4.14: Emphasis on Key Strategic Issues

	Mean	Std. Dev
Flexibility of plans and quick adaptation to changes in the external environment	3.514	1.121
Emphasis put on organizational capabilities and competencies	3.649	1.006
Alignment of resources with budgetary plans	3.757	1.091
Procedures for anticipating failures of the strategic plan and for preventing or correcting them on a continual basis	3.216	1.004
Development of new customer segments	3.216	1.228
Compliance with good corporate governance and putting into place effective internal control systems	3.838	1.093

Source: Zimbabwe State Corporations Survey Data, 2015

Of the various key strategic issues in strategic planning practices the findings of the study seem to suggest that Zimbabwe state corporations place great emphasis on compliance with good corporate governance and putting into place effective internal control systems as supported by mean of 3.838 and a standard deviation of 1.093. This finding is however not supported by evidence on the ground as most of Zimbabwe's business journals and mainstream media is awash, month after month, with stories of embezzlement of funds, moonlighting, underhand dealings and corruption resulting from weak corporate governance structures and lack of internal controls. In November 2010, the Zimbabwe government introduced the Corporate Governance Framework for State Enterprises and Parastatals after realizing that corruption and unethical behaviours were rampant. Currently in the Zimbabwean parliament, the Public Sector Governance Bill is being debated with the main aim of addressing laxity in corporate governance compliance (Financial Gazette, 2015).

The other key issues where emphasis is placed on to a great extent are alignment of resources with budgetary plans, focus on organizational capabilities and the quick adaptation to changes in the environment. There was moderate emphasis on the development of contingency plans and development of new customer segments or entry into new markets.

4.6 Performance of Zimbabwe State Corporations

The study sought to determine the performance of Zimbabwe state corporations over a three year period from 2011 to 2013 in various respects both financial and non-financial. Performance was assessed using relative measures in which respondents were asked to rate the performance of their organizations as compared to that of other state corporations. All items were assessed on a 5 point Likert scale, ranging from 1=far below average to 5=far above average. The mean and standard deviations were generated using SPSS and the findings are as illustrated in Table 4.15.

Table 4.15: Performance of Zimbabwe State Corporations 2011 to 2013

	Mean	Std. Dev
Gross Margin	3.189	1.175
Return on Assets	2.946	1.026
Return on Capital Employment	2.919	0.954
Employee Productivity	3.270	1.071
Employee turnover	3.216	1.228
Customer satisfaction	3.487	0.932
Retention of customers	3.432	1.144
Innovation and Creativity	3.351	1.136

Source: Zimbabwe State Corporations Survey Data, 2015

Three measures were used to assess financial performance namely: gross margin, return on assets and return on capital employed. According to the findings as shown in Table 4.15 above, a majority of the respondents posited that their corporations performed averagely during the three year period on all the three aspects of financial measures. It is pertinent to note that a significant number of Zimbabwe state corporations are non-profit making entities and although they

have to be self-sustaining profitability is not necessarily their prime performance measure. Aosa et. al., (2012), state that non-profit making organizations, “have to identify community needs and device means for effective service delivery.” They further argue that, “Unlike in profit-making organizations, performance here is composed of the intangibility of services, and knowable outcomes and the variety of interests among the many stakeholders.”

It was the intention of this study to validate the subjective self-assessed organizational performance with objective measures of performance from financial statements but many respondents refused to avail these to the researcher and therefore the objective was not achieved. However, in order to mitigate this limitation, content analysis was conducted on Zimbabwe business periodicals. From the analysis there was overwhelming evidence that a number of Zimbabwe state corporations recorded average or below average financial performance during the three year period to 2013. The Financial Gazette (2015) reported that Zimbabwe’s Comptroller and Auditor General in her audit report of the financial statements of 23 state enterprises between 2012 and 2014 reported that all of them had suffered net profit losses in the periods under review.

The non-financial measures of performance captured and assessed by the study were employee productivity and turnover, customer satisfaction and retention and innovation and creativity. The results of the study show that the respondents indicated that although the performance of their corporations on non-financial measures was marginally better than on financial measures it was still average with all the indicators scoring mean of about 3. It should be noted that there is a dearth of empirical studies using non-financial measures particularly in the small to medium sized firms. Greenly (1986) suggests that this lack of studies relates to measurements inconsistencies.

Performance can be described as the ability to produce results in a dimension determined in relation to a goal, objective or target. To date, most studies tend to focus on financial related performance measures such as profitability. However the trend is now moving towards including both financial and non-financial measures in assessing organizational performance.

Recent research has also shown that subjective self-assessed measures of organizational performance are positively associated with objective measures and that they exhibit equivalent relationships with independent variables (Wall et. al., 2004).

4.7 Strategic Planning Practices and Performance of State Corporations

The objective of this study was to examine the extent to which Zimbabwe state corporations embrace strategic planning practices and determine the influence of those practices on their performance. Correlation analysis was used to examine the strength of the relationship between strategic planning practices and performance of state corporations. Table 4.16 presents the results of the analysis.

Table 4.16: Correlation Analysis

Variables	1	2	3	4	5	6
1. Strategic Planning Processes	1					
2. Tools of Strategic Analysis	.780 ^{**}	1				
3. Key Strategic Issues	.853 ^{**}	.825 ^{**}	1			
4. Financial Performance	.284	.166	.100	1		
5. Non-financial Performance	.549 ^{**}	.514 ^{**}	.398 [*]	.581 ^{**}	1	
6. Aggregate Performance	.487 ^{**}	.407 [*]	.302	.856 ^{**}	.918 [*]	1
<p>** . Correlation significant at 0.01</p> <p>* . Correlation significant at 0.05</p>						

Source: Zimbabwe State Corporations Survey Data, 2015

The results of the study show that there is a positive relationship between the three constituent components of strategic planning practices with financial performance. However, this relationship is weak and not significant as evidenced by the low Pearson correlation coefficients of 0.284, 0.166 and 0.100 for the relationship of strategic planning processes, use of tools of strategic planning processes and emphasis on key strategic issues, respectively, with financial performance.

The strategic planning practices constituent components of strategic planning processes and use of tools of strategic analysis exhibit a strong positive relationship with non-financial performance with Pearson correlation coefficients of 0.549 and 0.541 respectively. Both correlations are significant at the 1% level. Emphasis on key strategic issues also shows a positive and significant relationship with non-financial performance although with the Pearson correlation coefficient of 0.398, the relationship is weaker than that of other two components. The correlation is significant at the 5% level. Extant strategic management literature posit that strategic planning impacts positively on both financial and non-financial performance of an organization and this is collaborated by the results of this study.

4.8 Chapter Summary

This chapter presents the data collected from the survey on strategic planning practices and performance of Zimbabwe state corporations. A response rate of 55.2% was achieved and this was considered acceptable. At the beginning of the chapter the demographic information of the respondents was presented and analysed. This assisted the researcher to obtain insights into the strategic orientations of Zimbabwe state corporations. Cronbach's alpha and power factor analysis tests were carried out and they confirmed the reliability and validity of the measurement scales used to assess the extent to which Zimbabwe state corporations embrace strategic planning processes. Lastly correlation analysis showed that there is a positive relationship between the strategic planning practices and performance of Zimbabwe state corporations

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings of the study, draw conclusions therefrom and makes recommendations in line with the objectives of the study which aimed at determining the influence of strategic planning practices on the performance of Zimbabwe state corporations.

5.2 Summary

The study established that all the respondents attested to the fact that their corporations actively embraced strategic planning practices. This illustrates that the majority of Zimbabwe state corporations proactively apply strategic planning in their operations and perceive this a key activity which helps their organizations to improve efficiency and effectiveness of their service delivery.

The study revealed that most Zimbabwe state corporations establish missions, visions and organizational values that resonate with employees and other stakeholders. The study also established that the majority of the respondents' corporations adopted a participatory approach to the strategic planning process and embraced the culture of acceptance and encouragement of change. The study further established that a majority of respondents agreed to a great extent that their corporations applied the following strategic planning processes: establish a mission, vision and goals that stakeholders understand, communicate the vision, goals and objectives to all stakeholders and engage all relevant stakeholders in strategy formulation. The study also showed that a majority of the respondents indicated to a moderate extent that their corporations evaluated proposed strategies against targeted performance and ensured that there is adequate monitoring of results and corrective action taken where needed.

Regarding the tools of strategic analysis the study established that the most commonly used tools were PESTEL analysis, SWOT analysis and the Balanced Scorecard which tools were applied to a great extent by the respondents' corporations. The rest of the tools like value chain analysis, core capabilities and

competences review and analysis and Porters Five Forces analysis were used to a moderate extent. On key strategic issues the study established that there was emphasis to a great extent on the following: compliance with good corporate governance, focus on organizational capabilities and competences, alignment of resources with budgetary plans and quick adaptation to changes in the external environment. The emphasis on contingency plans and development of new markets was moderate.

Regarding the performance of Zimbabwe state corporations the study established that a majority of the respondents indicated that their corporations recorded average performance on both financial and non-financial measures. From the correlation analysis the study revealed that there is positive relationship between strategic planning practices with financial performance although the relationship is weak and not significant. All the three constituent components of strategic planning practices namely strategic planning processes, use of tools of strategic analysis and emphasis on key strategic issues showed positive and significant relationships with non-financial performance.

5.3 Conclusion

In conclusion, the study shows that the majority of Zimbabwe state corporations embrace strategic planning practices. While this study reaffirms extant literature that states that there is a positive relationship between strategic planning and organizational performance, the magnitude of the impact has not been fully addressed by this study. The study, however, highlights the necessity of studying contextual conditions in order to get a more complete understanding of the phenomena being investigated.

In this respect, where resources and time constraints, a longitudinal research design is encouraged as this will facilitate conclusions about causality. It is also the researchers hope that by examining the influence of strategic planning practices on the performance of state corporations operating in a closed economy, this study will stimulate further empirical research in similar contexts.

5.4 Limitations of the Study

The study relied on perceptual data from single informants to assess the extent to which strategic planning practices were embraced by Zimbabwe state corporations. Furthermore performance of the state corporations was assessed using subjective self-assessed relative measures. Data collected in such a manner may be subject to the respondents' cognitive biases and distortions. This was further aggravated by the researcher's inability to access the financial statements of several of the state corporations. However this limitation was mitigated to a certain extent by use of content analysis.

Because of the cross-sectional nature of the data collected it was not possible to assess causality in the relationship between variables. The study was limited in scope since it only covered Zimbabwe state corporations and left out private sector enterprises. This means that the results of the study are not generalizable to other sectors of the Zimbabwean economy.

5.5 Implications of the Study and Recommendations

Most prior studies on the strategic planning process have examined evidence from firms in mature open economies, where forces of supply and demand are allowed to a great extent to interact freely. This study is one of the few to examine the influence of strategic planning practices on the organizational performance of a sample of corporations in an economy not only in transition, but also operating under externally induced trade sanctions. This contextual influence has not been exhausted by strategy scholars. This study therefore provides a basis for further studies by researchers not only on state corporations but also on private sector corporations with similar contextual backgrounds.

With regard to policy, this study gives impetus to the current Zimbabwe legislative agenda to improve corporate governance structures in state corporations so as to enhance their accountability and performance. Currently the CEOs of Zimbabwe state corporations do not have performance targets and therefore there is no motivation to improve performance. CEOs and senior executives should all have performance based contracts with limits of tenure.

The selection of board members should not be left to the supervising minister alone so as to avoid partisan selection rather an independent body of professionals should be directly involved in the interviewing process. A number of Zimbabwe's state corporations need recapitalization and restructuring. In the restructuring exercise it is recommended that the government relax its direct controls on the operations of state corporations thus giving more autonomy to parastatal boards and management in micro-decision making such as price setting, investment and hiring. This in essence means exposing state corporations to competitive commercial discipline.

5.6 Suggestions for Further Studies

The purpose of this study was to determine the influence of strategic planning practices on performance of state corporations. The researcher therefore recommends that a similar study be conducted across all sectors of the Zimbabwean economy and not just state corporations so as to increase the generalizability of the results.

The researcher also recommends that a study on the effect of strategic planning practices on the performance of Zimbabwe corporations be carried out and in this regard a longitudinal study together with regression analysis be conducted. Partial correlation analysis is also recommended to determine the moderating influence of such intervening variables such as availability of resources and environmental turbulence.

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APPENDICES

Appendix I: Questionnaire

Kindly answer the following questions by ticking in the box that represent your appropriate response or by filling in the spaces provided.

Part A: General Information

1. Name of your organization -----
2. Year of establishment -----
3. What is your position/designation in the organization-----
4. How long have you worked for the organization? -----
5. What year were you born? -----
6. What it is your educational level? -----
7. How many full time employees does your organization have? -----

Part B: Strategic Planning Practices

8. Does your organization have a formal strategic planning process in place?
Yes () No ()

9. Who is responsible for the strategic direction of your organization?

a) Board of Directors ()

b) Top Management Team ()

c) Chief Executive Officer/Managing Director ()

Others? Specify-----

10. Would you say your organization's strategic planning process is

a) a strictly top down approach ()

b) a participatory approach that includes feedback from low level
managers and employees ()

11. Does your organization have a culture of acceptance and encouragement
of change Yes () No ()

12. Which among the following would you rank as the most critical key
drivers of the strategic planning process in your organization

a) the organization's ability to focus on customer needs ()

b) the analysis and leveraging of the organization's core competencies and
capabilities ()

c) top management's dynamic capability to adapt quickly to a changing
environment ()

13. What is the time horizon of your organization's strategic plans?

Less than 1 year ()

1-3 years ()

Over 3 years ()

14. Indicate in the table below the extent to which the 6 steps of strategic planning practices listed are used in your organization. Use a scale of 1 to 5 where 1= no extent 2= little extent, 3= moderate extent, 4= great extent, 5= very great extent.

Strategic Planning Processes	1	2	3	4	5
Establishing a mission, a vision and organizational values that employees and stakeholders understand.					
Develop and specify stretching, measurable and time bound goals and objectives.					
Involvement and engagement of relevant stakeholders in the formulation of the strategic plan.					
Communication of the organization's vision, mission and objectives to employees and other stakeholders.					
Check that the proposed strategies stand a good chance of achieving satisfactory target performance levels.					
Ensure there is adequate feedback, monitoring of results and that corrective action is taken where needed.					

15. Please indicate the extent to which your organization applies the following tools of strategic analysis to gain insights about its environment and where its sources of competitive advantage lie. Use a 5 point scale where; 1=no extent, 2= a little extent, 3= moderate extent, 4= great extent, 5= very great extent.

Tools of Strategic Analysis	1	2	3	4	5
SWOT Analysis					
Value Chain Analysis					
PESTEL Analysis					
Core Capabilities Analysis and Review					
Porter's Five Forces Analysis					
Balanced Scorecard					

16. Please indicate the extent to which your organization focuses on the following key strategic issues in the strategic planning process. Use a 5 point scale where; 1=no extent, 2= a little extent, 3= moderate extent, 4= great extent, 5= very great extent.

Key strategic issues	1	2	3	4	5
Flexibility of plans and quick adaptation to changes in the external environment					
Emphasis put on organizational capabilities and competences					
Consideration and alignment of resources with budgetary plans					
Procedures for anticipating failures of the strategic plans and for preventing of correcting them on a continual basis					
Development of new customer segments or entry into new markets					
Compliance with good corporate governance and putting into place effective internal control systems					

Part C: Organizational Performance

17. How do you rate the performance of your organization over the three year period 2011 to 2013 in each of the following aspects as compared to that of other Zimbabwe State Corporations? Use a 5-point scale, where: 1= far below average, 2= below average, 3= average, 4= above average, 5= far above average.

Performance Levels	1	2	3	4	5
Gross Margin					
Return on Assets					
Return on Capital Employed					
Employee Productivity (Gross Margin per Full Time Employee)					
Employee Turnover (Reduced Turnover)					
Customer Satisfaction					
Retention of Customers					
Innovation and Creativity					

Source: Author (2015)

Appendix II: List of Zimbabwe State Corporations

Agriculture

1. Agricultural Research Council
2. Agricultural and Rural Development Authority
3. Cold Storage Commission
4. Grain Marketing Board
5. Pig Industry Board
6. Tobacco Industry and Marketing Board
7. Tobacco Research Board

Commerce

8. Consumer Council of Zimbabwe

Education

9. Zimbabwe Schools Examination Council
10. Zimbabwe Institute of Public Administration and Management

Environment

11. Allied Timber (Pvt) Limited
12. Environmental Management Authority
13. Forestry Commission Company
14. Parks and Wildlife Management Authority

Energy and Power

15. National Oil Company of Zimbabwe
16. Rural Electricity Authority
17. Zimbabwe Electricity Supply Holdings

Financial Services

18. Agricultural Bank
19. Competition and Tariff Commission
20. Small Enterprises Development Corporation
21. Infrastructural Development Bank of Zimbabwe
22. National Indigenization and Economic Empowerment Fund
23. National Social Security Authority
24. Post Office Savings Bank
25. State Enterprises Restructuring Agency
26. State Procurement Board
27. Zimbabwe Investment Authority
28. Zimbabwe Revenue Authority

Health

29. Medicines Control Authority of Zimbabwe
30. National Aids Council of Zimbabwe
31. National Pharmaceutical Company
32. Public Service Medical Aid Society
33. Zimbabwe National Family Planning Council

Industry and Trade

34. Industrial Development Corporation
35. Printflow Private Limited
36. Urban Development Corporation
37. Zimbabwe International Trade Fair Company
38. Zimbabwe Iron And Steel Company (Pvt) Limited
39. Zimbabwe Trade Company

Information

- 40. Broadcasting Authority Of Zimbabwe
- 41. New Zimbabwe Association of News Agency
- 42. Zimbabwe Broadcasting Holdings

Mining

- 43. Minerals Marketing Corporation Of Zimbabwe
- 44. Zimbabwe Mining Development Corporation

Science and Technology

- 45. Bio-Technology Authority of Zimbabwe
- 46. Radiation Protection Authority of Zimbabwe
- 47. Research Council of Zimbabwe
- 48. Science and Industry Research and Development Centre

Sports and Arts

- 49. National Gallery of Zimbabwe
- 50. National Library and Documentation Services
- 51. State Lotteries and Gaming Board

Telecommunications

- 52. Net One Private Limited
- 53. Postal and Telecommunications Regulatory Authority
- 54. Transmedia
- 55. Zimbabwe Agency for Regulating Networks
- 56. Zimbabwe Post-Office
- 57. TelOne Private Limited

Transport

- 58. Air Zimbabwe Holdings
- 59. Central Mechanical Equipment Department
- 60. Civil Aviation Authority of Zimbabwe
- 61. National Railways of Zimbabwe
- 62. Traffic Safety Council of Zimbabwe
- 63. Zimbabwe National Road Administration
- 64. Zimbabwe United Passenger Company Private Limited

Tourism

- 65. National Museum and Monuments of Zimbabwe
- 66. Zimbabwe Tourism Authority

Water

- 67. Zimbabwe National Water Authority

Source: www.zim.gov.php/index.php?option...parastatals...(2015)

Appendix III: 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.....

TO WHOM IT MAY CONCERN

The bearer of this letter

Registration No

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**

Source: University of Nairobi MBA Administration Office, 2015