STRATEGIC PLANNING AND PERFORMANCE OF ENABLIS EAST AFRICA

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DECLARATION

This research proposal is my original work, and has not been presented for the award of a degree in any other university.

Signature……………………………………….. Date…………………………

TRIZAH WAITHERA MUNGAI

D61/76631/2012

This research proposal has been submitted for examination with my approval as the university supervisor.

Signature……………………………………….. Date…………………………

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SCHOOL OF BUSINESS,

UNIVERSITY OF NAIROBI
DEDICATION
I would like to dedicate this research work to my family who are my pillars and source of
great inspiration. They have stood by me through my whole academic life and through their
guidance I have made it to this level and will continue to achieve more in future with them
by my side. I also dedicate this work to my colleagues for great encouragement to undertake
the MBA programme as well as my friends for tremendous support in the undertaking of this
MBA programme.

God bless you all.
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To complete this project was a long journey of commitment. This project would not have been possible without the guidance and the help of several individuals who in one way or another contributed and extended their valuable assistance in the preparation and completion of this proposal. Many hands made this journey possible. I did all this through God’s grace, strength and love.

First and foremost, I give thank the Almighty God for granting me peace, knowledge and sanity of mind that has enabled me to complete this research work. Thanks to my Creator, the Almighty God for the wisdom, good health and the courage He granted to me which has enabled me to achieve this project. It is through His abundance grace that has brought this research work this far.

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<tr>
<td>CFA</td>
<td>Canada Fund for Africa</td>
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<tr>
<td>DFATD</td>
<td>Department of Foreign Affairs, Trade and Development</td>
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<td>EEA</td>
<td>Enablis East Africa</td>
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<td>NGOs</td>
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<td>SME’s</td>
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ABSTRACT

Strategic planning is an organizational management activity that is used to set goals, focus energy and resources, strengthen operation and ensures that employees and other stakeholders are working towards the common goals, assess and adjust the organization's direction in response to a changing environment. For of an organization to achieve effective performance, there has to be well defined strategic plans that are consciously communicated to all stakeholders to be effectively implemented. The relationship between strategic planning and organizational performance needs analysis to get a better understanding on how strategic planning is applied in practice to improve performance thus survival of the organisation. Primary data sources were used in this study where data was obtained through interactive interviews. The main instrument of data collection in this study was an interview guide. The nature of data collected was qualitative and was therefore analysed using content analysis technique. The study found that Enablis East Africa has a Vision which is “Empowering ideas. Empowering people”; while its Mission is “To create employment opportunities by supporting and financing the expansion of entrepreneurial ventures in East Africa. Monitoring and evaluations outcomes and reports are shared with staff and stakeholders to generate continuous programme adjustments necessary to keep the strategy implementation on track. The study also found that strategic planning is a team effort which involves all levels and functional units of the Organisation top executives, middle managers and supervisors, and employees. EEA’s strategy development steps involve intensive participatory driven processes. EEA sees planning as means to support accountability and performance, to contribute to impact at regional and global level goals, and most importantly as a fundamental process to its vision and mission; logical frameworks are used to cascade and track the extent to which the milestones as stipulated in the Contribution Agreement and strategy are achieved and Enablis East Africa monitors inputs, outputs and outcomes. Enablis addresses products, markets, resources, and technologies over an extended period of time. The study concludes that strategic planning is an essential instrument for planning and forecasting which positions the organization to meet demands and changes which might come up in the course of discharging its services. Enablis’s strategy reaffirms is ultimate mandate to provide small and medium sized enterprises with access to business support products and services to increase economic development in the region thus solve the unemployment challenge in East Africa. Strategic planning can directly contribute to organizational performance. The study recommends that Enablis should ensure that strategic planning is effectively put in place to reap the full benefits of effective implementation. Enablis East Africa should optimize on its huge investment in reviews and reflection, and use outcomes and results for operational improvement or changing strategic priorities. The management of Enablis should offer continuous training to the employees on strategic planning adopt clear communication of strategy so as to equip them with skills that will help them in their mandates. With regard to practice, it is apparent that non-governmental organizations operating in Kenya depend on their operating environment for their survival and with changes in the operating environment, the business unit need to adapt to the same. With regard to policy, the non-governmental organizations in Kenya as well as the private firms would use the findings of this study to lobby for amendment of regulations that inhibit the strategic planning process and performance such firms in their operations. In theory, the academia and business researchers in strategic management may borrow from the findings of this study to support literary citations as well as develop themes for further research.
CHAPTER ONE
INTRODUCTION

1.1 Background

Strategic planning is an organizational management activity that is used to set goals, focus energy and resources, strengthen operation and ensures that employees and other stakeholders are working towards the common goals, assess and adjust the organization's direction in response to a changing environment. For an organization to achieve effective performance, there has to be well defined strategic plans that are consciously communicated to all stakeholders to be effectively implemented. The relationship between strategic planning and organizational performance needs analysis to get a better understanding on how strategic planning is applied in practice to improve performance thus survival of the organisation.

This study was guided by some theories which have been advanced in explaining the strategies applicable by organizations in order to gain competitive advantage, thus impacting the overall performance of the organisation. The theories are; resource based view, strategic conflict model, industrial organization economic theory and game theory. For resource based view, according to Foos & Knudsen (2007) superior performance is based on combining both internal and external aspect of a firm. The industrial economics theory, according to Parnell (2011) profitability is merely function of industry of market structure within which the firm operates.
For Strategic conflict model it contends that if the economic agents driven by their expectation perfect foresight and aided by market mechanism and other relevant institutions are capable of achieving an outcome that is a collection of mutual response (Gangopadhyay, 2011).

Strategic planning has been embraced by business enterprises, the public and private sectors as an important means that can be utilized to lead effective organization performance. According to Steiner (1979) strategic planning is the backbone support of strategic management which involves the setting of organizational aims, defines strategies and policies to achieve them and develops plans to make sure that strategies are implemented so as to achieve the ends sought.

Organizational Performance is an organization’s ability to acquire and utilize its scarce resources and valuables as expeditiously as possible in pursuit of its operations goals (Griffins, 2006). For of an organization to achieve effective performance, there has to be well defined strategic plans that are consciously communicated to all stakeholders to be effectively implemented.

Enablis East Africa is a local NGO, funded by DFATD whose mission is to create employment opportunities by supporting and financing the expansion of entrepreneurial ventures in East Africa. One of the biggest challenges faced by the local NGO’s is sustainability (a key measure of performance) beyond the Contribution Agreement as about 80% of all their operation costs are donor funded. EEA is no exception to this as it has been struggling over time with sustainability.
Given these challenges, EEA has increasingly embraced the practice of strategic planning in anticipation that this will translate to improved performance. Unfortunately, EEA did not embark on Strategic Planning at the very first beginning and only did so five years later into the seven-year life of the project. This therefore calls for a robust strategic planning process on the onset of the formation of the NGO which mirrors the Contribution Agreement to avoid conflicting interests and the same strategy plans communicated to the various stakeholders at the start of the project. This study seeks to establish the relationship between Strategic Planning and Organisational Performance of Enablis East Africa.

1.1.1 Concept of Strategic Planning

Many of the concepts that form the basis of current understanding of strategy development were developed during the first half of the twentieth century. Examples include Frederick Taylor’s work on efficiency, the rapid growth of forecasting and measurement techniques during the 1930s and the development of organizational structures and the transformation from production to demand-driven organizations after the Second World War. In 1951, Newman was the first to demonstrate the nature and importance of strategy (Newman, 1951). His work was soon expanded by others.

In the early 1960s Ansoff (1965) laid the foundations for strategic planning by demonstrating the need to match business opportunities with organizational resources and illustrating the usefulness of strategic plans. He looks at it in terms of change from a familiar environment to an unfamiliar world of strange technologies, strange competitors, new consumers’ attitudes, new dimensions of social control and above all, questioning of the firm’s role in society.
Drucker (1993) defines strategic planning as the continuous process of making entrepreneurial decisions systematically and with the greatest knowledge of their futurity, organizing systematically the efforts to carry out these decisions and measuring the results against the plans.

Bryson, Crosby & Bryson (2009) defines strategic planning as a “way of knowing” intended to help leaders and managers discern what to do, how and why. Strategic planning of this kind can help leaders and managers successfully address major issues or challenges of an organization. He views Strategic planning as decision making tool for management.

A Firm’s strategy is managements’ action plan for running the business and conducting operations (Thompson, 2007). Strategy can be defined as the balance of actions and choices between internal capabilities and external environment of an organization.

1.1.2 Organizational Performance

Organizational performance comprises the actual results of organisations as measured against its intended objectives. Organizational Performance is an organization’s ability to acquire and utilize its scarce resources and valuables as expeditiously as possible in pursuit of its operations goals (Griffins, 2006). According to Richard et al. (2009) organizational performance encompasses three specific areas of firm outcomes: financial performance (profits, return on assets, return on investment,); product market performance (sales, market share,); and shareholder return (total shareholder return, economic value added).
1.1.3 Strategic Planning and Organisational Performance

Organizations from both the private and public sector are increasingly embracing the practice of strategic planning in anticipation that this will translate to improved performance. Past studies have mainly focused on the direct relationship between strategic planning and performance and did not give attention to the specific steps that make up the strategic planning process. The manner and extent to which each of the steps is practiced could have implications on the expected strategic planning results thus improved organizational performance.

This research will examine the relationship between strategic planning and firm performance giving attention to the strategic planning steps. Correlation analysis results have indicated the existence of a strong relationship between strategic planning and firm performance. David (1997) argues that firm’s record improved performance once they effectively embrace strategic planning. Carrying out the various steps in the strategic planning process is expected to facilitate the realization of organizational effectiveness.

Some studies of manufacturing firms (Ansoff, 2001; Eastlack and McDonald, 2002; Herold, 2001; Karger and Malik, 2000; Thune and House, 1999) have indicated that strategic planning results in superior financial performance, measured in terms of generally accepted financial measures such as sales, net income and return on investment.
1.1.4 Non-Governmental Organizations in Kenya

NGOs have been set up in Kenya for various missions such as poverty eradication, empowerment of the girl child, unemployment challenge and research and development. East Africa consists of third world countries that face very many challenges that prompt the developed countries to chip in and help in her growth and development. Many NGOs have been established in this region of which some are still operational and seeks to achieve their objectives whereas some have ceased to exist. The setting up of an NGO requires the donors setting it up to conduct thorough research about the region; understand its policies and procedures before setting up the organization.

Research enables them identify the problems facing the region, choose a specific problem to help solve and come up with strategies on how best the problem can be solved. Most of the NGOs lack proper strategies, management and funding therefore leading to their closure which limits the attainment of their set goals. Overtime the value of aid has reduced implying that the NGOs have to find new funding locally and/or from businesses, and make organizational sustainability their main goal.

1.1.5 Enablis East Africa

Enablis East Africa is a local NGO, funded by DFATD whose mission is to create employment opportunities by supporting and financing the expansion of entrepreneurial ventures in East Africa. EEA has been operational in Kenya for 7 years. At the 2002 G8 Summit in Kananaskis, the Canadian Government announced the creation of the Canada Fund for Africa (CFA) to support new initiatives that would have a major impact on Africa’s sustainable development.
In 2003, the CFA provided $10 million in seed money to the Montreal based Enablis Entrepreneurial Network, who with $15 million of additional funds, launched a pilot program in South Africa aimed at providing business support services and financing to small and medium enterprises (SMEs).

In 2007, based on the success of the South Africa model, the Canadian International Development Agency (CIDA) now DFATD (Department of Foreign Affairs, Trade and Development) approved additional funds for Enablis to expand into East Africa. DFATD provided funding of up to Cdn $9.25 million to achieve four main results. The project’s ultimate outcome was to increase the contribution of small enterprises owned by male and female members to economic development in East Africa. The project’s other three immediate outcomes results are: improved performance of Enablis EEA as an effective, reputable and sustainable organization which provides a wide range of financial and non-financial business development and networking opportunities in Eastern Africa; the improved performance of EEA members businesses in becoming economically viable, employment generating and social responsible, promoting gender equality and sound environmental strategy and a strengthened and expanded EEA network, sharing information and generating business opportunities for its members.

DFATD decided to evaluate the performance, continuing relevance and sustainability of EEA to identify areas for improvement. Given these issues identified, in May 2013, DFATD asked EEA to suspend the approval of any new loan guarantees. EEA was shut down on 31 March 2015 when the Contribution Agreement came to an end and DFATD rejected a proposal on extension of the Contribution Agreement.
1.2 Research Problem

Strategic planning is a process for charting the general direction of an organization and defining strategies the organization will use to reach its goals. Organizational Performance on the other hand is an organization’s ability to meet its goals given the limited resources within its disposal. Because no organization has unlimited resources, management must decide which alternative strategies will benefit the firm most thus the game plan to achieve set goals. Some studies (Ansoff, 2001 Herold, 2001) have indicated that strategic planning results in superior financial performance, thus critical to analyze the relationship between strategic planning and organizational performance.

NGOs have been set up in Kenya for various missions such as solving the high rate of unemployed youth, poverty eradication, empowerment of the girl child and research and development. The NGO environment has greatly evolved overtime. Inadequate governance, mismanagement of resources, decrease in the value of aid and outright abuse of the tax exempt status is some of the challenges facing this sector. (Zahirul Hoque, 2015).

Enablis EA derives its agenda from this stark reality and the urgent need to diffuse the ticking time bomb that is youth unemployment in East Africa. It achieves this by funding SMEs and capacities building with an aim of helping them grow and expand which in results to the creation of job opportunities.

Past studies of manufacturing firms (Ansoff, 2001; Eastlack and McDonald, 2002; Herold, 2001; Karger and Malik, 2000; Thune and House, 1999) have indicated that strategic planning results in superior financial performance, measured in terms of generally accepted financial measures such as sales, net income, return on investment among others.
Subsequent studies (Armstrong, 1999; Greenley, 1996; Mintzberg, 1990; Shrader, 1984; Akinyele, 2007) have contradicted the notion of a strategic planning-superior performance relationship. However, more recent studies (Miller and Cardinal, 1994; Schwenk and Shrader, 1993) provide convincing evidence that strategic planning does indeed result in superior financial performance. One stream of strategic planning research has raised the issue of whether the length of time a firm or organization has been involved in the strategic planning process has any impact on performance.


To the researcher knowledge there is limited empirical evidence on the strategies used by NGOs to improve performance in Kenya, hence the research gap, this study sought to fill the existing research gap by answering the following research question, what is the Impact of Strategic planning on the Performance of Enablis East Africa Limited?
1.3 Research Objectives

The objective of this study was to establish how the strategic planning impacted performance of Enablis East Africa.

1.4 Value of the Study

The study findings are useful to potential donors who want to fund projects specifically in Kenya. They will be informed on key relationship between strategic planning and performance of NGOs. The findings of this research provides an insight into the design, implementation, and strategic planning, governance and performance management in the organization in this sector.

The study finding are useful to donors and top management managers to whom their NGOs are not performing well in Kenya to know the impact strategic planning has on the organizational performance. The study findings are useful to them to be aware of the strategy adopted by NGOs firms to improve their performance.

It will assist the NGOs and Community Based Organizations management in formulation of policies, standards, guidance and procedures for tackling strategic planning that positively relates to company or organization performance in the business operations. It acts as a useful resource for the government in understanding the needs of NGO.

The findings of this study provides information for the academicians conducting a research on the strategic planning and performance of Non-Governmental organizations and understand it better as they research further on other emerging issues in this sector.
1.5 Chapter Summary

Strategic planning is essential in any organization since it’s an organizational management activity that is used to set goals, focus energy and resources, strengthen operation and ensures that employees and other stakeholders are working towards the common goals, assess and adjust the organization's direction in response to a changing environment. For an organization to achieve effective performance, there has to be well defined strategic plans that are consciously communicated to all stakeholders to be effectively implemented.

This study was guided by some theories which have been advanced in explaining the strategies applicable by organizations in order to gain competitive advantage, thus impacting the overall performance of the organization. Strategic planning has been embraced by business enterprises, the public and private sectors as an important means that can be utilized to lead effective organization performance.

Many of the concepts that form the basis of current understanding of strategy development were developed during the first half of the twentieth century. In the early 1960s Ansoff (1965) laid the foundations for strategic planning by demonstrating the need to match business opportunities with organizational resources and illustrating the usefulness of strategic plans.

Organizational performance encompasses three specific areas of firm outcomes: financial performance (profits, return on assets, return on investment,); product market performance (sales, market share,); and shareholder return (total shareholder return, economic value added). Organizations from both the private and public sector are increasingly embracing the practice of strategic planning in anticipation that this will translate to improved performance.
NGOs have been set up in Kenya for various missions such as poverty eradication, empowerment of the girl child, unemployment challenge and research and development. Research enables them identify the problems facing the region, choose a specific problem to help solve and come up with strategies on how best the problem can be solved.

To the researcher knowledge there is limited empirical evidence on the strategies used by NGOs to improve performance in Kenya, hence the research gap, this study sought to fill the existing research gap by answering the following research question, what is the Impact of Strategic planning on the Performance of Enablis East Africa Limited?
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter discusses essential issues that form the background of the study. The first part of
the chapter is studies undertaken by various scholars and theories that address the strategic
planning and performance of NGOs. The second part of the chapter presents and discusses
empirical findings and literature related to strategic planning and performance of NGOs and
finally the summary.

2.2 Theoretical Foundation

This study was based on behavioural theory of the Firm and resource based view. These theories
put forward what have been already confirmed to improve organizational performance hence
they give solutions how to fix issues related to competitive advantage. The theories are covered
in detail below.

2.2.1 Resource Based View

The framework involves five-stage procedure for strategy formulation; analysing the firm’s
resource-base; appraising the firm’s capabilities; analyzing the profit-earning potential of firm;
selecting a strategy, and extending and upgrading the firm’s pool of resources and capabilities
for results in performance (Rumelt, 1984).

Resource Based view by Barney 1986 contend that above normal returns accrue due to valuable,
rare, non-imitable immobile and non-substitutable resources. It views firm as a unique bundle of
resources that is all assets and capabilities, organizational process, firm attributes, information,
knowledge controlled by a firm that enable the firm to conceive and implement strategies that
improves its efficiency, hence outperform the competitors in the industry (Barney, 2007).
Foos and Knudsen (2005) asserts that resource based view (RBV) tends to focus on resource and capabilities that are long lived & difficulty to imitate. Superior performance therefore will be based on developing a competitively distinct set of resources and deploying them in a well-conceived strategy. The theory assumes that firms within an industry may be heterogeneous with respect to the strategic resources they control and the resources may not be perfectly mobile across firms and thus heterogeneity can be long lasting.

2.2.2 The Behavioral Theory of the Firm

According to Cyert and March (1963) in order to understand contemporary economic decision making, we need to supplement the study of market factors with an explanation of the internal operation of the firm. The theory summarizes the three core ideas of the growth of the firm to be; those bounded rationality, imperfect environmental matching and unresolved conflict.

Firms attend to goals sequentially, and follow the ‘rules of thumb’ and ‘standard operating procedures’. Imperfect environmental matching suggests that human agency is not uniquely determined by exogenously given structure. Accordingly, history matters, pointing to the importance of organizational adaptation. Unresolved conflict is based on the assumption that in organizations there exist multiple actors with potentially conflicting interests that are not entirely alleviated by contracts. Instead, individual and sub-group interests are continuously renegotiated, with consistency being hard to obtain and sustain.
Furthermore, the behavioral theory of the firm serves as an important block in transaction costs theory; it is also a building block in dynamic capabilities theory and evolutionary economics (Nelson and Winter, 2002). The theory emphasizes the actual process of making business decisions and provides detailed observation of the ways in which organizations make these decisions.

2.3 Strategic Planning Process

Strategic planning is an organizational management activity that is used to set goals, focus energy and resources, strengthen operation and ensures that employees and other stakeholders are working towards the common goals, assess and adjust the organization's direction in response to a changing environment. According to Steiner (1979) strategic planning is the backbone support of strategic management which involves the setting of organizational aims, defines strategies and policies to achieve them and develops plans to make sure that strategies are implemented so as to achieve the ends sought.

Strategic planning is important to an organization because it provides a sense of direction and outlines measurable goals. Berry (1994) defines strategic planning as a management process that combines four basic features; a clear statement of the organization’s mission; the identification of the agency’s external constituencies or stakeholders, and the delineation of the agency’s strategic goals and objectives, typically in a 3-5 year plan; and the development of strategies to achieve them. There is no simple organizational strategic planning pattern that fits all companies, nor is there a single best organization for planning. (Steiner, 1979).
Factors influencing planning organization vary much among companies. Some of the factors include; because no organization has unlimited resources, strategists must decide which alternative strategies will benefit the firm most. Strategy-formulation decisions commit an organization to specific products, markets, resources, and technologies over an extended period of time. Strategies determine long-term competitive advantages. Therefore, to achieve the set aside goals effectively, strategic planning should be aligned to use scarce resources effectively. However, it has been argued that it is unreasonable and unrealistic to believe that everyone participating in the strategic planning effort will possess personal abilities such as; willing to analyse relatively little or complex information, make sound decisions and take reasonable risks to name just a few.

Simerson (2011) notes that it is therefore important for organizations to share information with prospective strategic planning participants to help raise awareness of how your skills and abilities are likely to impact how you contribute to the strategic planning effort. Size and complexity of an organization – the size of Organization also affects the strategic planning. Small organizations generally do not participate in strategic planning. Also as size and complexity of an organization increases, so does the degree of formulating of planning activities; the extent of involvement in operating issues compromises the attention paid to management functions; the implementation gap – this is the inability of the top management and the planners to effectively communicate with the planners; the lifecycle of the organization – as organizations move through different phases, the competitive environment changes and influences the way they plan and execute strategy (Thompson, 2007).
Organizational performance comprises the actual output or results of an organisation as measured against its intended outputs (or goals and objectives). According to Richard (2009) organizational performance encompasses three specific areas of firm outcomes: (a) financial performance (profits, return on assets or return on investment.); (b) product market performance (sales, market share); and (c) shareholder return (total shareholder return, economic value added).

The focus on Strategic Objectives, which should articulate exactly what the organization is trying to accomplish, is the key to identifying truly strategic measurements. Strategic performance measures monitor the implementation and effectiveness of an organization's strategies, determine the gap between actual and targeted performance and determine organization effectiveness and operational efficiency (Harrison 2011). Performance measurement is also done by use of the Balanced score card approach.

Past studies have mainly focused on the direct relationship between strategic planning and performance and did not give attention to the specific steps that make up the strategic planning process. Greenly (1986) noted that strategic planning has potential advantages and intrinsic values that eventually translate into improved firm performance. Strategic planning is thus a vehicle that facilitates improved firm performance. Grants (2003) notes that empirical research is strategic planning systems has focused on two areas: the impact of strategic planning on firm performance and the role of strategic planning in strategic decision making. The latter area of research explored the organizational process of strategy formulation.
The most definitive description of the strategic planning consists of eight widely recognized steps; an initial agreement or “plan for planning”; identification and clarification of mandates; mission formulation; external environmental assessment; internal resource assessment; strategic issue identification; strategy development, and; development of a description of the organization in the future – its “vision of success” (Byrson, 1989).

2.4 Organisational Performance Measures

Organizational performance comprises the actual output or results of an organisation as measured against its intended outputs (or goals and objectives). Strategic performance measures monitor the implementation and effectiveness of an organization's strategies, determine the gap between actual and targeted performance and determine organization effectiveness and operational efficiency (Harrison, 2011). Performance measurement has been explained by Moulin (2009) who argues that it is the process of evaluating how well organisations are managed and the value they deliver for customers and other stakeholders.

Neely (2009) on the other hand argues it as the process of quantifying the efficiency and effectiveness of past actions. Robert (2005) states that, there is considerable interest in the role of strategic performance measurement systems (SPMS), such as balanced scorecards, in assisting managers develop competitive strategies. Performance Measurement is addressed in Step Five of the Nine Steps to Success TM methodology. In this step, Performance Measures are developed for each of the Strategic Objectives. Leading and lagging measures are identified, expected targets and thresholds are established, and baseline and benchmarking data is developed.
2.5 Empirical Studies and Knowledge Gaps

Strategic planning has today gained prominence worldwide and across businesses, public and private. Various writers have argued that strategic planning impacts on organizational performance. This has examined the relationship between strategic planning and firm performance giving attention to the specific steps in the strategic planning process. The prescriptive strategic management literature implies that there is a correlation between strategic planning and organizational performance. Why do organisations need strategic planning? For an organization to achieve effective performance, there has to be well defined strategic plans that are effectively implemented.

To achieve this, the management should conceive this as a continuous process, especially with respect to strategy formulation, because changes in the business environment are continuous. Thus Strategic planning is a key factor in the overall organizational performance. Ongone (2013) studied the relationship between strategic planning and organization’s performance in Non-Governmental Organizations: A case study of ActionAid Kenya. It was recommended that for a good performance, decision makers in organizations should employ strategic planning best practices as a guide to a better future performance. For future research, researches should look into challenges facing strategic planning process and performance assessment in NGOs.

2.6 Chapter Summary

This study was based on behavioural theory of the Firm and resource based view. These theories put forward what have been already confirmed to improve organizational performance hence they give solutions how to fix issues related to competitive advantage.
The framework involves five-stage procedure for strategy formulation; analysing the firm’s resource-base; appraising the firm’s capabilities; analyzing the profit-earning potential of firm; selecting a strategy, and extending and upgrading the firm’s pool of resources and capabilities for results in performance.

Resource Based view by Barney 1986 contend that above normal returns accrue due to valuable, rare, non-imitable immobile and non-substitutable resources. The behavioral theory of the firm serves as an important block in transaction costs theory; it is also a building block in dynamic capabilities theory and evolutionary economics. Strategy-formulation decisions commit an organization to specific products, markets, resources, and technologies over an extended period of time. Strategies determine long-term competitive advantages.

On the other hand, organizational performance comprises the actual output or results of an organisation as measured against its intended outputs (or goals and objectives). According to Richard (2009) organizational performance encompasses three specific areas of firm outcomes: (a) financial performance (profits, return on assets or return on investment.); (b) product market performance (sales, market share); and (c) shareholder return (total shareholder return, economic value added). Moulin (2009) who argues that Performance measurement is the process of evaluating how well organizations are managed and the value they deliver for customers and other stakeholders. Performance Measurement is addressed in Step Five of the Nine Steps to Success TM methodology. In this step, Performance Measures are developed for each of the Strategic Objectives.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction
This chapter presents the methodology, which was used to carry out the study. Also in this chapter are the research design, data collection and instruments for data analysis.

3.2 Research Design
Research design is the basic plan that indicates an overview of the activities that are necessary to execute the research project. This research problem was studied through a case study on Enablis East Africa. A comprehensive and in-depth study was conducted on the strategic planning practices in the organization and how it impacts performance. This focus enabled the researcher to cautiously study the order of events as they occurred or to concentrate on identifying the relationships among functions, individuals or entities (Robison, 2003).

A case study is an in depth study of an entire organization with careful attention to facts rather than a sweeping statistical survey thus enabling one to narrow down a very broad field of research into one easily researchable topic. Case studies placed more emphasis on a full contextual analysis of fewer events or condition, and their inter relations (Cooper & Schindler 2006). According to Mugenda and Mugenda (1999), human behavior is best explained by using qualitative research.
3.3 Data Collection

Primary data sources were used in this study where data was obtained through interactive interviews. According to Mugenda and Mugenda (2008), primary data refers to data that the researcher collects from respondents while secondary data refers to data from other sources like records and documents, thus primary data was considered more reliable and up to date.

The main instrument of data collection in this study was an interview guide. In this study data was collected from senior management staff, senior staff in Human Resource, Finance, Projects and operations departments. Structured interview and in-depth interviews were the two types of interviews used in research evaluation by the researcher. In structured interviews, emphasis was on obtaining answers to carefully phrased questions whereas under in-depth interviews, the interviewers sought to encourage free and open responses, and this allowed a trade-off between comprehensive coverage of topics and in-depth exploration of a more limited set of questions. Patton (2002) asserts that, the quality of the information obtained through these methods is largely dependent on the interviewer’s skills and personality.

3.4 Data Analysis

Gay (1992), observed that data analysis involves organizing, accounting for and explaining the data, that is making sense of data in terms of the respondents’ definition of the situation noting patterns, themes, categories and regularities. Data analysis is the whole process, which starts immediately after data collection and ends at the point of interpretation and processing data (Kothari, 2004). The nature of data collected was qualitative and was therefore analysed using content analysis technique.
Through content analysis, responses from different respondents were compared and summarized according to the objectives of the study. Content analysis was a tool for measuring the content of information. Its objective is to obtain a qualitative description of the manifest content of communication (Robison, 2003).

3.5 Chapter Summary

This chapter detailed the methodology for the study, highlighting the research design, and method. It also looked at the tools to be used in gathering data, data collection procedure and data analysis. This chapter offers the research an opportunity to outline the research framework and offer credible results. The modality of collecting research data was espoused and the methods used to analyze these data and draw conclusions explained.

Descriptive and inferential statistical methods were used in analyzing the data to be collected using SPSS while content analysis techniques were used to analyze responses and explanations obtained from the open ended questions. Frequency tables and diagrams would be used to present and summarize the results and findings obtained.
CHAPTER FOUR
DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter provides the data analysis, presentation and interpretation of the results of the study as set out in the research methodology. The purpose of the study was to establish the impact of strategic planning on the performance of Enablis East Africa Limited. This chapter presents the research findings and the subsequent discussions which take cognition of the pre-stated objective of the study, that is; to establish the impact of strategic planning on the performance of Enablis East Africa Limited. The findings of the study and the analysis of the results established from the interview guides sought to establish the impact of strategic planning on the performance of Enablis East Africa Limited.

Primary data was collected through in-depth interviews to senior staffs in Human Resource department, Finance department, Projects and Operations department. Content analysis which is the systematic qualitative description of the composition of the objects or materials of the study was employed. The data was then presented in a continuous prose as a qualitative report. This analysis was therefore significant to provide credible qualitative information. The results are presented in three major sections including strategic planning and performance of Enablis East Africa, different strategic planning steps related to organization’s performance and different strategy choice in relation to organization performance. Finally, a discussion of the findings is presented.
4.2 Strategic Planning and Organization Performance of Enablis East Africa

The first section of the interview guide was dedicated to examine the relationship between strategic planning and organization performance of Enablis East Africa. Strategic planning is an organizational management activity that is used to set goals, focus energy and resources, strengthen operation and ensures that employees and other stakeholders are working towards the common goals, assess and adjust the organization’s direction in response to a changing environment.

4.2.1 Vision and Mission statements

On whether Enablis East Africa has vision and mission statements, all the interviewees reported that indeed Enablis East Africa has vision and mission statements. In this study all the interviewees consented, indicating that Enablis East Africa’s Vision is “Empowering ideas. Empowering people”; while its Mission is “To create employment opportunities by supporting and financing the expansion of entrepreneurial ventures in East Africa”.

A mission is a statement of the purpose of the organization which guides the actions of the organization, spells out its overall goal, provides a path, and guides decision-making. It provides the framework or context within which the organization’s strategies are formulated. On the other hand, a vision describes the firm’s aspirations of what it really wants to be. Vision statements are designed to capture the imagination of the public and as well galvanize the efforts of employees at all levels such that its emotional appeal challenges them to commit their full energies and minds to believe it is the best.
4.2.2 Department involved in Strategic Related Matters

The study further asked the interviewees to indicate how the department responsible for strategic related matters has been in charge of strategies related to organization performance. The interviewees reiterated that there was no specific department with overall strategic planning. All departments were involved in the strategic planning. Strategic planning was a team effort which involves all levels and functional units of the Organisation—top executives, middle managers and supervisors, and employees. The CEO at the helm is the one vested with overall responsibility for Enablis East Africa’s strategy planning and review of the organization performance at the end of every strategy period. He provides the leadership necessary to define the mission, craft the vision, and express the principles of EEA. He leads and actively supports the planning process. The CEO has a committee known as the SPC (Strategic Planning Committee) whose purpose is to develop strategic plans for the Organisation.

According to the interviewees, the Strategic Planning Committee comprises of all the department heads and chaired by the CEO. The board members also play an important role in the planning process. They assist in developing the mission, principles, and vision of EEA. They also provide valuable feedback during the planning process. According to the interviewees, the committee includes knowledgeable individuals from all departments in EEA. They work closely with the CEO in defining the EEA’s mission, expressing the EEA’s principles, and crafting an EEA-wide vision; they also set goals to provide direction for the whole organisations and to address identified issues, problems, and opportunities; and also monitor overall progress and results.
Most of the interviewees articulated that the monitoring and evaluation unit is usually done by external evaluators usually appointed by DFATD. They conduct periodic reviews including impact assessments. Monitoring and evaluations outcomes and reports are shared with staff and stakeholders to generate continuous programme adjustments necessary to keep the strategy implementation on track. Strategic planning is now generally accepted as the foundation of god leadership and management in any organisation.

The interviewees indicated that the steps in the strategic planning process that include formulating, implementing and evaluation of the strategic plan. It entails specifying the organization's mission, vision and objectives, developing policies and plans, often in terms of products and services, which are designed to achieve these objectives, and then allocating resources to implement the policies and plans, products and services.

The roles played by the various key informants in strategy formulation, strategy implementation and strategy evaluation in Enablis include development, formulation, implementation and periodic review of the strategic plan, development of key strategic project and business cases formulation and implementation of polices, management of customers relationship to enhance better growth, managing customers feedbacks and ideas on improvement in customer service, capturing, analysing and evaluating customers complaint or correspondence. Accordingly, strategic planning in Enablis EA links short, intermediate, and long-range plans.
4.2.2.1 Setting the Strategic Direction

From the study, majority of the interviewees cited that Enablis East Africa planning process is comprehensive, adaptable, efficient and realistically focused to the objectives and mainly a top down approach and that monitoring and evaluation- measure the progress toward attaining operational and strategic goals with key performance indicators. Enablis Global communicates the global strategic direction and mission priorities. This global strategic direction helps to shapes, prioritize and streamline EEA’s work.

EEA is then expected to develop core values and philosophies describing how the organization conducts itself in carrying out its mission. The EEA Strategy Paper as drafted by the Committee takes into account the local context and the global priorities. Shaping the future strategy of EEA involves drawing from local and global processes to ensure strategy alignment and relevance.

The process involves alignment to the global plans and priorities; national driven engagements through organized inputs by staff, stakeholders and making propositions. With technical support from experts, a review of the strategy for the period ended is undertaken to assess impact, lessons learned, review of the national context and implications for the various thematic areas. The draft strategy is presented to the Board for approval. Most of the interviewees cited that Taking Stock is key source of information to drafting every new strategy in EEA. Assessment of the past and plans for the future is done in close consultation with key stakeholders, partners, members and Enablis Global. Consultation workshops to generate inputs on key moment for strategy are given attention. Member Survey questionnaires bring out further analysis and inputs in the process.
Lastly, most of the interviewees were of the opinion that the consolidated new draft strategy goes through extensive consultation allowing partners, donors, corporate, Enablis Global to make inputs and comments on the draft. However, most respondents noted that the local strategy had to be in sync with the Contribution Agreement key performance indicators and any deviation from it will not be accepted at global level thus a top down approach. Also most respondents noted there is little staff consultation in strategic setting. The final strategy is submitted to EEA’s Board and Enablis Global for review, approval and strategy sign off.

4.2.2.2 External, Peer Reviewers and Consultants

From the study, the interviewees were positive that taking Stock review and external review team composition has diverse expertise. The Team Leader usually seconded from Enablis Global with authorization from DFATD has expertise and experience of international development and programmes reviews.

4.2.2.3 Enablis East Africa Strategy development process

On Strategy development process, majority of the interviewees cited that EEA’s strategy development steps involve intensive participatory driven processes. It starts with an external analysis also the recognition phase. This consists of an external, independent assessment of an economic analysis, carried out by the Strategic Planning Committee who identified a case for entrepreneurship as a catalyst for economic development and employment creation in East Africa. Enablis has carefully studied the entrepreneurial landscape in East Africa.

This was followed by the internal analysis phase focused on finding out from all the stakeholders and especially the executive management members where they think EEA’s strategic future lay.
Questions are framed around EEA’s identity and purpose, as well as where they want to be, what they want to achieve and how they want to do that. Strategic planning committee organizes consultation, focus group discussions and scenario building sessions. External consultants with expertise on NGO strategy are hired to read and comment on each of the drafts. All stakeholders’ views are collected through in-person interviews, online surveys and internal assessments.

The results are then collated into strategic options and redefined into strategic priorities during strategic meetings. SPC consults and seeks advice from the Board throughout the process and details are agreed. The strategic priorities that came out of the consultations from internal analysis are collected into a first draft of the strategic document. Second draft is produced incorporating all comments from all stake holders and presented to the Board. Final draft based on Board decisions is produced. It is then officially endorsed by the Board and Enablis Global.

4.2.3 Contribution Agreement Performance Indicators and EEA’s Strategic Plan

The study also required the interviewees to indicate how different strategic planning practices done in Enablis East Africa enhanced performance. With this regard the study sought to ascertain how the Contribution Agreement performance indicators link to the overall strategic plan of the Enablis East Africa.

4.2.4 Other Strategies and Processes Adopted

The study also asked the interviewees to give other strategies and processes which were adopted by their organizations to enhance its performance. From the study findings, majority of the interviewees cited that EEA sees planning as means to support accountability and performance, to contribute to impact at regional and global level goals, and most importantly as a fundamental process to its vision and mission.
EEA uses multiple systems and had adopted a number of strategies to enhance its performance. Most of the interviewees articulated that the projects impact and quality is ensured through monitoring and evaluation.

Monitoring and evaluation is used to assess the effectiveness, efficiency, continuing relevance and sustainability of EEA project results, including gender equality; and provide findings, conclusions and recommendations to improve project results and to inform EEA’s and DFATD’s decision making.

The interviewees added that logical frameworks are used to cascade and track the extent to which the milestones as stipulated in the Contribution Agreement and strategy are achieved. Other process adopted by EEA include development of performance plans, contract management, monitoring and evaluation, peer reviews, annual planning, mid strategy reviews, field/ project visits, and impact assessment and shared learning, monitoring and evaluation framework are fundamental strategies used by EEA to deepen performance. Majority of the respondents further cited that monitoring and evaluation track change in given situations, systems and assess project progress and impact.

EEA uses monitoring and evaluation to identify what is working well or otherwise; as management tool to inform decision-making, re-plan and to demonstrate accountability. Monitoring continuously tracks performance against what was planned by analyzing data on the key performance indicators established. It provides information on whether progress is being made towards achieving results (outputs, purpose, and goals) through regular reporting systems.
The evaluation’s purpose is: to inform EEA and DFATD’s decisions regarding project approach; to inform EEA and DFATD about the continuing relevance of the EEA Project; and to recommend project performance improvements. It also identifies success areas and gaps. Performance information generated from monitoring enhances learning from experience and improves decision-making.

The respondents indicated that monitoring system determines whether EEA was achieving what it intends to achieve or failed to achieve and why, how it’s achieving intended or unintended results or if not why; whether the organization has used appropriate strategies that address issues of unemployment in its market. Further, monitoring and evaluation determined whether the organization was using the methods it planned to use or not and why; the obstacles/gaps in the implementation of programmes, learning from the achievements, challenges or missed opportunities.

Majority of the interviewees agreed that evaluation was a periodic, in-depth analysis of project performance and assesses changes that have occurred. The evaluation was conducted according to the approved evaluation work plan. The evaluator used a participatory approach to ensure that stakeholders were active participants in the evaluation process, and not simply sources of information. The evaluation’s primary lines of evidence were: a review of project documents, a review of reports/studies related to the SME and banking sectors in the East Africa region and data collection in the region including interviews by phone or in person visits several Enablis member business sites. As well, meetings were held with Enablis’ founder in Montreal and interviews with DFATD officials in headquarters and in the field.
Majority of the interviewees cited that monthly, quarterly, semi and annual narrative and financial reports were produced and discussions on areas of variance against the plans with reference to finance and resourcing allocation. Project level expenditure analysis against budget projections, available funds as well fundraising projections and opportunities constitute performance management process. Donor reviews, reports, contract and grant management reports constitute key strategies to enhance performance in Enablis East Africa. Project and finance use management accounts are discussed in the senior management meetings. They also have quarterly board meetings and thus also has impacted greatly on performance of EEA. Departmental and thematic performances are reviewed on quarterly basis. Staff individual performance is monitored on six monthly basis.

According to the interviewees, Enablis East Africa monitors inputs, outputs and outcomes. Inputs are means mobilized for conduct of projects activities and delivering strategies, i.e., financial, human, material, physical and technical resources. Activities focus on actions in the context of programming. Outputs are tangible products (including services) of a programme or project and relate to results from completion of activities. EEA’s performance evaluates outcomes and impact. This implies that the various strategies focus on the direction of the Organization and actions necessary to improve its performance.

4.2.5 Suggestions for Strengthening the Strategic Planning and Performance

The study in this section sought to find out recommendations from interviewees on ways to strengthen the relationship between strategic planning and performance in EEA. From the study, majority of the interviewees recommended that all evaluations, even project evaluations that assess relevance, performance and other criteria need to be linked to outcomes as opposed to only implementation or immediate outputs; continuous training to ensure all stakeholders clearly understood EEA’s processes for long term strategies.
Annual planning to be done on confirmed incomes as reductions of budgets mid-course affect plans made with communities and partners. Most of the interviewees recommended that early opportunity needs to be taken to develop strategies of working with entrepreneurs to deal with some of the structural reasons for the high levels of unemployment and other strategies. Most of the respondent’s recommended that there was need for EEA to re-examine its overall focus in view of sustainability.

The EEA Project was considered to be a replication of the highly successful Enablis South Africa model which was sustainable after four years of DFATD’s support among others. This national model did not transfer well to the East Africa region as the replication did not fully recognize the differing environmental and economic factors between South Africa and the three East African countries.

4.3 Different Strategic Planning Steps related to Organization’s Performance

4.3.1 Process of identifying Mission and Objectives in the Organization

The study in this section asked the interviewees to indicate whether there was a process of identifying mission and objectives in their organization. From the findings, majority of the respondents indicated that the mission of EEA had remained the same over the years and also it was set by Enablis Global.

The case for entrepreneurship as a catalyst for economic development and employment creation has long been established. In determining the objectives that will deliver its mission, Enablis carefully studies the entrepreneurial landscape in East Africa. A healthy entrepreneurial culture exists. Many micro, small and medium enterprises exist in the region.
Many of the unemployed youth have ideas they are struggling to put into practice. The objectives were identified through coordinated participatory process and reference to the local country context and global priorities.

4.3.2 Environmental Scanning Process / External Analysis in Enablis East Africa

The respondents were also asked to describe the process of environmental scanning and external analysis in EEA. From the study, majority of the interviewees reiterated that environmental scanning/external analysis was done through consultation, analysis of the social-political economy of East Africa with emphasis in Kenya, Tanzania and Rwanda.

They noted that the overall economic market condition in East Africa is considered robust and poised for growth levels above other regions in Africa. The East African Community common Market objective is “to widen and deepen cooperation among the Partner States in the economic and social fields for the benefit of the Partner States. According to the interviewees, environmental scanning/external analysis traces factors within East Africa that both promote and hinder development.

Reflection of global trends, Africa and East Africa regional context; international, regional and local institutions and blocks; state actors, academic/researchers, and the private sector, UN system, civil society landscape; funding institutions and donor mapping and intelligence. Accordingly, strategic planning requires the ability to accommodate and integrate both internal and external business environment of the organization and to manage and engage in complex information processing.
4.3.3 Conducting of Strategy Formulation in Enablis East Africa

The study was inquisive of how strategy formulation was conducted in Enablis East Africa. From the study, the respondents indicated that strategies are informed by global priorities, national context and analysis. The interviewees recapped that Enablis addresses products, markets, resources, and technologies over an extended period of time. The formulation step also focuses on international standards, addresses investors’ concerns and insights of increase in cost of doing business in the region.

The way EEA works, act and its distinctive approach are particularly shaped by its analysis on high levels of unemployment in the youth. According to the key informants, Africa has the highest concentration of young people anywhere on the planet. Of the 1.2 billion 15- to 24-year-olds in the world – 200 million of whom are in Africa – about 75 million are looking for work. In the poorest regions, many of those who are employed work in low paid and have insecure jobs.

Most respondents agreed that the top executives will set the organisations objectives - The key component of any strategy statement is to set the long-term objectives of the organization. Objectives stress the state of being there whereas Strategy stresses upon the process of reaching there. The next step is to evaluate the general economic and industrial environment in which EEA operates.

This includes a review of the organizations competitive position. Most respondents agreed that it is essential to conduct a qualitative and quantitative review of an organizations existing service line. The purpose of such a review is to make sure that the factors important for competitive success in the market can be discovered so that the management can identify their own strengths and weaknesses as well as their competitors’ strengths and weaknesses.
After identifying its strengths and weaknesses, an organization must keep a track of competitors' moves and actions so as to discover probable opportunities of threats to its market or supply sources. Most respondents also agreed that setting quantitative targets in the form of budgets and operational indicators were set. In this step, EEA practically fixed the quantitative target values for some of the organizational objectives. The idea behind this is to compare with long term objectives, so as to evaluate the contribution that might be made by the various service lines be it financing or technical support to the entrepreneurs.

Performance Analysis was another step conducted in the strategy formulation process of EEA. Performance analysis includes discovering and analysing the gap between the planned or desired performance. A critical evaluation of the organizations past performance, present condition and the desired future conditions is done on a periodic basis by EEA. This critical evaluation identifies the degree of gap that persists between the actual reality and the long-term aspirations of the organization. An attempt is made by the organization to estimate its probable future condition if the current trends persist.

4.3.4 Strategy Implementation Process in Enablis East Africa

The study required the interviewees to describe the process of implementation of strategy in Enablis East Africa. According to the interviewees, implementation is vested on leadership, transmitted to staffs at all levels with the support and mandate of the Board act in a coherent approach across geographies and functions to implement strategies.
To operationalize the five-year strategy, attain alignment and performance, the strategy is translated into functional/thematic strategies, annual plans and budgets as well individual performance plans. This process ensures integration between organization, functional, thematic and individual performance. It also authenticates strong linkage between planning and performance above.

According to the interviewees, Enablis East Africa has Strategic Alliances and Partnerships and has established its credibility by providing excellent professional advice and assistance to its entrepreneurial members. It has been established as a public private partnership between the Government of Canada, Telesystem (Canada), Accenture (United Kingdom) and Hewlett Packard (USA) to provide entrepreneurs and their small, micro and medium sized enterprises with access to loans, information and communication technology, coaching and technical support so as to enable them grow develop their businesses, create jobs and participate in the global economy in a meaningful way.

Local partners include but not limited to Safaricom Kenya, KPMG Kenya, Chase Bank and Inoorero University. From grassroots to national and global level, such collaboration is fundamental to its approach and enables EEA to maximize its contribution towards job creation on the East Africa region. Local partners, for example, fund some of its programmes - Business Challenge.
**Taking sides with the Missing Middle:** The case for entrepreneurship as a catalyst for economic development and employment creation has long been established. Access to financing is a critically unmet need. Both large commercial banks and private equity funds have historically avoided the Micro, Small, Medium Entrepreneurs space due to well-founded concerns about credit quality, transaction costs, and the absence of collateralized deal structures.

As a consequence; growth opportunities for Small Medium Entrepreneurs (the so-called Missing Middle) and, by association, Africa remain constrained by lack of finance and accompanying technical / management assistance. Enablis with its history of developing SMEs and critical understanding of the African continent as well as having funded SMEs is well placed to capitalize on this gap.

**Critical engagement:** Enablis East Africa engages critically with key stakeholders to realise the vision. They communicate to all stakeholders and ensure the staff member especially understands the strategic vision, the strategic themes and what their role will be in delivering the strategic vision. EEA endeavours to hire influential employees, not just executive team members into the planning process.

Not only will they contribute meaningfully to strategy, they will also be critical in ensuring the organisation engages with the strategy. Furthermore, listen across the organisation during strategy formulation. Some of your best ideas will come from within your organisation, not the executive team.
4.3.5 Undertaking of Evaluation and Control of Strategies in Enablis East Africa

The study sought to establish how Enablis East Africa undertook evaluation and control of strategies and the respondents pointed out that this is done through multiple accountabilities, partnership agreements, contract management, staff performance management systems, budget – expenditure analysis and tracking.

Internal and external audit, staff and donor reports, mid-term reviews, Review and Reflections Process (RRPs) are key valuation and control strategies, as well as identification of anticipated risks to strategy implementation, risk management and reviewing these strategies regularly. EEA evaluation and control of strategies constitute structural and system changes, staff capacity and talent management, managing costs and overheads. EEA also uses “results chain”, the logic model (the log frame) which is a depiction of the causal or logical relationship between project activities, outputs, immediate and intermediate outcomes that will produce the long term expected ultimate result.

The PMF - the Performance Measurement Framework is a planning tool to demonstrate at the project’s start up how the project will systematically collect relevant data over the project’s lifetime to assess and demonstrate progress in achieving expected results, and to aid management to achieve the same. EEA also uses authority and sanctions when required to safeguard the values, standards and accountabilities, financial/ resource allocations and shift within project to align with strategic priorities and investments in technology to improve efficiency.
EEA strategically allocates funds in line with organizational plans and priorities, strengthens governance and tracks accountability. This is accountability is through the monthly, quarterly and annual project and financial reports. EEA also ensure the same by having its annual audits and internal audits when required to do so. It invests on leadership capacity to manage new strategies and change. It mobilizes people and financial resources needed to make the strategy succeed. Cost projections are estimated early in the change process and reviewed at regularly.

Majority of the interviewees reported that efforts are directed to build culture as every new strategy looks at organization implications with the aim to change or align culture with new thinking and goals. The burden on the leadership is to communicate the direction of strategic goals, support the plans and actions, guide and steer these over the strategy period.

4.4 Different Strategy Choice in Relation to Organization Performance
The other area of concern in this study was to establish the different strategic choices made by Enablis East Africa in relation to organization performance. As such the interviewees were required to indicate their opinions with regard to processes used in strategic planning formulation, how planning is done in the Organization, the staff and stakeholders involved in strategic planning, the process of setting objectives in the Organization, types of information and dissemination processes incorporated in the planning activities, tools and techniques used to develop strategies for operations and how strategic planning enhanced performance of Enablis East Africa.
4.4.1 Tools and Techniques used in Developing Strategies for Operations

The study further asked the interviewees to indicate the tools and techniques used in developing strategies for operations. Majority of the interviewees indicated that key strength of EEA’s value creation had been the articulation of a variety of tools that enabled organization planning and performance and others to benefit from EEA’s expertise and experience. Enablis East Africa has more than 6 years of experience in the entrepreneur development and financing industry. EEA has robust control and system mechanisms which have enabled it achieve its objectives over the years.

The interviewees elaborated that EEA’s elaborate involvement program which allows all stake holders involvement enable participatory reviews of work in cooperation with a wide range of actors. Others cited numerous reviews, stakeholders and staff consultations workshops, existing reports, peer reviews and analysis; planning and budget process done third quota each year are some tools and mechanism that are deemed to be working well in favor of EEA.

4.4.2 Types of Information and Dissemination Processes in Planning Activities

When asked about the types of information and dissemination processes incorporated in planning activities, majority of the respondents observed that an inclusive approach was preferred in planning and implementing the strategies. The information incorporated in the planning activities included; clear and compelling vision, strategic goals and priorities, strategy implementation plan to steer direction, planned changes with simplicity of idea, content and form to avoid overload.
On dissemination processes, most of the respondents cited that EEA adopt methods that include explicit and consistent communication to staff and stakeholders; consultation and consensus building; getting everyone involved; and the judicious use of consultants to support the process. Further, the visioning workshops with staff and key stakeholders build shared understanding, buy-in on the changes; enhances commitment to the strategies, impacts and forecast on different scenarios.

Majority of the key informants also cited that dissemination processes was through development and communicating key strategy messages that inspire and focus staff and partners’ re-integration of core business, culture, how strategies relates to EEA’s broader goals and strategic shifts; capacity of staff, management to deliver the strategies; uptake of strategies and associated change with desired speed and culture. Staff understand strategic priorities, implications; areas of focus, how strategies are effected; regular communications on direction, budget, impact of the strategies and the organization’s capacity to manage change and perform in the future.

4.4.3 Strategic Planning and Enhancement of Performance of Enablis East Africa

The study further asked the interviewees to indicate how strategic planning had enhanced performance of Enablis East Africa. From the findings, majority of the respondents argued that effective strategies must integrate answers to three questions: what economic value will be created by the strategy; Enablis East Africa has more than 6 years of experience in the entrepreneur development and financing industry, this was cited as a major strength by majority of the respondents.
The interviewees EEA deep knowledge on the small micro medium sized enterprises over the year has led to better strategies in place thus eventually creating the impact required to the member entrepreneurs. In addition, EEA carries out diverse activities in many different counties with a wide range of partners with the sole aim of creating employment in the East African region. The activities that implement value creation goals potentially lead to organizational learning, improve operational capacity, build legitimacy, support and enhance value creation on strategy and identity over the longer term.

4.5 Discussions of the Findings

The study revealed that Enablis East Africa has both vision and mission statements. Enablis East Africa’s Vision is “Empowering ideas. Empowering people”; while its Mission is “To create employment opportunities by supporting and financing the expansion of entrepreneurial ventures in East Africa”. Strategic planning practices involve formulation of vision and mission statement, performance of situation analysis and finally strategy formulation and choice (pearce & Robbinson, 2008).

Strategic decision determines the organizational relations to its external environment, encompass the entire organization, depends on input from all of the functional areas in the organization and have a direct influence on the administrative and operational activities and are vitally important to the long term health of an organization.

The study also found out that the Strategic Planning Committee department was vested with overall responsibility EEA’s strategic planning and review of the organization performance at the end of strategy period. The department oversees and has demonstrated overall management and coordination of Organisation Strategy and supervision of the strategy development over the periods.
The Monitoring and Evaluation unit conducts periodic reviews including impact assessments. Outcomes and reports from the process are shared with staff and stakeholders with a view of generating continuous programme adjustments necessary to keep the strategy implementation on track. This agrees with Simerson (2011) who noted that it is important for organizations to share information with prospective strategic planning participants to help raise awareness of how the skills and abilities are likely to impact how the departments contribute to the strategic planning effort.

The study also found out that environmental scanning/ external analysis was done through consultation, analysis of the social political economy of Kenya, Tanzania and Rwanda and a deeper analysis of entrepreneurship in the region. It traces factors within the region ‘Missing Middle’ that both promote and hinder development. According to Thompson (2007) also found out that the decision of managers was mostly informed by the larger stakeholder interests and that the quality standards prescribed by authorities were not given higher weight than the other stakeholders’ interests.

The strategic planning processes have the potential advantages and intrinsic values that eventually translate into improved firm performance. It is therefore a vehicle that facilitates improved firm performance. Strategic planning can be considered from content or a process viewpoint. The content relates to the distinct elements of the strategic plan which differ from firm to firm.
The study established that the process of strategic planning shapes a company’s strategy choice through the use of systematic, logical and rational approach. It reveals and clarifies future opportunities and threats and provides a framework for decision making. Strategic planning looks ahead towards desired goals. These results coincide with the findings by Dusenbury (2000) who established that strategic plan defines performance to be measured, while performance measurement provides feedback against the planned target. The study found out that Enablis East Africa is keen on clear and consistent communication; consultation and the judicious use of consultants and facilitators to support the process of strategic planning. Dissemination is through key strategy messages that are compelling and focus staff and partners’ re-integration of core business, values and culture.

The study found that Enablis East Africa communicates its strategies and associated changes, how they relate to the broader goals and strategic shifts and facilitate uptake with desired speed and culture for ensure success. It strategically allocates funds guided by organizational plans and priorities; and strengthens management structures to improve decision-making, implementation and accountability. In addition, EEA undertake evaluation and control of its strategies through structural and systems changes, talent and capacity building, managing costs and overheads. Previously, Dusenbury, (2000) observed that the process of strategic planning shapes a company’s strategy choice through the use of systematic, logical and rational approach. It reveals and clarifies future opportunities and threats and provides a framework for decision making. Strategic planning looks ahead towards desired goals.
4.6 Chapter Summary
Chapter four provides the data analysis, presentation and interpretation of the results of the study as set out in the research methodology. The chapter presents the research findings and the subsequent discussions which take cognition of the pre-stated objective of the study, that is; to establish how the strategic planning impacted performance of Enablis East Africa. The chapter also discusses the findings in comparison with relevant theory and literature as established by other authors in the same field of study. The data was collected through structured interview guide specifically designed to generate data relevant to the research objective and analyzed through content analysis.

The interviewees targeted of the study were the senior management staff, senior staff in human resource, finance, projects and operations departments. Content analysis was used in this study due to the research instrument used was an interview guide hence the data collected was qualitative. The specific sections covered include strategic planning and performance of Enablis East Africa, different strategic planning steps related to organization’s performance and different strategy choice in relation to organization performance.
CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
The study sought to establish how the strategic planning impacted performance of Enablis East Africa. This chapter presents the summary of findings and the conclusions of the study in line with the purpose of the study. It comes after identifying the background, problem at hand and the objectives in chapter one, literature review was done in chapter two, chapter three set out the methodology that the study used to collect data and chapter four analyzed the data obtained from the study. The chapter finally presents the implications for practice, for policy suggestions and for theory.

5.2 Summary
The study found that Enablis East Africa has vision and mission statements. The Organization’s Vision is “Empowering ideas. Empowering people”; while its Mission is “To create employment opportunities by supporting and financing the expansion of entrepreneurial ventures in East Africa”. As such the mission statement highlights the purpose of the organization which guides the actions of the organization, spells out its overall goal, provides a path, and guides decision-making. The vision describes the firm’s aspirations of what it really wants to be. It captures the imagination of the public and as well galvanize the efforts of employees at all levels such that its emotional appeal challenges them to commit their full energies and minds to believe it is the best.

The study also found that strategic planning is a team effort which involves all levels and functional units of the Organisation top executives, middle managers and supervisors, and employees. The Organization has a Strategic Planning Committee (SPC) whose purpose is to develop strategic plans for the Organisation.
It comprises of all the department heads and chaired by the CEO. The board members also play an important role in the planning process. They assist in developing the mission, principles, and vision of EEA. They also provide valuable feedback during the planning process. The study revealed that the monitoring and evaluation unit is usually done by external evaluators usually appointed by DFATD. They conduct periodic reviews including impact assessments.

The study found that the various key informants in strategy formulation, strategy implementation and strategy evaluation in Enablis include development, formulation, implementation and periodic review of the strategic plan, development of key strategic project and business cases formulation and implementation of polices, management of customers relationship to enhance better growth, managing customers feedbacks and ideas on improvement in customer service, capturing, analysing and evaluating customers complaint or correspondence. From the study, Enablis East Africa planning process is comprehensive, adaptable, efficient and realistically focused to the objectives and mainly a top down approach and that monitoring and evaluation- measure the progress toward attaining operational and strategic goals with key performance indicators.

The study also found that the consolidated new draft strategy goes through extensive consultation allowing partners, donors, corporate, Enablis Global to make inputs and comments on the draft. The local strategy had to be in sync with the Contribution Agreement key performance indicators and any deviation from it will not be accepted at global level thus a top down approach. From the results, EEA’s strategy development steps involve intensive participatory driven processes.
It starts with an external analysis also the recognition phase. This consists of an external, independent assessment of an economic analysis, carried out by the Strategic Planning Committee who identified a case for entrepreneurship as a catalyst for economic development and employment creation in East Africa. Enablis has carefully studied the entrepreneurial landscape in East Africa.

The study further established that EEA sees planning as means to support accountability and performance, to contribute to impact at regional and global level goals, and most importantly as a fundamental process to its vision and mission; logical frameworks are used to cascade and track the extent to which the milestones as stipulated in the Contribution Agreement and strategy are achieved and Enablis East Africa monitors inputs, outputs and outcomes. Enablis addresses products, markets, resources, and technologies over an extended period of time. The evaluation and control of strategies is done through multiple accountabilities, partnership agreements, contract management, staff performance management systems, budget – expenditure analysis and tracking. Internal and external audit, staff and donor reports, mid-term reviews, Review and Reflections Process (RRPs) are key valuation and control strategies, as well as identification of anticipated risks to strategy implementation, risk management and reviewing these strategies regularly.

The study finally found that key strength of EEA’s value creation had been the articulation of a variety of tools that enabled organization planning and performance and others to benefit from EEA’s expertise and experience. EEA’s elaborate involvement program which allows all stake holders involvement enable participatory reviews of work in cooperation with a wide range of actors.
An inclusive approach of information and dissemination processes was preferred in planning and implementing the strategies. Effective strategies must integrate answers to three questions: what economic value will be created by the strategy; Enablis East Africa has more than 6 years of experience in the entrepreneur development and financing industry, this was cited as a major strength by majority of the respondents.

5.3 Conclusions

The study concludes that strategic planning is an essential instrument for planning and forecasting which positions the organization to meet demands and changes which might come up in the course of discharging its services. The study concludes that EEA applied the various steps of strategic planning process; develop of key strategies that contribute to the overall vision, development of specific measurable realistic and time–bound strategic goals communication of organizational vision, mission and key policies, development of short and long term operational goals; subdividing goals and allocating sub-goals with careful attention to details, participating, schedules and milestones, monitoring and evaluation–measure the progress toward attaining operational and strategic goals with key performance indicators respectively.

The study concludes that Enablis’s strategy reaffirms is ultimate mandate to provide small and medium sized enterprises with access to business support products and services to increase economic development in the region thus solve the unemployment challenge in East Africa. The strategies sets direction, guide actions of staff and partners, articulates clear and ambitious priorities.
Shaping the future strategy of Enablis East Africa involves drawing from local and global processes to ensure alignment and relevance; making reference to the global plans and priorities, national driven engagements while building on the strengths of other Enablis organization in the world.

The study also deduces that Enablis East Africa uses multiple strategy planning systems and has adopted a number of strategies to enhance its performance. The empirical findings and analysis conducted in EEA shows that strategic planning can directly contribute to organizational performance. The significant correlation between different strategic planning steps and effectiveness, measured by using management perception of strategic planning effectiveness was found in the relationship between the formality of strategic planning, management, employee and stakeholder’s participation in strategic planning. Regarding the second approach to measuring the strategic planning effectiveness and organizational performance (financial and non-financial) a significant correlation was found in the relationship between the strategic planning and the strategy implementation. Hence, formality of strategic planning has been shown as the most influential and impactful in organization performance.

The study also concludes that there is a difference between the results and approaches to measuring strategic planning effectiveness and organization performance, which confirms the case that selecting the appropriate approach to measuring relationship between strategic planning and organization performance must be done with caution. The comparative analysis conducted in this study with the purpose of establishing the relationship between strategic planning and organization performance in Enablis East Africa and indicating the practices in NGO sector and probable reason as a fundamental driver to organization performance to the best of the author’s knowledge.
The case of Enablis East Africa is good analysis and an instructive case demonstrated as a bridgehead on the relationship between the strategic planning process and organization performance. Significant close relationship with strategic planning was found in the organization strategic planning tools in the case of Enablis East Africa. This is explained by appropriate and intensive usage of the strategic planning tools. The high level of engagement with stakeholders, the management, the Board and employee participation in the strategic planning processes which leads to improvement of the strategic planning effectiveness, ownership of strategies, accountability and implementation and ultimate organization performance.

The originality and the value of the study for the literature and theoretical knowledge lies in the attempt for the strategic planning and organization performance to be investigated as well as for a study analysis to be conducted in Enablis East Africa, with useful conclusions about the strategic planning and its relationship with organizational performance. This study also supports the existing literature knowledge in this area by evaluating several dimensions of strategic planning, simultaneously, with different approaches to measuring the strategic planning effectiveness.

Since this study is based mainly on literature, empirical studies and interview, it offers some important insights to the applicability of strategic planning related to the NGO and business environment in developing countries. Practical implications refer to the setting up of the different dimensions of the strategic planning practice in a way that will enhance strategic organization performance and give useful suggestions to managers by focusing their efforts on the effective strategic planning practice.
5.4 Recommendations and Implication of the Study in Policy, Theory and Practice

The study recommends that Enablis should ensure that strategic planning is effectively put in place to reap the full benefits of effective implementation. This goes along with having structures that guarantee timely and sustainable implementation of the strategic plan. This might also suggest the need for more employee engagement in the strategic planning process. Additionally, the firms need to intentionally come up with ways of gathering information about the surrounding business environment, hence making informed choices. By being proactive in making some decisions, the Organization can have an information advantage hence becoming leaders in supporting and financing the expansion of entrepreneurial ventures in East Africa.

The study recommends that Enablis East Africa should optimize on its huge investment in reviews and reflection, and use outcomes and results for operational improvement or changing strategic priorities. The study further recommends that all evaluations, even project evaluations that assess relevance, performance and other criteria need to be linked to outcomes as opposed to only implementation or immediate outputs; continuous training be provided to ensure stakeholders clearly understood Enablis East Africa processes. The organization should be responsive and innovative in relation to the ever changing and complex environment in which its work in while pursuing its strategies; be outward-looking, accommodating new ideas and relationships; remain committed to generating alternatives. Strengthen its systems support accountability primarily to the poor their communities and organizations.
The study also recommends that the management of Enablis should offer continuous training to the employees on strategic planning adopt clear communication of strategy so as to equip them with skills that will help them in their mandates. This will assist the Organizations’ human resource to work more efficiently and increase the corporations’ performance. In line with this steps, the Organization should adopt a hybrid approach in the strategic planning process to revamp their responses to employee demands and market demands in the endeavours of attaining its mission and vision statements.

The findings of the study have several implications on policy, theory and practice for the CEOs and strategic planning teams. With regard to practice, it is apparent that non-governmental organizations operating in Kenya depend on their operating environment for their survival and with changes in the operating environment, the business unit need to adapt to the same. The unpredictable environment brings about opportunities and threats to the firms operating environment. Consequently, successful strategic planning process to adapt the firm to the demands of the market and faster decision making process will lead the business unit to align itself to the demands of the market. The leadership of the firm would be in the forefront in realizing the set objectives of strategic planning.

Competent and sufficient senior management would give organizations a distinctive advantage necessary for effective and efficient strategic planning. With regard to policy, the non-governmental organizations in Kenya as well as the private firms would use the findings of this study to lobby for amendment of regulations that inhibit the strategic planning process and performance such firms in their operations.
They would also use the findings of this study to lobby for introduction of regulations that will ensure a level playing ground for all the players in the private and public sector. In theory, the academia and business researchers in strategic management may borrow from the findings of this study to support literary citations as well as develop themes for further research. The findings of this study would also contribute to professional extension of existing knowledge in strategic planning by helping to understand the current implications of strategic planning on the processes on organizational performance and by extension other similar firms in Kenya and all over the world.

5.5 Limitations of the Study

The study encountered various limitations that might have hindered access to information sought by the study. The main limitation of this study was the inability to include more NGOs in the Country. This was a study focusing on the impact of strategic planning on the performance of Enablis East Africa Limited. The study could have covered more organizations across country so as to provide a broader based analysis. The study countered this problem by carrying out the study among various management staffs working in various departments who served as a representative of the situation in the East Africa Region.

Enablis East Africa is an international NGO where how time is spent matters to all the employees. The researcher had to wait for a couple of days to collect data from the employees (respondents) who were the target population. This was as a result of their busy schedules with their clients where by some were outside the country which forced the researcher to email them the questionnaire and wait for longer for their response.
Some of the respondents approached were reluctant in giving information fearing that the information sought would be used to intimidate them or print a negative image about them or their Organization. This problem was handled by carrying an introduction letter from the University and assured them that the information they give would be treated confidentially and it would be used purely for academic purposes.

There were likely to be cases of acquiescence bias, where some staff would answer questions with an incline that does not represent the absolute truth. The answers could therefore be misinterpreted or falsified. The data collected was therefore likely to be inaccurate. The researcher therefore found it necessary to insist to the respondents to only give the real scenario in the organization. The researcher overcame this problem by urging the respondents to be truthful by writing the right information.

5.6 Area for Further Research

As revealed from the study findings, every step in the strategic planning process is important. This study mainly focused on the connection between the strategic planning process and organizational performance. It would be interesting to investigate the impact of each of the steps in strategic planning on organizational performance. This would focus on strategy formulation, implementation and evaluation in the context of either non-profit making or profit making institutions in Kenya.

In addition, since this study looked at the non-profit making firm that operates as a non-government organization, a study concentrating on strategic planning and performance of a private or public sector firm would seem likely to lead to new insights and therefore enrich the efforts that have been made in this study.
From the research, it is clear that good strategic planning leads to good performance therefore, future research is recommended to explore the balance needed and the value likely to be gained from each strategic planning practice and performance assessment practice in Enablis East Africa. Organizations are commonly guided by specific strategic plans and engage in different implementation methods. While any specific approaches to implement these plans can potentially generate positive outcomes/ performance for the Organizations, different ways may lead to different directions.

Many findings have arisen from this study. It may be that other factors associated with the predictor variables (different strategic planning dimension) influence the organization performance. Therefore, additional insight could be gained into influence of the development sector, environmental dynamics, governance, organizational and management dimensions and other additional relevant moderators on the planning-performance relationship. Considering that this study has been conducted in Enablis East Africa Kenya and that the strategic planning practice can be subject to some contingencies i.e. some cultural and institutional environment influence, much can be done in future research in this direction.
REFERENCES


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APPENDICES

Appendix I: Letter of Introduction

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

DATE: 30/09/2015

TO WHOM IT MAY CONCERN

The bearer of this letter, TIZAH NUNGAI, 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 NYABUTU
MBA ADMINISTRATOR
SCHOOL OF BUSINESS
Appendix II: Interview Guide

Section A: Strategic Planning and Performance of Enablis East Africa
1. Does Enablis East Africa have vision and mission statements?
2. Does your department contribute to Strategic planning process of the Organisation? How?
3. Does the Contribution Agreement performance indicators link to the overall strategic plan of the Enablis East Africa?
4. How has the department responsible for strategic related matters been in charge of strategies related to organization performance?
5. How are the following strategic planning practices done by Enablis East Africa in enhancing performance: Setting the Strategic direction, Designing quality service system in strategic planning, Stakeholders satisfaction, Operating efficiency, Clarifying Future Direction and Establishing Priorities, Assessing and sustaining organizational competence and impact?
6. What other strategies and processes are adopted by Enablis to enhance its performance?
7. What recommendations can you make to strengthen the relationship between strategic planning and performance in your organization?
8. Do you have anything else to share?

Section B: Different Strategic Planning Steps related to Organization’s Performance
1. Describe the process of identifying mission and objectives in your organization.
2. Describe the process of environmental scanning/external analysis in your organization.
3. How is strategy formulation conducted in your organization?
4. Describe the process of implementation of strategy.
5. How does your organization undertake evaluation and control of strategies?

Section C: Different Strategy Choice in Relation to Organization Performance
1. Which processes do you use in strategic planning formulation?
2. How is planning done? And how are the staff and stakeholders involve?
3. Describe the process of setting objectives in your organization?
4. What tools and techniques do you use develop strategies for operations?
5. What types of information and dissemination processes are incorporated in the planning activities?
6. How has strategic planning enhanced performance of Enablis East Africa?