

**STRATEGIC PLANNING PRACTICES BY MAINSTREAM RETAIL
SUPERMARKETS IN NAIROBI**

By

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DECLARATION

This is my original work and has not been submitted to any institution or university for examination.

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D61/9133/2006

This research project has been presented for examination with my approval as university supervisor

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DEDICATION

I dedicate this project to my parents Mr. and Mrs. Jacob M`Nthangi who sacrificed up to the basics of life to ensure that my siblings and I obtained education.

Mum and dad you are great people.

ACKNOWLEDGEMENT

First and foremost I thank the almighty God for sound mind, healthy body and resources to enable completion of this project.

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The senior management of mainstream supermarkets in Nairobi for their cooperation during data collection. You have participated in adding knowledge to the society.

ABSTRACT

Changes in the business environment are leading to new and greater demands on strategic planning systems. Moreover, given that strategic planning's sole purpose is to improve strategic performance, improving, assessing and monitoring the strategic planning process would appear to be a key managerial task. However, many organizations do not perform the task. Johnson and Scholes (2006), view strategic planning as the direction and scope of an organization over the long-term, which achieves advantage for the organization through its configuration of resources within a changing environment, and fulfill stakeholders' expectations.

The purpose of this study was to establish the strategic planning practices adopted by mainstream supermarkets in Kenya. Specifically the study sought to determine the strategic planning practices adopted by retail supermarkets in Nairobi and to establish the challenges to strategic planning faced by mainstream supermarkets in Nairobi.

This research problem was solved through the use of a descriptive survey design. This enabled a comparison among the practices in the different supermarkets in and around the city. The target population of this study was all the mainstream supermarkets in Nairobi Central Business District and also those that were in the residential areas and surrounding suburbs. These were the supermarkets with 50 or more employees. According to economic abstract (2008), there were 23 mainstream supermarkets in Nairobi. These were the primary target of the study. The research employed a census method due to the small size of the population. All the 23 supermarkets in Nairobi were included as subjects in the survey. The study used both primary and secondary data. Primary data was collected using semi-structured questionnaires while secondary data was in form of secondary information contained in books, journals and other relevant secondary sources. Data analysis was based on descriptive statistics such as mean scores, percentages and standard deviations. The results from the analysis were then presented using tables, pie charts and bar graphs for easier interpretation.

Findings from the study indicate that all the mainstream supermarkets had formal strategic planning processes in place. Most of the supermarkets applied a top-down planned approach. The mainstream supermarkets also adhered to strategic planning best practices such as top management in the supermarkets providing the necessary advice and grievance handling procedure during strategic planning process, top management giving support and being committed to strategic planning, having specific targets and critical issues around the planning process that are achievable and having action plans such as policies, procedures and rules that are well understood to help implementation programmes. However, the supermarkets failed in some best strategic planning practices such as failure to consult all relevant stakeholders in the strategic planning process and poor communication of the plan and in the implementation process.

Considering the results from the study, it is recommended that mainstream supermarkets should adhere to the best practices such as having a visible and effective communication process spearheaded by an experienced person that ensures that information on strategic plans is timely communicated across the organization. Another improvement would be to embrace technology in the planning models which can enable many stakeholders to be included in the process. The supermarkets top management should ensure that top managers act as leaders in the planning process. Another recommendation is to the government. The government should therefore put in place policies and regulations that stimulate growth in the industry. These measures should be communicated to all the stakeholders in the industry which will reduce risk and uncertainty in the legal and policy framework. The government should also improve infrastructure (both transport and communication) to open up more markets which will not constrict supermarkets in the major towns only.

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ABBREVIATIONS AND ACRONYMS

| | |
|------|---|
| BCG | Boston Consulting Group |
| SWOT | Strengths, Weaknesses, Opportunities, Threats |
| SBU | Strategic Business Unit |
| FDI | Foreign Direct Investment |
| EU | European Union |
| CEO | Chief Executive Officer |
| IBM | International Business Machines |

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Changes in the business environment are leading to new and greater demands on strategic planning systems. Moreover, given that strategic planning's sole purpose is to improve strategic performance, improving, assessing and monitoring the strategic planning process would appear to be a key managerial task. However, many organizations do not perform the task. Johnson and Scholes (2006), view strategic planning as the direction and scope of an organization over the long-term, which achieves advantage for the organization through its configuration of resources within a changing environment, and fulfill stakeholders' expectations. Joyce (2000) argues that if a firm wants to remain vibrant and successful in the long run, it must make impact assessment of the external environment, especially such relevant groups as customers, competitors, consumers, suppliers, creditors and the government and how they impact on its operations success is dependent on productivity, customer satisfaction and competitor strength.

Good strategic planning requires both clearly thought and sound judgment. Strategic planning has been out of favour over the last decade. Hamel and Prahalad (1994) view organizations as composed of many individuals all of whom are engaged in making decisions that must be coordinated. Hamel and Prahalad also argued that a critical ingredient in the strategies of outstandingly successful companies is what they term "strategic intent"—an obsession with achieving leadership within the field of endeavor.

Although effective strategic planning does normally involve systematic planning processes, successful planning is people-oriented. The planning process must involve people and then recognize the contribution each person must make to the ultimate strategy. One of the reasons that strategic planning is undergoing resurgence is simply because many organizations have realized that the uncertainty of the current environment is precisely the reason why an organization should proceed with strategic planning. In times of uncertainty, managers need a way - a mechanism, a procedure, a methodology - to monitor and react to the environment. Strategic planning is that methodology.

When performed well, strategic planning unifies the entire organization behind a single set of marching orders designed to accomplish clear objectives. If you want to win, when it comes to strategy, ponder less and do more (Delmar and Shane, 2003). The industry driving this new strategic planning revolution is the retail industry. This is where competition is at its fiercest. Retailers have to look at strategy not as - How do we sell more through our stores? - but how do we provide buying opportunities for customers? What is it that customers want? What are their lifestyles? What do they want to buy and how do they want to buy it? This study therefore seeks to establish how mainstream Kenyan supermarkets are going around this process.

1.1.1 Strategic Planning Practices

Strategic planning practice is a label to describe an organizational managerial process, which can be broadly defined as the process of determining the mission, major objectives, strategies, and policies that govern the acquisition and allocation of resources to achieve organizational aims (Delmar and Shane, 2003). To assist in this process a number of analytical tools and techniques were developed, such as strengths, weaknesses, opportunities, threats (SWOT) analysis, Porter's five forces industry analysis, the BCG growth-share matrix and McKinsey's 7S model. Previous incarnations of strategic planning were built basically on the concept of a small group of senior members of the organization (the board of directors and the senior executive team) who imposed planning on the organization. They determined direction, and the aims and objectives; they also determined (occasionally) the performance indicators that would measure progress towards those aims and objectives.

Strategic planning roots are in the arena of large-scale military operations and it can be defined as the fit between an organization and its environment. Strategy is about winning (Grant, 1998) and will help by giving coherence and direction to both individuals and organizations by specifying the resources that are required to achieve an objective. In an organization strategy can be applied at the following three levels: Corporate where it looks at the general direction of the whole organization; Business where it looks at how

the organization or its strategic business units (SBU) tackle particular markets and; Functional where it looks at specific strategies for different departments of the business.

Identifying a strategy that best matches organizational capability with the environment is therefore what is encompassed in strategic planning. Strategic planning will enable an organization to identify the prevailing environmental opportunities and threats, and also to figure out or estimate the organization's resource capabilities taking into account the strengths and weaknesses of its resources so as to align itself accordingly to battle with the environmental challenges. It is a set of decisions and actions resulting in formulation and implementation of strategies designed to achieve objectives of an organization (Pearce and Robinson, 2005). Strategic planning assumes that an organization must be responsive to a dynamic changing environment that is often unpredictable. It involves exploitation of opportunities that determine the organizational shape, size and future. It may take the form of systematized, step by step, chronological procedures to develop and coordinate an organization's strategy (Johnson and Scholes, 2006).

An organization is guided by strategic planning in setting long term objectives through the development of visions, missions, values, actions, programs and resource allocation priorities. It is the desired future state or an organization's aspirations. It leads an organization to achieve sustainable advantage through responding to opportunities and threats in the environment and strengths and weaknesses of the organization. Strategic planning is essential for survival, adaptation to a changing environment, direction setting, problem solving, team building, the stimulation of forward thinking and the clarification of the future. Four key questions need to be answered: Where are we now? Where do we want to go? How do we get there? How do we know we have arrived? (Delmar and Shane, 2003).

As much as strategic planning is important, what is of more importance is how it is practiced in the different institutions (Welch and Welch, 2005). It is no wonder we find institutions going for seminars, workshops and even involving consultants to help these institutions to formulate strategies. The main aspects of strategic planning are in its

formulation, implementation and the evaluation of the strategy and the objectives. Institutions can thus be seen to practice strategic planning in some of the following ways: The way they do the situation analysis where they address the question ‘where are we now? How they come up with the mission and vision for the institution, and the question addressed is ‘where do we want to be?’ and what the institution hopes to do to get where they would want to be. This is addressed by having strategic objectives.

Strategic planning can be efficient but it results in important decisions being taken too far away from those who will be responsible for translating the grand strategy into operational - and workable - plans. Thus, the current movement suggests that there needs to be a strong bottom-up component to the planning process, both to ensure that the important views of those lower down the organization are heard, and to ensure that these important people are part of the process and part of the plan. The wider input ensures greater creativity - especially because those lower down the organization do not know of the “obvious reasons” why something cannot or should not be done: they come to issues more cleanly and more openly. This does suggest an element of risk - but in dynamic environments, risk is unavoidable (Delmar and Shane, 2003).

The concentration on strategic planning has not actually trampled all over the previous approaches to business transformation - quite rightly, it builds on the best of what went before. Thus, new business strategies may still include outsourcing, downsizing and building of value chains. However, these are no longer ends in themselves - seen as ways of lowering costs and increasing profits - they are steps to a greater strategic vision. They are building the business systems to achieve strategic goals. One of the buzzwords filling the planning vacuum is that of “white space” (Pearce and Robinson, 2005). White space is what fills the gaps in current operations. Often a real fundamental look at an organization will reveal that there are gaps where customer needs are not filled at all - where the various parts of the organization do not communicate, where threats are not identified. An emerging approach to identifying white space is to hold meetings of company representatives together with both customers and suppliers. Finding what each group thinks of the others, and themselves, can be quite revealing. For example, a department responsible for dealing with customer complaints may, understandably, focus

all of its attention into handling those complaining customers effectively, ensuring that customers leave the process with ruffled feathers smoothed, ready and willing to do business with the company in the future. This study sought to establish the strategic planning practices employed by mainstream supermarkets in Kenya.

1.1.2 Mainstream Retail Supermarkets in Nairobi

Traditionally, supermarkets are viewed as markets for rich consumers. For a long time, they were only found in large cities of the developed world and middle-income countries. However, urbanization and increasing incomes in the developing world, including the sub-Saharan Africa, have inevitably invited supermarkets into the region. Supermarkets have been spreading rapidly in the East and Southern African region since the early 1990s (Munyoki, 1997). The development of these supermarkets has taken place in three stages. The same pattern seems to have appeared in the Latin America and East Asia scenarios ten years earlier.

The first stage is the development of supermarkets in 'richest' country within the region. The second stage involves the flow of foreign direct investment (FDI) from the rich country, leading to the establishment of supermarkets in poorer countries within the region. The third is the extension of the supermarkets into poor neighbourhoods of large cities and towns in all the countries. In East Africa, Kenya continues to play the major role in the spread of supermarkets in the region.

Supermarkets started in upper-income niches in large cities of Kenya (Nairobi and Mombasa) and then spread into middle-class and then poorer consumer markets, and from large cities to secondary cities to towns within Kenya. Supermarkets have then spread from Kenya to 'poorer' and less urbanized countries, like Uganda, Rwanda and South Sudan. Within these countries and also in Kenya, supermarkets are now slowly spreading to secondary cities and small towns. This study concerns itself with the mainstream Supermarkets. The mainstream Supermarkets are defined as those

supermarkets that employ more than fifty employees in their day to day operations (Njenga, 2006).

Supermarkets have also revolutionized the products they offer and are rapidly penetrating urban food retail in Kenya and spreading well beyond their initial tiny market niche into the food markets of lower-income groups (Kiumbura, 2003). Having penetrated processed and staple food markets much earlier and faster than fresh foods, they have recently begun to make inroads into the fresh fruits and vegetables category. The important changes in their procurement systems bring significant opportunities and challenges for small farmers, and have implications for agricultural diversification and rural development programmes and policies.

Kenya is the second advanced country in terms of presence of supermarkets, after South Africa. Kenya has over 206 supermarkets and 18 hypermarkets (Economic Survey, 2009). In the last ten years, the formal food and necessities retail sector has undergone massive transformation, with traditional retailers, including small shops and public markets, losing a significant proportion of the market share to supermarkets. There are at least six big Kenyan owned supermarkets, including Nakumatt (which is the largest), Uchumi (which has just come out of receivership), Tuskys, Naivas, Woolmart and Ukwala which is the smallest of the giants. Kenya's advancement in supermarkets is evident from the fact that its top five cities (Nairobi, Mombasa, Nakuru, Eldoret, and Kisumu) have at least 165 supermarkets and 13 hypermarkets (Economic Survey, 2009).

Supermarkets are quickly diffusing into small towns and secondary cities to target poorer consumers in Kenya, while expanding to other countries within the East African region. Uchumi and Nakumatt are now operating in Tanzania and Uganda in an attempt to broaden their annual turnover. The pattern of expansion in Kenya is similar to that of South Africa (Njenga, 2006). This pattern of first penetrating upper class urban market and then moving into lower income and rural-town markets shows that there will be a steady and rapid increase in supermarkets in East Africa. There used to be few supermarkets in Kenya, but their number is increasing quickly. All bigger cities and

many smaller towns have them. Their quality is usually quite high, and higher than other countries in the region. Next to Kenyan and other regional brands, many Western brands are lining up to compete for the Kenyan market as well.

1.2 Problem Statement

Strategic planning can be defined as the determination of where an organization is going over the next year or more, how it's going to get there and how it will know if it got there or not. Therefore, strategic planning practices refer to methodologies applied by organizations to develop, implement and evaluate strategic plans.

The genre of strategic management in general and strategic planning in particular has been studied and discussed extensively in recent years. Bryson (1995) and Nutt and Backoff (1992) looked at strategic planning processes in the services sector, providing a guide for the practitioner, while Joyce's (2000) study is discursive rather than prescriptive. Maddock (2002) focuses on an example of strategic planning in one segment of the public sector in European Union countries. This study pointed out that strategic planning as employed in the public sectors of The EU were mostly focused on identifying and resolving issues. Maddock (2002), in his study also notes that there are two approaches to strategic planning – bottom-up and top-down approaches. For strategic planning to bear fruits, Maddock further observed the importance of leadership in the process.

However, it is worth noting that though studies have been done touching on aspects of the supermarkets in Kenya, no specific study has been undertaken to establish the strategic planning practices employed by Supermarkets in Kenya. Karemu (1993) studied the state of start management practices in retailing sector with a particular focus on supermarkets in Nairobi. Lagat (1995) studied the state of marketing in negligence activities in Kenya retailing sector while Munyoki (1997) did an analysis of the factors affecting pricing strategies of selected consumer goods in the retail market with a specific focus on supermarkets in Nairobi Kenya. Kiumbura (2003) studied retailer brands & channel conflict of supermarkets in Nairobi while Njenga (2006) investigated the attitudes of

selected stakeholders towards growth strategies that were followed by large scale retailers in Kenya. The study was a case of Uchumi Supermarkets.

These reviewed past studies indicate that strategic planning practices of mainstream supermarkets in Nairobi are largely unexplored. This study aimed at bridging this research gap by answering the following questions:

- i. What are the strategic planning practices adopted by supermarkets in Nairobi?
- ii. What are the challenges that are faced by mainstream supermarkets in their adoption and implementation of strategic planning practices?

1.3 Objectives of the Study

The research objectives were:

- i) To determine the strategic planning practices adopted by retail supermarkets in Nairobi
- ii) To establish the challenges to strategic planning faced by retail supermarkets in Nairobi

1.4 Significance of the Study

The study is expected to benefit the management of the retail supermarkets, other institutions and also enrich the body of knowledge where the findings can be used as a basis of further analysis and research in scholarship. Management of the retail supermarkets will be able to use the study findings as a management reference point for strategic planning being put in place, both present and future, that will ensure their company's competitiveness in the market place. These are times of rapid change. Will Rogers said, "Even if you're on the right track, you'll get run over if you just sit there." No retail supermarket can remain static for long. Neither can an institution survive for long with knee-jerk responses to change. Findings from this study will therefore benefit management of these supermarkets to engage in strategic planning practices that should minimize crisis-mode decision-making.

These study findings will also be of value to management practitioners and consultants, as it will provide a corporate lesson of the strategic planning practices to be employed and those that need to be discarded and the relative importance of each. The study findings also will add to the body of knowledge as there have been few studies carried out on strategic planning in the local scene. This will give academicians (both scholars and students) more materials to refer to on the subject of strategic planning in the local context. The study can also benefit future researchers where the findings can be used as a basis of further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter presents literature review on strategy and strategic planning process that have been applied by businesses globally, regionally and locally. The chapter is organized as follows. First is the discussion of the concept of strategic planning followed by strategic planning process. The writer then presents literature on strategic planning practices, benefits of strategic planning and closes the chapter with a presentation of literature on challenges of strategic planning.

2.2 Concept of Strategic Planning

The business environment today has become very competitive making the traditional planning methods which were budget oriented and forecast based insufficient for the firm to thrive and prosper. The firm must engage in strategic planning that clearly defines objectives and assesses both the internal and external situations to formulate strategy, implement the strategy, evaluate the progress, and make adjustments as necessary to stay on track. Strategic planning is a label to describe an organizational managerial process, which can be broadly defined as the process of determining the mission, major objectives, strategies, and policies that govern the acquisition and allocation of resources to achieve organizational aims (Pearce and Robinson, 2005). The nature of strategic planning is different from other aspects of management. It is not enough to say that it is the process of strategic decision making. Strategic planning is concerned with complexity arising out of ambiguous and non-routine situations with organization-wide implications (Johnson and Scholes, 2006). Strategic planning includes where the management seek to understand the strategic position of the organization. Strategic planning has to do with the formulation of possible courses of action, their evaluation and the choice between them. Lastly, strategy implementation, which, is concerned with planning how the choice of the strategy can be put into effect, and managing, the changes required (Johnson and Scholes, 2006).

Strategic planning according to Johnson (1992) consists of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position, thus making it more competitive and profitable compared to competition in the industry. Strategic planning concerns what a firm is doing in order to gain a sustainable competitive advantage. Strategic planning therefore includes all activities that lead to the definition of the organization's objectives and to the development of programs, actions and strategies to accomplish these set objectives. It provides basic direction and framework within which all organizational activities take place. Pearce and Robinson (2005) look at strategic planning as including formulation, implementation, control and evaluation of business strategies to achieve future objectives. Strategic planning issues require top management decisions because they require a large amount of the firms' resources and often affect the firms' long-term prosperity. They are future oriented and have a multi-functional or multi-business consequence. Strategic planning requires considering the firms' internal environment and creating a fit with the external environment (Pearce and Robinson, 2005).

Johnson and Scholes (2006) explain the concept of strategic planning by citing the characteristics of strategic decisions. They cited that strategic planning decisions have the following characteristics: they are likely to be concerned with or affect the long term direction of an organization; they are normally about trying to achieve some advantage for the organization; they are likely to be concerned with the scope of an organization's activities; they can be seen as matching the activities of the organization to the environment in which it operates; they can be seen as building or stretching an organization's resources and competencies to create, or capitalize on, opportunities; they may require major resource changes; they are likely to affect operational decisions; and they will be affected not only by the environmental forces and resources available, but also by the values and expectations of those who have power in and around the organization.

2.3 Strategic Planning Process

Competition in today's business has necessitated organizations to engage in strategic planning to have an edge in the marketplace. The strategic planning process entails different intertwining steps from formulating a strategic plan up to implementation. The firm must engage in strategic planning that clearly defines objectives and assesses both the internal and external situation to formulate strategy, implement the strategy, evaluate the progress, and make adjustments as necessary to stay on track. Strategic planning processes are designed to fit the specific need of the organization. It's argued by Kenny (1999) that every successful model must include vision and mission, environmental analysis, setting objectives and strategic analysis choice.

Identification of the organization's vision and mission is the first step of any strategic planning process. A company's mission is its reason for being. The mission often is expressed in the form of a mission statement, which conveys a sense of purpose to employees and projects a company image to customers. In the strategic planning process, the mission statement sets the mood of where the company should go. What is our business and what will it be?. This question helps in infusing the organization with a sense of purpose and direction and giving it a mission. A mission is a statement that broadly outlines the organizations future course and serves as a guiding concept. Once the vision and mission are clearly identified the organization must analyze its external and internal environment (Kanter, 2004). The environmental analysis performed within the frame work of the SWOT analysis, analyses information about organization's external environment (economic, social, demographic, political, legal, technological) and internal organizational factors.

The act of setting formal performance objectives converts the organization's mission and direction into specific performance targets to be achieved and protects against drift and confusion over what to accomplish (Kiernan, 1995). The organization is able to draw short range objectives which draw attention to what immediate results to achieve while long range objectives consider what to do now to have the organization in position to produce results later. The institution then evaluates the difference between their current

position and the desired future state through gap analysis. To close up the gap and achieve its desired state the organization must develop specific strategic plans.

Strategic evaluation and control involves not only evaluating strategic plans for deviations from intended course but also for flexibility towards responding to the new challenges and determining the effectiveness and the pace of the implementation (Johnson and Scholes 2006). The organization should measure current performance against previously set expectations, and consider any changes or events that may have impacted the desired course of actions. The revised plan must take into consideration emergent strategies and changes affecting the organization's intended course. This ongoing stream of new and revised strategic moves and approaches - some big in scope and some little and some applying to one part - means that an organization's prevailing strategic plan is almost never the result of a single strategizing effort rather the pattern of moves, approaches and decisions that establish an organization. Strategic plan hence assumes its shape over a period of time.

The strategic plan likely will be expressed in high-level conceptual terms and priorities. For effective implementation, it needs to be translated into more detailed policies that can be understood at the functional level of the organization. The expression of the strategy in terms of functional policies also serves to highlight any practical issues that might not have been visible at a higher level. The strategy should be translated into specific policies for functional areas such as: marketing, research and development, procurement, production, human resources, and information systems. In addition to developing functional policies, the implementation phase involves identifying the required resources and putting into place the necessary organizational changes. The selected strategy is implemented by means of programs, budgets, and procedures. Implementation involves organization of the firm's resources and motivation of the staff to achieve objectives. The way in which the strategy is implemented can have a significant impact on whether it will be successful. In most cases different people from those who formulated it do implementation of the strategy. For this reason, care must be taken to communicate the strategy and the reasoning behind it. Otherwise, the implementation might not succeed if

the strategy is misunderstood or if the affected parties resist its implementation because they do not understand why the particular strategy was selected (Lane, 2003). Therefore Strategy implementation as an activity embraces all of those actions that are necessary to put a strategic plan into practice. In detail this implementation involves identification of the key tasks to be performed, allocation of these tasks to individuals (i.e. delegation) providing for co-ordination of separated tasks, the design and installation of an appropriate management information, system the drawing up of a specific programme of action including a time schedule down to the system of comparing actual performance with those standards and the design of a system of incentives, controls and penalties appropriate to the individual concerned and the tasks to be performed (Lambert and Knemeyer, 2004).

Once implemented, the results of the strategy need to be measured and evaluated, with changes made as required to keep the plan on track (Huff, 2001). Control systems should be developed and implemented to facilitate this monitoring. Standards of performance are set, the actual performance measured, and appropriate action taken to ensure success.

2.4 Strategic Planning Practices

Quinn (1982) gave two major strategic planning practices; top-down and planned and incremental and bottom-up. He identifies the former as “classical” view, referring to rational future-oriented planning; a rational process of deliberate calculation and analysis, designed to maximize long-term advantage. Similarly, Mintzberg and Quinn (1993) suggest strategic planning has been seen as what the leaders of an organization ‘plan’ to do in the future. Key features of such a view of strategic planning are its long-termism (Huff, 2001) and its “bigness”. In his essay on incremental strategy Quinn (1982) sees a blurring of strategy formation and implementation. This scenario, therefore, draws managers into the process of strategy formation, though whether this is exactly “bottom-up”, is doubtful. Mintzberg (1994) has also issued a challenge to the “classical” model, which he characterizes with a view of “the strategist, as planner or as a visionary, someone sitting on a pedestal dictating brilliant strategies for everyone else to implement.

Mintzberg (1994) development of his metaphor of “craft” involves a concern for how innovation feeds into strategic planning. The classical model assumes leadership from the top, but the issue of “leadership” has become problematical and its characteristics debated in “emergent” theory, counterbalancing questions around the cultural dissemination of strategy. Porter (1985) added another dimension to the concept of strategic planning with the edict that a successful company needs to “stick to the knitting”, outsourcing anything other than core functions or operations. A further definition of strategic planning, which encapsulates the ethos of much of the thinking beyond the “classical” planned top-down model, is offered by Quinn (1982,) which points out that, the validity of a strategy lies not in its pristine clarity or rigorously maintained structure, but in its capacity to capture the initiative, to deal with unknowable events, to redeploy and concentrate resources as new opportunities and thrusts emerge, and thus to use resources most effectively toward selected goals.

Mintzberg and Quinn (1993) perceive strategy as a pattern or a plan that integrates organization’s major goals, policies and action into a cohesive whole. Porter (1985) has defined strategy as a creation of a unique and vulnerable position of tradeoffs in competing, involving a set of activities that neatly fit together, that are simply consistent, reinforce each other and ensure optimization of effort. Pearce and Robinson (2005) defined strategy as the company’s “game plan” which results in future oriented plans interacting with the competitive environment to achieve the company’s objectives. This definition of strategy is important in this study as it reflects competitiveness in the environment and the game plan aspects, which organizations put into place to be able to compete effectively. Maddock (2002) stated that managers develop strategies to guide how an organization conducts its business and how it will achieve its objectives.

An additional strategic planning system characteristic is the extent to which strategic plans within organizations result from a deliberate or an emergent process. Whether strategy formulation is, or can be, a deliberate process and the extent to which strategy emerges without any formal planning has been subject to debate. If strategies emerge

within an organization, it might be expected that some of the standard tools and techniques of the strategic planning process would not be explicitly utilized or reported by such an organization. Strategic planning, in Quinn's view, is about change, adaptability and flexibility. These issues also underpin the literature on strategic planning practices. Bryson (1995) and Nutt (1992) look at the strategic planning processes, providing a guide for the practitioner, while Joyce's (2000) study is discursive rather than prescriptive. Bryson (1995) summarizes the views of these writers and suggests that, a strategy may be thought of as a pattern of purposes, policies, programs, actions, decisions, and/or resource allocations that defines what an organization is, what it does, and why it does it. In Bryson's guide to strategic planning, strategy is essentially an emergent phenomenon, involving the crafting of a corporate culture through reviews of the organizations present state, and formation of a mission and vision to guide its future development. Leadership is given prominence, counterbalanced with stakeholder issues, which are to be managed internally. This approach may have much to do with the size of the organizations concerned.

It is worth noting that there is no single "best practice" for how to do successful strategic planning. The timing and process will differ depending on industry, market pressures, and the size and culture of the business (Johnson and Scholes, 2006). While Lou Gerstner, past Chairman and CEO of IBM, was orchestrating IBM's turnaround in the 1990s, he famously commented that it doesn't matter what your strategy is, as long as you have one. Being clear about an organization's strategic goals provides focus and helps managers understand how to direct their resources and make decisions on a daily basis. At the same time, strategic plans themselves do not necessarily result in a successfully implemented strategy. Strategic planning is typically oriented to a particular organization's circumstances at a particular time in its history. However, there are a number of proven and effective practices and methodologies that can be adapted for virtually any business.

There is no one best practice in strategic planning but studies in various companies' strategic planning practices have revealed the practices employed by the world's most

successful companies. The following is a summary of many of the best practices employed by these highly successful corporations (Johnson and Scholes, 2006). i) Stretch goals drive strategic thinking out-of-the-box; while different organizations use different parameters, all of the best practice companies set targets that require a shift from business as usual. ii) Their planning processes are evolving and flexible. A continuous improvement philosophy guides the planning-process design. iii) Communication of the strategic plan is a formal and significant element of the process and it is viewed as a measure of quality planning. iv) Planners emphasize action plans and strategic thinking. Planners expect strategic thinking to take place primarily at the business unit level. v) The planners' distinction between strategic planning and business planning is increasingly blurred. As the cycle time between strategic plans shortens, business planning is done within the context of a strong corporate vision or culture, even if a corporate strategy is not articulated. vi) The role of strategic planning as a key element in the management system is explicitly recognized through strong links to other elements of the management system (e.g., strong human resources and organizational structures). vii) Documentation of strategic thinking is stressed. viii) A single core competence or capability is not the driver of strategic planning. Instead, the basis for competitive advantage and new business development is based on diverse competencies. ix) Approaches to planning processes and planning system designs vary greatly. Although approaches vary, the framework of issue and option generation, prioritization, review and feedback continues to have universal relevance.

2.5 Benefits of Strategic Planning

As Corral (2000) points out, many scholars have cited numerous purposes for strategic planning. These can be summarized as: to clarify purpose and objectives; to determine directions and priorities; to encourage a broader-based longer-term view; to identify critical issues and constraints; to provide a framework for policy and decisions; and to inform resource allocation and utilization. The major tasks of managers are to ensure success, and therefore, survival of the companies they manage. Strategic planning is useful in helping managers tackle the potential problems that face their companies (Aosa, 1992). Strategy is a tool that offers significant help for coping with turbulence confronted

by firms. It is therefore very important for managers to pay serious attention to strategic planning as a managerial tool. If the concept of strategy is to be of value, correct strategies have to be formulated and implemented; a process known as strategic planning. Strategic planning is aimed at enhancing the competitiveness of the organization in the industry. Porter (1985) described competitive strategic planning as the search for a favorable competitive position in an industry; the fundamental arena in which competition occurs and further explained that competitive strategic planning aims to establish a profitable and sustainable position against the forces that determine industry competition. This involves identifying sources of competition in the ever changing environment then developing strategies that match organizational capabilities to the changes in the environment. According to Porter (1985), competitive strategic planning is about being different. This means deliberately performing activities differently and in better ways than competitors.

Coyne (1985) argued that the management of any business must first identify an opportunity and then create a marketing and financial plan to capitalize on the idea. Control over the requisite resources must then be gained and an appropriate structure established. Coyne (1985) also maintained that only about one-third of businesses in developing world created comprehensive marketing and financial plans, those who did so increase the probability of success. Drejer (2002) agreed that every business, regardless of size, needs an effective, comprehensive business strategic plan because the process of developing the plan forces the management to think about the harsh reality of the business world, rather than the more common dream world. He believed that this is a necessary first step toward success and that it should have a well-defined format and parts. It should answer age-old questions such as where are you now, where do you want to be, and, most importantly, how are you going to get there? These are the same fundamental questions that were also postulated by Andrews (1987).

Clark (1989) took the benefits of strategic planning even further with his belief that the lack of a strategic business plan in businesses leads to outdated management practices, including an autocratic style of management practiced by the managing director or the

board of directors. Business decision making is affected because no one other than the managing director or board of directors can make a decision because other people in the firm do not know where the business is going or how it is going to get there. Consequently, the potential ability of human resources within the firm is undermined and underutilized. Clark therefore sees strategic planning as a direction and shaper of leadership in an organization.

Equally important, strategic planning serves as a vehicle for achieving consistent decision-making across different departments and individuals (Hamel and Prahalad, 1994). Hamel and Prahalad views organizations as composed of many individuals all of whom are engaged in making decisions that must be coordinated. Strategic planning therefore provides such coordination thus making it very important in gaining coherence and focus of all the efforts of the many individuals in the organization. For strategic planning to provide such coordination, it requires that the strategic planning process acts as a communication mechanism within the firm. Such a role is increasingly recognized in the strategic planning processes of large companies. The shift of responsibility of strategic planning from corporate planning departments to line managers and the increased emphasis on discussion of the businesses and the corporate headquarters (as opposed to the formal approval of written plans) are part of this increased emphasis on strategic planning as a process for achieving coordination and consensus within companies (Buzzell and Gale, 1989). Grant (1998) agrees on this view by stating that strategic planning is about winning and will help by giving coherence and direction to both individuals and organizations by specifying the resources that are required to achieve an objective. Johnson and Scholes (2006) also view strategic planning as giving direction and scope to an organization over the long term which achieves advantage for the organization through its configuration of resources within a changing environment to meet the needs of markets and to fulfill stakeholders' expectations.

Jauch and Glueck (1984) depicted strategic planning as the match between an organization's resources and skills and the environmental opportunities as well as the risks it faces and the purposes it wishes to accomplish. Strategic planning is therefore

meant to provide guidance and direction for the activities of the organization. Since strategic decisions influence the way organizations respond to their environment, it is very important for a firm to make strategic plans and define strategy in terms of its function to the environment. The purpose of strategic planning was wrapped up as to provide directional cues to the organization that permit it to achieve its objectives while responding to the opportunities and threats in the environment (Pearce and Robinson, 2005).

Ansoff (1999) viewed strategic planning in terms of market and product choices. According to his view, strategic planning is the “common thread” among an organization’s activities and the market. Johnson and Scholes (2006) also viewed the benefit of strategic planning as the direction and scope setter for an organization that ideally matches the results of its changing environment and in particular its markets and customers so as to meet stakeholder expectations. According to Jauch and Glueck (1984), strategic planning provides a unified and integrated plan that relates the strategic advantages of the firm to the challenges of the environment and designed to ensure that the basic objectives of the enterprise are achieved through proper execution by the organization.

2.6 Challenges of Strategic Planning

Putting the strategic plan into effect and getting the organization moving in the direction of strategy accomplishment calls for a fundamentally different set of managerial tasks and skills. Whereas crafting strategy is largely an entrepreneurial activity, implementing strategy is primarily an internal administrative activity. Whereas strategy formulation entailed heavy doses of visions, analysis, and entrepreneurial judgment, successful strategy implementation depends upon the skills of working through others, organizing, motivating, culture-building and creating strong fits between strategic plans and how organization does things. Ingrained behavior does not change just because a new strategic plan has been announced. Implementing strategic plan poses the tougher, more time-consuming management challenge. Practitioner is emphatic in saying it is a whole lot easier to develop a sound strategic plan than it is to “make it happen” (Quinn, 1982).

There are various challenges that are faced by managers in the practice of strategic planning. Some of the major factors include stiff competition, turbulence in the competitive landscape and volatility in the environment. Many different authors seem to agree that the external dynamics of industrial firms has increased over the last decade or so. Some speak of increased competition and the need for more market-focused organizations, whereas others discuss technological pressures on firms. Regarding the former idea, it seems to have become accepted that whereas firms in the 1990s and prior could rely on stable (expanding) market conditions and customer-emphasis on price alone, today markets are less than stable and emphasis is on price, quality, delivery, innovation, and so on (Womack and Jones, 1992).

Ansoff and McDonnell (1990) wrote that from the mid-1950s accelerating and cumulating events began to change the boundaries, the structure, and the dynamics of the business environment. Firms were increasingly confronted with novel and unexpected challenges which were so far reaching that Peter Drucker called the new era an 'age of discontinuity'. This statement is used by Ansoff and McDonnell to place emphasis on strategic warning in order to keep an eye on the turbulent environment. Others basically, use the same statement to emphasize other issues – just consider what Hammer and Champy (1993), in their book on BPR, wrote on a crisis that will not go away: in short, in place of the expanding mass markets of the 1950s, 1960s, and 1970s, companies today has customers who know what they want, what they want to pay for, and how to get it on the terms they demand.

External turbulence force companies to act completely different from what they have been used to. In general, there seems to be an agreement that an entirely new competitive situation has arisen. This is summarized by D'Aveni (1994) under the concept of "hypercompetition". Hypercompetition, according to D'Aveni (1994) is a competitive situation where the key competitive success factor is the ability to constantly develop new products, processes or services providing the customer with increased functionality

and performance. In a hypercompetitive environment, firms cannot count on a sustainable competitive advantage, but must continuously develop itself in new directions.

Turbulent and dynamic conditions for companies cannot be isolated from technological dynamics. The basic problem of technological changes is that they often happen much faster than we as people, organization or societies are able to adapt (Downes and Mui, 1998). This is a common knowledge that is not merely applicable to situations of major technological changes such as the emergence of the transistor – where creative destruction transformed an entire industry as defined by Austrian economist Joseph Schumpeter (Freeman, 1982) – but also to many other instances of technological changes. On the outset, however, it is difficult to predict the impact of a new technology on a company's internal competencies and/or external competitive position (Bhalla, 1987). In general, it has become accepted that technological life cycles in some industries seem to be decreasing compared to earlier (Dussage *et al.*, 1991), thereby putting pressure on firms to constantly innovate (Kiernan, 1995). Even though, this situation does not have to be equally dynamic in other industries – and, indeed, some questions have been raised concerning that issue – it seems as if the belief in the technology dynamics creed is so strong that firms simply will follow that creed and, thereby, inflect the dynamics on themselves unnecessarily. Either way, many authors agree on the need for firms to move technology up on the corporate agenda (Clark, 1989), and make it a strategic issue (Bhalla, 1987). Bettis and Hitt (1995) wrote on this issue that technology is rapidly altering the nature of competition. They refer to the situation as “the new competitive landscape”. It is this new competitive landscape that has been creating the need for different practice of – strategic planning, strategic thinking, business development and organizational change.

Another major challenge to strategic planning is leadership. Strategic decisions create a wave of sub-decisions that must be successfully implemented (Mintzberg et al., 1976). Typically, the manager-leader (middle managers and supervisors) is held accountable for the implementation of these sub-decisions. Sub-decision implementation is defined as a sequence of tasks carefully executed so that a favorable business outcome can be

achieved in the medium to short term. It is clear that the particulars of such implementation vary widely from decision to decision, but virtually all decisions require efficient implementation to be successful (Nutt, 1992). A brilliant decision can prove worthless without its efficient implementation. Even the best decisions fail to be implemented due to the inadequate supervision of subordinates, among other reasons. Kenny (1999) emphasizes that those who implement decisions to the best of their ability are usually those who have made them. The leadership expounded here has a bearing on the effectiveness of the strategic planning process. Most business leaders communicate the strategic plan to subordinates in a weak way thus making the employees follow the plan half heartedly. In implementation, the implementers are likely to be different people from those who formulated it. For this reason, care must be taken to communicate the strategy and the reasoning behind it. Otherwise, the implementation might not succeed if the strategy is misunderstood or if lower-level managers resist its implementation because they do not understand why the particular strategic plan was selected.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology that was used to carry out the study. The chapter considers in detail the methods that were used to collect any primary data or secondary data required in the study. In this chapter, the researcher discusses the research design, population size and sample that were used. The researcher also discusses how this data was analyzed giving details of any models or programmes that were used in analysis with reasons as to why these particular models or programmes were used.

3.2 Research Design

This research problem was solved through the use of a descriptive survey design. This enabled a comparison among the practices in the different supermarkets in and around the city. According to Doyle (2004), a survey research refers to a body of techniques for collecting data on human or organization characteristics, attitudes, thoughts, and behavior by obtaining responses from individuals to a set of prepared questions. This research design was also considered appropriate due to the ability to collect information from a number of entities which improves the ability of the findings to be generalized.

Cooper and Schindler (2006), defines a survey as a measurement process used to collect information during a highly structured interview – sometimes with a human interviewer and other times without. According to Doyle (2004), the capacity for wide application and broad coverage gives the survey technique its great usefulness. The survey research design enabled the researcher to collect data from the selected entities and get results which were useful in answering research questions.

3.3 Population

The target population of this study was all the mainstream supermarkets in Nairobi Central Business District and also those that were in the residential areas and surrounding suburbs. These are supermarkets that rank ahead of their peers in terms of revenue growth, profit growth, returns and cash generation/liquidity.

These supermarkets were selected on the assumption that they are in a better position to be implementing strategic planning due to their growth focus and profitability. These were the supermarkets with 50 or more employees. According to economic abstract (2008), there were 23 mainstream supermarkets in Nairobi. These were the primary target of the study. The research employed a census method due to the small size of the population. All the 23 supermarkets in Nairobi were included as subjects in the survey.

3.4 Data Collection

The study used both primary and secondary data. Primary data was collected using semi-structured questionnaires (Appendix I) to CEOs or other senior employees of the supermarkets while secondary data was in form of literature review and other secondary information contained in books, journals and other relevant secondary sources. The questionnaire was the only primary data collection instrument.

The questionnaires were distributed to the CEO or other senior management employee of each supermarket since he/she was the one who must be involved in all strategic issues affecting the company. This resulted to a total of 23 questionnaires being distributed to all the targeted companies. The questionnaire was designed to address the research questions. The questionnaire was divided into three sections; A, B and C. Section A addressed the general information about the CEOs and the organization. Section B addressed the specific objectives and benefits from strategic planning while section C dealt with questions about challenges encountered in the strategic planning process. The questionnaire consisted of both open and close-ended questions and also Likert type questions that were intended at weighing perceptions of respondents on the factors under study.

After designing the questionnaire, the researcher tested the effectiveness of the questionnaire on 3 senior employees from the supermarkets. Respondents were required to critique the questionnaire on content, design and validity. This pretest was done to

detect and correct any weaknesses in the questionnaire. After the pretest, the researcher made amendments that were deemed necessary.

The researcher then distributed the final questionnaire personally through e-mail or physically to the CEOs or through contact persons in the supermarkets. An introductory letter accompanied the questionnaire so as to give authenticity to the research and explain the purpose of the survey. The researcher requested the questionnaire to be filled and collected as arranged and communicated within a period of 2 weeks.

3.5 Data Analysis

The data and information obtained through the questionnaire was first checked for completeness. The questionnaires found correctly filled and fit for analysis were coded and analyzed based on descriptive statistics. The descriptive statistics that were used include mean scores, percentages and ratios. Proper analysis of data helps in getting meaning from the information and makes it easier for the researcher to make conclusions from the analyzed data (Cooper and Schindler, 2006).

Percentages were used to determine the usually applied strategic planning practices in the merchandising industry. Ratios were used to establish the level of involvement of the various stakeholders in the strategic planning process. Mean scores were computed to measure the level of top management involvement and participation in the strategic planning process and also to establish the extent of the challenges encountered in the strategic planning process. The results from the analysis were then presented using tables, pie charts and bar graphs for easier interpretation.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter considers the results and findings from the questionnaire survey. The findings of the study are presented according to the research questions. There were 22 questionnaires distributed to the selected senior employees in the supermarkets in Nairobi city and in Nairobi suburbs and residential areas. Of the targeted 23 supermarkets, one (Woolmart) was not eligible since it had been taken over by Nakumatt holdings Ltd. This reduced the target population to 22 supermarkets.

4.2 Response Rate

Of the 22 questionnaires sent to the sampled subjects, all were filled and returned which translated to 100% response rate. This high response rate reduced the risk of bias in the responses. This high response rate was achieved by the great cooperation between the researcher and the respondents. All the returned questionnaires were found fit for analysis.

4.3 General Information

4.3.1 Years of Operation of the Supermarkets

The study sought to establish the number of years the supermarkets had operated in the industry. Findings are presented in table 4.1.

Table 4.1: Years of Operation of the Supermarkets

| Number of years | Frequency | Percent |
|-----------------|-----------|---------|
| Below 10 years | 3 | 14 |
| 10 - 15 years | 6 | 27 |
| 16 - 20 years | 7 | 32 |
| Above 20 years | 6 | 27 |
| Total | 22 | 100 |

Source: Research Data (2010)

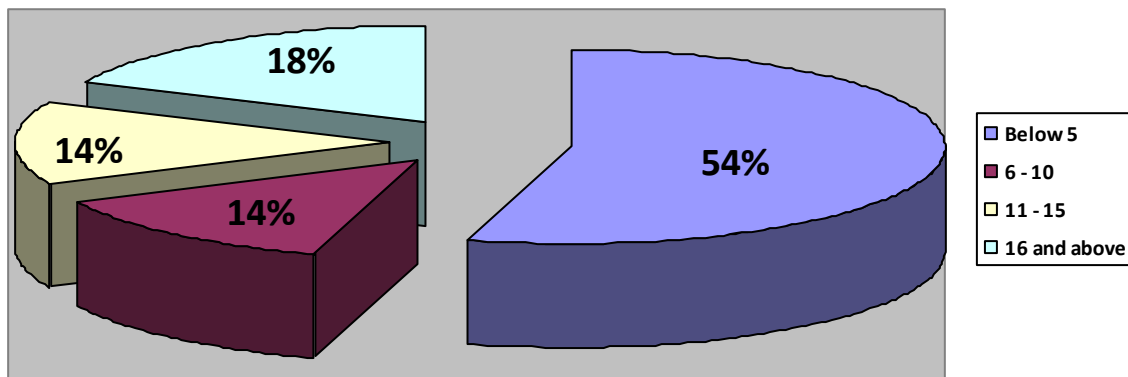
Findings presented in table 4.1 indicate that 3 (14%) of the supermarkets had been operating for less than 10 years while 6 (27%) indicated to have been in operation for

between 10 and 15 years. Seven (32%) of the supermarkets had been in the business for between 16 and 20 years while 6 (27%) of the supermarkets had been in the business for above 20 years. This is an indication that most of these supermarkets had been in the business for long to have a good understanding of the external environment.

4.3.2 Number of Branches of the Supermarkets

The study sought to find out the branch network of the supermarkets. This was with a view to find out the need for a system to manage diversity and complex environment. Results are presented in figure 4.1.

Figure 4.1: Number of Branches of the Supermarkets



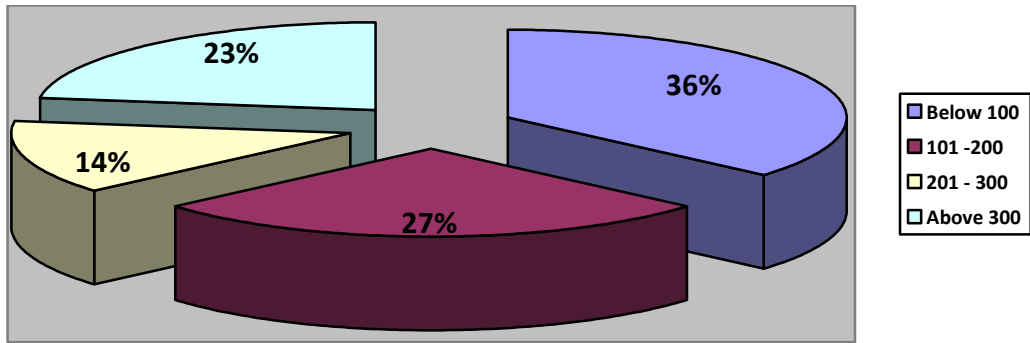
Source: Research Data (2010)

Results presented in figure 4.1 indicate that 12 (54%) of the supermarkets had below 5 branches while those with between 6 to 10 branches and those with between 11 and 15 branches were 3 (14%) apiece. Those supermarkets with over 16 branches were 4 (18%) and were the dominant in the big Kenyan towns.

4.3.2 Number of Employees in the Supermarkets

The study sought to find out the number of employees the supermarkets had. The number of employees indicates the importance of strategic planning to give direction if the number of employees is large. Results are presented in figure 4.2.

Figure 4.2: Number of Branches of the Supermarkets



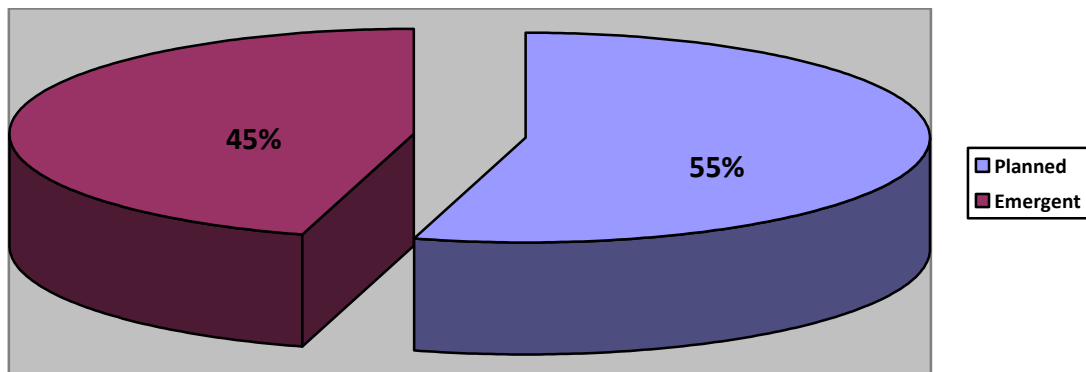
Source: Research Data (2010)

Results presented in figure 4.2 indicate that 8 (36%) of the supermarkets had below 100 employees while those with between 101 and 200 employees were 6 (27%). Those supermarkets with between 201 and 300 employees were 3 (14%) and those with over 300 employees were 5 (23%). The findings show a strong correlation between the number of branches and the number of employees which is expected.

4.4 Strategic Planning Practices

On strategic planning practices, the first inquiry was whether the supermarket had a formal strategic plan in place. All the respondents indicated that all the supermarkets had formal strategic plans. However, on how they could term their strategic planning as emergent or planned, results are presented in figure 4.3.

Figure 4.3: Strategic Planning Practice



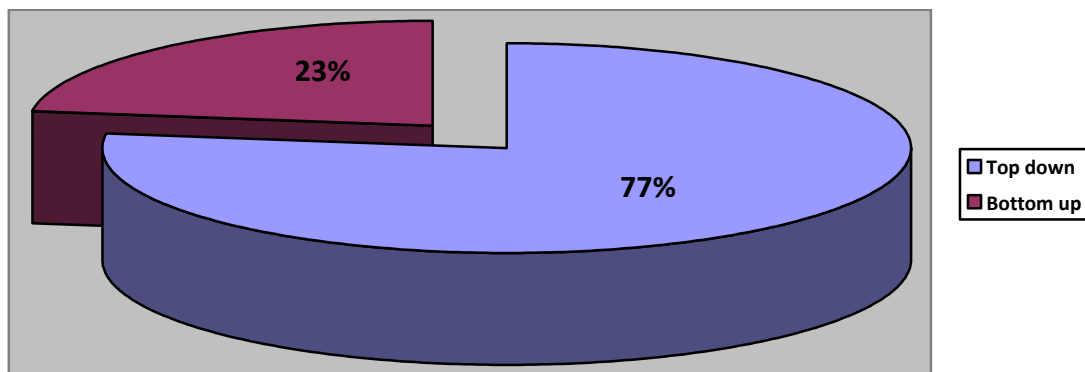
Source: Research Data (2010)

Results indicate that 12 (55%) of the supermarkets had a planned strategic planning practice whereas 10 (45%) had an emergent strategic planning practice. Emergent strategy is a set of actions or behavior, consistent over time, which shows a realized pattern that was not expressly intended in the original planning of strategy. Emergent strategy implies that an organization is learning what works in practice. Planned strategic planning is where the actions followed are the ones intended initially during the planning process regardless of the changes in the environment.

4.4.1 Approach to Strategic Planning

The study sought to find out how the supermarkets carried out their strategic planning. This was to find out where in the company's hierarchy, top or bottom most of the input in the strategic planning emanated from. Results are presented in figure 4.4.

Figure 4.4: Approach to Strategic Planning



Source: Research Data (2010)

Results indicate that 17 (77%) of the supermarkets had practiced a top down approach to strategic planning whereas 5 (23%) practiced a bottom up approach.

4.4.2 Characteristics of the Planning Process

The study sought to establish the specific elements in the strategic planning practices employed by the supermarkets. Statements were rated on a scale of 1 to 5 and mean scores were computed on the statements to determine their weight. Results are presented in table 4.2.

Findings presented in table 4.2 indicate that top management in the supermarkets provides the necessary advice and grievance handling procedure during strategic planning process (4.72) and that top management gives support and is committed to strategic planning (4.21). Results also indicate that top management in the supermarkets were perceived to give resources to formulate and implement plans successfully (4.21).

Table 4.2: Rating on Strategic Planning Practices

| Statement | Mean scores | Std Deviation |
|---|--------------------|----------------------|
| Top Management provides the necessary advice & grievance handling procedure during strategic planning process | 4.72 | 1.32 |
| All stakeholder more so employees are consulted in the Strategic Planning | 2.22 | 0.87 |
| There is top management support & Commitment to strategic planning | 4.21 | 0.88 |
| Top management have succeeded in buying in all the employees into the strategic planning process | 2.97 | 1.12 |
| Top Management give resources to formulate and implement plans successfully | 4.21 | 0.71 |
| Top management encourages all stakeholders to participate in the strategic planning process | 3.17 | 0.64 |
| Top management have been involved actively in training and empowering all employees on strategic planning | 3.22 | 1.26 |
| All employees participate in the strategic planning process itself | 3.16 | 1.04 |
| The specific targets and critical issues around the planning process are achievable | 4.78 | 1.32 |
| In my opinion, strategies for specific critical issues are well implemented at this supermarket | 4.02 | 0.90 |
| Strategies are implemented successfully at the supermarket | 3.45 | 0.87 |
| Action plans such as policies, procedures and rules are well understood to help implementation programmes | 4.14 | 1.05 |
| Many ideas into the strategic planning come from lower cadre employees | 2.37 | 1.12 |
| Grand mean | 3.59 | |

Source: Research Data (2010)

Note: The scale used was a likert rating of 1 -5 where, 5 represented very great extent, 4, Great extent, 3, Moderate, 2, Low extent and 1, very low extent.

Most respondents strongly agreed to the statement that the specific targets and critical issues around the planning process are achievable (4.78). Respondents were also of the opinion that strategies for specific critical issues are well implemented at their

organization (4.02) and that action plans such as policies, procedures and rules are well understood to help implementation programmes (4.14).

Further, most respondents were of the opinion that all stakeholder more so employees are not consulted in the strategic planning process (2.22). This sentiment was echoed by an indication that many ideas into the strategic planning do not emanate from the lower cadre employees (2.37). Respondents also disagreed with the statement that top management in the supermarkets has succeeded in buying in all the employees into the strategic planning process (2.97). This is an indication that lower cadre employees in the supermarkets are alienated from the strategic planning process which may reduce the chances of the lower employees being bought into the process. This could lower the chances of the plans being effectively implemented. However top level managers gave the right leadership, resources and commitment in the process. The grand mean of 3.59 indicate that most of the mainstream supermarkets followed the best practices to an average extent. Standard deviations above 1.00 indicate that responses were much from the mean while those below 1.00 indicate that many responses were around the mean score.

4.4.3 Major Weaknesses in Strategic Planning

Major weaknesses revealed by the respondents in their supermarkets' strategic planning included failure to involve all stakeholders especially bottom cadre employees in the planning and also communication regarding the strategic plan, having initiatives around the strategic planning which are not even across the company. As a result, there are pockets of resistance within low cadre employees to the implementation of the plan. Another major weakness is lack of comparative industry information since most of the players in the industry excluding one are not listed hence most of their information is private. The operating environment was also seen as bringing a major weakness where customer demands are constantly changing thus making some plans melt down mid way, haphazard planning in the legal and regulatory environment, poor technological development in the rural areas thus hampering coordination of the branches and poor infrastructure.

Measures recommended to deal with the weaknesses included having a visible and effective communication process spearheaded by an experienced person that ensures that information on strategic plan is timely communicated across the organization. Another improvement would be to embrace technology in the planning models which can enhance inclusivity of the process. Top management commitment was also an important catalyst in the planning process which can make or break the implementation process. Respondents also saw combining the planned and the emergent approaches as a way of making strategic plans more workable by fine-tuning them as the situation dictates.

4.5 Challenges in Strategic Planning

An organization is usually faced with certain challenges in its path towards strategy formulation and implementation which may be specific to the organization or they may be general to all the industry and environment the organization is operating in. The study sought to establish the challenges faced by the surveyed supermarkets. Respondents were required to state their level of agreement to indicated challenges and analysis was through mean scores. The statements that the respondents agreed with had high means scores while those they disagreed with had low mean scores. Results of the likert type question are presented in table 4.3.

Table 4.3: Challenges in Implementing Strategic Procurement

| Challenges | Mean Scores | Std Deviation |
|---|--------------------|----------------------|
| Government policies and regulations | 3.86 | 1.12 |
| Stiff competition from other supermarkets | 4.28 | 0.87 |
| Changing consumer tastes and preferences | 4.34 | 0.96 |
| Volatility of the technological environment | 2.35 | 1.04 |
| Changing demographic trends | 3.57 | 0.64 |
| Employees not having the requisite skills | 4.46 | 0.59 |
| Lack of management commitment | 2.14 | 1.24 |
| Lack of adherence to formulated strategies | 2.45 | 1.11 |
| Structure and culture of the company not being in line with strategic plan | 4.11 | 0.75 |
| Our strategic planning is usually affected by insufficient capital to implements the plans formulated | 3.04 | 1.18 |
| Lack of cooperation and teamwork during implementation hinders success of our plans | 4.42 | 0.74 |
| Changing technology lending some plans unworkable midway | 3.56 | 1.64 |
| Misalignment of the strategic plans with the company culture | 1.78 | 1.59 |
| Nonalignment of the strategic plans to the leadership | 3.67 | 1.42 |
| Lack of fit between strategic plans and company structure | 2.79 | 1.22 |
| Having too many ideas in the strategic planning process | 1.97 | 1.27 |
| Grand Mean | 3.30 | |

Source: Research Data (2010)

Note: The scale used was a likert rating of 1 -5 where, 5 represented very great extent, 4, Great extent, 3, Moderate, 2, Low extent and 1, very low extent.

Analysis of results indicate that the major challenges that have been faced by the supermarkets their strategic planning processes included stiff competition from other supermarkets (4.28), changing consumer tastes, preferences and demographic trends (4.34), employees not having the requisite skills (4.46), structure and culture of the company not being in line with strategic plan (4.11) and lack of cooperation and teamwork during implementation which hindered success of plans (4.42). The grand mean (3.30) indicates that the supermarkets are on average face different challenges in the strategic planning processes. Standard deviations below 1.00 indicate that the responses were not much dispersed from the mean score which indicates a general level of agreement with the computed mean. Standard deviations above 1.0 indicate that

responses were much dispersed away from the mean score thus indicating many differing responses.

The major challenges hindering strategic planning in the supermarkets were non availability of industry information, non availability of relatively accurate data for use on forecasting of future trends (beyond one year) and the dynamism of the organizations. Dynamism of demographics currently was also seen as a challenge. Other major challenges mentioned by the respondents included lack of sufficient capacity within employees pool to handle relevant change especially technology and the gap in communication between owners and managers driving strategy. Another major challenge put forth by the respondents was putting the strategic plan into effect and getting the organization moving in the direction of strategy accomplishment. This called for a fundamentally different set of managerial tasks and skills which is rare in the workforce.

Whereas crafting strategy is largely an entrepreneurial activity, implementing strategy is primarily an internal administrative activity. Whereas strategy formulation entailed heavy doses of visions, analysis, and entrepreneurial judgment, successful strategy implementation depends upon the skills of working through others, organizing, motivating, culture-building and creating strong fits between strategic plans and how organization does things. Ingrained behavior does not change just because a new strategic plan has been announced. Implementing strategic plans was reported by respondents to pose a tougher, more time-consuming management challenge.

Further, the major factors challenging strategic planning included stiff competition, turbulence in the competitive landscape and volatility in the environment where changes could not be accurately projected or forecasted. Turbulent and dynamic conditions for supermarkets could not be isolated from technological dynamics. The basic problem reported from technological changes is that they often happen much faster than the people, organization or societies are able to adapt.

The issue of leadership in strategic planning cropped up from various responses. Strategic decisions create a wave of sub-decisions that must be successfully implemented. Typically, the manager-leader usually middle managers and supervisors are held accountable for the implementation of these sub-decisions. It is clear that the particulars of such implementation vary widely from decision to decision, but virtually all decisions require efficient implementation to be successful. This brings a challenge since the ones implementing the decisions are usually not the ones who made them. Most business leaders in the supermarkets communicated the strategic plans to subordinates in a weak way thus making the employees follow the plan half heartedly.

Measures which can be put in place to check on the challenges that affect strategic planning at the supermarkets were embracing / investment in more state of the art technology, more robust communication and consultation processes between the owners of the business and those within management driving change and training staff on strategic planning and goal setting and technology.

4.6 Discussion of Results

Strategic planning is important in today's complex and dynamic environment to enable organizations to remain competitive and vibrant in their mission. The study sought to find out whether the mainstream supermarkets in Nairobi had a formal strategic planning practice and whether they engaged in strategic planning as a way to guide their operations and direction. The study established that most of the supermarkets had a planned form of strategic planning. This is whether they had a concerted effort to lay down plans to give direction to the organization. This finding concurs with what was stated by Johnson and Scholes (2006) that the nature of strategic planning is different from other aspects of management. It is not enough to say that it is the process of strategic decision making. Strategic planning is concerned with complexity arising out of ambiguous and non-routine situations with organization-wide implications. The supermarkets were found to have mechanisms in place to be said to be engaging in strategic planning. The supermarkets were seen to have management which had an aim of understanding the strategic position of the organization.

The study also established that some supermarkets engaged in bottom-up approach to strategic planning. This agrees with Welch and Welch (2005), who gave two major strategic planning practices; top-down and planned and incremental and bottom-up. Most of the supermarkets were engaged in the top-down or planned approach which Welch and Welch (2005) identified as a “classical” view, referring to rational future-oriented planning; a rational process of deliberate calculation and analysis, designed to maximize long-term advantage. Most of the ideas in the supermarkets strategic planning came from the top management which agrees with Mintzberg and Quinn (1993) suggestion that strategic planning has been seen as what the leaders of an organization ‘plan’ to do in the future. This is then communicated to the lower cadre managers and employees of the organization who are engaged in operationalizing the plans. The form of strategic planning applied in mainstream supermarkets seem to agree to Huff (2001) finding on the challenge to this “classical” model, which he characterized with a view of the strategist as planner or as a visionary, someone sitting on a pedestal dictating brilliant strategies for everyone else to implement. This approach is challenged by how it is accepted by the lower cadre employees.

The study findings established that for those supermarkets which applied an emergent approach to strategic planning, more innovation and fine-tuning was possible when circumstances and some factors changed. This view was also echoed by Mintzberg’s (1994) development of his metaphor of “craft” which involved a concern for how innovation feeds into strategic planning. The classical model assumed leadership from the top, but the issue of “leadership” has become problematic and its characteristics debated in “emergent” theory, counterbalancing questions around the cultural dissemination of strategy. Some mainstream supermarkets were found to have an approach to strategy which allowed for ideas from the lower cadre employees and to allow an emergent approach. This agrees to what was pointed out by Quinn (1982) that the validity of a strategy lies not in its pristine clarity or rigorously maintained structure, but in its capacity to capture the initiative, to deal with unknowable events, to redeploy and concentrate resources as new opportunities and thrusts emerge, and thus to use resources

most effectively toward selected goals. This resulted to a more agreeable plan and effective implementation process as per the study results.

Further analyses of the results indicate that most respondents from the mainstream supermarkets approved of an approach which combined the planned and the emergent views. This view was advocated by Joyce's (2000) who gave an additional strategic planning system characteristic. This was the extent to which strategic plans within organizations result from a deliberate or an emergent process. Whether strategy formulation is, or can be, a deliberate process and the extent to which strategy emerges without any formal planning has been subject to debate and hence the responses from the survey indicated that a part of the strategic plan should be planned but have a room for emergent factors. This finding however disagrees with Bryson's (1995) findings that if strategies emerge within an organization, it is expected that some of the standard tools and techniques of the strategic planning process would not be explicitly utilized or reported by such an organization. The findings however agree with Quinn's (1982) that strategic planning is about change, adaptability and flexibility. However from the foregoing, the mainstream supermarkets were as a whole engaged in one form or the other of strategic planning. This finding is supported by Bryson (1995) who summarized the views of most strategic planning writers and suggested that, a strategic plan may be thought of as a pattern of purposes, policies, programs, actions, decisions, and/or resource allocations that defines what an organization is, what it does, and why it does it. In Bryson's guide to strategic planning, strategic planning is essentially an emergent phenomenon, involving the crafting of a corporate culture through reviews of the organizations present state, and formation of a mission and vision to guide its future development. Leadership is given prominence, counterbalanced with stakeholder issues, which are to be managed internally. This approach may have much to do with the size of the organizations concerned.

The findings from this study about the methods applied by the supermarkets in strategic planning further concur with Johnson and Scholes (2006) findings that there is no single "best practice" for how to do successful strategic planning. The timing and process

will differ depending on industry, market pressures, and the size and culture of the business. This was seen from the fact that most of the supermarkets which had many employees and branches engaged in the planned top-down approach while the not so big supermarkets engaged in the emergent bottom up approach. However, the study established that most supermarkets applied most of the strategic planning best practices as outlined by Johnson and Scholes (2006). Johnson and Scholes (2006) found that there is no one best practice in strategic planning but studies in various companies' strategic planning practices had revealed the practices employed by the world's most successful companies. The results from this study indicated that mainstream supermarkets in Nairobi scored high on some practices but lower on others which could spell some weaknesses in their strategic planning processes. The study revealed that supermarkets scored high on stretch goals which drove strategic thinking out-of-the-box; while the supermarkets used different parameters, most of the fast growing ones set targets that require a shift from business as usual. Most of the supermarkets' planning processes were evolving and flexible. A continuous improvement philosophy guides the planning-process design. However, most supermarkets failed on the communication front which was indicated by Johnson and Scholes (2006) as a formal and significant element of the process and it is viewed as a measure of quality planning. The supermarket also scored low on the best practice of strategic thinking to take place primarily at the business unit level. Most of the thinking in the supermarkets was in the top level. Most mainstream supermarkets also ranked high on the best practice of taking the role of strategic planning as a key element in the management system and explicitly recognizing this fact through strong links to other elements of the management system.

Analysis of results indicate that the major challenges that have been faced by the supermarkets their strategic planning processes included stiff competition from other supermarkets, changing consumer tastes, preferences and demographic trends, employees not having the requisite skills, structure and culture of the company not being in line with strategic plan and lack of cooperation and teamwork during implementation which hindered success of plans.

Implementing the strategic plan is the toughest stage in the strategic planning process. As established by Pearce and Robinson (2005). This was a major challenge to the mainstream supermarkets due to poor communication and lack of an all inclusive process. Putting the strategic plan into effect and getting the organization moving in the direction of strategy accomplishment calls for a fundamentally different set of managerial tasks and skills which were lacking.

Another challenge established by the study included changing of customer expectations and tastes, preferences and demographic trends. These findings concur with those from a study by Womack and Jones (1992) which established that the external dynamics of merchandising firms has increased over the last decade or so. Some of the changes listed were increased competition and the need for more market-focused organizations and technological pressures on firms. Womack and Jones (1992) indicated that firms in the future will be expected to operate in an innovative and perfect way since whereas firms in the 1990s and prior could rely on stable (expanding) market conditions and customer-emphasis on price alone, today markets are less than stable and emphasis is on price, quality, delivery, innovation, and many other expectations.

External environment complexity and turbulence was another major challenge faced by mainstream supermarkets in their strategic planning. This finding concurs with that from a study by D'Aveni (1994), which indicated that External turbulence force companies to act completely different from what they have been used to.

Another major challenge to strategic planning in the supermarkets was leadership. This was chiefly because most of the supermarkets applied the top down approach. This agreed with findings from a study by Kenny (1999) which established that those who implement decisions to the best of their ability are usually those who have made them. The leadership expounded here has a bearing on the effectiveness of the strategic planning process. Most business leaders communicate the strategic plan to subordinates in a weak way thus making the employees follow the plan half heartedly. In implementation, the implementers are likely to be different people from those who

formulated it. For this reason, care must be taken to communicate the strategy and the reasoning behind it. Otherwise, the implementation might not succeed if the strategy is misunderstood or if lower-level managers resist its implementation because they do not understand why the particular strategic plan was selected.

Various studies have been carried out in Kenya in the field of strategic planning. Some of the studies established that most firms in Kenya practice the top-down and emergent form of strategic planning (e.g. Shumbusho, 1983; Sharbani, 2001). This is identified as the classical view referring to rational future-oriented planning; a rational process of deliberate calculation and analysis, designed to maximize long-term advantage. Most strategic planning in Kenya is only a preserve of top management with lower and middle management only engaging in following and implementing the decisions.

Other studies however indicate that there is entrepreneurial aspect in strategic management where management give the lower managers and employees a window to give their views during the strategy formation process and also during the implementation process (Kiliko, 2000). Many leaders in Kenya perceive strategy as a pattern or a plan that integrates organization's major goals, policies and action into a cohesive whole as established by Mwaura (2001). Mwaura established that many managers saw strategic planning as a way of them giving the rest of the organization a way and a formula for moving forward. This agrees with the finding of this study where most leaders in the supermarkets perceive strategic planning as the reserve of top management with little or no participation from the lower management. This also agrees with the findings of Maddock (2002) that managers develop strategies to guide how an organization conducts its business and how it will achieve its objectives.

Further, the supermarkets that used different strategic management styles got mixed results as indicated by this study. This underlines the finding from a study by Kiliko (2001). Kiliko had established that NGOs in Kenya followed different strategic planning practices with different and mixed results thus indicating that there is no one best practice

in strategic planning. However, supermarket studies revealed that most supermarkets endeavored to follow best practices employed by the world's most successful companies.

The findings of this study also agreed with the findings from a study of the strategic planning practices of local pharmaceutical manufacturing firms in Kenya and factors influencing the practices. This study was conducted by Sagwa (2002) and revealed that communication of the strategic plan is a formal and significant element of the process and it is viewed as a measure of quality planning in the firms in the pharmaceutical industry. The study also established that the role of strategic planning as a key element in the management system is explicitly recognized through strong links to other elements of the management system for example, strong human resources and organizational structures. This concurred with the study findings from this research.

CHAPTER FIVE

SUMMARY CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of findings

Changes in the business environment are leading to new and greater demands on strategic planning systems. Moreover, given that strategic planning's sole purpose is to improve strategic performance, improving, assessing and monitoring the strategic planning process would appear to be a key managerial task. However, many organizations do not perform the task. The study was aimed at establishing the strategic planning practices adopted by mainstream retail supermarkets in Nairobi and also establishing the challenges to strategic planning faced by these mainstream supermarkets.

On strategic planning practices, the study findings indicated that all the mainstream supermarkets had a formal strategic plan in place. All the respondents indicated that all the supermarkets had formal strategic plans. Results further indicated that 12 (55%) of the supermarkets had a planned strategic planning practice whereas 10 (45%) had an emergent strategic planning practice. There is no agreed best approach to strategic planning and the effectiveness of the process depends on the practices. The study further sought to find out how the supermarkets carried out their strategic planning. This was to find out where in the company's hierarchy, top or bottom most of the input in the strategic planning emanated from. Results indicated that 17 (77%) of the supermarkets had practiced a top down approach to strategic planning whereas 5 (23%) practiced a bottom up approach. This is an indication that lower level managers and employees were not usually consulted in the strategic planning process.

The study also sought to establish whether the supermarkets surveyed followed best practices in their strategic planning processes. The practices were rated on a likert type scale and respondents were required to rate them on a scale of 1 to 5. Higher rating indicated following the best practice while lower rating pointed to a weakness in the best practice. Findings indicated that the surveyed supermarkets adhered to some best practices but failed on others. The supermarkets followed best practices such as top

management in the supermarkets providing the necessary advice and grievance handling procedure during strategic planning process (4.72), top management giving support and being committed to strategic planning (4.21), top management providing resources necessary to formulate and implement plans successfully (4.21) and having specific targets and critical issues around the planning process that are achievable (4.78). The supermarkets' strategic planning processes were found to adhere to having good implementation of specific critical issues (4.02) and having action plans such as policies, procedures and rules that are well understood to help implementation programmes (4.14).

However, the supermarkets failed in some best strategic planning practices such as all stakeholders more so employees not consulted in the strategic planning process (2.22). Many ideas into the strategic planning process did not emanate from the lower cadre employees (2.37) and top management in the supermarkets had not succeeded in buying in all the employees into the strategic planning process (2.97). This is an indication that lower cadre employees in the supermarkets are alienated from the strategic planning process which may reduce the chances of the lower employees being bought into the process. This could lower the chances of the plans being effectively implemented.

There were major weaknesses in the strategic planning process which jeopardized the effectiveness of the laid down strategic plans. Major weaknesses revealed by the study in the supermarkets' strategic planning processes included failure to involve all stakeholders especially bottom cadre employees in the planning and also communication regarding the strategic plan, having initiatives around the strategic planning which are not even across the company. As a result, there are pockets of resistance within low cadre employees to the implementation of the plan. Another major weakness is lack of comparative industry information since most of the players in the industry excluding one are not listed hence most of their information is private. The operating environment was also seen as bringing a major weakness where customer demands are constantly changing thus making some plans melt down mid way, haphazard planning in the legal and regulatory environment, poor technological development in the rural areas thus hampering coordination of the branches and poor infrastructure.

The challenges which were faced by the supermarkets in the endeavor to have a workable strategic planning process were mixed. Some were specific to the organization whereas others were general to all the industry and environment the organizations operated in. Analysis of results indicate that the major challenges that have been faced by the supermarkets in their strategic planning processes included stiff competition from other supermarkets (4.28), changing consumer tastes, preferences and demographic trends (4.34), employees not having the requisite skills (4.46), structure and culture of the company not being in line with strategic plan (4.11) and lack of cooperation and teamwork during implementation which hindered success of plans (4.42).

Other major challenges hindering strategic planning in the supermarkets were non availability of industry information, non availability of relatively accurate data for use on forecasting of future trends (beyond one year) and the dynamism of the organizations. Dynamism of demographics currently was also seen as a challenge. Other major challenges mentioned by the respondents included lack of sufficient capacity within employees pool to handle relevant change especially technology and the gap in communication between owners and managers driving strategy. Another major challenge put forth by the respondents was putting the strategic plan into effect and getting the organization moving in the direction of strategy accomplishment. This called for a fundamentally different set of managerial tasks and skills which is rare in the workforce. Strategic decisions create a wave of sub-decisions that must be successfully implemented. Typically, the manager-leader usually middle managers and supervisors are held accountable for the implementation of these sub-decisions. It is clear that the particulars of such implementation vary widely from decision to decision, but virtually all decisions require efficient implementation to be successful. This brought a challenge since the ones implementing the decisions were usually not the ones who made them. Most business leaders in the supermarkets communicated the strategic plans to subordinates in a weak way thus making the employees follow the plan half heartedly.

5.2 Conclusion

Strategic planning is important in today's complex and dynamic environment to enable organizations to remain competitive and vibrant in their mission. The study sought to find out whether the mainstream supermarkets in Nairobi had a formal strategic planning practice and whether they engaged in strategic planning as a way to guide their operations and direction. The study established that most of the supermarkets had a planned form of strategic planning. This is because they seemed to have a concerted effort to lay down plans to give direction to the organization. The supermarkets were found to have mechanisms in place to be said to be engaging in strategic planning. The supermarkets were seen to have management which had an aim of understanding the strategic position of the organization. Most of the supermarkets were engaged in the top-down or planned approach which is a classical view, referring to rational future-oriented planning; a rational process of deliberate calculation and analysis, designed to maximize long-term advantage. Some supermarkets however engaged in the bottom-up approach to strategic planning.

Most of the ideas in the supermarkets' strategic planning came from the top management which is seen as what the leaders of an organization 'plan' to do in the future. This is then communicated to the lower cadre managers and employees of the organization who are engaged in implementation of the laid down plans. The approach used by many of the mainstream supermarkets seemed to alienate the lower cadre employees thus reducing its acceptability and effectiveness in implementation. Those supermarkets which applied an emergent approach to strategic planning made it possible for more innovation and fine-tuning when circumstances and some factors changed. Only a few of the mainstream supermarkets were found to have an approach to strategy which allowed for ideas from the lower cadre employees and to allow an emergent approach. This resulted to a more agreeable plan and effective implementation process as per the study results. Although there is no best way of engaging in strategic planning, there are best practices that successful companies should adhere to. The supermarkets employed the following best practices: having stretch goals which drive strategic thinking out-of-the-box by having planning processes that are evolving and flexible; a continuous improvement philosophy

guiding the planning-process design; top leadership being committed to the strategic goals. However, the supermarkets failed on the following best practices: communication front which is a formal and significant element of the process and it is viewed as a measure of quality planning and; strategic thinking taking place primarily at the business unit level.

There were various challenges that faced the mainstream supermarkets in their strategic planning processes. Major ones included stiff competition from other supermarkets, changing consumer tastes, preferences and demographic trends, employees not having the requisite skills, structure and culture of the company not being in line with strategic plan and lack of cooperation and teamwork during implementation which hindered success of plans. Implementing the strategic plan is the toughest stage in the strategic planning process. This was a major challenge to the mainstream supermarkets due to poor communication and lack of an all inclusive process. Putting the strategic plan into effect and getting the organization moving in the direction of strategy accomplishment calls for a fundamentally different set of managerial tasks and skills which were lacking. Another major challenge included change in customer expectations and tastes, preferences and demographic trends. External environment complexity and turbulence was another major challenge faced by mainstream supermarkets in their strategic planning.

5.3 Recommendations for Further Research

The study was aimed at establishing the strategic planning practices adopted by mainstream supermarkets in Nairobi. This excluded the small and medium sized supermarkets which are a major contributor in the industry and also in the economy. There are about 400 supermarkets in the country whereas this study only focused on the biggest 22 which employ more than 50 employees.

For further research on strategic planning in supermarkets, the researcher recommends another study that will include the small and medium sized companies to establish their strategic planning practices and to establish whether they engage in any strategic

planning at all. This study should have a sample from all the 400 supermarkets in Kenya today not just those in Nairobi City and its environs.

5.4 Limitations of the Study

The study results may have the following limitations due to the nature of the study methodology or the merchandising industry. First, only one of the mainstream supermarkets in Kenya (Uchumi Supermarkets) is publicly listed. This made the availability of secondary data very limited and the study relied primarily on primary data from the questionnaire survey which could be biased. However, this limitation was mitigated by studying all the mainstream supermarkets and checking for consistency and patterns in the questionnaires. Another limitation is generalizability of the findings to all the supermarkets in Kenya. The results cannot be readily generalized to other smaller supermarkets in the country since they have entirely different situations and factors.

5.5 Recommendations

The study established that mainstream supermarkets engage in formal strategic planning but there are major weaknesses in the processes due to not following the best practices. The study therefore recommends to the mainstream supermarkets to adhere to the best practices such as having a visible and effective communication process spearheaded by an experienced person that ensures that information on strategic plans is timely communicated across the organization. Another improvement would be to embrace technology in the planning models which can enhance inclusivity of the process where many stakeholders are consulted and incorporated in the process. Top management commitment is also an important catalyst in the planning process which can make or break the implementation process. The supermarkets top management should ensure that top managers act as leaders in the planning process.

The government is also an important player in the external environment of the merchandising industry. The government should therefore put in place policies and regulations in place that stimulate growth in the industry. These measures should be communicated to all the stakeholders in the industry which will reduce risk and

uncertainty in the legal and policy framework. The government should also improve infrastructure (both transport and communication) to open up more markets which will not constrict supermarkets in only the major towns.

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APPENDICES

Appendix I: Questionnaire

SECTION A: GENERAL INFORMATION

(Kindly [√] tick as appropriate or put your response on the space provided)

1. When did the supermarket start operations?.....
2. How many branches does the supermarket have?.....
3. How many employees does the supermarket currently have?.....

SECTION B: STRATEGIC PLANNING PRACTISES

1. Does the supermarket have a formal a strategic plan?

Yes []
 No []

2. How can you term your strategic planning practice?

Planned []
 Emergent []

3. How does the company carry out its strategic planning?

Top to down []
 Bottom up []

4. State the extent to which you agree or disagree on the statements above (tick appropriately)

Very Great Extent [5] Great extent [4] Moderate Extent [3]
 Low Extent [2] Very Low Extent [1]

| Statement | Response Ratings | | | | |
|---|------------------|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 |
| Top Management provides the necessary advice & grievance handling procedure during strategic planning process | | | | | |
| All stakeholder more so employees are consulted in the Strategic Planning | | | | | |
| There is top management support & Commitment to strategic planning | | | | | |
| Top management have succeeded in buying in all the employees into the strategic planning process | | | | | |
| Top Management give resources to formulate and implement plans successfully | | | | | |
| Top management encourages all stakeholders to participate | | | | | |

| | | | | | |
|---|--|--|--|--|--|
| in the strategic planning process | | | | | |
| Top management have been involved actively in training and empowering all employees on strategic planning | | | | | |
| All employees participate in the strategic planning process itself | | | | | |
| The specific targets and critical issues around the planning process are achievable | | | | | |
| In my opinion, strategies for specific critical issues are well implemented at this supermarket | | | | | |
| Strategies are implemented successfully at the supermarket | | | | | |
| Action plans such as policies, procedures and rules are well understood to help implementation programmes | | | | | |
| Many ideas into the strategic planning come from lower cadre employees | | | | | |

5. In your view, what can you tell as the major weakness in the company's strategic planning?

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6. What measures do you recommend to improve strategic planning practice in the supermarket?

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SECTION C: CHALLENGES IN STRATEGIC PLANNING

1. In your own view, indicate the extent the factors listed in the table below affect Strategic Planning at the supermarket?

Very great extent [5] Great extent [4] Moderate [3]
 Low extent [2] Very low extent [1]

| Challenges to strategic planning | Ratings | | | | |
|---|---------|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 |
| Government policies and regulations | | | | | |
| Stiff competition from other supermarkets | | | | | |
| Changing consumer tastes and preferences | | | | | |
| Volatility of the technological environment | | | | | |
| Changing demographic trends | | | | | |
| Employees not having the requisite skills | | | | | |
| Lack of management commitment | | | | | |
| Lack of adherence to formulated strategies | | | | | |
| Structure and culture of the company not being in line with strategic plan | | | | | |
| Our strategic planning is usually affected by insufficient capital to implements the plans formulated | | | | | |
| Lack of cooperation and teamwork during implementation hinders success of our plans | | | | | |
| Changing technology lending some plans unworkable midway | | | | | |
| Misalignment of the strategic plans with the company culture | | | | | |
| Nonalignment of the strategic plans to the leadership | | | | | |
| Lack of fit between strategic plans and company structure | | | | | |
| Having too many ideas in the strategic planning process | | | | | |

2. In your opinion, what can you rate as the major 3 challenges hindering strategic planning in the organization?

- i).....
- ii).....
- iii).....

3. What measures can be put in place to check on the challenges that affect strategic planning at the supermarket?

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Thank you for your participation

Appendix II: Population

1. Nakumatt Holdings Ltd
2. Tuskys Supermarket
3. Ukwala Supermarket
4. Uchumi supermarkets
5. Naivas Supermarket
6. Nova Supermarket Ltd
7. Armed Forces Canteen Organization
8. Builders Supermarket Ltd
9. Buru Buru Mini Market
10. Cash & Carry Ltd Supermarkets
11. Chandarana Supermarkets Ltd
12. Clean Way Ltd Supermarkets
13. Continental Supermarket Ltd
14. Deepak Cash & Carry Ltd Supermarkets
15. EastMatt Supermarket Ltd
16. Ebrahim & Co Ltd Supermarkets
17. Fairdeal Shop & Save Ltd Supermarkets
18. Jack & Jill Ltd Supermarkets
19. Karen Supermarket
20. Mesora Supermarket Ltd
21. Metro Cash & Carry (K) Ltd Supermarkets
22. Muthaiga Mini Market Ltd
23. Woolmart supermarkets