

**CHALLENGES IN STRATEGIC PLANNING IN THE
DAIRY COOPERATIVES IN KIAMBU COUNTY, KENYA**

BY:

NJOROGE TIMOTHY KIBE

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT
OF THE REQUIREMENT OF AWARD OF THE DEGREE OF
MASTER OF BUSINESS ADMINISTRATION**

**SCHOOL OF BUSINESS
UNIVERSITY OF NAIROBI**

NOVEMBER, 2011

DECLARATION

This research project is my original work and has not been presented for examination in any other University.

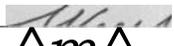
Signed:

Date:

NJOROGE TIMOTHY KIBE

D61/75319/2009

This research project has been submitted for examination with my permission and University Supervisor.

Signature:  Date: *MlzUr ^ if*

DR. JOHN YABS

LECTURER

SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI

ACKNOWLEDGEMENTS

Appreciation goes to my Supervisor Dr. John Yabs who regardless of his tight schedule was always available to guide and review my project from its inception, throughout to its successful completion.

I would also like to thank my family members: brothers Wainaina. Munenge. KTmani. Ng'ang'a my sister Wambui and sisters-in-law Wambiii Njoroge and Ruth Wambugu for having played their part.

I cannot forget my friends of many years GTkera Njogu, Waweru NgigT, Wanjiku Maina, Wainaina Mburu. N'gang'a Wanyoike. Ndun'gu Njuguna, KThara Mbutia, GTau Mburu and GTcumbi Mburu. Thank you all.

Finally, I cannot forget the respondents of the questionnaires and the University of Nairobi fraternity.

DEDICATION

To my parents. Esther Njeri and Joseph Njoroge

ABSTRACT

The aim of the research project was to investigate if the dairy cooperative societies in the Kiambu County practice strategic planning and the challenges they faced in strategic planning.

The study population consisted of all the dairy cooperative societies which were 17 and primary data was collected by use of self-administered questionnaires. These questionnaires were structured into key themes and content including the cooperative information, strategic planning and challenges in strategic planning.

The project findings showed that about 91% of the cooperatives were more than 40 years old and all the respondents had vision, mission statements and strategic plans with most of them having a time horizon of 5 years and were documented. All the respondents indicated that they understood the contents of the strategic plans and majority (64%) always challenged the cooperative strategic direction.

The project results also illustrated the major challenges which affected strategic planning. According to the study findings, these include financial constraints, rapidly changing market trends and complexity of the operating environment in that order. Other challenges include infrastructure specifically poor road network, high competition and lack of members' loyalty. Most of the cooperatives used less than 10% of their budget on strategic planning and majority of the respondents agreed that their strategic plans and strategies were flexible and changed frequently.

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ACRONYMS AND ABBREVIATIONS

CEO	Chief Executive Officer
DCO	District Cooperative Officer
ICA	International Cooperative Alliance
KDB	Kenya Dairy Board
K.NFC	Kenya National Federation of Cooperatives
MCD & M	Ministry of Cooperatives Development and Marketing
SWOT	Strengths Weakness Opportunities and Threats

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Organisations face challenging future where managers need to work smarter to achieve growth and profit targets. Senior managers and boards perceive the market-place as becoming more complex and challenging. As environmental turbulence increases, strategic issues that challenge the way an organisation plans and implements its strategy emerge with greater frequency (Perrot. 2008). The environment of an organisation in business just like any organic entity is the pattern of all the external conditions and influences that affect its life and development. Changes in the environment of business necessitate continuous monitoring of a company's definition of its business lest it falter, blur, or become obsolete (Mintzberg & Quinn, 1991).

No cooperative exists in a vacuum but must operate in a given economic and social environment. It must strive, of course, to modify and improve that environment but it cannot do so unless it recognizes the overriding problems, first of the immediate community, then the larger region and finally of the nation and indeed of humanity itself. In the modern age therefore, cooperatives must be prepared to test some completely new ideas and concepts in their planning, as cooperatives are often accused of planning in response to crisis situation, such as the loss of members or severe pressure from competitors (Laidlaw, 1987).

1.1.1 Strategic Planning

Strategy is the direction and scope of an organization over the long term which achieves advantage in a changing environment through its configuration of resources and competencies with the aim of fulfilling stakeholders' expectations (Johnson, Scholes & Whittington, 2008). Strategy is the pattern of approaches and moves crafted by management to produce successful performance (Pierce & Robinson, 2007). Strategic management emanated from the first function of management planning. Planning is the setting up of all that is intended to be done and the allocation of resources to attain those objectives. The purpose of planning is to reduce uncertainty and lessen surprises in future.

Strategic formulation begins with situational analysis. The purpose of situational analysis is to draw out those features in a company's internal/external environment which most directly frame its strategic window of options and opportunities. The goal of industry and competitive analysis is to fully reveal the strategically relevant features of an industry's overall situation by probing into such specifics as the dominant economic characteristics of the industry, the drivers of change in the industry, the nature and strength of the competitive forces, the position of key competitors and the moves they are likely to make next, the key factors influencing competitive success and the reason why an industry is relatively attractive or unattractive (Thompson & Strickland, 1989).

According to Thompson, Strickland and Gamble (2008) developing a strategic vision and mission, setting objectives and crafting a strategy are basic direction setting tasks.

They map out where a company is headed, the targeted strategy, financial outcomes and internal action approaches to be used in achieving the desired results. Together they constitute a strategic plan for coping with the industry and competitive conditions, the expected actions of the industry's key players and the challenges and issues that stand as obstacles to the company's success. Pierce and Robinson (2007) explained that the task of forming a strategy begins with an analysis of the organization's internal and external situation and devising a comprehensive set of moves and approaches calculated to produce the targeted short run and long run results. A strategic plan therefore lays out the company's future direction, performance targets and strategy.

On the external side, environmental factors are what matters most to success: strategy development should be primarily about seeking attractive opportunities in the market place. The internal approach is about the specific strategic capabilities, resources or cultures that should drive the strategy. In practice though, internal and external views need to be reconciled. According to Wheelen and Hunger (2008) unless the top management encourages and supports the planning process, strategic management is not likely to result. Imitating a leading competitor's strategy might seem good idea but it ignores a firm's particular strengths and weaknesses and the possibility that the leader may be wrong.

Organization's situations contain unique aspects. The management has to customize its strategic moves and approaches to fit the relevant internal and external circumstances. Because every organization situation changes over time, its strategy is continuously evolving as managers modify the approaches they take and initiate new moves to respond to changing conditions (Pierce & Robinson, 2007).

1.1.2 Challenges in Strategic Planning

It has to be recognized that there is no one right way in which strategies are developed. The challenge is for managers to recognize the potential benefits of different processes of strategic development so as to build organizations capable of adapting and innovating within a changing environment, yet achieving the benefits of more formal processes of planning and analysis to help this where necessary (Johnson et al., 2008). The planning process can become obsessed with the search for absolute determinants of performance, for example a definitely right strategy. It is very unlikely that a "right" strategy will somehow naturally fall out of the planning process. Further, the organization's culture or "the way we do things around here" is likely to have important implications for the development of strategy in organizations (Johnson & Scholes, 2002).

As more and more markets become global, the number of factors a company must consider in any decision becomes huge and more complex. The environmental uncertainty is a threat to strategic managers because it hampers their ability to develop long range plans and to make strategic decisions to keep the corporation in equilibrium with its external environment. Imitating a leading competitor's strategy might seem good idea but it ignores a firm's particular strengths and weaknesses and the possibility that the leader may be wrong (Wheelen & Hunger, 2008).

While trying to create strategy through formal planning, most often leads to extrapolating existing ones or copying those of competitors (Mintzberg, Lampel, Quinn. & Ghoshal, 2003). Strategic planning can become over detailed in its approach, concentrating on extensive analysis which while sound in itself may miss the major strategic issues facing the organization. For example it is not unusual to find companies with huge amounts of information on their markets, but with little clarity about the strategic importance of that information. The result is information overload with no clear outcome. Planning can also become obsessed with the search for absolute determinants of performance, for example a definitely right strategy. It is unlikely that a "right" strategy will somehow naturally fall out of the planning process. It might be more important to establish a more generalized strategy direction within which there is flexibility (Johnson & Scholes. 2002).

1.1.3 Cooperative Societies in Kenya

ICA defines a cooperative as "...an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise". A cooperative is meant to embody the values of self-help, honesty, openness, self-responsibility, social responsibility, democracy, equality, equity, solidarity, mutual caring, efficiency, effectiveness, transparency and accountability.

The cooperative movement originated in Europe. The first Co-operative Society in the world was formed in 1844 in a village in England known as Rochdale, by a group of people referred to as the Rochdale Pioneers, when Britain was undergoing the industrial revolution.

In Kenya, the first Co-operative Society was Lumbwa Co-operative Society (currently known as Kipkelion) in Kericho. formed in 1908 by the European Farmers with the main objective of purchasing fertilizer, chemicals, seeds and other farm input and then market their produce to take advantage of economies of scale. In 1930, Kenya Farmers Association was registered as a Co-operative Society to take over the role of supply of farm inputs played by Lumbwa Co-operative Society.

The African smallholder farmers fought for formation of their own cooperatives and in 1944 colonial officers opened the door for Africans to form and join cooperatives. Later in 1950's they were allowed to promote and register cooperatives for cash crops like coffee and pyrethrum. Consequently at independence in 1963, there were 1,030 cooperative societies with 655 being active with a total membership of 355,000. Today, there are more than 12,000 registered cooperative societies nationally with a membership of over 7 million. About 63% of the Kenya population directly and indirectly depends on the co-operative related activities for their livelihood (KNFC. 2010).

Cooperatives in the country are grouped into agricultural co-operatives (including marketing), financial (SACCOs), service (Housing & Insurance), and consumer co-operatives. The movement cuts across all sectors of the economy including agriculture, finance, livestock, housing, transport, construction, and manufacturing. Kenya's long history of cooperative development has been characterized by strong growth, thus making a significant contribution to the overall economy. Empirical evidence shows that cooperatives play an important role in Kenya's economy.

In the agricultural sector, cooperatives previously handled over 72 per cent of coffee sales, 95 per cent of cotton sales, 76 per cent of dairy produce sales, and 90 per cent of pyrethrum sales (Wanyama, Develtere, & Pollet 2009).

1.1.4 Cooperative Societies in Kiamhu County.

The major economic activity in Kiambu County is agriculture specifically in tea, coffee, dairy, poultry and horticulture fanning. Cooperatives cut across all sectors of the economy in this county but are mainly concentrated in the agricultural sector and provide an important framework for mobilization of both human and capital resources. The main task of agricultural cooperatives has been to collect farmer's produce, store it and then transport it to designated buyers and agents. They also receive payments for the produce and pass this to the members. In addition, cooperatives have also been important in the delivery of various inputs such as fertilizers, pesticides, fungicides, pumps for spraying crops and livestock and animal feed (Gamba & Komo. n.d, p. 05).

Most of the cooperative societies in this county in the previous years were in the coffee industry. The collapse of the coffee prices in the world market in the 80"s coupled by leadership wrangles, misappropriation of society assets, political interference and unfavourable government policies led to demise of most of these cooperatives. In addition, the collapse of marketing unions has reduced the capacities of the co-operatives to serve members effectively and to meet the challenges posed by globalization.

The reduction of donor and government support and involvement in cooperatives has left the cooperatives to the vagaries of the markets. After the economy was liberalized in the 90"s. other players have since come to provide the services that were once a preserve of cooperatives like the provision of farm inputs, credit, processing, transportation and even marketing. The cooperatives are thus faced with stiff competition and struggle to retain members. But liberalization has also given cooperatives the impetus to re-examine their organizational formations with a view to reorganizing in their best interest rather than the interest of the state as had been the case in the past era. It is in this regard that cooperatives are increasingly diversifying their activities in order to respond to the challenges of the market as they endeavour to satisfy the interests and demands of their members.

1.2 Research Problem Statement

Strategic planning takes a "big picture" approach that blends futuristic thinking, objective analysis, and subjective evaluation of values, goals, and priorities to chart a future direction and courses of action to ensure an organization's vitality, effectiveness, and ability to add public value. The strategic planning processes need to facilitate understanding of the forces driving issues, explore options in terms of their feasibility and likely consequences, and stimulate candid discussions regarding the costs and risks associated with various alternatives (Rumelt. 2011).

But there is no one way to plan, and there is more than one way to plan effectively. The type of business, the managerial competence, the intensity of competition, and the turbulence in the environment determine what planning system will make sense (Hax & Majluf, 1984).

The challenge is for managers to recognize the potential benefits of different processes of strategic development so as to build organization capable of adapting and innovating within a changing environment, yet achieving the benefits of more formal processes of planning and analysis to help this where necessary (Johnson et al., 2008).

The prior studies have been done on the dairy industry include: Kilungo, Kosura, and McDermott (1999). Allocative Efficiency in Smallholder Dairy Production in Kenya: Kavoi. Hoag and Pritchett (2010) Economic Performance of Exotic Dairy cattle under Smallholder Conditions in the Marginal zones of Kenya using Three Analytical Approaches; Hoorweg, Leegwater and Veerman (2000), Nutrition in Agricultural Development: Intensive Dairy Farming by rural Smallholders:

Mooney (2004), Democratizing Rural Economy: Institutional Friction, Sustainable Struggle and the Cooperative Movement: Kedebe and Schreiner (1996). Economies of Scale in Dairy Cooperatives in Kenya; Cheng'ole. Kimenyi and Mbogoh (2003). Engendered Analysis of the Socioeconomic Factors Affecting Smallholder Dairy Productivity: Experience from Kenya: Kiarie (1993). Apriori determinations of producer suppliers to co-ops: Case of Limuru dairy co-op: Kioi (2001). Strategies and the forces influencing them within Kenya's dairy industry: Odondi (2001). Physical distribution and sales performance. A case of dairy processing firms in Nairobi: Cheluget (2003), A study of responses of milk processing firms to increased turbulence in the macro environment of the dairy industry in Kenya. A case study of New KCC Ltd; Kariuki (2008), Strategy evaluation and control among dairy processing firms in Kenya; Kwanya (2008), Vertical integration and competitive strategy of dairy processors: A case of Githunguri farmers co-operative society Limited:

Mutisya (2009), Responses by Githunguri dairy farmers cooperative society Limited (GDFCSL) to the increased macro environment turbulence.

The only study that has therefore been done on dairy cooperative societies has been case studies on those that do milk processing. A research gap therefore exists in that no research survey has been conducted to find out if the dairy cooperative societies in Kiambu County practice strategic planning and the challenges they face in strategic planning. The dairy cooperatives in Kiambu County are confronted by various challenges. The informal marketing channels not only reduce the volumes to the cooperatives but also expose the public to health and hygiene related risks. There is also the high cost of production and with the liberalization of the dairy sector in the 90"s. farmers are paid according to the forces of demand and supply in the market. The heavy capital investment required for value addition is also a major challenge leading to most cooperatives selling raw milk to individuals or to bulk processing plants. Do the dairy cooperatives societies in Kiambu County, Kenya practice strategic planning? What challenges do they face in strategic planning?

1.3 Research Objectives

The research study sought to find out strategic planning challenges in the dairy cooperatives in Kiambu County, Kenya.

1.4 Value of the Study

Agriculture has been considered as a critical component for the realization of vision 2030. This includes specific strategies that involve the following: (i) transforming key institutions in agriculture and livestock to promote household and private sector agricultural growth: and (ii) increasing productivity of crops and livestock.

The Ministry of Cooperatives Development and Marketing (MCD&M), Kenya Dairy Board (KDB), Ministry of Agriculture and the Ministry of Planning, National Development and Vision 2030 will therefore benefit from the findings.

The new Counties created will be the focal point for administrative and economic activities in the country. The Kiambu County will be greatly assisted by this research when formulating policies for the dairy sector and also in understanding the problems that bedevil the dairy industry in the County.

The study will be important to the dairy cooperatives in understanding the challenges faced in strategic planning. The research will also contribute to the existing literature on strategic planning and scholars, researchers and academicians will also be interested in those areas that require further research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Strategy is the direction and scope of an organization over the long term which achieves advantage in a changing environment through its configuration of resources and competencies with the aim of fulfilling stakeholders' expectations (Johnson, Scholes & Whittington, 2008). A company's strategy consists of the competitive moves and business approaches that managers employ to grow the business, attract and please customers, compete successfully; conduct operations and achieve the targeted levels of organization performance (Thompson, Strickland & Gamble, 2008).

This chapter explores the theoretical aspects of strategic planning, challenges in strategic planning and the challenges facing cooperatives in strategic planning.

2.2 The Concept of Strategic Planning.

Strategic management emanated from the first function of management planning. Planning is the setting up of all that is intended to be done and the allocation of resources to attain those objectives. The purpose of planning is to reduce uncertainty and lessen surprises in future. Strategic formulation therefore includes developing a business mission, identifying organization external opportunities and threats, determining internal strengths and weaknesses, establishing long term objectives, generating alternative strategy and choosing particular strategy to pursue (Yabs, 2007).

The planning systems also provide a selection mechanism by which new ideas can be evaluated. Plans typically embody the strategy as it is generally accepted, so in a sense, new ideas and innovations have to compete for their survival, or prove their worth against such plans and planning processes (Johnson & Scholes, 2002). Strategic formulation often referred to as strategic planning or long range planning is concerned with developing a corporation's mission, objectives, strategies and policies. It begins with situational analysis: the process of finding a strategic fit between external opportunities and internal strengths while working around external threats and internal weaknesses (Wheelen & Hunger. 2008).

The task of formulating a strategy begins with an analysis of the organization's internal and external situation, and devising a comprehensive set of moves and approaches calculated to produce the targeted short run and long run results (Pearce & Robinson. 2007). Developing a strategic vision and mission, setting objectives and crafting a strategy are basic direction setting tasks. They map out where a company is headed, the targeted strategic and financial outcomes and internal action approaches to be used in achieving the desired business results. Together they constitute a strategic plan for coping with industry and competitive conditions, the expected actions and issues that stand as obstacles to the company's success (Thompson et al., 2008).

According to Wheelen and Hunger (2008) strategic planning is a decision making mode. It involves the systematic gathering of appropriate information for situation analysis, the generation of feasible alternative strategies and the rational selection of the appropriate strategy.

It includes both proactive search for new opportunities and the reactive solution to existing problems. Jones (2010) noted that strategic planning involves choices about what the organization wants to achieve and which strategy is best suited to achieve it. Thompson and Strickland (1989) argued that from a strategy making standpoint, the purpose of situational analysis is to draw out those features in a company's internal and external environment which most directly frame its strategic window of options and opportunities, that is, managerial attention need to be examined primarily from a strategy making perspective.

Hax and Majluf (1984) explained that an environmental scan is an attempt to diagnose the general health of the industrial sectors relevant to the businesses of the corporation. It assesses the economic, political, technological, and social climates that affect the corporation. This assessment should be conducted, first, from a historical perspective to determine how well the corporation has mobilized its resources to meet the challenges presented by the external environment: and then, with a view to the future, to forecast future trends in the environment and to re-position the organization's internal resources in order to adapt to those trends.

The firms must always strive to craft strategies that are appropriate. Yabs (2007) noted that appropriate strategy refers to the strategy that fits well within the firm's prevailing circumstances and that which can lead to the company's attainment of its objectives. The appropriateness of a strategy is determined by the results of the environmental analysis and the decision of the corporate level executives. It is also determined by the kind of product or service that is being offered as well as the technology to be used and the calibre of personnel needed.

Other factors that determine the appropriateness of a strategy include the availability of funds, political stability, fiscal and monetary policies and the level and intensity of industrial rivalry. Thompson et al. (2008) explained that masterful strategies come partly or mostly by doing things differently from competitors where it counts-out innovating them, being more efficient, being more imaginative, adapting faster-rather than running with the herd. Good strategy making is therefore inseparable from good business entrepreneurship. One cannot exist without the other. Pearce and Robinson (2007) noted that the crafting and executing strategy are core management functions. There is nothing that affects a company's ultimate success or failure more fundamentally than how well its management team charts the company's direction, developing competitively effective strategic moves and business approaches, and pursues what needs to be done internally to produce good day-in. day out strategic execution and operational excellence.

In companies that do regular strategic reviews and develop explicit strategic plans, the strategic plan usually ends up as a written document that is circulated to most managers and perhaps selected employees. Near term performance targets are the pail of strategic plan most often spelled out explicitly to communicate to employees. A number of companies summarise key elements of the strategic plans in the company's annual report to shareholders, posting in their web site or in statements provided in business media. In small privately owned companies it is rare for strategic plans to exist in written form. These tend to reside in the thinking and directives of owners or executives with aspects being reviewed in meetings and conversations with company personnel and the understandings and commitments among managers and key employees about where to head, what to accomplish and how to proceed (Thompson et al.. 2008).

Most firms however, analyse the available alternative strategies before they embark on formulating their own strategy. It might be cheaper for companies to borrow and use already known strategies instead of formulating its own. Some strategies are fairly standard and have been tested in practice and found to assist firms attain success. Individual firms can select these strategies, modify them to suit their own unique circumstances and then implement them accordingly (Yabs, 2007).

Unless the top management encourages and supports the planning process, strategic management is not likely to result. In most corporations, top management must initiate and manage the strategic planning process. It may do so by first asking business units and functional areas to propose strategic plans for themselves or it may begin by drafting an overall corporate plan within which the units can then build their own plans. Research suggests that bottom-up strategic planning may be most appropriate in multidivisional corporations operating in relatively stable environment but that top down strategic planning may be most appropriate for firms operating in turbulent environments (Wheelen & Hunger. 2008).

Strategic planning therefore takes a "big picture" approach that blends futuristic thinking, objective analysis, and subjective evaluation of values, goals, and priorities to chart a future direction and courses of action to ensure an organization's vitality, effectiveness, and ability to add public value. The strategic planning processes need to facilitate understanding of the forces driving issues, explore options in terms of their feasibility and likely consequences, and stimulate candid discussions regarding the costs and risks associated with various alternatives (Ruinelt, 2011).

But there is no one way to plan, and there is more than one way to plan effectively. The type of business, the managerial competence, the intensity of competition, and the turbulence in the environment determine what planning system will make sense (Hax & Majluf, 1984).

2.3 Challenges in Strategic Planning

It has to be recognized that there is no one right way in which strategies are developed. The challenge is for managers to recognize the potential benefits of different processes of strategic development so as to build organization capable of adapting and innovating within a changing environment, yet achieving the benefits of more formal processes of planning and analysis to help this where necessary (Johnson et al., 2008).

As more and more markets become global, the number of factors a company must consider in any decision becomes huge and more complex. The environmental uncertainty is a threat to strategic managers because it hampers their ability to develop long range plans and to make strategic decisions to keep the corporation in equilibrium with its external environment (Wheelen & Hunger. 2008).

The planning process can become obsessed with the search for absolute determinants of performance, for example a definitely right strategy. It is very unlikely that a "right" strategy will somehow naturally fall out of the planning process. Further, the organization's culture or "the way we do things around here" is likely to have important implications for the development of strategy in organizations.

Organization's culture can have conservative influence, likely to prevent change, stifle innovation and constrain strategy development. Powerful individuals and groups may also strongly influence the identification of key issues, the objectives of the organization and even the strategy eventually selected. Differing views may be pursued not on the basis of the extent to which they reflect environment or competition pressures for example but also because they have implications for the status or influence of different stakeholders (Johnson & Scholes, 2002). While trying to create strategy through formal planning, most often leads to extrapolating existing ones or copying those of competitors (Mintzberg, Lampel, Quinn, & Ghoshal, 2003). Imitating a leading competitor's strategy might seem good idea but it ignores a firm's particular strengths and weaknesses and the possibility that the leader may be wrong (Wheelen & Hunger, 2008).

2.4 Challenges Facing Cooperatives in Strategic Planning

No cooperative exists in a vacuum but must operate in a given economic and social environment. It must strive, of course, to modify and improve that environment but it cannot do so unless it recognizes the overriding problems, first of the immediate community, then the larger region and finally of the nation and indeed of humanity itself (Laidlaw, 1987). Today, there is the problem of efficiency in that no clear goal has been defined or that there are competing goals within the cooperative. Sometimes where the goals and objectives are well defined, there has been a less than whole-hearted acceptance of these goals by the members.

Also, because of their social dependence on the cooperative leaders and because of sheer ignorance, ordinary peasant-members do not exercise any democratic control over the management of the cooperatives. For instance, the balance sheet read to them at the annual General Meeting is beyond the comprehension of most members attending the meeting (Widstrand. 1972). Further, the general situation in many cooperatives perhaps the majority is that a rather small percentage of members attend meetings and in some, it is difficult to attract the necessary quorum for a General Meeting (Laidlaw. 1987).

According to Widstrand (1972) corruption and deliberate misuse of funds is the most serious of the many management problems facing the cooperatives. The reason for high incidence of corruption or fraud cases in the cooperative movement seems to be the conflict of standards and norms implied in the formal regulation of the cooperatives and the informal customs prevailing in the rural areas. Poor management often leads to apathy among members. This makes the committee members and staff get even more opportunities to mismanage the society. Igual and Marti (2003) noted that the constant reductions in income which producers have been suffering in recent years have caused members to be more demanding of their cooperative societies.

Widstrand (1972) noted that there is also a problem of "elitism" and "factionalism" within cooperatives as a result of traditional kinship, clan or ethnic ties combined with economic and social inequalities. One result has been the emergence of a few privileged "leaders" of the community-traders, money lenders, wealthy landowners or farmers, politicians-who exercise undue influence over the affairs of the cooperative, and appropriate undue share of the fruits of the joint enterprise.

Meanwhile the rest of the members fail to develop an individual initiative or drive towards self help and democratic control which would qualify them as genuine. There is also lack of public education. Without the basic "understanding" people will not have the opportunity to choose cooperative solutions to meet their individual needs (Sparks. 2002). The growing concern for environment and food safety issues make it necessary for members of cooperative societies to become aware of these concerns before trying to implement measures to ensure environmental friendly agriculture. It is the task of each society to ensure that members are kept informed on these subjects (Igal & Marti. 2003).

According to Donaldson (2003) the complexities of the modern markets and technologies suggest a need for managers who can provide a lead, and who can provide it on the bases of open and agreed values, agreed with members and other stakeholders. Cooperative corporate governance presents a different from that of the majority quoted companies. The management methods of large cooperatives are often similar to those of quoted companies in terms of customs and practices as well as in terms of compliance with statutory requirements. However, there is need to devise more active roles for stakeholders and matching their expectations together with development of more company specific checks and balances.

The persistent management problems of the cooperative sector have caused great difficulties for the sector to increase or even maintain its growth and performance effectively and sufficiently. Cooperative values have been neglected and not thoroughly understood by all cooperative members, staff and at worst, leaders and managers (Karakak, 2003).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

Research methodology is a way to systematically solve the research problem. The chapter explains issues related to how the research was conducted that is, design, population, data collection and data analysis. The overall purpose of the research is to assess information needs and provide relevant information in a systematic and objective manner.

3.2 Research Design

Research design specifies a blue print for the research. The cross-sectional research survey was used and this involved the collection of information from a given population elements only once. The cross-sectional study is the most frequently used descriptive design in research. Descriptive research design is used to describe the characteristics of the phenomena and to obtain information concerning the current status of the phenomena, that is. it describes "what exists" with respect to variables or conditions in a situation. The descriptive research was appropriate for this study because it collected data from a broad category of units which was important for comparisons intended. Other researchers who had used descriptive design include: Bahati (2006); Kariuki (2008); Mathenge (2008).

3.3 Population

The target population consisted of all registered dairy cooperatives in Kiambu County as at last year from the records obtained from the various district headquarters in the Kiambu County. From their records, the total the number of dairy cooperatives was 17.

3.4 Data Collection

Primary data was collected and a census survey was used. The main instrument for data collection was a self-administered questionnaire with close and open-ended questions which was administered by the researcher through hand-delivering means and picking later. The questionnaire was structured into key themes and content including: respondent profile, general cooperative information, strategic choice and challenges in strategic planning. The objectives of this study required the General Manager of the dairy cooperative society to be the key respondent. However 4 respondents declined to fill the questionnaire unless the researcher was present and the researcher had to resort to face to face interview.

3.5 Data Analysis

Data analysis refers to extraction or derivation of meaningful information from a mass of data. The filled questionnaires were edited, coded and then tabulated. Descriptive statistics was used to describe the basic features of the primary data. According to Bickel and Lehman (1975), descriptive statistics deals with measures of different aspects of a population (or a distribution of population values). Descriptive measures that were used include the mean, as a measure of central tendency, and the standard deviation as a measure of variability. Content analysis was used to analyse qualitative data.

Cooper and Schindler (2003) explained that content analysis measures the semantic content or the what aspect of a message. Its breadth makes it a flexible and wide-ranging tool that may be used as a methodology or as a problem specific tool. Other researchers who had used descriptive data analysis include: Muriuki (2005): Khamis (2006): Bahati (2006); Mathenge (2008): Kariuki (2008).

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter is comprised of data analysis, results and interpretation of the results. The data presented includes the response rate, general information about the dairy cooperatives, strategic choice and challenges in strategic planning. The data analyzed and presented was based on responses from the questionnaires. Descriptive statistics was used to analyse the findings of this research project.

4.2 Response Rate

The population of the dairy cooperative societies in Kiambu County was 17. Out of these, 5 of the societies were inactive. The researcher personally administered questionnaires to the 12 active societies and 11 questionnaires were successfully completed and collected representing a response rate of 91.67%. This high response rate could be attributed to researcher's effort of follow up including resorting to face to face interviews for the respondents who had declined to fill the questionnaires and also due to the intervention of District Cooperative Officer (DCO).

4.3 Respondent Profile

The number of years the manager had served at the cooperative was aimed at identifying whether the manager had served long enough to have a thorough understanding of the cooperative and the environment in which it operated.

The findings showed that 54.55% of the managers had served between 2 and 5 years while 45.45% had served between 6 and 12 years. Thus the managers had served long enough to have the necessary information for the research.

4.4 General Information

This information was aimed at having a general understanding of the cooperatives on issues such as how many years they had been in operation, whether they did any value addition and the nature of information system they used.

Table 4.1

Cooperatives General Information

Operation since inception	LESS THAN 40 YEARS	9.09%	MORE THAN 40 YEARS	90.91%
Average milk collected per day (kgs)	LESS THAN 10.000	45.45%	MORE THAN 10.000	54.55%
Value addition before selling	YES	45.45%	NO	54.55%
Have experienced milk glut	YES	90.91%	NO	9.09%
Milk glut occurrence in a year	ONCE	60.00%	TWICE	40.00%
Plan in place to deal with milk glut	YES	100%	NO	0%
Information processing system	COMPUTER SYSTEM	81.82%	MANUAL SYSTEM	18.18%

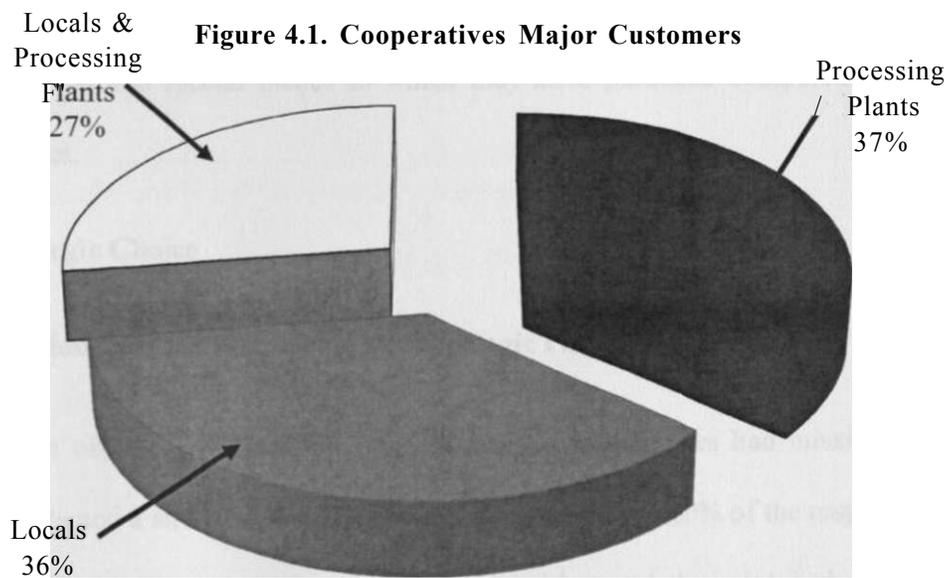
Source: *Respondents information*

The results from the research provided that 90.91% of the cooperatives were more than 40 years old. It can be said the longer the period, the more the experience the cooperative had in formulating strategies that were responsive to changes in the environment. Most of them sold raw milk (54.55%) but while 45.45% did value addition, this was mainly confined to processing yogurt whose quantities compared to milk collected were unknown to the researcher.

Majority of them (90.91%) experienced milk glut at least once a year whose occurrence was in December and April. This was explained in that most of the milk is sold in Nairobi and during this time most of the inhabitants in Nairobi flocked upcountry shrinking the market. At least 81.82% of the cooperatives had embraced electronic data processing.

Some of the cooperatives though had only partially computerised in that they had problems with the software and thus did not have a fully seamless data processing system. The researcher was in the view that there is need for the cooperatives to fully embrace electronic data processing in that information is critical to firms as Curtis (1998) explained that firms need information in order to plan, operate and monitor performance. Modern technology is increasingly being used as part of an information system strategy which yields competitive advantage for the organisation. The provision of information is thus key to an organisation's success.

4.4.1 Major Customers



Source: Respondents information

The findings showed that the majority of the customers were the locals. This implied that most of the milk was sold raw. Only 37% of the cooperatives sold their milk at all times to processing plants.

Some of the 27% indicated above as selling to both locals and processing plants, explained to the researcher that they only sold to processing plants when they had a milk glut. Locals were preferred because the transactions were cash based and thus improved the cooperatives' liquidity to finance the day to day operations. This corresponded with Natale and Sora (2003) view that by cooperatives developing a strategy based upon niche market segmentation, cooperatives can overcome the dominance in the market place of the large multinationals by dissolving the very concept of a mass market into geographical and special niches in which they have particular competencies and other advantages.

4.5 Strategic Choice

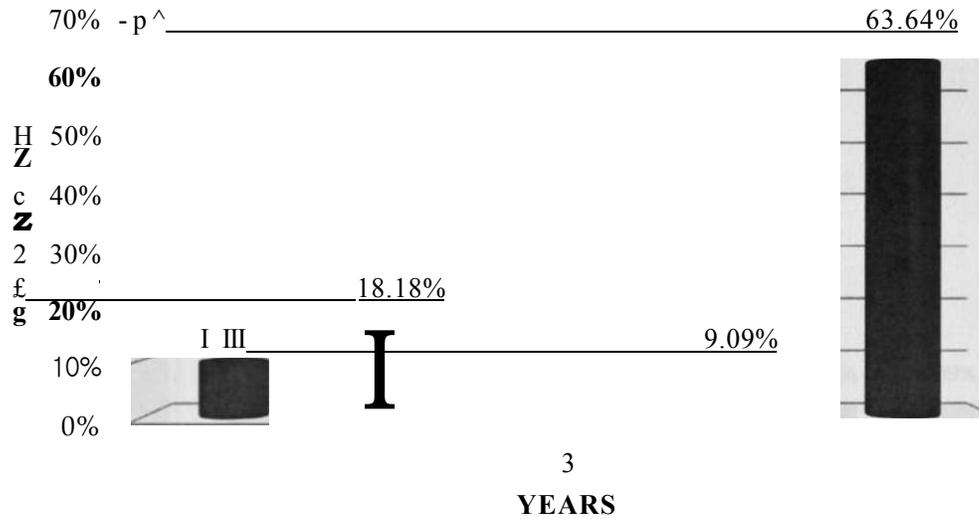
4.5.1 Vision, Mission Statements and Strategic Plan

The main objective was to find out whether the cooperatives had mission and vision statements and a strategic plan. The study established that 100% of the respondents had a vision and mission statements which were inspiring and they also had strategic plans which were documented. This was due to the fact that at around year 2008, MCD&M issued a directive to the dairy cooperatives to formulate and document the strategic plans.

4.5.2 Number of years of the Strategic Plan

This was aimed at finding out the time horizons of the strategic plans. This was summarised in Figure 4.2.

Figure 4.2. Strategic Plan in Years



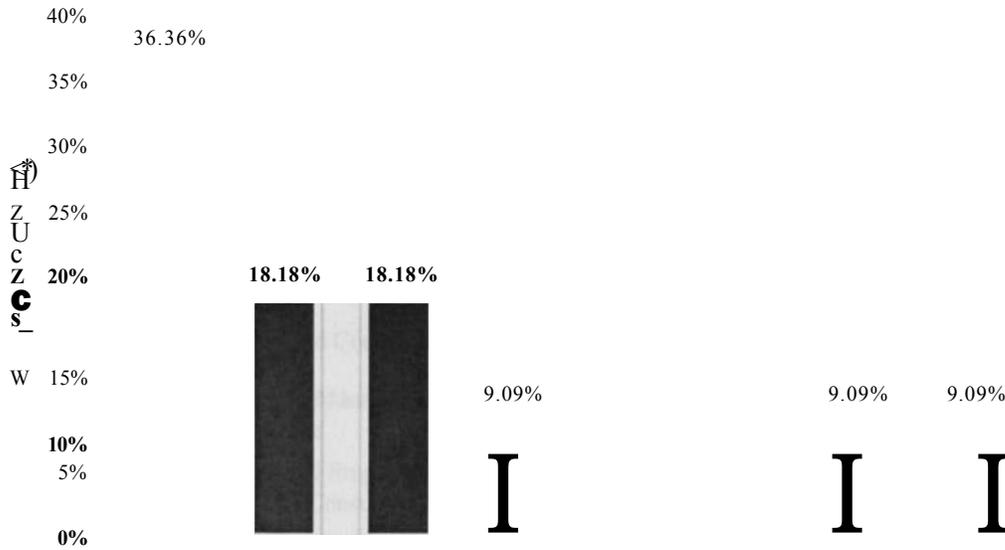
Source: Respondents information

The results showed that 63.64% of the cooperatives had 5 year strategic plans. 9.09% of the respondents had 1 year plan, 18.18% had 2 year plans while 9.09% of the respondents had 4 year plans. This therefore indicated that the majority of the cooperatives engaged in long term planning.

4.5.3 Frequency of Reviewing Strategic Plan

The researcher sought to determine whether the strategic plans were reviewed as the operating environment changed. The results are shown in Figure 4.3.

Figure 4.3. Review of the Strategic Plan



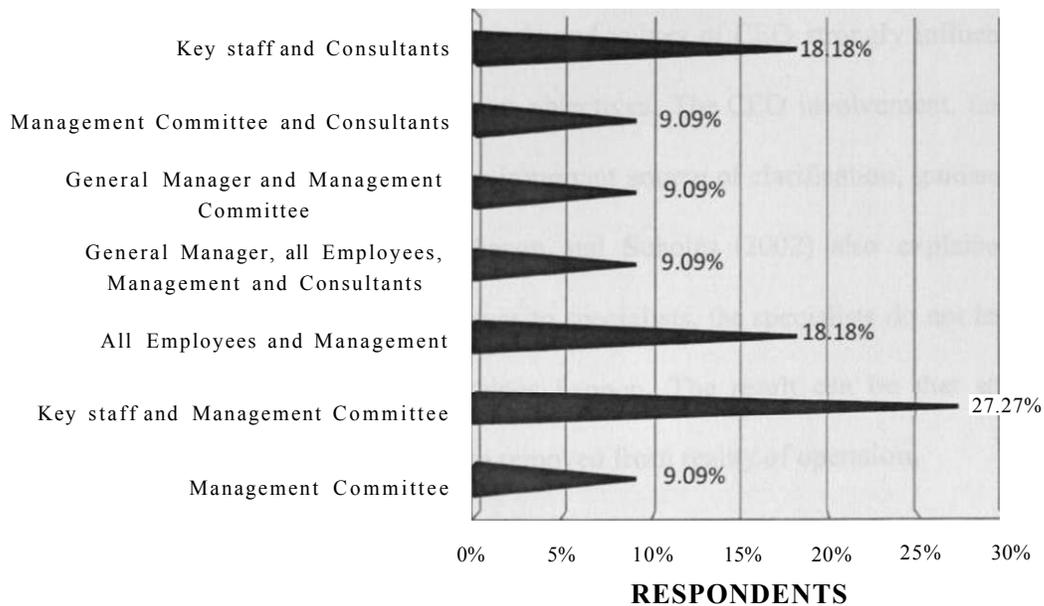
Source: *Respondents information*

The results of the study indicated that 36.36% of the cooperatives reviewed their strategic plans on a monthly basis. 81.82% reviewed their strategic plans within a span of 1 year while 9.09% reviewed after 5 years and 9.09% never reviewed their strategic plans. It is the researcher's view that the cooperatives were operating in a turbulent environment as the findings in Table 4.2 showed where rapidly changing market trends and the complexity of the operating environment were highlighted as the major challenges to strategic planning.

4.5.4 Individuals Involved in Strategic Plan Formulation

This was aimed at determining the persons who were involved in formulating the strategic plans.

Figure 4.4. Strategic Plan Formulation



Source: *Respondents information*

The research study results showed that 27.27% of the cooperatives strategic plans were formulated by key staff and management committee. All employees and management: key staff and consultants followed with both 18.18%. The least used methods for strategic formulation involved use of Management Committee; Management Committee and Consultants; General Manager and Management Committee; General Manager all employees. Management and Consultants all with 9.09%.

The General Managers whom the researcher was able to prod explained that they are the ones who selected members of the cooperative and the staff involved in strategic planning. This could explain why the key staff and management committee option was the preferred choice of strategic plan formulation.

The involvement of General Manager was critical to the success of strategic plans in that as Chandler (1962) noted, the personal goals and values of CEO strongly influence the firm's mission, strategy and key long-term objectives. The CEO involvement, time and effort in the chosen strategy represent an important source of clarification, guidance and adjustment during implementation. Johnson and Scholes (2002) also explained that although the managers cede strategic issues to specialists, the specialists do not have the power in the organisations to make things happen. The result can be that strategic planning becomes an intellectual exercise removed from reality of operation.

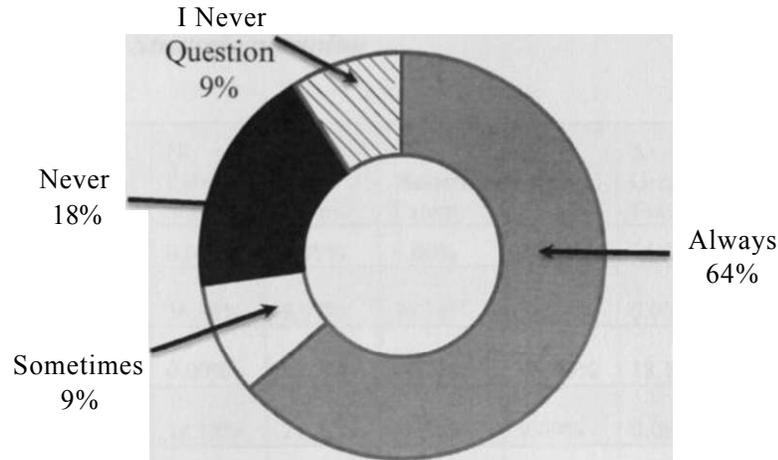
4.5.5 Understanding the Contents of the Strategic Plan

This was aimed to determine whether the managers understood the contents of the strategic plan as the strategic plan lays out the firm's future direction, performance targets and strategy. The research findings showed that 100% of the respondents indicated that they knew what was contained in the strategic plan.

4.5.6 Opportunity to Challenge the Organisation's Strategic Direction

Given that the Managers were supposed to implement the strategic plans the researcher wanted to find out if the managers were given the opportunity to challenge the cooperatives* strategic direction. The findings are shown in Figure 4.5.

Figure 4.5. Opportunity to Challenge Strategic Direction



Source: *Respondents information*

The study findings showed that **64%** of the managers did have the opportunity to question or challenge the strategic direction. However 18% never questioned the strategic direction while 9% questioned the strategic direction sometimes while 9% never questioned at all. Involvement of the managers at strategic plan crafting stage is critical to the success of the firm. Pierce and Robinson (2007) indicated that if the managers are not involved in formulation of strategies, they may shirk their individual responsibility for the decisions made.

4.6 Challenges affecting Strategic Planning

The respondents were required to indicate in the table the extent to which the listed challenges affected strategic planning in the cooperative. This was examined with a 5 point Likert scale where: **1** (*No extent at all*) **2** (*Little extent*) **3** (*Moderate extent*) **4** (*Great extent*) **5** (*A very great extent*).

Table 4.2*Challenges affecting Strategic planning*

Challenges	No Extent at all	Little Extent	Moderate Extent	Great Extent	A very Great Extent	Mean	Standard Deviation
Financial constraints	0.00%	9.09%	0.00%	36.36%	54.55%	4.36	0.88
Constraints imposed by regulatory bodies	36.36%	9.09%	36.36%	18.18%	0.00%	2.36	1.15
Rapidly changing market trends	0.00%	9.09%	27.27%	45.45%	18.18%	3.73	0.86
Complexity of the operating environment	18.18%	27.27%	45.45%	9.09%	0.00%	2.45	0.89
Lack of the necessary-skills	27.27%	54.55%	9.09%	0.00%	9.09%	2.09	1.08
Resistance to strategic change	0.00%	45.45%	27.27%	9.09%	18.18%	3.00	1.13
Rigid internal structure or politicized internal structure resulting to inflexibility in planning	18.18%	54.55%	18.18%	0.00%	9.09%	2.27	1.05

Source: *Respondents information*

The findings showed that the financial constraint affected strategic planning to a very great extent with a mean of 4.36. There was convergence of this view as shown by the standard deviation of 0.88. Rapidly changing market trends followed with 45.45% of the respondents agreeing that it affected strategic planning with a mean of 3.73 and standard deviation of 0.86. This view had the highest convergence. The respondents also congregated on the view that the effects of the complexity of the operating environment had a moderate extent to challenges in strategic planning with a mean of 2.45 and standard deviation of 0.89.

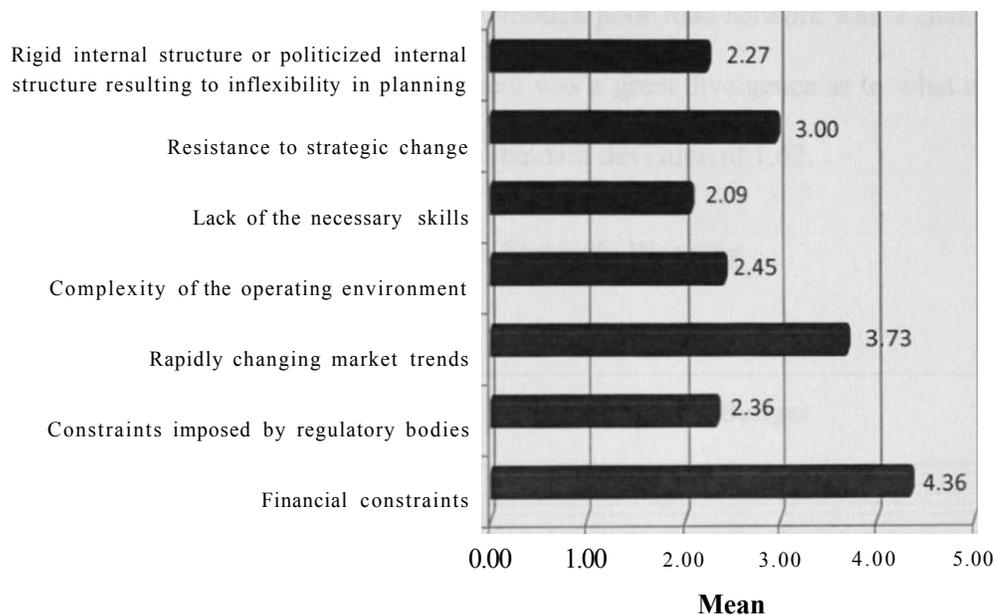
Howe (1986) explained that knowledge and understanding of its environment by a firm is likely to lead itself to more effective strategic decision. The environment fit not only ensures that strategy makers recognise trends in the environment and identify opportunities and threats but the strategy of the organisation should be specifically directed to exploiting environmental opportunities and blocking threats.

The findings also showed that resistance to strategic change moderately affected strategic planning. However there was a divergence of to what extent it affected strategic planning as shown by standard deviation of more than 1. The lack of necessary skills, constraints imposed by regulatory bodies and rigid internal structure or politicized internal structure resulting to inflexibility in planning emerged as the least factors that affected strategic planning. It has to be noted that there was a divergence of opinion as to what extent they were challenges in strategic planning as indicated by their standard deviation of more than 1.

This showed that the cooperatives conducted situational analysis to determine the options and opportunities available. According to Grant (1998) the SWOT analysis distinguishes between the internal and external environment. Lack of consistency between the strategy pursued by a firm and its external and internal environment is a common source of failure

The above was simplified in Figure 4.6.

Figure 4.6. Challenges Affecting Strategic Planning



Source: *Respondents information*

4.7 Other Challenges affecting Strategic Planning

Table 4.3

Other Challenges Affecting Strategic Planning

	Frequency	Mean	Standard Deviation
Infrastructure (Road Network)	5	3.40	1.62
Lack of farmer's Loyalty/competition	7	4.43	0.73
Lack of good corporate governance	1		
Lack of government support	1		
Manual Information processing	1		
Changing Weather patterns	1		

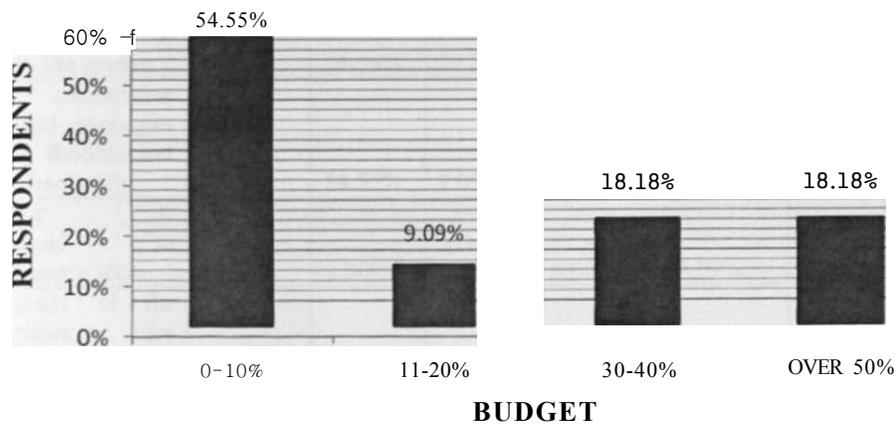
Source: *Respondents information*

Note. Only 8 of the respondents completed this section

From the findings, lack of farmer's loyalty and competition affected to a great extent strategic planning as indicated by a mean of 4.43. The respondents coalesced on this view as shown by standard deviation of 0.73. Although poor road network was a challenge in strategic planning with a mean of 3.40. there was a great divergence as to what extent it affected strategic planning as indicated by standard deviation of 1.62.

4.8 Percentage of Annual Budget used in Strategic Planning

Figure 4.7. Strategic Planning Annual Budget



Source: *Respondents information*

The results of the research indicated that 54.55% of the cooperatives used between 0% and 10% of their budget for strategic planning. Considering that results had shown that financial constraint was the greatest challenge in strategic planning (see Table 4.2). this could explain why a small percentage of the budget was allocated for strategic planning. In contrast only 18.18% of the cooperatives allocated 30%-40% and over 50% of their budget to strategic planning.

4.9 Checklist on Strategic Planning

Table 4.4

Strategic Planning Checklist

	Strongly Agree	Agree	Fairly Agree	Disagree	Strongly Disagree	Mean	Standard Deviation
The cooperative regularly examine the economic, political and market trends which affect the business	54.55%	27.27%	18.18%	0.00%	0.00%	1.64	0.77
All members in the cooperative play part in formal planning	45.45%	0.00%	36.36%	18.18%	0.00%	2.27	1.21
The cooperative reacts proactively to trends in the market	18.18%	36.36%	27.27%	18.18%	0.00%	2.45	0.99
The cooperative plans and strategies are very flexible and change frequently	9.09%	54.55%	9.09%	9.09%	18.18%	2.73	1.29
Everyone is encouraged to communicate ideas	45.45%	0.00%	36.36%	9.09%	9.09%	2.36	1.37
The goals of the competitors are important in the Strategic planning process	54.55%	9.09%	0.00%	27.27%	9.09%	2.27	1.54

Source: *Respondents information*

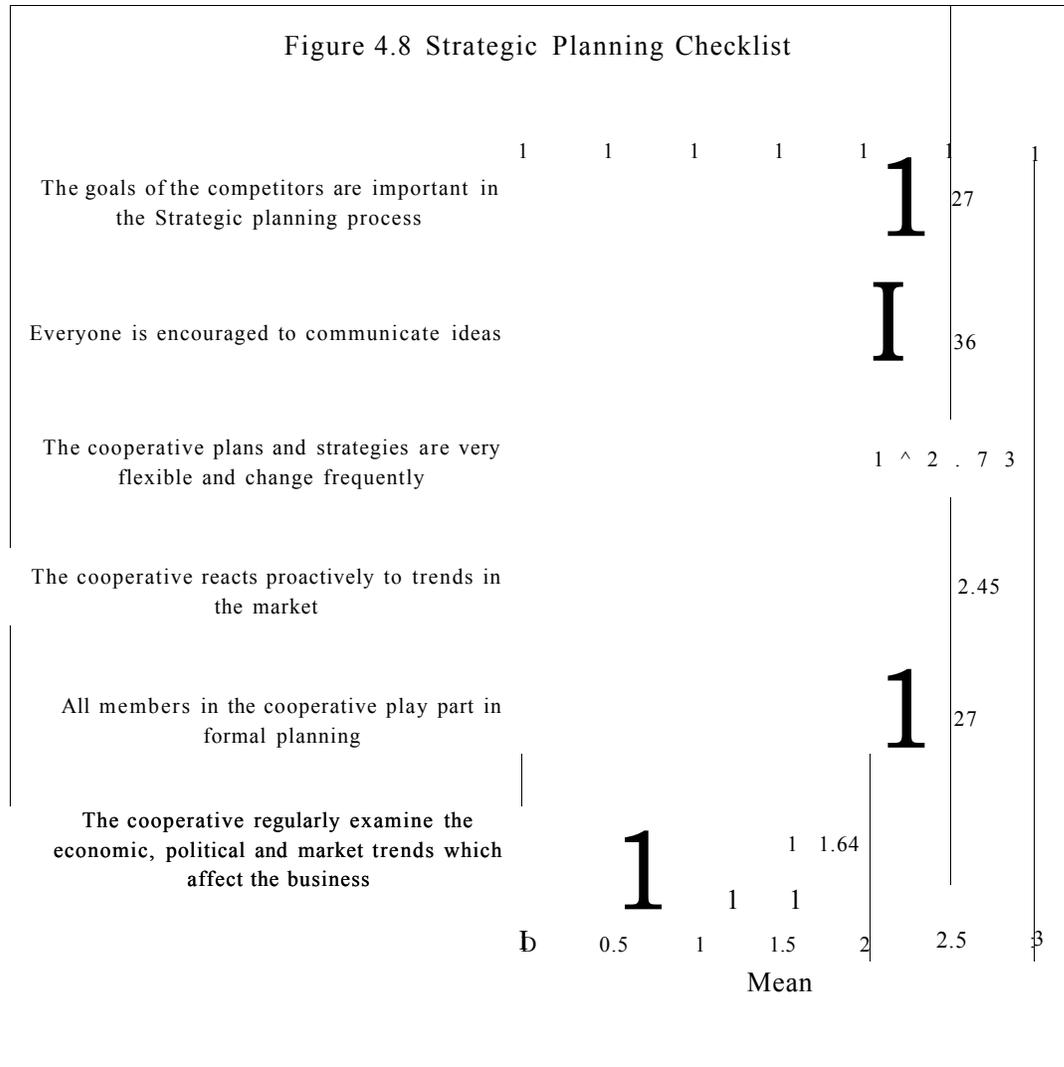
The study findings indicated that there was strong agreement that the cooperatives regularly examined the economic, political and market trends which affected the business as indicated by the mean of 1.64 and standard deviation of 0.77. This converged with Howe (1986) view who noted that environmental analysis through examination of all the relevant factors in the market (and potential markets) with a view of optimising the position of the firm, should lead to a greater understanding by a business of its markets and an enhanced capacity to react to this through a participatory strategy making.

The findings also showed that 54.55% agreed that cooperative plans and strategies were very flexible and changed frequently. However there was a split as to what extent they agreed with the statement as indicated by standard deviation of 1.29. This corresponded with Thompson, Strickland and Gamble (2008) who argued that the process of managing strategy is on-going. Nothing is final and all prior actions and decisions are subject to future modification. Changes in the organisation's situation, coming either from inside or outside or both, are constant drivers of strategic adjustment.

The 45.45% of the respondents agreed that all members in the cooperative played part in formal planning and everyone was encouraged to communicate ideas. But there was divergence as to what extent they agreed with this statement as indicated by standard deviation of more than 1. On the other hand, 54.55% strongly agreed that the goals of the competitors were important in the strategic planning process with a mean of 2.27. There was a high divergence on this view as shown by standard deviation of 1.54. However 27.27% disagreed, and 9.09% strongly disagreed with this statement.

This is summarised in Figure 4.8.

Figure 4.8 Strategic Planning Checklist



CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter includes the summary of the research project which is ordered according to the number of the objectives of the study. It also includes the conclusion, recommendations to theory, practice and policy. Lastly, the limitations of the study and suggestions for further research are highlighted.

5.2 Summary, Discussions and Conclusion

The researcher had sought to find out if the dairy cooperatives, in Kiambu County, Kenya had strategic plans and the factors that contributed to the challenges in strategic planning.

The first objective was to find out if the cooperatives engaged in strategic planning. From the results, it was established that all the respondents (100%) had a vision and mission statements and strategic plans. To most of the respondents (63.64%), these strategic plans had a time horizon of 5 years indicating that the cooperatives engaged in long term planning. These strategic plans were mostly reviewed on a monthly basis and 9.09% indicated that they reviewed strategic plans after 5 years and 9.09% of the results showed they never reviewed the strategic plans at all.

Key staff and Management Committee according to the research results were the key individuals that were involved in strategic plan formulation. All employees and Management; Key staff and Consultants was the second favourable way of strategic plan formulation with both 18.18%.

All the respondents indicated that they understood the contents of their strategic plans. Given that Key staff and Management Committee according to the research results was rated the highest way of formulating strategic plans, majority of the managers indicated that they were always given an opportunity to question or challenge the organisation's strategic direction. 9% indicated they sometimes questioned. 18% were never given an opportunity while 9% indicated that they themselves never challenged the strategic direction.

Indeed to implement strategies effectively, managers must communicate the strategies and planning premises to all who should know them and make sure that the plans contribute to and reflect the strategies and goals they serve. Managers must also review strategies regularly (Koontz & Wehrich. 1993).

The second objective was to investigate the challenges involved in strategic planning. The financial constraint was the biggest challenge that affected the strategic planning in the cooperatives. Over half of the respondents indicated lack of adequate finance affected their strategic planning to a very great extent. 54.55% indicated that they spent less than 10% of their budget on strategic planning. None of the respondents indicated that the financial constraint never affected strategic planning at all. The rapidly changing market trends, complexity of the operating environment to a great extent and moderately respectively, also affected strategic planning.

The constraints imposed by regulatory bodies was rated as having a moderate effect in strategic planning while lack of necessary skills and rigid internal structure or politicized internal structure resulting to inflexibility in planning were the least factors that affected strategic planning. The other challenges that the respondents highlighted were issues such as the poor road network.

Some of the cooperatives had been operating in their own market niches for decades without competition. Increase in competition had led to low farmer's loyalty as most kept on switching to cooperatives that gave them the best gate prices. Lack of good corporate governance, lack of government support, manual information processing system and changing weather patterns were also key issues that were said to be challenges in strategic planning.

Barney and Hesterly (2010) summed this by explaining that the ultimate objective of the strategic management process is the realization of competitive advantage. A firm has a competitive advantage if it's creating more economic values than its rivals. However, it has to be recognised that there is no one right way in which strategies are developed. The challenge is for managers to recognise the potential benefits of different processes of strategic development so as to build organisations capable of adapting and innovating within a changing environment, yet achieving the benefits of more formal processes of planning and analysis to help this where necessary.

5.3 Limitations of the Study

The cooperatives were spread out in a very wide geographical area. This had the effect of putting strain on resources such as financial and time.

Some of the cooperatives were located in areas with very poor road network and being a rainy period when the research was conducted, it was a nightmare accessing them.

Some of the respondents declined to fill in the questionnaire with reasons being that the researcher had not been cleared by the Ministry of Cooperatives and Marketing (MCD & M) and they feared that they might divulge "sensitive" information.

The researcher had also used self-administered questionnaire as the main instrument for data collection which was administered by hand-delivering them to respondents and picking them later. This method did not have any room for probing.

There was also no guarantee that the General Managers of the cooperatives actually filled the questionnaires. This was apparent when the researcher went to pick the questionnaires and was directed to heads of other departments. The researcher also tried unsuccessfully to get information from MCD & M and Kenya Dairy Board (KDB) so as to have a better interpretation of research findings. After being tossed from one office to the other and getting the standard response "the officials are in a meeting or in the field" for a week, the researcher had no option but to give up due to time factor.

5.4 Suggestions of Further Research

The researcher was informed by some of the respondents that since the strategic plans were formulated and documented in year 2008, they have never been implemented. Others indicated that they could hardly complete the activities within the timelines as stipulated in the strategic plans. There is therefore need to find out why the strategic plans were not implemented and what challenges were being experienced in their implementation.

The drop and pick later of questionnaires as a method of data collection did not allow probing. Further there was no guarantee that the General Managers filled the questionnaires. A researcher can then use a different method such as face to face interviews and see if similar results will be arrived at. There is also a need to conduct research on dairy cooperative societies in other counties in order to validate the findings.

5.4 Implications for Policy and Practice.

The Ministry of Cooperatives Development and Marketing issued directive for the cooperatives to have documented strategic plans but no monitoring or evaluation was done to find out if the plans met strategic and financial objectives. Further, there was no follow-up to ensure that the strategic plans were implemented. For strategy to be successful there is need to operationalize and institutionalize it. There is no need of giving directives to formulate strategic plans which are never implemented.

The researcher found that the strategic plan formulation was not an all inclusive affair. The management were the ones who selected individuals involved in strategic planning. As it is always the case in rural areas, a few privileged wealthy farmers and politicians exercise undue influence over the affairs of the cooperatives. The rest of the farmers are thus unwilling to accept deductions to finance the implementation of the strategic plans which they were never consulted. There is therefore a need to involve all the stakeholders and review the strategic plans as they exist if they are to achieve their objectives.

There is need to ban the informal milk marketing method as it presents both significant health safety and also hampers the growth of the formal sector. If this is implemented, it will compel the cooperatives to implement value chain which will lead to value creation and cost reduction.

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APPENDIX I

QUESTIONNAIRE

SECTION I: RESPONDENT PROFILE

1. Position held

2. Number of years of service at the cooperative

SECTION II: GENERAL INFORMATION

3. How old is the dairy cooperative society?

4. On average how much milk in Kilograms (Kgs) is collected per day?

5. Does the cooperative do further processing of milk, that is, value addition before selling?

(1) Yes **(2)**. No

6. Has the cooperative ever experienced "milk glut", that is. excess supply than the cooperative can handle?

(1) Yes **(2)**. No

7. How many times in a year does the milk glut occur?

8. Does the cooperative have any plans of how to deal with the milk glut in future?

(1) Yes **(2)**. No

9. Who are your major customers?

1)

2)

10. What form of system is used to process information in your cooperative

(1). Manual System (2). Computer based System

SECTION III: STRATEGIC CHOICE

11. Does your organization have a vision and mission statement?

[Tick where appropriate]

(1) Yes (2) No (3) I don't know

12. Does the mission statement inspire you?

(1) Yes (2). No

13. Does the cooperative have a strategic plan?

(1) Yes (2) No (3) i don't know

14. Is the strategic plan in written form/documented?

(1) Yes (2) No

15. How many years is the strategic plan? [Tick where appropriate]

(i) 1 year **(ii)** 2 years **(iii)** 3 years (iv) 4 years (v) Other

16. How often does your cooperative review the strategic plan?

- (1) Monthly (2) 4 months (3) 6 months (4) 1 year (5) Every 2 years
(6) Over 3 years (7) Never (8) Other (specify)

17. Who formulates the cooperative strategic plans?

- (1) General Manager
(2) Management Committee
(3) Key Staff and Management Committee
(4) All Employees and Management
(5) Consultants

18. Do you understand what is contained in the strategic plan?

- (1) Yes (2) No

19. Are you given opportunity to question or challenge the organization's strategic direction?

- (1) Always (2) Sometimes (3) Never (4) I never question

SECTION IV: STRATEGIC PLANNING

20. Indicate in the table below the extent to which the listed challenges affect strategic planning in your cooperative. Rate the following statements by use of scale 1 - 5 where:

1 = No extent at all 2 = Little extent 3 = Moderate extent 4 = Great extent

5 = A very great extent |Tick where appropriate]

Challenges

Financial constraints	1	2	3	4	5
Constraints imposed by regulatory bodies	1	2	3	4	5
Rapidly changing market trends	1	2	3	4	5
Complexity of the operating environment	1	2	3	4	5
Lack of the necessary skills	1	2	3	4	5
Resistance to strategic change	1	2	3	4	5
Rigid internal structure or politicized internal structure resulting to inflexibility in planning	1	2	3	4	5

21. Indicate on the table below any other challenges and the extent to which they affect planning in your cooperative. Use scale 1 - 5 where:

1 = No extent at all 2 = Little extent 3 = Moderate extent 4 = Great extent

5 = A very great extent [Tick where appropriate]

Challenges in Strategic Planning	1	2	3	4	5

22. What percentage (%) of annual budget is used for strategic planning?

(1)0-10% (2)11-20% (3)30-40% (4) Over 50%

23. Please rate the statements below the extent to which you agree/disagree with them by ticking the appropriate score. Use scale 1 - 5 where:

1 = Strongly Agree 2 = Agree 3 = Fairly Agree 4 = Disagree 5 = Strongly Disagree

The cooperative regularly examine the economic,

political and market trends which affect the business 1 2 3 4 5

All members in the cooperative play part in

formal planning 1 2 3 4 5

The cooperative reacts proactively to trends

in the market 1 2 3 4 5

The cooperative plans and strategies are very flexible

and change frequently 1 2 3 4 5

Everyone is encouraged to communicate ideas 1 2 3 4 5

The goals of the competitors are important in the

Strategic planning process 1 2 3 4 5

THANK YOU VERY MUCH FOR YOUR PARTICIPATION

APPENDIX II



**UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
*RANGE ROOM - LOTTIE KASTK CAHFF**

Telephone 020-2059162
Telegrams "Viminy", Nairobi
Telex 2007Vimiy

PO Box 30197
Nairobi, Kenya

DATE: 19. 4C . . h

TO WHOM IT MAY CONCERN

The bearer of this letter... M : » 1 . 1

Registration No:

is a Master of Business Administration (MBA) student of the University of Nairobi.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate if you assist him/her by allowing him/herself to collect data in your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

DR. W.N. IRAKI
COORDINATOR, MBA PROGRAM

SCHOOL OF NAIROBI
SCHOOL OF BUSINESS
MBA OFFICE
P. O. Box 30197
NAIROBI

APPENDIX III

INTRODUCTION LETTER

Dear Sir/ Madam,

I am MBA student undertaking a research project on challenges in strategic planning in the dairy cooperative societies in the Kiambu County as part of my MBA degree.

The responses from the questionnaire will strictly be used for academic purposes and the findings and recommendations will consist of data from all the dairy cooperative societies. No individual cooperative name or data will be used in isolation in the project.

It is my hope that you will answer the questionnaire as honesty as possible.

Thank you.

Yours Sincerely.

Njoroge T. Kibe.

APPENDIX IV

LIST OF DAIRY COOPERATIVES

- 1 KIAMBAA DAIRY FARMERS" COOPERATIVE SOCIETY LTD
- 2 NDUMBERI DAIRY FARMERS" COOPERATIVE SOCIETY LTD
- 3 GITHUNGURI DAIRY FARMERS" COOPERATIVE SOCIETY LTD
- 4 GATAMAITYU DAIRY FARMERS" COOPERATIVE SOCIETY LTD
- 5 KAMAIYU DAIRY FARMERS" COOPERATIVE SOCIETY LTD
- 6 KOMOTHAI DAIRY FARMERS" COOPERATIVE SOCIETY LTD
- 7 K.EREITA DAIRY FARMERS' COOPERATIVE SOCIETY LTD
- 8 LARI DAIRY FARMERS" COOPERATIVE SOCIETY LTD
- 9 LIMURU DAIRY FARMERS" COOPERATIVE SOCIETY LTD
- 10 KIK.UYU DAIRY FARMERS" COOPERATIVE SOCIETY LTD
- 11 KABETE DAIRY FARMERS" COOPERATIVE SOCIETY LTD
- 12 GIKAMBURA DAIRY FARMERS" COOPERATIVE SOCIETY LTD
- 13 SIGONA DAIRY FARMERS" COOPERATIVE SOCIETY LTD
- 14 KINARE DAIRY FARMERS" COOPERATIVE SOCIETY LTD
- 15 NDERI DAIRY FARMERS" COOPERATIVE SOCIETY LTD
- 16 GATANGA DAIRY FARMERS" COOPERATIVE SOCIETY LTD
- 17 K.IGANJO DAIRY FARMERS" COOPERATIVE SOCIETY LTD