

**STRATEGIC PLANNING AND PERFORMANCE CONTRACTING
IN KENYAN OWNED COMMERCIAL STATE CORPORATIONS**

BY

ANN MWENDE KITONGA

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DECLARATION

I, the undersigned, declare that this is my original work and has not been presented to any institution or university other than the University of Nairobi for examination.

Signed: _____

Date: _____

ANN MWENDE KITONGA

D61/83795/2016

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

Signed: _____

Date: _____

PROF. Z. B. AWINO

DEPARTMENT OF BUSINESS ADMINISTRATION

SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

DEDICATION

I dedicate this work to the Almighty God for granting me victory through the academic journey, the gift of good health, for the financial breakthrough, enabling me pass all my course work units and the successful completion of my research project.

I also dedicate it to my entire family their encouragement and support throughout my studies.

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ABBREVIATIONS AND ACRONYMS

BPF	Brown's Performance Framework
BSC	Balanced Scorecard
CSC	Commercial State Corporation
HRM	Human Resource Management
HRT	Human Performance Technology
OECD	Organization for Economic Cooperation and Development
PC	Performance Contract/Performance Contracting
PMM	Performance Measurement Matrix
PMS	Performance Management System
R&D	Research and Development
SMART	Strategic Management and Reporting Technique

ABSTRACT

The happenings in the environment are key to success of an organization because every organization exists to serve the environment. Any change in the environment calls for a strategic response for both survival and growth. Strategic plans are designed to improve the performance of public agencies. Performance contracts are mainly defined by performance indicators which are derived from the agency's objectives and mission as per the strategic plan. The study's objective was to establish the association between strategic planning and performance contracting of the Kenyan owned commercial state corporations operating in Kenya. Several theories underpinning this study emerged expounding on strategic planning and performance contracting. The theories used in this study were contingency theory, goal setting theory and the new public management theory which elaborated in depth the literature review of the study. Descriptive cross sectional research design was used to address this research problem. The sampling frame was 32 Kenyan owned commercial state corporations. The study sampled respondents in each commercial state corporation, giving a total of 32 respondents. Primary data was used in this study. Structured questionnaires were used for the collection of primary data. The targeted respondents in this study were senior level managers and supervisors of the Kenyan owned commercial state corporations. This is because they are involved in the organizations' management and have a broad understanding of its affairs. The data generated by questionnaires was checked, edited and coded. The coded data was then inputted into Statistical Package for Social Sciences (SPSS) and analyzed using descriptive and inferential statistics. Descriptive analysis included frequencies and percentages while the inferential statistics included correlations and regression analysis. Based on the results, the study concluded that strategic planning has a positive influence of performance contracting of Kenyan owned commercial state corporations. The implication of this study was to establish the relationship between strategic planning and performance contracting in Kenyan owned commercial state corporations. From the findings there was also increased emphasis on accountability, collaboration with stakeholders and openness in revealing progress toward attainment of goals. This implied that better strategic planning translates to better performance contracting. The study provided key guidelines to key policy makers in the commercial state corporations and the government, scholars and strategic managers.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

A performance contract is a tool of strategic management that measures negotiated performance targets. It looks into the negotiation of performance agreements between government acting as a state agent and the corporation's management (GoK, 2007). On the basis of this correlation, the strategic plans developed by the various corporations provide the impetus on the formulation of performance contracts. The performance targets, indicators, obligations, and measurements are all drawn from the strategic plans implying that there should be a very close link between the two (Schwella, 1998).

Several theories have emerged expounding on strategic planning and performance contracting. The contingency theory advanced by Fiedler (1964) posits that organizations must efficiently match their general strategies to suit external environmental conditions. The theory clinks on the notion that that there is no specific criteria of responding to external environmental changes. The goal setting theory as advanced by Locke (1968) is anchored on different guiding principles, notably; challenge, clarity, commitment, task complexity and feedback. The goal setting approach is suitable in explaining the firms' capacity in setting both short term and long term goals and determining the effective tools of going about realizing these goals. The new public management theory discusses how public institutions should be managed and is therefore relevant in this study.

The debate on strategic planning and performance contracting is usually focused on their influence on organization performance and productivity of firms (Balogun, 2003). Much of the available local studies on strategic planning have focused on its influence of a firm's performance and the same case applies for performance contracting. The current study was different in that it attempted to establish the relationship between strategic planning and performance contracting in Kenyan owned commercial state corporations. The study collected primary data through a semi-structured questionnaire from senior level managers of commercial state corporations. The study employed descriptive and inferential statistics in analyzing quantitative data that was collected from the respondents.

The Kenyan government has always been on the search for ways of improving its effectiveness and efficiency. The need for government efficiency is depicted by the shift to focus on results and outcomes as opposed to efforts or resources utilized. There has been increased emphasis on accountability, collaboration with stakeholders and openness in revealing progress toward attainment of goals. In a bid to achieve this goal, performance contracting was introduced in Kenya in State Corporations in 2004 not only to improve service delivery but also but also change the public service mindset away from the culture of inward examination towards a business culture that emphasizes on results and the customer.

1.1.1 Strategic Planning

Various definitions of strategic planning have been proposed by different authors. Bryson (1988) describes Strategic Planning as the disciplined effort to formulate crucial decisions that shape an organization's direction and activities within legal bounds. Strategic planning can also be defined as the practice of using logical principles and thorough investigation on the formulation, the implementation and control strategy and officially documenting the expectations of an organization (Pearce & Robinson, 2011; Mintzberg, 2000; Higgins & Vincze, 1993).

Wendy (1997) describes strategic planning as the development and maintenance of consistency between an organization's objectives and resources along with its changing opportunities with the argument that the aim of strategic planning is to document and outline a methodology to undertaking business that leads to acceptable profits and growth. K'Obonyo and Arasa (2012) further clarify Strategic Planning as "a process of selecting organizational goals and strategies, determining the necessary programs to achieve specific objectives towards achieving the goals, and establishing the methods necessary to ensure that the policies and programs are implemented". The strategic planning process involves four main steps. These are; mission statement, implementation, external and internal analysis, control and evaluation (Hyatt, 2001). Majluf and Hax (1996) however argue that the Strategic planning process constitutes three main attributes that allow for actualization of the vision or mission of the organization through strategic implementation.

As a management tool in private and public companies, use of strategic planning in the business world began after the Second World War. Strategic Planning has also been noted to help firms develop better strategies through utilization of more rational and systematic approach to strategic choices. Bryson (1988) explains that Strategic Planning enables organizations “think strategically; clarify future direction; make today’s decisions in light of their future consequences; solve major organizational problems; improve performance; deal effectively with rapidly changing circumstances; and build teamwork and expertise”. According to Arasa and K’Obonyo (2012), when an organization executes different steps in the process of strategic planning, it facilitates the attainment of effectiveness. Properly designed strategic plans leads to an operational framework that ends up allowing the organization enjoy distinctive competitive advantages, and improved performance (Porter, 1996).

1.1.2 Performance Contracting

Performance contracts are management tools aimed at appraising the performance of the public sector which is actualized using management indicators for measurement of mission productivity, efficiency and quality (Graham & Melyn, 2011). The key challenge practitioners and authors in the field of performance management have been grappling with in the pursuit of performance improvement has been the question of developing a flexible and powerful model of management and improvement; performance measurement, one that is supported by theory and research and that is capable of communicating complex associations while ensuring simplicity (Lopez & Hutchinson, 2013).

Many government departments have developed systems that integrate employees in order to improve the delivery of public services and realize achievement of the organizations' mission and vision. Ideally, these are performance management systems (PMSs) designed for strategy implementation through communication of organizational objectives and goals. They are therefore, widely used tools of addressing immediate shortfalls in performance, without having to meet the criteria of models that are attendant to the needs of practitioners and theoretically sound (Trivedi, 1994).

There are many and different types of performance measurement and management frameworks with components of core PMS tools, specifically measurement and evaluation. Among these are the Performance Contract (PC), (Trivedi, 1994), the Balanced Scorecard (BSC), (Kaplan & Norton, 1992), the Results and Determinants Framework (RDF), the Performance Prism (PP), (Neely et al., 2002), (Fitzgerald et al., 1991), (Keegan et al., 1989), the Performance Measurement Matrix (PMM), Reporting Technique (SMART) and the Strategic Management, (Cross & Lynch, 1991).

1.1.3 State Corporations in Kenya

In Kenya, State Corporations Act Cap. 446, Section 2, describe state corporations as: those corporations established under section 3 of Cap 446 which includes a corporate body established before or after the Act is commenced through an Act of Parliament and written laws. The State Corporations Act Cap. 446, Section 2 puts together regulatory bodies, commercial entities, universities, service providers, research institutions and training institutions disregarding operational requirements and mandates and subjecting them equally one regulatory regime.

The 2013 Presidential Taskforce on Parastatals Reforms led to the enactment of a single overarching law to govern national entities owned by the government as well as County Agencies and Corporations (GOK, 2013). This study adopts the 2013 Presidential Taskforce on Parastatals Reforms definition of a state corporation not only because it has been adopted but also because of its clarity and appropriateness of classification of State Owned Enterprises. Kenyan owned commercial state corporations are the focus of this study.

From the 2003 and 2013, a number of reform proposals were implemented. The Government of Kenya, through Legal Notice No. 93, the State Corporations (Performance Contracting) Regulations, (2004) brought in the practice of performance contracting which included application of new models of management like strategic management in public service. The new move was intended to improve service delivery and to refocus public service mindset into Results Based Management (RBM). Performance Contracting Secretariat (PCS) was therefore established in 2003, to facilitate Performance Contracting implementation in Kenya's Public Sector.

1.1.4 Kenyan Owned Commercial State Corporations

According to Wamalwa (2003), the exact meaning of State Corporation is not definite. For instance, State Corporations can be established emanating from an act of parliament or the President can establish a State Corporation by order for the reason of carrying out state duties. In Kenya, the Commercial State Corporations (CSCs) were established under the State Corporation Act Cap 446 in 1987. Most of the state corporations in the country came into place after independence in the 1960s or 1970s (Republic of Kenya, 2017).

According to the GoK-Sessional Paper No. 10, (1965) CSCs were mainly formed to encourage more Kenyans in participating in the economy since most institutions were by then still owned by the white settler, a process that was called indigenization of the Kenyan economy. This therefore followed a series of formation of the CSCs whose number rose to 240 by 1995. As at 31st December, 2017, there are 32 CSCs in the country after a series of restructuring them to place them in line with the countries developments. The importance of state owned corporations cannot be overestimated: in Kenya, commercial state owned corporations contribute fifteen percent of government revenue while offering affordable, accessible and standard goods and services in important sectors such as energy, health and transport.

Every Department/ Ministry is required to develop a strategic plan as part of the overall performance management process. A strategic plan is a 3-5 year plan that states the organization's mission, spelling out the organization's strategic objectives and goals, the resources needed to attain the identified objectives and goals, and performance management processes to steer the organization and ensure that the organization's objectives are realized as planned. Upon the approval of the strategic plan, it is then channeled to lower organizational levels as departmental or divisional work plans (Republic of Kenya, 2017).

1.2 Research Problem

The happenings in the environment are key to success of an organization because every organization exists to serve the environment. Any change in the environment calls for a strategic response for both survival and growth. Globalization has resulted in unprecedented competition even in formally government-protected organizations. Public organizations that were previously prone to management inefficiencies and other institutional weaknesses are threatened with irrelevance unless they respond with new strategies and create internal capabilities to match turbulence in the environment (Pearce, Robinson & Mital, 2012). The need for performance contracting has been necessitated by the failure of public agencies to understand their core goals thus leading to declining and poor performance. Strategic plans are designed to improve the performance of public agencies. Performance contracts are mainly defined by performance indicators which are derived from the agency's objectives and mission as per the strategic plan (Larbi, 2001).

The development of the public sector reform strategy, whose validation and implementation took effect from July 2005, was the basis of the introduction of performance contracts. The performance contracts tie an organization or individual to undertake specified tasks at predetermined levels of performance within a given period of time. The contract explicitly states who the government's agent is (that is, the Ministry(ies); the state-owned corporation management (Board of Directors, Managing Director, and the Management Team, officers); the vision, mission, and objectives hence strategic plan for the corporation; performance targets; performance indicators; and the obligation of each party to the contract.

Previous studies have laid their focus on aspects of performance management practices. No study has clearly analysed in the Kenyan context, the relationship between strategic planning and performance contracting in Kenyan commercial state establishments leaving a significant research gap along theoretical, conceptual, contextual and methodological spheres which is what this study sets to investigate. Conceptually, while strategic planning has been found to positively impact performance, empirical evidence on strategic planning and performance contracting is lacking. The studies by Ongeti (2014) and Mkalama (2014) in Kenyan State Corporation were underpinned by different theories from the ones anchoring the current study.

Contextually, Kobia and Mohamed (2006) established that performance of Kenyan state owned corporations was impeded by inadequate finances, delays in disbursements, unrealistic targets and unplanned employee rotation. These studies however, did not underscore strategic planning and performance contracting. Ongeti (2014) established that organizational resources had an influence on performance of Kenyan state owned corporations while Mkalama (2014) found that top management demographics have an influence on performance of the same organizations. Similarly, Gachunga (2010) studied the effects of performance management systems and perceptions of organizational justice in Kenyan state corporations. None of these studies conceptualized strategic planning and performance contracting on the commercial state corporations yet such relationships should form the premise on which successful strategic planning and performance contracts in commercial state corporations are based. Further empirical interrogation strategic planning and performance contracting is therefore required.

There are also methodological gaps. Ongeti (2014) and Mkalama (2014) used secondary data on performance of these organizations. Conversely, Semmar (2012) did a longitudinal study for the period between 1980s and 2011 in Morocco while Behn and Kant (1999) carried out a longitudinal study between 1990s and 2010 in USA. The study by Akaranga (2008) was a critical literature review on the influence of performance contracting on performance. The current study employed a descriptive research design and collect primary data to establish the study variables. The empirical evidence in Kenyan context is scanty. Further, strategic planning and performance contracting is yet to receive empirical attention. This study attempted to address the gaps demonstrated along theoretical, conceptual, contextual and methodological fronts by establishing the relationship between strategic planning and performance contracting in Kenyan owned commercial state corporations. The study attempted to answer the research question: what is the association between strategic planning and performance contracting in Kenyan owned commercial state corporations?

1.3 Research Objective

The study's objective was to establish the association between strategic planning and performance contracting of the Kenyan state owned commercial corporations operating in Kenya.

1.4 Value of the Study

The results of the research are of great importance to the future researchers, since it can be a point of reference. The findings might also be significant to scholars and researchers, in identifying the research gaps on the related topics of the study as well as reviewing of the empirical literature to institute detailed research.

The study's findings will be useful to policy making bodies and government for benchmarking development of policies related to public sector in the economy. The government would benefit from the study's findings as it will be enlightened through understanding the relationship between strategic planning and performance contracting in Kenyan Public institutions.

The findings of this study will shed more light on strategy and performance contracting in Kenyan state corporations as means for improving performance. Such empirical evidence could likely be used for policy formulation and refinement. The study will benefit the management and staffs of the selected organizations to understand the contribution of performance contracting and their role in enabling the organization to refocus their energies towards infiltrating the concept in their strategic planning and performance measurement indicators.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter covers theoretical and empirical review of literature on strategic planning, performance contracting and their relationship. The chapter begins by discussing the theories underpinning these concepts, review of empirical literature on the concepts showing similarities and contradictions and the research gaps and finally the conceptual framework showing the conceptualized relationship between the study variables.

The theories to be covered in this literature review were contingency theory which recognizes that each firm is unique in terms of opportunities and threats in conjunction with its strength and weaknesses. The goal setting theory which demonstrated an inductive association between setting of goals and attainment of higher organizational performance is another theory that this study was based on as it recognizes the importance of strategic planning. New public management theory discusses how public institutions should be managed and is therefore relevant when studying commercial state corporations.

The chapter also discusses the theoretically expected association between performance contracting and strategic planning in public entities as the two concepts form the basis of the current study. There have been related studies conducted before and their findings have been discussed in this chapter. The research gaps which the current study intends to fill are also brought out in this chapter. The chapter was concluded by conceptually showing the hypothesized relationship between the study variables.

2.2 Theoretical Foundation

Literature review basically identifies and examines the work done by other researchers and scholars concerning the study variables in state corporations. This review illustrates what has been done and acts as a basis upon which the study findings are interpreted and also to overcome the previous studies' limitations. This section describes and discusses various theories such as contingency theory, goal setting theory and the new public management theory.

2.2.1 Contingency Theory

Every firm is faced with specific threats and opportunities in conjunction to its strengths and weaknesses. According to Daft (2010), firms can never adopt the same strategies in as much as scientific management principles try to portray that they are alike. Contingency theory employs the methodology that organizations must efficiently match their general strategies to suit external environmental conditions. The theory clinks on the notion that that there is no specific criteria of responding to external environmental changes. Nearly each organization operates in highly dynamic environments and therefore engaged in massive transactions where the firms' actions need to be responsive to the daily environmental changes (Carlisle, 1976).

Contingency theory as an organizational theory argues that there is no mutually exclusive approach to organize, lead an entity, or to settle on choice in a social set-up. Rather, the ideal strategy is dependent upon the inward and outer circumstance of the organization and nature. Some focal premises of organizational theory can comprehend centre issues for executing successful group policing programs (Lawrence &Lorsch, 1967).

As pushed by Todnem (2005), organizations are as fruitful as they are adjusting to their surroundings. While executing a change program, particular attributes of the organization are regularly not considered, which is dangerous to the accomplishment of the program. Contingency theory, despite having a few qualities, for the most part misses the mark in clarifying why some change projects or practices are successful in a few instances yet not others (Lawler & Worley, 2012). It is additionally scrutinized that it doesn't correspond well with other standard association change programs. Contingency theory additionally neglects to sufficiently clarify what ought to be done about a specific change program or circumstances jumble in the organization.

2.2.2 Goal Setting Theory

The goal setting theory was pitched in 1968 by an American Psychologist Edwin Locke (Chemjor, 2015). The goal setting theory is anchored on different guiding principles, notably; challenge, clarity, commitment, task complexity and feedback. The theory originated from aspiration levels propelled by Kurt Lewin and has since been improved by Dr. Locke, who initiated studyb in the 1960's. The research demonstrated an inductive association between setting of goals and attainment of higher organizational performance. According to Locke and Latham (2006), a goal is the result that an individual desire to attain. Goal setting entails the continuous process of benchmarking the desired performance levels which lead to attainment of desirable outcomes.

The goal setting theory basically argues that motivation is initiated by the intention and desire to attain a goal (Chemjor, 2015). Arguments by Chemjor (2015) back the goals setting theory perception of encouraging organizational employees' individual goals which play a vital role in motivation of higher performances. Stakeholders are in constant look as to whether the goals are being attained and if this is not the case, they modify the goals to make them attainable

The goal setting approach is relevant in explaining the commercial State Corporation's capability in setting both long term and short term goals and determining the effective mechanisms of going about realizing these goals. Reliable, specific and clear goals can contribute better performances (Shahin & Mahbod, 2007). Performance improvement results in attainment of the goals of performance management system (Salaman et al., 2005). Goal setting approach drives an organization towards the attainment of operational targets.

The commercial state corporations operate with clear strategic guidelines as per specific operational plans that determine the intended goals and outcomes. The strategic plans could be short, medium or long. Any state corporation is well positioned in utilizing the goal setting theory as the key tool in setting short term and long term strategies that can facilitate the attainment of desired levels of operational competitiveness in the effort to fulfill the noble mandate enshrined in what it takes to be a commercial state corporation.

2.2.3 New Public Management Theory

New Public Management is a public administration management approach that examines experiences and knowledge acquired in managing the business and other subjects so as to improve efficiency, effectiveness and overall performance of public sector amid the bureaucratic systems.” Despite massive contradictions on the implications and the consequences of this doctrine, it is evident that it has been highly practicable in public administration theory as from the 1980s (Garson& Overman, 2018).

Over the past few years, there have been ongoing debates between scholars and public administration practitioners on the best approaches of revitalizing and renewing the old bureaucracies. A lot has been undertaken on public administration theory and practice as from 1980s which precede the predominant conservative approach. Based on the experience of the private/business sector/industrialized sector, scholars have opted for a more “demanding” approach toward the dynamics, productivity and activities of public institutions. Furthermore, tremendous changes have transformed the old public administration style into a new public management. This public administration liberalization is currently described as the doctrine of New Public Management (NPM) (Lynn, 1996).

The arguments of this approach have provided holistic explanations and different examples that depict a significant positive effect of the approach. Those that critique NPM base it on the argument that it makes no notable contribution to the field. They therefore tend to consider it as a seasonal trend that will eventually be transformed into other “new” doctrines (Khademian, 1998).

2.3 Strategic Planning and Performance Contracting in Public Entities

To ensure successful and sustainable implementation of performance contracting process, it is necessary to tie it with other management systems. Therefore, a performance-contracting regime cannot be substituted for overall management of performance. It is basically a sole component of a performance management framework that form part of the general resource allocation frameworks. Performance management systems are useful in facilitating organizational change and maintenance of continuity when performance is communicated in a clear and understandable manner (Armstrong & Taylor, 2014).

A performance management program should capture the objectives of result achievement, customer satisfaction, employee motivation and satisfaction. Such a programme will among other things strengthen accountability and tie performance expectations with organizational objectives; track organizational goals, and steer for their attainment; focus on results as opposed to subjective assessments thus motivating the employees to work towards improved performance; develop the unique skills and a good rewards systems (Murphy, 2004).

Performance contracting is mainly designed based on the public agencies' strategic plan. This is because the current situation of the agency, where it intends to go, and mechanisms of getting there, time it will get there, the activities and personnel, and methods of evaluation are all defined in the strategic plan. Performance contracts are defined by the performance indicators, which are derived from the agency's mission and objectives as stipulated in the Strategic Plan (Choke, 2006).

2.4 Empirical Studies and Knowledge Gaps

Different studies have been executed on strategic planning, performance contracting, and their role on performance of institutions and the literature is presented in below. However, most of these studies did not link strategic planning with performance contracting. The methodologies and findings are included for the studies selected.

According to Juma and Kinyanjui (2014) explored the impact of strategic plans implementation on performance of Kenyan public universities the case being the University of Nairobi, the findings of the study indicated that strategic alliances positively affected the performance of Kenyan public universities. Their study however only looked at the context of a public university and more research needs to be conducted on the context of all commercial state corporations.

According to Arasa and K'Obonyo (2012) organizations that carry out strategic planning efficiently have been known to exhibit a more superior performance compared to those that do not. Arasa and K'Obonyo (2012) argue that, "Carrying out the various steps in the strategic planning process is expected to facilitate the realization of organizational effectiveness. By defining a company's purpose and goals, strategic planning provides direction to the organization and enhances coordination and control of organization activities". The strategic planning process shapes the choice of a company's strategy, reveals future opportunities and threats and stipulates a decision making framework across the company. This study however failed to address strategic planning and performance contracting.

Awino, Muturia and Oeba (2012) examined strategic planning, planning outcomes and firm performance with a focus on commercial banks in Kenya. The study measured the seven dimensions namely: external orientation, internal orientation, functional integration , key personnel involvement in planning, use of planning techniques , emphasize on control and creativity in planning. The study was useful since it added to the body of knowledge by introducing the concept of multidimensional strategic planning. However it deviates from the current study in that it only concentrates on the financial or banking sector and it did not address performance contracting.

Jenster and Klaus (2013) conducted a study on the association between strategic planning and firm performances in Chinese firms. They attempted to investigate if there is a correlation between firm performance and the strategies employed by these companies through use of Miles and Snow model for Aggressiveness Strategies. The study focused on Chinese Company with different environmental factors compared to the current study which is a local perspective. This study did not take into account performance contracting and its relationship with strategic planning.

According to Gakure, Muriu, and Orwa (2013) performance contracting has made public service organizations to transact like private enterprises by focusing more on attainment of profitability and customer service as the major performance criteria. Most government ministries and state corporations, now have functional public relations offices and customer care centers which have acted as useful instruments for introduction of client focus services. The study by Gakure et al., (2013) did not address the linkage between strategic planning and performance contracting which is the goal of the current study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

In order to establish the alignment between the study variables, a research methodology is necessary to outline how the study was executed. This section discusses the research design, population and sample that were selected in this study. Data collection, data analysis and presentation techniques are also highlighted in this chapter.

The chapter starts by discussing the research design that was utilized in determining strategic planning and performance contracting in commercial state corporations. A research design is the chronological order of things that result to answering research questions. The section also covers the population of the study which refers to all the organizations that make up the commercial state corporations in Kenya and also the sampling frame to be applied in picking respondents.

The chapter also covers the data collection procedure and data analysis. The data to be collected was primary in nature and was collected using a structured questionnaire to answer the research question. Under data analysis, the researcher explained the method that was used in transforming the collected data to useful information that can be used in decision making. The researcher conducted both descriptive and inferential statistics in order to determine strategic planning and performance contracting of commercial state owned corporations.

3.2 Research Design

Khumar (2005) described research design as that method that is procedurally acquired by the researcher and that which enables the researcher to be able to answer questions accurately, validly, objectively, and economically. According to Wanyama and Olweny (2013), a research design aims at improving the ability of the researcher in conceptualizing an operational plan in order to be able to embark on the various techniques available and required tasks for the completion of the study while at the same time ensuring that the procedures used are sufficient enough to acquire valid, objective and precise responses to the research questions.

Descriptive cross sectional research design was used to address this research problem. A descriptive study aims at finding out the what, where and how of a phenomenon (Cooper & Schindler, 2008). The appropriateness of this design is that it allowed the researcher to utilize both quantitative and qualitative data so as to establish strategic planning and performance contracting among commercial state corporations in Kenya.

Descriptive cross sectional design was applied in gathering data, summarizing, presenting and interpreting it. The researcher chose descriptive survey research design because the interest of the current study is primarily on the current state of affairs in the field rather than manipulating variables. Cross-sectional study methods are done once and they represent summary at a given timeframe (Cooper & Schindler, 2008).

3.3 Sampling Frame

Burns and Burns (2008) defined sampling frame as the entire list of all elements or objects of the population that the researcher wants to study. The sampling frame is a representation of the entire list of elements from which the sample will be selected (Cooper & Schindler, 2011). The sampling frame defines the population of study.

For this study the sampling frame was 32 Kenyan owned commercial state owned corporations. This study intends to explore the association between strategic planning and performance contracting in Kenyan owned commercial state owned corporations. The Kenyan owned commercial state owned corporations are shown in Appendix III.

In a descriptive survey a sample allows the scholar to acquire information about a population (Mugenda & Mugenda, 2003). The study sampled one respondents in each commercial state corporation, giving a total of 32 respondents.

3.4 Data Collection

Primary data was utilized for this study. Structured questionnaires were adopted in collecting primary data. The targeted respondents were senior level managers and supervisors of the commercial state corporations. This is because they are involved in the organizations' management and have a broad understanding of its affairs.

Each organization had one respondent upon which the questionnaires were administered. The structured questionnaire contained open-ended and close-ended questions. The close-ended questions consisted of more structured responses which brought out more tangible recommendations.

The ratings on various attributes was tested using the closed ended questions which helped in the reduction of responses that are related so as to obtain responses that were more varied. The researcher kept a register of the questionnaires to ensure that all the questionnaires distributed to the respondents are returned.

3.5 Data Analysis

The data generated by questionnaires was checked, edited and coded. The coded data was then inputted into SPSS and analyzed using descriptive and inferential statistics. Descriptive analysis included frequencies and percentages while the inferential statistics included correlations and regression analysis.

The regression model to be applied is of the form:

$$Y = \alpha + \beta_1 X_1 + \epsilon$$

Where; Y= Performance contracting; α = Constant Term; it is the Y value when all the predictor values are zero; β_1 = Beta Coefficient of variable i which measures whether there is responsiveness of Y to change in I; X_1 = Strategic planning; ϵ =Error term

Content analysis was to analyze qualitative data so as to evaluate the response, draw conclusions and to derive recommendations. Content analysis consists of analyzing the responses from the open-ended questions looking for similarities and difference in order to find themes and to develop categories.

This chapter highlights the design that was used, which is a descriptive cross-sectional survey design. It also highlights the method of data collection to be used which relied on primary data. The chapter also shows how data analysis was done through descriptive, inferential and content analysis.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This section entails data analysis, findings and interpretation. Results are displayed in form of tables and continuous prose form. The data is in line with the research objectives. This study targeted 32 Kenyan owned commercial state corporation. The study made inquiry on the demographic characteristics of the respondents. The target respondents were senior most managers of the commercial state corporations.

The study also examined the age of the respondents. On determining their age, the study implored the respondents the period of time they had worked in the organizations. The study sought to find out whether their organization had a strategic plan. After ascertaining the existence of a strategic plan, the study sought to find out the frequency of review.

The study sought to determine the connection between strategic planning and performance contracting. To analyze these variables, statement were drawn to enable establish how they related to each other. Inferential analysis was conducted to indicate the connection association between the dependent and the independent variables. These comprised correlation and regression results. The regression findings include the regression coefficients, analysis of variance and model of fitness.

4.2 Response Rate

This study targeted 32 Kenyan owned commercial state corporation. The number of questionnaires that were administered were 32. Of the 32 questionnaires, 27 were filled appropriately and handed in. The table below summarized the response rate.

Table 4.1: Response Rate

Response	Frequency	Percent
Returned	27	84.4%
Unreturned	5	15.6%
Total	32	100%

Source: Research data (2018)

The above results represented a response rate of 84.4%. This was a considerable response that represented the actual happenings at the commercial state corporations.

4.3 Demographic Characteristics of the Respondents

The study made inquiry on the demographic characteristics of the respondents. This information was with regard to position, age, and years worked in the organization. The target respondents were senior most managers of the commercial state corporations. The study also established the age of the respondents.

On determining their age, the study implored the respondents the number of years they had served their organizations. The study also examined whether the corporations possessed a strategic plan and the frequency of strategic plan review.

4.3.1 Position

The target respondents were senior most managers of the commercial state corporations. The respondents were asked to indicate their position in the state corporations.

Table 4.2: Position

Position	Frequency	Percent
Senior Manager	8	29.6
Supervisor	19	70.4
Total	27	100

Source: Research data (2018)

Findings in Table 4.2 depict that 70.4% were supervisors while 29.6% were senior managers. This can be explained by the fact that the employees in lower cadres are more than those in the upper cadres.

4.3.2 Age

The study also sought to find out the age of the respondents. Results in Table 4.3 show that 11.1% were aged between 36 and 40 years, 22.2% were aged between 41 and 45 years, 22.2% were aged between 46 and 50 years, 14.9% were aged between 31 and 35 years, 11.1% were less than 30 years while 18.5% were more than 50 years.

Table 4.3: Age

Age	Frequency	Percent
Less than 30	3	11.1
31-35 years	4	14.9
36-40 years	3	11.1
41-45 years	6	22.2
46-50 years	6	22.2
More than 50 years	5	18.5
Total	27	100

Source: Research data (2018)

The findings indicate that majority of the respondents were middle aged. The higher number of employees aged between 36 and 50 years can be explained by the fact that employee job retention is very high among commercial state corporations.

4.3.3 Years Worked in Organization

On determining their age, the study implored the respondents the number of years they had served the organizations. The study established that employees and served between 1 years and above 10 years.

Table 4.4: Years Worked in Organization

Period of Work	Frequency	Percent
Below 5 years	6	22.2
5 to 10 years	10	37.1
Above 10 years	11	40.7
Total	27	100

Source: Research data (2018)

Results in Table 4.4 show that most 40.7% had served for more than 10 years, 37.1% had worked for a period not less than 5 years and not more than 10 years while the rest 22.2% had worked for less than 5 years. This is an indicator that employee turnover at Kenya commercial state corporations is low. This also implies that the respondents had amassed vast experience to possess the relevant information that this study is after.

4.3.4 Possession of a Strategic Plan

The study sought to find out whether their organization had a strategic plan. All the respondents were on the affirmative. This implied that all the commercial state corporations understood the importance of having a strategic plan

4.3.5 Frequency of Strategic Plan Review

After ascertaining the existence of a strategic plan, the study sought to find out the frequency of review.

Table 4.5: Frequency of Strategic Plan Review

Frequency of Review of Strategic Plan	Frequency	Percent
After 5 years	15	55.6
Annually	8	29.6
When need arises	4	14.8
Total	27	100

Source: Research data (2018)

Table 4.5 show that 55.6% of the corporations do their review after 5 years, 29.6% annually. Another 14.8% stated that they review their strategic plans only when need arises.

4.4 Descriptive Statistics

These entailed results of strategic planning. The section also outlined performance contracting of commercial state owned corporations.

4.4. Strategic Planning

The study sought to determine the connection between strategic planning and performance contracting. To analyze these variables, statements were drawn to enable establish how they related to each other.

Table 4.6: Strategic Planning

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Our organization has a well written mission statement.	10.3%	3.4%	22.4%	15.5%	48.3%
Our organization has developed strategies that contribute to the overall vision.	1.7%	6.9%	6.9%	37.9%	46.6%
Our organization communicates the organizational vision, mission and key policies.	3.4%	22.4%	10.3%	27.6%	36.2%
Our organization has set and documented clear objectives for every stakeholder.	3.4%	17.2%	5.2%	31.0%	43.1%
Our organization reviews the strategic plan regularly.	8.6%	31.0%	24.1%	8.6%	27.6%
Our organization engages all the relevant stakeholders when formulating the strategic plan.	3.4%	1.7%	36.2%	39.7%	19.0%
Our organization is keen to ensure that the plans set are implemented within the stipulated time.	0.0%	5.2%	6.9%	34.5%	53.4%

Source: Research data (2018)

A 43.1% of the respondents stated that their organization has a well written mission statement, 46.6% affirmed that their organization has developed strategies that contribute to the overall vision, and while 36.2% pointed out that their organization communicates the organizational vision, mission and key policies. 43.1% reiterated that their organization has set and documented clear objectives.

In addition to the findings 27.6% of the respondents stated that their organization reviews the strategic plan regularly, while 19.0% affirmed that their organization engages all the relevant stakeholders when formulating the strategic plan. 53.4% reiterated that their organization is keen to ensure that the plans set are implemented within the stipulated time.

4.4.2 Performance Contracting

The scholar was seeking to find out the status of performance contracting among the Kenyan commercial state corporations. 27.6% of the respondents stated that there is a very close link between performance contracting and strategic plan of their organization.

Table 4.7: Performance Contracting

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
There is a very close link between performance contracting and strategic plan of the organization.	20.7%	12.1%	15.5%	24.1%	27.6%
The organization is best rated in terms of aligning performance contracts and its strategic plan.	3.4%	15.5%	25.9%	34.5%	20.7%
The organization's capacity to achieve its objectives has greatly improved after the introduction of performance contracts.	15.5%	19.0%	15.5%	25.9%	24.1%
The writing of performance contracts is mutually done and not imposed on management.	8.6%	22.4%	27.6%	22.4%	19.0%
Varied stakeholder interests take center stage when drafting performance contracts.	3.4%	13.8%	32.8%	25.9%	24.1%
Further improvements are necessary to enhance the effectiveness of performance contracts in the organization.	0.0%	5.2%	15.5%	37.9%	41.4%

Source: Research data (2018)

Results in Table 4.7 reveal 20.7% pointed out that their organization is best rated in terms of aligning performance contracts and its strategic plan. 24.1% reiterated that their organization capacity to achieve its objectives has greatly improved after the introduction of performance contracts. 19.0% of the respondents stated that the writing of performance contracts is mutually done and not imposed on management,

The results further showed that 24.1% affirmed that varied stakeholder interests take center stage when drafting performance contracts regardless of goals and objectives stipulated in the strategic plan. Another 41.4% reiterated that further improvements are necessary to enhance the effectiveness of performance contracts in the organization.

4.5 Inferential Statistics

Inferential analysis was executed to indicate the association between the variables. These comprised regression and correlation output. The regression output includes regression coefficients, analysis of variance and the model summary.

4.5.1 Correlation Analysis

Correlation analysis was to establish the significant relationship between strategic planning and performance contracting.

Table 4.8: Correlation Matrix

Variable		Performance Contracting	Strategic Planning
Performance Contracting	Pearson Correlation Sig. (2-tailed)		1
Strategic Planning	Pearson Correlation Sig. (2-tailed)	0.753 0.000	1

Source: Research data (2018)

The results presented in the Table 4.8 shows that strategic planning and performance contracting have a positive and significant association ($r=0.753$, $p=0.000$). This implies that strategic planning enhance performance contracting of the Kenyan commercial state corporations.

4.5.2 Regression Analysis

Results in Table 4.9 below show that strategic planning was discovered as satisfactory variables in explaining performance contracting of Kenyan commercial state corporations as confirmed by a 0.566 R^2 value meaning that strategic planning explains 56.6% of the variations in the performance contracting of Kenyan commercial state corporations.

Table 4.9: Model Fitness

Indicator	Coefficient
R	0.753
R^2	0.566

Source: Research data (2018)

The F-statistic values in the ANOVA display are for assessing the significance of the variables in the model (Cooper & Schindler, 2008).

Results in Table 4.10 show that the overall model was statistically significant as further depicted by an F statistic of 73.178 and a p value of 0.000.

Table 4.10: ANOVA

Individual	Sum of Squares	df	Mean Square	F	Sig.
Regression	10.979	1	10.979	73.178	0.000
Residual	8.402	56	0.15		
Total	19.382	57			

Source: Research data (2018)

Further, the results imply that strategic planning is a good predictor of performance contracting at Kenyan commercial state corporations.

Table 4.11 indicate a positive and notable connection between strategic planning and performance contracting of Kenyan commercial state agencies .A beta coefficients of 0.681 confirmed this. This implies that improved strategic planning by a unit would enhance performance contracting of Kenyan commercial state corporations.by 0.681 units.

Table 4.11: Regression of Coefficients

Variable	B	Std. Error	t	Sig.
(Constant)	0.870	0.31	2.805	0.007
Strategic Planning	0.681	0.08	8.554	0.000

Source: Research data (2018)

The regression model took the form: $Y = \beta_0 + \beta_1 X_1 + \epsilon_1$

Y = Performance Contracting

X₁ = Strategic Planning

β_0 β_1 coefficients

ϵ_1 = Error term

Hence, the final model was: Performance Contracting = 0.870+ 0.681 Strategic Planning

4.6 Strategic Planning and Performance Contracting of Kenyan Owned Commercial State Corporations

To ensure successful and sustainable implementation of performance contracting process, it was necessary to tie it with other management systems. Therefore, a performance-contracting regime was not substituted for overall management of performance. It was basically a sole component of a performance management framework that form part of the general resource allocation frameworks. Performance management systems were useful in facilitating organizational change and maintenance of continuity when performance was communicated in a clear and understandable manner (Armstrong & Taylor, 2014).

4.6.1 Strategic Planning

The need of strategic planning cannot be overstated. However, it elaborates that success in the formulation and implementation of strategic plans impacts a firm positively in various ways. These ways include performance, employee satisfaction which translates to better employee retention and performance contracting.

The findings about strategic planning among the Kenyan owned commercial state corporations revealed that most of the commercial state corporations had a well written mission statement. The findings also demonstrated that the commercial state had developed strategies that contribute to the overall vision. Further, the findings showed that the management of the corporations communicate the organizational vision, mission and key policies have set and documented clear objectives for every stakeholder.

The findings revealed that the Kenyan owned commercial state corporations review the strategic plan regularly. They also engage all the relevant stakeholders when formulating the strategic plan. Findings illustrated that they were also keen to ensure that the plans set are implemented within the stipulated time and therefore elaborating clearly the importance of strategic planning in these Kenyan owned commercial state corporations.

4.6.2 Performance Contracting

Performance contracting is a very critical tool among governmental organizations. The performance contracts aid in ensuring that the process of performance appraisal is fair thus rewarding of employees on merit which impacts their productivity positively. The findings about the status of performance contracting among the Kenyan owned commercial state corporations revealed that there is a very close link between performance contracting and strategic plan of their organization.

The findings also showed that the commercial owned state corporations are best rated in terms of aligning performance contracts and their strategic plan. Further, these findings demonstrated that the capacity to achieve objectives among these corporations has greatly improved after the introduction of performance contracts.

Results also indicated that the writing of performance contracts is mutually done and not imposed on management. The findings also affirmed that varied stakeholder interests take center stage when drafting performance contracts regardless of goals and objectives stipulated in the strategic plan. It was also noted that further improvements are necessary to enhance the effectiveness of performance contracts in the organization.

4.6.3 Role of Strategic Planning in Performance Contracting in Kenyan Owned Commercial State

The role of strategic plans in performance contracting is very key. An articulate strategic plan ensures that the organizations mission and vision is clear. Additionally, a good strategic plan has clearly outlined goals and objectives which are measurable. With this clear outlines, employees are expected to work towards achieving the goals and objectives.

When conducting performance appraisals using performance contracts it is easy to measure an employee's achievement against the goals and objectives achieved. If the goals and objectives are clear, it translates to fair performance appraising and vice versa

The general goal of the study was to explore the connection between strategic planning and performance contracting of the Kenyan state owned commercial corporations. Results showed that strategic planning a positive and significant relationship exists between strategic planning and performance contracting (β 0.681, p 0.000). This is an indicator that better strategic planning would enhance performance contracting.

4.7 Discussion of Findings

This section presented the discussion in regards to the research finding of the study including comparison with the three theories in chapter two that guided the study. The theories were contingency theory, goal setting theory and the new public management theory. The findings of these study are also compared to other empirical studies.

4.7.1 Comparison with the Theories

The theories underpinning these study included contingency theory, goal setting theory and new public management theory. To start with, the contingency theory employs the methodology that organizations must efficiently match their general strategies to suit external environmental conditions.

The theory clinks on the notion that there are no specific criteria of responding to external environmental changes. The findings of these study support the propositions of this theory in that it was established that there is great need to keep on reviewing strategic plans regularly so as to ensure consistency and timely adjustments to micro and macro-economic changes.

Secondly, the goal setting theory puts emphasis on the importance to set goals. The theory postulates that they exist an inductive association between setting of goals and attainment of higher organizational performance. The theory also points out that goal setting entails the continuous process of benchmarking the desired performance levels which lead to attainment of desirable outcomes. This guides the employees who are engaged in the implementation of the same to achieve the desired results and the overall performance.

The findings of this study are also aligned with the propositions of this theory in that it was established that Kenyan state owned corporations recognize the need for having clearly outlined goals and objectives when formulating the strategic plan. This study also demonstrate that Kenyan owned commercial state corporations operate with specific guidelines as per specific operational plans that determine the intended outcomes and goals.

Thirdly, the new public management theory advocates for a different way of running operations in the public sector. These theory postulates that the administrators in the public sector should employ experiences and knowledge acquired in management of the business and other disciplines so as to improve effectiveness, efficiency and overall performance of public sector amid the bureaucratic systems. The findings of this study support the assertions of this theory in that the idea of strategic plans was implemented recently in the public sector with an aim of improving service delivery.

4.7.2 Comparison with other Empirical Studies

The study results showed that Kenyan owned commercial state corporations have acknowledged the importance of using performance contracts. This enhances their efficiency and service delivery. These findings concur with those of Gakure, Muriu, and Orwa (2013) who posited that performance contracting has made public service organizations to transact like private enterprises by focusing more on attainment of profitability and customer service as the major performance criteria.

The findings also depict that there exists a close link between strategic planning and performance contracting. Further, the findings revealed that strategic plans have a positive and strong association with performance contracting. These findings concur with those of Schwella (1998) who argued that strategic plans developed by the various corporations provide the impetus on the formulation of performance contracts. The performance targets, indicators, obligations, and measurements are all drawn from the strategic plans implying that there should be a very close link between the two.

These findings are also concurrent with the assertions of Arasa and K'Obonyo (2012) that organizations that carry out strategic planning efficiently have been known to exhibit a more superior performance compared to those that do not. They also argued that conducting different steps in the strategic planning process seeks to facilitate the attainment of organizational effectiveness. Further, they reiterated that the strategic planning process shapes the choice of a company's strategy, reveals future opportunities and threats and stipulates a decision making framework across the company.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the findings, done objectively. The study also outlines the conclusions of the study based on the findings. Further, the chapter gives the recommendations which the researcher harmonized by suggesting further studies that can be looked at by scholars.

The general aim of the research was to establish the relationship between strategic planning and performance contracting of the Kenyan state owned commercial corporations. It was concluded that strategic planning affects performance contracting of commercial state corporations.

This study experienced various limitations. To begin with, there was trouble in accessing the targeted respondent as most of them due to their position of influence are highly engaged in assignments in foreign countries.

5.2 Summary of Findings

The general study's objective was to establish the association between strategic planning and performance contracting of the Kenyan state owned commercial corporations. Results established that strategic planning had a positive and significant association with performance contracting (β 0.681, p 0.000). This is an indicator that better strategic planning would enhance performance contracting.

These results were supported by the findings that most of the commercial state corporations had a well written mission statement. The findings were also supported by the realization that the commercial state owned cooperation's had developed strategies that contribute to the overall vision. The findings were also supported by the fact that the management of the corporations communicate the organizational vision, mission and key policies have set and documented clear objectives for every stakeholder.

It was also noted that they review the strategic plan regularly. They also engage all the relevant stakeholders when formulating the strategic plan. Further, it was noted that they are keen to ensure that the plans set are implemented within the stipulated time.

5.3 Conclusion

The research made a conclusion, from the findings, that strategic planning affects performance contracting in commercial state corporations. These findings were supported by the regression and correlation results which demonstrated that strategic planning and performance contracting were significantly and positively related. This implied that better strategic planning translates to better performance contracting.

This was also supported by the findings that there is a very close link between performance contracting and strategic plan of their organization. It was also noted that the commercial state corporations are best rated in terms of aligning performance contracts and its strategic plan. Further, this conclusion was supported by the findings that commercial state corporations' capacity to achieve its objectives has greatly improved after the introduction of performance contracts.

The conclusion was also supported by the findings that writing of performance contracts at the commercial state corporations is mutually done. Thus, the performance contracts are not imposed on management and thus their success. It was also noted that varied stakeholder interests take center stage when drafting performance contracts regardless of goals and objectives stipulated in the strategic plan. Further, to ensure successful and sustainable implementation of performance contracting process, it is necessary to tie it with other management systems and in line with the corporation's mission and objective as stipulated in the strategic plan.

5.4 Recommendations

A recommendation was given that Kenyan owned commercial state corporations ought to put emphasis on the need to have strategic plans. The study also recommends that the Kenyan owned commercial state corporations should issue clear guidelines on how to implement strategic plans as well as build capacities in strategic management process. This would guarantee successful performance contracting process.

The study also recommended that the Kenyan owned commercial state corporations should endeavor to make reviews on their strategic plans more regularly as it would boost the usefulness of the strategic plans. In addition, regular reviews would ensure consistency and timely adjustments to micro and macro-economic changes. The study also recommends that the management and staff of government organizations should delve deeper into understanding the impact of strategic planning on performance contracting so as to maximize the benefits thereof.

Further, the study recommend that government policy makers and other legislators should formulate appropriate policies to ensure that all governmental organizations have strategic plans. This would go a long way in ensuring that service delivery to citizens is enhanced across all sectors. Incorporating performance contracting within the framework of strategic planning provides best opportunity for success. This would also improve the public sector performance as well as strengthen governance as a key element of the Kenya Vision 2030 goals.

5.5. Limitations of the Study

This study experienced various limitations. To begin with, there was trouble in accessing the targeted respondent. The limitation was moderated by contacting the respondents beforehand and making appointments with them on the appropriate time to administer the questionnaires.

The researcher also experienced hesitance by respondents to give their feedback as they feared it would be used against them. To mitigate this, the researcher acquired a letter of introduction from the university that guaranteed the respondents that the feedback would be utilized for scholarly purposes and would be held in confidence. The researcher also sought permission from the management of state corporations before approaching them.

Further, there was the issue of unreturned questionnaires and uncooperative respondents proved difficult for the study. This was mitigated through follow ups with phone calls, emails and individual visits made it easier to collect adequate number of the filled questionnaires. The respondents were further assured that the research would not jeopardize their jobs in any way.

5.6 Suggested Areas of Further Studies

The study suggests that the same study should be conducted but focus on other categories of state corporations. This would help to establish whether the other categories of state corporations have similar experiences with regard to the influence of strategic planning on performance contracting. Hence, this would guide the policy makers in the government when formulate policies that enhance success in the use of performance contracting.

The study also suggested that a similar study be conducted but focusing on organizations in the private sector. This would help to establish whether private and public institutions have similar experiences with regard to strategic planning and performance contracting. If they have different experiences, it would create an opportunity for the institutions to teach from each other.

Further, the study suggests that a more extensive study be conducted to establish the influence of the specific aspects of the strategic planning. This would help the Kenyan owned commercial state corporations to identify the aspects that have more weight than. Hence, they would have clarity with regard to put emphasis on.

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APPENDICES

Appendix I: Introduction Letter



UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS

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

P.O. Box 30197
Nairobi, Kenya

DATE..... 9th Nov 2018

TO WHOM IT MAY CONCERN


The bearer of this letter ANS MWENDE KITONGA
Registration No..... DG/1/23795/2016.....

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

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

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

Thank you.


PROF. JAMES M. NJIHIA
DEAN, SCHOOL OF BUSINESS

Source: University of Nairobi (2018)

Appendix II: Research Questionnaire

Dear respondent,

This questionnaire has been designed to collect information on strategic planning and performance contracting in commercial state corporations in Kenya. Please read carefully and answer the questions as honestly as possible. The information gathered will be used purely for the purpose of academic research and will be treated with utmost confidence.

Instructions

1. Tick appropriately in the box or fill in the space provided.
2. Feel free to give further relevant information to the research.

PART A: BACKGROUND INFORMATION

1. Name of the Commercial State Corporation

.....

2. Your position in the organization

.....

3. Your age bracket in years?

Less than 30 31-35 36-40 41-45 46-50 greater than 51

4. How long have you worked in your current position?

Below 5 years 5 to 10 years Above 10 years

5. Do you have a Strategic Plan?

Yes No

6. How frequent does your organization review its strategic plan?

After 5 years Annually Half yearly When need arises

PART B: STRATEGIC PLANNING AND PERFORMANCE CONTRACTING

7. To what extent do you agree with the following statements on the influence of strategic planning on performance contracting in Kenyan owned commercial state corporations?

Use a scale of 1—5 where 1= strongly disagree and 5= strongly agree.

Component	1	2	3	4	5
Our organization has a well written mission statement.					
Our organization has developed strategies that contribute to the overall vision.					
Our organization communicates the organizational vision, mission and key policies.					
Our organization has set and documented clear objectives for every stakeholder.					
Our organization reviews the strategic plan regularly.					
Our organization engages all the relevant stakeholders when formulating the strategic plan.					
Our organization is keen to ensure that the plans set are implemented within the stipulated time.					

PART C: PERFORMANCE CONTRACTING

8. To what extent do you agree with the following statements performance contracting in Kenyan owned commercial state corporations?

Use a scale of 1—5 where 1= strongly disagree and 5= strongly agree.

Component	1	2	3	4	5
There is a very close link between performance contracting and strategic plan of the organization.					
The organization is best rated in terms of aligning performance contracts and its strategic plan.					
The organization's capacity to achieve its objectives has greatly improved after the introduction of performance contracts.					
The writing of performance contracts is mutually done and not imposed on management.					
Varied stakeholder interests take center stage when drafting performance contracts regardless of goals and objectives stipulated in the strategic plan.					
Further improvements are necessary to enhance the effectiveness of performance contracts in the organization.					

Thank you for your co-operation

Appendix III: List of Kenyan owned Commercial State Corporations

S /No.	Commercial State Corporations
1.	Agro-Chemicals and Food Company
2.	Chemelil Sugar Company
3.	East African Portland Cement Company
4.	Gilgil Telecommunications Industries
5.	Jomo Kenyatta Foundation
6.	Kenya Airports Authority
7.	Kenya Broadcasting Corporation
8.	Kenya Electricity Generating Company
9.	Kenya Electricity Transmission Company
10.	Kenya Literature Bureau
11.	Kenya Ordinance Factories Corporation
12.	Kenya Pipeline Company
13.	Kenya Ports Authority
14.	Kenya Power and Lighting Company
15.	Kenya Safari Lodges and Hotels
16.	Kenya Railways Corporation
17.	Kenya Civil Aviation Authority
18.	Kenya Seed Company Limited
19.	Kenya Wine Agencies
20.	Kenyatta International Convention Center
21.	National Cereals and Produce Board

22.	National Housing Corporation
23.	National Oil Corporation of Kenya
24.	National Water Conservation and Pipeline Corporation
25.	Numerical Machining Complex
26.	Nzoia Sugar Company
27.	New Kenya Co-operative Creameries Ltd
28.	Telkom Kenya Limited
29.	South Nyanza Sugar Company
30.	Postal Corporation of Kenya
31.	Pyrethrum Board of Kenya
32.	School Equipment Production Unit

Source: <http://www.scac.go.ke>