

**INFLUENCE OF STRATEGIC PLANNING ON PERFORMANCE
OF NAIVAS LIMITED IN KENYA**

BY

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DECLARATION

This research project is my original work and has not been submitted for examination to any other university.

Signature Date

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D61/85757/2016

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

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DEDICATION

I dedicate this project to my family; my father Mr. Duncan Burugu, my mother Mrs.

Joyce Burugu, my brother Lawrence Wachira, my sister Hannah Mukami and my nephew

Duncan Burugu. They have never failed to give me moral, spiritual and financial support

and they were a source of encouragement.

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ABSTRACT

Strategic planning involves analyzing the external and internal environment through environmental scanning and analyzing the organization's strengths, weaknesses, opportunities and threats. This is fundamental in the formulation, implementation and evaluation of strategy success that leads to improved performance of an organization. Strategic planning envisions the future and comes up with strategies and procedures to achieve the desired future. Strategic planning incorporates planning from the top management, new product development and employee motivation. Organizations in the retail industry need to put into place strategic plans that are realistic and effective to achieve organization's objectives, goals and positive change. Naivas Limited is amongst the leading organization in the retail industry in Kenya with a total of 46 branches in the country. Strategic planning is often practiced to positively influence organizational performance. This study reviewed theoretical foundation of the study, strategic planning and organizational performance and the measures of organizational performance. This study was set out to investigate the influence of strategic planning on performance of retail industry in Kenya in reference to Naivas Limited in Kenya. An interview guide was used as the research instrument and the focus of the study was qualitative. Primary and secondary data was used and edited for consistency and completeness. The study found out that to have effective strategic planning, the top management incorporated the organization's vision, mission and core values in a strategic plan that was within the budget laid out. External and internal analysis of the organization was also important in making strategic decisions concerning the strategic plan. The management was also expected to formally communicate the strategic plan to enhance commitment and to fully support implementation and finally evaluate the strategic plan. The study recommended that all organizations should have a documented vision, mission and core values, conduct budgeting and perform environmental scans to guide the top management strategic decisions on strategic plans. The limitations of the study were that the respondents were few and they came from one organization in the industry and that the research was conducted on only one firm. The study focused on Naivas Limited in Kenya. The study suggested further research on strategic planning and performance of retail organizations in Kenya to find out whether there is consistency among them regarding strategic planning and performance.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Strategic planning has gained overwhelming recognition as many organizations have embraced its use to gain sustainable competitive advantage and improve performance through generating positive outcomes in the turbulent changing market environments. There is advancement from traditional tactical planning that is short-term and usually depend on competition according to organizations growth, survival and move to strategic planning that is long-term and provides the overall direction for departmental units in the organization. Strategic planning envisions the future and formulates procedures and operations that influence achieving that future (Hamid, 2017).

This study was grounded on the resource-based theory which views that organizations that have strategic resources achieve long-term advantages of sustained competitive advantage and they stay successful in the future. The theory explores the relationship between profitability, competition and resources and depicts how strategic resources affect strategic planning and influences the performance of an organization (Rumelt, 1984). Resource Dependency Theory was also grounded on this study since it provides detailed observations on how to make business decisions and stresses on the actual process of making these decisions based on the resources available within the organization's environment.

Kenya Retail Industry has experienced a major shake-up and radical changes in brand and customer loyalty that's caused by stiff competition in the market. Naivas has achieved sustained competitive advantage through Strategic Planning, for example the setting up of online supermarket (Business Daily, 2017). This research studies the influence of strategic planning on how Naivas Limited in Kenya performs.

1.1.1 The concept of Strategic planning

Strategic planning is described in different ways by authors but in complementary ways. Ansoff (1991) described strategic planning as the method that looks for a better match between an organization's technology or product and its progressively turbulent markets. Ansoff questioned the role of the firm in the society in regards to change from a known environment to the globe of evolving technologies, new customers preferences or attitudes and competitors. Strategic planning is a process that develops and maintains consistency between a company's resources, objectives and opportunities that keep on changing. Its further stated that strategic planning aims at the documentation of an approach that does business that leads to satisfactory profits and growth of a firm. Strategic planning is conceptualized as the management through planning, analytical process and concentrates on making optimal strategic decisions (Drucker, 1954).

Strategic planning refers to a management tool that is valued for turning organizational mission and vision into a reality. It is described as the process organizations use to establish and determine long term directions, strategies formulation and implementation to achieve long term objectives as internal and external environmental variables are considered (Hax and Majluf, 1991). Strategic planning helps define organizational activities and resource allocation that is necessary to achieve organizational strategic objectives. Strategic planning is used by organizations as a means to improve performance and compete through generating positive outcomes for the firms

1.1.2 Organizational performance

Organizational performance is defined as the ability of an organization to attain and employ its valuables and resources that are scarce in the pursuit of its operations goals as expeditiously as possible (Griffins, 2006). There are various factors that influence organization's performance and they include rebranding, employee motivation, customer care and new product development.

Rebranding in which a brand refers to the symbol, mark or name of the combination of the three to identify the services and goods of an organization different from the competitors (Johnson & Scholes, 2000). A brand plays a major role in building relationship of a company with its customers. Branding is the giving of a company attributes that are unique and that can only be associated with it (Baker & Zawada , 2001). Rebranding refers to changing the physical attribute and the reaction of a new symbol, name, term or symbol or the combination of the three in order to change the whole customer perception and attract new customers. It normally ensures that the customers that are being targeted, their perception about the company totally changes (Muzellecand, 2006).

Employee motivation influences performance and it encompasses three different types of motivations that include; positive motivation that influences people's behavior through things like rewards, extrinsic motivation that are away from work and they include things like feeding programs at work and medical covers. There is also negative motivation and it is usually based on fear like punishment or demotion, intrinsic motivation that include authority and recognition, financial motivators that are associated with money such as retirement benefits and remunerations and non-financial motivators that include things like responsibility, self-actualization and ego satisfaction (Chabra, 2008)

Customer care is one of the factors that affects performance and it refers to the service that is provided to customers before they purchase a good or service, after they purchase the goods or services and the after-sale service that is usually accorded to them. This helps to assure that the product has meet customer expectation thus fully satisfying the customers. Organizations that are customer based ensure there is free flow of communication with their customers to ensure they receive feedback from its customers to know the areas that customers feel the organization should improve on and the areas the organization should maintain on to ensure growth and improvement resulting to good and improved performance. This also helps to build a strong working relationship between the organization and its customers. Training of employees is also crucial to ensure that they are well equipped to serve the customers well. An organization can have minimal contact with its customers but its performance in fulfilling what the customers' orders has a major impact on customer satisfaction of an organization (Chabra, 2008).

New product development is another factor affecting performance. The customer relationship management (CRM) in business-to-business (B2B) emphasizes that it is very important to take the needs of the vulnerable customers and needs of those that get low income since it can generate improvement of an organization or a product that will also be beneficial to other customers (Muzellecand, 2006). This approach acts as a change agent that helps to introduce market driven and creative ideas and helps to focus on customer satisfaction since it focusses on the customer needs (Giddens, 2006).

There was great interest on organizational performance since organization's play a critical role in every nation since its success is important in the social, economic and political development of a country. Organizations are in dire need to increase their performance that help them in producing quality work, meet deadlines and increase their influence. Therefore, organizations came up with new techniques on how to enhance, improve and increase their performance. Balance scorecard is one of the invented techniques to measure an organization's activity in terms of the vision and mission. Managers are able to have an overview and measure on organization performance and make improvements where necessary and improve greatly on performance (Kaplan, 1992)

Benchmarking has helped to bring an overall change to an organization and aid in achieving better results. An organization should decide on a mark which is standard beforehand and call it a benchmark that is used as a scale. The performance of an organization should also be decided before hand and comparing performance with the set standard is called benchmarking. This is to help compare the standard scale and the scale achieved and evaluation of the results of the performance. Benchmarking is also done through comparing of institutions within the same industry (Webometrics & Web Ranking of World Universities, 2010).

1.1.3 Kenya Retail Industry

Kenya retail sector is among the priority sectors in Kenya that is involved in making up the largest part of the country's Gross Domestic Product and creating formal employment of approximately 50%. Kenya's retail sector is placed second after South Africa as the continent's most developed and the fastest growing sector within the continent.

There is increased competition between the foreign and local outlets for new market share in Kenya that is evident from the entrance of international players for example Carrefour Supermarket, the French multinational retailer that opened its first outlet in May 2016. Other retail firms that have penetrated into the Kenyan retail industry sector are Botswana's Choppies and Massmart Holding's Game. Macroeconomic growth and rise of the purchasing power of the middle-income consumers and investment in high end formal retail space and foreign retailers, producers and brands entering the market is boosting and benefiting the retail industry strongly.

Retailers recognized value chain and the retail industry recorded positive performance through the marketing activities that are heightened, population growth and positive economic metrics. Even though the retail sector in Kenya recorded prospects that were positive, some retail organizations experienced stormy times for instance Nakumatt and Uchumi Supermarket that shut down their strategic warehouses and outlets. Many employment opportunities crumpled and great numbers of employees were sent home due to problems with the management of cashflows, tough operating environment, issues with the internal corporate governance and poor growth management and increased debts due to the struggle to maintain supply chain that was powered by tough operating environment.

Advancement of technology also influenced online shopping that led to the growth of online retailing websites that include Jumia, Kilimall and Pigiame. The shopping experience of customers also impacted positively with regards to technology space through cashless payment systems, e-commerce and mobile platforms. The government of Kenya should continue supporting the retail industry through the provision and creation of a conducive business environment.

1.1.4 Naivas Limited in Kenya

Naivas Limited that is normally referred as Naivas is one of Kenya's biggest supermarket chain with a total of 46 branches in the country. Naivas warehouses and headquarter is located in Industrial area of Nairobi at Sameer Business Park. It's a private family owned company that was registered on 24th July 1990. It began trading in Nakuru county in Rongai and was previously Rongai Self Service Stores Limited. The name was then changed to Naivasha Self Service Stores Limited and later rebranded to Naivas Limited in 2007. It offers high quality products at reasonable market prices and this helps customers save money as their company logo states; Naivas saves you money, with customer need oriented approach (Naivas Ltd, 2011). They stock everything a customer may need making it a one-stop-shop. Naivas Ltd has achieved to provide convenience to its customers through online supermarket and grocery delivery services. The market research indicated that Naivas Ltd receptive customer service, innovative product catalogue and most favourable market prices had seen its customer base grow (Naivas Ltd, 2011). Naivas Ltd is amongst the leading companies in the retail industry that offers quality goods and services.

Others include Tuskys and Ukwala supermarkets that have had long experience over the years and large customer base among others in the country. Naivas Ltd was developing in the market through sustained competitive advantage and was surviving in the market under the stiff competition. Therefore, Naivas Limited provided a focal point for the research on how strategic planning influences performance. Many scholars had carried out research on strategic planning in different organizations but none on retail industry, in this case Naivas Ltd in Kenya and this made it a unique case for this study.

1.2 Research Problem

All business entities main objective is to maximize the performance of an organization and remain relevant in the market over time. Corporate strategy is an essential management tool to achieving a firm's performance through strategic initiative (Porter ,1998). Managers built visions for where they wanted to be in the future and came up with strategies that helped make the vision a reality in the future amidst the fast changing and competitive environment. Strategic planning defines a mission and policy that an organization wants to help promote for example sustainability. The strategic plans that are set guide in allocation of resources to meet an organization's demands. Strategic planning that is conducted by the organization's senior executives aid in growth and profitability of an organization hence it's important for organizations (Hamid, 2017).

Naivas Limited does enjoy large profit margins that is achieved through favourable market prices of their products, keeping up to date with technological changes, recruiting highly skilled and professional staff, diversification, and upholding accountability in allocation of resources within the organization. Naivas Limited is also the largest online supermarket in Kenya that provides its customers with a convenient platform for online shopping without leaving the comfort of their homes or offices with three hours groceries delivery all across Nairobi. Naivas Limited is able to improve its performance over the years and emerge to be amongst the biggest retail organizations in Kenya through good management. Hence the research topic the influence of strategic planning on the performance of Naivas Limited in Kenya.

Numerous researches had been conducted worldwide identifying the relationship between strategic planning and organizational performance. For instance, Ayuya (2010) researched on how performance of the University of Nairobi has been influenced by strategic planning and concluded that strategic planning had a great impact on the performance of the University of Nairobi. Strategic planning led to improvements in various areas for example the working environment, compliance with set budgetary levels, research innovation and outreach and extension activities and programs and implementation of service delivery charter.

A similar research to this study was conducted by Akinyele and Fasogbon (2007)) on organizational survival and performance and the influence strategic planning had on it and concluded that a firms survival and performance is a function of strategic planning and firms needed to be concerned about the elements of strategic planning for example documenting vision and mission statement of the organization, establishing core values, setting realistic goals, developing action plans and its implementations and follow-ups.

Adan (2014), researched on strategic planning and performance of banks in Kenya and concluded that Strategic planning took effort and time. Some sessions should be scheduled towards completing the strategic planning steps that included gathering information, discussing current and proposed programs and services, projecting the financial resources that would be needed to implement various programs, prioritizing programs and completing the plan. He added that management should commit to the final plan it approved and support it towards ensuring it is implemented to achieve improved organizational performance.

The above studies researched on the influence of strategic planning in various fields and industries. This study was more specific on the influence strategic planning has on the performance of the retail industry specifically Naivas Limited, Kenya. Several studies had been done on Naivas Limited but none focused on the influence of strategic planning on its performance. Manguru (2011) researched on the influence of strategic management practices on performance of Naivas Limited and concluded that strategic management did play a major role in the success of Naivas and customers were satisfied with Naivas Limited services thus the trickling of customers in large numbers to the supermarket every day. There was no study on the influence strategic planning has on the performance of Naivas Limited. Therefore, analyzing and applauding the role strategic planning had in the retail industry in Kenya, had to be based on research. How does strategic planning influence the performance of Naivas Limited?

1.3 Research Objective

The objective of this study was to investigate the influence of strategic planning on performance of Naivas Limited in Kenya.

1.4 Value of study

Students, other researchers and scholars were to find this study helpful as it would add to the knowledge of how organizational performance and strategic planning relate. The findings and results from this study was to also help to identify further areas of research that was to guide scholars to know the areas they should concentrate on to provide practical and meaningful information on how organizations can continue to improve their performance.

The findings from this study was to also help provide additional knowledge to existing organizations in the retail industry on the importance of strategic planning for them to achieve sustained competitive advantage in the market and fast-changing environment. Through this study, organizations in the retail industry were to understand better on how they could use strategic planning to ensure the achievement of organization's vision and mission. This was through various ways such as clearly allocating individual responsibility that would enhance accountability and translate to improved performance of the organization.

This research was to generate information from private sector that was useful to public organizations especially where there was dismal performance. This was relevant to public organizations that were on the verge of collapsing on how they could use strategic planning to improve their performance and regain their market share. They were learn how they could improve on factors like rebranding, customer care and employee motivation that would lead to improved performance of the organization.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents analyses of the theoretical foundation of this study that were done and the concept of how strategic planning and organizational performance relate, organizational performance measures and the empirical studies and research gaps.

2.2 Theoretical foundation

Two theories that include Resource Based View Theory and Resource Dependency Theory were the foundation of this study. There was an outlining of the principles of these theories and a discussion on how these theories were related to this study in this section.

2.2.1 Resource Based View

The Resource Based View make emphasis that a firm's strategic resources are key determinants of an organization's competitive advantage and performance. The ownership of strategic resources offers a firm with a unique opportunity to develop sustained competitive advantage over its competitors and hence the firm enjoys great profits (Barney, 1991). Barney (1991) also defined Strategic resource as an asset that can't be substitutable, difficult to imitate, rare and valuable. Intangible resources that include employees' skills and knowledge, firm's culture and reputation meet criteria of strategic resources as compared to intangible resources that include things like cash. Resource Based View suggests that organizations should develop core competencies that are unique and more specific to the organization that help the organization to outperform its competitors and also identify the resources that fulfill the criteria of strategic resource by the firm's competitors (Galbraeth, 2005).

Resources help to increase efficiency of the firm through decreasing costs and increase the willingness of the customer to pay for the firm's product and this would help an organization to expand its position in terms of its competitiveness on its product market. Resource Based View has two assumptions that include firms within a particular industry are unique according to the resources that they control and the uniqueness of resource persist over time due to resources that are used in the implementation of a strategy of a firm are imperfect to mobility in other fields (Barney, 1991).

Resource Based View is limited in that it focuses on the firm's internal organization but ignores the external organization of a firm for example market demand hence even when a firm has the ability to achieve competitive advantage through its resources, they may lack demand since the customer is not considered. Secondly Resource Based View is based on the inability to do empirical study while measuring performance thus composing a homogeneous sample is impossible. Thirdly Resource Based View has inadequate ability to conduct reliable predictions (Priem & Butler , 2001). The Resource Based View provides management with the means of evaluating potential factors that they should focus on and deploy to achieve competitive advantage for an organization because not all resources are of equal importance thus RBV is fundamental in the theoretical anchoring of strategic planning and performance (Bridoux, 2004).

2.2.2 Resource Dependency Theory

This theory was underpinned by the idea that a firm relied on resources that originated from the environment of the firm. This environment comprised other resources and organizations that what one firm needed was usually in other organizations. Lawfully, organizations that are independent can depend on another for resources that are critical and which an organization requires to function (Jeffrey & Gerald, 1978).

For instance, a burger industry cannot operate without bread. Resources that an organization may need could be scarce and not readily available or under uncooperative suppliers thus developing unequal exchanges of authority, power and access to resources. To avoid this dependency, organizations develop strategies to enhance their bargaining power in resource-related transactions (Jeffrey & Gerald, 1978).

Resource Dependency Theory is limited in its assumption that organizational structures and behaviour are primarily shaped by materialistic forces. It lacks to consider the influence competitors have and other determinants like cultural factors and considerations. Thus, the Resource Dependency Theory can't be used solely to interpret and understand organizational behavior and culture. Secondly Resource Dependency Theory has its focus questions regarding the most appropriate unit of analysis. It lacks to specify whether a study examines all the resources, critical resources or a single resource required by an organization to function (Johnson, 1995). Strategic decisions from the management had a greater organizational impact. This theory was very important in strategic planning since all strategic decisions were made with the consideration of the available resources.

2.3 Strategic planning in organizations

Many organizations execute strategic planning process to achieve its objectives and goals. This is the method by which the management of a firm determines where it anticipates to be in the future and determines how the organization will get there through developing organization's vision and determining the operations and procedures of an organization to accomplish vision. Strategic planning prompts commitment in an organization because it helps facilitate participation and communication, fosters wise decision making informed by reasonable analysis for example environment scanning, accountability and successful implementation and enhancement of ongoing learning. Strategic planning guides organizations to focus and prioritize the demands they have and draft budgets that help them to allocate resources (Bryson, 2011).

This process is comprised of seven major steps that include carrying out an environmental scan, identifying the key issues, questions and choices to be addressed, defining organization's values, community vision and mission, developing a series of goals from the mission and vision of the organization, agreeing upon the key strategies to address strategic issues and reach goals. Creating an actual action plan that addresses goals and specifies objectives, finalizing a written strategic plan and building in procedures for modifying and monitoring strategies. Planning is the process of intellectualizing about activities and organizing them to attain the goal that's desired (Hamid, 2017). Strategic planning is the systematic process that an organization agrees to build commitment among stakeholders to realize priorities that are necessary to achieve the vision and mission of an organization and respond to operating environment (Thompson & A, 1993).

Olsen & Eadie (1986) also define Strategic planning as the deliberative, disciplined action in the production of fundamental actions and decisions that shape what an organization is. Strategic planning is more important than ever because it helps in achieving organizational performance that is measured through an organization's effectiveness and efficiency.

Organization, managers, employees and supervisors enjoy the benefits of a good strategic planning process that include; allowing for identification, prioritization and exploitation of opportunities, providing management problems objective view, allowing effective allocation of resources and time to identify opportunities and creating a framework for the communication within an organization. It also helps in creating synergy through the integration of behavior of individuals, clarifying the responsibility for individuals to enhance accountability and encouraging thinking forward focused on the vision of the organization (Hamid, 2017).

2.4 Organizational Performance Measures

Organizational performance was attained through the optimal use of resources to achieve the targeted and desired results. Many organizations base their performance in terms of effectiveness to achieve purpose, mission and goals and efficiency in employee's deployment (Guralnik & David, 2004). All organizations obtained and sustained competitive advantage to continue being relevant over time in the market in turbulent changing environment and be financially viable to survive in the market and grow through increased market share.

The concept of Organizational performance measures was categorized into financial and non-financial measures. Organizational performance was divided into the three distinct areas that include financial performance, market performance and shareholder value. The organizational performance was based on comparison of the firm's goals and objectives with actual performance. The first area was financial performance that refers to an organization's results in terms of return on investments, assets and profits. Secondly, Market performance that refers to the ability to meet customer's demands and expectation of high and quality goods and services that are timely delivered in the most cost-effective way of setting the market price. Organizations also measured their market performance by their ability to achieve greater market share and sales an organization has compared to its competitors. The third area was the shareholder value that refer to the value possessed by a person that holds shares in the company. This is usually measured by economic value added and total shareholder return (Guralnik & David, 2004).

The second category was the non-financial measures that included customer service, corporate social responsibility and employee stewardship. There were various tools and measurements that were used to measure performance of basic financial ratios such as debt to equity ratio and balanced scorecard. Balanced scorecard methodology is a model used by many organizations in attempt to manage organizational performance through tracking and measuring performance in various dimensions. Balance scorecard offers a comprehensive view of organizational performance that is top-down. It focuses strongly on the strategy and vision and performance management is usually greatly facilitated through its use (Guralnik & David, 2004) How effective and well a company performed was dependent on the strategic plan.

2.5 Strategic planning and organizational performance

Strategic planning usage has gained overwhelming recognition as a means by which organizations improve their performance and compete in the market. There was linkable function between strategic planning and organizational performance when defining strategic planning. This was because the execution of strategic planning led to satisfactory profits and growth of a firm. Strategic planning is conceptualized as the management tool through planning and concentrates on making optimal strategic decisions that focus on achieving organization's vision and mission that improve organization's performance (Drucker , 1954).

Strategic planning enables an organizations to achieve increased profitability and market share. Strategic planning and forward thinking helps in understanding market conditions, customer segments and the products and services offered that were in the best interest of the organization. This helps an organization to have a targeted and intentful approach to opportunities and markets that guide business decisions, marketing efforts, sales and distribution which help the organization to make more profits and have a stronger market position as compared to its competitors in the industry (Bryson, 2011).

Strategic planning establishes an organization's direction that clearly define organization's purpose and establishes realistic objectives and goals that are aligned to the organization's mission. This is clearly communicated across the organization clarifying responsibility individuals and provides a basis from which progress can be measured . Strategic planning helps stakeholders to look into the future and respond to this change through identification and prioritization of opportunities. An organization is therefore able to be proactive and takes advantage of the trends and opportunities rather than react to them (Hamid, 2017).

Strategic planning helps organizations to have a unique differentiation that aids in achieving sustained competitive advantage. This enables an organization to remain relevant over time in the turbulent markets and outperform its competitors. An organization is also able to achieve more with less since time and resources are allocated more effectively in a unified fashion with the guide of a well developed strategic plan thus reducing of costs through cost-effectiveness. This allow for fewer resources and less time to be devoted to vast decisions being made. It also establishes the basis for accountability on how resources are utilized within an organization (Bryson, 2011).

Strategic planning represents a framework for control and improved coordination of activities within an organization. It creates a framework that enhances internal communication among personnel that helps improve the understanding of what an organization is planning to achieve and why that leads to improved commitment to implement strategies and achieve objectives. This helps to keep the management and employees focused and on a mission to help the organization succeed, intergrating individual behaviour into a total effort that results to improved organizational performance (Hamid, 2017).

As seen above, the use of strategic planning is fundamental to improve performance of organizations. Hax and Majluf (1991), recognizes strategic planning as one of the management tool valued to turn organization's vision and mission into a reality. Therefore, with the turbulent changing market environment, strategic planning was very important for an organization to achieve sustained competitive advantage to outperform its competitors, remaining relevant in the marketing environment and improving its performance.

2.6 Empirical studies and research gaps

There were numerous studies both internationally and locally that supported the relationship between strategic planning and organizational performance. These studies concluded a positive relationship between strategic planning and organizational performance but they produce mixed results.

Makinde (2015) examined the effect of strategic planning on performance of small and medium enterprises in Lagos, Nigeria. He established that strategic planning variables had significant and positive effect on SME performance. Small and medium enterprises that adopted the use of strategic planning in Lagos improved the performance level. The recommendation included embracing of strategic planning as a tool and concept in achieving organizational performance and managers adopting the right attitude in planning and at the workplace due to proactiveness and innovativeness to achieve desired objectives.

Poku (2012) in Ghana established that strategic planning was an instrument that was essential for planning and forecasting for corporate bodies that is articulated to the departments and employees within the bank through her study on the effects of strategic planning on the performance and operations of the Agricultural Development Bank. The performance of the bank was affected positively through the adoption of the strategic planning put in place by the employees. The recommendation included the improvement of communication between the managerial and non-managerial staff supporting feedback and flow of information mechanism, in-depth program evaluation was conducted to achieve the bank's strategic planning policy.

Akinyele and Fasogbon (2007) examined the impact of strategic planning on organizational performance and established that the intensity of strategic planning was determined by the organizational, environmental and managerial factors of a company and also enhanced better organizational performance. They also established that there was a link between strategic planning and organizational survival and concluded that strategic planning did enhance performance and survival. The study also deduced from the responses that strategic planning enhanced better organizational performance and also concluded that there was a link between strategic planning and organization's survival.

The study recommended that organizations should accord priority attention to the elements of strategic planning like having a documented mission statement, a future vision of the organization and that organizations should establish core values on rules of conduct, setting realistic goals, development of action plans, establishment of long term objectives, implementation and conducting follow-ups. Organizations made adequate environmental analysis both the internal and external analysis, this could be done through the analysis of the strengths, weaknesses, opportunities and threats which indicated the organization.

Grace (2015) examined the role of strategic planning on the performance of small and medium enterprises information communication and technology sector in Nairobi, Kenya. The findings through regression analysis revealed that the actions and processes in strategic planning were significant in the ICT small and medium enterprises performance, improvement in competitive advantage, learning and growth by 17% and 24% respectively. The study concluded that strategic planning actions and processes were significantly influenced performance of the small and medium enterprises ICT sector in Nairobi.

Environmental factors were found to be positive but insignificant on the performance outcomes of strategic planning. Organizational characteristics had positive and moderate influence on the performance outcomes of strategic planning. She recommended that managers and entrepreneurs of ICT small and medium enterprises should concentrate on building their capabilities to implement and develop effective activities on strategic planning.

Adan (2014) investigated the relationship between strategic planning and performance of banks in Kenya specifically National Bank of Kenya. The findings were that the industry was very competitive and thus pushed many banks to repackage the services they offered and use different strategies to enlarge its market share and retain it. Managing Director Reuben Marambii helped to turn the bank to recording 12 billion profit before retiring after 13 years. Adan concluded that the strategic decisions of an organization determine the relations with its external environment, depended on input from the functional areas in an organization and had a direct impact on operational and administrative activities that were very important to an organization. He recommended the use of strategic planning practices that considered the future implication of current decisions and that the executive director and the board should provide guidance in developing the strategic planning process and inputting the plan.

Ayuya (2010) was interested in confirming how performance of the University of Nairobi had been influenced by strategic planning. The findings indicated that the university had documented its vision, mission and core values well that its stakeholders and employees were able to identify with. The study also revealed that set objectives were important in the organizational structure, appropriateness of objectives and managerial performance.

The conclusions made were that strategic planning has a great impact on the performance of the University of Nairobi that enhanced improvements in many areas such as the work environment, outreach and extensions to activities and programs, service delivery implementation charter and compliance with the budgetary levels that have been put in place.

The study also concluded that the university was faced with some challenges during strategic management implementation that included their competitors poaching their staff and limited financial resources. The recommendations included that there was the need for strategic planning workshops for all the staff, goal commitment in high degree, qualified and committed human resources and the increase of financing of profitable project that would aid in generating income and build more on quality learning and ensure that the university focused on continuously improving information facilities that were available to achieve full automation of systems.

Manguru (2011) researched on the influence of strategic management practices on performance of Naivas Limited but did not address strategic planning in any way in her research. She concluded that strategic management played a big role in the success of Naivas Limited and they received feedback from their customers that they were satisfied with the services the company offers and this led to attraction of new customers to Naivas and retention of the already existing ones. There had been no study in the retail industry on the influence of strategic planning in Kenya.

From several studies, it was evident that most studies focused on strategic planning and other industries like Adan (2014) who examined the relationship between strategic planning and bank industry in Kenya, Ayuya (2010) who investigated how the performance of the University of Nairobi had been influenced by strategic planning, Grace (2015) who examined the role of strategic planning on the small and medium ICT sector in Nairobi but none had examined how strategic planning influenced performance of any organization in the retail industry in Kenya. This study addressed Naivas Limited which is an organization in the retail industry and how strategic planning influences its performance, therefore there is a gap to be filled.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the approach of how research is to be conducted in details and what was done. It explained why a particular method was used. It comprised the research design, data collections and data analysis.

3.2 Research Design

According to Mugenda and Mugenda (2003) a research design outlines how gathering of information will be done for an assessment and it will include the method(s) that will be used in gathering data, how information will be organized and analyzed and the instruments that will be administered and used. Kothari (2014) defines research design as structured conditions suitable for both collection and data analysis. Kothari (2014) added that a research design in a research study is economical as well as aligned with the research purpose.

The research design in this study was a case study since the unit that was analyzed was one organization which is Naivas Limited in Kenya. It investigated how strategic planning influences its performance. The case study involved a complete and examination of social units that embraced depth rather than breath of the study.

3.3 Data collection

The interviewees in this study were two in the management team because strategic planning involves competent individuals to guarantee its success. They were best positioned to give necessary information on how they develop the strategic plans for Naivas Limited at the head office.

They gave information on the strategic planning process they enforce, what they consider, who they involve in the strategic plan formulation and implementation and what they do to ensure the desired outcome was achieved from the strategic plan in place. Primary data and Secondary data were used in this study. An interview guide was used to collect primary data and it was designed and grounded on the objectives of the study.

This was used to gain a better understanding of the study in depth through personal interviews that allowed collection of data from the management team to get their opinion on how strategic planning influences the performance of Naivas Limited. Secondary data was also collected from the website and publications of Naivas Limited to validate information that was provided by interviewees of Naivas Limited. The researcher had an introductory letter from the university to be able to collect data and personally interview the management team.

3.4 Data Analysis

Mugenda & Mugenda (2003) defined data analysis as the process of bringing structure and order and meaning to the mass of information collected. Data analysis is the technique that is used to make inferences from data that's collected through objective and systematic identification of specific characteristics (Bryman & Bell, 2003). The interview guide was edited for consistency and completeness. The qualitative data analyzed and categorized to help in explaining and describing the study findings. This aided to come up with patterns that were important while making conclusions of the study

Content analysis was used to analyze data because qualitative data was collected. Content analysis helped to relate trends through identifying characteristics of messages that had been specified. Content analysis also aided in evaluation through in-depth analysis of the interviewee's responses.

CHAPTER FOUR: RESPONDENT PROFILE, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents respondent profile, results and discussion of the findings. The objective of the study was to investigate the influence of strategic planning on performance of Naivas Limited in Kenya.

4.2 Respondent profile

The study targeted the top management of Naivas Limited and the interviewees were two. They included the chief commercial officer Mr. Willy Kimani and the marketing manager Ms. Mercy Nderitu. The chief commercial officer has worked at Naivas for more than seven years and the marketing manager for two years. The interviews were conducted at Naivas Limited headquarter at Sameer Park in Industrial area on the 26th November 2018. The interview guide was administered through personal interviews between the respondents and the researcher for in-depth analysis on their opinions on how strategic planning influences the performance of Naivas Limited in Kenya.

The interviews were conducted successfully and the interview guide edited for consistency and completeness. Qualitative data was collected and the researcher applied content analysis to analyze data collected to relate trends through the identification of characteristics. Information from the website and publications of Naivas Limited gave the overview of Naivas and this information was used to validate data gathered from the interviewees and increase reliability of the data.

4.3 Influence of strategic planning on performance of Naivas Limited in Kenya

The chief commercial officer and marketing manager explained how strategic planning helped to develop a sustained competitive advantage that influenced the performance of Naivas Limited and the extent to which strategic planning led to improved performance. The respondents also indicated that for strategic planning to influence performance positively, strategic planning formulation, implementation and evaluation processes had to be carried out effectively and what the three processes involved.

4.3.1 Development of Sustained Competitive Position

The respondents indicated that strategic planning had continually led to the development of a sustainable competitive advantage through cost leadership, customer focus and employee motivation. Employee motivation had helped in building a strong team between the management and the staff leading to enhancement and improvement of organization's activities through team work. Cost leadership and customer focus had led to a greater market share of the organization and increased profits.

The Chief Commercial Officer stated that strategic planning had continually led to maximizing of the company resources with the sense of accountability. This was mainly guided by budgeting that was done by the organization. Strategic planning also led to the focus on key priorities and the provision of a base for monitoring and measuring progress for making well informed decisions in the organization.

4.3.2 Extent to which strategic planning led to improved performance at Naivas Limited in Kenya

The respondent stated that strategic planning implementation was a game changer for Naivas. Corporate governance and strategic planning were the major tools for growth at Naivas. The Chief Commercial Officer stated that previously the company used to have a lot of disorganized success. Strategic Planning helped Naivas to document their strategic plans and prioritize their strategies, choices and key issues. This led to improved financial performance and they are able to continue opening many branches in Kenya. He continued to state that a new Naivas Limited branch will be launched before the end of November 2018 along Thika Road and they will be a total of 47 branches in Kenya.

The respondents indicated that implementation of strategic planning led to increased effectiveness of the organization. The marketing manager stated that strategic planning provided focus that was clear on what the organization wanted to achieve and how it wanted to achieve it through strategies put in place and also evaluation of the plan executions. This helped to achieve organization's efficiency and effectiveness.

The respondents indicated that through strategic planning, Naivas limited employed new product development that aided in increasing its customer base and increasing its profits which was through providing a platform for online shopping for its customers. It is at the moment among the Kenya's largest online supermarket. It also offers grocery delivery services to its customers.

The marketing manager also indicated that strategic planning led to a good fit between the internal capabilities and the external environment. Through environmental scanning that was carried out by the organization, they came up with strategic plans on how to be more relevant and remain competitive in the market outdoing its competitors. Execution of the strategic plans was done by the employees. Their participation was very crucial to the organization since their involvement led to driving change in the organization. This brought about unity amongst the company employees.

One of the respondents stated that strategic planning had been very helpful to the management of Naivas since it helped them consider and predict the future implication of a current plan or decision. They were therefore able to come up with realistic and implementable goals. With Strategic planning, the management analyzed other organizations in the retail industry that were performing poorly or have closed down to evaluate where they went wrong and avoid making the same mistakes.

4.3.3 Strategic Planning Process

The respondents indicated that the strategic plans greatly influenced the positive performance of Naivas Limited. The respondents expounded that strategic planning formulation process was very important. The strategic plans were formulated by the executive committee that included the management of the departments in the organization that reported to the unitary board that included the shareholders and directors. The unitary board then approved the strategic plans formulated.

The respondents indicated that formulation of strategic plans required steps to be performed in sequential order. The first step was to carry out an environmental scan. This helped Naivas to collect and examine data that gave suggestions on future changes and trends. It helped to give market dynamics on its competitors, pricing and consumer habits. The respondents indicated that the next second step was the identification of the key issues to be addressed based on the findings of the environmental scan conducted. Budgeting was also done at this stage to ensure accountability while allocating resources. This helped to maximize Naivas resources while avoiding the wastage of time and money on activities or projects.

The third step included defining the vision, mission and core values of the organization because it's the foundation upon which strategy and strategic plans were formulated. The respondent expounded that the vision of Naivas is to be the leading retail chain in Eastern Africa, the mission is to provide world class shopping experience to its customers and its core values include team work, Quality assurance, honesty, Passion for excellence and respect and commitment for each other.

The fourth step was to develop goals from the vision and mission. The respondent indicated that it's at this stage they agreed upon the key strategy or strategies that was to be used to address strategic issues. This helped to keep focus on the right strategic priorities and find a way of measuring success from the current state to the desired future with a specified time frame and date.

The respondent indicated that the next step was to develop a strong action plan for implementation purposes. The process was finalized by a well and clear written strategic plan that built in procedures for modifying and monitoring strategies. The strategic plan was communicated to the functional heads who were accountable for its implementation. The functional heads communicated the strategic plan to other members of the organization that were responsible for the day to day activities that ensured its achievement.

4.3.4 Factors considered in Strategic planning

The respondents indicated that the competitive environment is one of the factors they considered during strategic planning formulation in line with the macro environment. The main aspects in consideration were the market trends, consumer habits, competitors, technological advancements, political environment, demographic forces and government policies.

The second factor included the internal performance of Naivas. The respondents indicated that they analyze the general performance of the organization to show what worked for or against the organization to make informed decisions. This information was derived from the comparison of the current performance against historical performance in terms of profits earned or whether a specific goal was achieved.

Budget Focus was the next factor. The strategic plan to be formulated had to be a realistic within the available resources in the organization. Budgeting also helped in monitoring business performance within Naivas because allocation of resources was well stipulated in the budget and accountability was also upheld. This also helped to ensure that there were enough finances for the activities to be undertaken because they had already been budgeted.

4.3.5 Strategic Planning Implementation

The respondents stated that the implementation of strategic planning was through several steps. The first step was to clearly communicate the strategic plan. Everyone in the organization understood and knew the objectives, goals and strategies that were put in place to achieve them regardless of the hierarchical position that they held in the organization. The second step was developing an implementation structure. This ensured the linkage among various departments was done to delegate responsibility and ensured that procedures and work plans to be followed were formulated. Tasks were assigned to the right departments according to the key responsibilities and tasks and the functional heads ensured that the manpower required with the necessary competencies to perform the task were available. This was communicated through manuals and guidebooks.

The next step involved developing implementation-support programs and policies. The organization used this program to aid in implementation. One of the of the programs included performance management that encouraged employee participation through reward and recognition structure in accomplishment of results. Other programs include monitoring and performance tracking system and information and feedback system.

The next step was the allocation of resources. This was solely guided by budgeting dependent on the result of financial assessment in accordance to the budgetary requirement. Disbursement of resources necessary was done and everything was properly and accurately documented. A system was maintained to monitor whether the departments were operating within their budgets or they were going beyond the resources allocated to them.

The final step included discharging of activities and functions. This was whereby the strategy or strategies were put into action. The functional heads ensured they continuously engaged personnel through provision of trainings and enforcement of control measures in the performance of tasks. Performance was evaluated at every level to enable adjusting and corrective action.

4.3.6 Measures that ensure effective Strategic Planning Implementation

The interviewees responded that the functional heads were the people responsible to ensure that the employees that carried out the day-to-day activities were well accountable to achieve the desired target of the set strategic plans at Naivas Limited. The functional heads represent all the departmental units within Naivas and they communicated the strategic plan within the organization and ensured clarity and understanding of what was expected of those executing the strategic plan. One of the respondents indicated that this was important because it encouraged employees in the participation of organization's activities regarding strategic change.

The respondents indicated that weekly reports, monthly reviews and quarterly reviews were the measures Naivas uses to ensure effective implementation. The weekly, monthly and quarterly reports also acted as the tools for monitoring progress within the organization. This report helped to indicate the progress of the strategic plan execution that indicated the actual performance which was analyzed against the desired performance. This brought out any hinderances that may have caused failure of execution of activities and it enabled the organization to come up with preventive measures to ensure smooth implementation of the strategic plans in place.

4.3.7 Evaluation of Strategic plans

The respondents stated that the organization evaluated their strategic plans stating that evaluation of a strategy was equally as important as formulation of a strategy. This was because it depicted on the effectiveness and efficiency of the strategic plans in achieving the desired results. It was also very important because of appraisals and awards, judgement on the validity of strategic choice, development of new insights of strategic planning, the need for feedback and development of strategic management process.

The Chief Commercial Officer also indicated that evaluation of a strategy was very crucial since it indicated whether the strategy intended to be created and executed was a success and it indicated whether the plan was realistic, complete, whether it was documented clearly and it also helped to give future insights to the management. The management benefited from the evaluation of a strategy since it guided on where improvements was be done and showed what actually worked for the organization.

4.4 Discussion of the findings

The study was anchored on two theories. The first theory was the Resource Based View theory. This theory is based on the fact that the ownership of strategic resources offers a firm a unique opportunity to develop sustained competitive advantage (Barney, 1991). It was clearly noted when an organization like Naivas Limited had the human resource pool that's valuable and difficult to imitate. Resource Based View was the foundation of sustainable competitive advantage of a firm through valuable resources.

The second theory was the Resource Dependency Theory. This theory was anchored on the fact that the environment consisted of other resources and organizations that an organization needed in order to function. An organization that is independent depended on another organization for resources that were critical and which an organization required to function. For instance, Naivas Limited relies on suppliers from other organizations to provide products to shelve in their supermarkets.

According to Bryson (2011) strategic planning guides organizations to focus and prioritize the demands they have and draft budgets that help them allocate resources. In addition, Akinyele & Fasogbon (2007) pointed out that organizations should accord priority to strategic planning elements such as having a documented vision and mission statement, establish core values and objectives and develop realistic action plan and set realistic goals. They also added that environmental scanning and swot analysis were very crucial for an organization.

Strategy is the scope and direction of a firm over long-term that achieves organization's advantage through configuration of resources within changing environment and fulfillment of stakeholders' expectations (Johnson & Scholes, 2000). Adan (2014) pointed out that strategic planning practices considered the future implication of current decisions and that the management should provide guidance in developing strategic planning process and in the input of the plan.

According to Griffins (2006) organizational performance is the ability of an organization to attain and employ its valuable resources that are scarce in pursuit of its operations goals as expeditiously as possible. Strategic planning actions and processes significantly influenced performance of small and medium enterprises ICT sector in Nairobi Kenya (Grace, 2015).

CHAPTER FIVE: SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATION

5.1 Introduction

This chapter presents a summary of the findings of the study, conclusions and recommendation. The findings were summarized in line with the objective of the study that was to investigate the influence of strategic planning on performance of Naivas Limited in Kenya.

5.2 Summary of Findings

Kenya retail industry is one of the priority sectors in Kenya because the sector contributes in improving the economy for the country. Kenya's retail industry is second after South Africa as the fastest growing sector within the continent. The industry is also very competitive and is evident from the entry of international players in the retail industry in Kenya for example carrefour which is a French multinational player and Choppies from Botswana. The retail industry has witnessed stiff competition in the market forcing retail firms to improve their way of doing things and repackage the services they provide to satisfy the needs of customers to retain its already existing customers and attract new ones and retain market share as it remains relevant in the market.

Strategic planning is a management tool retail firms are using to improve performance and develop a sustainable competitive position and generate positive outcomes for the firms and increase profits. This was being achieved through staff training and workshops on strategic planning, commitment to goals and recruiting qualified and committed Human Resource.

Strategic planning mainly involved strategy formulation, implementation and evaluation. Budgeting was also very important in strategic planning. Budgeting guided allocation of resources to effectively implement strategic plans. Clear definition of the organization's vision, mission, core value, objectives, goals and activities were also crucial as it kept the management and employees focused towards the long-term target of the organization. Well definition of activities of employees also brought about clarity, accountability and employee motivation during participation in implementation of strategic plans that brought about positive change in the organization.

5.3 Conclusion

Naivas Limited in Kenya has continued to increase its customer base and profits that has led to the expansion of its branches across the nation. Naivas has continued to improve its performance through strategic planning and corporate governance. The organization's top management team should continue to support the strategic plans formulated and formally communicate the strategic plans to instill commitment and have accountable budgets allocated to implement the strategic plans and decisions.

Effective strategic planning practices involved carrying out an environmental scan, strategy formulation and documentation of the vision, mission and core values. Strategic decisions determined how an organization related to its external environment and factored in all the input from all the departments within the organization. This had a direct impact on operational activities. The management ensured effective implementation and evaluation that is important to the long-term achievements of the organization

5.4 Recommendations

This study recommended that the board and the executive members of an organization should work together to develop strategic plans and strategic planning process. The board should analyze information effectively about the external environment and give insights with regards to financial opportunities and the trends in the market. The top management team should identify the key issues to be addressed. It should then formally approve the strategic plan and ensure there are trainings on the sessions scheduled to complete and implement the strategic planning process.

This study recommended all organizations to have a documented vision, mission and core values. This helped stakeholders and employees to identify with the organization and remain focused towards the desired target and outcome. This was to enhance strategic planning practice since all the decisions and strategic plans of the organization were centered towards the focus, direction and future desires of the organization.

This study recommended that all organizations should conduct budgeting to guide them in strategic planning within the organization. This ensured accountability in allocation of resources, maximizing resources to avoid wastage of resources and achieve the desired results with the available resources. All decisions and plans of the organization should be within the budgets to curb straining organization's resources or lack of implementation of set plans due to lack of enough resources.

5.5 Limitation of the study

This study was limited due to the number of respondents involved in the case study. Another limitation was that although the respondents were very senior people in the organization, they only came from one organization in the industry.

The second limitation of the study was that the research was conducted on only one organization and the findings generalized to all the organizations in the retail industry. The study should have included a number of firms in the retail sector to come up with a conclusion that would have given more credibility to these findings.

5.6 Suggestions for further Research

The study suggested that further research to be conducted on strategic planning and performance of retail organizations in Kenya. The further research will supplement and compliment the findings of this study through the provision of information on the weaknesses and strengths of strategic planning and performance. This study should be replicated in other retail firms in Kenya in order to establish whether there is consistency on strategic planning and performance among them.

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Appendix: Interview Guide

This section provides sample questions that will be used to collect data.

1. Please explain the process of strategic planning formulation at Naivas Limited.
2. Who does Naivas Limited involve during strategic planning process?
3. What factors does Naivas Limited consider in strategic planning formulation?
4. How does Naivas Limited incorporate its core values and objectives in the strategic planning formulation?
5. Please explain the process of strategic planning implementation at Naivas Limited.
6. How has strategic planning led to developing a sustainable competitive position?
7. How has strategic planning influenced improvement in performance at Naivas Limited?
8. What measures does Naivas Limited use to ensure that the strategic planning process formulated is implemented effectively?
9. How does monitoring progress of strategic planning at Naivas Limited aid in better implementation?
10. Has Naivas Limited experienced any failure on implementation of formulated strategic plans? If yes, how did Naivas Limited handle it?
11. Who is responsible for implementing strategic plans at Naivas Limited?
12. Does Naivas Limited carry out any analysis on the external environment to consider the decisions to be made during strategic planning process? If yes, how?
13. What challenges does Naivas Limited face during strategic planning implementation?