

**STRATEGIC PLANNING PRACTICES AND PERFORMANCE OF
STATE CORPORATIONS IN KENYA**

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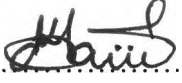
**A RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF
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DECLARATION

I hereby declare that this is my original work and has not been submitted for any award at any other institution.

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DEDICATION

I wish to dedicate this project to my family and in particular my husband Earnest Mbuvi for the support and encouragement, to my daughter Zippy for giving me the reason to study and work hard. To my Mum for the efforts and sacrifices, you made me in bringing me up and teaching me the value of education.

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To my almighty God for seeing me through the entire MBA programme, without the help of God I would not have made it. His grace was sufficient all through, Glory and Honor to him.

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MAY THE ALMIGHTY GOD BLESS YOU ALL!

ABSTRACT

The main aim of the project report was to investigate on strategic planning practices and performance of state corporations in Kenya; where the findings from the study may particularly be useful in providing additional knowledge to existing and future organizations on strategic planning practices adopted to enable them remain competitive. The research design that was used in this study was descriptive cross sectional survey method, aimed at establishing the strategic planning practices and performance of State Corporation in Kenya. The target population of this study consisted of all the 125 state corporations. The study used stratified random sampling technique to select a sample of 50 corporations from a population of 125 State Corporation in Kenya. The study concluded that, majority of State Corporation, was actively involved in strategic planning and had a documented vision and mission statements. The study established that state corporations adopted a number of strategic planning practices that had a positive relationship with the performance of corporations; hence the implication of this study is that Strategic planning practices enhances better organizational performance, which in the long run has impact on its service delivery and survival. Strategic planning is an effective way of improving performance of Corporations; this has been the general perception in the strategic management literature to date. The study recommends that the management of corporations should seek to enhance their operating efficiency and quality of products or services in order to improve their performance.

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ACRONYMS AND ABBREVIATION

SBU: Strategic Business Units

PESTLE: Political, Economic, Social, Technological, Legal, and Environmental

SWOT: Strengths, Weaknesses/Limitations, Opportunities, and Threats

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The last decade has seen businesses improve by the relatively insular processes of business process redesign, re-engineering and transformation. The aim of these processes has been generally to create a customer-focused approach. Such an approach can obviously be appropriate and effective where the business is confident that what it is doing is right for now and for the future. However, periodically, there is a need to revisit original aims and objectives to ensure that the company is doing the right things as well as doing them right (Albarran and Moellinger, 2002).

Steiner (1979) provided a thorough conceptualization of strategic planning. According to Steiner, planning is an attitude and a process concerned with the future consequences of current decisions. Formal strategic planning links short, intermediate, and long-range plans. Strategic planning does not attempt to make future decisions or even forecast future events. It need not replace managerial intuition and judgment with massive, detailed sets of plans.

In an organization, strategy can be applied at the following three levels; corporate level which looks at the general direction of the whole organization, business level which looks at how the organization or its strategic business units (SBU) tackle particular markets and functional level which looks at specific strategies for different departments of the business (Schwenk & Shrader, 2003). Strategic planning's roots are in the arena of large-

scale military operations and it can be defined as the fit between an organization and its environment. It is a top-down approach concerned with the long-term mission and objectives of an organisation, the resources used in achieving those objectives, and the policies and guidelines that govern the acquisition, use, and disposition of those resources. It must also take into account the opportunities available to the organisation, and an assessment of its ability to exploit those opportunities with a view to gaining a distinct competitive advantage (Henry, 2004).

1.1.1 Strategic Planning Practices

Strategic planning practices involve formulation of vision and mission statement, performance of situation analysis and finally strategy formulation and choice (Pearce & Robinson, 2008). Strategic decision determines the organizational relations to its external environment, encompass the entire organization, depends on input from all of the functional areas in the organization and have a direct influence on the administrative and operational activities and are vitally important to the long term health of an organization (Shirley, 1982).

A strategic plan is usually set by the top management echelon and has a time horizon consistent with the scanning abilities of the organization and set at the risk level that planners feel is appropriate for their organizations. The specifics of the plan should address questions of scope, resource requirements, competitive advantage, quality expectations, social responsibility issues, and synergy (Henry, 2004). Henry (2004) explains that no amount of elaboration will ever enable a formal process to take the place

of managers who are fully engaged in their operations, or for that matter replace the critical and creative thinking that is necessary to create novel and innovative strategies.

According to Byars (2001) a strategic plan is used to describe the steps taken by an organization in achieving its objectives and mission". In addition to this, Starkey (2004) points out that the mission is the first step of the strategic plan that defines the long-term vision of the organization. If an organization does not have a vision, then there is no reason for existing. A very simple and clear definition is also given by Henry (2004) who believes that this is the process for creating and choosing a particular strategy to respond to future events and plan how to implement it. A useful model, which in our view forms the basis for the rest, is the one developed by Johnson & Scholes (1993) and is used widely. It consists of three main elements in a triangular form, each of which has three major domains. These elements, which are interlinked, are: strategic analysis; strategic choice; and strategy implementation.

1.1.2 Organizational Performance

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). According to Richard (2009) organizational performance encompasses three specific areas of firm outcomes. Financial performance (profits, return on assets, return on investment, etc.; product market performance (sales, market share, etc.); and shareholder return (total shareholder return, economic value added, etc.). An organization performance is tested against the commitment that the management made in management system. It measures the

management plans of whether social, economical and ecological goals are being achieved.

According to Guralnik & David (2004) performance is achievement which is often used to show the ability or “the show” which is commonly used to show up the performance, or it also means “doing the task that shows someone’s action in working. On the other hand, Bernardin & Russel (2009) define that performance is the record of the result which is gained from the function of certain work or certain activities in certain period of time.

Many organizations are employing multiple measures of performance as opposed to a single measure that might have been used in the past. Organization performance can be done by introducing organization management system. There are a number of major movements and methods that could increase performance of an organization such as use of the balanced score cards, best practices and quality circles. Each of these methods includes regular recurring activities that are used to establish the goal of the organization. These activities are required to monitor the progress of the organization toward the set goals; they are used to make adjustments to achieve the desired targets more effectively and efficiently.

1.1.3 State Corporations in Kenya

State Corporations commonly referred to in Kenya as Parastatal are established within the provision of State Corporations Act chapter 446 of the laws of Kenya, and given the

autonomy to run and concentrate on specific mandates in order to improve service delivery to the public. Although they have Board of Directors or equivalent governing bodies to oversee the day-to-day operations, they operate within the general supervision of respective Ministries under which they are created.

There are approximately 125 state corporations in Kenya today which are divided into eight broad functional categories based on the mandate and core functions; the eight categories are: Financial Corporations, Commercial/ manufacturing Corporations, Regulatory Corporations, Public universities, Training and research Corporations, Service Corporations, Regional development authorities, Tertiary education and Training Corporations. The total number of State Corporations may have changed owing time lapse and creation of new ones.

The guidelines on terms and conditions of service for the state corporations released by office of President in consultation with state Corporation Advisory Committee in November 2004, stresses that state Corporation have no option but to embrace modern business management practices (Government Press, 2004). The guidelines go further to point out that each and every Corporation is expected to have a corporate strategy with clear goals, a set of values, objectives and a mission.

State corporations were set up to empower Kenyans economically and Kenyan institutions that were earlier run by the colonialist. They were and still are the platform in which the government is involved in commercial activity. State corporations have proved to be mindful of their most important resource, the human resource. In the Kenyan

context, however, state corporations operate on a pre-determined set of guidelines that govern recruitment and remuneration of staff, and even their own overall general operations of running the Parastatal.

1.2 Research Problem

Strategic planning practices is a formal process designed to help a firms identify and maintain an optimal alignment with the most important elements, the environment within which the organization resides. An organization practicing strategic planning involves, defining the organizational vision and mission, environmental scanning, setting of objectives, generating strategic options, evaluating and deciding on the strategic methods to monitor progress. For organization to achieve its desired goals and maximize profits it needs to follow the step of corporate strategic planning.

Performance is ensured and a clear vision is set that avoids confusion between activities of the business. The Strategic planning practices allow improvement of firm performance which establishes constraints and guidelines in the form of vision and mission statements, corporate initiatives, and performance expectations. An important concept of strategic planning practices is an understanding that in order for an organization to flourish, everyone needs to work to ensure the team's goals are met (Johnson and Scholes, 1993).

There are numerous research studies done in Kenya in the state corporate sector but focused different aspects other than strategic planning practices and performance; Abuya (2008) studied strategic risk management practices among state corporations in Kenya;

Wambui (2004) factors driving strategic planning by the corporate sector; Churqo (2009) have done studies on the perceived link between strategic planning and performance contracting in Kenya state corporations and Ajwag (2009) studied the relationship between corporate culture and organizational performance, a survey of Kenyan state corporations. They did not cover strategic planning practices and performance of state corporations in Kenya, thus the purpose of the study therefore was to fill this gap in literature by addressing the following questions; what are the strategic planning practices adopted by state corporations in Kenya? Does strategic planning practice adopted influence the performance of state corporations in Kenya?

1.3 Research Objectives

The following were the research objectives of the study;

- i. To determine the strategic planning practices adopted by state corporations in Kenya.
- ii. To establish the influence of strategic planning practices on the performance of State Corporations in Kenya.

1.4 Value of the Study

The findings from the study may particularly be useful in providing additional knowledge to existing and future organizations on strategic planning practices adopted to enable them remain competitive. This study may also be beneficial to all state corporations both

large and small since they would enhance the realization on strategic planning measures that are majorly employed. The findings may also provide a useful reference document to stake holders in the State Corporation and academic institutions in their endeavors to formulate work plan to meet the performance.

Scholars, students and other researchers may also find the study helpful to identify further areas of research built on the findings of this research. The study may be a source of reference material for future researchers on other related topics; it may also help other academicians who undertake the same topic in their studies. The study may also highlight other important relationships that require further research; this may be in the areas of relationships between strategic planning practices and organizational performance.

Most importantly, it may help the policy makers within public and private sector to identify crucial areas in their organizations and make appropriate decisions to ensure that strategic planning is critically emphasized on. Also, through this study leaders and managers in state corporations may learn and make responsible strategic plans and policy decisions that are meant to facilitate and sustain high organizational performance, and manage organizational and national resources so that corporations and societies can benefit from them in the future.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviewed literature on strategic planning practice and its relationship with performance. It gives insight into Strategic Planning, strategic planning Practices and process, Organizational Performance, Factors Influencing Strategic Planning, Organizational Performance and finally Strategic Planning practices and organization performance. Empirical studies in these areas were also reviewed.

2.2 Strategic Planning

Strategic planning processes will be designed to fit the specific need of the organization. It's argued by (McCarthy, 1986) that every successful model must include vision and mission, environmental analysis, setting objectives, strategic analysis and choice. Identification of the firm's vision and mission is the first step of any strategic planning process. This help in infusing the organization with a sense of purpose and direction and giving it a mission. A mission is a statement broadly outlining the organizations future course and serves as a guiding concept. Once the vision and mission are clearly identified, the organization must analyze its external and internal environment (Karger & Malik, 1975). The environmental analysis performed within the frame work of the SWOT analysis, analyses information about organization's strengths and weakness, threats and opportunities and PESTEL analysis that analyzes the external environment ; Political Economic, social, technological, ecological and legal..

Strategic evaluation and control involves not only evaluating strategy for deviations from intended course but also for flexibility towards responding to the new challenges and determining the effectiveness and the pace of the implementation (Johnson and Scholes 2003).

2.3 Strategic Planning Practices

According to Bresser and Bishop (2003), strategic planning practice is the product of the best minds inside and outside the corporation. The process considers future implications of current decisions, adjusts plans to the emerging business environment, manages the business analytically, and links, directs, and controls complex enterprises through a practical, working management system. Strategic planning practice involves formulation of vision and mission statement, performance of situational analysis and finally strategy implementation and choice (Pearce and Robinson, 2008).

The formality of strategic planning has been associated with the field of strategic planning from its earliest foundation. The early developments significantly include that of Andrews (Ansoff, 1965). According to Bresser and Bishop (2003), formalization is the degree to which the norms of the organization are explicitly defined. He further distinguished between “formalization”, referring to whether these norms are written down in manuals and other documents. Formality in strategic planning requires explicit practices. The reason of having strategic planning written in detail is to ensure strategic planning process receives commitment from those who are affected by it and to allow an

explicit evaluation and clearly specify objectives is part of the formal strategic planning (Armstrong, 1982).

Strategic decisions determine the organizational relations to its external environment, encompass the entire organization, depend on input from all of the functional areas in the organization and have a direct influence on the administrative and operational activities and are vitally important to the long term health of an organization (Shirley, 1982). Although strategic planning is important, what is more important is how it is practiced in different organizations. Many organizations keep on redefining their mission and vision statements, organize seminars and include consultants to formulate strategies so as to achieve competitive advantage and be able to deal with the unexpected environmental changes.

Strategic planning practices is important as it leads to customer focus, quality management, technology strategies, research and development, production operation strategy, human resources strategies and financial strategies, performance of the organization of the organization achievement must be supported by strategic decisions. According to Bryson (2004), strategic planning is a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization or other identity is what it does and why it does it. It allows organization allows organization to anticipate and deal with dynamic and rapidly changing environment and accounts for allocation of resources.

2.4 Factors Influencing Strategic Planning

Strategic planning begins with the development of what we call the “framework policies” of mission, vision, and values and the goals that will direct all organizational activities during the period covered by the plan. There are some reasons that make strategic plan essential in an organization. First, the existing plan may be out of date; the organization may be in need of a focused plan; there may be the need for the organization to match its business to its resource capabilities; the organization would like to highlight areas of future investment/development, to allow new ideas to take root; the new plan itself would allow the mission statement of the organization to be questioned; the plan would ensure that management is pulling in the same direction and finally the plan would provide a reference document for long-term strategy development (Alex, 2004). Other factor that may drive an organization into formulation of strategic plan would be the need to analyze the performance of the organization.

2.4.1 Rational forces

Rational forces in strategy formation influence organizational actors to use formal techniques of information collection and situation analysis and formal criteria of evaluation and decision-making, and to institutionalize formal processes of planning, coordination, and control. When influenced by rational forces, strategies tend to be explicit, formulated, comprehensive, and integrated at high organizational levels. Information used in strategic analysis must be regarded as objective, and actions are

measured against and applied to achieve predefined, overall organizational goals (Gatignon & Reibstein, 1997).

2.4.2 Imposed forces

Imposed forces influence strategy formation by requiring organizational adaptation to changing challenges and constraints in the environment. Imposed forces tend to limit the degree of free choice in strategy formation by an organization. The imposed force in the competitive strategy perspective is the necessity of responding to moves by major competitors by choosing between defensive, offensive, deterrence, or alliance moves to assure organizational survival. In recent work, models have been created to help strategic decision-makers react properly to major competitors' attacks (Gatignon & Reibstein, 1997).

2.4.3 Teleological forces

In contrast to imposed-forces, theorists who perceive strategy as imposed and thus reject teleological forces in explaining strategy formation (Aldrich, 1979), other management theorists hold that an overall common purpose permeating an organization is an essential feature of the processes through which organizational strategies emerge. Teleological forces influence strategy formation to the extent that organizational members adopt and internalize a sense of common purpose that energizes organizational members and leads organizational actors and behaviors towards fulfilling this overall purpose.

2.4.4 Learning forces

Learning forces influence strategy planning practices when organizational members experiment, self-organize, or behave in other self-directed ways, and when new patterns of action and norms of behavior that emerge from such actions are adopted and internalized at the organizational level. Under the influence of such learning forces, strategy tends to emerge in an evolutionary way, spreading through feedback cycles, mutual adjustments, and experience accumulation among strategy actors. In contrast to decision-making theory that primarily focuses on managers, the organizational learning perspective emphasizes the importance of bottom-up processes that create learning by accumulating ideas and knowledge from all levels of an organization. The authors add that perhaps the most interesting form of organizational learning occurs when learning in some isolated pocket of an organization gradually comes to pervade the behavior of the organization at large.

2.4.5 Political forces

Political forces influence strategy formation when individuals or subgroups of organizational actors pursue their own diverse goals and promote their own interests, which are at least partially conflicting in nature. Decision outcomes and organizational strategy will then reflect the actors' relative degrees of power within an organization, along with their will and skill in coalition building and playing power games. Political forces therefore tend to influence the strategy formation process from outside the legitimate and institutionalized systems for setting strategy. The consequences of internal

politics have in general been viewed by political writers as positive and as a predominantly constructive part of organizational decision-making. Salancik and Pfeffer (1977), argue that despite the potential sub-optimization effects of internal politics, not allowing politics to influence strategic decisions would be worse, because the interpretations and preferences of managers would go unquestioned.

2.4.6 Social forces

Social forces influence strategy formation when organizational actors share assumptions, beliefs, and mental schemes that lead to common patterns of behavior and ways of perceiving and reacting to organizational events, thereby enacting a common world view in making organizational strategy. The competence perspective incorporates social forces in its view of the strategy process in two main ways. First, in emphasizing the fundamentally cognitive nature of the managerial task of defining an organization's Strategic Logic, the competence view recognizes that the strategy process may be subject to "groupthink" in which conformity to strategies that have worked in the past may lead managers to fall into a "success trap." Hence, competence theory posits the importance of active use of higher-order control loops to continually check and challenge the viability of an organization's current Strategic Logic (Sapp and Seiler, 1981).

2.5 Organizational Performance

Most organizations view their performance in terms of "effectiveness" in achieving their mission, purpose or goals (Guralnik and David, 2004). Most MSEs, for example, would

tend to link the larger notion of organizational performance to the results of their particular programs to improve the lives of a target group (e.g. the poor). At the same time, a majority of organizations also see their performance in terms of their "efficiency" in deploying resources. This relates to the optimal use of resources to obtain the results desired. Finally, in order for an organization to remain viable over time, it must be both "financially viable" and "relevant" to its stakeholders and their changing needs.

The overall performance of the organization may be sub-optimized (Missroon, 2000). Only a performance management system engenders strategic evolution and ensures goal congruence. As the balanced scorecard provides a comprehensive, top-down view of organizational performance with a strong focus on vision and strategy, performance management can be greatly facilitated through its use (Missroon, 2000).

2.6 Strategic Planning Practices and organization Performance

Organizations do not exist in a vacuum; each organization is set in a particular environment to which it is inextricably linked. This environment provides multiple context that affect the organization and its performance, what it produces and how it operates. Over the past decade, researchers have investigated the effects of formal strategic planning on organizational performance. Many have concluded that there is no consistent association between the strategic planning process and performance (Cappel, 1990; Greenley, 2006).

Strategic plan consists of plan processes that are undertaken in firms to develop strategies that might contribute to performance (Starkey, 2004). Key aspects of strategic plan are a long time horizon, formality, the use of plan instruments, and frequent control of plans. Strategic plan can contribute to performance by generating relevant information, by creating a better understanding of the important environment, and by reducing uncertainty (Schwenk & Shrader, 2003). While the analysis of the performance impact of strategic plan is largely confirmed in the context of larger firms (Bracker et al., 2008; Lyles et al., 2003; Schwenk and Shrader, 2003), its relationship in the context of smaller enterprises has not been given much attention in existing research. While there is some evidence in support of a positive relationship between strategic plan and performance in smaller enterprises, other studies find no relationship or even a negative relationship.

In response to studies highlighting the impact of strategic planning on firm performance (Karger & Malik, 1975; Sapp & Seiler, 1981), recent research has seen a greater emphasis on the strategic process rather than only on the strategy content that (Godiwalla, Meinhart & Warde, 1981) proposed in his early study. Langley (1988) also provided support for the benefits of planning, identifying four roles of formal strategic planning. In the public relations role, formal strategic planning is intended to impress or influence outsiders.

The literature is inundated with the apparent advantages of planning, most notably its ability to improve the fit between the organization and its external environment (Godiwalla, Meinhart & Warde, 1981). Others have argued that planning aids in the

identification of future marketing threats and opportunities, elicits an objective view of managerial problems, creates a framework for internal communication, promotes forward thinking and encourages a favorable attitude to change (Hausler, 1968; Stern, 1966). Further, there are intrinsic benefits that accrue as a result of the planning process, including the positive effects of planning on local employment and the economy (Greenley, 2006). The concept of performance measurement attempts to answer the basic questions of how much output is required to achieve a particular output which cannot be fully achieved without formal strategic planning.

Strategic planning practices enable organization to perceive issues related to its performance in a competitive advantage dimension. Porter (2004) explains that the business environment is complex, dynamic and competitive. To establish your business within an industry to a performing level the organization need to strategize and use strategic planning practices as keys aspect toward establishing or positioning themselves strategically in the market. Porter (2004) states that organization performance is determined by its ability to find a unique position, strategic planning practices is the tool for enabling an organization to establish a unique position to acquire a unique competitive advantage.

Organizations are environment dependent. Each organization is set in a particular environment to which it is inextricably linked. This environment provides multiple contexts that affect the organization and its performance, what it produces, and how it operates (Nabli & Nugent, 1989). However, for any business to be successful, functions

must be defined and accomplished. It is important for an organization to develop strategies that are designed around the skills that would enhance the performance of the organization.

Strategic planning provides all the employees with clear objectives and directions to the future of the organization. Most people perform better (in quality and quantity) if they know what is expected of them and where the organization is going. Strong incentives, unified opinions, no conflicts, control and evaluation basis and others are the positive effects of strategic planning (Loasby, 1987). A strategic planning practice helps an organization to perceive issues related to its performance in a competitive advantage dimension. Porter (2004) explains that the business environment is complex, dynamic and competitive. To establish your business within the industry to a performing level the organization needs to strategize and use strategic planning practices as key aspects towards establishing or positioning themselves strategically in the market.

According to Porter (2004) organization performance is determined by its ability to find a unique position. Strategic planning practices provide tools for enabling an organization to establish a unique position to acquire a unique and competitive advantage. Organizational performance is about creating value for the primary beneficiaries of the organization. Strategic thinking and planning can help you to keep focus of your team and this value creation, and not on management tools or practices for their own sake. For example SWOT Analysis is a useful tool in one of the essential stages or elements of such planning process.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the methods that were adopted by the study in obtaining information on strategic planning practices and performance of State Corporations in Kenya. The chapter also describes and explains the research instrument that was used in the study. The chapter is thus structured into research design, target population, sample and sampling techniques, data collection and data analysis techniques.

3.2 Research Design

The research design that was used in this study was descriptive cross sectional survey method aimed at establishing the strategic planning practices and performance of State Corporation in Kenya. The method was preferred because it allows for prudent comparison of the research findings. A cross sectional and descriptive survey attempts to describe or define a subject often by creating a profile of a group of problems, people or events through the collection of data and tabulation of the frequencies on research variables or their interaction as indicated.

3.3 Target Population

The target population of this study consisted of all the 125 state corporations. According to Gok (2011), there are eight categories are: Financial Corporations-15, Commercial/manufacturing Corporations,-31, Regulatory Corporations-26, Public universities-6,

Training and research Corporations-11, Service Corporations-25, Regional development authorities-6, Tertiary education and Training Corporations-5.

3.4 Sample and Sampling Procedure

The study used stratified random sampling technique to select a sample of 50 corporations from a population of 125 State Corporation in Kenya. The eight functional categories of state corporation as categorized by state corporation advisory committee was treated as strata after which simple random sampling was done proportionate to the number of corporations in each stratum. The goal of stratified random sampling is to achieve the desired representation from various sub-groups in the population. Mugenda and Mugenda (2003), states that a sample of 30% is considered representative for a population less 500. So if the population is less or equal to 30% it is appropriate to carry out census study. The sample size is justified by 40% since it minimized the duplicity and redundancy of the data to be obtained and the size was large enough to ensure collection of comprehensive data. The table below shows sampling that was done on respective functional categories.

Table 3.1 Sample Population

Category of corporation	Population size	Sample size (40% of Population)
Financial Corporations	15	6
Commercial/Manufacturing Corporations	31	12
Regulatory Corporations	26	11
Public Universities	6	2
Training And Research Corporations	11	5
Service Corporations	25	10
Regional Development Authorities	6	2
Tertiary Education And Training Corporations	5	2
Total	125	50

3.5 Data Collection Procedure

The study heavily relied on primary data which was collected through administering structured questionnaire comprising of closed and open-ended questions; developed in line with the objectives of the study. The study sought responses from executive directors and senior managers of the target Corporations owing to their experience and participation in strategy processes in their Organizations.

The research instrument was divided into three parts where Part A covered general information, part B consisted of questions focusing on strategic planning practices and

part C focused on performance of state corporations in Kenya. The questionnaire was administered through drop and pick method.

3.6 Data Analysis

The process of data analysis involved several stages; the completed questionnaires was edited for completeness and consistency, checked for errors and omissions and then coded. Descriptive analysis was employed. Descriptive statistics involving percentages, mean scores and standard deviations was used to determine the strategic planning practices adopted by state corporations and perceived organization performance. Tables, Pie charts and other graphs were used as appropriate to present the data collected for ease of understanding and analysis. Multiple regression analysis was conducted to determine the relationship between strategic planning practices and performance of state corporations.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents the data that was found on strategic planning practices and performance of state corporations in Kenya. The research was conducted on sample size of 50 respondents from State Corporation out of which 40 respondents completed and returned the questionnaires duly filled in making a response rate of 80%. The study made use of frequencies (absolute and relative) on single response questions. On multiple response questions, the study used Likert scale in collecting and analyzing the data whereby a scale of 5 points were used in computing the means and standard deviations. These were then presented in tables, graphs and charts as appropriate with explanations being given in prose.

Table 4.1 Responds rate of state corporations

Functional Categories of State Corporations	Target	received Frequency
Financial Corporations	6	5
Commercial/Manufacturing Corporations	12	10
Regulatory Corporations	11	10
Public Universities	2	2
Training And Research Corporations	5	4
Service Corporations	10	9

Regional Development Authorities	2	1
Tertiary Education And Training Corporations	2	1
Total	50	40

4.2 General Information

The study initially sought to inquire information on various aspects of respondents' background, that is the respondent's type of corporation and number of years while working in the corporation. This information aimed at testing the appropriateness of the respondent in answering the questions regarding the strategic planning practices and performance of state corporations in Kenya.

4.2.1 Duration of operation

The study sought to establish the number of years that the state corporation had been operational.

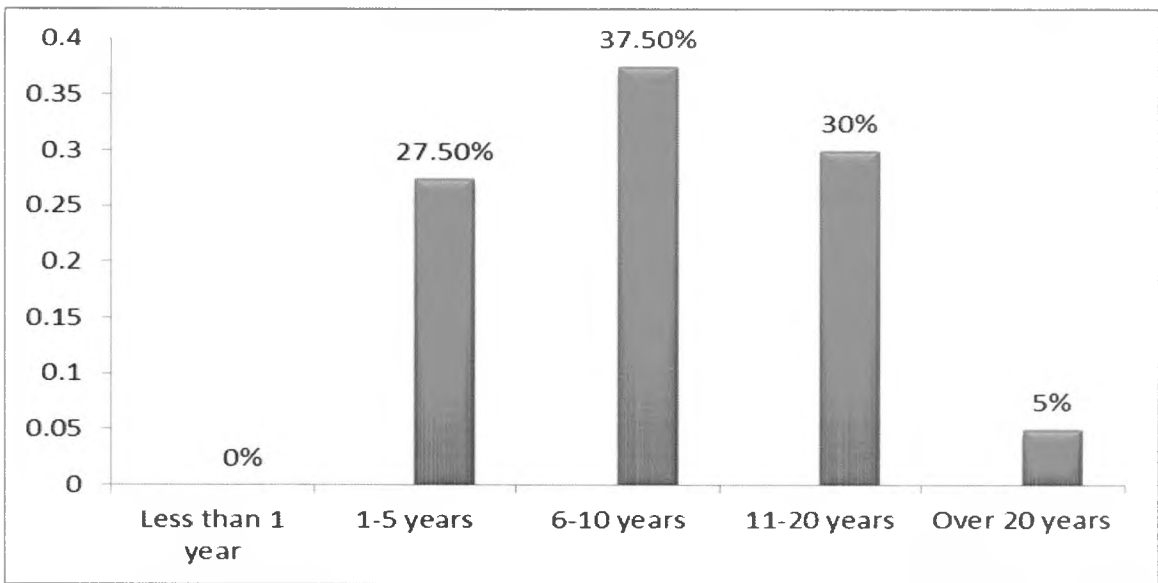
Years of operation	Frequency	Percentage
Below 10 years	9	22.5
11-20 years	21	52.5
21-30 years	7	17.5
31-50 years	3	7.5
Total	40	100

According to the findings, 52.5% had been operational for 11-20 years, 22.5% for below 10 years, and 17.5% for 21-30 years while 7.5% had been operational for 31-50 years. This depicts that majority of the corporation were stable owing to their long period of operation.

4.2.2 Number of years in working in the state corporations

The research sought to establish respondents' level of experience based on the number of years they have worked in the state corporations.

Figure 4.1 Number of years in working in the state corporations



From the findings, 37.5% of the respondents posited that they worked in the corporation for 6-10 years, 30% for 11-20 years while 27.5% had worked in the corporation for 1-5 years. This depicts that most of the respondents had accrued a lot of skills in strategy implementation owing to their many years working in the state corporation. In addition, it

also illustrates that the study collected credible information on strategic planning practices and performance of state corporations in Kenya.

4.2.3 The functional categories of state corporations in Kenya

The study also sought to establish the functional categories of state corporations that the respondents worked in.

Table 4.2 Functional categories of state corporations

Functional categories of state corporations	Percentage
Financial Corporation	9.6%
Commercial/Manufacturing Corporation	24.8
Regulatory Corporation	20.8
Public University	4.8%
Training and Research Corporation	8.8%
Service Corporation	20%
Regional Development Authority	4.8%
Tertiary Education and Training Corporation	4%

Table 4.2 indicates that most of the state corporations (24.8%) were commercial/manufacturing corporations, 20.8% were regulatory corporation, 20% were service corporation, 9.6% were financial corporation while 4.8% either regional development authority or public universities. This illustrates that the commercial/manufacturing corporations, regulatory corporation and service corporations

were the most established corporation in Kenya, thus they required incorporating strategic planning in their policies to enhance their performance.

4.3 Strategic Planning Practices

The first objective of the study was to find out the strategic planning practices adopted by State Corporations in Kenya. The questionnaire had various indicators to measure this, the strategic planning practices were measured using a five point likert scale where 1= not at all while 5=to a very great extent

4.3.1 State corporation involvement in strategic planning Practices

The research sought to establish whether corporation were actively involved in strategic planning process

Figure 4.2 State corporation involvement in strategic planning Practices

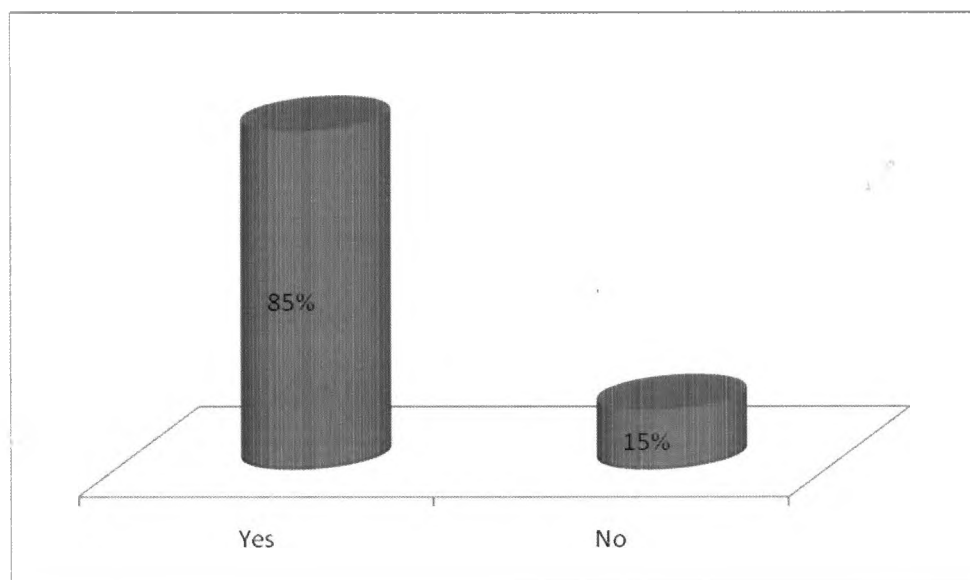


Figure 4.2 shows that majority of the respondents (85%) attested that the corporations they worked for were actively involved in strategic planning practices. Only 15% of the corporations were not actively involved in strategic planning process. This illustrates that majority of the state corporation had adopted strategic planning in their operations which would help to improve their service delivery.

4.3.2 Strategic planning Practices adopted by State Corporations in Kenya.

The study sought to establish the extent to which state corporation applied various strategic planning practices. The responses were rated on a five point Likert scale indicating to what extent respondents agree to the statements, where: 1- To a very low extent, 2- To a low extent, 3- To a moderate extent, 4- To a great extent and 5-To a very great extent. The mean and standard deviations were generated from SPSS and are as illustrated in table.

Table 4.3 Strategic planning Practices

Strategic planning practices	Mean	Std. Dev
Establishing a vision-the benefit that shareholders can expect	3.00	1.09
Establishing a mission-clarifying what business your company is in	3.01	.72
Develop of key strategies that contribute to the overall vision	4.56	.62
Development of specific measurable realistic and time –bound strategic goals	4.41	.61

Establishing core values-what the organization stands for and believes in	3.12	1.13
Communication of organizational vision, mission and key policies	4.25	.88
Top management leadership through an executive council/policy committee	3.84	.81
Development of short and long term operational goals; subdividing goals and allocating sub-goals with careful attention to details, participating, schedules and milestones	4.13	.66
Monitoring and evaluation- measure the progress toward attaining operational and strategic goals with key performance indicators	4.00	.98
Corrective action-review and address gaps between current position and the targeted goals	3.97	.54

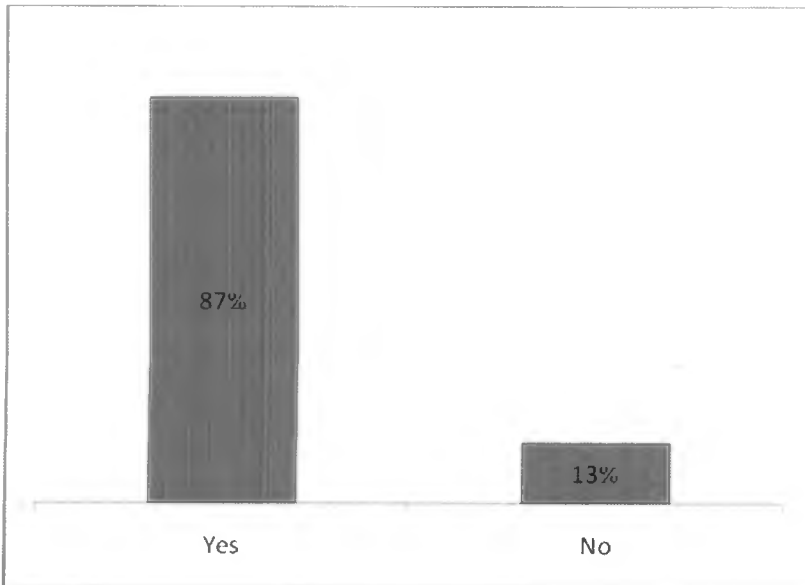
From the study findings in Table 4.3 above, majority of the of the respondents agreed to a great extent that their state corporation applied the following steps of strategic planning process; develop of key strategies that contribute to the overall vision (M=4.56), development of specific measurable realistic and time –bound strategic goals (M=4.41) communication of organizational vision, mission and key policies (M=4.25), development of short and long term operational goals; subdividing goals and allocating sub-goals with careful attention to details, participating, schedules and milestones (M=4.13), monitoring and evaluation- measure the progress toward attaining operational and strategic goals with key performance indicators (M=4.00) respectively.

In addition, majority of the of the respondents agreed to a moderate extent that their state corporation applied the following steps of strategic planning process; the corrective action-review and address gaps between current position and the targeted goals (M=3.97), top management leadership through an executive council/policy committee (M=3.84), establishing core values-what the organization stands for and believes in (M=3.13), establishing a mission-clarifying what business your company is in (M=3.01), establishing a vision-the benefit that shareholders can expect (M=3.00) respectively.

4.3.3 Vision and mission statements of state corporations

The study sought to establish whether their corporations have a formal documentation of Vision and Mission statements.

Figure 4.3 Vision and mission statements of state corporations

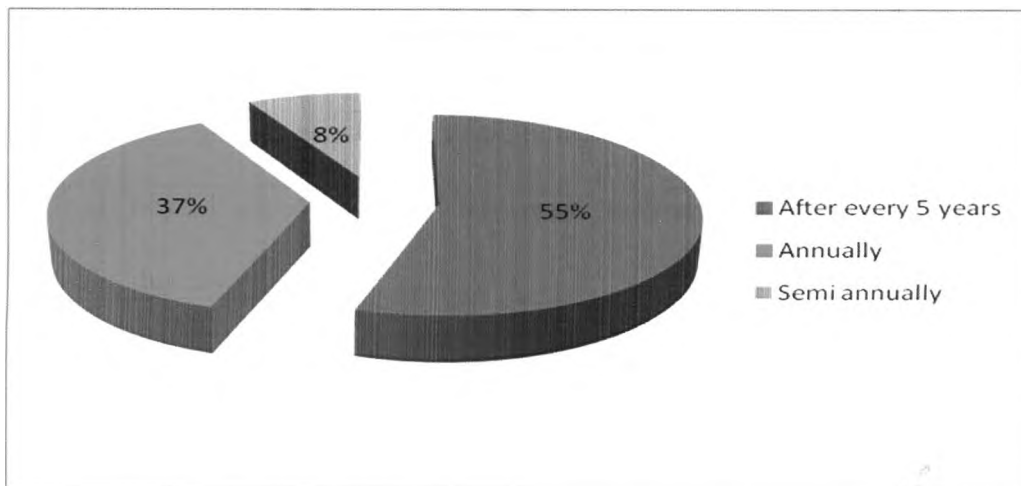


From the study findings in figure 4.3 above, majority of the respondents (87.5%) posited that their corporations have a formal documentation of vision and mission statements. This further illustrates that majority of state corporation have adopted modern methods on management through formulation of vision and mission to guide their management.

4.3.4 Reviewed Vision and Mission statements

The research sought to establish how often the Vision and Mission statements of the state corporations were reviewed.

Figure 4.4 Reviewed Vision and Mission statements



According to the study findings in figure 4.5 above, majority of the respondents (55%) posited that corporations reviewed their vision and mission statements after every 5 years, while 37% reviewed it on annually basis and 8% reviewed their vision and mission statements. The findings point to the fact that the state corporations took long to review

their strategies which could hinder the success of the implementation of the strategic planning and impair the performance of the corporation.

4.3.5 Strategic planning Formulation Process

The respondents were required to indicate the steps applied in formulation of strategic planning process in their Corporations.

Table 4.4 Steps taken in Formulation of Strategic Process

Indicators	Frequency	Percentage
Analysis of external environment	22	55
Analysis of internal environment	24	60
Strategy finding-evaluation of strategic options	19	47.5
Defining or revising the company's mission statement and strategic objectives	21	52.5
Developing of strategies to achieve the strategic objectives of the company	27	67.5
Choosing the appropriate strategy	17	42.5
Strategy formulation	25	62.5
Strategy implementation	14	35
Strategy implementation monitoring	11	27.5

From the findings, the steps applied in the strategic planning formulation process were; 67.5% of the respondents used developing of strategies to achieve the strategic objectives of the company, 62.5% used strategy formulation, 60% used analysis of internal environment, 55% used analysis of external environment while 52.5% applied defining or revising the company's mission statement and strategic objectives respectively. This illustrates the most significant steps in the strategic planning process to enhance performance included developing of strategies to achieve the strategic objectives, strategy formulation, analysis of internal environment and external environment.

4.3.6 Measures to improve the planning process and get optimal results from strategic planning Practices

The study sought to establish the extent to which state corporation applied various measures to improve the planning process and get optimal results from strategic planning process. The responses were rated on a five point Likert scale indicating to what extent respondents agree to the statements, where: 1- To a very low extent, 2- To a low extent, 3- To a moderate extent, 4- To a great extent and 5-To a very great extent. The mean and standard deviations were generated from SPSS and are as illustrated in table.

Table 4.5 Measures to improve the planning Practices

Measures to improve the planning process	Mean	Std Dev
Management team treats strategic planning as part of its daily responsibilities	4.25	.51
Ensure that all planning participants have a solid understanding of business, its strategy and the underlying assumptions	3.94	.84
Run a tailored planning process	3.59	.56
Structure environment for analysis into different segments	3.16	.85
Middle managers can contribute their knowledge to the setting of the strategic agenda	3.78	.91
Top managers support new strategy and express this clearly	3.84	.68
All corporate units have to make their contributions to strategy implementation	3.69	.86
Strategy development is combined with capital allocation	4.34	.55
Feedback mechanism is part of the strategy implementation	3.034	0.86

Table 4.5 shows that majority of the respondents agreed to a great extent that their state corporations applied the following measures to improve the planning process and get optimal results from strategic planning process; strategy development is combined with capital allocation (M=4.34), and management team treats strategic planning as part of its daily responsibilities (M=4.25) respectively.

In addition, majority of the of the respondents agreed to a moderate extent that other the other measures applied to improve the planning process and get optimal results from strategic planning process were; ensure that all planning participants have a solid understanding of business, its strategy and the underlying assumptions (M=3.94), top managers support new strategy and express this clearly (M=3.84), middle managers can contribute their knowledge to the setting of the strategic agenda (M=3.78), all corporate units have to make their contributions to strategy implementation (M=3.69), run a tailored planning process (M=3.59), structure environment for analysis into different segments (M=3.16), feedback mechanism is part of the strategy implementation (M=3.03) respectively.

4.4 Organization Performance

The questionnaire had various organization performance indicators, the respondents were asked to compare the organization performance of their organization on these indicators over the past 5 years to that of other organization in the same kind of business using a five point likert scale

4.4.1 Perceived Organization Performance

The study sought to establish the performance of corporation in various aspects as compared to that of other state corporations in Kenya. The responses were rated on a five point Likert scale indicating to what extent respondents agree to the statements, where: 1= far below average, 2= a little below average, 3= average, 4= A little above average, 5=

Far above average. The mean and standard deviations were generated from SPSS and are as illustrated in table.

Table 4.6 Perceived organization performance

Indicators of perceived organization performance	Mean	Std Dev
Quality of products or services	4.46	0.50
Innovation and change	4.31	0.64
Ability to retain essential employees	3.16	0.98
Ability to attract essential employees	3.09	0.81
Relationship among employees	3.41	0.79
Customer satisfaction	3.81	1.20
Retention of customers	4.03	1.06
Operating efficiency	4.62	0.49
Financial performance	4.18	0.78

According to the findings as postulated in table 4.6 above, majority of the respondents posited that their corporations performed a little above average in the following performance aspects; operating efficiency (M=4.62), quality of products or services (M=4.46), innovation and change (M=4.31), financial performance, (M=4.18), retention of customers (M=4.03) respectively.

In addition, the majority of the respondents attested that their corporations performed at average on the following performance aspects; the customer satisfaction (M=3.81),

relationship among employees (M=3.40), ability to retain essential employees (M=3.15) and ability to attract essential employees (M=3.09) respectively.

4.4.2 Perceived market performance

The study also sought to establish respondents rating of the state corporation performance in various aspects as compared to other state corporations. The responses were rated on a five point Likert scale indicating to what extent respondents agree to the statements, where: 1= far below average, 2= a little below average, 3= average, 4= A little above average, 5= Far above average. The mean and standard deviations were generated from SPSS and are as illustrated in table.

Table 4.7 Perceived market performance

Perceived market performance	Mean	Std dev
Market share	4.56	1.92
Capital level	3.96	.74
Customer level	4.46	1.72
Total deposits	4.09	.30

From the findings, the study found out that the majority of the respondents rated that state corporation performed a little above average in gaining market share (M=4.56), customer level (M=4.46), total deposits (M=4.09) and respectively. The further posited that state corporations performed on average in gaining capital level (M=3.96).

4.4.3 Effectiveness of state-corporation in achieving performance

The study also sought to find out the effectiveness of state-corporation in achieving performance. The responses were rated on a five point Likert scale indicating to what extent respondents agree to the statements, where: 1 = least effective, 2=less effective, 3=neither effective nor ineffective, 4=effective while 5 = very effective. The mean and standard deviations were generated from SPSS and are as illustrated in table.

Table 4.8 Effectiveness of state-corporation in achieving performance

	Mean	Std Dev
Developing effective strategies	4.40	0.75
Clarifying future direction	4.18	0.85
Establishing priorities	4.03	0.54
Developing a coherent and defensible basis for decision making	3.01	0.98
Improving organizational performance	4.00	0.23
Dealing effectively with rapidly changing circumstances	3.13	1.39
Anticipate future problems and opportunities	3.15	1.36
Build teamwork and expertise	3.16	1.39
Provide employees with clear objectives and directions for the future of the organization	4.26	0.96

According to the findings, the majority of the respondents rated that the state corporation were effective in developing effective strategies (M=4.40), provide employees with clear objectives and directions for the future of the organization (M=4.26), clarifying future direction (M=4.18), establishing priorities (M=4.03), improving organizational performance (M=4.00) respectively.

The majority of the respondents further rated that the state corporation were neither effective nor ineffective in building teamwork and expertise (M=3.16), anticipating future problems and opportunities (M=3.15), dealing effectively with rapidly changing circumstances (M=3.13), Developing a coherent and defensible basis for decision making (M=3.01) respectively.

4.5 Strategic planning practices and Performance of State Corporations

Regression analysis was used to determine the influence of strategic planning practices on the performance of state corporations.

4.5.1 Regression Analysis

In addition, the researcher conducted a multiple regression analysis so as to test relationship among strategic planning variables (independent) on the performance of state corporations in Kenya. The researcher applied the statistical package for social sciences (SPSS V 18.0) to code, enter and compute the measurements of the multiple regressions for the study.

Coefficient of determination explains the extent to which changes in the dependent

variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (performance of state corporations) that is explained by all the independent variables (strategic planning practices).

4.5.2 Model Summary

Table 4.9 Model Summary

Model		R	R Square	Adjusted R Square	Std. Error of the Estimate
1		.798 ^a	.637	.583	.47780

Source: Research, 2012

The independent variables that were studied, explain only 63.7% of the performance of state corporations as represented by the R^2 . This therefore means that other strategic planning practices not studied in this research contribute 36.3% of the performance of state corporations. Therefore, further research should be conducted to investigate the strategic planning practices (36.3%) that affect performance of state corporations.

4.5.3 ANOVA Results

Table 4.10 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.805	4	2.701	11.833	.001 ^a
	Residual	6.164	27	.228		
	Total	16.969	31			

The significance value is .001^a which is less than 0.05 thus the model is statistically

significance in predicting how strategic planning practices affect the performance of state corporations. The F critical at 5% level of significance was 3.23. Since F calculated is greater than the F critical (value = 11.833), this shows that the overall model was significant.

4.5.4 Coefficient of determination

Table 4.11 Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.460	.978		-2.517	.018
Strategic planning practices	0.324	.165	.270	1.972	0.059

Multiple regression analysis was conducted to determine the relationship between organizational performance and the four variables. As per the SPSS generated table above, the equation

$(Y = \beta_0 + \beta_1 X_1 + \epsilon)$ becomes:

$$Y = 2.460 + 0.324X_1 + \epsilon$$

According to the regression equation established, taking all strategic planning practices into account constant at zero, performance of state corporations will be 2.460. The data findings analyzed also shows that, taking all other independent variables at zero, a unit

increase in strategic planning practices will lead to a 0.324 increase in performance of state corporations

This infers that strategic planning practices contribute significantly to the performance of state corporations in Kenya. At 5% level of significance and 95% level of confidence, strategic planning practices had a 0.059 level of significance. This is evident that there is a positive relationship between strategic planning practices and performance of Corporations. Respondents agreed that strategic planning practices gives desired results, provides a road map and provides criterion for implementation of strategies in their Corporations.

4.6 Discussion of Findings

According to Pearce & Robinson, (2008), Strategic planning practices involve formulation of vision and mission statement, performance of situation analysis and finally strategy formulation and choice Strategic decision determines the organizational relations to its external environment, encompass the entire organization, depends on input from all of the functional areas in the organization and have a direct influence on the administrative and operational activities and are vitally important to the long term health of an organization

The question is, then, whether strategic planning really influences performance. Although it is difficult to draw an answer from the current literature, it is worth indicating that the numerous reviews conducted over the years have generated more statistically significant

positive results than negative ones. Kaplan and Norton (1992) argue, however, that traditional performance measures have been oriented to financial metrics such as returns on capital employed and profit, which record how organizations have performed but not necessarily how they will perform in the future. Although traditional financial performance measures worked well in the past, they are outdated and do not support the skills and competencies that organizations currently need to master.

Powell (1992) argues that we need not condemn previous planning-performance studies for incompetence or duplicity because they have produced precisely the expected result if strategic planning is indeed an economically valuable, but imitable and substitutable, strategic factor. The study concludes by adding that the studies may have used imperfect methodologies but indicates that they did not produce the apparent contradictions, which, he believes, resulted from our own assumption that the planning-performance relationship remains constant over time, a notion that lacks theoretical grounding. Our empirical study examines the planning-performance relationship across six industries with significantly different levels of planning dissemination

According to Bresser and Bishop (2003), formalization is the degree to which the norms of the organization are explicitly defined. He further distinguished between “formalization”, referring to whether these norms are written down in manuals and other documents. The formality of strategic planning has been associated with the field of strategic planning from its earliest foundation. The early developments significantly include that of Andrews (Ansoff, 1965). This was demonstrated by majority of the of the

respondents who agreed to the extent that their state corporation applied the following steps of strategic planning process; the corrective action-review and address gaps between current position and the targeted goals, top management leadership through an executive council/policy committee, establishing core values-what the organization stands for and believes and establishing a mission-clarifying.

This study agrees with Mathew and Michael (2009), who stated that the broad explanation of “strategic planning” as an umbrella term including activities such as planning, performance measurement, program budgeting, etc. This notion is very useful but limited. This is because strategic planning also covers other factors such as the business environment and level of competition. The relationship between strategic planning and performance in general and financial performance in particular has been inconclusive. Powell (1992) indicates, for example, that the extensive planning-performance studies were confusing, contradictory, and impossible to reconcile.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary, conclusion and recommendations of the study in line with the purpose of the study aimed at examining strategic planning practices and performance of state corporations in Kenya.

5.2 Summary of Findings

The study established that majority of the respondents attested that the Corporations they worked for were actively involved in strategic planning process. This illustrates that majority of the state corporation had adopted strategic planning in their operations which would help to improve their service delivery.

The study established that, majority of the state corporations have a formal documentation of vision and mission statements. This further illustrates that majority of state corporation have adopted modern methods on management through formulation of vision and mission to guide their management.

The study established that, majority of the respondents agreed to a great extent that their state corporation applied the following strategic planning practices; develop of key strategies that contribute to the overall vision, development of specific measurable realistic and time bound strategic goals communication of organizational vision, mission and key policies, development of short and long term operational goals; subdividing goals and allocating sub-goals with careful attention to details, participating, schedules

and milestones, monitoring and evaluation- measure the progress toward attaining operational and strategic goals with key performance indicators respectively.

The study also established that, majority of the respondents agreed to a great extent that their state corporations applied the following measures to improve the planning process and get optimal results from strategic planning process; strategy development is combined with capital allocation, and management team treats strategic planning as part of its daily responsibilities respectively.

The study established that, majority of the respondents posited that their corporations performed a little above average in the following performance aspects; operating efficiency, quality of products or services, innovation and change, financial performance and retention of customers respectively. In addition, majority of the respondents attested that their corporations performed at average on the following performance aspects; customer satisfaction, relationship among employees, ability to retain essential employees and ability to attract essential employees respectively.

The study also established that, majority of the respondents rated that state corporation performed a little above average in gaining market share, customer level, total deposits and respectively. They further posited that state corporations performed on average in gaining capital level.

Majority of the respondents rated that the state corporation were effective in developing effective strategies, provide employees with clear objectives and directions for the future

of the organization, clarifying future direction, establishing priorities, improving organizational performance respectively.

From the regression analysis, the study found out that $Y = 2.460 + 0.324X_1 + \varepsilon$. This meant that, taking all other independent variables at zero, a unit increase in strategic planning practices will lead to a 0.324 increase in performance of state corporations. This infers that strategic planning practices contribute significantly to the performance of state corporations in Kenya. At 5% level of significance and 95% level of confidence, strategic planning practices had a 0.059 level of significance.

5.3 Conclusions of the Study

The study concluded that, majority of the respondents attested that, corporations they worked for were actively involved in strategic planning process. This illustrates that majority of the state corporation had adopted strategic planning in their operations which would help to improve their service delivery. The Corporations also have a formal documentation of vision and mission statements. This further illustrates that, majority of State Corporation have adopted modern methods on management through formulation of vision and mission to guide their management.

The study concluded that , majority of the of the respondents agreed to a great extent that their state corporation applied the following steps of strategic planning process; develop of key strategies that contribute to the overall vision, development of specific measurable realistic and time –bound strategic goals communication of organizational vision, mission

and key policies, development of short and long term operational goals; subdividing goals and allocating sub-goals with careful attention to details, participating, schedules and milestones, monitoring and evaluation- measure the progress toward attaining operational and strategic goals with key performance indicators respectively.

The study concluded that, majority of the of the respondents agreed to a great extent that their state corporations applied the following measures to improve the planning process and get optimal results from strategic planning process; strategy development is combined with capital allocation, and management team treats strategic planning as part of its daily responsibilities respectively.

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The study concluded that, majority of the respondents rated that state corporation performed a little above average in gaining market share, customer level, total deposits and respectively. The further posited that state corporations performed on average in gaining capital level.

Strategic planning is an effective way of improving performance of Corporations; this, at least, has been the general perception in the strategic management literature to date. A closer look at the empirical literature on the subject reveals a more diverse picture. The results are not equivocal; the study found a positive relationship between strategic planning practices and performance of corporations.

5.4 Recommendations for Policy and Practice

The study recommends that, the management of state corporations should seek to enhance their operating efficiency and quality of products or services in order to improve their performance. The study also recommends that state corporations in Kenya should adopt a hybrid approach in the strategic planning process to revamp their performance.

The study also recommends that the management of state corporations in Kenya should offer continuous training to the employees on strategic planning adopt clear communication of strategy so as to equip them with skills that will help them in their mandates. This will assist the firms' human resource to work more efficiently and increase the corporations' performance

5.5 Areas of further research

Since this study explored the strategic planning practices and performance of state corporations in Kenya, the study recommends that;

Similar study should be done in private organizations in Kenya for comparison purposes and to allow for generalization of findings on the strategic planning practices and performance of organizations in Kenya.

The study suggested that further research should be conducted on Challenges of implementing Strategic planning practices in private institutions e.g. banks to find out the strategic planning practices and performance of banking industry

The study also suggested that the response rate should be broadened to cover a larger population so as to have more inclusive findings to make better conclusions and recommendations from Strategic planning practices.

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APPENDICES

Appendix I: Questionnaire

Kindly answer the following questions by ticking in the appropriate box or filling the spaces provided.

PART A: GENERAL INFORMATION

1. Name of your organization-----

2. Year of establishment-----

3. Indicate the functional category (please tick one)

a) Financial Corporation ()

b) Commercial/Manufacturing Corporation ()

c) Regulatory Corporation ()

d) Public University ()

e) Training and Research Corporation ()

f) Service Corporation ()

g) Regional Development Authority ()

h) Tertiary Education and Training Corporation ()

4. How long have you worked for the state corporations? -----

SECTION B: strategic Planning Practices

5. Is your corporation actively involved in strategic planning process?

Yes ()

No ()

6a) Does your Corporation have a formal documentation of Vision and Mission statements?

Yes ()

No ()

6b) If yes in 6a, who is involved in the formulation of the corporation's Mission and Vision statements?

CEO ()

Directors ()

Consultants ()

Shareholders ()

Senior managers ()

Others? Specify-----

7. How often are the Vision and Mission statements reviewed?

After every 5 years ()

Annually ()

Semi annually ()

Quarterly ()

8. *What is the time horizon of your plans?*

Less than 3 years ()

3-5 years ()

Over five years ()

9. Indicate in the table below the extent to which the 10 steps of strategic planning practices are used in your organization. **Use scale of 1-5 where 1-Not extended at all, 2=little extent, 3=moderate extent, 4=great extent, 5=a very great extent.**

Strategic planning practices	1	2	3	4	5
Establishing a vision-the benefit that shareholders can expect					
Establishing a mission-clarifying what business your company is in.					
Develop of key strategies that contribute to the overall vision					
Development of specific measurable realistic and time –bound strategic goals					
Establishing core values-what the organization stands for and believes in					
Communication of organizational vision, mission and key policies					
Top management leadership through an executive council/policy committee					
Development of short and long term operational goals; subdividing goals and allocating sub-goals with careful attention to details, participating, schedules and milestones.					

Monitoring and evaluation- measure the progress toward attaining operational and strategic goals with key performance indicators					
Corrective action-review and address gaps between current position and the targeted goals					

10. Which of the following processes do you use in your strategic planning formulation in your organization?

Analysis of external environment ()

Analysis of internal environment

Strategy finding-evaluation of strategic options () ()

Defining or revising the company's mission statement and strategic objectives ()

Developing of strategies to achieve the strategic objectives of the company ()

Choosing the appropriate strategy

Strategy formulation ()

Strategy implementation ()

Strategy implementation monitoring ()

Other (specify.....)

11. To what extent does your organization apply the following measures to improve the planning process and get optimal results from strategic planning process?

Use a 5 point scale where; 1=Not at all, 2= a little extent, 3= moderately extent, 4= great extent, 5= very great extent.

Measure	1	2	3	4	5
Management team treats strategic planning as part of its daily responsibilities					
Ensure that all planning participants have a solid understanding of business, its strategy and the underlying assumptions					
Run a tailored planning process					
Structure environment for analysis into different segments					
Middle managers can contribute their knowledge to the setting of the strategic agenda					
Top managers support new strategy and express this clearly					
All corporate units have to make their contributions to strategy implementation					
Strategy development is combined with capital allocation					
Feedback mechanism is part of the strategy implementation					

PART C: Organization Performance

Perceived organization performance

12. How is your performance in each of the following aspect as compared to that of other state Corporations in Kenya?

Rate on a 5-point scale, where: 1= far below average, 2= a little below average, 3= average, 4= A little above average, 5= Far above average.

	1	2	3	4	5
Quality of products or services					
Innovation and change					
Ability to retain essential employees					
Ability to attract essential employees					
Relationship among employees					
Customer satisfaction					
Retention of customers					
Operating efficiency					
Financial performance					

Perceived market performance

13. Compared to other State Corporations in Kenya, how would you rate your corporation performance in each of the following aspects over the last 5 years?

Rate on a 5-point scale, where: 1= far below average, 2= a little below average, 3= average, 4= A little above average, 5= Far above average.

	1	2	3	4	5
Market share					
Capital level					
Customer level					
Total deposits					

14. Please rate how effective your state corporation has been in achieving performance at the following: 1 = least effective, while 5 = very effective

	1	2	3	4	5
Developing Effective Strategies					
Clarifying Future Direction					
Establishing Priorities					
Developing a Coherent and Defensible Basis for Decision Making					
improving organizational performance					

dealing effectively with rapidly changing circumstances					
Anticipate Future Problems and Opportunities					
Build Teamwork and Expertise					
Provide Employees With Clear Objectives And Directions For The Future Of The Organization					

Appendix II: State Corporations

FUNCTIONAL CATEGORIZATION OF STATE CORPORATIONS

FINANCIAL CORPORATIONS STATE CORPORATION

Agricultural Finance Corporation
Consolidated Bank
Deposit Protection Fund Board
Industrial and Commercial Development Corporation
Industrial Development Bank
Kenya Industrial Estates
Kenya National Assurance Co. (2001)
Kenya Post Office Savings Bank
Kenya Re-Insurance Corporation
Kenya Revenue Authority
Kenya Roads Board
Kenya Tourist Development Corporation
National Bank of Kenya
National Hospital Insurance Fund
National Social Security Fund

REGULATORY CORPORATIONS STATE CORPORATION

Capital Markets Authority
Catering Training and Tourism Dev. Levy Trustees
Coffee Board of Kenya
Commission for Higher Education
Communications Commission of Kenya
Council for Legal Education
Electricity Regulatory Board
Export Processing Zones Authority
Export Promotion Council
Horticultural Crops Development Authority
Investment Promotion Center
Kenya Civil Aviation Authority
Kenya Bureau of Standards
Kenya Dairy Board
Kenya Industrial Property Institute
Kenya Plant Health Inspectorate Services
Kenya Sisal Board

PUBLIC UNIVERSITIES STATE CORPORATION

Egerton University

Jomo Kenyatta University of Agriculture and Technology
Kenyatta University
Maseno University
Moi University
University of Nairobi

SERVICE CORPORATIONS STATE CORPORATION

Agricultural Development Corporation
Bomas of Kenya
Central Water Services Board
Coast Water Services Board
Higher Education Loans Board
Kenya Accountants and Secretaries National Examination Board
Kenya Ferry Services
Kenya National Examination Council
Kenya National Library Services
Kenya Tourist Board
Kenya Wildlife Service
Kenyatta National Hospital
Lake Victoria North Water Services Board
Lake Victoria South Water Services Board
Local Authorities Provident Fund
Moi Teaching and Referral Hospital
Nairobi Water Services Board
National Aids Control Council
National Council for Law Reporting
National Sports Stadia Management Board
Northern Water Services Board
Rift Valley Water Services Board
Teachers Service Commission
Water Resources Management Authority
Water Services Trust Fund

COMMERCIAL/MANUFACTURING CORPORATIONS

East African Portland Cement Company
Kenya Airports Authority
Kenya Electricity Generating Company

Kenya Ports Authority
Kenya Pipeline Company
Kenya Power and Lighting
Company
Kenya Railways Corporation
Postal Corporation of Kenya
Telkom Kenya Limited

APPLICABLE STATE CORPORATIONS

Agro-Chemicals and Food Company
Chemelil Sugar Company
Kenya Seed Company Limited
Kenya Wine Agencies
National Housing Corporation
National Cereals and Produce Board
National Oil Corporation of Kenya
Nzoia Sugar Company
Pyrethrum Board of Kenya
South Nyanza Sugar Company
University of Nairobi Enterprises and Services Limited

APPLICABLE STATE CORPORATIONS

Gilgil Telecommunications Industries
Jomo Kenyatta Foundation
Kenya Broadcasting Corporation
Kenyatta International Conference Center
Kenya Literature Bureau
Kenya Medical Supplies Agency
Kenya Ordinance Factories Corporation
Kenya Safari Lodges and Hotels
National Water Conservation and Pipeline Corporation
Numerical Machining Complex
School Equipment Production Unit

REGULATORY CORPORATIONS

Capital Markets Authority
Communications Commission of Kenya

Commission for Higher Education
Electricity Regulatory Board
Retirement Benefit Authority
Coffee Board of Kenya
Council for Legal Education
Export Promotion Council
Export Processing Zones Authority
Investment Promotion Center
Kenya Plant Health Inspectorate Services
Kenya Bureau of Standards
Kenya Civil Aviation Authority
Kenya Sugar Board
National Environment Management Authority
Tea Board of Kenya

SERVICE CORPORATIONS

Catering Training and Tourism Dev. Levy Trustees
Horticultural Crops Development Authority
Kenya Dairy Board
Kenya Industrial Property Institute
Kenya Sisal Board
Maritime Authority
NGO Co-ordination Bureau
National Tea Zones Development Authority
National Irrigation Board
Water Services Regulatory Board
Cooperative College of Kenya
Kenya College of Communications Technology
Kenya Medical Training College
Kenya Utalii College
Kenya Water Institute
Coast Development Authority
Ewaso Ng'iro North Development Authority
Ewaso Ng'iro South Development Authority
Kerio Valley Development Authority
Lake Basin Development Authority
Tana and Athi Rivers Development Authority