AN INVESTIGATION OF THE STRATEGIC PLANNING PRACTICES OF HORTICULTURAL EXPORTERS IN KENYA

By

MAUNDU, L. M.

A RESEARCH PROJECT PROPOSAL PRESENTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION OF THE UNIVERSITY OF NAIROBI

SEPTEMBER 2005
DECLARATION

This research project is my original work and has not been submitted for a degree qualification in any other University or Institution of learning.

Signed: [Signature]  Date: 26/09/2005

MAUNDU, L. M.
D61/P/9071/2001

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

Signed: [Signature]  Date: 26/9/2005

DR M. OGUTU
Department Of Business Administration
Faculty Of Commerce
University Of Nairobi
DEDICATION

To my parents, Mr and Mrs Maundu Lamu and my sisters, Ngonyo, Ndunge and Wanza and my brother, Lamu. I see your stamp on all my achievements, both big and small.
Thank you for believing in me.
ACKNOWLEDGEMENTS

I would like to thank the Almighty God for giving me sufficient grace. In Him, all things are possible.

I have relied on many different people during my journey through the MBA and I would like to thank them for their contribution, even in the slightest way, to my reaching this final stage. This includes all the students who I worked with during all our group assignments.

Special mention goes to Rose Ochanda, Kimutai Sang, Raymond Nyamweya and the late Kanana Mubichi who, through the MBA course, have become valuable friends who adopted the perfect balance between using supportive means and scare tactics to get me through the degree.

I would also like to thank the faculty members who contributed to my completing the MBA degree course, and particularly my supervisor Dr Martin Ogutu for his guidance and for patiently coping when I went into a slackening and panic mode.

My appreciation goes to all the horticultural exporters who spent their time to answer the questionnaire in spite of their busy schedules. Special mention goes to Pavan Koshal, I sincerely appreciate your invaluable contribution and support. I would also like to thank my research assistant James Dimo for helping to collect and analyze my data.

This acknowledgement would not be complete without mentioning the invaluable support I received from my family. Mama, Dad, Ngonyo, Ndunge, Lamu & Wanza. You never, ever gave up on me. You have propped me up all through the program, during all the emotional lows and times of self-doubt. How would I have done this without you?
# TABLE OF CONTENTS

DECLARATION .......................................................................................................................... i
DEDICATION ............................................................................................................................. ii
ACKNOWLEDGEMENTS........................................................................................................... iii
LIST OF TABLES....................................................................................................................... vi
ABSTRACT ............................................................................................................................... vii

CHAPTER ONE: INTRODUCTION .......................................................................................... 1
  1.1 Background........................................................................................................................ 1
  1.2 The Statement of the Problem........................................................................................... 4
  1.3 Objectives.......................................................................................................................... 5
  1.4 Significance of the Study................................................................................................... 5

CHAPTER TWO: LITERATURE REVIEW .............................................................................. 6
  2.1 The Concept of Strategy ................................................................................................. 6
  2.2 Strategic Planning Process ............................................................................................. 7
    2.2.1 Environmental analysis ............................................................................................. 7
    2.2.2 Establishing organization direction ................................................................................. 8
    2.2.3 Strategic analysis and choice .......................................................................................... 9
  2.3 Strategic Planning Practices............................................................................................. 9
  2.4 Challenges of strategic planning practices....................................................................... 12

CHAPTER THREE: RESEARCH METHODOLOGY .................................................................. 14
  3.1 Research Design ............................................................................................................. 14
  3.2 Population ....................................................................................................................... 14
  3.3 Sampling ......................................................................................................................... 14
  3.4 Data Collection ............................................................................................................... 14
  3.5 Data Analysis .................................................................................................................. 15

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION ......................................... 16
  4.1 Introduction ..................................................................................................................... 16
  4.2 Demographic Profiles of the Respondents' Organizations ............................................. 16
  4.3 Strategic Planning Practices ............................................................................................ 18
    4.3.1 Analysis of the Environment ......................................................................................... 18
    4.3.2 Corporate Vision, Mission and Strategic Objectives .................................................... 20
    4.3.3 Strategic Analysis and Choice ..................................................................................... 25
  4.4 Challenges Faced In Strategic Planning Practices ............................................................ 26

CHAPTER FIVE: CONCLUSION ............................................................................................... 29
  5.0 Introduction ...................................................................................................................... 29
  5.1 Summary, Discussions And Conclusions ....................................................................... 29
5.1.1 Strategic Planning Practices ................................................................. 29
5.1.2 Challenges Faced In Strategic Planning Practices ................................ 32
5.2 Limitations of the Study ........................................................................ 32
5.3 Recommendations for Further Research ................................................ 32
5.4 Recommendation for Policy and Practice ............................................... 33
REFERENCES .................................................................................................. 34
APPENDIX I : LETTER OF INTRODUCTION .................................................... 37
APPENDIX II: LIST OF HORTICULTURAL COMPANIES EXPORTING FRESH FRUITS AND VEGETABLES AS PER HORTICULTURAL CROPS DEVELOPMENT AUTHORITY- AUGUST 2005 ................................................................. 38
APPENDIX III: QUESTIONNAIRE .................................................................. 44
LIST OF TABLES

Table 4.1: Background Information of horticultural exporters in Kenya.......................................................... 16
Table 4.2: How information is collected .............................................................................................................. 18
Table 4.3: Responsibility for collecting information ............................................................................................ 19
Table 4.4: Competitor Analysis ............................................................................................................................ 19
Table 4.5: Approaches used to analyze competitor performance ......................................................................... 20
Table 4.6: Presence of a mission statement .......................................................................................................... 20
Table 4.7: Nature of Strategic Planning .............................................................................................................. 20
Table 4.8: Planning horizon .................................................................................................................................. 21
Table 4.9: Frequency of revision of strategic plans .............................................................................................. 21
Table 4.10: Responsibility for strategic Planning in the Organization .................................................................. 22
Table 4.11: Techniques used in strategic planning ................................................................................................ 22
Table 4.12: Steps undertaken in strategic planning process by organizations .................................................... 23
Table 4.13: Features that characterize the strategic planning process .................................................................. 23
Table 4.14: Constituencies to which strategy is communicated ........................................................................ 24
Table 4.15: Tools used in strategic planning ........................................................................................................ 24
Table 4.16: Approaches used in selecting appropriate strategy ........................................................................... 25
Table 4.17: Company values .................................................................................................................................. 25
Table 4.18: Number of Permanent Employees * Presence of a strategic Planning Department .................................................. 26
Table 4.19: Age of the company and nature of strategic planning ....................................................................... 27
Table: 4.20: Company ownership and nature of strategic planning .................................................................... 27
Table: 4.21: Caliber of senior management and tools used in strategic planning.................................................... 28
ABSTRACT
The objectives of this study were to determine the strategic planning practices adopted by horticultural exporters in Kenya and to establish the challenges that the horticultural exporters face in their strategic planning practices. The study was a descriptive research, the research targeted all firms in the horticultural industry in Kenya that export fresh fruits and vegetables, a sample size of 50 firms and a response rate of 92% was achieved.

The population of interest was all firms in the horticultural industry in Kenya that export fresh fruits and vegetables, 50 companies selected from a list of horticultural companies that export fruits and vegetables registered with Horticultural Crops Development authority as at August 2005. Primary data was collected using questionnaires addressed to each respondent and administered using the drop and pick method and appointments made to see the respondents where further clarification was sort. The respondents in the study were either chief executive officers or top managers i.e. the respondent could be a chief executive officer, the deputy or a head of department. This is because it is these top managers who were most familiar with and involved in the strategy practices in their companies. Statistical package on social science (SPSS) was used to analyze the data and the results presented using descriptive statistics like percentages, frequencies mean and standard deviation.

An interpretation of the findings revealed that strategic planning practices adopted by horticultural exporters in Kenya were highly informal and similar to those proposed in strategic management theory, and also to those reported in literature from studies conducted in other industries. A number of factors were found to influence on the strategic planning practices of the firms studied, such as company age, company size, company ownership, the caliber of senior management this firms. These findings agree with those quoted in strategic management theory and literature.

There is a great deal of congruence between strategic planning as promulgated by strategic management theorists and strategic planning practices performed by the practitioners in real life.
CHAPTER ONE: INTRODUCTION

1.1 Background

For a firm to survive and prosper, a strategy is needed. Strategy will be of good use if it is a good strategy and a good strategy must be planned. Even strategic planning is not enough, but how the planning is done in order to enable the organization adapt to its turbulent environment in order to create a fit between the organization and its environment.

Strategy is the direction and scope of the organization over the long term which achieves advantage of the organization through its configuration of its resources within the changing environment, to meet the needs of markets and fulfill the expectations of the stakeholders (Johnson and Scholes 1999). An organization’s strategy deals with the game plan for moving the company into an attractive business position and building a sustainable competitive advantage. A company’s actual strategy usually turns out to be more or less than the planned strategy as new strategy features are added and others are deleted in response to newly emerging environmental conditions. (Thompson and Strickland, 1998).

Strategy may be developed through the rational analytical approach. Johnson and Scholes (2002) noted that strategy may be formulated by top management through careful analysis and planning and passed down through the organization. Strategy may also be adapted from people’s experiences or it may emerge as a variety of diversity and exploration of ideas in and around the organization. Formality may be defined as the degree of deliberateness in planning. A high degree in deliberateness results in formality in planning while a low deliberateness in planning results in informality in planning. The formal planning process results in intended strategy while realized strategy is an interplay between the intended and the emergent strategy.

Degree of formality is usually positively correlated with the cost comprehensiveness, accuracy and success of planning. How planning is practiced is an essential component of the success of planning.
1.1.2 Kenya's Horticultural Sector

According to USAID (2002) in its report, Kenya’s Development Challenge, Kenya's horticultural sector is one of the economy's fastest growing industries and accounts for 24% of Kenya’s GDP as well as accounting for 64% of national export earnings. The horticultural sector ranks second behind tea and in export earnings. This has been reflected in yearly expansion in the sector with increased exports of fruit, vegetable and flowers. For purposes of this study, horticultural exporters in Kenya were defined as companies engaged in exporting fresh fruits and vegetables.

The horticultural industry in Kenya comprises of big horticultural firms as well as small out grower farms. The big horticultural firms consist of firms that are locally owned as well other that are foreign owned. The small out growers are usually family owned and highly dependent on middlemen for marketing their produce.

French beans and avocados are Kenya's main horticultural exports. Kenya exports a large variety of fresh fruits and vegetables primarily to the UK and mainland Europe, which are then sold through the large supermarket chains.

The climate in Kenya is ideal for the growing of horticultural crops and water is easily accessible as farms are located next to lakes or have rivers passing through them, which they harness for irrigation purposes. This industry is labour intensive and casual labour is easily affordable in Kenya thus making it an ideal location. Government restrictions to setting up a business in the country are low since foreign direct investment is encouraged. Demand for Kenyan fresh produce is usually drawn from European countries and since the products in the industry are generally similar, the competitive edge is based on quality, price, variety and adherence to the standards set by the buyers.

The main barrier to entry in the industry is the high initial capital investment required to set up a farm as well as high capital expenditure required in maintaining a cold chain from harvest to export and the access to good markets abroad while the barrier to exit is the huge investments incurred in setting up which is not easily disposable. The key success factors in the industry include good marketing plans and strategies that ensure low cost of production, the ability to secure a good market position, access to capital, availability of water resources, compliance with relevant United Kingdom or European
Union environmental and labour standards, a good command and control of air freight space and control of marketing channels.

The horticultural exporters face several challenges that hinder their achievement of the above outlined key success factors that make it necessary to study their strategic planning processes. The key challenges are as discussed below.

The unpredictability of the Kenyan weather patterns have led to inefficient use of resources with reducing rainfall due to increased deforestation. Natural disasters such as drought or pests have had a negative impact on production in this sector.

Exchange rates fluctuations are another challenge. Export proceeds are dominated in foreign currency and the strengthening of the Kenya shilling between the time of billing and the time of receiving the proceeds translates into less proceeds hence foreign exchange losses.

High production costs that are as a result of high costs of packaging materials, seeds and fertilizers as well as the escalating price of fuel and security surcharges in Kenya. Electricity cost is also very high compared to other competing countries. The poor national infrastructure has also led to an increase to the costs. Production costs also increase due to expenditure associated with supporting the welfare needs of employees such as schools and dispensaries as well as adhering to ministry of health requirements.

Securing constant freight space is a major challenge in the Kenyan horticultural industry. Air cargo and storage before delivery are key factors in ensuring that the produce gets to the market in good time in order to safeguard the shelf life of the produce due to its perishable nature.

The change in merchandising concepts in Europe and the increase in trading blocks has increased global competition and led to a reduction in the demand for Kenyan goods. In order for the horticultural exporters to effectively handle this challenge, it must take more than informality in strategic planning practices.

Local research into more resistant strains of crop and higher yielding crop seeds as well as compliance methods with EUREPGAP requirements of maximum residual levels is slow due to lack of funding and technical expertise.
Strategic planning does not however end with formulation but the planning practices are equally important. These planning practices become more important as the industry becomes more and more unpredictable and competitive.

1.2 The Statement of the Problem

The economy of Kenya is very dependent on agriculture, which employs over 75% of the available workforce, both in the formal and informal sectors. Agriculture as a share of GDP contributes over 30 percent to the economy and brings in over 6% of total foreign exchange earnings. Agricultural goods are now Kenya's third largest merchandise export (Government of Kenya, 2004). The horticultural sector is a 31 billion industry with 10.9 billion being in the export of fresh fruits and vegetables. (Economic Review, 2005).

The horticultural sector in Kenya is faced with various challenges as mentioned above such as fluctuating exchange rates, unpredictable weather patterns, poor infrastructure, increasing fuel prices as well as the availability of freight space. Brandenburger and Nalebuff (1995) argued that successful strategy was not about playing the game you find but also about actively shaping the game you find. Since organizations are largely dependent on the environment within which they operate, and this environment is highly turbulent with changes in consumer tastes and preferences, then the organization must constantly align and realign its strategies to fit the environment. In order for the industry to survive the turbulence in the environment, they need to employ effective strategic planning practices.

Various studies have been done on the strategic planning practices in various industries in Kenya. Sagwa (2002) studied strategic planning practices of local pharmaceutical manufacturing firms in Kenya, Sharbani (2001) studied strategic planning practices within hotels and restaurants in Nairobi, Aosa (1993) studied strategy formulation and implementation within large manufacturing companies, Karemu (1993) studied the retailing sector, Njanja (2002) studied strategic management practices in the agricultural sector- the case of statutory boards, Bett (2003) studied strategic planning by tea manufacturing companies in Kenya while Wahome J (2003) studied strategic management practices in flower firms in Kenya. These studies established that organizations are now faced with rapid changes in both the external and internal
environments and have turned to formal strategic planning practices. Whereas scholars have shown interest in this field of study, none have studied the horticultural exporters in Kenya. This study therefore, aims to fill this void by setting out to establish the strategic planning practices of the horticultural exporters in Kenya. The study aims at answering two research questions.

1. What are the strategic planning practices of horticultural exporters in Kenya?
2. What challenges do horticultural exporters in Kenya face in their strategic planning practices?

1.3 Objectives

1. To determine the strategic planning practices adopted by horticultural exporters in Kenya.
2. To establish the challenges that the horticultural exporters face in their strategic planning practices.

1.4 Significance of the Study

The study will be important to the following users.

1. The horticultural exporters will be able to use the findings and recommendations to develop and improve their strategic planning practices.
2. Scholars, academicians and researchers will also find the study useful for further research in various aspects of strategic management.
3. Other stakeholders in the industry such as the government will find the results of the research useful.
CHAPTER TWO: LITERATURE REVIEW

The chapter is structured based on the research questions. It addresses the concept of strategy, the strategic planning process, the strategic planning practices and its challenges.

2.1 The Concept of Strategy

Ansoff (1965) defines strategy as the product market scope of a company. This refers to a decision of what to produce in what market. If the environment is stable, an organization can operate without changing its product-market focus. However, if the environment changes, this would require changes in the organization’s product-market focus that is its strategy. Product-market focus relates to conditions of the external environment, which have to be incorporated into strategy. If the products the company is producing or the markets it is serving are not reflective of the demands of the external environment, then the company’s efforts are futile.

Porter (1996) asserts that strategy is creating a fit among company’s activities. The success of a strategy depends on doing many things well – not just a few- and integrating them. If there is no fit among activities, there is no distinctive strategy and little sustainability. The company’s activities include its effective interaction with the environment in that these activities are geared towards serving the external environment.

Peace and Robinson (2002) define strategy as large-scale, future oriented plans for interacting with the competitive environment to achieve company objectives. It is the company’s ‘game plan’. While it does not detail all future development of resources, it provides the framework for managerial decisions. A strategy reflects a company’s awareness of how, where and when it should compete and for what purposes it should compete. The underlying issue of this definition is that the main thrust of strategy is to achieve long term sustainable advantage over the other competitors of the organization in every business in which it participates. It recognizes that competitive advantage results from a thorough understanding of the external forces that impact on the organization.

According to Johnson and Scholes (2002), the term strategy gives the direction and scope of an organization over the long term which achieves advantage for the organization
through its configuration of resources within changing environment to meet the needs of the market and fulfill stakeholders' expectations.

Mintzberg at el (1988) identified five interrelated definitions of strategy as a plan, ploy, pattern, position and as a perspective. He does not argue that one definition should be preferred to the others, but rather be considered as alternatives or complementary approaches.

Since resources are scarce, managers must decide which alternative strategies will benefit the firm most. For any organization to succeed, it will be necessary for top management, managers and employees to work as a team to achieve the company goals and objectives.

2.2 Strategic Planning Process

The strategic planning process involves environmental analysis, a definition of the company's vision, mission statement and strategy objectives and strategy formulation and choice. Various scholars have however argued that in practice this process is not well defined, logical and explicit as models suggest. Rather, they are more unintended (Mintzberg, 1978), incremental (Lindblom, 1979, Quin, 1978) and political (Fahey, 1981).

2.2.1 Environmental analysis

Certo, (1995) define environmental analysis as a formal procedure to monitor the organizations environment to identify present and future threats and opportunities and to assess critically its own strength and weaknesses. The environment refers to both the internal and the external environment within which the organization operates. Keith et al (1998) conclude that firms with sophisticated environmental scanning techniques achieve a higher performance than those with less sophisticated systems.

Pearce and Robinson (1991) identifies various formal environmental analysis. They include Porter's five forces model, strategic group analysis, SWOT analysis as well as political, economic, social and technological aspects of the environment in relation to the external environment. Value chain analysis and functional analysis are identified as formal internal environmental analysis.
The SWOT is an acronym for the internal strengths and weaknesses of a business and environmental opportunities and threats facing that business. SWOT analysis is a systematic identification of these factors and the strategy and the strategy that reflects the best match between them. It is based on the logic that an effective strategy maximizes a business strengths and opportunities while at the same time minimizing its weaknesses and threats. (Pearce and Robinson 2002).

The value chain analysis was developed by Michael Porter. A value chain is a systematic way of viewing the series of activities a firm performs to provide a product to its customers. The value chain disaggregates a firm into its strategically relevant activities in order to understand the behavior of a firm’s cost and its existing or potential sources of differentiation. A firm gains competitive advantage by performing these strategically important activities cheaply or better than its competitors. Value chain divides an organization into primary and secondary activities. Primary activities are those involved in the physical creation of a product, marketing and transfer to the buyer as well as after sale support while the secondary activities are those that assist the primary activities by providing infrastructure, input that allows them to take place on an on going basis.

2.2.2 Establishing organization direction

The main indicators of the direction in which an organization is moving are its vision, mission statement and strategic objectives (Certo, 1995). Effective strategy making begins with a concept of what the organization should and should not do and a vision of where the organization seems to be headed. A company’s business is defined by what needs it is trying to satisfy, by which customer groups it is targeting, and by the technologies it will use and functions it will perform in serving the target market. Many successful organizations need to change direction not to survive but to maintain their success. A well articulated strategic vision creates enthusiasm for the future course management has charted and poses a challenge that inspires and engages members of the organization. Well-worded vision statements give employees a larger sense of purpose—so that they see themselves as ‘building a cathedral’ rather than ‘laying stones’.

Strategic objectives represent managerial commitment to achieving specific performance targets within a specified time frame. Statements of the results a firm seeks to achieve
over a specified period of time. Objective setting needs to be more of a top down than a bottom up practice in order to guide lower level managers and organizational units towards outcomes that support the achievement of overall business and company objectives. (Thompson and Strickland, 1998).

2.2.3 Strategic analysis and choice

In this stage, strategies that have been developed in the earlier stages are evaluated for suitability using various criteria and chosen for implementation. Various models have been developed to aid in strategic analysis and choice. These include the BGC Growth share Matrix and Ansoff's Product - Mission matrix. Literature on rational strategic decision making tends to lean more on the use of analytical techniques arguing that they stand a better chance of selecting an optimal strategy.

Keith et al, (1998) provides an insight into this concept that managers will still tend to use gut feeling and intuition in selecting the strategy of a firm. He argues that small firms tend to be less formal in their choices of strategy and that the strong personality of the founder will tend to decrease formality in the decision making process.

2.3 Strategic Planning Practices

Pearce and Robinson (1991) define strategic management as 'that set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives.' Thompson and Strickland, (1989) define strategy formulation as the active management function of establishing organizational direction, setting objectives and devising a managerial game plan for the organization to pursue. Mintzberg and Water (1985) contend that strategy could be viewed as 'a pattern in a stream of decisions.' The two see strategy as being deliberate or emergent and forming two ends of a continuum along which the real world lies. They also classify strategy as being intended, realized, unrealized and emergent.

Johnson and Scholes (1999) identify three ways in which a deliberate and planned managerial intent can be explained in an organization. These are the planning view, the command view and the logical incremental view.
In the planning view, strategies are proposed to develop through a rational and formalized sequence of analytical and evaluative procedures. This view has various advantages attributed to it such as providing a structured means of analyzing and thinking, the ability of the view to communicate intended strategy, involving employees in strategy development and hence creating a sense of ownership and also providing a means of control through which regular reviewing of performance can be set and enhancing coordination among the organization.

The planning view however has several shortcomings. Strategies are more or less implemented through people and hence the cultural as well as political dimensions of the people have to be taken into consideration in establishing the strategic planning practices.

The command view is where strategy develops through the direction of an individual or group but not necessarily through formal planning. At the very extreme, strategy could be seen as the product of an autocratic leader who brooks no argument and sees others managers as there to implement his or her decisions. This individual or group could be the owner or co-founder or a political appointee of the organization. Charismatic leaders are also often seen as central to the strategy of an organization; their personality or reputation may be seen as a positive force and other managers may willingly defer to such an individual and see strategy as his or her province. Such organizations are usually small enterprises or public sector organizations.

The logical incremental view sees strategy to develop through small stepwise responses to a gradually changing environment and sees the idea that strategies can be preset on a grand scale through neat, logical, sequential planning mechanisms as unrealistic. Overall, logical instrumentalism can be thought of as the deliberate development of strategy by ‘learning through doing’.

Strategic planning could also be seen as formal or informal. Formality in strategic planning refers to the degree to which participants, responsibilities, authority and discretion in decision making are specified. (Pearce and Robinson, 2002). Formal analytical processes are characterized by the use of analytical tools and methodologies to help managers reach a better quality of strategic decisions. Greater formality has been positively correlated with corporate success. (Hofer and Schendel, 1978).
The informal approaches to strategy are characterized by executive bargaining and negotiation, building of coalitions and the practice of ‘muddling through’ (Hax and Mujluf, 1996). Informal planning is usually intuitive and under the influence of a visionary leader.

Formal strategic planning usually produces a strategic document plan. This is a comprehensive statement about the organization’s mission and future direction, short term and long term performance targets and how management intends to produce the intended results to fulfill the mission given the organization’s situation. (Thompson and Strickland, 1989).

Malik and Basu (1986) report that strategic planners outperform non-planners by a wide margin in almost all major financial indicators of organizational efficiency. Herol (1972), observed that planners were better than non-planners at identifying opportunities, setting goals and objectives and setting proper strategies and effective tactics to achieve them, as evidenced by higher growth rates and higher operational efficiency ratios. The researchers also point out that planners are more aggressive than non-planners in pursuit of business objectives.

Denning and Lehr, (1972) argue that the introduction of formal systematic corporate long range planning is a managerial response to two separate sets of needs of which one is strategic. They report a strong positive relationship between the introduction of long range planning and a high rate of technological change, size of company, capital intensity and complexity. Malik and Basu (1986) identify three kinds of plans; strategic plans, short range plans and operational plans. This appears to be the practice in most organizations, Kenya being no exception.

Nambudiri and Saiyadain (1978), observe that long term planning (strategic planning) is not well developed in the developing countries. They point out that where formal long term planning is undertaken, it is mainly in larger organizations, most of which are subsidiaries of multinational corporations.

The principle duty of the CEO is often defined as giving long term direction to the firm. The CEO is ultimately responsible for the success of the business and therefore its
strategy practices. Additionally, CEO’s are often strong willed, company oriented individuals with a high sense of self esteem. As such, their personalities often prevent them from delegating substantive authority to others in strategic planning practices. The board of directors provides guidance and usually plays the role of overseers (Pearce and Robinson, 2002).

2.4 Challenges of strategic planning practices

Researchers on the challenges facing the strategic planning practices have identified several challenges. These include power and politics, external control, the predominant management styles and characteristics and the size of the organization.

Pearce and Robinson (2002) argue that where the dominance of the CEO approach autocracy, the effectiveness of the firms strategic planning practices are likely to be greatly diminished. The strategic planning practices are strongly influenced by the ability of the CEO to provide managers at all levels with the opportunity to play a role in determining the strategic posture of the firm. In organizations where the management styles involve the participation of employees in the strategy planning and its related strategies this challenge is reduced as there is more ownership of by the employees who work together to ensure that the practices put in place actually work.

Gilmore (1971) argues that small and medium sized organizations do not have the benefit of planning departments or operation research groups. Such firms therefore need a simple, practical approach to strategy formulation.

Thompson and Strickland (1998) also observe that in small owner managed companies, strategy is developed informally, often never being reduced in writing but existing only in the entrepreneur’s mind and in oral understanding with key subordinates. The large firms however tend to develop their strategic plans in annual strategic planning cycle, complete with prescribed procedures the include board management participation. This process usually ends up with written strategic plans.

Keith et al (1998), also share the same view and assert that because of their size, small firms cannot afford strategic planning staff and personnel that large that large firms possess. In their research, they defined small firms as those with less than one hundred
employees. They also note that senior management in small firms usually means on individual and not a group of managers.

Buchanan and Boddy (1992) argue that the political view of strategy development and its related practices is an outcome of the process of bargaining and negotiating among powerful internal and external interest groups. When people in organizations are rooted to different experience, they will always seek to protect their view, and with different views, come the need to exercise power.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design
Research design is the plan with which the research project is executed. The research problem posed was studied using the descriptive sample survey study method. This method was deemed appropriate as the study aimed at studying the horticultural industry as a whole in order to draw generalizations regarding the strategic planning practices in the industry.

3.2 Population
The population of interest was all firms in the horticultural industry in Kenya that export fresh fruits and vegetables.

There were 721 horticultural firms in Kenya exporting fresh produce. Out of these, only 281 firms exported fresh fruits and vegetables as per the records of Horticultural Crops Development authority, August 2005. (See appendix II)

3.3 Sampling
The sampling size of this study was 50 companies selected from a list of horticultural companies that export fresh fruits and vegetables registered with Horticultural Crops Development authority as at August 2005. This list constituted the sampling frame. The units for study were selected using systematic random sampling.

3.4 Data Collection
The study used primary data only.

Primary data was collected using questionnaires addressed to each respondent and administered using the drop and pick method and appointments were made to see the respondents where further clarification was sort. The questionnaire (see Appendix III) contained both open and closed ended questions.

The respondents in the study were either chief executive officers or top managers i.e. the respondents were either a chief executive officer, the deputy or a head of department. This is because it is these top managers who were most familiar with and involved in the strategy practices in their companies.
3.5 Data Analysis

Descriptive statistics was be used to analyze the data collected. These descriptive statistics include mean and proportions. Cross tabulation was also used to establish inter relationship between variables.
CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

All completed questionnaires were edited for completeness and consistency before analysis. In this chapter the results are presented through tables and graphs. The presentation is in the order of the objectives.

A total of 50 companies was targeted from the sampling frame. Two questionnaires were however considered unusable at the editing stage out of the 48 questionnaires that were received back thus giving a response rate of 92%. This compares well with previous studied such as Wanjoga (2002) with 82% and Gaceri (2003) with 96%.

4.2 Demographic Profiles of the Respondents’ Organizations

The demographic profiles of the respondents’ organizations i.e. ownership, number of years the organization has been in operation, presence of a strategic planning department, number of permanent employees, number of temporary employees, sales turnover per annum, export processing technology and predominant caliber of the senior management staff were analyzed in order to know the general classification of organizations. Findings are presented in this section.

Table 4.1: Background Information of horticultural exporters in Kenya.

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private company</td>
<td>37</td>
<td>80.43</td>
</tr>
<tr>
<td>Public company</td>
<td>6</td>
<td>13.04</td>
</tr>
<tr>
<td>Jointly privately and government owned</td>
<td>3</td>
<td>6.52</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of years the Company has been in Operation</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 10 years</td>
<td>11</td>
<td>23.91</td>
</tr>
<tr>
<td>11 - 20 years</td>
<td>6</td>
<td>13.04</td>
</tr>
<tr>
<td>21 - 30 years</td>
<td>9</td>
<td>19.57</td>
</tr>
<tr>
<td>Above 30 years</td>
<td>20</td>
<td>43.48</td>
</tr>
<tr>
<td>Presence of a strategic Planning Department</td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21.74</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>36</td>
<td></td>
<td></td>
</tr>
<tr>
<td>78.26</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of Permanent Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 25</td>
</tr>
<tr>
<td>13</td>
</tr>
<tr>
<td>28.26</td>
</tr>
<tr>
<td>26 - 50</td>
</tr>
<tr>
<td>14</td>
</tr>
<tr>
<td>30.43</td>
</tr>
<tr>
<td>51 - 75</td>
</tr>
<tr>
<td>6</td>
</tr>
<tr>
<td>13.04</td>
</tr>
<tr>
<td>76 - 100</td>
</tr>
<tr>
<td>9</td>
</tr>
<tr>
<td>19.57</td>
</tr>
<tr>
<td>Over 100</td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td>8.69</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of Temporary Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 100</td>
</tr>
<tr>
<td>20</td>
</tr>
<tr>
<td>43.45</td>
</tr>
<tr>
<td>100 - 200</td>
</tr>
<tr>
<td>15</td>
</tr>
<tr>
<td>32.61</td>
</tr>
<tr>
<td>200 - 300</td>
</tr>
<tr>
<td>5</td>
</tr>
<tr>
<td>10.87</td>
</tr>
<tr>
<td>300 - 400</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>6.52</td>
</tr>
<tr>
<td>Over 400</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>6.52</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sales Turnover per Annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 25 million</td>
</tr>
<tr>
<td>5</td>
</tr>
<tr>
<td>10.87</td>
</tr>
<tr>
<td>26-50 Million</td>
</tr>
<tr>
<td>7</td>
</tr>
<tr>
<td>15.22</td>
</tr>
<tr>
<td>51-75 Million</td>
</tr>
<tr>
<td>15</td>
</tr>
<tr>
<td>32.61</td>
</tr>
<tr>
<td>76-100 Million</td>
</tr>
<tr>
<td>8</td>
</tr>
<tr>
<td>17.39</td>
</tr>
<tr>
<td>Over 100 Million</td>
</tr>
<tr>
<td>11</td>
</tr>
<tr>
<td>21.74</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Export Processing Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Using simple, manually operated machines</td>
</tr>
<tr>
<td>11</td>
</tr>
<tr>
<td>23.91</td>
</tr>
<tr>
<td>Using electrically motorized machines</td>
</tr>
<tr>
<td>28</td>
</tr>
<tr>
<td>60.87</td>
</tr>
<tr>
<td>Using computerized, automated machines</td>
</tr>
<tr>
<td>7</td>
</tr>
<tr>
<td>15.22</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Predominant Caliber of the Senior Management Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>No technical and management training</td>
</tr>
<tr>
<td>13</td>
</tr>
<tr>
<td>28.26</td>
</tr>
<tr>
<td>Technical specialist with no management training</td>
</tr>
<tr>
<td>9</td>
</tr>
<tr>
<td>19.57</td>
</tr>
<tr>
<td>Technical specialist with management training</td>
</tr>
<tr>
<td>14</td>
</tr>
<tr>
<td>30.43</td>
</tr>
</tbody>
</table>
4.3 Strategic Planning Practices

The study sought to determine the strategic planning practices of the horticultural exporters in Kenya. The results are presented in the tables below.

4.3.1 Analysis of the Environment

Table 4.2: How information is collected.

<table>
<thead>
<tr>
<th>Method used</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Search for information from both verbal and written sources</td>
<td>26</td>
<td>56.52</td>
</tr>
<tr>
<td>Competitor spying</td>
<td>8</td>
<td>17.39</td>
</tr>
<tr>
<td>Forecasting</td>
<td>3</td>
<td>6.52</td>
</tr>
<tr>
<td>Use of formal studies</td>
<td>9</td>
<td>19.57</td>
</tr>
<tr>
<td>Total</td>
<td>46</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 4.2 indicates that close to 57% of the companies studied search for information on various aspects of the business environment using both verbal and written sources, about 20% use formal studies while another 17% use competitor spying. However forecasting is only used by close to 7% of the firms. This is in agreement with the findings by Jaunch and Glueck (1998) that firms can use both formal and informal sources in analyzing the environment.

The study also sought to determine who was responsible for collecting information on various aspects of the business environment as presented in the table below.
Table 4.3: Responsibility for collecting information

<table>
<thead>
<tr>
<th>Who</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>The corporate planning department</td>
<td>3</td>
<td>6.52</td>
</tr>
<tr>
<td>The market research/Marketing department</td>
<td>25</td>
<td>54.35</td>
</tr>
<tr>
<td>All departments</td>
<td>3</td>
<td>6.52</td>
</tr>
<tr>
<td>Market research company</td>
<td>4</td>
<td>8.70</td>
</tr>
<tr>
<td>Hired consultant</td>
<td>4</td>
<td>8.70</td>
</tr>
<tr>
<td>A specifically designate individual</td>
<td>3</td>
<td>6.52</td>
</tr>
<tr>
<td>No one</td>
<td>4</td>
<td>8.70</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>46</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: research data*

In table 4.3, close to 54% of the firms studied, the market research or marketing department has the responsibility for collecting information on various aspects of the business environment.

Table 4.4 and 4.5 below sort to establish whether horticultural exporters carry out competitor analysis and the approaches used to analyze competitor performance respectively.

Table 4.4: Competitor Analysis

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>31</td>
<td>67.39</td>
</tr>
<tr>
<td>No</td>
<td>10</td>
<td>21.74</td>
</tr>
<tr>
<td>No response</td>
<td>5</td>
<td>10.87</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>46</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: research data*

It is observed from the above Table 4.4, that 67.39% of the firms reported to carry out competitor analysis probably because competition was considered a key factor in their strategic planning.
Table 4.5: Approaches used to analyze competitor performance

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute sales turnover</td>
<td>8</td>
</tr>
<tr>
<td>Market share analysis</td>
<td>18</td>
</tr>
<tr>
<td>Price comparisons</td>
<td>5</td>
</tr>
<tr>
<td>Cost analysis</td>
<td>4</td>
</tr>
<tr>
<td>Non response</td>
<td>11</td>
</tr>
<tr>
<td>Total</td>
<td>46</td>
</tr>
</tbody>
</table>

*Source: research data*

The most popular approaches used in analyzing competitor performance according to Table 4.5 were market share analysis (39%) and absolute sales turnover (17%).

### 4.3.2 Corporate Vision, Mission and Strategic Objectives

Table 4.6: Presence of a mission statement

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, a written one</td>
<td>14</td>
</tr>
<tr>
<td>Yes, an unwritten one</td>
<td>25</td>
</tr>
<tr>
<td>Non</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>46</td>
</tr>
</tbody>
</table>

*Source: research data*

From the findings, close to 30% of the companies reported as having a written mission statement, 54% reported as having an unwritten mission statement. The rest (15%) did have a mission statement. This indicates that most of the firms had an unwritten mission statement. (Table 4.6)

Table 4.7: Nature of Strategic Planning

<table>
<thead>
<tr>
<th>Nature</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>No strategic planning</td>
<td>6</td>
<td>13.04</td>
</tr>
<tr>
<td>Formal strategic planning</td>
<td>14</td>
<td>30.43</td>
</tr>
<tr>
<td>Informal strategic planning</td>
<td>26</td>
<td>56.52</td>
</tr>
<tr>
<td>Total</td>
<td>46</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: research data*
From the results in table 4.7, it is evidenced that 57% of the firms have informal strategic planning, 13% have no strategic planning while only 30% have formal strategic planning. This agrees with Mitzberg (1985) who sees strategic planning to be a continuum from informal to formal.

<table>
<thead>
<tr>
<th>Table 4.8: Planning horizon</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Less than 3 years</td>
</tr>
<tr>
<td>3-5 years</td>
</tr>
<tr>
<td>Over five years</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

*Source: research data*

The predominant planning horizon is between 3 – 5 years, as practiced by 59% of the companies studied. This period could be mainly preferred because it allows management to project into a foreseeable future. Only 17.39 % of the respondents had a planning horizon of over 5 years. (Table 4.8)

<table>
<thead>
<tr>
<th>Table 4.9: Frequency of revision of strategic plans</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Frequency</td>
</tr>
<tr>
<td>Annually</td>
</tr>
<tr>
<td>2 - 3 years</td>
</tr>
<tr>
<td>Above 4 years</td>
</tr>
<tr>
<td>As frequently as required</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

*Source: research data*

An annual revision of the strategic plans is adopted by close to 28% of the firms, 20% revise their strategic plan 2- 3 years, 13% above 4 years while 39% revise the strategic plan as frequently as required. Table 4.9 indicates that most of the firms revise their strategic plans annually and as frequently as required. This could be because such a
yearly review ensures that the strategic plans are still relevant to the circumstances of the firm. (Table 4.9)

Table 4.10: Responsibility for strategic Planning in the Organization

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors</td>
<td>19</td>
<td>41.30</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>11</td>
<td>23.91</td>
</tr>
<tr>
<td>Senior Managers</td>
<td>6</td>
<td>13.04</td>
</tr>
<tr>
<td>Consultant</td>
<td>9</td>
<td>19.57</td>
</tr>
<tr>
<td>Non response</td>
<td>1</td>
<td>2.17</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>46</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: research data*

In Table 4.10 above, 75% of the firms, either the board of directors (41%) or the chief executive officer (24%) is responsible for strategic planning. This could because they constitute the apex of the company, hence are responsible the strategic steering of the company.

Table 4.11: Techniques used in strategic planning

<table>
<thead>
<tr>
<th>Technique</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brainstorming and focus groups</td>
<td>24</td>
<td>52.17</td>
</tr>
<tr>
<td>Mathematical methods like trend extrapolation,</td>
<td>16</td>
<td>34.78</td>
</tr>
<tr>
<td>regression</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non response</td>
<td>6</td>
<td>13.04</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>46</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: research data*

Brainstorming and focus groups as a technique in strategic planning is employed by 52% of the firms, mathematical methods like trend extrapolation, regression is employed by 35% of the firms, while 13% of the firms did not indicate the technique employed. The findings indicate brainstorming and focus groups (52%) as the main technique used in strategic planning. (Table 4.11).
Table 4.12: Steps undertaken in strategic planning process by organizations

<table>
<thead>
<tr>
<th>Steps</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analysis of the external environment</td>
<td>11</td>
<td>24.29</td>
</tr>
<tr>
<td>Analysis of internal organizational environment</td>
<td>11</td>
<td>24.29</td>
</tr>
<tr>
<td>Defining or revising the company’s mission statement and strategic objectives</td>
<td>12</td>
<td>27.14</td>
</tr>
<tr>
<td>Developing strategies to achieve the strategic objectives of the company</td>
<td>4</td>
<td>8.57</td>
</tr>
<tr>
<td>Choosing the appropriate strategy</td>
<td>8</td>
<td>15.71</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>46</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: research data

The above findings (Table 4.12) indicate the major steps undertaken in strategic planning process by organizations. Defining or revising the company’s mission statement and strategic objectives is undertaken by 27.14% of the respondents and only 8.57% of the respondents undertake developing strategies to achieve the strategic objectives of the company.

The tables below present the results of the features that characterize the strategic planning process as well as the constituencies to which the strategy is communicated and the tools used in strategic planning process.

Table 4.13: Features that characterize the strategic planning process

<table>
<thead>
<tr>
<th>Features</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal meetings</td>
<td>13</td>
<td>28.26</td>
</tr>
<tr>
<td>Informal planning interactions</td>
<td>26</td>
<td>56.53</td>
</tr>
<tr>
<td>Time-tables for plan preparations</td>
<td>2</td>
<td>4.35</td>
</tr>
<tr>
<td>Clearly assigned responsibilities for planning</td>
<td>5</td>
<td>10.86</td>
</tr>
<tr>
<td>Have a planning department</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: research data

From the findings close to 28% of the firms studied characterized their strategic planning process as formal, 57% characterized having informal planning interactions while 4% characterize the strategic planning process as using time tables for plan preparations. This
shows that a greater proportion of the firms studied use informal approaches in their strategic planning practices. (Table 4.13)

Table 4.14: Constituencies to which strategy is communicated

<table>
<thead>
<tr>
<th>Constituent</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internally in the organization</td>
<td>26</td>
<td>56.52</td>
</tr>
<tr>
<td>Externally to the relevant constituents</td>
<td>7</td>
<td>15.22</td>
</tr>
<tr>
<td>Both internally and externally</td>
<td>13</td>
<td>28.26</td>
</tr>
<tr>
<td>Total</td>
<td>46</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: research data*

Table 4.14 indicates that most of the companies are observed to communicate their strategy internally, 28.26% communicate both internally and externally, while 15.22% communicate externally to the relevant constituencies.

Table 4.15: Tools used in strategic planning

<table>
<thead>
<tr>
<th>Tool</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>SWOT Analysis</td>
<td>26</td>
<td>56.52</td>
</tr>
<tr>
<td>Strategic gap analysis</td>
<td>7</td>
<td>15.22</td>
</tr>
<tr>
<td>PEST analysis</td>
<td>11</td>
<td>23.91</td>
</tr>
<tr>
<td>Portfolio Matrices</td>
<td>2</td>
<td>4.35</td>
</tr>
<tr>
<td>Total</td>
<td>46</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: research data*

As is observed from Table 4.15, 56.52% of the firms use SWOT analysis in their strategic planning. This is probably because it is a well-known tool amongst many managers in Kenya and that is relatively easy to use. 23.91% mentioned PEST analysis as the tool used in strategic planning.
4.3.3 Strategic Analysis and Choice

Under this section, the study sort to establish the various approaches used in selecting the appropriate strategy and the company values that guide the horticultural exporters in their strategy choice.

Table 4.16: Approaches used in selecting appropriate strategy

<table>
<thead>
<tr>
<th>Approach</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Using intuition and gut feel</td>
<td>22</td>
<td>47.83</td>
</tr>
<tr>
<td>Using rational and analytical decision making</td>
<td>14</td>
<td>30.43</td>
</tr>
<tr>
<td>processes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Through the process of negotiation with key</td>
<td>5</td>
<td>10.87</td>
</tr>
<tr>
<td>stakeholders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non response</td>
<td>5</td>
<td>10.87</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>46</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: research data*

The results suggest that most firms (47.83%) use intuition and gut feeling while 30.43% use rational and analytical decision making processes. However negotiation with key stakeholders is employed by 10.87%.(Table 4.16)

Table 4.17: Company values

<table>
<thead>
<tr>
<th>Value</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,4,2,3</td>
<td>15</td>
<td>32.61</td>
</tr>
<tr>
<td>1,3,4,2</td>
<td>9</td>
<td>19.57</td>
</tr>
<tr>
<td>1,4,3,2</td>
<td>6</td>
<td>13.04</td>
</tr>
<tr>
<td>2,4,1,3</td>
<td>8</td>
<td>17.39</td>
</tr>
<tr>
<td>Non Response</td>
<td>8</td>
<td>17.39</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>46</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: research data*

KEY: 1 – Quality  2 – Corporate Image  3 – Customer Satisfaction  4 – Business Ethics
In Table 4.17, quality is ranked very highly by 65% of the respondents. This could be because of stringent quality concerns by consumers of horticultural products that have forced horticultural firms to consider it in their strategy.

### 4.4 Challenges Faced In Strategic Planning Practices

This section was aimed at determining the challenges faced by the horticultural exporters in their strategic planning practices. These are company size, company age, company ownership and management characteristics such as the predominant caliber of the senior management staff.

Table 4.18: Number of Permanent Employees * Presence of a strategic Planning Department

<table>
<thead>
<tr>
<th>Number of Permanent Employees</th>
<th>Company size</th>
<th>Presence of a strategic Planning Department</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>0 - 25</td>
<td>Small</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>26 - 50</td>
<td>Medium</td>
<td>3</td>
<td>11</td>
</tr>
<tr>
<td>51 - 75</td>
<td>Medium</td>
<td>11</td>
<td>2</td>
</tr>
<tr>
<td>76 - 100</td>
<td>Large</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Over 100</td>
<td>Large</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>8</td>
<td>38</td>
</tr>
</tbody>
</table>

*Source: research*

The result in Table 4.18 indicate that non of the size companies had a strategic planning department, will only 15% of medium size companies had a strategic planning department while 38% of large sized companies had strategic planning departments. Gilmore (1971) noted that small sized companies do not have the benefit of planning departments and such firms therefore need a simple, practical approach to strategy formulation.
Table 4.19: Age of the company and nature of strategic planning

<table>
<thead>
<tr>
<th>Number of years the Company has been in Operation</th>
<th>Classification by age</th>
<th>Formal strategic planning</th>
<th>Informal strategic planning</th>
<th>No strategic planning</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 10 years</td>
<td>Young</td>
<td>18%</td>
<td>73%</td>
<td>9%</td>
<td>100</td>
</tr>
<tr>
<td>11 - 20 years</td>
<td>Middle age</td>
<td>33%</td>
<td>67%</td>
<td>0%</td>
<td>100</td>
</tr>
<tr>
<td>21 - 30 years</td>
<td>Old</td>
<td>67%</td>
<td>33%</td>
<td>0%</td>
<td>100</td>
</tr>
<tr>
<td>Above 30 years</td>
<td>Very Old</td>
<td>60%</td>
<td>30%</td>
<td>10%</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: research data

The above Table 4.19 indicates that most young companies (73%) had informal strategic planning, (67%) of middle age companies had informal strategic planning, 67% of old companies had formal strategic planning and 60% of very old companies had had formal strategic planning.

Table 4.20: Company ownership and nature of strategic planning

<table>
<thead>
<tr>
<th>Ownership</th>
<th>No strategic planning</th>
<th>Formal strategic planning</th>
<th>Informal strategic planning</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private company</td>
<td>16%</td>
<td>38%</td>
<td>46%</td>
<td>100</td>
</tr>
<tr>
<td>Public company</td>
<td>-</td>
<td>58%</td>
<td>42%</td>
<td>100</td>
</tr>
<tr>
<td>Jointly privately and government owned</td>
<td>-</td>
<td>52%</td>
<td>48%</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: research data

Close to 46% private companies had informal strategic planning, 38% had formal strategic planning while 16% had no strategic planning. For public companies, close to 58% had formal strategic planning while jointly owned companies 48% had informal strategic planning. (Table 4.20)
Companies whose senior managers have no technical and management training mostly use PEST analysis (92.3%) while a few use SWOT analysis (7.7%). Companies whose managers are technical specialist with no management training mostly use PEST analysis (56%) and SWOT analysis (33%) while a few use Strategic gap analysis (11%). For those companies whose management are technical specialist with management training mostly use PEST analysis (50%) and SWOT analysis (35.7%). However Strategic gap analysis and portfolio matrices are also used to a small extent, 7.14% and 7.16% respectively. On the other hand companies whose management are professional managers with business and management training mostly use PEST analysis (58%) and SWOT analysis (20%). Strategic gap analysis and Portfolio Matrices are also used to a small extent, 12% and 10% respectively. This suggests that PEST analysis is mostly employed by all managers irrespective of their nature of training. This could because PEST analysis is easier to use as compared to the other methods. (Table 4.21)

<table>
<thead>
<tr>
<th>Senior management caliber</th>
<th>SWOT Analysis</th>
<th>Strategic gap analysis</th>
<th>PEST analysis</th>
<th>Portfolio Matrices</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No technical and management training</td>
<td>7.7%</td>
<td></td>
<td>92.3%</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Technical specialist with no management training</td>
<td>33%</td>
<td>11%</td>
<td>56%</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Technical specialist with management training</td>
<td>35.7%</td>
<td>7.14%</td>
<td>50%</td>
<td>7.16%</td>
<td>100</td>
</tr>
<tr>
<td>Professional managers with business and management training</td>
<td>20%</td>
<td>12%</td>
<td>58%</td>
<td>10%</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: research data*
CHAPTER FIVE: CONCLUSION

5.0 Introduction
In this last chapter of the report the results are summarized, discussed and the conclusions drawn. The chapter also presents limitations of the study, recommendations for further research and recommendations for policy and practice.

5.1 Summary, Discussions And Conclusions.

5.1.1 Strategic Planning Practices.
The presentation here is done in the order of the objectives of the research. The first research objective sought to determine the strategic planning practices of horticultural exporters in Kenya. The results show that the following practices in strategic planning are used by horticultural exporters in Kenya.

In about 57% of the companies studied search for information on various aspects of the business environment using both verbal and written sources, 20% use formal studies, 17% use competitor spying. However, forecasting is only used by 7% of the firms. This in much agreement with the findings by Jaunch and Glueck (1998) that firms can use both formal and informal sources in analyzing the environment. Certo and Peter (1993) cite numerous sources of information that managers can use, like journals, reports, professional meetings, conferences, employees and consultants.

In 54% of the firms studied the market research or marketing department has the responsibility for collecting information on various aspects of the business environment. It is observed from the above that 67% of the firms reported to carry out competitor analysis probably because competition was considered a key factor in their strategic planning.

The most popular approaches used in analyzing competitor performance were market share analysis (39%) and absolute sales turnover (17%). Competitor analysis is important in helping a firm to identify its position in the market, relative to its business rivals.

There are several ways of doing competitor analysis like relative market share or relative price position, (Koch, 1995).
From the findings 54% of the companies reported as having an unwritten mission statement, 30% reported as having a written mission statement while the rest (15%) did have a mission statement. It would have been more desirable if all the companies had a written mission statement, to which all stakeholders could easily refer as to know precisely the purpose of the firms’ business.

As evidenced from the results, about 57% of the firms have informal strategic planning, 13% have no strategic planning while only 30% have formal strategic planning. This agrees with Mitzberg (1985) who sees strategic planning to be a continuum from informal to formal. This reveals that informal strategic planning is favored by most firms. Thompson and Strickland (1998) also observe that in small owner managed companies, strategy is developed informally, often never being reduced in writing but existing only in the entrepreneur’s mind and in oral understanding with key subordinates. The large firms however tend to develop their strategic plans in annual strategic planning cycle, complete with prescribed procedures which include board management participation. This process usually ends up with written strategic plans.

The predominant planning horizon is between 3 – 5 years, as practiced by about 59% of the companies studied. Considering the environmental circumstances in which the firms operate, this time horizon is considered appropriate since it allows for predictability of the future as well as room to change the strategy to ensure that it is relevant to the environmental conditions facing the firm.

An annual revision of the strategic plans is adopted by 28% of the firms; this could be because such a yearly review ensures that the strategic plans are still relevant to the circumstances of the firm.

In 75% of the firms, either the board of directors (41%) or the chief executive officer (24%) is responsible for strategic planning. This could because they constitute the apex of the company, hence are responsible for the strategic steering of the company. This finding is expected because both the directors and the chief executive officers constitute the strategic apex of an organization, from where strategic direction and policy is set. (Mintzberg, 1883)
Mot of the companies are observed to communicate their strategy internally, 28.26% communicate both internally and externally, while 15.22% communicate externally to the relevant constituencies.

The researcher observed that 56.52% of the firms use SWOT analysis in their strategic planning. This is probably because it is a well-known tool amongst many managers in Kenya and that is relatively easy to use. 23.91% mentioned PEST analysis as the tool used in strategic planning.

The results suggest that most firms (47.83%) use intuition and gut feeling in their strategic planning practices while 30.43% use rational and analytical techniques. However negotiation with key stakeholders is employed by 10.87% of the population under study. This suggests that the horticultural exporters tend to lean towards informality in their strategic planning practices.

Quality is ranked very highly by 65% of the respondents. This could be because of stringent quality concerns by consumers of horticultural products that have forced horticultural exporters to adopt this in their strategy.

The study has revealed that most of the firms are privately owned and are small in size and medium sized companies. Because of this, they predominantly employ informal approaches to strategic planning even though both formal and informal approaches can still be identified amongst the companies studied. Strategic planning is mostly the responsibility of the board of directors and the chief executive officers, who in most cases are the owners and the founders of the businesses. The approaches used in strategy formulation by majority of the firms studied are simplistic in approach, employing less sophisticated methods.

The most frequent tasks observed in strategic planning process was observed to be analysis of the internal environment, analysis of the external environment, defining or revision of the corporate vision, mission and strategic objectives, developing strategies and choosing the appropriate strategy. Amongst the firms studied, strategy is largely internally communicated and rarely communicated to external parties.
5.1.2 Challenges Faced In Strategic Planning Practices.
The second research objective sought to determine the challenges faced by horticultural exporters in their strategic planning practices.

The challenges which were found to influence the strategic planning practices of the companies studied are company size, age and ownership. Larger companies tended to have either planning departments or a strategic planning function, and were found to employ more formal approaches to strategic planning as compared to the smaller companies. The younger companies had a less formal approach to strategic planning as compared to the older companies while privately owned companies had a mixture of formal or informal approaches to strategic planning. Public companies embraced formal approaches to strategic planning practices.

5.2 Limitations of the Study
The main limitation in the study was that most of the organizations were reluctant to provide information. This may be due to the fact that the companies concerned were privately owned and the respondents could not provide the information as it was the company secret. The researcher was of the view that perhaps the questionnaires should have been administered personally in the form of an interview so as to get more information as well as gain the confidence of the respondents. The researcher was also of the view that perhaps getting an insight into the implementation policies and practices would have shed more insight on the strategic planning practices and their related challenges.

5.3 Recommendations for Further Research
Strategy planning in an organization is not an end in itself but how these plans are then executed to achieve the desired goals and objectives. Other aspects of strategic management like strategy implementation and strategy control can also be researched into, so as to obtain further insight about strategic management in this industry.
5.4 Recommendation for Policy and Practice
Horticultural exporters in Kenya are operating under increased global competition and this calls for them to improve their strategic planning practices. It is no longer efficient and effective to have informal planning practices and the horticultural exporters must endeavor to formalize their strategic planning practices in order to maintain their competitive edge in the turbulent environment in which they operate.
REFERENCES


Mintzberg, H .(1994). The rise and fall of Strategic Planning. Prentice Hall


Tichy Noel (1993). 'Control Your Destiny Or Someone Else Will' General Electric Fortune December, New York, USA.


TO WHOM IT MAY CONCERN

The bearer of this letter.................................
Registration No..................................................

Is a Master of Business Administration student at the University of Nairobi. She is conducting a survey to establish the strategic planning practices in the horticultural industry in Kenya. This information is purely for academic purposes and a copy of the findings will be availed to you upon request. Any information received will be treated with strict confidentiality and at no point will your name or that of your organization be mentioned in the final report.

Your cooperation will be highly appreciated.

Thank you.

Dr Martin Ogutu.
APPENDIX II: LIST OF HORTICULTURAL COMPANIES EXPORTING FRESH FRUITS AND VEGETABLES AS PER HORTICULTURAL CROPS DEVELOPMENT AUTHORITY- AUGUST 2005

1. AAA Growers Ltd
2. Africa Vegetable Company
3. Afrifresh Conveyors Ltd
4. Afro Euro Exports Ltd
5. Afro Merchants Enterprises
6. Agrimond/Agriworld Kenya
7. Agwatta Trading Company
8. A-H Connection Limited
9. Altamayuz
10. Aleggs Aberdare Horticulture
11. Alfa Shine Delight.
12. All Fresh Produce
13. Adpa Enterprises
14. Ansa Horticultural Contractual Limited
15. Anste Food Limited
16. Anthem Enterprises
17. ASAB Investment Limited
18. Avenue Fresh Produce
19. Bandarini Shipchandlers
20. Bankem Investments
21. B-Bros Enterprises
22. Belt Cargo Service Export Limited
23. Brenor Enterprises
24. Buchero Enterprises
25. Bura Tana Golden Mangoes And Fruits
27. Call Africa Limited
28. Cape Suppliers Limited
29. Cargoline Express Ltd
30. Cebit Cargo
31. Celebration Exporters
32. Celtic Investment
33. Chakacha Product Limited
34. Channa Exporters Ltd
35. Chesire Oaks
36. Cinnabar Green Ltd
37. Creek Enterprises Limited
38. Daniel Mwagona Shem Shipchandler
39. Danka Investement
40. Dekok Enterprises
41. Devil Import Snd Export Agencies
42. Depeniel Link
43. Dorcken Agencies Co. Ltd
44. East African Growers
45. East West Veg Limited
46. Ebb Ways Trading
47. Edfam Green Valley Exporters
48. Elburgon Stores Limited
49. Eldofora Nurseries
50. Eldoville
51. Elgonot Enterprises
52. Emars Flowers And Horticultural Produce Ltd
53. Enda Air Ltd
54. Eponi Enterprises
55. Equitorial Nut Processors Ltd
56. Equitorial Nut Processors Ltd
57. Erikema Company Limited
58. Everest Enterprises Ltd
59. Exotic Greens
60. Exotimex Supplies
61. Exotropica (K) Ltd
62. Farm Gate Exotics
63. Farmland Express
64. Fasihi Africana Enterprises
65. Fisher Vegpro Limited
66. Floraline Fresh Produce
67. Flower Time
68. Flour Hill Ltd
69. Four Technical Services
70. Frabec Farm Produce
71. Frace Exporters Limited
72. Franc Janku
73. Frankline Cargo Services
74. Fresh Pak Exporters Ltd
75. Freshly Flown (Kenya)
76. Frigoken Limited
77. Fruitveg Enterprises
78. Garden Delights
79. Gataya Investments
80. Geosan Horticultural Produce
81. Gerkins Exporters & Importers
82. Gichugu Horticultural Exporters
83. Gichuku Horticultural Exporters
84. Gilmar Fresh Produce Limited
85. Global Parcel Services Ltd
86. Golden Rose Ltd
87. Green Golden Enterprises
88. Green Hill Growers
89. Green Ventures
<table>
<thead>
<tr>
<th>No.</th>
<th>Company Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>90.</td>
<td>Greenfield Investment Ltd</td>
</tr>
<tr>
<td>91.</td>
<td>Greengold Enterprises</td>
</tr>
<tr>
<td>92.</td>
<td>Greenlands Agro Producers Ltd</td>
</tr>
<tr>
<td>93.</td>
<td>Greens Produce Enterprises</td>
</tr>
<tr>
<td>94.</td>
<td>Grescia Enterprises</td>
</tr>
<tr>
<td>95.</td>
<td>Hansi Exporters</td>
</tr>
<tr>
<td>96.</td>
<td>Harmony Food (K) Ltd</td>
</tr>
<tr>
<td>97.</td>
<td>Hillside Green Growers And Exporters</td>
</tr>
<tr>
<td>98.</td>
<td>Hirsch Import &amp; Export Ltd</td>
</tr>
<tr>
<td>99.</td>
<td>Homefresh Horticulture Export Ltd</td>
</tr>
<tr>
<td>100.</td>
<td>Homegrown (Kenya) Limited</td>
</tr>
<tr>
<td>101.</td>
<td>Horizon (K) Exporters Ltd</td>
</tr>
<tr>
<td>102.</td>
<td>Horizon Fresh Produce</td>
</tr>
<tr>
<td>103.</td>
<td>Horizon Kenya Express Ltd</td>
</tr>
<tr>
<td>104.</td>
<td>Horticom Africa</td>
</tr>
<tr>
<td>105.</td>
<td>Horticultural Exporters</td>
</tr>
<tr>
<td>106.</td>
<td>Horticultural Farmers &amp; Exporters</td>
</tr>
<tr>
<td>107.</td>
<td>Ideal Produce Ltd</td>
</tr>
<tr>
<td>108.</td>
<td>Ijit Export Agency</td>
</tr>
<tr>
<td>109.</td>
<td>Imma Flowes Center</td>
</tr>
<tr>
<td>110.</td>
<td>Implex Traders</td>
</tr>
<tr>
<td>111.</td>
<td>Indu-Garm (EPZ) Ltd</td>
</tr>
<tr>
<td>112.</td>
<td>Interfresh (K) Ltd</td>
</tr>
<tr>
<td>113.</td>
<td>Intersec Horticultural Enterprises</td>
</tr>
<tr>
<td>114.</td>
<td>Interveg Exports Ltd</td>
</tr>
<tr>
<td>115.</td>
<td>Inworld Exporters</td>
</tr>
<tr>
<td>116.</td>
<td>Jakal Services</td>
</tr>
<tr>
<td>117.</td>
<td>Jemna Ltd</td>
</tr>
<tr>
<td>118.</td>
<td>Jonrocks Enterprises</td>
</tr>
<tr>
<td>119.</td>
<td>Joshua Air Cargo Ltd</td>
</tr>
<tr>
<td>120.</td>
<td>Josmart Farm Growers</td>
</tr>
<tr>
<td>121.</td>
<td>Justel Fruits</td>
</tr>
<tr>
<td>122.</td>
<td>Kamakazi Enterprises</td>
</tr>
<tr>
<td>123.</td>
<td>Kamfresh Enterprises</td>
</tr>
<tr>
<td>124.</td>
<td>Kandia Fresh Produce Supplies Ltd</td>
</tr>
<tr>
<td>125.</td>
<td>Karibu Shipchandlers</td>
</tr>
<tr>
<td>126.</td>
<td>Karsons Enterprises Ltd</td>
</tr>
<tr>
<td>127.</td>
<td>Kasambuli Fresh Fruits &amp; Vegetables</td>
</tr>
<tr>
<td>128.</td>
<td>Kaurengeni Horticultural Farm</td>
</tr>
<tr>
<td>129.</td>
<td>Kazach Growers &amp; Exporters</td>
</tr>
<tr>
<td>130.</td>
<td>Kitt Ltd</td>
</tr>
<tr>
<td>131.</td>
<td>Kemanche Enterprises</td>
</tr>
<tr>
<td>132.</td>
<td>Kenndy (K) Ltd</td>
</tr>
<tr>
<td>133.</td>
<td>Kenor Import &amp; Export Co. Ltd</td>
</tr>
<tr>
<td>134.</td>
<td>Kenshade Training Agencies</td>
</tr>
<tr>
<td>135.</td>
<td>Kenya Fresh Produce Exporters</td>
</tr>
<tr>
<td>136.</td>
<td>Kenya Horticultural Exporters</td>
</tr>
<tr>
<td>137.</td>
<td>Kenya Nut Company Exporters</td>
</tr>
</tbody>
</table>
138. Kenya Organic Farmers Association
139. Kimar Import & Export Co. Ltd
140. King Growers Ventures Exporters & Importers
141. K-Pac (K) Labchey Enterprises
142. Leomac Traders (K) Limited
143. Liki River Farm
144. Little Farm Exotics
145. Longonot Horticultural Ltd
146. Lucas Mwanili Enterprises
147. Lucille Limited
148. Lydia Njoki David
149. M.A. Shariff Enterprise
150. Makindi Growers 7 Packers Ltd
151. Marustal Enterprises
152. Matsingberg Clearing & Forwarding Co, Ltd
153. Mayfields Growers And Exporters
154. Mboga Tuu Ltd
155. Meadow Veg And Fruits (K) Ltd
156. Megatrend Supplies
157. Megaveg Fresh
158. Melano Products Limited
159. Memijota Exports Limited
160. Mizuri Growers Ltd
161. Modex Enterprises
162. Mona Fresh Eg Ltd
163. Morning Dew Co. Ltd
164. Mt. Kenya Vegetables Enterprises
165. Mubaraka Trading
166. Mugoya Vegetables Shop Limited
167. Multiflora Growers
168. Mukethi Kirua General Merchants
169. Multi Flora
170. Multi Impex Veg
171. Musaka Farm Produce
172. Muthaga Agencies
173. Mwabo Agricultural Farm
174. Mweiga Plains Farm Ltd
175. Myner Exports Ltd
176. Naen Rech Ltd
177. Namini Investment Ltd
178. Nature Best Limited
179. Nicola Farm Limited
180. Nile Bank Agency
181. Njambiflora
182. Njawan Enterprises
183. Northern Star General Exports
185. Oceanic Bunkering & Oil Products Ltd
186. Oddysis Trading Company
187. Oak Fresh Exporters
188. Ole Sirikon Fruits & Vegetable
189. Olturuto Farm
190. Oostine Commission Agency
191. Org Fresh (K) Limited
192. Organic Foods
193. Palfour Enterprises
194. Pantreck
195. Passepartout Enterprises Ltd.
196. Pentagon Exotics Ltd.
197. Perishable Express Limited
198. Philgate Limited
199. Phyama Fresh Produce Ltd.
200. Pinnacle Products
201. Premium Veg. Ltd.
202. Prompt Horticulture (K) Ltd.
203. Prosper Fresh Produce
204. Queens Produce
205. Reap Horticultural Exporters
206. Regent Park Exotics
207. Ripelax Enterprises
208. Riverside Exporters Limited
209. Robeco Distributors Ltd.
210. Rophil Fresh Produce
211. Rosegate Exporters
212. Rosema Investments
213. Royal Intertrade Ltd.
214. Rozzika Garden Centre Ltd.
215. Ruvem Enterprises
216. Sacco Fresh Ltd.
217. Safari Horticulture Limited
218. Sculpter Merchants
219. Sam Veg & Fruits Ltd.
220. Samakab Mixed Fruits & Veg.
221. Samrock Investments Ltd
222. Samste Fresh Kenya Limited
223. Sawa Harvest Ltd.
224. Scan African Exporters (K) Ltd.
225. See You Centre Agencies
226. Selection Fruits Enterprises
227. Shalimar Flowers
228. Sian Exports Kenya Ltd.
229. Signet Forwarders Co. Ltd.
230. Silvermine International Co. Ltd.
231. Simba Nut Products
232. Snow White Produce Limited
233. Solid Veg. Produce Limited
234. Solomon Supplies Agencies
235. Somwa Fresh Fruits & Exports
236. Sovereign Horticulture Produce Limited
237. Speed Birds Food Suppliers
238. Speed Fresh Ltd.
239. Stepnil Enterprises
240. Stone Bridge Enterprises
241. Suefrank Investment
242. Sugutek Enterprises
243. Summer Foods Limited
244. Summit Air Express Ltd.
245. Sunberry Kenya Ltd.
246. Sunfresh Farm Produce
247. Sunland Horticultural Enterprises
248. Sunny Fields Ltd.
249. Sunripe (1976) Ltd.
250. Sunste Baobab Ltd.
251. Super Florowing Fresh
252. Super Gibs Ltd.
253. Super Veg. Limited
254. Tabasamu Investments
255. Tanar Foods Limited
256. Tanya Roses Limited
257. The Fresh Approach Limited
258. Thika Exporters 2003 Ltd.
259. Thika Fresh Hort. Ltd.
260. Thorn Apple Investments
261. Trans Hemisphere Cargo Services
262. Tremgen Growers
263. Tropical Greenpacks Limited
264. Typomix Suppliers
265. Ukulima East Africa Limited
266. Uplands Growns
267. Veg. Centre Limited
268. Veg. Flow Limited
269. Vegline
270. Vegpro (K) Ltd.
271. Vert Fresh Ltd.
272. Vitacress (K) Ltd.
273. Wamu Investments Ltd.
274. Won Investments
275. Wagash Enterprises
276. Widespan Growers and Exporters Ltd.
277. Wilham (K) Ltd.
278. Wilkel General Agencies
279. Winter Fresh Ltd.
280. Women With A Vision
281. Woodland Fresh
APPENDIX III: QUESTIONNAIRE

This questionnaire seeks to establish strategic planning practices within the horticultural industry in Kenya. The information obtained will be treated in utmost confidence and used for purely academic purposes. Your assistance in completing this questionnaire will be highly appreciated.

The questionnaire is in two parts, A and B.
Part A consists of questions aimed at obtaining general information about your organization
Part B seeks information on the strategic planning practices of your firm.

Date ____________________________ Questionnaire No. ____________________________

PART A: BACKGROUND INFORMATION

1. Ownership (Please tick the appropriate one)
   - Private company
   - Public company
   - Jointly privately and government owned
   - Other (Please Specify) ..................................................................................................................

2. How many years has the company been in operation?
   __________ years

3. Do you have a strategic planning department? (tick)
   - Yes
   - No

4. How many employees do you have? (Please tick accordingly).

<table>
<thead>
<tr>
<th>Permanent</th>
<th>Temporary</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-25</td>
<td>0-100</td>
</tr>
<tr>
<td>26-50</td>
<td>100-200</td>
</tr>
<tr>
<td>51-75</td>
<td>200-300</td>
</tr>
<tr>
<td>76-100</td>
<td>300-400</td>
</tr>
<tr>
<td>Over 100</td>
<td>Over 400</td>
</tr>
</tbody>
</table>

5. What is your sales turnover per annum?
   - Less than 25 million
   - 26-50 Million
   - 51-75 Million
   - 76-100 Million
   - Over 100 Million
6. How would you categorize your export processing technology?
- Using simple, manually operated machines
- Using electrically motorized machines
- Using computerized, automated machines
- Other (Please Specify) .................................................................

7. Which of the following best describes the predominant caliber of the senior management staff (From Heads of departments to the C.E.O) in your organization?
- No technical and management training
- Technical specialist with no management training but with on-the-job experience
- Professional managers with business and management training
- Other (Please specify) .................................................................

PART B: STRATEGIC PLANNING PRACTICES

1. Do you have a mission statement?
- Yes, a written one
- Yes, an unwritten one
- No

2. Please indicate below the nature of your strategic planning
- No strategic planning
- Formal strategic planning
- Informal strategic planning
- Other (Please specify) .................................................................

3. Indicate the year when strategic planning was first developed in your organization .................................................................

4. What is the time horizon of your plans?
- Less than 3 years
- 3-5 years
- Over five years

5. How often do you revise your strategic plans?
.................................times every.............................years.

6. Who is responsible for strategic planning in your organization?
- Board of Directors
- Chief Executive Officer
- Senior Managers
- Consultant
- Other (Please specify) .................................................................
7. State any three of your long-term corporate objectives
a. ......................................................................................

b. ......................................................................................

c. ......................................................................................

8. Which of the following do you use in your strategic planning
☐ Brainstorming and focus groups.
☐ Mathematical methods like trend extrapolation, regression analysis and simulations.
☐ Other (Please specify) ............................................................................................................

9. Which of the following steps do you undertake in strategic planning process in your organization? (Tick all those that you undertake).
☐ Analysis of the external environment
☐ Analysis of internal organizational environment
☐ Defining or revising the company’s mission statement and strategic objectives
☐ Developing strategies to achieve the strategic objectives of the company
☐ Choosing the appropriate strategy
☐ Other (Please specify) ............................................................................................................

10. When you have a strategy, to which of the following do you communicate;
☐ Internally in the organization
☐ Externally to the relevant constituencies (Financers, Customers, Business partners)
☐ Both internally and externally

11. Who undertakes environmental scanning and analysis for your company?
☐ A specially assigned department
☐ A hired consultant
☐ Market research companies
☐ Individual departmental heads
☐ Other (Please specify) ............................................................................................................

12. Indicate in the boxes provided by numbering appropriately the order in which you perform the various tasks of the strategic planning process indicated below.
☐ Analysis of the external environment
☐ Analysis of the internal organizational environment
☐ Defining or revising the company’s mission statement and strategic objectives
☐ Developing strategies to achieve the strategic objectives of the company choosing the appropriate strategy
13. What is the nature of your company’s objectives?
- Less than 3 years
- 3-5 years
- More than 5 years

14. Who participates in setting these objectives?
- Board of Directors
- Chief Executive Officer
- Senior managers
- Consultants
- Others Please specify

15. Indicate whether the following features characterize your planning process. (Tick all those that apply)
- Formal meetings
- Informal planning interactions
- Time-tables for plan preparations
- Clearly assigned responsibilities for planning
- Have a planning department
- Other (Please specify)

16. Indicate the extent to which information on the following is considered in the planning process. Use a 5 point scale where: 1 = not at all & 5 = very great extent. Circle accordingly.

   (i) Political and legal developments 1 2 3 4 5  
   (ii) General economic trends 1 2 3 4 5  
   (iii) Competitors 1 2 3 4 5  
   (iv) Market trends 1 2 3 4 5  
   (v) Technological changes 1 2 3 4 5  
   (vi) Social and cultural trends 1 2 3 4 5  
   (vii) Organization’s internal resources 1 2 3 4 5

17. How do you collect information on the various aspects of your business environment?
- Search for information from both verbal and written sources
- Competitor spying
- Forecasting
- Use of formal studies
- Others (Please specify)

18. Who is in charge of this activity (in 17 above)? Please tick or add accordingly.
- The corporate planning department
- The market research/Marketing department
- All departments
- Market research company
☐ Hired consultant
☐ A specifically designate individual
☐ No one
☐ Others (Please specify) ..............................................................

19. (a) Do you carry out any form of competitor analysis?
☐ Yes
☐ No

(b) If so, what approaches are used by your firm to analyze competitor performance?
☐ Absolute sales turnover
☐ Market share analysis
☐ Price comparisons
☐ Cost analysis
☐ Strategic group analysis. (Analysis of business rival firms with similar competitive approaches and market positions).
☐ Others (Please specify) ..............................................................

20. Please rate the extent to which you consider the following forces have influenced the horticultural industry in Kenya. Where: 1 = no extent at all and 5 = very great extent

   i. Threat of new entrants 1 2 3 4 5
   ii. Threat of substitute products 1 2 3 4 5
   iii. Bargaining power of suppliers 1 2 3 4 5
   iv. Bargaining power of buyers 1 2 3 4 5
   v. Degree of rivalry among the 1 2 3 4 5
   vi. Others (Please specify) 1 2 3 4 5

21. Indicate the extent to which each of the following factors have influenced your corporate strategy. Where 1 = no extent at all and 5 = very great extent

   i. Government 1 2 3 4 5
   ii. Competitors 1 2 3 4 5
   iii. Regional markets 1 2 3 4 5
   iv. Globalization 1 2 3 4 5
   v. Customers & consumer pressure groups 1 2 3 4 5
   vi. Others (Please specify) 1 2 3 4 5

22. What business, if any has your company diversified into since incorporation?

   ..............................................................................................................

23. There are various approaches to selecting an appropriate strategy once strategic options have been developed. Which of the approaches below best describes the approach used by your company?
☐ Using intuition and gut feel
☐ Using rational and analytical decision making processes
Through the process of negotiation with key stakeholders (The Board, Management, Financiers)
Other (Please specify)

24. Which of the following tools do you use in strategic planning? Please tick accordingly
- SWOT analysis (Analysis of strengths, Weaknesses, Opportunities and Threats)
- Strategic gap analysis
- PEST analysis (Analysis of Political, economic, social and Technological factors)
- Portfolio Matrices (BCG, General Electric, Ansoff’s Market/Product etc)
- Others (Please Specify)

25. To what extent do you consider your business environment to be turbulent
Where: 1 = not turbulent and 5 = very turbulent. Please circle accordingly.

1 2 3 4 5

26. What is the scope of your business?
- Local (within the country)
- Regional (within Africa)
- Global (across continents)

27. Indicate in order of importance how your company values the following
- Quality
- Corporate image
- Customer satisfaction
- Business ethics

28. Tick the challenges you face in your strategic planning practices.
- Power and politics
- External control
- Predominant management styles
- Size of the organization
- Other (Please specify)

Filled by ____________________________
Designation ____________________________

THANK YOU VERY MUCH FOR YOUR CO-OPERATION.