

Role of Strategic Planning Practices on the Performance of Public Institutions in Kenya

Hellen Rintari¹, Dr. Makori Moronge²

¹MBA Student: Jomo Kenyatta University of Agriculture and Technology, Kenya

²Lecturer: Jomo Kenyatta University of Agriculture and Technology, Kenya

Abstract: *The grand promise of strategic planning has been to increase the efficiency and effectiveness of organizations by improving both current and future operations. Strategic planning provides a framework for management's vision of the future. This study sought to investigate the role of strategic planning practices on the organizational performance of public institutions in Kenya with an emphasis on the public service commission of Kenya. The study also sought to establish the effect of stakeholders' involvement, resources allocation, environmental scan and communication influences the organizational performance of the Public Service Commission of Kenya. This study used descriptive research design to meet the objectives of the study. The target population of this study was therefore 130 staff working in the management of the Public Service Commission of Kenya. In addition, this study used stratified random sampling to select 50% of the target population and hence the sample size of this study was 65 respondents. This study used primary data which was collected by use of semi-structured questionnaires. The researcher analyzed the data using statistical package for social science (SPSS version 21). Descriptive statistics such as percentages, mean, standard deviation and frequencies as well as inferential statistics (Multivariate regression analysis) were used to analyze the quantitative data. Data was then presented in tables and figures (bar charts and pie charts). This study established that environmental scan in strategic planning contributed most to the organizational performance of Public Service Commission of Kenya followed by stakeholders' involvement then resources allocation while communication contributed the least to organizational performance of Public Service Commission of Kenya. The study also found that the Public Service Commission of Kenya was involving parastatals to a moderate extent and the Public to a low extent. This study therefore recommends that the organization should improve the parastatals and the public involvement in strategic planning. This can be done by use of open forums. It was also revealed that insufficiency in the resources and funding leads to inadequate budget systems/processes which subsequently lead to inadequate salaries, also a budgetary issue. This study also recommends that the government of Kenya should ensure that the Public Service Commission of Kenya is fully funded to avoid issues related to inadequate salaries, equipments, information as well as other resources.*

Keywords: Stakeholders Involvement, Organizational Performance, Resources Allocation, Environmental Scan, Communication

1. Introduction

A strategy is designed to help firms achieve competitive advantage. In the broadest sense, competitive advantage is what allows a firm to gain an edge over its rivals. Competitive advantage enables a firm to achieve high performance over an extended period of time [1]. Strategic planning therefore is part of the contemporary managerial tool kits not only for dealing with the inevitable uncertainty in the management environment but also, for stimulating organizational performance [2]. There are numerous definitions of strategic planning, and there are many different approaches that can be used to undertake strategic planning. Most definitions focus on aligning the organization with its environment in the future and are based on ideal constructs that yield planning methods that are primary rational, sequential, and comprehensive. Strategic planning is a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it acts as it does [3]. Strategic planning usually requires broad-scale information gathering, generation and exploration of alternative courses of action, and an emphasis on the future implications of near-term decisions.

Typically, strategic planning includes the following components: setting a vision for the organization; scanning the external environment; assessing internal capabilities; and establishing goals, performance measures, and

implementation plans [4]. Implementation addresses specifics about how the organization's financial resources, human resources, information, and reward systems, along with structure and culture, will be changed in the near term to achieve long-term, strategic goals.

1.1 Research Problem

Strategic planning has long been used as a tool for transforming and revitalizing corporations, government agencies and nonprofit organizations [5]. It stimulates thinking for organizations to make better use of their resources; assigns responsibility and schedules work; coordinates and unifies efforts; facilitates control and evaluation of organizational activities (accountability) [6]. Strategic planning also helps to create awareness of obstacles to overcome; identifies opportunities and threats; avoids the trap of linear thinking and facilitates progressive advancement of the organizational goals.

Recently, however, skepticism about planning has been on the rise. Political and economic uncertainty is the norm and the pace of technological and social change has accelerated. There is some disillusionment with planning efforts that cannot keep pace [7]. Rather than expose some fatal flaw in strategic planning, they reflect a basic misconception about the purpose and value of strategic planning and what it takes for a plan and the process to succeed. Indeed, the process can prove pointless and frustrating and the end product of

dubious value when care is not taken to set clear, realistic goals, when stakeholders are not involved, when there are no enough resources, when communication is improper and when an organization fails to carry out an environmental scan.

Various studies have been conducted on strategic plans. For instance, a study was conducted on the challenges in implementation of strategic plans in public secondary schools in Webuye constituency [8] and another one on the influence of strategic planning on Performance of public universities in Kenya by focusing on university of Nairobi [9]. However, these studies did not outline how strategic planning practices influence the performance of public service commission of Kenya. This study therefore sought to fill this research gap by investigating how strategic planning practices influence organizational performance of the public service commission of Kenya.

1.2 Research Objectives

The overall objective of the study was to investigate the role of strategic planning practices on the organizational performance of public institutions in Kenya with an emphasis on the public service commission of Kenya.

The specific objectives of the study were;

- i. To establish the effect of stakeholders involvement on the organizational performance of the Public Service Commission of Kenya.
- ii. To determine the effects of resources allocation on the organizational performance of the Public Service Commission of Kenya.
- iii. To assess the effect of the environmental scan on the organizational performance of the Public Service Commission of Kenya.
- iv. To examine whether the communication influences the organizational performance of the Public Service Commission of Kenya.

2. Theoretical Background

This study reviewed three theories which include goal setting theory, cognitive dissonance theory and resource-based theory.

2.1 Goal Setting Theory Overview

Since it was first researched five decades ago, goal-setting theory has been the most researched, utilized, and established theory of work motivation in the field of industrial and organizational psychology. The theory began with the early work on levels of aspiration developed by Kurt Lewin and has since been primarily developed by Dr. Edwin Locke, who began goal setting research in the 1960's. The research revealed an inductive relationship between goal setting and improved production performance. A goal is the aim of an action or task that a person consciously desires to achieve or obtain (Locke & Latham, 2002; Locke & Latham, 2006). Goal setting involves the conscious process of establishing levels of performance in order to obtain desirable outcomes. If individuals or teams find that their current performance is not achieving desired

goals, they typically become motivated to increase effort or change their strategy [10]. Locke and Latham stated that the goal setting theory was based on the premise that much human action is purposeful, in that it is directed by conscious goals [11].

The decision to set a goal results from dissatisfaction with current performance levels. Setting a goal should include setting a structure that directs actions and behaviors which improve the unsatisfactory performance. There is a direct linear relationship between goal difficulty, level of performance, and effort involved. This relationship will stay positive, as long as the person is committed to the goal, has the requisite ability to attain it, and doesn't have conflicting goals [10]. Locke and Latham's goal setting theory states that several conditions are particularly important in successful goal achievement. These include goal acceptance and commitment, goal specificity, goal difficulty, and feedback [11]. These conditions have been extended and edited by other researchers, such as Kenneth Blanchard and Spencer Johnson's SMART goals, which are conditions that are necessary to make goals effective.

2.2 Cognitive Dissonance theory

Cognitive Dissonance is an uncomfortable feeling experienced by individuals when two conflicting ideas (or beliefs) are held simultaneously. Dissonance is experienced not only when two opposing beliefs coexist, but also when one's behavior contradicts one's beliefs. For example, when someone who believes that lying is wrong tells a lie, then, they are likely to experience cognitive dissonance; because, their belief does not accord with their behavior.

Cognitive dissonance poses a challenge to communication, especially when communicating for triggering change, because whenever people are exposed to new ideas (especially ones that question their existing beliefs), they are likely to experience cognitive dissonance. Therefore, any communication, training or intervention designed to cause or facilitate change faces the challenge of effectively managing the cognitive dissonance experienced by the recipients. If not skillfully done the message might lead to resentment and, in most cases, rejection of the new ideas. This is because our beliefs are linked with our attitudes and values, which, for most of us, are not easy to change.

A lot of research has been conducted that tries to explain how people come to terms with the phenomenal psychological discomfort caused by cognitive dissonance. Research indicates that even in the light of overwhelming evidence indicating that a previously held belief is incorrect, people generally tend to hold on to that belief. But, to be able to continue their lives normally, they need to tackle the dissonance caused by the new evidence that challenges the existing belief. This they might do by misinterpreting or reinterpreting the information to minimize dissonance. The following are some common strategies that people tend to use: denial, rationalization and escalation of commitment.

This is why, while designing strategic plans, individuals must pay close attention to who the employees think they are; and, be creative in devising and using communication

strategies that will minimize dissonance and effectively manage it to achieve the desired outcomes [11].

2.3 Resource-Based Theory

The resource-based view (RBV) as a basis for a competitive advantage of a firm lies primarily in the application of the bundle of valuable interchangeable and intangible tangible resources at the firm's disposal.

The currently dominant view of resource-based theory of resource-based view (RBV) of firms is based on the concept of economic rent and the view of the company as a collection of capabilities. This view of strategy has a coherence and integrative role that places it well ahead of other mechanisms of strategic decision making. Traditional strategy models such as Michael Porter's five forces model focus on the company's external competitive environment. Most of them do not attempt to look inside the company. In contrast, the resource-based perspective highlights the need for a fit between the external market context in which a company operates and its internal capabilities.

The resource-based is grounded in the perspective that a firm's internal environment, in terms of its resources and capabilities, is more critical to the determination of strategic action than is the external environment. Instead of focusing on the accumulation of resources necessary to implement the strategy dictated by conditions and constraints in the external environment, the resource-based view suggests that a firm's unique resources and capabilities provide the basis for strategy. The business strategy chosen should allow firms to best exploit its core competencies relative to opportunities in the external environment".

3. Conceptual Framework

This study seeks to establish investigate the role of strategic planning practices on the organizational performance of the Public Service Commission of Kenya. The independent variables in this study will be mission statement, communication, environmental scan and goal setting. The study will therefore seek to establish how the independent variables in this study influence the organizational performance of the Public Service Commission of Kenya.

Independent Variables

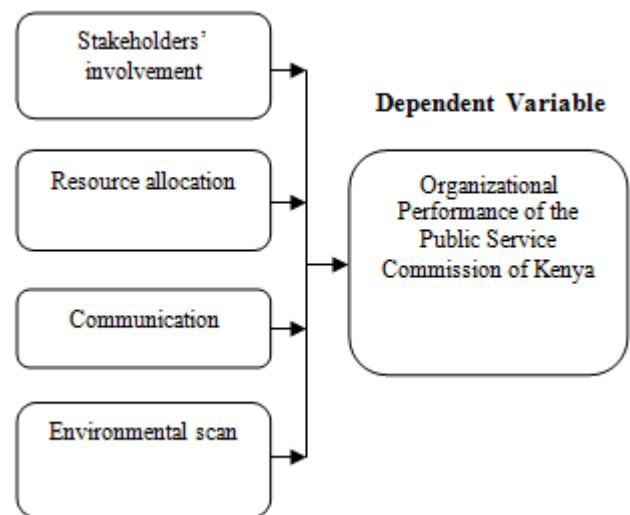


Figure 2.1: Conceptual Framework

4. Empirical Literature Review

The relationship between firm strategic planning efforts and firm performance has in the recent past received considerable attention. However, despite the large number of studies examining this relationship, the results have been inconclusive, with findings ranging from positive relationships to no relationships to negative relationships.

Several researchers have attempted to understand these contradictory findings. An analysis of 14 studies generally supported the hypothesis that formal planning was useful but, noted that there were "serious research problems" with the studies. He was very much concerned with the lack of description or definition of the strategic planning process provided to the study subjects. He concluded that without a description of the planning techniques, it is not possible to assess the value of planning in a scientific manner [12].

The evidence that formal strategic planning enhances a firm's financial performance is inconsistent and often contradictory [13]. They had concerns about the methodology's limiting impact on the researchers' ability to understand the effect of strategic planning on performance. Their conclusions were based on a review of the results of 18 papers which examined the relationship between formal strategic planning, using a definition similar to Armstrong for strategic planning, and organizational performance. They were concerned about the "lack of consistent definition" of strategic planning, how the strategic planning construct was "measured", and the "impact of corporate context" and the factor of business size. There is no widely accepted definition of strategy and that the inability to measure the strategic planning construct has hindered research attempting to identify substantive relationships between independent and dependent variables [14]. A meta-analysis of 21 studies published between 1970 and 1988, including 29 samples and 2,496 organizations, concluded that there were modest positive correlations between strategic planning and financial performance. However, he was concerned with the significant measurement errors in

these studies and concluded that this most probably resulted in an underestimate of the true strategic planning–performance relationship [15]. However, one significant work, seemed to put the issue to rest: they concluded that Planning was found to be strongly and positively related to growth in studies in which industry effects were controlled, an informant source of performance data was used, planning was defined as not requiring written documentation and the quality of the scan strategy was high [16].

The configuration theory and firm’s resource based view to explain the relationship between strategic planning and the firm’s performance [4]. Their findings also provide partial support for a positive relationship between strategic planning and performance. However, they concluded that this relationship is moderated by organizational stage of development and that it is beneficial to early stage firms. The underlying premise for these conclusions are based on the development competitive advantages provided by the structure and the future thinking incorporated into the strategic process and the non-sustainability and erosion of these advantages in late stage firms, whose processes are more prone to imitation.

5. Research Gaps

Various studies have been conducted on strategic planning and organizational performance both locally and internationally. Internationally, A study on the impact of Strategic Planning on the Performance of Insurance Companies in Nigeria and established that strategic planning enhances customer patronage and reduces unethical practices in the Nigeria insurance industry [17]. On the other hand, a study to analyze strategic planning, management and leadership in praxis of public and private sector thus identifying opportunities to improve other’s sectors performance established that in public sector there is great emphasis on strategic planning part of management process, but implementing plan to clear activities and getting right result sometimes delays or is even missed [18].

Locally, a study on the challenges in implementation of strategic plans in public secondary schools was conducted in Webuye constituency [8] and another study on influence of strategic planning on Performance of public universities in Kenya was conducted in the University of Nairobi [9]. All the above research studies were case studies and hence their findings cannot be generalized to public institutions in Kenya. In addition none of these studies focused on how stakeholders’ involvement, communication, environmental scan and resource allocation influence the organizational performance of the Public Service Commission of Kenya.

6. Research Methodology

This study used descriptive research design to meet the objectives of the study. The target group for this study was the management of The Public Service Commission of Kenya. According to the PSCK, there are 130 individuals working in the organization. The target population of this study was therefore 130. This study used stratified random sampling to select 50% of the target population. The sample size of this study was therefore 65 respondents.

This study used primary data which was collected by use of semi-structure questionnaires; the questionnaires included both open and close ended questions. A research permit was obtained from the department before embarking on the data collection. Research instrument was then administered on the respondents, this was done accurately. The questionnaires were distributed through drop and pick later method with an enclosed self addressed return envelope to help increase response rate. This was followed by the personal visit and phone calls.

The questionnaires generated both qualitative and quantitative data. On the other hand, content analysis was used to analyze the qualitative data and the findings will be presented in a prose form. Quantitative data collected from the questionnaires that was duly completed by the respondents was coded, analyzed using statistical package for social science (SPSS version 21) which offers extensive data handling capabilities and numerous statistical routines that can analyze small to very large statistical data statistics. Descriptive statistics such as percentages, mean, standard deviation and frequencies as well as inferential statistics (Multivariate regression analysis) were used to analyze the quantitative data. Data was then presented in tables and figures (bar charts and pie charts).

7. Results and Discussion

7.1 Stakeholders’ Involvement

This study concludes that there is a positive relationship between stakeholders’ involvement and organizational performance of the Public Service Commission of Kenya. The study further established that strategic planning is often undertaken to placate a major funding body, at the expense of others, resulting in an unproductive process. In addition, strategic planning is inappropriate unless an organization has the skills, the resources and a commitment by key stakeholders to produce a worthwhile plan.

7.2 Resources Allocation

This study also concludes that there is a positive relationship between resources allocation and organizational performance of the Public Service Commission of Kenya. Resource frustrations centered on resource allocation (inadequate funding and management of the business programs as cash cows) and inadequate budget systems/processes lead to inadequate salaries, also a budgetary issue. The study found that resource support is very important in strategic planning and implementation. In addition, inadequate staffing influences the organization performance negatively and insufficiency in resources and funding is the most significant frustration in strategic plan implementation.

7.3 Environmental Scan

This study further concludes that there is a positive relationship between environmental scan and organizational performance of the Public Service Commission of Kenya. The most common environmental scanning tools in the organization included scenario Building, PEST analysis and

SWOT analysis.. The study also established that environmental scanning leads to faster reaction times. Further, environmental scanning leads higher growth rates, enhances firms' knowledge base and their effective planning horizon and provides a company with more accurate market and industry insights, and hence more likely to satisfy current customers.

7.4 Communication

Lastly, the study concludes that there is a positive relationship between communication and organizational performance of the Public Service Commission of Kenya. The found that communication is important in creating and maintaining an appropriate organizational climate and culture. Further, communication helps the organization to communicate change and the organization has interconnected communication channels for receiving, processing and sending internal and external messages to a great extent.

8. Regression Analysis

A regression analysis was used to establish how stakeholders' involvement, communication, environmental scan, and resource allocation influence organizational performance of Public Service Commission of Kenya.

The regression model was;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \pi$$

Where Y is the dependent variable, Organizational Performance of the Public Service Commission of Kenya and X₁-X₄ are the independent variables.

β = Regression coefficient

β_0 is the regression intercept the value of Y when X values are zero.

X₁ = stakeholders' involvement,

X₂ = communication,

X₃ = environmental scan, and

X₄ = resource allocation

π = Error term normally distributed about the mean of zero

Table 4. 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.714 ^a	.510	.473	.27529

The four independent variables that were studied, explain 47.3% of the organizational Performance of the Public Service Commission of Kenya as represented by the adjusted R². This therefore means that other factors not studied in this research contribute 52.7% of the organizational Performance of the Public Service Commission of Kenya.

Table 4. 2: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	4.253	4	1.063	14.030	.000 ^a
Residual	4.093	54	.076		
Total	8.346	58			

According to table 4.11, the F calculated was found to be 14.030. This shows that the overall model was significant. Further, the P-value in this study was 0.000 which was less than 0.05 thus the model was statistically significance in predicting how stakeholders' involvement, communication, environmental scan, and resource allocation influence organizational performance of Public Service Commission of Kenya.

Table 4.3: Coefficients

	B	Std. Error	t	Sig.
(Constant)	5.379	.458	11.733	.000
Stakeholders'	.306	.082	3.734	.000
Resources	.236	.092	3.655	.004
environmental	.307	.075	4.081	.000
communication	.158	.096	3.360	.020

The regression equation will be;

$$Y = 5.379 + 0.306 X_1 + 0.236 X_2 + 0.307 X_3 + 0.158 X_4$$

The regression equation has established that taking all factors into account (stakeholders' involvement, communication, environmental scan, and resource allocation) constant at zero, organizational performance of Public Service Commission of Kenya will have an index of 5.379. The findings presented also shows that taking all other independent variables at zero, a unit increase in stakeholders' involvement will lead to a 0.306 increase in the scores of organizational performance of Public Service Commission of Kenya. The P-value was 0.000 which is less than 0.05 and thus the relationship was significant. The study also found that a unit increase in resource allocation will lead to a 0.236 increase in organizational performance of Public Service Commission of Kenya. The P-value was 0.004 and thus the relationship was significant. In addition, the study found that a unit increase in environmental scan will lead to a 0.307 increase in the scores of organizational performance of Public Service Commission of Kenya. The P-value was 0.00 and thus the relationship was significant. Lastly, the study found that a unit increase in communication will lead to a 0.158 increase in the scores of organizational performance of Public Service Commission of Kenya. The P-value was 0.020 and hence the relationship was insignificant since the p-value was greater than 0.05.

This infers that environmental scan contributed most to the organizational performance of Public Service Commission of Kenya followed by stakeholders' involvement then resources allocation while communication contributed the least to organizational performance of Public Service Commission of Kenya.

9. Recommendations

The study also found that the Public Service Commission of Kenya was involving parastatals to a moderate extent and the Public to a low extent. This study therefore recommends that the organization should improve the parastatals and the public involvement in strategic planning. This can be done by use of open forums.

The study also established that insufficiency in resources and funding leads to inadequate budget systems/processes which subsequently lead to inadequate salaries, also a budgetary issue. This study therefore recommends that the government of Kenya should ensure that the Public Service Commission of Kenya is fully funded to avoid issues related to inadequate salaries, equipments, information as well as other resources.

The study established that environmental scanning leads to faster reaction times, higher growth rates, enhances firms' knowledge base and their effective planning horizon and provides a company with more accurate market and industry insights, and hence more likely to satisfy current customers. This study therefore recommends that the Public Service Commission of Kenya should enhance its use of environmental scans.

This study established that internal communication in the Public Service Commission of Kenya was bad, but external communication in the Public Service Commission of Kenya was good. This study therefore recommends that the Public Service Commission of Kenya should improve its internal communication by use internal memos, intra networks, phones and emails.

10. Future Scope of the Study

This study sought to establish the role of strategic planning practices on the organizational performance of the public service commission of Kenya. Being a case study, the findings of this study cannot be generalized to other public institutions in Kenya since various institutions have different structures. The study therefore recommends further studies on role of strategic planning practices on public institutions performance. The study also recommends further studies in the area of factors affecting strategic planning in public institutions in Kenya.

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