

**RELATIONSHIP BETWEEN STRATEGIC PLANNING  
AND ORGANIZATION'S PERFORMANCE IN  
NON GOVERNMENTAL ORGANIZATIONS (NGOs):  
A CASE OF ACTIONAID, KENYA**

**BY**

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## **DECLARATION**

This research project is my original work and has not been presented for examination in other University.

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

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## **DEDICATION**

This project is dedicated to my son Steve Geoff Bob Oluoch and my family for their love, dedicated and consistent support and encouragement.

## ABSTRACT

Strategic planning is a backbone support to strategic management and it is a major process in the conduct of strategic management. According to Wagner (2006) the importance of strategic planning can be explained from four points of view including environmental scanning, strategy formulation, linking goals to budgets and strategic planning as a process. The main objective of the study was to determine how strategic planning has assisted ActionAid Kenya (AAK) to improve in performance of its programmes. This study was conducted as a case study of ActionAid Kenya. Primary data sources were used in this study where data was obtained through interactive interviews with 12 management staff and 5 partner organizations. The nature of data collected was qualitative and was therefore analyzed using content analysis technique. ActionAid has adopted multiple strategy planning approaches and a number of tools to enhance organization performance. Taking Stock and resource allocation framework are fundamental processes to aligning strategy to implementation in ActionAid. ActionAid's organization performance evaluates impact against the Strategy Papers. ActionAid's Accountability, Learning and Planning System (ALPS) is widely recognized as an important innovations in "downward accountability, "enabling partners, funding and program participants to engage and assess its programme impact. The empirical findings and analysis conducted in ActionAid Kenya shows that strategic planning directly contributes to organizational performance. The study concludes that strategy planning and organisation performance in ActionAid Kenya involves drawing from national context and global plans and priorities to shape and ensure strategy alignment and relevance. The study also concludes that there is a difference between the results and approaches to measuring strategic planning effectiveness and organization performance, which confirms the case that selecting the appropriate approach to measuring relationship between strategic planning and organization performance must be done with caution. The study recommended that ActionAid Kenya should deepen its programme quality to scale impact; the annual planning should be done on confirmed incomes; re-examine its overall focus in view of the workload at the Development Initiative level; and that ActionAid should be aware that delivering its ambitious strategies presents a major challenge. ActionAid strategies present wide opportunities for the organization to operate at the edge of its competence and learn from its experience. It should optimize on its huge investment in reviews and reflections, and use such outcomes for operational improvement or to refocus its strategic priorities. ActionAid's strategies bring greater focus to its work, welding its goals to thematic priorities, to help achieve the greatest impact in the realization of a world without poverty and injustice.

## TABLE OF CONTENTS

<b>DECLARATION.....</b>	<b>ii</b>
<b>ACKNOWLEDGEMENT.....</b>	<b>iii</b>
<b>DEDICATION.....</b>	<b>iv</b>
<b>ABSTRACT.....</b>	<b>v</b>
<b>ACRONYMS AND ABBREVIATIONS.....</b>	<b>ix</b>
<b>CHAPTER ONE: INTRODUCTION.....</b>	<b>1</b>
1.1 Background to the Study.....	1
1.1.1 Concept of Strategic Planning.....	2
1.1.2 Organization Performance.....	3
1.1.3 Non-Governmental Organizations Sector in Kenya.....	4
1.1.4 An Overview of ActionAid Kenya.....	5
1.2 Research Problem.....	6
1.3 Research Objectives.....	8
1.4 Value of the Study.....	8
<b>CHAPTER TWO: LITERATURE REVIEW.....</b>	<b>10</b>
2.1 Introduction.....	10
2.2 Theoretical Foundation.....	10
2.2.1 The Behavioural Theory of the Firm.....	10
2.2.2 Resource-Based Theory.....	11
2.3 Strategic Planning.....	11
2.3.1 Factors Influencing Strategic Planning.....	13
2.3.2 Strategic Planning Choices.....	13
2.4 Concept of Strategy.....	14
2.5 Link between Strategic Planning and Performance.....	15
2.6 Summary.....	17

<b>CHAPTER THREE: RESEARCH METHODOLOGY .....</b>	<b>18</b>
3.1 Introduction.....	18
3.2 Research Design.....	18
3.3 Data Collection .....	18
3.4 Data Analysis .....	19
<b>CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION .....</b>	<b>20</b>
4.1 Introduction.....	20
4.1 Relationship between strategic planning and organization performance in Non-Governmental Organizations .....	20
4.1.1 Vision and Mission statements.....	20
4.1.2 Department involved in strategic related matters .....	21
4.1.3 Strategic planning practices.....	21
4.1.4 Other strategies and processes adopted .....	24
4.1.5 Recommendations for strengthening the relationship between strategic planning and performance.....	28
4.2 Different strategic planning steps related to organization’s performance .....	29
4.2.1 Process of identifying mission and objectives in your organization .....	29
4.2.2 Environmental scanning process / external analysis in ActionAid .....	29
4.2.3 How strategy formulation is conducted.....	30
4.2.4 How ActionAid Kenya undertake evaluation and control of strategies.....	33
4.3 Different strategy choice in relation to organization performance .....	34
4.3.1 Tools and techniques used in developing strategies for operations .....	34
4.3.2 Types of information and dissemination processes incorporated in planning activities .....	35
4.3.3 Strategic planning and enhancement of performance of ActionAid .....	36
4.3.4 Operational Capacity, Finance and Funding .....	37
4.3.5 Organizational Learning Lessons .....	38
4.3.6 Matching resources to opportunities - funding.....	40

4.4 Discussions of the findings .....	40
<b>CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATION..</b>	<b>44</b>
5.1 Introduction.....	44
5.2 Summary of the findings.....	44
5.3 Conclusions.....	46
5.4 Recommendations.....	49
5.5 Limitations and further research .....	52
<b>REFERENCES.....</b>	<b>53</b>
<b>APPENDICES.....</b>	<b>58</b>
<b>APPENDIX I: Letter of introduction.....</b>	<b>58</b>
<b>APPENDIX II: Interview guide.....</b>	<b>59</b>

## **ACRONYMS AND ABBREVIATIONS**

AAK	ActionAid Kenya
ALPS	Accountability, Learning and Planning System
CBOs	Community Based Organizations
CSOs	Civil Society Organization
CSP	Country Strategy Paper
DfID	Department for International Development
ELBAG	Economic Literacy Budget Advocacy Group
DI	Development Initiatives
LASDAP	Local Authority Service Delivery Action Plan
LATF	Local Authority Transfer Fund
NGOs	Non-Governmental Organizations
PPA	Programme Partnership Agreement
PRSP	Poverty Reduction Strategic Paper
RBA	Rights-Based Approach
RRPs	Review and Reflections Process
RTEP	Rights To End Poverty
SDT	Strategy Drafting Team
TSRG	Taking Stock Review Group
UN	United Nations
WTO	World Trade Organization

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background to the Study

Strategic planning is a backbone support to strategic management and it is a major process in the conduct of strategic management. According to Wagner (2006) the importance of strategic planning can be explained from four points of view including environmental scanning, strategy formulation, and linking goals to budgets and strategic planning as a process. The strategy planning process begins with the setting organizational goals. The linkage between strategic planning and organizational performance needs analysis to get a better understanding on how strategic planning is applied in practice and to improve performance.

For strategic planning to be effective and useful, there must be commitment and involvement across all levels of the organization, overcome inherent problems such as; rivalry among departments, projects, resistance to change, resource requirement, resources allocation and so on. The strategy initiatives and directions set up by firm management in the form of mission and vision statements and targets for cost saving, debt/equity ratios embodied as argued by Grant (2006) “a framework of constraints and objectives that bounded and directed strategic choices.”

Strategic planning has been embraced by business enterprises, the public and private sectors as an important avenue that can be utilized to lead effective organization performance. Strategic planning is the first phase in strategic management process and sets the basis for the other phases (Strategy implementation, evaluation and control). (Steiner, 1979) argues that strategic planning system provides the framework for formulating and implementing strategies. However, it is argued that for strategic

planning to translate into results, a facilitative internal environment and culture must be present. Ansoff (1991) notes that environment is constantly changing, and so it makes it imperative for organizations to continuously adapt their activities in order to succeed. In order to survive in this very dynamic environment, organizations need strategies to focus on their customers and to deal with the emerging challenges. Strategic planning introduces changes that sometimes encounter organizational resistance. Thompson and Strickland (1989) add that galvanizing organization-wide commitment to the chosen strategic plan is critical for effective performance.

### **1.1.1 Concept of Strategic Planning**

Strategic planning has been explained by various writers and scholars in different but complementary ways. Drucker (1954) contends that strategic planning is management by plans, an analytical process and it focuses on making optimal strategic decisions. Ansoff (1991) conceptualizes strategic planning as the process of seeking a better match between a firm's product or technology and its increasingly turbulent markets. He looks at it in terms of change from a familiar environment to an unfamiliar world of strange technologies, strange competitors, new consumers attitudes, new dimensions of social control and above all, questioning of the firm's role in society.

According to Wendy (1997), strategic planning is the process of developing and maintaining consistency between the organization's objectives and resources and its changing opportunities. Wendy further argues that strategic planning aims at defining and documenting an approach to doing business that will lead to satisfactory profits and growth. Hofer and Schendel (1978) defined strategic planning as an evolution of managerial response to environmental change in a focus moving from internal

structure and production efficiency, to the integration of strategy and structure and production innovation, multinational expansion and diversification.

Hax and Majluf (1996) explains that strategic planning process comprises of three main elements which helps turn an organization's vision or mission into concrete achievable choice and strategic implementation. The strategic analysis encompasses setting the organization's direction in term of vision, mission and goals. Therefore this entails articulating the company's strategic intent and directing efforts towards understanding the business environment. Strategic choice stage involves generating, evaluating and selecting the most appropriate strategy. Strategy implementation stage consists of putting in place the relevant policies and formulating frameworks that will aid in translating chosen strategies into actionable forms.

The concept of planning emerged out of the development effort and experiences of third world countries when they adopted planning as the major instrument in pursuit of their economic and social development. Strategic planning is viewed as zeroing in on decision –making, information, and the future (Day, 1997). Drucker (1993) defines strategic planning as the continuous process of making entrepreneurial decisions systematically and with the greatest knowledge of their futurity, organizing systematically the efforts to carry out these decisions and measuring the results against the plans.

### **1.1.2 Organization Performance**

Organizational performance is described as an organization's ability to acquire and utilize its scarce resources and valuables as expeditiously as possible in the pursuit of its operations goals (Griffins, 2006).

### **1.1.3 Non-Governmental Organizations Sector in Kenya**

Non-Governmental Organizations (NGOs) are voluntary and autonomous organizations whose life exists between the citizens on one hand and the state and market on the other. NGOs are sometimes confused with Community Based Organizations (CBOs). CBOs only benefit their own members and hence they are membership organizations. NGOs, though generally founded out of private initiatives can also be public entities benefiting third parties. They can be “client-oriented” versus “member-oriented” organizations (Fowler and Rick, 2000).

Non-Governmental Organizations in Kenya play important roles in addressing socio-economic issues in the society. They gather their membership from international, regional and national NGOs operating and work with a host of CBOs and groups. They operate programmes in education, health, social welfare and economic improvement, especially among disadvantaged sectors. In recent years, they have also been at the centre of renewed searches for sustainable processes of social, environmental and economic development and actions on issues such as peace, democracy, human rights, gender equity and poverty eradication (Amutabi, 2006).

The NGOs Coordination Bureau provides overall leadership to the NGO sector. It champions the key values of probity, transparency, accountability, justice and good governance. NGOs registered accumulative growth of over 100% between 1977 and 1987. By 1995 there were at least 23,000 women’s organizations in the country. There are a total of 1441 NGOs in Kenya, and out of these 47 have their headquarters in Nairobi (Kameri-Mbote, 2008).

#### **1.1.4 An Overview of ActionAid Kenya**

ActionAid's vision is "a world without poverty and injustice in which every person enjoys their right to a life of dignity." Its mission is "to work with poor and excluded people to eradicate poverty and injustice." ActionAid Kenya (AAK) is among the larger international NGOs in Kenya. ActionAid has worked in Kenya over the last fifty years. Its programme scope covers 28 counties and the national head office is in Nairobi. It works directly with over one million poor Kenyans across the country, building their capabilities to secure their basic rights. AAK has supported the work of over fifty NGOs active in the field of poverty eradication and included measures to strengthen their boards and management (Raffopoulos and Mapulwaenda, 2004).

ActionAid engages with government at all levels and with major bilateral and multinational donors. It is active on a host of poverty reduction issues at the national policy level. ActionAid Kenya's strategy rests on two pillars; strengthening poor people and their organizations to claim their rights and creating an enabling institutional and policy environment for poverty eradication. The political economy of Kenya and its analysis of poverty worked to transform the identity and role of ActionAid in Kenya. It clearly identified unjust power relations as the root cause of poverty and inequity. It traced factors within Kenya that both promoted and hindered development. These formed the basis for its strategies that led to significant growth, diversification and transformation of ActionAid Kenya's programmes and internal culture and style (Wanjohi, 2003). ActionAid is considered the first port of call by government, donors and other NGOs for policy advice on matters related to poverty. It was a key player in the Poverty Reduction Strategic Paper (PRSP) process as well as, the Kenya Rural Development Strategy, the Kenya position on the World Trade

Organization (WTO) and so on. However, ActionAid need to be careful that it does not excessively dominate the policy landscape and stifle other civil society actors and voices. There is need to improve the quality of the many coalitions and networks established so that they gain a clearly independent voice and identity (Raftopoulos and Mupawaenda, 2004).

## **1.2 Research Problem**

Organizations from both the private and public sector are increasingly embracing the practice of strategic planning in anticipation that this would translate to improved performance. This study sought to examine the relationships between strategic planning and organization performance, giving attention to the strategic planning steps including organization's corporate purpose, scanning environment, identification of strategic issues, strategy choice and setting up implementation, evaluation and control systems. Most NGOs experience challenges in resource constraints, institutional and capacity gaps including poor leadership and governance in implementing strategies. Strategic plans remain blue prints with less impact in their realization.

The performance of ActionAid Strategic plans have to be driven by committed and dedicated staff members who bring fresh ideas and energies to the complex problems of chronic poverty and their partners. However, challenges facing ActionAid is the implementation of the strategy relates to the unpredictable nature of policy agendas, shifting attention of some actors involved in development, constraints in funding and partnership management.

Organizational performance is described as an organization's ability to acquire and utilize its scarce resources and valuables as expeditiously as possible in the pursuit of its operations goals (Griffins, 2006). Several studies have been conducted on the relationship between strategic planning and organizational's performance in Non-Governmental Organizations in Kenya. Muturia (2009) studied multi-dimensional strategic planning practices and firm performance. Arasa (2008) carried out a research on strategic planning, employee participation and firm performance in Kenya's insurance industry. Ong'ayo (2012) carried out research on employee perception of the influence of strategic planning on organization performance at the ministry of foreign affairs, Kenya. There is no single study which has been undertaken on the relationship of strategic planning to organization's performance in non-governmental organizations, and especially in regard to ActionAid Kenya.

This study therefore was meant to establish the relationship between strategic planning and organization's performance in Non-Governmental Organizations in Kenya. Therefore this clearly indicated that no study had been undertaken on the relationship of strategic planning to organization's performance in NGOs in Kenya. The knowledge gap necessitated this research study conducted on strategic planning factors and choices that influence organization's performance in non-governmental organizations and in particular ActionAid Kenya. The problem in the relationship between Strategic planning and performance by NGOs in Kenya include; failure to secure support for the plan, failure to communicate the strategy, failure to adhere to the plan, and failure to adapt to significant changes, accountability and commitment to the budgeting.

Franklin, (2011) noted that non-profit organizations need to function at the highest level of operational efficiency and performance effectiveness because they are using public and donors' funds. Nicolae advocated that non-profits need to use strategic planning due to their exclusive reliance on public and donors' funds. Consequently, they can utilize strategic planning to retain public credibility by being accountable to funding partners who want the assurance that their money is best channelled through non-profit activities for some good reasons (Franklin, 2011). NGOs have developed strategic plans to meet donor requirements or conditions, the plans have been developed without in-depth involvement of key stakeholders hence lack of ownership in the strategy development and implementation process. The study sought to answer the following research question; Does strategic planning impact on the performance of ActionAid Kenya, and if so, how? And how has the strategic planning steps contributed to performance of ActionAid Kenya?

### **1.3 Research Objectives**

To determine how strategic planning has assisted ActionAid Kenya to improve in performance of its programmes.

### **1.4 Value of the Study**

This study is beneficial in a number of ways. Firstly it will assist academicians and scholars interested in issues pertaining to strategic management, and its relationship to firm's/organization's performance in non-governmental organizations, especially in the developing countries. It will assist the NGOs and Community Based Organizations (CBOs) management in formulation of policies, standards, guidance and procedures for tackling strategic planning that positively relates to company or organization performance in the business operations. It will act as a useful resource for the

government in understanding the need and usefulness of adopting appropriate strategic planning that ensures improved organization performance.

ActionAid International headquarters would also benefit in understanding the need for adopting appropriate strategic planning relevant to the developing countries, particularly given its scope in over 50 countries in the south to ensure effective and efficient performance of its business operations. Strengthen ActionAid systems and internal governance and offer forward looking organization actions and learnings.

It will provide an insight into the challenges posed by the choice of the different strategic planning steps in the organization performance of NGOs. Add significant value and contribute to NGOs planning and reshaping organization effectiveness to deliver on business and strategy. Similarly it will bring out opportunities that may exist and enhance planning process through best practices that can be scaled up and lessons adopted to inform other NGOs practices to deliver their mission. It will also add to the foundation that is being laid in research on the various strategic planning steps, choices and processes that ensure efficient and effective organization performance in the NGOs.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter discusses essential issues that form the background of the study. It is organized systematically starting from the theoretical literature, main discussion, empirical evidence on the relationship between strategic planning and firm/organization performance in Non-Governmental Organizations and finally the summary.

#### **2.2 Theoretical Foundation**

Strategic planning is a combination of strategy and planning (Leslie, 2008). Strategic planning was designed to help organizations to anticipate and respond effectively to their dramatically changing environments. Johnson and Scholes (2004) see strategic planning as a special kind of decision making process with some distinct characteristic. Many non-governmental organizations are reported as having adopted some form of strategic planning.

##### **2.2.1 The Behavioural Theory of the Firm**

The decision to classify the behavioural theory of the firm as part of an organizational economics approach to strategic management has its precedents, notably in the work of Barney and Ouchi (1986). Furthermore, the behavioural theory of the firm serves as an important block in transaction costs theory; it is also a building block in dynamic capabilities theory and evolutionary economics (Nelson and Winter, 2002). The theory emphasizes the actual process of making business decisions and provides detailed observation of the ways in which organizations make these decisions. Cyert and March (1992) present the rudiments of a behavioural theory of the firm that have

proven to be relevant both to economic theory and to the theory of complex organizations. Organizations provide those in responsible positions the means for exercising authority and influence over others. Organization influences the environment of information and strategies in which decisions are carried out.

### **2.2.2 Resource-Based Theory**

Resource based theory at business level is used in explorations of the relationships between resources, competition, and profitability including the analysis of competitive imitation, the appropriability of returns to innovations, the role of imperfect information in creating profitability difference between competing firms, and the means by which the process of resource accumulation can sustain competitive advantage. Together, these contributions amount to what has been termed “the resource-based view of the firm.” However the implications of this “resource-based theory” for strategic management are unclear for two reasons. First the various contributions lack a single integrating framework. Second, little effort has been made to develop the practical implications of the theory. This theory proposes a framework for resource-based approach to strategy formulation which integrates a number of key themes arising from strategic planning literature. The framework involves five-stage procedure for strategy formulation; analyzing the firm’s resource-base; appraising the firm’s capabilities; analyzing the profit-earning potential of firm; selecting a strategy, and extending and upgrading the firm’s pool of resources and capabilities for results in performance (Rumelt, 1984).

### **2.3 Strategic Planning**

Over time the concept and practice of strategic planning has been embraced worldwide and across private and public sectors because of its perceived contribution

to organizational effectiveness and to fast track performance. Strategic planning is arguably important ingredient in the conduct of strategic management. Porter (1985) noted that despite the criticism levelled against strategic planning during the 1970s and 80s it was still useful and it only needed to be improved and recasted. Greenly (1986) noted that strategic planning has potential advantages and intrinsic values that eventually translate into improved firm performance. It is therefore a vehicle that facilitates improved firm performance. Strategic planning can be considered from content or a process viewpoint. The content relates to the distinct elements of the strategic plan which differ from firm to firm. Process relates to the mechanisms for the development of the strategic plan and its subsequent deployment. Grants (2003) notes that empirical research in strategic planning systems has focused on two areas: the impact of strategic planning on firm performance and the role of strategic planning in strategic decision making. The latter area of research explored the organizational process of strategy formulation.

Berry (1994) defines strategic planning as a management process that combines four basic features; a clear statement of the organization's mission; the identification of the agency's external constituencies or stakeholders, and the delineation of the agency's strategic goals and objectives, typically in a 3-5 year plan; and the development of strategies to achieve them. Perhaps the most definitive description of the strategic planning consists of eight widely recognized steps; an initial agreement or "plan for planning"; identification and clarification of mandates; mission formulation; external environmental assessment; internal resource assessment; strategic issue identification; strategy development, and; development of a description of the organization in the future – its "vision of success" (Byrson, 1989).

### **2.3.1 Factors Influencing Strategic Planning**

There are many factors listed in the literature that influence strategic planning process. Environmental uncertainties hampers the development of long range plans; scarce resource-strategic planning should be aligned to use scarce resources effectively; legal forces legislative changes introduce new dynamics in an industry thus affecting strategic planning; size and complexity of an organization – as size and complexity of an organization increases, so does the degree of formulating of planning activities; the extent of involvement in operating issues compromises the attention paid to management functions; the implementation gap – this is the inability of the top management and the planners to effectively communicate with the planners; the lifecycle of the organization – as organizations move through different phases, the competitive environment changes and influences the way they plan and execute strategy (Thompson, et al, 2007). Organizations need to plan for a number of reasons. These are; to reorient the organization or institution to the needs of the community; another serious consideration is that when people plan for expansion, a certain level of minimum standard must be observed. This will guarantee a certain level of minimum quality performance. Effective strategic planning initiatives make organizations more responsive and viable instrument for socio-economic development (Robinson and Pearce, 1983). Strategic planning is a continuous process that requires constant feedback about how the current strategies are working.

### **2.3.2 Strategic Planning Choices**

Planners in strategic management make decisions about when and how to involve stakeholders in plan making. Six critical choices that planners must make in designing participation programs are; administration – whether to prepare a participation plan

and how to ensure staff and citizen involvement; objectives – whether to educate citizens, seek their preferences, or grant them influence; stage – when to start encouraging citizen involvement in the planning process; targeting – which types of stakeholder groups to include in participation efforts; techniques – what types of participation approaches to employ; and finally information what types of information and dissemination processes to incorporate in participation activities (Brody; Godschalk; and Burby, 2003).

The relationship between the formal strategic planning system and the firm's decision making process is particularly important to businesses, where there may be little separation between the strategic thinking/decision making of the entrepreneur and the formal planning system. However Robinson and Pearce (1983) found that in firms the formality of the planning process and the strategic decision process used were not congruent. The concerns include; assessing risk through environmental scanning; formulating goals and targets to be achieved in the competitive environment; selecting distinctive competences in order to gain a competitive advantage; determining authority relationships among the firm's departments; deploying financial physical resources to carry out firm strategies; and monitoring and controlling implementation.

## **2.4 Concept of Strategy**

Strategy is the direction and scope of the organization over the long term which deliver a competitive edge for the firm amidst an ever changing business environment. Effective strategy configures a firm's resources and core competencies so as to adequately meet the firm's goals and objectives. Strategy creates a culture in the firm in which the firm only focuses on the value adding priorities in its mission and vision (Johnson, Scholes, and Whittington, 2008). Competitive strategy is aimed at creating a

goodness of fit between the firm's internal resources capabilities and the environmental challenges faced (Aosa, 1992). At the core of strategic management is the concept of strategy (Ansoff and McDonnell, 1991). There is no universally accepted definition of strategy (Mintzberg), Guinn and Ghoshal, 1999). In the military context, strategy has been associated with how war is conducted. In general application, strategy has been taken as a plan for attaining a goal. Mintzberg and Quinn (1991) have defined strategy using five dimensions (also referred to as 5 Ps). This dimensions view strategy as a plan, a ploy, a pattern, a position and a perspective. The most basic definition of strategy regards strategy as the long term direction of an organization (Johnson and Scholes, 2004).

Ansoff and McDonnells (1990) typify the view that firm's strategy formulation processes are either deliberate or emergent. Consequently, the norm has been a separate strategy formulation into deliberate and emergent categories. Grant (2003) asserts that business managers exhibiting substantial autonomy and flexibility in strategy making reap successful performance. The structure of the planning systems allow corporate management establish constraints and guidelines in the form of vision and mission statements, corporate initiatives and performance expectations.

## **2.5 Link between Strategic Planning and Performance**

It is conceptualized that firms that have effectively embraced strategic planning, record better performance compared to those that have not. David (1997) argues that firms record improved performance once they effectively embrace strategic planning. Carrying out the various steps in the strategic planning process is expected to facilitate the realization of organizational effectiveness. By defining a company's purpose and goals, strategic planning provides direction to the organization and

enhances coordination and control of organization activities. The linkage between strategic planning and organizational performance needs analysis to get a better understanding how strategic planning is applied in practice and will improve organizational performance. Strategic planning often fails due to problems or barriers encountered at the implementation stage. Mixed evidence about the relationship between strategic planning and organizational performance makes the debate about its effectiveness as a tool of strategic management an ongoing one (Wagner, 2006).

Byrson (1989) argue that strategic planning assists in providing direction so organization members know where the organization is heading to and where to expend their major efforts. It guides in defining the business the firm is in, the ends it seeks and the means it will use to accomplish those ends. The process of strategic planning shapes a company's strategy choice through the use of systematic, logical and rational approach. It reveals and clarifies future opportunities and threats and provides a framework for decision making. Strategic planning looks ahead towards desired goals. Strategic plan defines performance to be measured, while performance measurement provides feedback against the planed target (Dusenbury, 2000).

Strategic planning applies a system approach by looking at a company as a system composed of subsystems. It permits managers to look at the organization as a whole and the interrelationships of parts. It provides a framework for coordination and control of organization's activities, decision-making throughout the company and forces the setting of objectives, which provides a basis for measuring performance (Arasa and K'Obonyo, 2012). Kotter (1996) argues that the strategic planning process can be used as a means of repository and transforming the organization. Thompson,

Strickland and Gamble (2007) postulate that the essence of good strategy making is to build a strong enough market position and an organization capable to produce successful performance despite unforeseeable events, potent competitive and internal difficulties.

## **2.6 Summary**

The practice of strategy planning has today gained prominence worldwide and across businesses, public and private. Various writers have argued that strategic planning facilitates effective organization performance. This has examined the relationship between strategic planning and firm performance giving attention to the specific steps in the strategic planning process. The prescriptive strategic management literature implies that there is a positive association between strategic planning and organization performance, with directional causality from strategic planning to performance. Why do companies need strategic planning? Strategic planning is to improve the effectiveness of management, deliver results and impact for an organization. This in turn lead to direct improvement in performance. Strategic Planning is a critical success factor in performance

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the research methodologies that were used to carry out the study. Also in this chapter are the research design, data collection and instruments for data analysis.

#### **3.2 Research Design**

This study was conducted as a case study of ActionAid Kenya. An intense and comprehensive study was conducted on the strategic planning practices in the organization in relation to performance. The chief benefit of a case study was that an entire organization can be investigated in depth and with careful attention to facts. This focus enabled the researcher to cautiously study the order of events as they occurred or to concentrate on identifying the relationships among functions, individuals or entities (Robison, 2003).

Case studies placed more emphasis on a full contextual analysis of fewer events or condition, and their inter relations (Cooper & Schindler 2006). According to Mugenda and Mugenda (1999), human behavior is best explained by using qualitative research. Case studies provide focused and valuable insights to phenomena that may otherwise be vaguely known or understood. Other research studies that have used this design include Ochanda (2005) Mwangi, Odero, and Rinje (2006).

#### **3.3 Data Collection**

Primary data sources were used in this study where data was obtained through interactive interviews. According to Mugenda and Mugenda (2008), primary data refers to data that the researcher collects from respondents while secondary data refers

to data from other sources like records and documents, thus primary data was considered more reliable and up to date. The main instrument of data collection in this study was an interview schedule. Structured interview and in-depth interviews were the two types of interviews used in research evaluation by the researcher. In structured interviews, emphasis was on obtaining answers to carefully phrased questions whereas under in-depth interviews, the interviewers sought to encourage free and open responses, and this allowed a trade-off between comprehensive coverage of topics and in-depth exploration of a more limited set of questions. Patton (2002) asserts that, the quality of the information obtained through these methods is largely dependent on the interviewer's skills and personality. In-depth interviews also encourage capturing of respondents' perceptions in their own words, a very desirable strategy in qualitative data collection. In this study data was collected from management staff, senior staff in Human Resource, Finance, Policy and Programme and operations departments.

### **3.4 Data Analysis**

Data analysis is the whole process, which starts immediately after data collection and ends at the point of interpretation and processing data (Kothari, 2004). The nature of data collected was qualitative and was therefore analyzed using content analysis technique. Through content analysis, responses from different respondents were compared and summarized according to the objectives of the study. Content analysis was a tool for measuring the content of information. Its objective was to obtain a qualitative description of the manifest content of communication (Robison, 2003). It was suitable because of its flexibility and allows for objectivity (Cooper & Schindler, 2006). Research studies that had employed this technique include Khamis (2006), Rinje (2006) Ochanda (2005), Odero (2006).

## **CHAPTER FOUR**

### **DATA ANALYSIS, RESULTS AND DISCUSSION**

#### **4.1 Introduction**

This chapter presents data analysis, results and discussions. The study's objective was to determine how strategic planning has assisted ActionAid Kenya to improve in performance of its programmes. Primary data was collected through in-depth interviews of senior staffs from senior staffs in Human Resource department, Finance department, strategy department and operations department. The data was thereafter analyzed based on the objective of the study and the findings are as presented as per the different classes underlined below.

#### **4.1 Relationship between strategic planning and organization performance in Non-Governmental Organizations**

The study in this part sought to examine the relationship between strategic planning and organization performance in Non-Governmental Organizations. The scope of the study was for the period 2002 – 2011, during which ActionAid developed and implemented two Country Strategy Papers (CSPs).

##### **4.1.1 Vision and Mission statements**

The study asked the interviewees to indicate if the organization had vision and mission statements. They consented, indicating that ActionAid's Vision is "a world without poverty and injustice in which every person enjoys their right to a life of dignity"; while its Mission is "to work with poor and excluded people to eradicate poverty and injustice."

#### **4.1.2 Department involved in strategic related matters**

The study further asked the interviewees to indicate how the department responsible for strategic related matters has been in charge of strategies related to organization performance. The study found out that the Policy and Programme department was vested with overall responsibility for ActionAid Kenya's strategy planning and review of the organization performance at the end of every strategy period. The department oversees and has demonstrated overall management and coordination of country strategy review and supervision of strategy development over the periods. The department provides technical support to consultants and external strategy peer review teams. The Strategy Drafting Team (SDT) is set with the role to manage strategy review, strategy development and coordinates participation of stakeholders who have a critical involvement in the reviews and new Strategy development process. SDT composition is of diverse members drawn from themes, programme and functions and closely with other parts of ActionAid International on strategy development process.

Most respondents articulated that the Monitoring and Evaluation unit conducts periodic reviews including impact assessments. Monitoring and evaluations outcomes and reports are shared with staff and stakeholders to generate continuous programme adjustments necessary to keep the strategy implementation on track. The Impact and Shared Learning support a variety of learning processes including *Reviews and Reflections*. AAK's new process for program monitoring and evaluation remains an important asset in the future of ActionAid.

#### **4.1.3 Strategic planning practices**

The study in this section asked the interviewees how different strategic planning practices done in ActionAid Kenya enhance performance.

#### **4.1.3.1 Setting the strategic direction**

From the study findings, majority of the interviewees cited that ActionAid planning process is comprehensive, adaptable, efficient and realistically focused to the objectives. ActionAid International Secretariat communicates the global strategic direction and mission priorities with inputs from country programme. This shapes, prioritise and streamline ActionAid's work. As a country programme, ActionAid Kenya is expected to develop new Country Strategy Paper taking into account the local context and the global priorities. Shaping the future strategy of ActionAid involves drawing from local and global processes to ensure strategy alignment and relevance. The process involves alignment to the global plans and priorities; national driven engagements through organised inputs by staff, stakeholders and making propositions. With technical support from experts, a review of the strategy for the period ended is undertaken to assess impact, lessons learned, review of the national context and implications for the various thematic areas. Based on the review findings and outcomes, a plan to develop a new strategy is discussed in the senior management (Uamuzi) meeting. Uamuzi proposal on new strategy development process, those involved and the time frames is submitted and discussed by AAK Board for approval. Most of the interviewees cited that Taking Stock is key source of information to drafting every new strategy in ActionAid. Assessment of the past and plans for the future is done in close consultation with key stakeholders, partners, communities, the governments of Kenya, Civil Society Organization (CSOs), the Board and other parts of ActionAid internationally. Consultation workshops to generate inputs on key moment for strategy is given attention. Field visits and engagement with communities and partners are fundamental process of Taking Stock. An innovative peer review mechanism is implemented to ensure peers and experts feedback on the strategy.

Taking Stock consultants and external review team focus on all thematic and functional areas of the organization. Focus discussion groups and scenario building exercises bring forth ideas and issues for the new strategy, develop convergences and consensus. As required, specific focused and shorter reviews are undertaken to fill eventual gaps. Stakeholder Survey questionnaire bring out further analysis and inputs in the process. Three peer organizations are identified to review and comment on the Taking Stock reports. Organizational Climate Surveys previously taken, for instance in 2006 by Hewitt Associates provide inputs into the process.

Lastly, most of the interviewees were of the opinion that the consolidated new draft strategy go through extensive consultation allowing partners, donors, corporate, ActionAid Africa Office and International Secretariat units to make inputs and comments on the draft. All staff consultation is taken on the first and second drafts of the strategy. Comments received are used to improve the drafts and produce the final strategy. Comments are also circulated to ensure transparency and collective ownership. The final strategy is submitted to AAK's Board for review, approval and strategy sign off.

#### **4.1.3.2 External, Peer Reviewers and Consultants**

From the study findings, majority of the interviewees were positive that taking Stock review and external review team composition has diverse expertise. The Team Leader has expertise and experience of international development and programme reviews. Members have expertise and experience in policy and campaigns, social development, working with movements and on issues of women rights, education, HIV/AIDS, programme, finance, fundraising, communications, organizational and governance.

#### **4.1.3.3 ActionAid Strategy development process**

On Strategy development process, majority of the interviewees cited that ActionAid's strategy development steps involve intensive participatory driven processes. Taking Stock Review Group (TSRG) shadows and learns from TSR and transforms into the Strategy Drafting Team (SDT). The SDT collects and captures ideas, convergence, consensus and divergent views from stakeholders. The SDT produces the first draft which is circulated to all staff, ActionAid Board members, country programmes and ActionAid International Secretariat for comments. SDT organises consultation, focus group discussions and scenario building sessions. External consultants with expertise on NGO strategy and human rights, social justice and poverty eradication are hired to read and comment on each of the drafts. Three peer organizations identified review and comment on the TSR reports. Second draft is produced and presented to the Board. Final draft based on Board decisions is produced. SDT consults and seeks advice from the Board throughout the process and details are agreed. Further, majority of the interviewees were of the opinion that key approval processes by Board include; discussion and approval of; Terms of Reference for Taking Stock Review and Strategy Development; Taking Stock Review Reports, management response on the review report and approval of new Country Strategy. TSR report and recommendations inform and feed into the new Country Strategy content.

#### **4.1.4 Other strategies and processes adopted**

The study also asked the interviewees to give other strategies and processes which were adopted by their organizations to enhance its performance. From the study findings, majority of the interviewees cited that AAK sees planning as means to support accountability and performance, to contribute to impact at national and

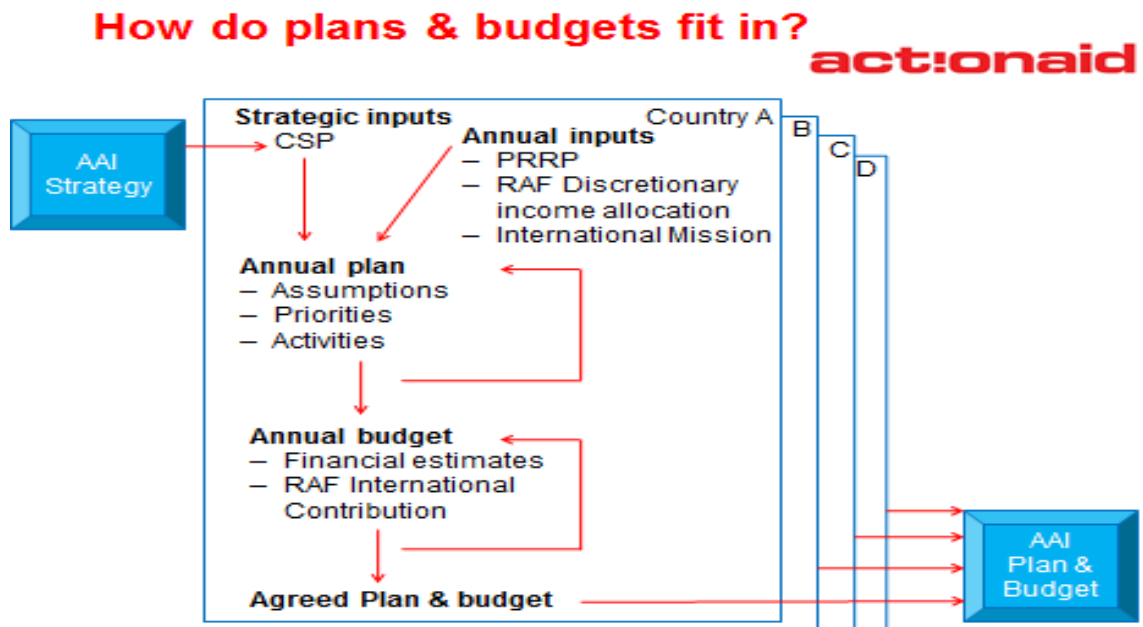
global level goals, and most importantly as a fundamental process to realize ‘fit for purpose’.

ActionAid uses multiple systems and had adopted a number of strategies to enhance its performance. Most of the interviewees articulated that programme quality aims to improve ActionAid’s approaches and quality of its programme work in order to achieve its mission. Programme quality is ensured through monitoring and evaluation. Logical framework is used to cascade and integrate the strategy. Development of performance plans, contract management, monitoring and evaluation, peer reviews, annual planning, mid strategy reviews, field/ project visits, and impact assessment and shared learning, monitoring and evaluation framework are fundamental strategies used by ActionAid to deepen performance. AAK is represented in organization-wide forum which convene program debates, collectively assess program quality and recommend actions and interventions to enhance programme performance. Majority of the respondents further cited that monitoring and evaluation track change in given situations, systems and assess project progress and impact. ActionAid uses monitoring and evaluation to identify what is working well or otherwise; as management tool to inform decision-making, re-plan and to demonstrate accountability. Monitoring continuously tracks performance against what was planned by analysing data on the indicators established. It provides information on whether progress is being made towards achieving results (outputs, purpose, and goals) through regular reporting systems. It also identifies success areas and gaps. Performance information generated from monitoring enhances learning from experience and improves decision-making. The respondents indicated that monitoring system determines whether AAK was achieving what it intends to achieve or failed to achieve and why, how its achieving

intended or unintended results or if not why; whether the organization has used appropriate strategies that address issues of poverty. Further, monitoring and evaluation determined whether the organization was using the methods it planned to use or not and why; the obstacles/gaps in the implementation of programmes, learning from the achievements, challenges or missed opportunities. What else needs to be done to achieve goals and other factors or contributors to what has been achieved.

The following is a diagrammatic representation of how the organization enhances strategic decisions and implementation.

**Figure 4.1: Strategic decision framework**



Most of the interviewees indicated that organization systems, processes, funding and resource allocation critically bears on the realization of ActionAid's Strategy. Organization effectiveness and performance look into how AAK's Human Resource /Organization Development systems, structures and processes contributed to achieving the *CSPs 2002-2005; 2006-2011*; how the existing work environment and culture have facilitated or hindered delivery of staff functions/tasks in achieving ActionAid's objectives; the decentralisation process and the extent to which staff are

empowered with decision making authority, staff capacities to deliver the CSPs. On the other hand, staff competencies to work with Rights Based Approach (RBA); institutional capacity to manage internal and external change and transition; and the effectiveness of AAK in learning amongst staff and from the external environment.

Most of the interviewees agreed that evaluation was a periodic, in-depth analysis of programme performance and assesses changes that have occurred. It relies on data generated through monitoring activities as well as information obtained from other sources (e.g., studies, research, in-depth interviews, focus group discussions, surveys, Most Significant Change (MSC), critical timeline etc.). ActionAid monitors inputs, outputs and outcomes. Inputs are means mobilized for conduct of programme activities and delivering strategies, i.e., financial, human, material, physical and technical resources. Activities focus on actions in the context of programming. Outputs are tangible products (including services) of a programme or project and relate to results from completion of activities. AAK's performance evaluates outcomes and impact. Outcomes focus on defined areas the CSP seeks to address. They describe change in development or conditions. Impact is the overall long term effect of an intervention and ultimate result attributable to a development intervention.

Majority of the interviewees cited that monthly, quarterly, semi and annual narrative and financial reports were produced and discussions look on areas of variance against the plans with reference to finance and resourcing allocation. Project level expenditure analysis against budget projections, available funds as well fundraising projections and opportunities constitute performance management process. Donor reviews, reports, contract and grant management reports constitute key strategies to

enhance performance in ActionAid. Programme and finance use management accounts are discussed in the senior management meetings. Departmental and thematic performances are reviewed on quarterly basis. Staff individual performance is monitored on six monthly basis. The Accountability framework and contract management are used to report to various stakeholders. Peer reviews involve other country programmes, and Development Initiatives (DI).

#### **4.1.5 Recommendations for strengthening the relationship between strategic planning and performance**

The study in this section sought to find out recommendations from interviewees on ways to strengthen the relationship between strategic planning and performance in the ActionAid. From the study, majority of the interviewees recommended that all evaluations, even project evaluations that assess relevance, performance and other criteria need to be linked to outcomes as opposed to only implementation or immediate outputs; continuous training to ensure all stakeholders clearly understood AAK's processes for long term strategies. Annual planning be done on confirmed incomes as reductions of budgets mid-course affect plans made with communities and partners. Most of the interviewees recommended that early opportunity needs to be taken to develop strategies of working with communities to deal with some of the structural reasons for their poverty through advocacy and other strategies. Most of the respondent's recommended that there was need for AAK to re-examine its overall focus in view of the workload at the DI level and other factors, and to deepen programme involvement and prevent being spread too thin on programme scope. Further within it strategic focus on partnerships, AAK staff needs to be aware of the organizational difficulties of establishing umbrella CBOs and provide the support

needed to enable CBOs become strong movements at the local level. AAK needs to take advantage of its pervasive presence on the ground and in communities it works with to make its national level advocacy work is more evidence-based. Seriously think through its links between the international engagement and the needs at the DI level in order to ensure that such engagement are primarily relevant to the struggles of communities and follow through on the recommendations of previous reviews.

## **4.2 Different strategic planning steps related to organization's performance**

### **4.2.1 Process of identifying mission and objectives in your organization**

The study in this section asked the interviewees to indicate whether there was a process of identifying mission and objectives in their organization. From the findings, majority of the respondents indicated that the mission of ActionAid had remained the same since 1972; the objectives were identified through coordinated participatory process and reference to the local country context and global priorities.

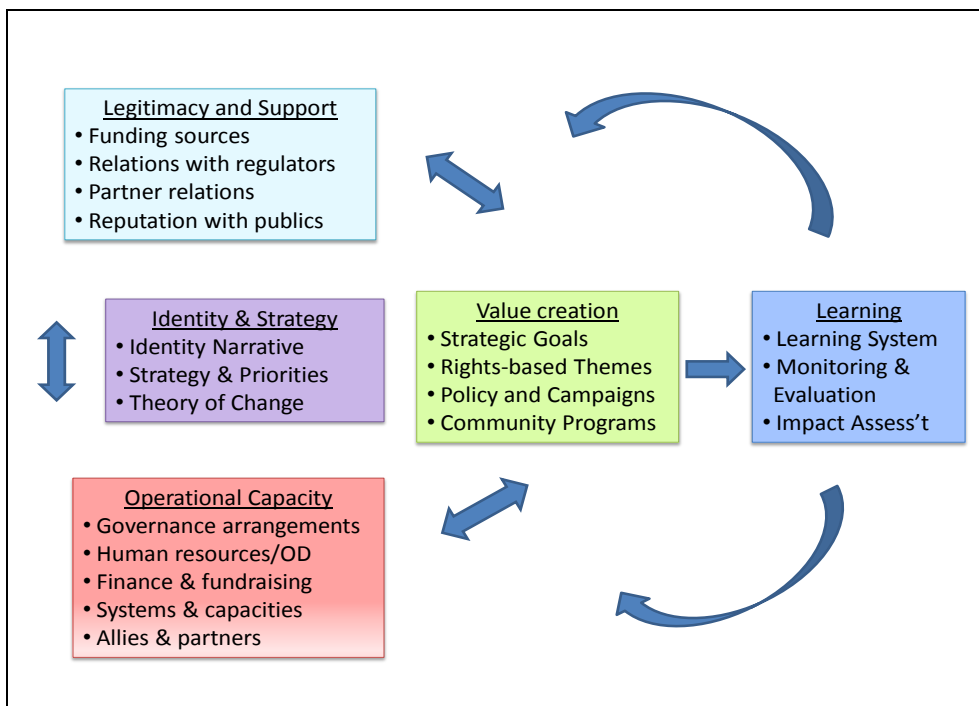
### **4.2.2 Environmental scanning process / external analysis in ActionAid**

The respondents were also asked to describe the process of environmental scanning and external analysis in AAK. From the findings of the study, majority of the respondents cited that environmental scanning/ external analysis was done through consultation, analysis of the social-political economy of Kenya, analysis of poverty and power relations. It traces factors within Kenya that both promote and hinder development. Reflection of global trends, Africa and East Africa regional context; international, regional and local institutions and blocks; state actors, academic/researchers, and the private sector, UN system, civil society landscape; funding institutions and donor mapping and intelligence.

### 4.2.3 How strategy formulation is conducted

In this section, the study sought to establish how strategy formulation was conducted in ActionAid. From the findings, the respondents indicated that strategies are informed by global priorities, national context and analysis. The way AAK works, act and its distinctive approach are particularly shaped by its analysis on poverty at the macro-micro level, experience on community level, policy and human rights work.

**Figure 4.2** Concepts for Framing Strategic Analysis in ActionAid



AAK position itself as catalyst and facilitator (2002 – 2005 Country Strategy Paper).

The collective leadership, staff at all levels with the support and mandate of the Board act in a coherent approach across geographies and functions to implement strategies.

To operationalize the five year strategy, attain alignment and performance, the strategy is translated into functional/thematic strategies, annual plans and budgets as well individual performance plans. This process ensures integration between organization, functional, thematic and individual performance. It also authenticates

strong linkage between planning and performance above. The following strategic approaches are further used by ActionAid in implementing strategies:

**Taking sides with poor and excluded people:** ActionAid believe that the poor and excluded people are the primary agents of change, and particularly focus on groups that suffer from multiple and acute violation of rights. It works with diverse social groups including among others landless people, poor farmers, those affected by HIV and AIDS, people with disabilities, those vulnerable to drought, fishing communities, women, urban poor, orphans.

**Rights-Based Approach (RBA):** ActionAid embrace and respect the Universal Declaration of Human Rights and subsequent related UN covenants and declarations. The focus is to ensure that the rights of poor and excluded people are respected, promoted, protected and fulfilled. AAK direct unrelenting attention on the responsibility of the state and other powerful institutions, in respecting, promoting, protecting and fulfilling the rights of poor and excluded people. For instance, in 2003, ActionAid worked with Sugar Campaign for Change, Elimu Yetu Coalition directly representing interests of their constituents to influence change in policies and institutions. AAK's visibility grew steadily over the year. AAK facilitated the development of civil society position papers and maintained its membership position in the national taskforce to develop a monitoring and evaluation framework for the 2003 – 2007 Economic Recovery and Wealth Creation Strategy of the Republic of Kenya. Regional policy initiatives sought to ensure accountability as well pushing for issues of economic importance in regions.

**Partnerships and Alliances:** ActionAid work in partnerships and alliances with poor and excluded people, social movements and other CSOs. From grassroots to national

and global level, such collaboration is fundamental to its approach and enables AAK to maximize its contribution towards eradicating poverty and injustice. Local partners, for example, implement many of the field programmes, using their deep knowledge of local conditions, customs and politics that the organization cannot match. Where appropriate, it provides focused support to governmental bodies to build capacity. Where necessary, it challenge anti-poor policies and instruments.

**Critical engagement:** ActionAid engages critically with people, governments and institutions whose policies and practices are making people poor. Tactics include providing research and evidence, promoting alternatives and running public campaigns. In 2003, AAK worked with about 700,000 people in 19 Development Initiatives (DIs) spread over 20 districts in Kenya. 199 CBOs were supported in 2003. The DIs conducted information dissemination meetings on the Local Authority Transfer Fund (LATF), Children's Act, women's rights, land rights and HIV/AIDS. In Barwessa, Baringo district, sensitization on LATF were organized at sub-locational level. A similar case happened in Malindi with the outcome that their Local Authority Service Delivery Action Plan (LASDAP) has adopted issues from the community. In Narok, the Osiligi Le Purko Umbrella CBO spearheaded the campaign on addressing human-wildlife conflict. The CBO has made great strides in sensitising the community on the need to fight unfair laws that provide a paltry compensation scheme of only KSh. 30,000/- for the loss of human life to wild animals. The primary focus was to address immediate needs and basic rights as a captured the Rights to End Poverty (RTEP). ActionAid value creation focus long-term and sustainable impacts on strategic goals:

#### **4.2.4 How ActionAid Kenya undertake evaluation and control of strategies**

In this section, the study sought to establish how ActionAid Kenya undertook evaluation and control of strategies and the respondents pointed out that this is done through multiple accountabilities, partnership agreements, contract management, staff performance management systems, budget – expenditure analysis and tracking. Internal and external audit, staff and donor reports, mid-term reviews, Review and Reflections Process (RRPs) are key valuation and control strategies. Identification of anticipated risks to strategy implementation, risk management and reviewing these strategies regularly. AAK evaluation and control of strategies constitute structural and system changes, staff capacity and talent management, managing costs and overheads.

It uses authority and sanctions when required to safeguard the values, standards and accountabilities, financial/ resource allocations and shift within project to align with strategic priorities and investments in technology to improve efficiency. Other evaluation and control of strategies are promotion of internal communication, inputs through external knowledge, investing on structures and systems that generate and promote innovations, knowledge and alternatives as it strives to become a *knowledge-leader* in the outside world on its priority themes. AAK strategically allocate funds in line with organizational plans and priorities, strengthens governance and tracks accountability. Gaining commitment and the success on strategies is depended and how much the staff and stakeholders have been involved and at what stage. It invests on leadership capacity to manage new strategies and change. It mobilise people and financial resources needed to make the strategy succeed. Cost projections are estimated early in the change process and reviewed at regularly. Most of the respondents indicated that efforts are directed to build culture as every new strategy looks at organization implications with the aim to change or align culture with new

thinking and goals. The burden on the leadership is to communicate the direction of strategic goals, support the plans and actions, guide and steer these over the strategy period. Delivery of its strategy requires committed and dynamic staff who bring fresh ideas and energies to the complex problems of chronic poverty. It requires staff who analyse situations from global, national and local perspectives and interact with equal ease with the poor, the rich and powerful. It requires individuals who are concerned about issues of inequity and injustice and find allies in their fight against poverty.

### **4.3 Different strategy choice in relation to organization performance**

#### **4.3.1 Tools and techniques used in developing strategies for operations**

The study in this section asked the respondents to indicate the tools and techniques used in developing strategies for operations. Majority of the respondents indicated that key strength of AAK's value creation had been the articulation of a variety of tools that enabled organization planning and performance and others to benefit from AAK's expertise and experience. Most respondents observed that AAK's Accountability, Learning and Planning System is widely recognized as an important innovation in "downward accountability, "enabling partners and program participants to engage with AAK staff in learning from experience in the field. AAK's Participatory Program Review and Reflection Process (PRRP) enable participatory reviews of work in cooperation with a wide range of actors. Others cited Taking Stock, Stakeholders and staff consultations workshops, existing reports, peer reviews and analysis; planning and budget process done third quota each year. Others indicated that tools like Stepping Stones and ELBAG made it possible for many other groups to benefit from ActionAid's work, including partners and community groups that may have few or no direct dealings with AAK itself. Such materials and

programs have multiplier effects well beyond the immediate periods, places and populations for which they were created.

#### **4.3.2 Types of information and dissemination processes incorporated in planning activities**

When asked about the types of information and dissemination processes incorporated in planning activities, majority of the respondents observed that an inclusive approach was preferred in planning and implementing the strategies. The information incorporated in the planning activities included; clear and compelling vision, strategic goals and priorities, strategy implementation plan to steer direction, planned changes with simplicity of idea, content and form to avoid overload. On dissemination processes, most of the respondents cited that AAK adopt methods that include AAK explicit and consistent communication to staff and stakeholders; consultation and consensus building; getting everyone involved; and the judicious use of consultants to support the process. Further, the visioning workshops with staff and key stakeholders build shared understanding, buy-in on the changes; enhances commitment to the strategies, impacts and forecast on different scenarios

Most of the respondents also cited that dissemination processes was through development and communicating key strategy messages that inspire and focus staff and partners re-integration of core business, culture, how strategies relates to AAK's broader goals and strategic shifts; capacity of staff, management to deliver the strategies; uptake of strategies and associated change with desired speed and culture. Staff understand strategic priorities, implications; areas of focus, how strategies are effected; regular communications on direction, budget, impact of the strategies and the organization's capacity to manage change and perform in the future.

### **4.3.3 Strategic planning and enhancement of performance of ActionAid**

The study further asked the respondents to indicate how strategic planning had enhanced performance of ActionAid. From the findings, majority of the respondents argued that effective strategies must integrate answers to three questions: what public value will be created by the strategy; what legitimacy and support can the strategy generate and what operational capacity is required to implement the strategy? ActionAid articulates that strategic planning contributes to impact at national and global level goals. It carries out diverse activities in many different counties with a wide range of partners. The activities that implement value creation goals potentially lead to organizational learning, improve operational capacity, build legitimacy, support and enhance value creation on strategy and identity over the longer term.

Further, most of the respondents cited that a major strength of AAK's value creation work in RTEP has been the commitment to and development of the RBA, particularly as it applies to citizens' rights. The evolution of the rights-based approach has made important differences to achieving rights-based theme results, to campaigning on policy issues, to reframing development projects in communities, and to making a real difference in the lives of many poor populations as envisioned by the strategic goals. The study established that value creation strength has emerged from the intersection and convergence of themes and campaigns around local, national or international issues that have enabled synergistic results and strengthened capacities to influence policies and practices. Community development programs have been a strength of AAK for many years. They have provided a base of knowledge and legitimacy with poor who have been central to building relations for other kinds of work.

#### **4.3.4 Operational Capacity, Finance and Funding**

ActionAid strategies required building operational capacity to carry out its strategic priorities in human rights-based approach. More specifically ActionAid Strategy (RTEP) identified six objectives required to implement the strategy effectively: (1) Empowering the poor and their institutions, 2) Creating enabling environment 3) Strengthen governance and accountability, (4) Strengthen staff capacity, (5) Strengthen structures and systems, (6) Increase and diversify income. Performance against the organizational objectives was the focus of the reports on fundraising and communications (Sherrington, 2010), finance and financial systems (Bortcosh, 2010), and governance, human resources and organization development (Fowler & Crane, 2010). The study found that AAK has decentralised the finance function successfully. The organization on the whole is cost effective in the manner in which resources are used and the partnership approach is showing clear returns on investment. From the findings, expenditure fell marginally by 5% in year 2003 compared to year 2002. On the other hand the year allowed AAK to add considerably to list of achievements. Concomitantly, the ratio of expenditure on other community development work rose during the year. Income grew marginal 2% in 2003 compared to 2002. There was growth in income from the new Commonwealth Education Fund, KShs.20 million during the year. There was also the new Partnership Scheme with the Development Corporation Ireland which added KShs.17 million during the year. There was improved cost consciousness regarding use of equipment and information and communication technology facilities. Consequently utilization of capital investment improved to delivery of programme expenditure of KShs.23 in 2003 (from KShs.18 in 2002) for every shilling invested in capital items.

### **Income expenditure as per strategic plan (2002-2005)**

	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Expenditure (in £ '000)	6,320	6,677	6,685	7,013
Total Income (in £ '000)	6,733	6,736	6,720	6,725
Reserves	1,180	1,239	1,273	985
Income from Sponsorship	4,683	4,677	4,648	4,643
Number of Dis	19	18	19	20
Number of Staff	140	143	143	145

#### **4.3.5 Organizational Learning Lessons**

ActionAid strategies have presented a wide variety of opportunities for AAK to operate at the edge of its competence and to learn from its experience. AAK invests heavily in review and reflection, but there is a ritualistic quality to the current reviews rather than a sense that they are driven by urgent desires to use results for operational improvement or changing strategic priorities. Increased focus on interpreting data about impact and more use of results would increase influence. While the policy adoption and implementation that affects the conditions of the poor take years to assess, social change theories can identify intermediate indicators of achievements on the path to success. Change theories facilitate assessing experience, enhance operational and strategic learning. Discussion of AAK identity and strategy generated a lot of analysis and points that AAK should explicitly link identity, strategies and organizational capabilities. AAK engages in many activities but sometimes lacks strategic concepts to link them to the resulting impacts. Aspirations are not consistently linked to assessments of operational resources and capacities. Lack of attention to core values and identity and how they connect to strategies and capabilities can undermine organizational coherence. The effectiveness and impact of

AAK's work depends on the ability to work with diverse and empowered partners and leaders who drive and bring about societal change to deliver its mission. Linking donors to projects and communities is a cornerstone approach, affording them closer understanding of real issues. Reliable long-term funds enable AAK to commit to future plans. Emerging fundraising opportunities in the South offer potential to broaden its supporter base, raise money and engage. AAK must diversify income sources and products, expand relationships with donors and use the opportunities this presents to influence policy, engage and raise more flexible funds that allow income to be used where it is most needed and maintain appropriate reserves.

AAK's strategies are a springboard for action in the face of abject poverty and gross inequality. They build on its experience and deeper understanding of the world to consolidate gains achieved from previous strategies *Fighting Poverty Together*. The strategies bring greater focus to its work, welding its goals to thematic priorities, to achieve the greatest impact on promoting rights and justice. They reflect the increasingly interconnected nature of the organizations work and deployment of resources. Above all, it expresses AAK's aspirations for change that will advance its mission towards its vision of a world without poverty and injustice. ActionAid believes it has what it takes to deliver; its rootedness in communities, supporters and donors; growing partnerships and alliances; trustees and cadre of able and dedicated staff. Taking the strategy forward from a statement of intent to decisive action require AAK to internalize the spirit and substance of the strategy, unlock financial potential and investment strategy aimed at maximizing fundraising across markets. ActionAid strategies are about achieving impact and change for the better. They are for change within ActionAid and change in the world.

#### **4.3.6 Matching resources to opportunities - funding**

2005 Peer review confirmed that AAK had a funding mix of 38:62 partnerships: long term link funding ratio. It was however unclear whether this ratio is the ideal funding mix. In periods under study, AAK had not documented a funding policy or strategy but seemed to have over time developed certain practices and is sensitive to certain issues that cannot be compromised in its fundraising e.g. meeting its objectives and managing power relational issues with funders. AAK had a healthy non-dependence on any donor with its multiple streams of income: official funding from 4 sources coupled with Next Steps and Long Term Funding Links (child sponsorship). AAK's regular giving comprise half of its income. Department for International Development (DfID) is the largest funding partner with a 12% contribution to income through Programme Partnership Agreement (PPA). The PPA which has grown in the review period from £700,000 to £1.1m allows flexibility which comes in useful especially in hard to fund areas like advocacy work.

#### **4.4 Discussions of the findings**

The study found out that ActionAid's Vision is "a world without poverty and injustice in which every person enjoys their right to a life of dignity"; while its Mission is "to work with poor and excluded people to eradicate poverty and injustice. The study also found out that the Policy and Programme department was vested with overall responsibility for ActionAid Kenya's strategic planning and review of the organization performance at the end of strategy period. The department oversees and has demonstrated overall management and coordination of Country Strategy Review and supervision of the strategy development over the periods. This agrees with Porter (1985) who noted that despite the criticism levelled against strategic planning during the 1970s and 80s it was still useful and it only needed to be improved and recasted.

Greenly (1986) noted that strategic planning has potential advantages and intrinsic values that eventually translate into improved firm performance. It is therefore a vehicle that facilitates improved firm performance. Strategic planning can be considered from content or a process viewpoint. The content relates to the distinct elements of the strategic plan which differ from firm to firm.

The study also found out that the Monitoring and Evaluation unit conducts periodic reviews including impact assessments. Outcomes and reports from the process are shared with staff and stakeholders with a view of generating continuous programme adjustments necessary to keep the strategy implementation on track. The Impact and Shared Learning provides support to a variety of learning processes, creating and disseminating monitoring reports, and guiding Reviews of Reflections. The new process for program monitoring and evaluation remains an important asset in the future of ActionAid. This agrees with Robinson and Pearce (1983) who found out that in firms the formality of the planning process and the strategic decision process used were not congruent. The concerns include; assessing risk through environmental scanning; formulating goals and targets to be achieved in the competitive environment; selecting distinctive competences in order to gain a competitive advantage; determining authority relationships among the firm's departments; deploying financial physical resources to carry out firm strategies; and monitoring and controlling implementation. The study further found out that environmental scanning/external analysis was done through consultation, analysis of the social political economy of Kenya, analysis of poverty, power relations and inequity. It traces factors within Kenya that both promote and hinder development. Thompson, Strickland and Gamble (2007) postulate that the essence of good strategy making is to build a strong

enough market position and an organization capable to produce successful performance despite unforeseeable events, potent competitive and internal difficulties.

ActionAid work and distinctive approach are particularly shaped by its analysis on the poverty at the macro-micro level and experience on community level, policy and human rights work. AAK strategy is implemented largely by national, local partners and CBOs. This agrees with Byrson (1989) who argue that strategic planning assists in providing direction so organization members know where the organization is heading to and where to expend their major efforts. It guides in defining the business the firm is in, the ends it seeks and the means it will use to accomplish those ends. The process of strategic planning shapes a company's strategy choice through the use of systematic, logical and rational approach. It reveals and clarifies future opportunities and threats and provides a framework for decision making. Strategic planning looks ahead towards desired goals. Strategic plan defines performance to be measured, while performance measurement provides feedback against the planed target (Dusenbury, 2000).

The study found out that AAK adopt methods that include consistent communication; consultation and the judicious use of consultants and facilitators to support the process. Dissemination is through key strategy messages that are compelling and focus staff and partners re-integration of core business, values and culture. This findings agree with Berry (1994) defines strategic planning as a management process that combines four basic features; a clear statement of the organization's mission; the identification of the agency's external constituencies or stakeholders, and the delineation of the agency's strategic goals and objectives, typically in a 3-5 year plan; and the development of strategies to achieve them.

ActionAid communicate its strategies and associated changes, how they relate to the broader goals and strategic shifts and facilitate uptake with desired speed and culture for ensure success. It strategically allocates funds guided by organizational plans and priorities; and strengthens management structures to improve decision-making, implementation and accountability. (Byrson, 1989) also established that the most definitive description of the strategic planning consists of eight widely recognized steps; an initial agreement or “plan for planning”; identification and clarification of mandates; mission formulation; external environmental assessment; internal resource assessment; strategic issue identification; strategy development and a description of the organization in the future – its “vision of success”

The study found out that AAK undertake evaluation and control of its strategies through structural and systems changes, talent and capacity building, managing costs and overheads. This agrees with Kotter (1996) argument that the strategic planning process can be used as a means of repository and transforming the organization. ActionAid undertook evaluation and control of strategies through systems to promote effective internal communication and encourage inputs of external knowledge and perspectives, invest in structures and systems that generate and promote innovations, knowledge and alternatives as it strive to become a knowledge leader in the outside world on its priority themes. Dusenbury, 2000 also observed that the process of strategic planning shapes a company’s strategy choice through the use of systematic, logical and rational approach. It reveals and clarifies future opportunities and threats and provides a framework for decision making. Strategic planning looks ahead towards desired goals.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATION**

#### **5.1 Introduction**

This chapter summarizes the findings of the study as analyzed in chapter four. It also includes conclusions and recommendations.

#### **5.2 Summary of the findings**

The study found out that ActionAid's Vision is "a world without poverty and injustice in which every person enjoys their right to a life of dignity"; while its Mission is "to work with poor and excluded people to eradicate poverty and injustice. The study also found out that; the Policy and Programme department was vested with overall responsibility for ActionAid Kenya strategic planning and review of the organization performance at the end of each strategy period.

The study also found out that the department oversees and has demonstrated overall management and coordination of Country Strategy Review and supervision of the strategy development over the periods. Monitoring and Evaluation unit conducts periodic reviews including impact assessments. Outcomes and reports from the process are shared with staff and stakeholders with a view of generating continuous programme adjustments necessary to keep the strategy implementation on track.

Further, the study found out that impact and Shared Learning provides support to Reviews of Reflections and a variety of learning processes. The new process for program monitoring and evaluation remains an important asset in the future of ActionAid.

The study further found out that environmental scanning/ external analysis was done through consultation, analysis of the social political economy of Kenya, analysis of

poverty, power relations and inequity. It traces factors within Kenya that both promote and hinder development. ActionAid work, act and its distinctive approach are particularly shaped by its analysis on the poverty at the macro-micro level and experience on community level, policy and human rights work. The study established that ActionAid position itself as catalyst and facilitator. ActionAid strategy is implemented both internally and externally through annual plans directly implemented largely through national partners, local and community based organization.

The study also established out that ActionAid adopt methods that include effective, consistent communication; consultation and consensus building; getting everyone involved; and the judicious use of consultants and facilitators to support the process. Dissemination is through development of key strategy messages that are compelling, inspire and focus staff and partners re-integration of core business, values, culture and developing commitments to these. It was evident from the study articulates that ActionAid communicates the strategies to ensure success and how they relates to ActionAid's broader goals and strategic shifts; build capacity of the staff, teams, management to effectively deliver the strategies and facilitate uptake of strategies and associated change with desired speed and culture. It deploys methods of strategically allocating funds in line with organizational plans and priorities and strengthening management structures to improve decision-making, implementation and accountability.

The study found out that AAK undertook evaluation and control of strategies through implementing structural and systemic changes including staff capacity building, matching staff capacity, talent and strategic proprieties and managing staff costs and

overheads. Furthermore, the study established that ActionAid undertook evaluation and control of strategies by systems to promote effective internal communication and encourage input of external knowledge and perspectives invest in structures and systems that generate and promote innovations, knowledge and alternatives, as it strive to become a knowledge leader in the outside world on its priority themes.

### **5.3 Conclusions**

ActionAid's strategy reaffirms ActionAid's commitment to fight and ultimately eradicate poverty and injustice. The strategies sets direction, guide actions of staff and partners, articulates clear and ambitious priorities. It also sets out a clear framework for its work to be accountable, both to the poor and excluded people with whom AAK works with and to its supporters and funders. Shaping the future strategy of ActionAid involves drawing from local and global processes to ensure alignment and relevance; making reference to the global plans and priorities, national driven engagements while building on the strengths of predecessors *Fighting Poverty Together* among others.

ActionAid's dedication to act as part of the national and global movement for equality, rights and justice, while seeking to deliver significant, lasting improvements in the lives of poor and excluded people is fundamental linked of strategy to performance. The strategies also strengthens ActionAid's commitment is to fight poverty on every level – local, national, regional and international – working through alliances and partnerships to achieve maximum impact. There is evidence to support a positive and significant relationship between the use of planning instruments in terms of sophistication of the planning process and organizational performance. ActionAid's high level of performance is largely depended on and places a higher degree of emphasis on strategic planning.

ActionAid uses multiple strategy planning systems and has adopted a number of strategies to enhance its performance. The empirical findings and analysis conducted in ActionAid shows that strategic planning can directly contribute to organizational performance. The significant correlation between different strategic planning steps and effectiveness, measured by using management perception of strategic planning effectiveness was found in the relationship between the formality of strategic planning, management, employee and stakeholder's participation in strategic planning. Regarding the second approach to measuring the strategic planning effectiveness and organizational performance (financial and non-financial) a significant correlation was found in the relationship between the strategic planning and the strategy implementation. Hence, formality of strategic planning has been shown as the most influential and impactful in organization performance.

The study also concludes that there is a difference between the results and approaches to measuring strategic planning effectiveness and organization performance, which confirms the case that selecting the appropriate approach to measuring relationship between strategic planning and organization performance must be done with caution. The comparative analysis conducted in this study with the purpose of establishing the relationship between strategic planning and organization performance in ActionAid and indicating the practices in NGO sector and probable reason as a fundamental driver to organization performance to the best of the author's knowledge. The case of ActionAid is good analysis and an instructive case demonstrated as a bridgehead on the relationship between the strategic planning process and organization performance. Significant close relationship with strategic planning was found in organization the

strategic planning tools in the case of ActionAid. This is explained by appropriate and intensive usage of the strategic planning tools. The high level of engagement with stakeholders, the management, the Board and employee participation in the strategic planning processes which leads to improvement of the strategic planning effectiveness, ownership of strategies, accountability and implementation and ultimate organization performance.

The originality and the value of the study for the literature and theoretical knowledge lies in the attempt for the strategic planning and organization performance to be investigated as well as for a study analysis to be conducted in ActionAid, with useful conclusions about the strategic planning and its relationship with organizational performance. This study also supports the existing literature knowledge in this area by evaluating several dimensions of strategic planning, simultaneously, with different approaches to measuring the strategic planning effectiveness. Since this study is based mainly on literature, empirical studies and interview, it offers some important insights to the applicability of strategic planning related to the NGO and business environment in developing countries. Practical implications refer to the setting up of the different dimensions of the strategic planning practice in a way that will enhance strategic organization performance and give useful suggestions to managers by focusing their efforts on the effective strategic planning practice. This study indicates the following practical suggestions that there is a strong relationship between formalised strategic planning, explicit and on-going organizational process, procedures, regular progress reviews; to improve the knowledge and skills for using the strategic planning techniques and to design an appropriate set of strategic planning techniques as an important element of the organizational performance. Top management of companies

must increase the knowledge among managers on different organizational levels of the importance of strategic planning for the organizational performance, understand their role in the strategic planning process and their role in developing management and organizational structure that encourage all staff and levels of the organization that must get involved and participate in the strategic planning process. Finally the findings can also be used as an instrument to identify and overcome the barriers to effective strategy implementation as well as to determine critical issues of organizational effectiveness and activities necessary for the effective implementation of strategic planning, having in mind the following challenges to strategic planning implementation. Linking lessons on planning and implementation to overall strategic goals, and their understanding by the staff, partners; employee capacity, skills to adjust to new strategies, governance and management, organisation culture, communication, ineffective coordination of implementation, and inadequate information systems for control activities. AAK sees planning as means to support accountability and performance, to contribute to impact at national and global level goals, and most importantly as a fundamental process to realize ‘fit for purpose.

#### **5.4 Recommendations**

The study recommends that ActionAid optimizes on its experience on rights-based approaches and themes with a lot of potential lessons for creating value through rights-based strategies which have emerged. Community development services are not contradictory to rights-based approaches, though they may be less controversial and risky for staff. ActionAid’s rights-based work should have similar goals across country, but different contexts require adapting strategies and tactics. Rights-based campaigns are adjusted to fit a range of factors such as regime fragility, regime repressiveness, civil society, levels of organization, national and local expectations.

The study recommends that combining rights-based themes can lead to unexpected synergies and benefits. The synergies of integration to match particular national needs require consistent work. While the rights-based themes offer resources and expertise to programs, they also invite staff to take on too many responsibilities and activities. Further, programme at times succumbs to the lure of extra resources that are to respond to expanding demands from their constituents. Too often the proliferation of themes and programs produces work overload and loss of focus as staff labor long-hours to carry out too many activities and loose touch with overall priorities that might guide more effective effort. A similar problem has been identified with respect to what might be called vertical silos, in which local, national and international programs and initiatives fail to integrate with each other or to capture synergies, influence and learning that might come from more effective engagement across levels. Hunger Free campaign suffered from different versions of this problem, and neither achieved all that might have been accomplished by the initiatives as a consequence.

ActionAid strategies have presented a wide variety of opportunities for the organization to operate at the edge of its competence and to learn from its experience. Enhancing its capacity for organizational learning is critical to meeting the challenges that can be expected in the future. ActionAid should optimise on its huge investment in reviews and reflection, and use outcomes and results for operational improvement or changing strategic priorities. The study further recommended that all evaluations, even project evaluations that assess relevance, performance and other criteria need to be linked to outcomes as opposed to only implementation or immediate outputs; continuous training be provided to ensure stakeholders clearly understood ActionAid processes. While strategies are long term, annual planning be done on confirmed

incomes and to minimize reductions on budgets that subsequently affect plans made with communities and partners. Despite the existing challenges, most of the interviewees recommended that an early opportunity needs to be taken to develop strategies of working with communities to deal with some of the structural reasons for their poverty through advocacy and other strategies. There is need for AAK to re-examine its overall focus in view of the workload at the DI level to deepen work and prevent it from being thinly spread. AAK staff need to be aware of the organizational difficulties of establishing umbrella CBOs and should provide the support needed to enable CBOs become strong movements against poverty at the local level.

AAK needs to take advantage of its pervasive presence on the ground and in the communities it works with to make its national level work more evidence-based. The study recommended that AAK should be aware that delivering its ambitious strategies presents a major challenge. The organizational structures, ways of working and behaviours must continually reinforce organization goals. ActionAids' legitimacy and ultimate influence depends on being accountable for all that it does. In order to succeed, AAK is committed to be accountable to partners and supporters who give time, money and solidarity. The organization should be responsive and innovative in relation to the ever changing and complex environment in which its work is while pursuing its strategies; be outward-looking, accommodating new ideas and relationships; remain committed to generating alternatives. At the heart of its approach lies AAK's governing principle that all parts of ActionAid have a shared vision and shared strategies and act together towards eradicating poverty and injustice; that all parts have strong relationships with the communities where they work, and that organizational practices and work are connected at every operational

level, from local to national to international. Strengthen its systems support accountability primarily to the poor their communities and organizations.

### **5.5 Limitations and further research**

In order to avoid common method variance (“variance that is attributable to the measurement method rather than to the constructs the measures represent”) further research should consider use of other sources of information for some of the key measures. In particular, if possible, the dependent variables should be constructed using information from different sources than the independent variables. The second approach suggests a number of procedural remedies in designing and administering the research tool, from mixing the order of the questions to using different scale types, which can reduce the likelihood of common method variance.

Many findings have arisen from this study. It may be that other factors associated with the predictor variables (different strategic planning dimension) influence the organization performance. Therefore additional insight could be gained into influence of the development sector, environmental dynamics, governance, organizational and management dimensions and other additional relevant moderators on the planning-performance relationship. Considering that this study has been conducted in ActionAid Kenya and that the strategic planning practice can be subject to some contingencies i.e. some cultural and institutional environment influence, much can be done in future research in this direction.

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# APPENDICES

## APPENDIX I: LETTER OF INTRODUCTION



**UNIVERSITY OF NAIROBI**  
**SCHOOL OF BUSINESS**  
**MBA PROGRAMME**

Telephone: 020-2059162  
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P.O. Box 30197  
Nairobi, Kenya

DATE 8<sup>TH</sup> SEPT. 2013

**TO WHOM IT MAY CONCERN**

The bearer of this letter JULIAN ONGONGE


Registration No. D61/P/7924/2001

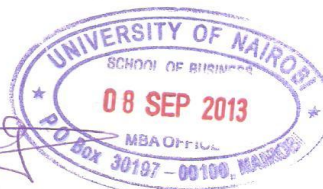
is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

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

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

Thank you.

  
**PATRICK NYABUTO**  
**MBA ADMINISTRATOR**  
**SCHOOL OF BUSINESS**



## **APPENDIX II: INTERVIEW GUIDE**

### **SECTION A: Relationship between strategic planning and organization performance in Non-Governmental Organizations**

- a. Does ActionAid Kenya have vision and mission statements?
- b. How has the department responsible for strategic related matters been in charge of strategies related to organization performance?
- c. How are the following strategic planning practices done by ActionAid Kenya in enhancing performance: Setting the Strategic direction, Designing quality service system in strategic planning, Stakeholders satisfaction, Operating efficiency, Clarifying Future Direction and Establishing Priorities, Assessing and sustaining organizational competence and impact
- d. What other strategies and processes are adopted by your organization to enhance its performance?
- e. Recommend the various ways to strengthen the relationship between strategic planning and performance in your organization

### **SECTION B: Different strategic planning steps related to organization's performance.**

- a. Describe the process of identifying mission and objectives in your organization.
- b. Describe the process of environmental scanning/ external analysis in your organization.
- c. How is strategy formulation conducted in your organization?
- d. Describe the process of implementation of strategy.
- e. How does your organization undertake evaluation and control of strategies?

**SECTION C: Different strategy choice in relation to organization performance**

- a) Which processes do you use in strategic planning formulation?
- b) How is planning done? And how are the staff and stakeholders involve?
- c) Describe the process of setting objectives in your organization?
- d) What tools and techniques do you use develop strategies for operations?
- e) What types of information and dissemination processes are incorporated in the planning activities?
- f) How has strategic planning enhanced performance of ActionAid?