

**STRATEGIC PLANNING AT ATHI WATER SERVICES BOARD  
IN KENYA**

**BY**

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## **DECLARATION**

This project is my original work and has not been submitted for a degree in any other university

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The project has been submitted with my approval as university supervisor.

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## **DEDICATION**

To Innocent- my son, my number one fan and critic.....my raison d'être

## **ACKNOWLEDGEMENT**

I wish to express my gratitude to God Almighty, without whom nothing is possible. I would also like to thank my supervisor professor Evans Aosa for his patience, guidance and constructive criticism throughout this project. I am also grateful to the management and staff of Athi Water Services Board, particularly Mr. Kenneth Owuocha and the entire strategic planning committee. Thank you for your valuable time and insight.

Finally, my gratitude goes to my parents Mr. and Mrs. Gitau for instilling values of hard work and the value of education. I am forever in your debt.

## **ABBREVIATIONS AND ACRONYMS**

<b>AWSB</b>	:	Athi Water Services Board
<b>RBM</b>	:	Results Based Management
<b>SPA</b>	:	Service Provision Agreement
<b>WSP</b>	:	Water Services Provider

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## **ABSTRACT**

This report documents the findings of a study on strategic planning that was conducted at Athi Water Services Board in Kenya. Strategic planning is an organization's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy. In order to determine the direction of the organization, it is necessary to understand its current position and the possible avenues through which it can pursue a particular course of action. Generally, strategic planning deals with at least one of three key questions; what do we do? For whom do we do it? How do we excel? The study sought to establish how strategic planning is undertaken at the board. The case study research design was used. Primary and secondary data was collected and analyzed to arrive at the findings. A combination of methods was used to collect the data. Personal interviews using a structured interview guide were conducted with senior managers. An analysis of available documents and records was also undertaken. The study establishes that AWSB has been developing and implementing strategic plans since its inception in 2004. The study establishes that AWSB undertakes strategic planning due to its critical organizational needs. The development and implementation of strategic plans is also a requirement of its parent ministry under performance contracting. The study also establishes that AWSB adopts a step by step participatory approach in its strategic planning process. It is established that this approach involves several stakeholders including the management, board of directors, employees and water services providers. The adoption of strategic planning has been beneficial to AWSB as it leads to improved operational efficiency and by extension greater resource mobilization. The process is however not without challenges. Changing climatic conditions, volatility of the Kenyan and global economies, changing political environment, population increase and underperforming WSPs all create challenges to strategic planning. The study also established that SWOT, PESTLE and the balanced score card are the tools used in strategic planning. The study was conducted within a limited time frame and on a single institution in the water sector. It is recommended that further research should be conducted on other institutions in the water sector. The study establishes there needs to be a shift in strategic planning policy at AWSB in that there needs to be a deliberate strategy for the improvement of the WSPs in all future plans. There is also need to entrench a monitoring system in future strategic plans.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

A strategic plan is the formalized roadmap that describes how an organization executes its activities in order to achieve a certain set of objectives. According to Porter (1987), every company, whether diversified or not should have a strategic plan. He further states that a good strategic plan should have an analysis of the industry in which the firm competes, sources of competitive advantage, an analysis of existing and potential competitors, an assessment of the company's competitive position and selection or ratification of strategy. Typically, strategic plans can be organization-wide or focused on a major function such as a division or a department. In each organization, the way in which distinctive competence, organizational resources and organizational culture are combined is unique. This means that strategy and management in general is unique as each organization is different.

According to Nelson (2008), an organization's strategic plan serves as a management tool for helping an organization do a better job. This is because a strategic plan focuses the energy, resources, and time of everyone in the organization in the same direction. Strategic plans for organizations are vital as they serve as service charters for clients and they help set a business climate focussing an organization ability to respond to changes and addresses sustainability issues.

Strategic planning is influenced by several theories. One of these theories is the environment dependence theory. The environment in which organizations exist is constantly changing. Factors in the remote environment (economic, social, political, technological and ecological), industry (threat of entry, power of suppliers, power of buyers, existence of substitutes and rivalry among firms) and the operating environment (competitive position, customer profiles, suppliers, creditors and nature of the labour market) have a considerable effect on a firm's performance. Ansoff and McDonnell (1990) state that in strategic planning, the future is not necessarily expected to be an improvement of the past, nor is it assumed to be extrapolable.

The other theory is the stakeholder theory. It is based on the premise that organizations deal with a multiplicity of stakeholders. Customers, employees, government and its agencies as well as the general public all have expectations that should be factored in when developing the direction and actions of organizations. Organizations therefore need to develop a strategic fit that enables them cope with the external environment while at the same time meeting the expectations of its stakeholders.

The water sector in Kenya has undergone several reforms in the recent past as provided for in the water Act of 2002. To provide for the efficient and effective management and development of water resources and services, eight (8) regional water services boards have been formed and licensed, including Athi Water Service Board. AWSB is expected to develop and implement Five (5) Year Strategic plans as part of its performance contract with its parent ministry. (GoK, 2002).

### **1.1.1 Strategic Planning in Organizations**

According to Mintzberg (1991), strategy can be defined as a plan, ploy, pattern, position and perspective. It is plan since it is a consciously intended course of action to deal with a situation. Strategy can also be defined as a ploy as it is a manoeuvre intended to outwit a competitor. Strategy is a pattern as it entails consistency in behaviour. Strategy is also defined as position as it provides a means of matching an organization with its environment. Finally, strategy is a perspective since it not only looks at the external environment but an ingrained way of perceiving the world.

A study by Armstrong (1982) found that organizations that adopt formal planning had recorded superior performance compared to those using informal planning. Another study conducted by Ansoff, Avner, Brandenburg, Portner and Radosevich (1970) showed that virtually on all relevant financial criteria, organizations that adopt formal planning outperformed those that did not. Strategic planning helps organizations narrow the uncertainties in their operating environment. Organizations are able to match their objectives and capabilities with the anticipated demands of the environment so as to produce a plan of action that assures them of the future.

Strategic planning is the course of actions which ultimately lead to the development of a strategy to help an organization achieve their objectives. Strategic planning focuses on the organization's long term plan of achievements and how to accomplish them within that timeline. Lieberman (2010) notes that strategic planning process can help organizations get creative and concrete about the strategies that deliver improved services to the clients. A strategic plan clearly spells out the organization's policy

priorities and lays out strategies that will facilitate the achievement of set objectives. Plans are also provided to ensure prudent management of available resources for implementation of the planned activities. It is a disciplined effort to produce fundamental decisions shaping the nature and direction of organizational activities.

Goodstein, Nolan and Pfeiffer (1993) note that in some instances, Strategic planning activities are poorly conceptualized and executed. The process is at times not very creative and is tactical rather than strategic. They advise that the process should well conceptualized and should provide the criteria for making day to day organizational decisions. The Strategic planning process can provide a template against which these decisions are evaluated. Mintzberg (1994) notes that increased attention on accountability and organizational performance by the public has made organizations adopt and improve their formal strategic planning activities.

### **1.1.2 The Water Sector in Kenya**

The Kenya Integrated Household Budget Survey conducted by the Kenya Bureau of Standards in 2005 indicated that on the overall, approximately 57% of households were using water from sources considered safe. The remaining 43% did not have access to adequate clean and safe water. Sustainable access to safe water was around 60% in the urban setting and dropped to as low as 20% in the settlements of the urban poor where half of the urban population lives. (GoK, 2005). The National Water Master Plan Study (1992) pointed out several weaknesses that hindered the development of the water sector in Kenya. One of these constraints was the lack of a

comprehensive policy, institutional and legal framework. Policy formulation, regulation and provision were not separated. (Gok, 1992). There arose a need for reforms that would develop and operationalize comprehensive water management policies and strategies in the country.

National Policy on Water Resources Management and Development was developed in 1999. It set a framework that promoted comprehensive water resources management and development. In order to guarantee sustainability, the private sector and community participation was incorporated as the prime movers in the process.(GoK, 1999). The enactment of the Water Act of 2002 introduced further reforms in the sector. The purpose of these reforms is to improve the management of water resources, improve access to water and sanitation services, enhance accountability for water resource management through decentralized provision of service and improve utilization of water resources, for both domestic and irrigation purposes.

Reforms in the water sector are an essential pillar in the government's poverty reduction strategies. Among the key principles of the reforms is poverty orientation and human rights to water and sanitation. The reforms take cognizance of government policy papers especially the Economic Recovery strategy for Wealth and Employment Creation (2003 – 2007) and the Poverty Reduction Strategy Paper (2002) which outlines the priority measures that are necessary to achieve the twin objectives of poverty reduction and economic growth. The reforms are also hinged on the government's commitment to the achievement of Millennium Development Goals (MDGs) on water and sanitation by the year 2015 as well as the Kenya Vision 2030.

Key milestones of the reforms so far are the completion of the establishment and operationalization of all the new key institutions in the Water Sector. These include the Water Resources Management Authority which is responsible for regulation of Water Resources issues such as water allocation, source protection and conservation, water quality management and pollution control and international waters. The Water Services Regulatory Board which is responsible for regulation of water and sewerage services provision including issuing licenses, setting service standards and guidelines for tariffs and prices and providing mechanisms for handling complaints has also been established.

Eight regional Water Services Boards have been licensed by the Water Services Regulatory Board to be responsible for the efficient and economical provision of water and sewerage services within their areas of jurisdiction. However, direct provision of water and sewerage services is undertaken by Water Services Providers who are agents of Water Services Boards except where the Water Services Regulatory Board is satisfied that the procurement of such agents is not possible or that provision of services by such agents is not practicable. Water Services Trust Fund has been established to assist in financing the provision of water services to areas without adequate water services. The Water Appeals Board is responsible for the determination of appeals and disputes .

### **1.1.3 Overview of Athi Water Services Board**

Athi Water Services Board is one of the eight (8) Water Services Boards established under the Ministry of Water and Irrigation. It was established under the Water Act 2002 in 2003. It was licensed by Water Services Regulatory Authority (WASREB) and commenced operations in 2004.

The board covers Nairobi and the surrounding areas of Thika, Limuru, Ruiru, Kikuyu, Karuri, Gatundu, Githunguri, Gatanga, Kiambu, Karimenu, and Runda. The area has a total of 3810 Square Kilometers and a population of 5.5 Million people. Direct provision of water to residents is done through its twelve appointed Water Services Providers.

The board has a two tier management system with a board of directors headed by a chairman overseeing the policy function. Membership to the current board of directors was through appointment by the then Minister of Water Irrigation. The day to day management of the Water Services Board is undertaken by the Chief Executive Officer.

### **1.2 Research Problem**

According to Bryson (1988), the strategic planning process consists of 8 steps. These are an initial agreement to planning, identification and clarification of mandates, mission formulation, external environment assessment, strategic issues identification, strategy development and development of vision for success. Failure to follow the

process can have overwhelming effects to the success and commitment of stakeholders to the process. Strategic planning is important and probably will become a standard part of the repertoire of all organizations. According to Frances et al (2012) Strategic planning has been touted as one of the "hot" management innovations in the public sector, promising officials the benefits of a highly structured, future-oriented management technique taken directly from the best-run business corporations.

Water Services Boards in Kenya are taking in strategic planning due to increased attention on accountability and organizational performance. Athi Water Service Board signs annual Performance contracts with its parent ministry. The development and implementation of five (5) year strategic plans is one of the activities that the board commits itself in the performance contract. Commitment and success of the process is dependent on the stakeholder incorporation in the process. According to Brysin and Einsweler (1987) strategic planning typically focuses on an organization and what it should do to improve its performance and not on the community. Based on this conclusion, and fact that the board has the community it serves as stakeholders, this study sought to establish whether these stakeholders are incorporated in the planning process.

There have been a number of studies on Strategic Management among organizations in Kenya. Aosa (1992) conducted an empirical investigation of aspects of strategy formulation within large private manufacturing companies in Kenya. He indicated that an investigation of strategic management practices in public organizations would further increase the understanding of strategic management practices in Kenya.

Njoroge (2008) studied Strategy Development among Water Services Boards. He found that the environmental analysis conducted when formulating the strategies did not capture all the standard aspects. He suggests that an investigation into the effects of these omissions should be conducted. Muraguri (2007) studied Management of Strategic Change in the National Water Conservation and Pipeline Corporation. Onguso (2008) studied Effectiveness of Strategic Change Management Practices at National Water Conservation and Pipeline Corporation. Strategic management as a study is context specific. Though these researchers had conducted various aspects of strategy in these organizations, none of them had carried a study on strategic planning at Athi Water Services Board in Kenya.

Strategic planning is a systematic process. This implies that organizations need to follow the strategic planning steps for the process to be successful. The increased in the attention for accountability and organizational performance of institutions in the public sector has forced management of these organizations to adopt strategic planning. Formulation and implementation of five (5) year strategic plans is part of the performance contract activities in public organizations in Kenya. Issues of motivation for strategic planning, stakeholder involvement in the process, challenges faced by organization in the strategic planning process as well as benefits and applicability of strategic planning in these organizations needs to be scrutinized. How is strategic planning conducted at the Athi Water Services Board?

### **1.3 Research Objective**

The objective of the study was to establish how strategic planning is undertaken at the Athi Water Services board in Kenya.

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

The findings of the study will help Athi Water Services Board in formulating its policies in relation to management at the organization. The analysis of the approaches, challenges, considerations, commitments towards the strategic planning process as well as implementation will assist in the improvement of the policies and procedures adopted at the board.

The study will also add value to the practice of Strategic planning at the organization. The study will come up with solutions and recommendations on how the board can develop tools for strategic planning. The study highlighted strategic planning at the board as well as challenges encountered with the aim of making the board more efficient and effective in delivering its mandate.

The study will add to the existing knowledge and stimulate further research on different aspects of improvement of strategic planning in institutions and whether the process needs a review for a faster and cost effective implementation. For researchers and scholars, this study shall ignite an interest in further studies in the field related to strategic planning in organizations.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents an analysis of existing literature on the topic of study. It includes the findings of related studies undertaken by other researchers. The literature review is organized based on themes and variables under study; theoretical perspective, strategic planning, approaches to the process and steps of strategic planning.

#### **2.2 Theoretical Perspectives**

There are several theories that support the concept of strategic planning in organizations. These theories reinforce the need for organizations to formulate and implement formal strategic plans so as to cope with the turbulent environment in which the organizations exist and meet the needs of their diverse stakeholders. This study looked at the environment dependency theory and strategic fit as well as the stakeholder theory.

##### **2.2.1 The Environmental Dependency Theory and Strategic Fit**

The environment in which organizations exist is constantly changing. Factors in the remote environment (economic, social, political, technological and ecological), industry (threat of entry, power of suppliers, power of buyers, existence of substitutes

and rivalry among firms) and the operating environment (competitive position, customer profiles, suppliers, creditors and nature of the labour market) have a considerable effect on a firm's performance. Mintzberg and Quin (1991) argue that since the formulation of strategy is performed with the future in mind, executives who take part in the strategic planning process must be aware of those aspects of their company's environments especially susceptible to the kind of change that will affect their organizations future. The success of the organizations is highly dependent on their ability to utilize the opportunities existing in their environments and mitigate against the threats.

According to Pearce and Robinson (2011), the external environment of organization consists of factors that are beyond the control of the firm. Never the less, these factors have a great influence on its choice and direction. Organizations therefore need to develop strategies that adequately match their resources and capabilities with the opportunities in their environment. The extent to which an organization has aligned its strategies to its environment describes its strategic fit.

### **2.2.2 The Stakeholder Theory**

Organizations deal with a multiplicity of stakeholders. Customers, employees and their unions, suppliers, government and its agencies as well as the general public all have expectations that should be factored in when developing the direction and actions of organizations. Gamble, Strickland and Thompson (2007) argue that an organization's strategy-making and strategy-execution activities should not only be beneficial to the organization but should also be aligned with those of its stakeholders.

The boards of organizations play a critical role by actively overseeing the organization's direction, strategy and business approaches; evaluating the senior executives' strategy-making and strategy executing skills; instituting a compensation for top executives that rewards them for actions and results that serve stakeholder interests and overseeing the company's financial accounting and financial reporting activities.

According to Pearce and Robinson (2011), strategic managers must recognize the legitimate right of the organization's stakeholders when defining or redefining the company's mission. Stakeholders have justifiable reasons for expecting and demanding that organizations satisfy their claims in a responsible manner. Employees seek broadly defined job satisfaction, customers want what they pay for, suppliers seek dependable buyers, governments want adherence to legislation, unions seek benefits for their members and the general public expects the firm's existence to improve their quality of life. All these considerations should be factored in when developing the organization's corporate strategy.

### **2.3 Strategic Planning**

Armstrong's (1982) review of twelve strategic planning and performance studies included a detailed examination of the formal planning independent variable. Armstrong compared studies as to whether they considered five component parts of the formal planning process: (1) setting of objectives, (2) generating strategies, (3) evaluating strategies, (4) monitoring the process, and (5) commitment to the process.

The study was be guided by these components. Armstrong further notes that some business analysis techniques including internal and external approaches, Strengths, Weaknesses, Opportunities and Threats (SWOTs), Competitive Analysis and market analysis. The research examined the approaches used to develop the strategic plan, implication of the approach on the success and the planning process as a whole.

Strategic planning is an organization's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy. In order to determine the direction of the organization, it is necessary to understand its current position and the possible avenues through which it can pursue a particular course of action. Generally, strategic planning deals with at least one of three key questions; what do we do? For whom do we do it? How do we excel? Armstrong (1986).

Lieberman (2010) notes that strategic planning process helps organizations get creative and concrete about the strategies that deliver improved services to the clients. The study sought to examine if there has been an improvement in service delivery of the board as a result of implementation of the strategic plans. According to Steiner (1997) Formal strategic planning within the modern design characteristics was first introduced in business firms in the mid-1950. Essentially it was the large companies that developed strategic planning systems; long range plans. He defines strategic planning as futurity of current decisions but agrees that it's a process that begins with the setting of organizational aims, defines strategies and policies to achieve them. However it should be systematic organized and conducted on the basis of an understood regularity. The standard format is on five year cycles.

A strategy is a statement in broad conceptual terms of the business plan of a firm; it sets the formal guideline to firm's behaviour. The planning process that culminates in the strategy requires a particular style of managerial thinking. Mason (1969) concludes that a strategic planning is concerned with the future states of the world making predictions about them, seeks to secure a preferred future status according to underlying value system and believes it has a choice from among two or more behaviour patterns.

Mintzberg (1990) notes that there are several schools of thought about the strategic planning process; design, planning, positioning, cognitive, entrepreneurial, learning, political, cultural, environmental. He views the process as conceptual, formal, analytical, mental, visionary, emergent, power, ideological, passive and episodic. Strategic planning is a misunderstood and often misused term, lacking a well-defined and widely agreed upon definition. Strategy, and the planning associated with it, has origins dating back to its military usage as early as the 6th century. In the corporate world, strategic planning generally refers to the defining of the organization's go-forward plan for the future and accompanying desired outcomes. Accordingly, Strategic planning is the process of devising a plan of both offensive and defensive actions intended to maintain and build competitive advantage over the competition through strategic and organizational innovation. Steiner (1997) further postulates that strategic planning is interwoven in the entire process of management, understanding the nature of planning is important in its long time success. A good strategic plan will help the organization achieve its objectives.

From the forgoing literature it's sufficient to state that strategic planning is coordinated efforts by the management to develop a range of actions that will enable the organization take a competitive advantage, become more effective and improve its performance in the long run.

## **2.4 Approaches to Strategic Planning**

According to Steiner (1997) there exist no strategic planning systems for adoption by organizations and that every strategic plan must be made to suite the unique characteristics of the organization. Wooton and Horne (2001) noted that strategic planning involves three approaches each with three basic steps. The first step is gathering information which involves thinking predicatively about the changes in the environment, and doing a systematic audit of the capability of the organization by reflecting your knowledge. The next step is formulating ideas which involves use of forecasting, prediction, imaging and critical evaluation to obtain clear and definite information about the future and formulating ideas from them. The final step is planning action which involves ranking options and thinking creatively about the actions that are required to implement the strategic plan fully. According to Bryson (2004) a strategic planning approach is a kind of response to circumstances recognized as challenges that people are required to respond to. He notes that approaches to strategic planning can be grouped as; Strategic management systems; Portfolio approaches; Contract models; Collaboration models; Goals and Benchmark approach, Balanced score card approach and Strategic Change Cycle.

The Strategic Change Cycle is the most widely used approach, advocated by Bryson for strategic planning for public organizations. According to Bryson (2004) Strategic planning is designed to help public and non-profit organizations (and communities) respond effectively to their new situations. Bryson concludes that key decision makers need a reasonably structured process to help them identify and resolve the most important issues their organizations face. The strategic change cycle consists of the following ten steps; initial agreement, identifying organizational mandates, identifying organizational mission/values, conducting environmental assessments, identifying strategic issues, identifying organizational strategies, strategy and plan review and adoption, description of organizational future, plan implementation and strategy and planning process reassessment.

The other approach to strategic planning is the balanced scorecard approach. This is a multifaceted evaluation tool that combines both financial and non-financial factors to measure company performance. Based on their experience, Kaplan and David (1992) developed the approach around the idea that impressive returns are only one of the important factors to consider when assessing the success of an organization. A balanced scorecard evaluation should take into account a range of objectives in different categories, including both leading and lagging indicators. They further state that the Balanced Scorecard is an aid to achieving strategy by showing how key measures inter-relate to track progress towards strategy. They note that reporting and budgeting will not give any organization an edge in service delivery but three other key perspectives; a client's perspective which addresses how clients see the

organization; an internal business perspective which requires the organization to identify that at which it needs to excel and a learning/innovation perspective which addresses what the organization needs to improve to create value in the future. The balanced scorecard thus concentrates on measures in four key strategic areas: finance, customers, internal business processes and learning and innovation. It requires the implementing organization to identify goals and measures for each of them. David and Caplan (2002) further argue that strategies often fail because they are not converted successfully into actions that employees can understand and apply in their everyday work. The problem comes with the search for realistic measures which are meaningful to those doing the work, relate visibly to strategic direction, and provide a balanced picture of what is happening throughout the organization, not just one facet of it.

Another approach to strategic planning is the Collaboration Approach. According to Bryson (2011), this involves collaboration with a lead organization, sharing the governance and partnering in the administrative functions of the organizations. Collaboration approaches are common in philanthropy today, but many are essentially controlled by one or two funders. The lead organization directs the strategic directions of the smaller organization. Both organizations benefit from pools of human resources available to them.

According to Bryson (1988) strategic thought and action are increasingly important to the continued viability and effectiveness of all organizations. Without strategic planning it is unlikely that these organizations will be able to

meet successfully the numerous challenges that face them. The environments of most organizations have changed dramatically in the recent times. Bryson notes that strategic planning can help them: think strategically; clarify future direction; make today's decisions in light of their future consequences; develop a coherent and defensible basis for decision making; exercise maximum discretion in the areas under organizational control; solve major organizational problems; improve performance; deal effectively with rapidly changing circumstances; build teamwork and expertise as long as the management and the entire staff is committed to the plan.

According Hines (1991) mentioned in Young (2007) strategic planning involves determining of mission, result areas, critical issues, goals, objectives, and strategies. Of particular importance to Hines is the determination of critical issues. He states that internal and external factors to an organization are vital to the strategic planning process. The defining of critical issues, according to Hines, however, is complex and can be overwhelming. He advises formation of a planning committee to oversee the whole process. It is therefore apparent that strategic planning process is not haphazard and order is merited. All stakeholders must be involved to ensure successes and commitment of the plan. Public bodies have three stakeholders to incorporate in the process; clients (community), staff and the management (government), however other interest bodies are due to arise. Strategic planning for public institutions must incorporate expectations, visions, plans and obligations of these stakeholders towards the institution.

## **2.5 Steps in Strategic Planning**

Bryson (2004) quoted from elsewhere in this proposal “ the process consists of ten steps namely, initial agreement, identifying organizational mandates, identifying organizational mission/values, conducting environmental assessments, identifying strategic issues, identifying organizational strategies, strategy and plan review and adoption, description of organizational future, plan implementation and strategy and planning process reassessment strategy and planning process reassessment. Goodstein et.al (1993) notes that for sumptuous plan the steps to strategic planning must involve; the process of envisioning, planning to plan, environmental monitoring and application, values scan, mission formulation, business modelling, performance audit, gap analysis, integrate action plans, contingency planning and implementation. Goodstein notes that the role of a consultant or external monitoring agent in the process is crucial.

Strategic planning is a step wise process. It is therefore sufficient to conclude that strategic planning process must involve; initial planning meetings, stakeholder consultations, getting key commitments on the mission and vision, business environment monitoring (internal and external), planning for the organization to achieve the plan, actual implementation and continuous development and monitoring of the implementation. This study explored this process in the context of the Athi Water Services Board. According to Bryson (1988) strategic thought and action are increasingly important to the continued viability and effectiveness of all organizations. Without strategic planning it is unlikely that these organizations

will be able to meet successfully the numerous challenges that face them. The environments of most organizations have changed dramatically in the recent times. Bryson (1988) further notes that strategic planning can help them: think strategically; clarify future direction; make today's decisions in light of their future consequences; develop a coherent and defensible basis for decision making; exercise maximum discretion in the areas under organizational control; solve major organizational problems; improve performance; deal effectively with rapidly changing circumstances; build teamwork and expertise as long as the management and the entire staff is committed to the plan.

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## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter contains a discussion of various components of the research methodology as applied in the study. These include the research design, target population, sample procedures and methods of data collection. The chapter further provides an operational definition of variables of the study and the methods of data analysis.

#### **3.2 Research Design**

This study was a case study. According to Yin (1994) a case study should be on a contemporary phenomenon within its real-life context & boundaries between phenomenon and its context are not clearly evident. Yin (1994) further notes that case study as a method is suitable for studying complex social phenomena, and when investigator has a little/no possibility to control the events. This research design is also most appropriate since a holistic in-depth analysis is required. The case study research design is criticized for its dependency on a single case exploration making it difficult to reach a generalising conclusion (Tellis, 1997). According to Yin (1993) it is 'microscopic' because of the limited sampling cases.

The qualitative case study approach adapted in this study facilitated exploration of the strategic planning process within its context using a variety of data sources. This ensured that the issue is not explored through one lens, but rather a variety of lenses which allows for multiple facets of the phenomenon to be revealed and understood. Stake (1995) states that case study methodology ensures that the topic of interest is well explored, and that the essence of the phenomenon is revealed.

### **3.3 Data Collection**

This study used both primary and secondary data. According to Yin (1989), evidence for case studies may come from six sources. These are documents, records, interviews, direct observation, participant observation and physical artefacts. A combination of methods was used to collect data for this study. Personal interviews as well as analysis of available documents and records and observation was employed to collect the data. Personal interviews were used for the management because of the advantages of the method as advocated for by Kothari (2004). More information and in greater depth was obtained and there was the opportunity to restructure the questions and provide clarifications. The interviewer was also able to overcome the resistance, if any, by the respondent. The targeted respondents for this study were the management of the Athi Water Services board. This included the chief officers in the legal, technical, human resource and finance department.

### **3.4 Data Analysis**

The data collected for this study was qualitative. Content analysis was therefore used to analyze the data. The content of the data collected formed the basis for drawing inferences and conclusions about the topic under study.

The qualitative data collected was organized, coded and categorized for proper interpretation. The content of the data was analysed in a systematic and objective manner for the purpose of measuring variables and making valid inferences of the data to their context. The research analysed cases of qualitative data that illustrate themes and make comparisons and contrasts.

## **CHAPTER FOUR**

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

#### **4.1 Introduction**

This chapter presents the findings of the study. The findings are based on the responses given during one on one interviews conducted with the management as well as analysis of available secondary data such as the board's strategic plan, performance contracts, and Service Provision Agreements signed between the board and Water Service Providers. The researcher managed to interview three of the four targeted respondents for this study. An analysis of the demographics of the respondents indicates that all the respondents had a minimum of seven years experience at the board. This level of experience is sufficient since the board has only been operational for nine years. Since some of the respondents have been holding senior management positions in the board since inception in 2004, this gives them a clear grasp of strategic planning issues at the board. All the interviewees were also members of the steering committee that had developed the board's current strategic plan.

#### **4.2 Strategic Planning at AWSB in Kenya**

From the findings of the study, strategic planning has been undertaken at AWSB since its inception. The first strategic plan was developed in 2004 (2004-2007). AWSB is currently implementing its third Strategic Plan (2012-2017). Strategic planning is one of the key components of Results Based Management (RBM) adopted by the board. It

helps the organization focus on achieving results. This and other tools of RBM, namely Performance Contracts, Performance Appraisal Systems, Rapid Results Initiatives and Transformative Leadership as well as Service Charters are all part of the Public Sector Reforms initiatives meant to improve the performance in all institutions in the public sector in Kenya. The Public sector reforms have been recognized as one of the foundations on which the success of Kenya Vision 2030 rests.

#### **4.2.1 The Strategic Planning Process at the AWSB**

The Athi Water Services Board has adopted a participatory approach that ensures consultation and inclusion of a broad spectrum of internal and external stakeholders in its strategic planning process. This is in realization that the board will have to work with these stakeholders in order to successfully achieve the targets set in the strategic plan aimed realizing the objectives. Various policy documents are reviewed to identify the board's priorities. In addition, primary data is obtained through consultations with stakeholders. The inputs from the stakeholder consultative workshops and peer reviews are used to enrich the strategic plan.

The first step in the strategic planning process at the board is the agreement to plan. Though the development and implementation of five year strategic plans by all water services boards is a requirement by their parent ministry under performance contracting, the respondents indicated that Athi Water Services Board undertakes strategic planning because of its critical organizational needs. The management and

board of directors first come to an agreement and define an approach to launch the boards planning initiative. A consultant to guide the process is brought on board through the public procurement process then a documented agreement to plan is usually developed and signed off on by team members. The team members comprise of the strategic plan committee derived from senior managers at the board and the consultant. A commitment from team members to be actively involved, provide human and financial resources, remove obstacles, and monitor progress to ensure results is necessary.

The second step undertaken is a situational analysis. A comprehensive assessment of all important aspects of the board is undertaken. This includes external as well as internal factors and it reveals the strategic issues that are considered necessary for the board to move forward into the future. A thorough understanding of the current situation enables the board to focus on what is critical to the organization's future. An environmental scan is done to provide a strategic direction. Through this process, facts and trends in the operating environment that are likely to have an effect in the future are analyzed and documented. This includes the board's strengths and weaknesses as well as opportunities and threats (SWOT).

In the SWOT analysis, it is realised that the achievements of AWSB's planned objectives will depend on how the identified internal and external characteristics will be enhanced. An assessment of the Political, Economic, Social, Technological, Legal as well as Environmental (PESTLE) is also carried out. The level of success of the board's plans is also highly dependent on the support and commitment of its key

stakeholders. Part of the situational analysis therefore involves an identification of their key stakeholders and drawing up their expectations from the AWSB as well as AWSB's expectations from the stakeholders.

The third step undertaken in the strategic planning process is determining where the board wishes to be. An evaluation of the strategic issues to understand their impact on both long term direction and existing plans is undertaken. This enables the board to focus its attention the issues that are most important and provide greatest benefits. The most important strategic issues are selected so the planning team members feel confident that the right issues have been selected to support the vision of the board's future. Vision and mission statements are developed during this step. The vision statement projects the desired state of the organization. It is an aspiration around which management focuses the energies of the organization's staff and resources. AWSB's vision as per the current strategic plan (2012-2017) is 'to be a centre of best practices in the development of bulk water infrastructure'. The mission statement summarises the over-riding reason for the existence of the organization. The current mission for AWSB is 'to transform the quality of life of our community through innovative and sustainable water services solutions. The mission statement is derived from its mandate as stipulated in the Water Act of 2002.

The fourth step undertaken is the formulation of strategies that will enable the board get to where it wishes to be. Thorough examination of each strategic issue enables team members to determine the best strategy for achieving desired results in the most efficient and effective manner. This step gives a practical examination of the financial

impact, human resource needs, alternatives, and barriers in constructing the board's strategic plan. The team members organize and integrate the strategies into an actionable approach that maximizes progress toward the overall goals. A comprehensive approach guides planning and prevents execution of isolated and misaligned plans.

The strategic plan thus developed through this process is published and adopted by the board for implementation. The next step is the communication of the strategic plan to all the relevant stakeholders and implementers. It was evident from the respondents that it is one thing to formulate and develop clear and meaningful strategies and its another matter to implement the strategies effectively. AWSB embarks on building the capacity of all those involved in the decision making chain and actual execution of the plans on how to go about implementing the strategic plan. This is usually done through training and cascading of the overall organizational strategic plan to all the functional departments. The heads of departments come up with specific plans for each department drawn from the broad guidelines of the strategic plan.

#### **4.2.2 Players in the Strategic Planning Process at Athi Water Services Board.**

The strategic planning process is spearheaded by a committee appointed by the Chief Executive Officer. This committee comprises of senior managers across all departments at the board. This ensures that the needs and expectations of all departments in the organization are incorporated into the strategic plan. The committee members are usually expected to cascade the organizational strategic plan

into annual work plans for their departments. The board also recruits a consultant through open tendering to provide professional guidance in the process.

The employees of the board are also considered as important stakeholders in the strategic planning process. Their input is sought at the beginning of the strategic planning process by holding consultative forums and administering questionnaires which are then analyzed. They provide valuable insights into their expectations from AWSB as their employer and the direction they wish the organization should take during the next planning period. Their critique of their current work environment is also useful in helping the board avoid the pitfalls that they could have encountered in the previous planning period. Since employees are the ultimate implementers of the strategic plans, the management at the board ensures that they are involved in the process from the beginning so that they can own the strategic plan developed. The final strategic plan is communicated to them and their individual role in its implementation is emphasized.

The board of directors are also important stakeholders in the strategic planning process at AWSB. The board of directors comprises of individuals appointed to represent the interest of various stakeholders. The board of directors is charged with actively overseeing the organization's direction, strategy and business approaches. Before the strategic plan is adopted, a presentation to the board of directors is mandatory. They ensure that the long term interests of the stakeholders that they represent at the board are taken care of in the strategic plan. They have to be satisfied with the strategic direction articulated in the strategic plan before approving it. Their

perspective and input assists in the development of the most appropriate direction for AWSB.

The other stakeholders involved in the strategic planning at AWSB are the Water Services Providers. The board has appointed twelve (12) water services providers to provide water directly to its consumers. The WSPs sign Service Provision Agreements (SPAs) as well as performance contracts with AWSB. WSPs have a direct role in the implementation of AWSB's strategic plans. They are supposed to cascade their own strategic plans from that of the board. Their input is sought at the beginning of the strategic planning process through consultative forums and administering questionnaires. The approved strategic plan is also presented to them and other stakeholders. The other stakeholders involved include Non Government Organizations and development partners.

#### **4.2.3 Benefits of Strategic Planning**

The study established that strategic planning has been beneficial to AWSB in various ways. The strategic plan provides a reference point when undertaking major activities at the board including preparation of budgets and performance contracts. Budgets are prepared annually and the strategic plan is referred to in order to ensure that all the projects planned for that financial year are financed. It is also an effective tool when lobbying for donor funding of projects. Strategic planning also provides an effective tool to measure and monitor progress on projects undertaken by the board since it gives specific timelines for completion of projects. However, it was noted that the

activities set out in the current strategic plan (2012-2017) do not give the implementing person/office.

It also emerged that the AWSB had managed to increase access to safe water and sewerage services by all its Water Service providers. Total production increased from an average of 482, 755,000 M<sup>3</sup> in 2007 to 639,683m<sup>3</sup>, 000 in 2012. This was as a result of implementation of the strategies set out in the 2007-2012 strategic plan. Table 4.1 below shows the water production trends during this period.

**Table 4.1: Water Production between 2007 and 2012**

Name of WSP	Year 2007 (Volume in M <sup>3</sup> )	Year 2012	Percentage Change
Nairobi	427,000	542,000	27%
Githunguri	3,988	4,308	8%
Kiambu	3,034	3,290	8%
Kikuyu	3,690	4,202	14%
Thika	20,000	24,448	22%
Karuri	2,255	2,767	23%
Gatanga	5,300	8,812	66%
Limuru	3,508	6,276	79%
Gatundu	7,000	15,200	117%
Karimenu	3,000	11,000	267%
Ruiru-Juja	3,980	16,980	3275
Average	482,755	639,683	33%

**Source: AWSB Strategic Plan 2012-2017**

The increased water production was also accompanied by an increase in revenue. Equally, resource mobilization increased over the period from an average of Kenya Shillings Five Billion to in the year 2007 to Kenya Shillings 30 Billion in 2012. This is highlighted in table 4.2 below.

**Table : AWSB Financial Resource Mobilization between 2008-2012**

Year	Financial Resources Mobilized (In Million Kshs.)
2008	5,280
2009	8,460
2010	8,460
2011	12,660
2012	29,490

**Source: AWSB Strategic Plan 2012-2017**

There has also been operational efficiency due to implementation of strategic planning at AWSB. This has led to a decrease in non-revenue water levels by all Water Services Providers. Some of the strategies that have been implemented to achieve this efficiency include training of directors and management of Water

Services Providers on corporate governance, utility and financial management. Provision of equipment and facilitation of the WSPs with the preparation of transitional business plans has also helped achieve this efficiency.

#### **4.2.4 Strategic Planning Challenges**

The study established that AWSB had encountered several challenges in its strategic planning process. One of these challenges is the changing climatic conditions in the country. AWSB's ability to deliver on its mandate is highly dependent on its ability to provide water to all its WSPs for transmission to its customers. The changing weather conditions pose challenges to the board since they are unable to accurately plan the volume of water that they will be able to produce. Low water levels also mean higher production costs will be incurred in the production process since more energy (diesel/hydroelectric power) will be required.

The other challenge encountered is the volatility of the Kenyan and global economy. Water production is a capital intensive activity. The fluctuation of the Kenyan currency in the world market has a direct impact on the planning at AWSB. Predicting the cost of equipment and other imports becomes a challenge. Changes in the price of fuel have the same impact.

The other major challenge encountered in strategic planning and management at AWSB is the changed political environment in the Kenya. The constitution of Kenya promulgated in 2010 ushered in a devolved system of government. Provision of water has been devolved to the county governments. AWSB, like the other seven (7) water

services boards' assets and areas of jurisdiction cut across several counties. There is a risk of wrangles between the various county governments over control of these assets. The proposed water bill of 2012 also proposes some major shift in the ownership use and management of water resources. This uncertainty about the future of the board poses a major challenge while making long term plans. Since water is an emotive issue, it is quite often used by politicians to rally supporters. The politicians sometimes try to influence AWSB to prioritize water projects in their (politician's) areas of representation without consideration of the AWSB's overall strategic plan.

The right to clean and adequate water has been enshrined in the constitution of Kenya and other government commitments such as Vision 2030 and the Millennium Development Goals. There is therefore immense pressure on AWSB to formulate strategies to develop water sources and infrastructure to satisfy this right. The rapid growth of population in AWSB's area of operation means an increase in demand for water services. Financing from the central government is not sufficient. Remittances from WSPs are also not done satisfactorily due to inefficiencies, especially the Nairobi Water and Sewerage Company. There is overreliance on donor funding and in some situations, strategies are formulated with clear cut sources of financing.

The ability of AWSB to deliver on its mandate is highly dependent on the efficiency of its WSPs in supplying water to the consumers and remitting money due to AWSB on time. However, some of the WSPs are not as efficient. They are also facing challenges in terms of accountability and weak work forces, most of whom were inherited from the local authorities.

#### **4.2.5 Strategic Planning Tools used at Athi Water Services Board**

Several tools are used in strategic planning at AWSB. One of these tools is the Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis. This is undertaken to enable AWSB achieve a strategic fit between the organization's internal skills, capabilities and resources with the external opportunities, so as to minimize the threats to the organization.

The strengths of AWSB include the existence of a corporate leadership and governance structure, the existence of basic water infrastructure, highly qualified and skilled staff, good ICT and financial management system, cordial relations between the board and management and the existence of an enabling framework that supports the operations of WSPs. The weaknesses include low coverage of water and sanitation services, poor communication strategy, over reliance on donor financing, competition from community/private water providers and lack of integrated ICT system.

Opportunities include the implementation of vision 2030 and other commitments made by the government that make provision of clean and adequate water for all citizens mandatory. This, coupled with the increase in population provides AWSB with a ready demand for water services. The establishment of the Public Private Partnership (PPP) framework and the availability of donors to fund water projects also provide opportunities for the board to exploit. However, management feels that this has not been fully exploited in the past and the current strategic plan (2012-2017) has several strategies aimed at more focused donor engagement. Threats at AWSB

include the anticipated clash between the county governments and AWSB in the implementation of the new constitution. The pressure to meet the right of all citizens to have clean and adequate water and the reduced reliability of the board's water sources due to climatic change also pose a challenge.

The results of the SWOT analysis are used to develop strategic solutions for capitalizing on opportunities, minimizing weaknesses and mitigating against threats in the operating environment. Internal strengths are used to capitalize on external opportunities and avoid external threats while internal weaknesses are improved by using external opportunities. Strategies are also created to help avoid threats and minimize weaknesses.

The other strategic planning tool used at AWSB is Political, Economic, Legal, Social, Technological and Environmental PESTLE analysis. In the political and legal perspective, the constitution of Kenya has enshrined the right to safe and adequate water for every citizen. This means that when making its strategic plans, AWSB has to ensure it channels more resources into water infrastructure development and supply. The implementation of the new constitution also has a bearing on AWSB. It poses a conflict since the responsibility to manage water resources is retained by the national government but the responsibility to provide water supply and sanitation rests with county governments.

In the economic perspective, funding from national government is on a decline while demand for water supply increases due to rapid population growth. AWSB therefore

has had to come up with strategies to fill this financial gap by engaging players in the private sector through Public Private Partnerships and development partners. In the social perspective, rural urban migration has led to an increase in the population in areas of AWSB's operations. This increase in population has led to pressure all services, including water and sewerage services. In the technological perspective, there has been phenomenal global development, demand and usage of technology easing access and cost of many products and services. The usage has permeated all sectors and aspects of human endeavours water infrastructure development, supply and services. In the environmental perspective, AWSB is in cognizance of the fact that in order to maintain the sustainability of water available in its area, strategies for the protection and improvement of water sources will need to be put in place.

The balanced score card is another tool used in strategic planning at AWSB. This approach is used to facilitate planning as well as to measure and manage performance. In developing its strategic plans, focus is laid upon on the four perspectives namely Customer, Financial, Internal Business and Innovation and Learning. Under the customer perspective, AWSB has undertaken to increase customer satisfaction by 5% annually. Several activities are to be implemented and an annual baseline survey will be undertaken to establish the levels of customer satisfaction. Under the innovation and learning perspective, AWSB develops and monitors strategies and activities aimed at continuously improving and creating value. Under the financial perspective, plans for mobilization of resources have been undertaken. Under internal business, strategies have been put in place to ensure institutional sustainability.

### **4.3 Discussion**

This study was anchored on the environment dependence theory and the stakeholder theory. Several studies have also been conducted on strategic planning in various organizations.

#### **4.3.1 Comparison with Theory**

Mintzberg and Quin (1991) argue that since strategic planning is done with the future in mind, organizations need to analyze all the factors in their operating environments that are likely to affect them in the future. The success of organizations is highly dependent on their ability to utilize the opportunities existing in their environment and mitigating against threats.

This study has established that AWSB uses SWOT analysis to develop strategic solutions for capitalizing on opportunities, minimizing weaknesses and mitigating against threats in their operating environment. The external environment of AWSB consists of factors that are beyond its control. The constitution of Kenya has enshrined the right to safe and adequate water for every citizen. AWSB therefore has to ensure that it mobilizes and channels adequate resources into water infrastructure development and supply. The implementation of the new constitution also complicates strategic planning at AWSB since its function of supplying water and sanitation services rests with the county government while the responsibility to manage water resources is retained by the national government. The decline in funding from the national government also has a bearing on strategic planning. Rural-

Urban migration coupled with the general increase in the population in the country is also taken into account in the strategic planning process. Usage of technology has eased access and cost of equipment required for the provision of water and sewerage services.

AWSB deals with a multiplicity of stakeholders. The board of directors, management, employees, the general public, water service providers and other players in the water sector all have expectations that are factored in the development of AWSB's strategic plans. A stakeholder analysis where stakeholder expectations vis-à-vis AWSB's expectations of the stakeholders is carried out. Direct input is sought from them in the early stages of the strategic planning process.

#### **4.3.2 Comparison with other Studies**

Njoroge (2008) conducted a study on strategy development among water services boards in Kenya. In his study, he found that the environmental analysis conducted when formulating strategies did not capture all the standard aspects. This study has established that in the formulation of the current strategic plan (2012-2017), AWSB has conducted an in depth analysis of its internal environment (SWOT) and its external environment (PESTLE). All the standard aspects have been incorporated.

Muraguri (2007) conducted a study on Management of Strategic Change in the National Water Conservation and Pipeline Corporation, which is a public institution in the water sector in Kenya. Her study established that reforms in the organization have had a major impact. Her findings indicated the organization had become more

effective with a clear focus for which it is accountable to the government and other stakeholders. This study has established that strategic planning, which is one of the reform initiatives at AWSB has enabled the it achieve greater efficiencies in water production and financial resource mobilization.

A study by Onguso (2008) on the effectiveness of strategic change management practices at National Water Conservation and Pipeline Corporation indicated that strategic planning had been incorporated into the Corporation's management system. Strategies for the management of strategic change had also been formulated. At AWSB, management of strategic change has not been identified as a major issue. There have not been any major change initiatives since the inception of the board in 2004.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents a summary of the findings highlighted in chapter, conclusions based on the findings and recommendations. This is in line with the research objective of investigating strategic planning at Athi Water Services Board in Kenya.

#### **5.2 Summary**

This study sought to establish the approaches taken in strategic planning at Athi Water Services Board. From the findings, strategic planning has been undertaken since the formation of the board in 2004. The pressure to provide water to the rapidly growing population of Nairobi and its surrounding areas has made it mandatory for the AWSB to come up with clear cut strategies to meet these demands. This has been the major motivation for the adoption of strategic planning. Strategic plans also provide a reference point to monitor and measure growth. The first strategic plan was developed in 2004. The board is currently implementing its third strategic plan (2012-2017).

The study established that the board has adopted a participatory approach to its strategic planning process. A steering committee, drawn from senior officers in all the departments is appointed by the Chief Executive Officer to drive the process. A step by step approach has been adopted in the strategic planning process. Strategic plans at

AWSB cover periods of five years. The end of implementation period of a strategic plan marks the beginning of the development of the next one. It was also established that the strategic planning process at AWSB follows a step by step approach. The first step is the agreement to plan then a comprehensive situational analysis is undertaken. After the situational analysis, focus can now be made on where the board wishes to be. The Vision and Mission statements are developed during this stage. Strategies that will enable the board to achieve its vision and mission are then formulated. Once the strategic plan has been developed, it is presented to the board of directors for approval then communicated to all relevant stakeholders.

It was established that strategic planning has been beneficial to AWSB. The strategic plan provides a reference point when undertaking major activities at the board including preparation of budgets and performance contracts. It is also an effective tool when lobbying for donor funding of projects. Strategic planning also provides an effective tool to measure and monitor progress on projects undertaken by the board since it gives specific timelines for completion of projects. However, it was noted that the activities set out in the current strategic plan (2012-2017) do not give the implementing person/office.

The study also found out that several stakeholders are involved in the strategic planning process at AWSB. The development of the strategic plans is spearheaded by a steering committee appointed by the Chief Executive Officer. Other stakeholders involved include the employees, the Water Services Providers, Non Governmental Organizations and development partners.

It was established that AWSB encounters several challenges in its strategic planning process. Unpredictable weather conditions experienced in the country make it difficult for the board to make future projections on water production. Lower water levels also mean higher production costs. The fluctuation of the Kenya shilling against other currencies also makes planning for importation of equipment a daunting task. The implementation of the new constitution and the proposed water bill propose a major shift in the ownership, use and management of water resources in the country. This uncertainty makes planning for the future difficult. The rapid population growth means greater demand for water services. This is however not matched with financial resources at the board's disposal. This mismatch affects planning.

The study also analysed the tools used in strategic planning at AWSB. One of this tools is the SWOT analysis. The results of the SWOT analysis are used to develop strategic solutions for capitalizing on opportunities, minimizing weaknesses and mitigating against threats in the operating environment. PESTLE analysis is also used in strategic planning at AWSB. This analyzes the Political, Economic, Social, Technological, Legal and Ecological Environment of AWSB. The Balanced Score Card is another tool used in strategic planning at AWSB. In developing its strategic plans, focus is laid upon on the four perspectives namely Customer, Financial, Internal Business and Innovation and Learning.

### **5.3 Conclusion**

From the foregoing, it is clear that strategic planning has been undertaken at AWSB since its inception in 2004. The process has had both success and failures. The process is formal and strategic plans are developed during every five year cycle. The board has achieved greater success in delivering on its mandate due to implementation of strategic planning. The strategic plans provide a focal point when developing shorter plans in the board such as the annual budget, performance contracts, and service provision agreements with the WSPs. Development partners and other financiers are also keen on undertaking projects that have clear objectives and implementation plans as set out in the strategic plan. Strategic planning has also helped AWSB achieve greater operational and financial sustainability.

However, strategic planning at AWSB has faced some challenges. The board has not been able to raise all the funding necessary to finance all the planned activities. Some of its WSPs especially Nairobi Water and Sewerage are heavily indebted and thus are not able to remit their dues on time. Extreme climatic conditions also pose a challenge on water security. Since water provision is the core mandate of AWSB, this poses a challenge on its sustainability.

### **5.4 Recommendations**

It has emerged that the success of any planning activities at AWSB is highly dependent on the operational efficiency of its WSPs, especially Nairobi Water and

Sewerage Company. AWSB therefore needs to review its policies in relation to management of these WSPs. Improvement of their efficiency should become a priority in all future plans. Financing gap also posed a major challenge to strategic planning at AWSB. Funding from traditional sources such as the central government and development partners is not sufficient. The demand for water and sewerage services also growing in tandem with the increase in population. It is therefore important that alternative sources of financing are sought to finance the implementation of strategic plans.

It also emerged that the success of the strategic plan implementation was hindered to some extent by poor monitoring system. The current strategic plan does not assign responsibility for the implementation of the planned activities to specific officers or departments. It is recommended that all future plans should include a clear monitoring system with clear indicators and the responsibility for the implementation of strategic planning activities should be assigned to specific officers/offices.

### **5.5 Limitations of the Study**

This study was conducted within a limited time frame. The researcher also limited the respondents to managers in the organization, leaving out other important stakeholders such as the board of directors, employees, other players in the water sectors and the general public. The study was also limited in scope as it focused on strategic planning only, leaving out other public sector reforms initiatives such as performance

contracting, performance appraisal systems, rapid results initiatives and service charters

The data was only collected from one Water Services Board. The findings can therefore not be utilized to make generalization about strategic planning among players in the water sector in Kenya.

### **5.6 Suggestions for Further Research**

Further research should be conducted on other institutions in the water sector in Kenya. It is further recommended that an in depth study on challenges facing strategic planning and implementation should be conducted. Further research on other reform initiatives should also be conducted.

Weaknesses among water services providers licensed by AWSB was established as one of the key challenges of strategic planning. It is recommended that a cross sectional study on these organizations should be conducted with a view of identifying the addressing these challenges.

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## **APPENDICES**

### **APPENDIX I: INTERVIEW GUIDE**

#### **Section A: General Information**

Name (Optional);

Designation

Length of Service at current Designation

#### **Section B**

1. Describe how strategic planning is undertaken within your organization.
2. When was strategic planning started at your organization?
3. What was the motivation for the adoption of strategic planning in your organization?
4. What has been the role of staff and other stakeholders in the strategic planning process?
5. What challenges have you encountered in the Strategic Planning process?

6. How were these challenges overcome?

7. What has been the value of Strategic Planning to your organization?

8. What have been the key success factors in the in the attainment of the objectives set out in the Athi Water Services Board's Strategic Plan?

## **APPENDIX II: LETTER OF INTRODUCTION**

Cynthia Wanjiru Gitau

University of Nairobi School of Business

P.O Box 30197-00100

Nairobi

The Chief Executive Officer

Athi Water Services Board

Nairobi

Dear Sir/Madam,

### **Re: Request for Participation in Research Project**

I am a post graduate student at the University of Nairobi pursuing a Master of Business Administration (MBA) in Strategic Management degree. In partial fulfilment of this program, i am conducting a research on **Strategic Management at Athi Water Services Board.**

I am humbly requesting you to grant me a few minutes of your time to interview you and your key staff. I guarantee you that the findings of this survey will be treated with utmost confidence and will be used solely for academic purposes. A copy of the final report will be available to you on request.

Yours Faithfully,

Cynthia Wanjiru Gitau