

Strategy Formulation Influences Performance of the County Government of TransNzoia

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DOI: <https://doi.org/10.5281/zenodo.8188915>

Published Date: 27-July-2023

Abstract: The purpose of the study was to examine the influence of strategy formulation on performance of the County government of TransNzoia. The study adopted institutional theory. The study used a descriptive research design with a target population of 30 senior managers in the county government of TransNzoia. Since the target population was small then the study worked with entire population which is census. Data collection instrument was structured questionnaire. Both primary and secondary data was collected. The researcher self-dropped and pick the duly filled questionnaires. Piloting was done to test the validity and reliability of data collection instrument. Data was organised, coded, edited to bring a meaning. Both descriptive and inferential statistics was done. Multiple regression was done to test the significant levels of one variable over the other. Analysis of variance was done. The finding revealed that strategy formulation had a significant effect on performance of the county government of TransNzoia. In conclusion basing on the findings, strategy formulation ($\beta = 0.715$) was found to be positively related performance of the County government of TransNzoia. From t-test analysis, the t-value was found to be 4.241 and the p-value 0.000. Statistically, this null hypothesis was rejected because $p < 0.05$. Thus, the study accepted the alternative hypothesis and it concluded that strategy formulation affects performance of the County government of TransNzoia. The study recommends that the county government should offers proper direction to a firm for it seeks to set the long-term goals that help a firm exploit its strengths fully and grabs the opportunities that are present in the environment. The county government should exploit opportunities for a long-term plan so as to concentrate resources of corporate mission, specifying achievable objectives, developing strategies and setting policy guidelines which is achieved by reviewing key objectives and strategies of the organization, identifying available alternatives, evaluating the alternatives and deciding on the most appropriate alternative. Make use of regular audit to pinpoint the problems areas and highlights organizational strengths and weaknesses for corporate planning with the main objective of strategic audit being to develop benchmarks. The senior managers should be actively involved in the determination of the strategic activities pursued by the component parts of an organisation. The study is of significant to the researchers, academicians, stakeholders and to the entire economy as a whole.

Keywords: Strategy Formulation, Strategic Management Practices, Performance.

1. INTRODUCTION

The business of the twenty first century irrespective of its size is going to be part of the global business community affecting and being affected by social change, events and pressures from around the world. This is so because the business environment is changing, dynamic, turbulent, discontinuous and highly competitive. In this period, the relationship between business and society has changed radically. Key drivers of this change have been globalization of trade, increased size and influence of corporate organizations, the repositioning of government and the rise in the strategic importance of stakeholder's relationships, knowledge, and brand reputation (Olanipekun, 2014). Firms that have implemented their

strategies consistently have not failed. Failure to implement the strategies in any organisation remains a big problem that many firms continue facing. Njeru, (2015) states that managing strategy in action is concerned with ensuring that chosen strategies are actually put into action through the development of appropriate strategies, structuring an organization to support successful performance, resourcing strategies in the separate resource areas and managing strategic change. The competitive business environment has resulted into complexity and sophistication of business decision-making which requires strategic management globally. Managing various and multi-faceted internal activities is only part of the modern executive's responsibilities. The firm's immediate external environment poses a second set of challenging factors. To deal effectively with all that affects the ability of a company to grow profitably, executives design strategic management processes they feel will facilitate the optimal positioning of the firm in its competitive environment.

Strategic Management is a concept that concerns making decisions and taking corrective actions to achieve long-term targets and goals of an organization (Bakar et al, 2011). It is a set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives (Pearce & Robinson, 2005). Munga, et al (2021) states that strategic management practices therefore include strategic planning; strategy implementation and strategy evaluation and control, which have in the past studies been seen to influence the competitive positioning of the firm in the industry, thus determine the performance (Johnson, 2009). Generally, strategic management practices can improve efficiency in various organizations (Bakar et al, 2011). Strategic management practice consists of four basic elements, strategy formulation, implementation, evaluation and control (Wheelen & Hunger, 2008). It is within these four elements that strategic management practices are manifested and is also described as the strategic management process. Strategy formulation is the development of long-range plans for the effective management of environmental opportunities and threats, in light of corporate strengths and weaknesses (Wheelen & Hunger, 2008). It includes defining the corporate mission, specifying achievable objectives, developing strategies and setting policy guidelines.

Organisations come up with very good strategies to make improvement in the interest of the organisations but never see the light in implementation. Ondera (2013) examined strategic management practices in Mbagathi District Hospital, Nairobi, Kenya. The study revealed that, the hospital formulates implements and evaluates the work plan by involving all staff working at the hospital and that the management allocated funds based on the work plan to facilitate the process of strategy implementation. In a study conducted by one of the non-governmental organisations the research analysed that although strategy formulation is a hard task for management team, making the strategy work proved to be even more difficult. This is because strategy implementation is seen as more of a craft rather than a science and its research history was described as fragmented. They found out that the superior strategies did not produce the best performance when not successfully implemented. This was due to policy regulations, managerial competencies and resource allocation which were summed up as the most critical factors that affect the effective strategy implementation (Omondi, P., Ombui, K., and Mungatu, J., 2013). According to Njagi and Kombo (2014), academics and practicing managers have developed numerous models and frameworks to assist in strategic decision making in the context of complex environments and competitive dynamics. Murimbika (2011) contended that strategic management is not static in nature; the models often include a feedback loop to monitor execution and inform the next round of planning. Michael Porter identifies three principles underlying strategy: creating a unique and valuable (market) position, making trade-offs by choosing what not to do, and creating fit by aligning organizational activities with one another to support the chosen strategy. Strategy is a system of finding, formulating, and developing a doctrine that will ensure long-term success if followed faithfully, (Awino, Muturia & Oeba, 2012).

In Kenya, many companies are constantly re-evaluating their strategies due to increased competition, dynamic business environment and rapid changes in customer demands to achieve their goals and objectives (Kathuni & Mugenda, 2012). The evaluations are mostly aimed at achieving integrated businesses which are operationally and strategic efficient. Odhiambo (2016) indicates that strategy management practices entails identification of measurable and mutually determining annual objectives which convert long-term objectives into specific and short-term goals. It also includes the development of specific functional strategies which translate grand strategies at business level into current action plans for sub units of the company. Thus execution must be controlled and evaluated if the strategy is to be successfully implemented and adjusted to changing conditions. However, during implementation, various challenges are encountered and need to be addressed if the strategy is to be realized.

Strategic management practices contribute to performance by generating relevant information, creating a better understanding of the environment and reducing uncertainty. (Porter (2004) states that organizational performance is

determined by the ability of the firm to find its unique position and strategic management practice is the tool to enable the firm acquire that strategic position. The environments in which organizations operate have become increasingly uncertain posing a lot of challenges. It is evident that many firms have experienced delayed organizational performance due to lack of adequate understanding of the process of strategy implementation. It is important during strategy formulation and implementation that everyone in the firm understands what the organization aims to achieve and how it will get there (Taneja, Sewell & Odom, 2015). Nyamboga (2020) states that there are five key factors that hinder successful strategy implementation, namely: inadequate funding, staff shortage, lack of training, inappropriate communication and lack of IT. James (2012) suggested four variables that he found to be the determinant of strategy management practices in the US gaming industry.

Devolved system of governance is one of the key tenets of the 2010 Kenyan constitution, with counties envisioned as the primary units. The management of devolved funds is faced by many challenges such as non-involvement, inadequate funding, incompetency and inappropriate communication and lack of latest ways of work, no feedback lack of knowledge misappropriation. Poor planning, lack of resources, miscommunication etc. and this has affected implementation of key development strategies. County governments like any other organizations are also faced with similar challenges in strategic management practices since devolution is still a new concept of governance in Kenya. The implementation of the County Integrated Development Plan of 2013 has not been fully implemented in most counties because of inherited managerial and resource problems from former municipalities, town councils and county councils which form part of the county governments today. Strategies that were used by various local authorities before devolution differ from the devolved system currently in place. This is because the governance challenges then were few as most of the functions were carried out by the National government. In light of this, it was necessary to find out how strategy formulation influences performance of the County government of TransNzoia, Kenya.

2. STRATEGY FORMULATION AND ORGANISATIONAL PERFORMANCE

Strategy formulation is the process of offering proper direction to a firm. It seeks to set the long-term goals that help a firm exploit its strengths fully and encash the opportunities that are present in the environment. There is a conscious and deliberate attempt to focus attention on what the firm can do better than its rivals. To achieve this, a firm seeks to find out what it can do best. Once the strengths are known, opportunities to be exploited are identified; a long-term plan is chalked out for concentrating resources and effort. Strategy formulation includes defining the corporate mission, specifying achievable objectives, developing strategies and setting policy guidelines (Dole, 2013). It is achieved by reviewing key objectives and strategies of the organization, identifying available alternatives, evaluating the alternatives and deciding on the most appropriate alternative (Wheelen & Hunger, 2008). The process of strategy formulation is mainly carried out at three levels, which include the corporate level, business level and the functional level (Mutegi & Ombui, 2016). The lower level managers drive the functional strategies, which have short-term horizons and relate to a functional area (Macmillan & Tampoe, 2000). There is no consensus on the meaning of strategy among both scholars and practitioners Aladag et al., 2020). Although Mintzberg (1987) classified strategy as plan, ploy, pattern, position and perspective, there are two common approaches that define what strategy should be. First is Michael Porter's view on strategy in which he identified strategy as defining a company's position in the industry, making trade-offs, and forging fit among activities (Porter, 1996). The second approach professes that the positioning approach is static and states that strategy should be more dynamic, focusing on outplaying competitors (Kay, 1994; Markides 2001).

Markides 2001) highlighted that while the position approach emphasizes strategy as choosing what game to play, the second approach emphasizes how companies should play the game. Also, Collis and Rukstad 2008) consider strategy as a game plan and state that a strategy statement should include three basic elements: objective, scope, and advantage. In a more recent effort to unearth the essence of strategy, Ronda Pupo and Guerras Martin (2012) examined the evolution of the concept since the 1960s. Their findings show that the essence of the strategy concept is dealing with both what game we play and how we play the game by focusing on the dynamics of the firm's relation with its environment to the rational use of resources. As stated before, strategic management is a process with various phases. These phases can be grouped under strategy formulation and implementation categories. Strategy formulation topics deal with, as the name implies, articulation of a strategy or how a strategy is formed. Many studies show that strategy formulation plays an essential role in how organizations identify the major problems, find alternative solutions to those problems, and choose appropriate strategies as a result (Andersen 2004; Hopkins and Hopkins 2004). Strategy formulation has also been shown as an effective

instrument for coordinating organizational effort and decentralizing decision making (Jarzabkowski and Balogun 2009) when managers follow a bottom- to- top approach (rather than a top- to- bottom approach) in the formulation. Some studies, for example, found that participation of mid-level managers in strategy formulation is shown to improve implementation performance (Ketokivi and Castaner 2001; Wooldridge et al., 2008). The connection between strategy formulation and organizational performance has attracted a lot of attention in the literature (Whittington et al 2011).

Overall, the reasons for the inconsistent results of the formulation-performance relationship has not been discovered yet (Guo et al., 2018). Consistent with the contingency theory approach, one research line examines how strategic plans should be formed to fit the organization's environmental conditions (Andersen 2004; Ramirez and Selsky 2016), including the organization's industry context, environmental uncertainty, complexity, and ambiguity. Such contingencies may or may not motivate firms in turbulent environments to adopt more comprehensive, long-range planning processes (Ramirez and Selsky 2016). Firm size (Davis and Bendickson, 2018), age (Bouncken et al., 2016), organisational structure (Tawse et al., 2018) and developmental stage (Vishnevskiy et al., 2016) have been identified as important contingencies that influence strategy formulation. For example, Davis Bendickson, 2018) find that strategic planning is more beneficial to small firms rather than large ones. Bendickson et al., 2016) show that firm age is an additional important factor in successful strategy formulation. Tawse et al., (2018) claim that more flexible organizations constitute a better environment for effective strategy formulation. Vishnevskiy et al., (2016), on the other hand, show that the stage of organizational development is the most important factor that sets some firms apart in strategy formulation.

The literature on strategy formulation is vast, but not all strategies are developed by deliberate planning activities (Mintzberg and waters 1985). Applied strategies are generally not the same as official strategy documents. Unanticipated forces emerging from inside the organization can alter the course of the planned strategy and create emergent strategies. Typically, top managers are seen as deliberate planners (Rouleau and Balogun 2011). The concept of emergent strategy introduced a new focus on organizational participation in strategy formulation and implementation processes (Huy 2011; Rouleau 2005). As another result of this development, strategy formulation earned a new function: integrating and coordinating the strategy making efforts of the executive team and the rest of the organization (Jarzabkowski and Balogun 2009). Consistent with the participation perspective, recent research focuses on the role of strategy formulation as a coordination mechanism rather than as a tool of centralized decision making (Spee and Jarzabkowski 2011). Originated by Mintzberg's views, emergent strategy literature shifts the focus from prescriptive models to the social and political side of strategy formulation practices (Jarzabkowski and Balogun 2009). The purpose of such research is to understand the micro foundations associated with strategic processes (Suddaby et al., 2013; Johnson et al., 2003). Emergent strategy research focuses on what individual actors actually do (e.g. Johnson et al., 2003). Aside from analysing strategy formulation as a formal, bureaucratic process, the new focus of scholars is how organizational members enact the process and what kind of consequences it entails for integrated strategy making and coordination (Spee and Jarzabkowski 2011; Whittington 2006). The integration of organizational members into strategy formulation and the maximization of their contribution to the process has been an important topic in the recent literature (Nordqvist and Melin, 2008). This is closely related to the notion that strategy formulation is the responsibility of the whole organization rather than just an activity restricted to the top management (Mintzberg 1994).

Formulation of a consistent strategy is a challenging job for every organization, but without effective implementation, it is unlikely to bring the intended benefits. Successful implementation requires the involvement of many individuals in varying levels in an organization, something which could be difficult to coordinate (Hrebiniak2006). Porter (1985) argues that the essence of formulating comprehensive strategy is relating a company to its environment. Aremu (2010) opined that a clearly defined strategy that will lead to enthusiasm among various stakeholders which includes shareholders, suppliers, creditors, customers, and employees and as a result promote commitment that will enhance better performance of business organization. Strategic management permits the systematic management of change. It enables organization to purposefully mobilize resources towards a desired future. Sharabati & Fuqaha (2014) opined that in the globalization era, the strategic management has been considered as the most important practice which distinguishes organizations from each other's. Strategic management is the key process to achieve organizational vision, strategy and objectives. All organizations whatever they are, whatever they do, they should perform a strategic management practices to insure that they fit within their environment.

There is a significant number of studies on strategic management in the hospitality industry. This stock mainly focuses on how companies increase or improve firm performance by gaining sustainable competitive advantages rather than how and when strategies should be formulated (Harrington et al., 2014; Harrington Ottenbacher 2011) Köseoğlu, Law et al., 2018; Köseoğlu, Okumus et al., 2018). On one hand, there are several studies on strategic planning in tourism (Philips and Moutinho 2014), but there is no study that directly addresses the practice of strategy formulation in the hotel industry. Strategy implementation, on the other hand, has not been shown much scholarly interest until recent years (Harrington et al., 2014; Köseoğlu, Law, et al. 2018). For example, we found only two studies focusing directly on strategy implementation framework and barriers in the hospitality industry. The first study (Okumus 2004) develops a strategy implementation framework for the hospitality industry. This framework includes five key variables: external context, internal context, strategic content, strategic process, and outcomes. The second (Köseoğlu et al., 2018a,b, c, d) elucidated barriers to the implement strategic decisions in the hotel firms located in a developing country. This study identified seven factors driving strategic decisions implementation in the hotel industry: planning and strategic decision, organization structure and leadership, implementation process, lack of coordination and communication, resistance to strategic decisions, motivation, and career planning and expectations of employees. These findings are not clear enough for hotel managers to identify key factors in the success of strategies. Consequently, hotels managers need to gain a deeper understanding on how strategies should be formulated and implemented to increase the success of strategies.

Some studies address the evolution of strategic management research in the hospitality industry (Köseoğlu, Law et al., 2018; Köseoğlu, Okumus et al., 2018; Harrington et al., 2014;). According to these studies, strategic management research in hospitality and tourism has followed the same steps in its development as the mainstream literature. Parallel to the developments in the mainstream literature, the school of strategy-as-practice has exerted significant influence in hospitality research (Harrington et al., 2014). Focusing on the real-life experiences of practitioners, strategy-as-practice studies aimed to shed light into the world of strategy makers and implementers (Whittington 2011). Effects of various factors such as stakeholder pressures, competing priorities and organizational politics on strategic management processes were examined more closely by the proponents of this school (Jarzabkowski and Balogun 2009). The focus of research shifted from external factors to the people and their relationships in strategy related activities. The important role of individuals in shaping strategic efforts encouraged new perspectives that view human resources of an organization as its strategic assets (Ardito and Petruzzelli 2017). Similarly, increasing emphasis on human agency over environmental determinism led scholars to attribute more influence to individuals in strategic endeavours such as innovation (Natalicchio et al., 2017). These developments were also reflected in hospitality research as process-oriented studies began to flourish in the area (Harrington Ottenbacher 2011). However, there is still a lack of studies that examine how strategies are formulated and through the eyes of hotel managers. Understanding managerial perspectives about the concrete practice of strategizing has also practical implications for turbulent times. In times of crisis such as the ongoing Covid-19 outbreak, organizational governance of strategy implementation poses a greater challenge for hospitality businesses. Therefore, understanding how managers perceive strategic management processes helps to be better prepared for extreme circumstances.

The concept of organizational performance is core to businesses because the major objective of businesses is to make profits. Iravo et al., (2013) state that one of the important questions in business has been why some organizations succeed and why others fail and this has influenced a study on the drivers of organizational performance. Organizational performance is concerned with the overall productivity in an organization in terms of stock turnover, customers, profitability and market share. The concept of organizational performance is core to businesses because the major objective of businesses is to make profits. Iravo et. al., (2013) state that one of the important questions in business has been why some organizations succeed and why others fail and this has influenced a study on the drivers of organizational performance. Fwaya (2006) views performance as a formula for the assessment of the functioning of an organization under certain parameters such as productivity, employee' morale and effectiveness. Nzuve and Nyaega (2012) opined that Performance management and improvement is at the heart of strategic management because a lot of strategic thinking is geared towards defining and measuring performance. Awino (2011) asserts that for an organization to be successful it has to record high returns and identify performance drivers from the top to the bottom of the organization. Odhiambo (2009) identified three approaches to performance in an organization which are the goal approach, which states that an organization pursues definite identifiable goals. This approach describes performance in terms of the attainment of these goals. The second approach is the systems resource approach which defines performance as a relationship between an organization and its environment. This concept defines performance according to an organization's ability to secure the limited and valued resources in the

environment. The third approach is the process perspective which defines performance in terms of the behaviour of the human resource of an organization (Waiganjo et. al., 2012). Kiragu (2005) highlights performance in terms of four perspectives which are the financial, customer, internal processes and innovativeness. The financial perspective identifies the key financial drivers of enhancing performance which are profit margin, asset turnover, leverage, cash flow, and working capital (Odhuno and Wadongo, 2010). Fwaya (2006) views performance as a formula for the assessment of the functioning of an organization under certain parameters such as productivity, employee' morale and effectiveness. Nzuve and Nyaega (2012) opined that Performance management and improvement is at the heart of strategic management because a lot of strategic thinking is geared towards defining and measuring performance. Awino (2011) asserts that for an organization to be successful it has to record high returns and identify performance drivers from the top to the bottom of the organization.

Umar (2005) explored the impact of strategic management as a tool of achieving an effective and efficient merger and acquisition at Nestle and Lever Brothers PLC. Based on the findings of the study, it was study concluded that strategic management played a very important role in the success, growth and survival of the company, particularly where merger was concerned. Adeyemi (1992) discovered that there is a positive correlation between strategic management and organizational performance in some selected Nigeria banks. Dauda, Akingbade and Akinlabi (2010) examined the influence of strategic management on corporate performance in selected small scale enterprises in Lagos Metropolis, Nigeria. Their findings revealed that strategic management practices enhance both organizational profitability and company market share and it was concluded that strategic management practices enhance both organizational profitability and company market share and therefore suggest that strategic planning concepts should be adopted by business organizations. Fiberesima and Abdul Rani (2013) examined the impact of strategic management on business success in Nigeria. The study concluded that strategic management was found to be positively related to corporate success, and strategic management practices improve business success. Gichunge (2007) examined the effect of formal strategic management on organizational performance of medium sized manufacturing enterprises in Nairobi, Kenya. One of his key findings is that competition influences adoption of formal strategic management, this is even as it was discovered that organizations with formal strategic management performed better than those without formal strategic management. Singh (2005) in his studies examined the impact of strategic planning process variation on superior organizational performance in non-profit human service organizations providing mental health services. The major finding of this study was that strategic planning is highly correlated with superior organizational performance.

According to Askarany and Yazdifar (2012) stated that the diffusion of six proposed strategic management tools of the past few decades through the lens of organizational change theory, examined the relationship between the adoption of these techniques and organizational performance in both manufacturing and non-manufacturing organizations in New Zealand. The results and findings showed a significant association between the diffusion of these relatively new strategic management tools and organizational performance. Owolabi and Makinde (2012) studied the effects of strategic planning on corporate performance and revealed that there was a significant positive correlation between strategic planning and corporate performance. Muogbo (2013) explored the impact of strategic management on organizational growth and development of selected manufacturing firms in Anambra State in Nigerian. Results from the analysis indicated that the adoption of strategic management has significant effect on competitiveness and significant effect on employee's performance and has significantly increased organizational productivity. Andrews et al. (2006) examined the relationship between strategy and organizational performance in a multivariate model that also controls for external constraints. The empirical results reveal a hierarchy of strategy types: the impact of prospecting is positive, defending is neutral, and reacting negative.

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Kiragu (2005) highlights performance in terms of four perspectives which are the financial, customer, internal processes and innovativeness. The financial perspective identifies the key financial drivers of enhancing performance which are profit margin, asset turnover, leverage, cash flow, and working capital (Odhuno and Wadongo, 2010). The customer focus describes performance in terms of brand image, customer satisfaction, and customer retention and customer profitability.

Internal processes involve the efficiency of all the systems in the organization while innovativeness is concerned with the ease with which a firm is able to adapt to changing conditions.

Good performance influences the continuation of the firm and can be divided to financial or business performance (Gibcus and Kemp, 2003). Financial performance is at the core of the organizational effectiveness domain. Accounting-based standards such as return on assets (ROA), return on sales (ROS) and return on equity (ROE) measure financial success. Business performance measures market-related items such as market share, growth, diversification, and product development (Gibcus and Kemp, 2003). The organizational performance measures as indicated by Kaplan and Norton (2004) include excellence in internal business processes and effective timely and accurate data collection, quality workforce, quality work environment. An examination of the literature reveals that strategies and strategic management are related independently with organizational performance. For example, researchers have examined the relationship between strategic management and organizational performance (Samad et al., 2014); the link between formulation strategy and organizational performance (Ongonge, 2013), and the relationship between implementation strategy and organizational performance (Njagi & Kombo, 2004). Presently there is a great attention of studies among scholars within organizational strategy on the role of organizational culture in influencing the success of organizations (Samad et al., 2014). Further-more, previous studies indicated significant impact of organizational culture on organizational performance (Gordon & DiTomaso, 1992).

A myriad of studies on strategic management literature point to-wards the role of organizational culture in creating and internalizing different values and beliefs shared by organization members with the view of implementing strategies for achieving high performance (Sa-mad et al., 2015). This implies the importance of understanding and working within the framework of culture for an effective strategic management. However, although strategic management and culture have been implicitly and explicitly highlighted in organizational theories, the link between these two concepts is less understood. Additionally, limited research has been carried out on the possible impacts of the association between these two concepts on organizational performance in Malaysian government organizations. The limited literature that explored the consequences and outcomes on the relationship of strategic management and culture in the organizations have led to numerous references on the importance of strategic management and organizational culture in achieving organizational performance.

3. METHOD

This study adopted a descriptive research design with a target population of 50 respondents comprising of management and a supervisory cadre within county government of TransNzoia. Data collection instrument included questionnaire and other information relevant to the study. A structured questionnaire was administered to the respondents. Piloting was done to test the validity and reliability of data collection instrument. The data was reduced, organized, coded, edited, classified using a table and analyzed to bring out the meaning under each of the factors. It was then be coded, entered and analyzed descriptively using IBM Statistical Package for Social Sciences (SSPS 23). Pearson correlation analysis was used to test the relationship between variables in the study hypotheses. ANOVA multiple linear regression analysis was adopted computed to determine the statistical relationship between the independent variable and the dependent.

4. DISCUSSION

The study sought to examine the influence of strategy formulation on performance of the County government of Trans Nzoia. The findings are presented in a five point Likerts scale where SA=strongly agree, A=agree, N=neutral, D=disagree, SD=strongly disagree and T=total. Table 4.1 below contains a summary of data relating to attitude of respondents towards the influence of strategy formulation on performance of the County government of Trans-Nzoia. For instance, when respondents were asked whether the county government offers proper direction to a firm for it seeks to set the long-term goals that help a firm exploit its strengths fully and grab the opportunities that are present in the environment. The distribution of findings showed that 50.0 percent of the respondents strongly agreed to the statement that the county government offers proper direction to a firm for it seeks to set the long-term goals that help a firm exploit its strengths fully and grab the opportunities that are present in the environment, 30.0 percent of them agreed, 16.0 percent of the respondents were neutral, 4.0 percent disagreed while none of them strongly disagreed. These findings implied that the county government offers proper direction to a firm for it seeks to set the long-term goals that help a firm exploit its strengths fully and grab the opportunities that are present in the environment.

The respondents were also asked whether the county government focuses attention on what the firm can do better than its rivals by seeking to find out what it can do best on opportunities to be exploited are identified; a long-term plan is chalked out for concentrating resources and effort. The distribution of the responses indicated that 41.0 percent strongly agreed to the statement, 48.0 percent of them agreed, 9.0 percent of them were neutral, 2.0 percent of them disagreed while none of them strongly disagreed to the statement. These findings implied that the county government focuses attention on what the firm can do better than its rivals by seeking to find out what it can do best on opportunities to be exploited are identified and a long-term plan is chalked out for concentrating resources and effort.

The respondents were also asked whether there is provision of corporate mission, specifying achievable objectives, developing strategies and setting policy guidelines which is achieved by reviewing key objectives and strategies of the organization, identifying available alternatives, evaluating the alternatives and deciding on the most appropriate alternative. The distribution of the responses indicated that 36.0 percent strongly agreed to the statement, 44.0 percent of them agreed, and 18.0 percent of them were neutral, 1.0 percent of them disagreed while 1.0 percent of them strongly disagreed to the statement. These findings implied that there is provision of corporate mission, specifying achievable objectives, developing strategies and setting policy guidelines which is achieved by reviewing key objectives and strategies of the organization, identifying available alternatives, evaluating the alternatives and deciding on the most appropriate alternative. Finally, the respondents were further asked whether the process of strategy formulation is mainly carried out at three levels, which include the corporate level, business level and the functional level. The distribution of the responses indicated that 44.0 percent strongly agreed to the statement, 43.0 percent of them agreed, 10.0 percent of them were neutral while 2.0 percent and 1.0 percent of them disagreed strongly and disagreed to the statement respectively. These findings implied that the process of strategy formulation is mainly carried out at three levels, which include the corporate level, business level and the functional level.

Table 4.1: Influence of strategy formulation on performance of the County government of TransNzoia

Statements on Strategy Formulation	SA	A	N	D	SD
The county government offers proper direction to a firm for it seeks to set the long-term goals that help a firm exploit its strengths fully and encash the opportunities that are present in the environment.	% 50.0	30.0	16.0	4.0	0.0
The county government focuses attention on what the firm can do better than its rivals by seeking to find out what it can do best on opportunities to be exploited are identified; a long-term plan is chalked out for concentrating resources and effort.	% 41.0	48.0	9.0	2.0	0.0
There is provision of corporate mission, specifying achievable objectives, developing strategies and setting policy guidelines which is achieved by reviewing key objectives and strategies of the organization, identifying available alternatives, evaluating the alternatives and deciding on the most appropriate alternative	% 36.0	44.0	18.0	1.0	1.0
The process of strategy formulation is mainly carried out at three levels, which include the corporate level, business level and the functional level	% 44.0	43.0	10.0	2.0	1.0

4.1 Inferential Statistics

4.1.1 Pearson Correlation

The study sought to establish the strength of the relationship between independent and dependent variables of the study. Pearson correlation coefficient was computed at 95 percent confidence interval (error margin of 0.05). Table 4.2 illustrates the findings of the study.

Table 4.2: Correlation Matrix

		Organizational performance
Strategy Formulation	Pearson Correlation	.694**
	Sig. (2-tailed)	.000
	N	50

As shown on Table 4.2 above, the p-value for strategy formulation was found to be 0.000 which is less than the significant level of 0.05, ($p < 0.05$). The result indicated that Pearson Correlation coefficient (r-value) of 0.694, which represented an average, positive relationship between strategy formulations on performance of the County government of TransNzoia.

4.1.2 Multiple Linear Regression

Multiple linear regressions were computed at 95 percent confidence interval (0.05 margin error) to show the multiple linear relationship between the independent and dependent variables of the study.

4.1.2.1 Coefficient of Determination (R^2)

Table 4.3 shows that the coefficient of correlation (R) is positive 0.257. This means that there is a positive correlation between influences of strategy formulation on performance of the County government of TransNzoia. The coefficient of determination (R Square) indicates that 52.0% of performance of the County government of TransNzoia County is influenced by the strategy formulation. The adjusted R^2 however, indicates that 14.0% of performance of the County government of TransNzoia is influenced by the strategy formulation leaving 83.0% to be influenced by other factors that were not captured in this study.

Table 4.3 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.257 ^a	.052	.014	.1101023

a. Predictors: (Constant), Strategy Formulation

4.1.2.2 Analysis of Variance

Table 4.4 shows the Analysis of Variance (ANOVA). The p-value is 0.000 which is < 0.05 indicates that the model is statistically significant in predicting how factors affects performance of the County government of TransNzoia. The results also indicate that the independent variables are predictors of the dependent variable.

Table 4.4: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.333	1	1.269	54.001	.551 ^b
	Residual	64.222	49	.911		
	Total	68.555	50			

a. Dependent Variable: performance of the County government of TransNzoia

b. Predictors: (Constant), strategy formulation

4.1.2.3 Regression Coefficients

From the Coefficients table (Table 4.5) the regression model can be derived as follows:

$$Y = 49.176 + 0.715X_1$$

The results in table 4.5 indicate that all the independent variables have a significant positive effect on performance of the County government of TransNzoia. The strategy formulation with a coefficient of 0.715 (p -value = 0.000) influenced the performance of county government of TransNzoia. According to this model when all the independent variables values are zero, performance of the County government of TransNzoia will have a score of 49.176.

Table 4.5: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	49.176	4.823		72.415	.000
1 Strategy formulation	.715	.150	.614	4.241	.000

4.1.3 Hypotheses Testing

4.1.3.1 Hypothesis One

H₀₁: Strategy formulation does not have a significant effect on performance of the County government of TransNzoia.

From Table 4.5 above, strategy formulation ($\beta = 0.715$) was found to be positively related performance of the County government of TransNzoia. From t-test analysis, the t -value was found to be 4.241 and the ρ -value 0.000. Statistically, this null hypothesis was rejected because $\rho < 0.05$. Thus, the study accepted the alternative hypothesis and it concluded that strategy formulation affects performance of the County government of TransNzoia.

5. CONCLUSION AND RECOMMENDATION

In conclusion basing on the findings, strategy formulation ($\beta = 0.715$) was found to be positively related performance of the County government of TransNzoia. From t-test analysis, the t -value was found to be 4.241 and the ρ -value 0.000. Statistically, this null hypothesis was rejected because $\rho < 0.05$. Thus, the study accepted the alternative hypothesis and it concluded that strategy formulation affects performance of the County government of TransNzoia. The study recommends that the county government should offers proper direction to a firm for it seeks to set the long-term goals that help a firm exploit its strengths fully and grabs the opportunities that are present in the environment. The county government should exploit opportunities for a long-term plan so as to concentrate resources of corporate mission, specifying achievable objectives, developing strategies and setting policy guidelines which is achieved by reviewing key objectives and strategies of the organization, identifying available alternatives, evaluating the alternatives and deciding on the most appropriate alternative. Make use of regular audit to pinpoint the problems areas and highlights organizational strengths and weaknesses for corporate planning with the main objective of strategic audit being to develop benchmarks. The senior managers should be actively involved in the determination of the strategic activities pursued by the component parts of an organisation.

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