

INFLUENCE OF STRATEGY PLANNING ON ORGANISATIONAL PERFORMANCE OF NON-PROFIT ORGANISATIONS IN COUNTY GOVERNMENT OF GARISSA, KENYA

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Abstract: The study focused on influence of strategy planning on organizational performance of nonprofit organizations in Kenya. The specific objectives of the study were; to examine influence of strategic initiation on the performance, to establish the influence of strategic alliances on the performance, to assess the influence of strategic control on the performance and to find out the influence of Stakeholder participation on the performance of Non-profit organizations in Garissa County. The main theories that the chapter covered were Industrial Organization Theory, resource-based view theory and contingency theory. The study adopted descriptive survey design. The target population of this study was the selected 24 Non profit organizations in Garissa County. This means that the staffs working in these Non-profit organizations specifically was the target population of the research study. The target population therefore comprised of 350 respondents. The target sample was 186 employees in 24 Non-profit Organization in Garissa County. Stratified random sampling technique will be used to determine the sample size. This study used primary data which was collected through use of questionnaires. The target population was 350 respondents who involved senior, middle and supervisory level management from 24 selected Non-profit organizations. A sample size of 186 respondents were selected from the categories. Data was collected and analyzed using descriptive and inferential statistics with the aid of Statistical Package for Social Sciences (SPSS) version 23. The study concluded that strategic initiation had a significant and positive influence on the organizational performance of non-profit organizations in County Government of Garissa. The study also concluded that strategic alliances had a significant and positive influence on the organizational performance of non-profit organizations in County Government of Garissa. The study further concluded that strategic control had a significant and positive influence on the organizational performance of non-profit organizations in County Government of Garissa. The study finally concluded that stakeholder participation had a significant and positive influence on the organizational performance of non-profit organizations in County Government of Garissa. The study recommends that NGOs should adapt strategic initiation due to technological advancement and the need to always catch up with the latest trends which will help them identify and fulfil the needs of their clients. It is also an opportunity to grow their reach. The study also recommends that the management of non-profit organizations in County Government of Garissa should initiate an appraisal of all the strategic alliances entered into with other organizations with a view of identifying the most important limiting factors impeding their successful implementation in order to ensure that the constraints are systematically addressed so that they can reap optimal benefits of the strategic alliances. The study further recommends that managements of non-profit organizations in County Government of Garissa take the practice of strategic control seriously in order to ensure sustained high organizational performance.

Keywords: Strategic initiation, strategic alliances, strategic control and Stakeholder participation.

1. INTRODUCTION

Up to the early millennium, poverty remains to be the biggest problem of the world (Abasiokong, 2002) One-sixth of the global population or about one billion people live in an extreme poverty. They struggle daily for survival (Sachs, 2005). They suffered from lack of nutrition, health, water and sanitation, shelter and other basic needs for survival. In

order to end the poverty, the 191 UN members signed the United Nations Millennium Development Goals (MDGs) in 2000. The first goal of the MDGs is to eradicate extreme poverty and hunger. To achieve this goal, a target has been set that is, to reduce by half the proportion of people living on less than a dollar a day by 2015. If the target can be realized, there will be an opportunity to end the extreme poverty by 2025 (Sachs, 2005). It means that poverty is the greatest challenge of global society.

One of the targets of the first Millennium Development Goal (MDG) is to reduce the proportion of people who suffer from hunger by half between 1990 and 2015, with hunger measured as the proportion of the population who are undernourished and the prevalence of children under five who are underweight. Many countries including Kenya remain far from reaching this target, and much of the progress made has been eroded by the recent global food price and economic crises (RoK, 2004). It was perceived failures of state-led development approaches throughout the 1970s and 1980s that fueled interest in Nonprofit organizations as a development alternative, offering innovative and people-centered approaches to service delivery, advocacy and empowerment. While Nonprofit organizations and their position within the development sector have risen dramatically, the taxonomy of Nonprofit organizations remains problematic (Vakil 1997).

Statement of the problem

The importance of strategic planning cannot be overemphasized. Arguably, the major cause of organization failure is not having a strategic plan that is well followed. If an organization has little idea where it is headed, it will wander aimlessly with priorities changing constantly and employees confused about the purpose of their jobs (online business advisor, 2003). Most researches in this area have been on the relationship between strategic planning and organizational performance of profit organizations but not for nonprofit organizations. Armstrong's (2002) reviewed twelve studies on strategic planning and performance and concluded that formal planning benefited firms.

Shrader, Taylor, and Dalton (2004), however, came to a different conclusion from Armstrong; that there is no apparent systematic relationship between formal planning and performance and that there is great disparity in the measurement of formal planning across studies. Sababu (2007) argues that, these organizations have in place well-functioning governance structures with properly functioning boards independent of management with ability to provide oversight to the management of the organization. Pearce and Robinson (1999) add that to ensure continued performance, the organizations also have strategic directions guided by clearly defined mission, vision and objectives. Good sustainable fundraising strategies are important to ensure organizations have sound financial base, coupled with good financial management systems have also ensured the long-term existence of the organizations. However, the above analysis by Armstrong (2006) is not specific to Nonprofit organizations but rather pointed towards profit making organizations and does not relate to the Kenya context.

The success rate of activities of Non profit organizations in County Government of Garissa has been much lower than as compared with other regions. A major challenge that is faced with this Non profit organizations in County Government of Garissa is that they do not stay within the budget, nor meet the timelines set or even produce a product that conforms to the quality standards established. Furthermore, unmet targets, poor quality service, customer complaints, and inefficiencies in service delivery are still a challenge to these Non profit organizations from County Government of Garissa.

Local scholars have dealt with the situation being studied either holistically or partially rather than specifically. Furthermore, while this area of research has attracted noteworthy interests and consequently additional quality concepts and theories in the western world, this field has not gotten much attention in the Kenyan context. Analyzing factors influencing strategy planning by operating in Garissa County Kenya is therefore underscored. This study basically sought to answer the question: what is the influence of strategy planning on the performance of non-profit organizations in Garissa County?

Objectives

1. To determine the influence of strategic initiation on organizational performance of non-profit organizations in County Government of Garissa.
2. To establish the influence of strategic alliances integration on organizational performance of non-profit organizations in County Government of Garissa.

3. To assess the influence of strategic control on organizational performance of non-profit organizations in County Government of Garissa.
4. To find out the influence of Stakeholder participation on organizational performance of non-profit organizations in County Government of Garissa.

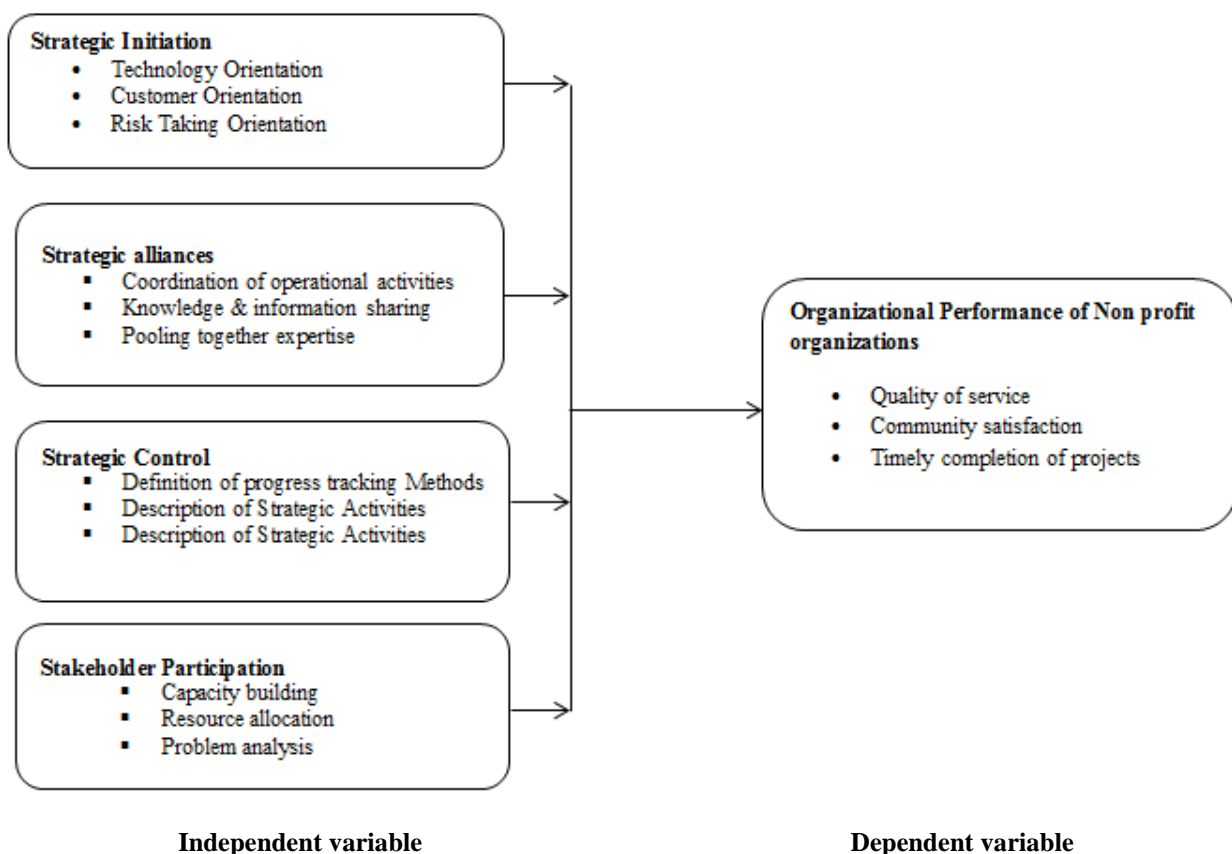
Theoretical Framework

Contingency Theory

The concept of strategic planning has found robust application in business arena due to the complex and dynamic nature of the business environment. This is because from open systems theory, organizations are open systems. They receive various inputs from environment; transform them in some way and export outputs. Haines (1972), states that a deeper understanding of the interrelatedness of the influencing factors in the environment when applying open systems theory to the strategic planning model produces a richer and better appreciation of the sub-systems that compose the larger synergistic general system. contingency theory provides a deeper understanding of the trends and the critical nature of the interplay between these various components with the bottom-line being able to manage organizational changes, achieve an internal fit and adjust to external environmental changes.

Resource Based View theory

This theory was developed by Pfeffer and Salancik (1978).The Resource-Based View (RBV) is an economic tool used to determine the strategic resources available to a firm. The fundamental principle of the RBV was that the basis for a competitive advantage of a firm lies primarily in the application of the bundle of valuable resources at the firm's disposal. To transform a short-run competitive advantage into a sustained competitive advantage, it required that these resources be heterogeneous in nature and not perfectly mobile. Effectively, this translated into valuable resources that are neither perfectly imitable nor substitutable without great effort (Hoopes, et al 2003). If these conditions hold, the firm's bundle of resources could assist the firm sustaining above average returns. The resource-based view suggested that a firm's unique resources and capabilities provided the basis for a strategy (Hoopes, at al 2003).



2. CONCEPTUAL FRAMEWORK

Critique of the Literature Relevant to the Study

From the literature reviewed, many scholars who have taken research studies on strategic planning are in agreement that Non Profit Organizations need to implement strategic planning as one of the core subset of their management tools. However, previous research on adoption and diffusion of strategic planning has lacked theoretical grounding, produced a wide array of contradicting findings, drew heavy criticism for use of inadequate methodologies and had little or no discernible net impact on strategic management research or practice (Shrader et al., 2003). As a result, the research findings on the effects of adoption of strategic planning and performance have presented very mixed results. Most of the studies that have been carried out found a positive correlation between organizational performance and adoption of strategic planning. A study that was carried out by Andersen (2000) found that adoption of strategic planning increases performances in Non Profit Organisations. In their studies of adoption of strategic planning tool, Shrader et al. (2003) found that there is no systematic relationship between long range planning and organizational performance.

Boyd (2001) in his studies on the influence of strategic planning on Performance found that whereas the earlier researches suggested a positive relationship between planning and performance, later researches were less reassuring and that the overall effect was at best extremely weak. Yet still others (Berry, 2008; O'Regan&Ghobadian, 2007; Pushpakumari&Wijewickrama, 2008; Aldehayyat&Twaissi, 2011) in their research studies indicate that little attention has been given to the study of adoption of strategic planning in Nonprofit organizations in the developing countries and that these firms do not have the means to ensure continuous successful implementation of the strategic planning tool. Other studies have been carried out and found that only a few benefits are realized from adoption of strategic planning in organizations. A study that was carried out by McKiernan and Morris, (2004) in SMEs found that strategic planning provides only a few benefits to the enterprises.

Resource dependency theories fail to recognize that the complexity of relationships in environment means that an organization can break from its immediate environment, for example, in outsourcing. The theories can be faulted since assuming that all resources come from the external is not practical e.g. during economic sanctions or political turmoil, organizations still get resources. Scholars who have studied resource related theories did not consider the fact that sometimes, the resource controls the resource user and in most cases the user becomes the control variable. In all the studies for all variables, the assumption was that, applicability is universal, but different regions of the world view each of the studies variables in a completely different way and more so, the African context does not come out clearly even for the studies carried out on the African continent.

Summary of Literature Review

The study looked at the literature perspective of the study. The main theories that the chapter covered are Industrial Organization Theory, resource-based view theory and contingency theory. The chapters concentrated on four factors that influence of strategy planning on the performance of Nonprofit organizations in Garissa: strategic orientation, functional integration, strategic control and stakeholder participation.

The chapter concluded by looking at critique of existing literature and the research gaps and it has identified various gaps that are related with this study which need to be filled. For instance the study will fill the knowledge gap by conducting on influence of strategy planning on the performance of Nonprofit organizations in Garissa County.

Research gap

Various studies have been conducted on strategic planning and organizational performance both locally and internationally. Internationally, A study on the impact of Strategic Planning on the Performance of Insurance Companies in Nigeria and established that strategic planning enhances customer patronage and reduces unethical practices in the Nigeria insurance industry. On the other hand, a study to analyse strategic planning, management and leadership in praxis of public and private sector thus identifying opportunities to improve other's sectors performance established that in public sector there is great emphasis on strategic planning part of management process, but implementing plan to clear activities and getting right result sometimes delays or is even missed. Locally, a study on the challenges in implementation of strategic plans in public secondary schools was conducted in Webuye constituency and another study on influence of strategic planning on Performance of public universities in Kenya was conducted in the University of

Nairobi. All the above research studies none researched on the influence of strategic planning on organizational performance of non-profit organizations in County Government of Garissa, Kenya in general. In addition, none of these studies focused on how strategy planning direction, setting objectives and decisions on the influence on organizational performance of non-profit organizations in County Government of Garissa, Kenya. This is the knowledge gap this study filling.

3. METHODOLOGY

The researcher used descriptive research design. The target population of this study was the selected 24 Non profit organizations in Garissa County. This means that the staffs working in these Non-profit organizations specifically were the target population of the research study. The target population therefore comprised of 350 respondents. The target sample is 30% of the population. According to (Mugenda and Mugenda 1999) and (Kothari, 2004) a sample size of 10% to 30% of target population is adequate for a descriptive study research. The target sample is 186 employees in 24 Non-profit Organization in Garissa County. Stratified random sampling technique will be used to determine the sample size. This study used primary data which was collected through use of questionnaires. A five-point Likert scale questionnaire was used. The researcher contracted two research assistants to collect data. The collected data from the questionnaire was given codes, keyed in the computer and eventually edited for completeness. Statistical Package for the Social Sciences (SPSS) and Microsoft Excel was used data analysis.

Model

Analysis of data used multiple regressions to test the research questions

$$Y = \beta + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where,

Y = Performance of Nonprofit organizations

X1: Strategic initiation

X2: Strategic alliances

X3: Strategic control

X4: Management participation

4. REGRESSION RESULTS

Table 1: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.017	.030		.000	.000
Strategic initiation	.898	.048	.799	17.230	.000
Strategic alliances	.645	.060	.195	2.757	.007
Strategic control	.489	.063	.000	.000	1.000
Stakeholder participation	.364	.043	.000	.000	1.000

The results in Table 1 indicate that strategic initiation significantly and positively influenced on the organizational performance of non-profit organizations in County Government of Garissa

This value shows that holding other variables in the model constant, an increase in the strategic initiation by one percent causes the organizational performance of non-profit organizations to increase by 89.8 percent.

Further, strategic alliances have a significant and a positive influence on the organizational performance of non-profit organizations in County Government of Garissa. This value shows that holding other variables in the model constant, an increase in the strategic control by one percent causes the organizational performance of non-profit organizations to increase by 64.5 percent

Strategic control had significant and a positive influence on the organizational performance of non-profit organizations in County Government of Garissa. This value shows that holding other variables in the model constant, an increase in the strategic control by one percent causes the organizational performance of non-profit organizations to increase by 48.9 percent

Stakeholder participation had a significant and positive influence on the organizational performance of non-profit organizations in County Government of Garissa. This value shows that holding other variables in the model constant, an increase in the strategic control by one percent causes the organizational performance of non-profit organizations to increase by 36.4 percent.

5. CONCLUSION

The study concluded that strategic initiation had a significant and positive influence on the organizational performance of non-profit organizations in County Government of Garissa. This implies that a firm's strategic initiation reflects the strategic directions implemented by a firm to create the proper behaviors for the continuous superior performance of the business. The study also concluded that strategic alliances had a significant and positive influence on the organizational performance of non-profit organizations in County Government of Garissa. This implies that strategic alliances is both a generic activity whose success determinants are partially independent of the area in which it is applied and an area where judgment, intuition and creativity are still important. The study further concluded that strategic control had a significant and positive influence on the organizational performance of non-profit organizations in County Government of Garissa. This implies that effective strategic control practices create synergy and value addition in organizations through re-shaping the overall organizational strategy. Strategic control practices are important in re shaping strategy as strategic plans can fail even when the actions associated with it have been executed exactly as intended. The study finally concluded that stakeholder participation had a significant and positive influence on the organizational performance of non-profit organizations in County Government of Garissa. This implies that stakeholder participation cannot have effective an influence on organizational performance unless certain resource management mechanisms are put in place or only when adopted in combination with other orientations to achieve organizational performance

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