

European Journal of Business and Strategic Management (EJBSM)

CRITICAL SUCCESS FACTORS FOR EFFECTIVE STRATEGIC PLANNING IN NON-GOVERNMENTAL ORGANIZATIONS IN NAIROBI, KENYA

Thuranira Moses Kalung'e and Rufo Munene

A hand in a blue suit sleeve points towards the word 'Strategy', which is written in a large, dark font and enclosed in a glowing white oval. The background is a dark blue gradient with a faint image of a computer keyboard and several concentric white circles. A thick, curved graphic element in red, white, and blue stripes sweeps across the top and right side of the page.

Strategy

CRITICAL SUCCESS FACTORS FOR EFFECTIVE STRATEGIC PLANNING IN NON-GOVERNMENTAL ORGANIZATIONS IN NAIROBI, KENYA

^{1*}Thuranira Moses Kalung'e

¹Post Graduate Student: Jomo Kenyatta University of Agriculture and Technology

*Corresponding Author's Email: thuraniramoses@gmail.com

²Rufo Munene

Lecturer: University of Nairobi

Email: rufomunene2018@gmail.com

Abstract

Purpose: The study investigated critical success factors influencing the effectiveness of strategic planning processes among local Non-Governmental Organization in Nairobi Kenya. The study was guided by the following specific objectives: Investigate whether stakeholders influence is a critical success factor in strategic planning process in Non-Governmental Organizations in Nairobi, Kenya; Establish whether organization culture is a critical success factor in strategic planning process in Non-Governmental Organizations in Nairobi, Kenya; Establish whether communication is a critical success factor in strategic planning process in Non-Governmental Organizations in Nairobi, Kenya; Establish whether management practices is critical success factor in strategic planning process in Non-Governmental Organizations in Nairobi, Kenya.

Methodology: In order to meet the objectives of the study, primary data was collected using questionnaires. The researchers selected 25 Non-Governmental Organizations in Nairobi where the study was conducted. Data collected was sorted, classified and coded then tabulated for ease of analysis. The data was summarized and categorized according to common themes by the use of the SPSS (version 22) computer software aided analysis. Regression model was employed to analyze the data for factors that can lead to improving the effectiveness of strategic planning in local Non-Governmental Organizations in Nairobi Kenya.

Results: The study found out that successful strategic plans of any non-governmental organization had direct relationship with stakeholders influence, organization culture, and communication and management practices.

Unique Contribution to Theory, Practice and Policy: The study recommends that the four factors determining the success of strategic plans should be ameliorated to ensure fully achievement of such objectives.

Keywords: *Non-governmental organizations, Management Practices, Communication, Stakeholders Influence, Organizational Culture*

1.0 INTRODUCTION

The challenges facing NGOs in their efforts to strategically position themselves in their task environment can be summarized as having to do with issues of sustainability, legitimacy and relevance (Hatch, 1997). Strategic planning is the process an organization goes through to consciously position itself in its task environment by proactively responding to the opportunities and threats offered by the task environment while taking a long term perspective (Adair, 2002). It is a backbone support to strategic management and it is a major process in the conduct of strategic management. According to Wagner (2006) the importance of strategic planning can be explained from four points of view including environmental scanning, strategy formulation, and linking goals to budgets and strategic planning as a process. Strategic planning therefore aims at helping the organization to respond proactively to the challenges and opportunities presented by the task environment with the aim of ensuring organizational sustainability, legitimacy and relevance (Attack, 1999).

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

Statement of the Problem

Local NGOs in Kenya have increasingly been adopting strategic planning with the aim of increasing the effectiveness of their organizations. According to Tascote (2005), strategic planning is aimed at improving the effectiveness of organizations. However, strategic planning processes in most local NGOs are ineffective. Effective strategic planning in local NGOs are not benefiting from their strategic planning processes or at least not as much as they would (Lawson, 2000). Ineffective strategic planning processes leads to ineffective NGOs, which in turn lead to less impact from the organizations. Tascote (2005) believes that low levels of impact demonstrated by local NGOs can be largely attributed to the ineffectiveness of their strategic planning processes. In addition to the above observations, there is an assumption that strategic planning processes can be transferred from one context to another. In this case, there is an assumption that the strategic planning processes and practices can be transferred from the corporate sector and international NGOs to local NGOs (Lefley, 2004). There is evidence of gaps in the implementation of strategic plans within Kenyan NGOs. In its 5th Corporate Plan, the National Council of Churches of Kenya (NCCCK, 2009) noted that implementation of strategy was ineffective, and created a Planning, Monitoring and Evaluation department to ensure effective planning and implementation of the plans (5th Corporate Plan, 2009). In a similar move, the Young Women's Christian Association of Kenya (YWCA) created Oversight Teams to monitor implementation of the Strategic Plan 2008-2011, after realizing a huge carry-over of plans, implying challenges in implementation (YWCA, 2008). Similarly, lack of implementation of strategic plans in their entirety, impacts negatively on effectiveness, efficiency and

sustainability of the said NGOs. Since local Non-Governmental Organizations have increasingly been adopting strategic planning, this study determined the critical success factors in strategic planning in local Non-governmental organizations based in Nairobi Kenya.

Objectives

The specific objectives of this study were to:

- i. Investigate whether stakeholders influence is a critical success factor in strategic planning process in Non-Governmental Organizations in Nairobi, Kenya
- ii. Assess whether organizational culture is a critical success factor in strategic planning process in Non-Governmental Organizations in Nairobi, Kenya
- iii. Determine whether communication is a critical success factor in strategic planning process in Non-Governmental Organizations in Nairobi, Kenya
- iv. Establish whether management practices is critical success factor in strategic planning process in Non-Governmental Organizations in Nairobi, Kenya

2.0 RESEARCH METHODOLOGY

This study adopted a descriptive survey design. The study was carried out in Nairobi county and operating in the sectors of Youth, Relief, Micro-Finance, Welfare and Health. The NGOs Coordination Board's website puts the latest number of registered NGOs in Kenya at 6,642 operating in 85 districts and 53 sectors (www.ngobureau.or.ke, 20.11.2011). The reason for this was due the government's re-registration of NGOs to curb illegal or unregistered organizations posing as NGOs. The target population of this study consisted of the 2,588 NGOs based in Nairobi County. The study only used these officially recognized NGOs, registered with the NGOs Coordination Board in accordance with the Non-Governmental Organizations Co-ordination Act section 10 of 1990. This was to ensure only bona fide NGOs registered with NGO council as included in the study. Sampling is the process of selecting unit's like people and organizations from accessible population so as to fairly generalize results to the target population (Orodho, 2009). The study used stratified random sampling technique to come up with the sample. This is based on the target population being heterogeneous (consisting of staff in Non-governmental organizations in Nairobi Kenya all of which must be represented in the sample). The population was divided into strata of Head Office/Administration, strategy department, finance, procurement and monitoring and evaluation department. Inferential statistics was carried out to establish the relationship between the research variables. In this study, multiple regression was used.

3.0 FINDINGS

3.1 Strategic planning procedure

In line with the objectives of the study the researcher sought to establish if effect of strategic planning procedure is a critical success factor in strategic planning in local Non-governmental organizations. The researcher asked if respondent's organizations develop strategic planning.

Table 1: Strategic planning procedure

Strategic planning development	Frequency	Percent (%)
Yes	110	95.7%
No	5	4.3%
Total	138	100.00%

Majority of the respondents 95.7% agreed that their organizations developed strategic plans practiced. However 4.3% of the respondents said that their organizations did not develop strategic plans.

The study sought to establish the time frame non-governmental organizations strategic.

Table 2: Time Frame Non-Governmental Organizations Strategic

Planning horizon	Frequency	Percent (%)
Short-term	10	8.7%
Medium-term	65	56.5%
Long-term	40	34.8%
Total	115	100.00%

Table 2 shows that majority 56.5% of Non-governmental organizations have medium time frame (planning horizon) for their organization's strategic plan. 34.8% have long term time frame for their strategic plan while only 8.7% have short time frame

The study also sought to know if implementation of strategic plans happens within the stipulated time frame.

Table 3: Strategic planning implementation within time frame

Strategic planning implementation within time frame	Frequency	Percent (%)
No	40	34.8%
Yes	75	65.2%
Total	115	100.00%

Table 3 shows that 65.2% of the respondents agree that the implementation is usually within timeframe while 34.8 % said that strategic plans are not implemented on time. Some of the factors that were cited as hindering implementation of strategic planning included weak influence of managerial behavior was as a result of strategic thinking of the management and the influence of rewards, institutional policies revealed to be weak in influencing strategy implementation.

3.1.1 Strategic plans reviewing

Table 4: Strategic plans reviewing

Strategic plans reviewing	Frequency	Percent (%)
Yearly	80	69.6%
Monthly	35	30.4%
Total	115	100.00%

The study found that strategic plans are majorly reviewed yearly by most non-governmental organization. Only 30.4% review their strategic plans monthly.

3.1.2 Stakeholders Influence

Table 5: Stakeholders Influence

Stakeholders support strategic plan	Frequency	Percent (%)
Yes	80	69.6%
No	35	30.4%
Total	115	100.00%

Majority of the respondents agreed that 69.6% said that stakeholders support execution of strategic plans while 30.4% stated that a stakeholder does not support execution of strategic plans.

3.1.3 Implementation of strategic plan description by stakeholders

Table 6: Implementation of strategic plan description by stakeholders

Implementation of strategic plan description by stakeholders	Frequency	Percent (%)
Conducive	32	27.8%
Not conducive	18	15.7%
Effective	38	33%
Not effective	27	23.5%
Total	115	100.00%

In description of strategic plan implementation by stakeholders, 27.8% of respondent described implementation as conducive, 15.7% not conducive, 33% effective and 23.5% not effective.

3.2 Organizational culture

Table 7: Implementation of strategic plan description by organization's culture

Implementation of strategic plan description by organization's culture	Frequency	Percent (%)
Conductive	30	26.1%
Not conductive	20	17.4%
Effective	35	30.4%
Not effective	30	26.1%
Total	115	100.00%

In description of strategic plan implementation, 26.1% of respondent described implementation as conducive, 17.4% not conducive, 30.4% effective and 26.1% not effective.

3.2.1 Organizational culture influence on strategic objectives achievement

Table 8: Organizational culture influence on strategic objectives achievement

Organizational culture influence on strategic objectives achievement	Frequency	Percent (%)
Very high	35	30.4%
High	45	39.1%
Moderate	30	26.1%
Low	5	4.3%
None		
Total	115	100.00%

On the extent to which the organizational culture influence strategic objectives achievement, 30.4% described it as very high, 39.1% as high, 26.1% as moderate, 4.3% as low and no respondent said organization culture does not influence strategic objective achievement.

3.3 Communicating strategic objectives

The study sought to determine how strategic objectives of the organizations were communicated.

Table 9: Ways of communicating strategic objectives

Ways of communicating strategic objectives	Frequency	Percent (%)
Meetings	65	56.5%
Newsletters	15	13%
Posters	5	4.3%
Memos	30	26.1%
Total	115	100.00%

Table 9 shows that majority of the respondents 56.5% stated that communication was mainly done through meetings while 26.1% stated that it was done through memos and 13% said it was through newsletters. Only 4.3 % stated that communication of strategies was done through posters.

In an attempt to know how the strategic objectives were communicated, the research engaged the respondents and table 10 shows the outcome.

Table 10: Extent of strategic objectives communication

Extent of strategic objectives communication	Frequency	Percent (%)
Very high	14	12.2%
High	20	17.4%
Moderate	55	47.8%
Low	25	21.7%
None	1	0.9%
Total	115	100.00%

47.8% of the respondents said that strategic objectives were moderately communicated while 12.2% and 17.4% said that strategic objectives were communicated at very high and high extent respectively. 21.7% said low and 0.9% none.

3.3.1 Identifiable gaps and challenges of communication

Table 11: Identifiable gaps and challenges of communication

Identifiable gaps and challenges of communication	Frequency	Percent (%)
Poor communication from management	18	15.7%
Many rules or policies	14	12.2%
No or limited advancement potential	15	13%
Not feeling valued	10	8.7%
Lack of training and development	33	28.7%
Unclear company strategy	25	21.7%
Total	115	100.00%

Majority of the respondent i.e. 28.7% agreed that lack of training and development contributed to the identifiable gaps and challenges of communication in their organizations. 21.7% was due to unclear strategy, 15.7% due to poor communication from management, 13% due to no limited advancement potentials, 12.2% due to many rules or polices and 8.7% due to no valued feeling.

3.3.2 Communication contributes to the achievement of organization's strategic objective

Table 12: Communication contributes to the achievement of organization's strategic objective

Communication contributes to the achievement of organization's strategic objective	Frequency	Percent (%)
Very high	60	52.2%
High	35	30.4%
Moderate	15	13%
Low	5	4.3%
None	0	0%
Total	115	100.00%

The study revealed that communication contributes to the achievements of organizations strategic objectives. Based on the extent to which it contributed, 52% responds was very high, 30.4% high, 13% moderate, 4.3% low while none disagreed.

3.4 Management Practices

The study sought to know if the management team understands clearly what is entailed in the strategic plan. Table 5 shows how the management team understands strategic plans

Table 13: Management team understands strategic planning

Management team understands strategic planning	Frequency	Percent (%)
Yes	112	97.4%
No	3	2.6%
Total	115	100.00%

Majority of the respondents 97.4 % agreed that management team understands strategy planning as opposed 2.6% who thought otherwise.

3.4.1 Strategic plan objectives achievement

Table 14: Strategic plan objectives achievement

Strategic plan objectives achievement	Excellent	Good	Moderate	Very low extent	Not at all	Total
Frequency	5	20	55	25	10	115
Percent	4.3%	17.4%	47.8%	21.7%	8.7%	100.00%

Majority of the respondent 47.8% believed that the strategic plan was moderately achieved. 17.4% and 4.3% believed that it was good and excellently achieved. Only 21.7% believed that it was achieved at a very low extent

3.5 Regression Analysis

The study sought to determine the critical success factors for effective strategic planning in Non-Governmental Organizations in Nairobi, Kenya. These factors include: management practices, communication, organization culture, stakeholders influence.

The regression model was:

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

Whereby Y represent successful strategic plan, X_1 is stakeholders influence, X_2 is organization culture, X_3 is communication and X_4 is management practices. B_0 is the model's constant, and $\beta_1 - \beta_4$ are the regression coefficients while ε is the model's significance from f-significance results obtained from analysis of variance (ANOVA).

Table 15: Model's Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
.734 ^a	.539	.503	.1752	1.421

a. Predictors: (Constant), stakeholders influence, organization culture, communication and management practices

Table 15 shows that there is a good linear association between the dependent and independent variables used in the study. This is shown by a correlation (R) coefficient of 0.734. The determination coefficient as measured by the adjusted R-square presents a moderately strong relationship between dependent and independent variables given a value of 0.503. This depicts that the model accounts for 50.3% of the total observations while 49.7% remains unexplained by the regression model.

Durbin Watson test was used as one of the preliminary test for regression which to test whether there is any autocorrelation within the model's residuals. Given that the Durbin Watson value was close to 2 (1.421), there was no autocorrelation in the model's residuals.

3.5.1 Analysis of Variance (ANOVA)

Table 16: Analysis of Variance (ANOVA)

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.764	4	4.441	14.822	.000 ^a
	Residual	11.386	38	.300		
	Total	29.150	42			

The ANOVA statistics presented in Table 16 was used to present the regression model significance. An F-significance value of $p = 0.000$ was established. Thus, the model is significant

3.5.2 Regression Coefficients

Table 17: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
(Constant)	0.340	0.290		1.172	.248
Stakeholder's influence	0.337	0.144	0.299	2.331	.025
Organization culture	0.173	0.152	0.161	1.134	.264
Communication	0.356	0.202	0.429	1.759	.087
Management practices	.032	0.206	0.037	2.412	.877

4.0 DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

Discussions

The purpose of the study was to determine the critical success factors for effective strategic planning in Non-Governmental Organizations in Nairobi, Kenya. The study established that successful strategic plans of any non-governmental organization had direct relationship with stakeholders influence, organization culture, and communication and management practices.

Findings in the previous chapter shows that stakeholders have a direct influence on successful strategic plans through their idealistic contributions, financial supports and handling of possible challenges. Management practices also affect strategic plan success directly though planning of all activities and ensuring all objectives and strategies established are met. Efficient communication and use of the right communication channels in passing information's was essential in strategic plan success.

Conclusions

The study established that successful strategic plans of non-governmental organization are affected by a number of factors including: management practices, communication, organization culture and stakeholders influence. The study concludes that strategic plans being the backbone of non-governmental organization development, determinant factors like management practices have not been satisfactorily dealt with in ensuring strategic plan objectives have been achieved. For example, 2.6% of the respondents thought that management team doesn't understand strategic plans. Furthermore, in the extent to which strategic objectives were achieved, 21.7% of respondents described it very low and 8.7% argued such objectives are never achieved. This calls an attention in management practices development. Communication is another determining factor that has not been adequately dealt with. In extent to which strategic objectives were communicated, 47.8% described it as moderate, 21.7% as low and 0.9% as none. This calls for a special attention in communication factor. The next determining factor that has not been fully addressed is organization's culture. In the extent of organizational culture influence on strategic objectives achievement, 26.1% described it as moderate and 4.3% as low. In the organization's culture of implementing strategic plan, 17.4% of respondents described it as not conducive, and

26.1% not effective. This calls for an attention to address the issue. Stakeholders influence on strategic objectives achievement was another factor to be considered, 30.4% of the respondents stated that stakeholders do not support execution of strategic plans. In description of strategic plan implementation by stakeholders, 15.7% of respondents described it as not conducive, and 23.5% not effective. This really lives a gap to be addressed.

Recommendations

Based on the findings and conclusions presented above, the study recommends that the four factors determining the success of strategic plans should be ameliorated to ensure fully achievement of such objectives.

The study recommends the need to adjust management practices by ensuring every staff in the management team understands strategic plans well and are motivated to put more effort in ensuring strategic objectives are fully achieved. This can be achieved by teaching and creating awareness to the whole team about the existence and the need to achieve the strategic plan objectives.

It also recommends existence of effective communication channels such as phone calls, memos and meetings to ensure plan objectives are well communicated to every concerned party. Furthermore, the study recommends that stakeholders should financially and idealistically support execution and implementation of strategic objectives.

Organisation culture should also be developed to ensure it has a bigger influence in strategic plans implementation and objectives achievement.

References

- Adair, J. 2002. *Effective Strategic Leadership*. London: MacMillan.
- Aosa, E. (1992). *An empirical investigation of aspects of strategic formulation and implementation with large private manufacturing firms in Kenya*. Strathclyde University: Unpublished PhD thesis.
- Atack, I. 1999. Four Criteria of Development NGO Legitimacy. *World Development* 25
- Amutabi, M. N. (2006). *The NGO factor in Africa: the case of arrested development in Kenya*. London: Routledge
- Awino, Z. B. (2007). *The Effect of Selected variables on corporate performance: A survey of Supply Chain Management in Large Private Manufacturing Firms in Kenya*. University of Nairobi: JJUnpublished PhD Thesis
- Cooper, R., & Schindler, S. (2003). *Business research methods*.
- Cooper, R., Schindler, P. S., & Sun, J. (2006). *Business research methods (Vol. 9)*. New York: McGraw-hill.
- Cooper, R., and Pamela S. Schindler. "Business research methods." (2003): 371-406.
- Cater, T., & Pucko, D. (2010). Factors of Effective Strategy Implementation: Empirical Evidence from Slovenian Business Practice. *Journal for East European Management*, Vol.15 (3).

- Drucker, P. F. (1986). *Managing for results: Economic Tasks and Risk-taking Decisions*. New York: HarperCollins Publishers Inc.
- Drucker, P. F. (1954). *Management for organizational rewards: Economic Tasks and Risk-taking Decisions*. New York: Free Press.
- Donaldson, S.A., & Preston, R.D. (1995), "Corporate culture's impact on a strategic approach to quality". *Mid-American Journal of Business*, 15 (1).
- Fisher, R. A. (1925). *Statistical methods for research workers*. Genesis Publishing Pvt Ltd.
- Fisher, R. A. (1925). *Statistical methods, experimental design, and scientific inference*. J. H. Bennett (Ed.). Reino Unido: Oxford University Press.
- Fisher, R. A. (1938). The statistical utilization of multiple measurements. *Annals of eugenics*, 8(4), 376-386.
- Fisher, R. A. (1925). *Statistical methods for research workers*. Genesis Publishing Pvt Ltd.
- Fisher, R. A. (1995). *Statistical methods, experimental design, and scientific inference*. J. H. Bennett (Ed.). Reino Unido: Oxford University Press.
- Guth, M. J. & McMillan, O. (1986). The dynamics of organizational culture. *Academy of management review*, 18.
- Hatch, M. 1997. *Organizational Theory: Modern Symbolic and Postmodern Perspectives*. New York: Oxford University Press.
- Leonarda, J. & Susana, G. (2009). Does Communication Studies Have an Identity? Setting the Bases for Contemporary Research. *Catalan Journal of Communication and Cultural Studies* (Intellect Ltd.).
- McClelland J. (1961). *Theory of n-arc leadership*. Beverly Hills, CA: Sage Publications
- Nelson, R. R. and Winter, S. G. (2002). Evolutionary theorizing in economics. *The Journal of Economic Perspectives*, 16(2), 23-46.
- Orodho, J., A. (2004). *Techniques of writing research proposals and reports in education and social sciences*. Nairobi: Masola Publishers.
- Orodho, A. J., & Kombo, D. K. (2002). *Research methods*. Nairobi: Kenyatta University, Institute of Open Learning.
- Orodho, J. A. (2009). *Elements of education and social science research methods*. Nairobi/Maseno, 126-133.
- Orodho, A. J., & Kombo, D. K. (2002). *Research methods*. Nairobi: Kenyatta University, Institute of Open Learning.
- Patel, L. 2005. *The Master Strategist: Power, Purpose and Principle*. London: Arrow Books
- Porter, M. E. (1986, Winter). Changing patterns of International Competition. *California Management Review* 28, no.2. Porter, M. E. (1985). Competitive Advantage as Tool for Development. *California Management Review*, no. 4.

- Sekaran, U. (2006). *Research Methods for Business: a skill building approach*. (4th Shisanya, J. P. (2006). *Implementing Free Primary Education Strategy*. University of Nairobi: Unpublished. Ed.). London: John Wiley & Sons
- Thompson, A. A., Strickland, A.J., & Gamble, J. E. (2007). *Crafting and Executing Strategy – Texts and Readings*. (15th Ed.). New York: McGraw-Hill Irwin.
- Taylor, B. (1994). *The New Strategic Leadership – Bringing changes, getting results*. (1st Ed.). Strategic Environment handbook. London: Pitman.
- Wagner, R.J (2006) *Conversation on planning: Investigating the relationship between strategies, actions and performance*. Doctoral dissertation, University of Minnesota
- Wambui, G. L. (2006). *Managers and Strategy Implementation in NGOs*. University of Nairobi:
- Whittington, R., Scholes, K., & Johnson, G. (2005). *Exploring Corporate Strategy – Texts and Cases*. London: Pearson Education Ltd.
- Whittington, R., Scholes, K., & Johnson, G. (2005). *Exploring Corporate Strategy – Texts and Cases*. London: Pearson Education Ltd.
- Whittington, R., Scholes, K., & Johnson, G. (2005). *Exploring Corporate Strategy – Texts and Cases*. London: Pearson Education Ltd