THE EFFECTS OF STRATEGIC PLANNING ON ORGANIZATION EFFECTIVENESS: A CASE STUDY OF KENYA PORTS AUTHORITY (KPA)

BY

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The effects of strategic

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DECLARATION

This Research project is my original work and has not been presented for a degree in any other University.

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

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DEDICATION

To my parents Mr. and Mrs. Mzee Shafi and my loving husband Mr. Hashim Leli for their continued support.
ACKNOWLEDGEMENT

I would like to express my deep appreciation to my supervisor, Mr. Maina for his insightful guidance and assistance at every stage of writing this project.

I am sincerely grateful to my family for their encouragement, support and constant prayers. Finally, all glory and honor goes to God for giving me good health and strength to carry on.
ABSTRACT

The main challenge facing the Kenya Ports Authority is how to effectively and efficiently pursue its goals in order to be able to fully execute its key mandate of being open to Eastern and central Africa. The challenge with the managers is to strategically plan for an action that works best for any given situation. As a result, the purpose of the study was to investigate the effects of strategic management on the organization’s effectiveness. Specifically the study sought to: identify the strategic plans that have been adopted by the different management teams at Kenya Port Authority; determine the effects of strategic management towards the different management teams in their departments and evaluate how strategic management programs affect organization effectiveness at Kenya Ports Authority. The study was conducted within the Kenya Ports Authority headquarters namely; Mombasa Kenya Ports Authority. A descriptive research design was adopted. Stratified sampling was the major technique applied because respondents were categorized according to their respective departments after which all (54) managers working in KPA were included in the sample. The study used a sample size of 54 respondents. However, only 51 managers responded, thus recording a response rate of 94.4%. The choice of study area and identification of key informants was purposive. Questionnaire was the main instrument for data collection. However, interviews were also used to collect qualitative data. Analysis and interpretation of the data was done using both qualitative and quantitative methods according to research objectives and research questions. The data collected was summarized, classified, tabulated and analyzed qualitatively. Data was presented using tables, charts and percentages. The study found that marketing strategy, business plan, equipment modernization and acquisition plan, Port development and expansion plan, information technology strategy, services outsourcing strategy, improvement of stakeholders relations, environment management, adoption of e-business, improvement of port productivity, cost minimization and revenue diversification strategies were the major laid strategies in the Kenya ports Authority. Secondly, strategic management practices have improved organizational effectiveness. Finally; team cohesion, leadership support, resource allocation, group potency, management collaborative and customer focus have affected organization effectiveness. The study recommended that there is therefore need for the management of the Port to prioritize these strategies and execute them one by one in that order. Further studies could be done to link strategy planning and effective implementation. Another area of study could be done is on Middle level Management perception on strategy planning.
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LIST OF ABBREVIATIONS

KPA- Kenya Ports Authority

SAP Module - System Application Product

KWATOS - Kilindini Water front Terminal Operation Systems

CFS - Container Freight Station

TEUs - Twenty Equivalent Units
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<tr>
<th>Term</th>
<th>Definition</th>
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<tr>
<td>Change Management:</td>
<td>A structured approach to transitioning individuals, teams, and organizations from a current state to a desired future state.</td>
</tr>
<tr>
<td>Group potency</td>
<td>Refers to the collective beliefs about the group member's capability that the group can be effective in a diverse condition of task.</td>
</tr>
<tr>
<td>Organization effectiveness:</td>
<td>The concept of how effective an organization is in achieving the outcomes it intends to produce/Service.</td>
</tr>
<tr>
<td>Privatization:</td>
<td>The incidence or process of transferring ownership of a business, enterprise, agency or public service from the public sector (government) to the private sector (business).</td>
</tr>
<tr>
<td>Structural change:</td>
<td>The process during which the changes of a system are implemented in a controlled manner by following a pre-defined framework/model with, to some extent, reasonable modifications.</td>
</tr>
<tr>
<td>Strategic planning:</td>
<td>An organization's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy, including its capital and people.</td>
</tr>
<tr>
<td>Team cohesion</td>
<td>Refers to the degree which members of a team are attracted to each other,</td>
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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Strategic planning is suitable for all ports (Ngethe 2001). Even facilities that are running near capacity, and therefore have limited growth potential, are subject to the uncertainties of a deregulated port industry. Some ports, however, face particularly high levels of uncertainty. These include newly constructed commercial ports; existing commercial ports with low levels of marine activity; and closed military bases which are being reused as commercial ports (Karlsson 2006). For these ports, flexible planning is a must. They generally have little advance knowledge of the characteristics of future demand or when demand will materialize. When planning fails to adequately account for high levels of uncertainty, the consequences can be costly. Port authorities are increasingly confronted with the globalization of terminal operations. During the 1990s, a number of terminal operators and major shipping lines merged to invest in and take control of a large number of terminals all over the world. This trend has far reaching consequences for the strategic position of port management in relation to some of their major clients (Robbin 2005). This trend toward globalization has affected mainly containerized operations.

Today, a handful of major carrier alliances and independent terminal operators increasingly dominate the major global container trades. The global carriers have sought to secure their competitive positions by concluding long-term contracts for dedicated container terminals in major, strategically located ports. Their reasoning is that they believe they need to control all stages of the transport chain to remain competitive. These
efforts to establish integrated transport chains pose a challenge for port authorities in their relations with the larger carriers (Daveni 2006).

Port strategic planning remains mostly traditional and rigid in its approach. Over-reliance on forecasts has resulted in costly mistakes. This is true even at ports that are well established and have clearly defined trends in their historical marine activity. At marine ports such as converted military facilities, the level of uncertainty is higher, making traditional planning methods ineffective. Strategic planning methods can be particularly valuable at these types of ports. Even when the need for dynamic strategic planning is evident, it can be difficult for port decision makers to know how to apply it in practice.

1.1 Background of KPA

The Port of Mombasa can trace its history back many centuries to a time when dhows called at the Old Port on the north side of Mombasa Island. In 1896 to 1901, the Uganda Railway was built reaching Kampala in 1903 to pursue the goal of opening the hinterland. In 1926 to 1958 the Port development began with the lighter wharves and proceeding upstream with deepwater general-cargo berths along the north-west shore of the island. In this time up to Kenya’s independence, the Port of Mombasa functioned as a principal port of the East African Railways and Harbours Authority. In 1963, after Kenya’s political independence the Port of Mombasa became part of the East African Railways and Harbours Corporation with headquarters in Dar-es-Salaam. 1967, the three countries joined forces to set up the East African Community (EAC). They also created a new Authority, the East African
Harbour Corporation, to run the principal ports of Dar es Salaam, Mombasa and the oil port of Tanga. In 1977, the East African Community broke up. The East African Harbours, East African Cargo Handling Services and East African Railways changed to be the Kenya Ports Authority, the Kenya Cargo Handling Services and the Kenya Railways respectively, for the Kenyan operations. In 1978, the running of Kenya’s ports was taken over by the national government, which established Kenya Ports Authority (KPA) under the Act (Cap 391 of the laws of Kenya). In 1986, the separate cargo-handling organization (Kenya Cargo Handling Services Company) was merged with the KPA to form a single body responsible for all aspects of national port development and operations.

The port of Mombasa is the Principal Kenyan seaport and comprises of Kilindini Harbor and Port Reitz on the Eastern side of the Mombasa Island and the Old Port and Port Tudor north of the Mombasa Island. Kilindini is naturally deep and well sheltered and is the main harbor where most of the shipping activities take place. It has 21 deep water berths, two oil terminals and safe anchorages and mooring buoys for sea-going ships. (Nyamwange, 2001).

The Port of Mombasa not only serves Kenya but is also the main gateway to the Eastern African hinterland countries of Uganda, Rwanda, Burundi, Democratic Republic of Congo and Southern Sudan. The port of Mombasa is managed and operated by the Kenya Ports Authority (KPA) a semi-autonomous government parastatal, which is the focus in this study.
Kenya Ports Authority (KPA) is a statutory body under the ministry of Transport. It was established by an Act of Parliament on 20th January 1978 with the mandate to maintain, operate, improve and regulate all scheduled seaports situated along Kenya’s coast line. The Authority is responsible for the operation and management of the Port of Mombasa, other small seaports, Inland Container Depots in Nairobi and Kisumu, liaison offices in Kampala and Kigali that cater for all transit countries. It is a multi-purpose port with facilities and infrastructure for handling all types of ships including container, general cargo, tankers, bulk carriers and passenger. In addition, the port is strategically situated to serve the rich agricultural hinterland of Kenya, Uganda, Rwanda, Burundi, Democratic Republic of Congo and southern Sudan among others. KPA also manage the small sea ports of Kiunga, Lamu, Malindi, Kilifi, Mtwapa, Funzi, Shimoni, and Vanga (Nyamwange 2001)

The Kenya's Port of Mombasa is facing one of its stiffest challenges in recent times, due to an operational crisis caused by a new cargo clearance system at its facilities and also the problem of space. This follows the introduction and continues usage of the automated Kilindini Waterfront Terminal Operations System (Kwatos), a cargo clearance system, which has failed to stabilize and which is causing congestion (Business Daily 23rd December, 2009)

International firms have shown interest in the management of Mombasa port even as it emerges that a recently enacted law denies them a stake in the venture. The government
is continuing with the process of privatizing the port. A study to determine which sections of the facility should be handed over to private hands is in the offing. The move is expected to increase efficiency at the port, which serves five countries in the region (Business Daily 23rd December, 2009).

The mission of the institute is to facilitate and promote global maritime trade through provision of competitive port services. While the vision of the institute is to be World class sea-ports of choice. K.P.A strongly believes in offering training and learning opportunities to all cadres of staff where each employee is helped to develop their strengths and see opportunities for growth in the company. If a company has invested in training its work force, it makes sense to develop a policy that will help it retain these employees and motivate them in such a way as to put best use of their skills, there by maximizing the return on investment. According to the KPA training policy, training is what will lead to better performance. The policy argues that the primary objective of training is to develop new skills as well as advance the existing ones. The quality and level of training provided in turn, influences the development of better performance in an organization.

1.2 Statement of the problem

The main challenge facing the Kenya Ports Authority is how to strategically plan so as to lead to organizational effectiveness. It is geared to effectively and efficiently pursue its goals in order to be able to fully execute its key mandate of maintaining, operating and
regulating all scheduled seaports along Kenya’s coastline. Among its problems is space brought about by the clearance system KWATOS which has failed to stabilize and make clearance of containers and ships faster. In fact it is the employees who have refused to change and use KWATOS to the best of its capabilities. The Mombasa container terminal lack of space was brought about by the initial designed capacity which was 250,000 TEUs per annum. This capacity was exhausted in 2001 when the Port of Mombasa handled 290,500 TEU. For the short term solution the port of Mombasa started to use Conventional berths 11 – 14 to handle containers for ships with own gear. The adjacent yards were also used for container handling. The introduction of the CFS, use of berths 11 to 14 and the automation of the container terminal operations helped in reducing container dwell time at the port of Mombasa, hence an increase in container handling capacity to 734,083 TEUs.

But a permanent solution is yet to be effected.

Another problem facing KPA is missing out on business from the big ships due to the small and shallow berths therefore leading to less profit. This problem is currently being solved by dredging the sea canals so that it could accommodate the big ships and also there are plans to build a new container terminal.

The effectiveness of the organization is determined by the way work is strategically planned and organized and by the way people work with or against each other. Being an effective manager means knowing when to plan strategically. Some plans, for instance, are more people-oriented, while others tend to focus on a project or product. The strategic
plan that a manager select will depend on his or her people’s skills and knowledge, available resources (like time and related content money), desired results, and, of course, the task before him or her.

The challenge with the manager is to strategically plan for an action that works best for any given situation. Managing without specific strategic plans geared to a specific set of circumstances can slow down and even lead to costly mistakes. Due to the various management and structural changes at Kenya Port authority, there is a need to do research and identify the effect of strategic planning on the organization effectiveness. However, the studies that have been done have not captured this aspect. Infact, strategic planning has been a topic of interest to researchers in management, and other disciplines and nothing has been done on its effect to the effectiveness of organization.

Formulating strategies or preparing a strategic plan in itself is not enough. There is therefore the need to measure the effect of the strategic planning and the planning process on the performance of the organization in question. Several studies have been carried out relating to the management of Kenya Ports Authority but none of them has sufficiently focused on the input of strategic planning on the effectiveness of the organization. This would then suggest that there is a gap in the literature. This study measured the effect of strategic planning on a well defined behavior based on variables of effectiveness.
1.3 Objective of the Study

The broad objective of this study was to investigate the effect of strategic planning on the organization’s effectiveness. Specifically the study aimed:

i. To determine whether there is any relationship between strategic planning and organizational effectiveness in KPA.

ii. To identify strategic plans that give utmost results.

iii. To evaluate how strategic planning contribute towards the overall improvement of effectiveness of organization.

1.4 Research Questions

The study sought to provide answers to the following research questions:

i. Is there any relationship between strategic planning and organizational effectiveness in KPA?

ii. What strategic plans give utmost positive results in KPA?

iii. How can strategic planning contribute towards the overall improvement of effectiveness of organizations?

1.5 Significance of the study

This study would benefit:

Managers who would find the findings of this study important as they learn the relationship between strategic planning and organization effectiveness and thus put more effort on strategic planning. They would also be informed on the strategic plans that work best for their organization.
In addition, the employees would also be able to understand the effect of strategic planning hence enhance team work. They will also learn how to cope and accept the strategic changes in the organization and environment. They will understand their role better in contributing towards organizational effectiveness.

Furthermore, researchers and academicians would get references from the finding of this study as they do further research on this field. The project report will be their source of secondary data and finally,

The study would aid policy makers in Government (Transport Ministry). The report will emphasis on their need to cooperate managers in developing strategies to enhance effectiveness at KPA.

1.6 Scope of the study

The study aimed at investigating the effects of strategic planning on organization effectiveness. The study focused on all the senior managers and their assistance who are mostly involved in strategic planning in different departments of Kenya Ports Authority’s headquarters.

1.7 Limitation of the Study

The researcher anticipated the employees that were chosen to respond to the questionnaire to be suspicious of why they are being chosen while others are being left out. As a result, the researcher opened up with the staff on the reasons for the study assuring them that the information provided is strictly for academic purposes.
The researcher also anticipated the organization’s culture of being difficult in accepting change to hinder or slow down the research.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This study takes an in depth look at literature on the effects of strategic planning on organization effectiveness. It provided a theoretical and conceptual framework of the study, explore what others have said and done on this topic. The chapter also provided a review on; the critical areas of the study and focused on; strategic planning: organization effectiveness; theories of organization effectiveness; factors that affect organization effectiveness.

2.2 Empirical Review

2.2.1 Strategic planning

One of the most common sets of activities in the management is planning. In order to determine where the organization is going, whether it operates in the private or in the public sector, the organization needs to know exactly where it stands, then determines where it wants to go and how it will get there. Most studies have shown that planning is an intelligent preparation for action. The planning process is differentiated from other pre-decision activities, in that it is systematic, deliberate and continuous (Glaister and Falshaw, 2005). Strategic planning is widely used by organizations at international level, as it is an integral part of strategy. Strategic Planning is the formal consideration of an organization's future course. All strategic planning deals with at least one of three key questions (Bradford and Duncan, 2000): What we do? For whom do we do it? And how do we excel?
Strategic planning is an offshoot of strategic management and is nowadays refereed to as corporate planning. According to Owolabi (2001), “Strategic management is the management process by which policies are formulated and strategies are selected to achieve the goals and objectives of an organization”. He argued that both concepts (strategic management and strategic planning) are often used interchangeably. According to Kotler (2009), strategic planning is “the managerial process of developing and maintaining a viable relationship between the organization and its environment, through the development of corporate purpose, objectives and goals, growth strategies and business portfolio plans for company-wide operations”. Strategic planning is also seen as “a company’s planning process towards what it wants to achieve in the long-term. It must convey a significant stretch for the company, a sense of direction, discovery and opportunity that can be communicated as worthwhile to all employees. It should not focus so much on today’s problems but rather on tomorrow’s opportunities (Kotelnikov, 2007).

The maturity of an academic discipline is often judged by the extent to which its theories and techniques are employed in everyday practice. It is possible to benchmark the maturity of strategic management by exploring the extent to which its theories, frameworks and tools are employed by organizations in their strategic thinking and planning (Stonehouse and Pemberton, 2002).
Strategic Planning is a means to an end, a method used to position an organization, through prioritizing its use of resources according to identified goals, in an effort to guide its direction and development over a period of time (Bryson, 2004). Although the notion of strategy has its origins in the military arena, strategic planning in recent years has been primarily focused on private sector organizations and much of the theory assumes that those in executive control of an organization have the freedom to determine its direction. Current theories also appear to assume that the operating environment is predominantly competitive and, implicitly, that a profit motive will be the driving force behind the planning requirement.

In public sector organizations, however, those in executive positions often have their powers constrained by statute and regulation which predetermine, to various degrees, not only the very purpose of the organization but also their levels of freedom to diversify or to reduce, for example, a loss-making service (Duncan, 2006). The primary financial driver in these organizations is not profit, but to maximize output within a given budget (some organizations currently having to try to do both) and, while elements of competition do exist, it is much more common to think of comparators rather than competitors. Much of the planning literature, currently being published, addresses the necessity of planning in the profit and non-profit sectors. Strategic thought and action have become increasingly important and have been adopted by public and non-profit planners to enable them to successfully adapt to the future (Kriemadis, 1997; Laycock, 1990; Nelson, 1990; Wilson, 1990). According to Bryson (2004) strategic planning, can help public and nonprofit organizations anticipate and respond effectively to their
dramatically changing environments. In their efforts to provide increased value for money and to genuinely improve their outputs; public and non-profit sector organizations have been increasingly turning to strategic planning systems and models. While it is acknowledged that models rarely actually fit organizations without some adaptation, many in the public and non-profit sector have found that certain key dimensions of the existing strategic models have not existed within their organizations. In supporting that approach to strategic development within the public and non-profit sector, Wilkinson and Monkhouse (1994) goes one step further and suggest that the actual design models of the strategic process should also reflect the reality of public and non-profit sector organizations. It is suggested that any model of strategy development used in public and nonprofit sector organizations should acknowledge the key differences that exist in that sector.

Firms, however, appear to gain more because they can derive considerable benefits not only from adaptive thinking, but also from integration and control. Small firms can derive considerable benefits from adaptive thinking but probably gain less than large firms from the integration and control aspects of strategic planning. Evered (2005), suggested that the different uses of the term strategic planning vary from broad ones (which include the purposes of defining purpose, objectives and goals) to very narrow ones (namely, those that deal with the means for achieving given objectives). Given Evered's differentiation between broader and narrower definitions of strategy, Bozeman's definition is a narrow one; one that assumes an ultimate mission of the organization. Bozeman's definition
assumes that the strategic planning/management process is triggered by changes in policies and priorities (Bozeman, 2003).

Hence, according to (Eadie, 2004), strategic planning may be defined broadly or narrowly. However, this formulation still does not help managers in the public sector, for now they need to decide not only whether they want to develop strategic plans but also whether they should approach such plans with a global perspective or with a narrower one. Thus, what seems to be a problem of semantics masks a fundamental question about the inclusion or exclusion of goal definition from the strategic planning process.

According to Berry (2007) Strategic planning is a tool for finding the best future for your organization and the best path to reach that destination. Quite often, an organization’s strategic planners already know much of what will go into a strategic plan. However, development of the strategic plan greatly helps to clarify the organization’s plans and ensure that key leaders are all on the same script but far more important than the strategic plan document is the strategic planning process itself. The strategic planning process begins with an assessment of the current economic situation. First, examining factors outside of the company that can affect the company's performance.

The intensity with which managers engage in strategic planning depends on Managerial (e.g., strategic planning expertise and beliefs about planning-performance relationships), Environmental (e.g., complexity and change) and Organizational (e.g., size and structural complexity) factors. The effects of these factors on strategic planning intensity have been
suggested by several studies (Kallman and Shapiro, 1990; Unni, 1990; Robinson and Pearce, 1998; Robinson et al., 1998; Watts and Ormsby, 1990b).

These studies have analyzed the relationship between strategic planning and financial performance and proved that the intensity with which banks engage in the strategic planning process intervene—that is cause an indirectness and lack of one-to-one correspondence—between factors such as strategic planning expertise and beliefs about planning performance relationships (managerial factors), environmental complexity and change (environmental factors), bank size and structural complexity (organizational factors) and bank’s financial performance. As suggested by the inconsistent research findings, past studies have misspecified the relationship between strategic planning and financial performance in banks. Misspecification of this relationship might be attributed to past studies’ lack of attention to the relationship among these managerial, environmental, organizational factors and their potential effect on planning intensity and performance (Hopkins and Hopkins, 1997).

2.2.2 Effects of Strategic Planning

Companies now operate in vastly competitive and nonlinear environments, the value of a business lies increasingly in its ability to capture information and generate new ideas. According to (Kotler 2009), “an idea that is not dangerous is hardly worth calling an idea. The same can be said of a strategic plan. A great plan provokes. It takes chances. This eventually attracts customers and the market to one’s brand.” Therefore, there is a need
for effective strategic planning in an organization. But firstly, we need to understand the concept of strategic planning.

In the words of Fashoyin (2005), “corporate planning is fundamental to all organizations. It involves the visualization and determination of a future course of actions that will lead on organization to achieving its desired objectives; that is the setting of objectives and the determination of how to achieve those objectives”. He further stressed that in practice; only large organizations use their planning departments to transform corporate objectives into realizable operational guidelines, while most use them for gathering statistics and other mundane activities. This shortcoming derives from the poor status given/accorded the corporate planning function in many organizations and the overriding influence of top management. Consequently upon these, planning is invariably confined to setting general and departmental goals and rarely includes carefully developed strategic plans for translating these goals into realizable targets.

Strategic planning can be viewed as a broad managerial process of developing a vision, mission statement, goals and objectives with which to serve as influential guides to employees using the top-bottom management approach (Warner, 2002). He looks at a vision as “a short, succinct, and inspiring statement of what the organization intends to become and to achieve at some point in the future, often stated in competitive terms”. According to strange and Mumford (2002) “a vision involves a set of beliefs about how people should act, and interact, to make manifest some idealized future state”. They further argued that a vision may contain commitment to: creating an outstanding value
for customers and other stakeholders; developing a great new product or service; and/or developing a great company.

Therefore, having well-defined visions, mission statements and goals changes nothing except if executives are seen to live with them, and constantly communicate them to their employees. In other words strategy planning refers to the formulation of a unified, comprehensive and integrated plan aimed at relating the strategic advantages of the firm to the challenges of the environment. Therefore, it is concerned with appraising the environment in relation to the company, identifying and the strategies to obtain permission for one of the alternatives to be interpreted and communicated in an operationally useful manner. Thus, strategic planning provides the framework within which future activities of the company are expected to be carried out. In earlier times, managers managed their businesses without any future plans. At that time, they were only interested in “today’s world”. With time however, they began to see the need to anticipate the future and purpose for it by first preparing systems and procedure manuals for decision that must be made repeatedly thereby creating time for more important decisions and new planning and control systems (through budgeting) (Warner (2002).

This development led to long-range planning which focused on forecasting the future using economic and technological tools which eventually has now led to the concepts of strategic management, strategic planning and corporate planning, all focusing on the analysis of the business and the preparation of several sceneries against the future.
Ansoff (2000) posits that there are two types of plans which emanate from goals and objectives and the strategies designed to achieve them – operational/operating plans and strategic plans. The operating plans are implemented by the different units in an organization while strategic plans are implemented through projects. Operational planning focuses on scheduling, internet co-ordination, production and marketing, budgets and administration, schedules and project campaigns, recruitment and redundancy, formulating advertising campaigns, etc. Strategic plans on the other hand derive from the company’s overall corporate strategy, from observed gaps between necessary and likely outcomes and resources, risk assessments to matters such as divestment, research and technical development.

2.2.3 Organization effectiveness

Organizational effectiveness is the extent to which an organization has met its stated goals and objectives and how well it performed in the process (Yankey & McClellan, 2003). Measurement of nonprofit effectiveness reflects the diversity in the size, scope, and services of the many types of organizations.

2.3 Theories of organization effectiveness

2.3.1 Strategic Management Theory

Strategic management is the process and approach of specifying an organization’s objectives, developing policies and plans to achieve and attain these objectives, and allocating resources so as to implement the policies and plans. In other words, strategic management can be seen as a combination of strategy formulation, implementation and
evaluation (David, 2005; Haim Hilman Abdullah, 2005; Mohd Khairuddin Hashim, 2005; Zainal Abidin Mohamed, 2005). The strategic management theories stem mainly from the systems perspective, contingency approach and information technology approach. In light of this background, following David (2005) and Mohd Khairuddin Hashim (2005), among the common strategic management theories noted and applicable are the profit-maximizing and competition-based theory, the resource-based theory, the survival-based theory, the human resource-based theory, the agency theory and the contingency theory.

2.3.2 Profit-Maximizing and Competition-Based Theory

The profit-maximizing and competition-based theory, which was based on the notion that business organization main objective is to maximize long term profit and developing sustainable competitive advantage over competitive rivals in the external market place. The industrial-organization (I/O) perspective is the basis of this theory as it views the organization external market positioning as the critical factor for attaining and sustaining competitive advantage, or in other words, the traditional I/O perspective offered strategic management a systematic model for assessing competition within an industry.

2.3.3 Resource-Based Theory

This theory which stems from the principle that the source of firms competitive advantage lies in their internal resources, as opposed to their positioning in the external environment. That is rather than simply evaluating environmental opportunities and threats in conducting business, competitive advantage depends on the unique resources
and capabilities that a firm possesses (Barney, 1995). The resource-based view of the firm predicts that certain types of resources owned and controlled by firms have the potential and promise to generate competitive advantage and eventually superior firm performance (Ainuddin et al., 2007).

2.3.4 Survival-Based Theory

This theory centers on the concept that organization need to continuously adapt to its competitive environment in order to survive. This differs to the human resource-based theory, which emphasizes the importance of the human element in the strategy development of organizations. In addition, the agency theory stresses the underlying important relationship between the shareholders or owners and the agents or managers in ensuring the success of the organizations.

2.3.5 Contingency Theory

This theory draws the idea that there is no one or single best way or approach to manage organizations. Organizations should then develop managerial strategy based on the situation and condition they are experiencing. In short, during the process of strategy formulation, implementation and evaluation, these main strategic management theories will be applicable to management of organization as tools to assist them in making strategic and guided managerial decision.
2.4. Factors that affect organization effectiveness

2.4.1. Group potency

Group potency refers to the collective beliefs about the group member's capability that the group can be effective in a diverse condition of task. (Meglino and Korsgaard, 2002). The construct of group potency is rooted in the theory of social cognition and is a group-level construct parallel to the individual-level variable of self-efficacy, because both are motivational constructs that reflect appraisals of capabilities (Ruyter and Wetzels, 2005).

Jong, Ruyter and Wetzels (2005) present that both construct group potency and self-efficacy have two prime differences. First, self efficacy indicates individual's belief of my self competency, but group potency indicates the competency of the team as an entire. Second, group potency differs from self-efficacy is generalized employee beliefs about the team's accomplishment competency across tasks and contexts. Performance of team does not depend on the type of task service and sell, on the contrary self-efficacy relate to beliefs concern task-specific activities (Jong, Ruyter and Wetzels, 2005).

2.4.2. Team cohesion

Team cohesion refers to the degree which members of a team are attracted to each other (Ensley and Pearson, 2005). Team cohesion is a resultant of all the forces acting on the members to remain in the group, as a dynamic process that is reflected in the tendency for a group to stick together and remain united in its pursuit of goals and objectives (Whiteoak, 2007). Many studies have linked cohesion to team performance and indicated the high significant effect for performance (Ensley & Pearson, 2005).
2.4.3. Management collaborative

Management collaborative is the reveal cooperation of top management team manages activity and share vision in organization. Management collaborative is importance for firm performance, if all executive have the strong relationship will have an effect on employee. In specific teamwork, the team will be highly potential to activity and high unity.

Lester, Meglino and Korsgard, (2002) indicate the potency beliefs of a group can be raised by inducement from other influence. The recent researches suggest that management support have a position effect on group potency (Jong, Ruyter and Wetzens, 2005; Hyatt and Ruddy, 1997). The TMT was significantly higher on group potency and cohesion in family business (Ensley and Pearson, 2005).

2.4.4 Leadership support

Leadership of the team plays a significant role in the level of realize achievement. And most important input factors to successful fulfillment of team processes and team effectiveness. (Kua, 2004). Several researches indicate team leadership is positively related to team's member satisfaction, significant such boundaries include those between team leader and team members (Stock, 2006). The knowledge and skills implicate team's task and they advocate their team's member to work. Yoon (2005) suggests that leadership of team leader was assessed by the extent of the following; team leader's professional knowledge, participation inducement in decision making stages, innovation,
and trust. Leadership can facilitate the free flow of information and ideas (Fedor Ghosh, Caldwell, and Singhal, 2003).

Beech and Crane (1999) explain successful teamwork as proceeding from a climate of community and a new kind of leadership supporting the teamwork. Thus, the team leader should support and encourage teamwork cohesion that consistent with prior research found that leadership support associate with team cohesion (Montes, Moreno and Victor, 2005). The above discussion suggests that team leadership should be directly related to group potency and team cohesion that is also positively related to performance.

2.5 Conceptual Framework

Strategic planning ensures that resources, decision making, and activities are aligned with the common goal of the institution. Assessing goal attainment however does not necessarily reveal whether the institution is having the impact it wants or needs to have. For that, the institution needs to examine its actual outcomes or results.

The chart next page illustrates the conceptual framework for organizational effectiveness, the relationship between the independent variables and dependent variables:
Figure 2.1: A Conceptual Framework

Independent Variables

- Management collaboration
- Leadership support & Communication
- Resource allocation
- Team cohesion
- Customer focus

Dependent Variable

Organization effectiveness

(Source: Author 2012)
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research design

A descriptive survey research design was adopted for this study. According to Mugenda and Mugenda (2003), a survey is an attempt to collect data from members of a population in order to determine the current status of that population in order to determine the current status of that population with respect to one or more variables. It is therefore a self-report study which requires the collection of quantifiable information from the sample. As a result, the study investigated the impact of strategic planning on organization effectiveness.

Descriptive design is therefore used to obtain information concerning the current status of a phenomenon to describe "what exists" with respect to variables or conditions in a situation. The methods will range from the survey which describes the status quo, the correlation study which investigates the relationship between variables, to developmental studies which seek to determine changes over time. In the current study, the survey approach was employed.

3.3 Target Population

According to Mugenda and Mugenda (2003) population refers to an entire group of individuals, events or objects having common observable characteristics. The study targeted all the senior managers from all the departments of the Kenya Ports Authority. This is because managers are the one who are responsible for designing effective strategic plans for effective management of their departments in the organization. Kenya
Ports Authority has 7 divisions with their divisional heads and with 27 departments with 27 departmental heads and 61 principals’ heads bringing a total of 95 senior managers.

3.4 Sample and sampling technique

The choice of study area was purposive because Kenya Ports Authority is a complex organization which therefore requires the management to adopt and implement effective strategic plans. The study targeted head of departments and their principals from all the 27 departments of Kenya Ports Authority. Since the target population is manageable, the study adopted census sampling where all (27) head of departments and 27 principal managers from all departments in the Ports were included in the sample as shown in Table 1.1. On the other hand, purposive sampling was further used to select key informants. This is because the key informants are deemed to possess the relevant information that the study was seeking.
Table 3.1: Sample Size

<table>
<thead>
<tr>
<th>Departments</th>
<th>Manag ers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security</td>
<td>2</td>
</tr>
<tr>
<td>Internal audit</td>
<td>2</td>
</tr>
<tr>
<td>Corporation</td>
<td>2</td>
</tr>
<tr>
<td>Legal service</td>
<td>2</td>
</tr>
<tr>
<td>Human Resource and Administration</td>
<td>2</td>
</tr>
<tr>
<td>Human Resources</td>
<td>2</td>
</tr>
<tr>
<td>Employee Relation</td>
<td>2</td>
</tr>
<tr>
<td>Administration</td>
<td>2</td>
</tr>
<tr>
<td>Medical Services</td>
<td>2</td>
</tr>
<tr>
<td>Bandari College</td>
<td>2</td>
</tr>
<tr>
<td>Health, Safety and Environment</td>
<td>2</td>
</tr>
<tr>
<td>Pension Fund</td>
<td>2</td>
</tr>
<tr>
<td>Conventional Cargo</td>
<td>2</td>
</tr>
<tr>
<td>Container Operations</td>
<td>2</td>
</tr>
<tr>
<td>Inland Container Depots</td>
<td>2</td>
</tr>
<tr>
<td>Container Terminal Engineering</td>
<td>2</td>
</tr>
<tr>
<td>Civil Engineering</td>
<td>2</td>
</tr>
<tr>
<td>Elect/Mech Engineering</td>
<td>2</td>
</tr>
<tr>
<td>Marine Engineering</td>
<td>2</td>
</tr>
<tr>
<td>Financial Accounting</td>
<td>2</td>
</tr>
<tr>
<td>Management Accounting</td>
<td>2</td>
</tr>
<tr>
<td>Procurement</td>
<td>2</td>
</tr>
<tr>
<td>Commercial</td>
<td>2</td>
</tr>
<tr>
<td>Corporate Development</td>
<td>2</td>
</tr>
<tr>
<td>Information Technology</td>
<td>2</td>
</tr>
<tr>
<td>Marketing</td>
<td>2</td>
</tr>
<tr>
<td>Project Development and Management</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>54</strong></td>
</tr>
</tbody>
</table>

Source: KPA SAP MODULE

As a result, the study used a sample size of 54 respondents.

3.5 Instruments of Data Collection

The study used questionnaire and interview guide as tools for data collection.
3.5.1 Questionnaire

A questionnaire was used as the main research tool for this study. The questionnaire was chosen as it provides a more comprehensive view than any other research tool. Questionnaires were used to obtain primary data from the sampled population. All the respondents were asked the same questions in the same order. The questionnaire contained both open and closed questions. It was standardized and completely predetermined. Questionnaires provide both qualitative and quantitative data. The main advantage of the instrument is that it allowed the researcher to control and focus responses to the research objectives. Thus, enhancing relevancy of data collected.

3.5.2 Interviews

Information was also collected from key informants by the use of interviews. Interviews were important because it helped in eliciting effective responses from the respondents particularly through observable non-verbal cues. The information collected formed part of primary data.

3.6 Validity and Reliability of Data Collection Instruments

3.6.1 Validity

Validity refers to the degree to which results obtained from the analysis of the data actually represent the phenomenon under study (Mugenda et al., 1999). To determine and improve the validity of the questionnaires a pilot study was carried out with 10 questionnaires from a different organization other than KPA. The researcher then
corrected ambiguity of questions with the assistance the supervisors. This allowed the preparation of the final questionnaire.

3.6.2 Reliability

Kothari (2004) states that the reliability of the questionnaires’ test refers to the ability of that test to consistently yield the same results when repeated measurements are taken of the same individual under the same conditions. According to the study reliability implies the degree to which a research instrument yields consistent results or data after repeated trials. To test reliability, the researcher used test re-test method after which a reliability index was noted before data collection processes commenced.

3.7 Methods of Data Collection

The researcher sought the permit from the relevant ministry which was used to collect data. Furthermore, permission was sought from the director of Kenya Ports Authority. Questionnaire was used as the main instrument of data collection. The researcher trained one research assistant who assisted in collecting data by distributing and later picking the duly filled questionnaires.

3.8 Data analysis procedures

The researcher collected data that is both qualitatively and quantitatively. Qualitative analysis was done on the information collected from interviews and researcher’s observation. On the other hand, quantitative analysis included both descriptive and inferential statistical techniques. Descriptive statistics complimented the use of frequencies, mean and percentages which was summarized and presented using tables, graphs and charts. It was used because it enabled the researcher to meaningfully describe
a distribution of scores or measurements using some indices like mean. On the other
hand, inferential statistics was analyzed through regression to determine the relationship
between the study variables.

3.9 Ethical Considerations

Permission to carry out the study was be sought from the relevant authority and from the
participants who participated in the study. The nature and the purpose of the research was
explained to the respondents by the researcher. The researcher respected the individuals’
rights to safeguard their personal integrity. During the course of the data collection, the
respondents were assured of anonymity, confidentiality and they were assured of their
ability to withdraw from the study at any time if they wish to do so. No names or
personal identification numbers reflected on the questionnaires except the numbering for
questionnaires, which was for purposes of identification of data during data editing. The
results of the study shall be availed to the relevant authority and to those participants who
are interested in knowing the results. All participants in the study signed an informed
consent form which assured them of anonymity and confidentiality.
CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter analyses, presents and discusses the study findings according to the study objectives. It has been divided into four sections: general information of the respondents, types of strategic plans adopted by Kenya Ports Authority, impacts of strategic management and effects of strategic management programs on the organizational effectiveness.

4.1.1 Response Rate

The study had a sample size of 54 respondents who are managers and their assistants from all the 27 departments at Kenya Ports Authority. However, three managers were not found and therefore the study used 51 respondents. As a result, the study used a response rate of (51/54*100) 94.4% which is good for the study according to Mugenda and Mugenda (2003).

4.2 General Information

General information of the respondent was obtained by looking at the following variables; highest level of education, department of work, duration of work, and duration in the current position, and whether the respondents have worked in any other organizations.
4.2.1 Highest Level of Education

When respondents were asked to state their highest level of education, it was established that majority (45%) had postgraduate degree, 39% had undergraduate degree while 16% had diploma certificate. It should be noted that since the study was only interested in establishing the impact of strategic planning on organizational effectiveness, it was prudent that the management be involved and therefore, managers and their assistants were selected. It is expected that for one to be able to provide efficient management in an organization, education is very vital. This is why majority (84%) of the management staff had attained university education. Figure 4.1 presents a summary of the findings.

**Figure 4.1: Highest Level of Education**
4.2.2 Respondent’s Department of Work

In relation to the respondent’s department of work it was established that only managers and their assistants were selected for the study. This therefore implies that the study used 27 managers and 27 assistant managers. Thus, two managers from each department were selected. However, it was established that there was only one manager from the following departments: personnel; medical services and inland container depots. This is as shown in table 4.1 below.

<table>
<thead>
<tr>
<th>Departments</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security</td>
<td>2</td>
<td>3.9</td>
</tr>
<tr>
<td>Internal audit</td>
<td>2</td>
<td>3.9</td>
</tr>
<tr>
<td>Corporation</td>
<td>2</td>
<td>3.9</td>
</tr>
<tr>
<td>Legal service</td>
<td>2</td>
<td>3.9</td>
</tr>
<tr>
<td>Human Resource and Administration</td>
<td>2</td>
<td>3.9</td>
</tr>
<tr>
<td>Personnel</td>
<td>1</td>
<td>2.0</td>
</tr>
<tr>
<td>Employee Relation</td>
<td>2</td>
<td>3.9</td>
</tr>
<tr>
<td>Administration</td>
<td>2</td>
<td>3.9</td>
</tr>
<tr>
<td>Medical Services</td>
<td>2</td>
<td>3.9</td>
</tr>
<tr>
<td>Bandari College</td>
<td>2</td>
<td>3.9</td>
</tr>
<tr>
<td>Health, Safety and Environment</td>
<td>2</td>
<td>3.9</td>
</tr>
<tr>
<td>Pension Fund</td>
<td>2</td>
<td>3.9</td>
</tr>
<tr>
<td>Conventional Cargo</td>
<td>2</td>
<td>3.9</td>
</tr>
<tr>
<td>Container Operations</td>
<td>2</td>
<td>3.9</td>
</tr>
<tr>
<td>Inland Container Depots</td>
<td>1</td>
<td>2.0</td>
</tr>
<tr>
<td>Terminal Engineering</td>
<td>2</td>
<td>3.9</td>
</tr>
<tr>
<td>Civil Engineering</td>
<td>2</td>
<td>3.9</td>
</tr>
<tr>
<td>Electrical/Mechanical/Telecom Engineering</td>
<td>2</td>
<td>3.9</td>
</tr>
<tr>
<td>Marine Engineering</td>
<td>2</td>
<td>3.9</td>
</tr>
<tr>
<td>Financial Accounting</td>
<td>2</td>
<td>3.9</td>
</tr>
<tr>
<td>Management Accounting</td>
<td>2</td>
<td>3.9</td>
</tr>
<tr>
<td>Procurement</td>
<td>2</td>
<td>3.9</td>
</tr>
<tr>
<td>Commercial</td>
<td>2</td>
<td>3.9</td>
</tr>
<tr>
<td>Corporate Development</td>
<td>2</td>
<td>3.9</td>
</tr>
<tr>
<td>Information Technology</td>
<td>2</td>
<td>3.9</td>
</tr>
<tr>
<td>Public Relation</td>
<td>2</td>
<td>3.9</td>
</tr>
<tr>
<td>Operations Research</td>
<td>2</td>
<td>3.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>51</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
4.2.3 Duration of Working at KPA

In relation to how long the managers have stayed in the organization, it was established that majority (36%) said that they have worked for 6-10 years, 34% said that they have worked for more than 10 years, 22% said that they have worked for 2-5 years while few (8%) have worked for less than two years. However, a close scrutiny of these findings indicates that majority (70%) of the managers had worked for six years and above in the Kenya Ports Authority. These therefore imply that most managers have worked in the port for a long period and therefore were aware of the strategic planning activities and their impact on the organizational effectiveness. Figure 4.2 summarizes the findings.

Figure 4.2: Duration of Working at KPA
4.2.4 Duration in the Current Position

Furthermore, when managers were asked to state the length of their stay in the current position (management position) it was established that majority (43%) had lasted for 2-5 years, 32% stated that they had stayed in their current position for 6-10 years, 16% acknowledged to have worked in their current management positions for less than 2 years while few (9%) said that they have lasted for more than 10 years in their current position. As a result, the study findings reveals that most managers have worked in their current position for more than 2 years (84%) which was vital for the study to collect relevant and valid information. This is because, strategic planning is done in a yearly basis and therefore at least all managers have been involved in the planning. This information has been presented in figure 4.3 below.
4.2.5 Whether the Respondent Has Worked In Any Other Organization

When respondents were asked to state whether they have worked in any other organizations before joining Kenya Ports Authority, it was established that majority (59%) agreed while 41% denied the statement. Working in different organizations is sometimes advantageous because it enables the organization to acquire and utilize experience and technical skills that an employee have. These findings have been presented in figure 4.4 below.
Furthermore, when managers were asked to state whether they are involved in strategic management, it was established that 89% said that they are being involved while 11% denied the statement. However, under normal circumstances, all managers should be involved in the strategic planning because every department is unique and therefore require different strategies for effective performance. Managers that denied being involved in the strategic planning may not have lasted long enough in their current position and therefore have never attended any strategic planning meetings.

4.3 Strategic Plans Adopted in the Organization

The first objective of the study was to identify the strategic plans that have been adopted by the different management teams at Kenya Port Authority. This objective was
measured by looking at whether the authority articulated its vision, whether the vision and mission statements are relevant to the authority's activities and mandate, whether the authority have a policy manual for strategy management and implementation, the one that does the strategy formulation and implementation in the authority, types of strategies adopted in the organization, and whether the authority carry out situational analysis before the formulation of the strategy.

4.3.1 Whether the Authority Articulated its Vision

When managers were asked to state whether the authority articulated vision of the organization, all agreed and confirmed that it has actually articulated the vision. Furthermore, when they were asked to state when the vision was last updated, majority (92%) of the respondents said that it was updated in the year 2011 while few (8%) said that it was updated in the year 2010. This therefore implies that the organization uses an updated version of its vision which is pleasant for the organization's effectiveness.

4.3.2 Whether the Vision and Mission Statements are Relevant

When respondents were asked to state whether the vision and mission were relevant to the authority's activities and mandate, it was established that all managers agreed that the vision and mission statements were relevant to the organization's mandated activities. Having a clear vision and mission statements enable the organization to work towards fulfilling these statements which later culminates into high productivity and effectiveness in the organization. The study further revealed that all respondents agreed that the authority have a policy manual for strategy management and implementation.
Implementation of strategies in an organization should be done following a clear systematic procedure. This enables the implementers to execute the duties without confusion and conflict of interests and therefore a manual is very crucial.

4.3.3 The One in Charge of strategy formulation and implementation in the authority

When the study further sought to establish the one in charge of strategy formulation and implementation in the Kenya Ports Authority, it was established that most respondents (48%) stated that it was the divisional heads that are in charge of strategy formulation and implementation in the authority, 39% stated that it was the heads of departments while 16% said it was all managers who are involved in the strategy formulation and implementation. However, it should be noted that some respondents gave more than one response and therefore the n-value here was more than the sample size (51). Furthermore, some respondents said that the division managers were the one in charge of strategy formulation because they are appointed by the board of directors to do so. However, none state that board of directors also formulate and implement strategies. One of the reasons may be that board of directors does not actually know the real issues at departmental level and cannot be in a position to suggest a good strategy for any department in the Authority. Figure 4.5 below presents the study findings on the strategy formulation and implementation.
4.3.4 The Strategies Adopted At the Kenya Ports Authority

When respondents were asked to state the various strategies adopted in the Authority, and since it was an open ended question, the following strategies were mentioned; marketing strategy, business plan, equipment modernization and acquisition plan, Port development and expansion plan, information technology strategy, services outsourcing strategy, improvement of stakeholders relations, environment management, adoption of e-business, improvement of port productivity, cost minimization and revenue diversification strategies.
4.3.5 Whether Situational Analysis Is Done Before a Strategy Is Formulated

Furthermore, when respondents were asked to state whether situational analysis is done before a strategy is formulated, majority (89%) agreed to the statement while 11% denied the statement. Before formulation of any strategy, it is prudent that an assessment on the ground is done. This is to allow the identification of areas that need improvement and for the management to know the kind of strategy that fits the situation at hand. Figure 4.6 below has a summary of the findings.

Figure 4.6: Whether Situational Analysis Is Done Before a Strategy Is Formulated

![Pie chart showing 89% Yes and 11% No for whether situational analysis is done before strategy formulation.]

4.4 Impacts of Strategic Management

The second objective of the study was to determine the impacts of strategic management towards the different management teams in their departments at Kenya Port Authority.
4.4.1 Trend on Organization Effectiveness in the Last Five Years

In relation to the organizational trend of effectiveness for the last five years, it was established that most (88%) managers acknowledged that the trend of effectiveness in the port has been increasing. However, few (7%) said that the trend was irregular, meaning that in some years it increases, while decreases in other years, 4% stated that the trend for organizational effectiveness has been stagnant (it neither increases nor decreases) while 1% said that the trend has been decreasing.

As a result, going by the majority, it is clear that, the organizational effectiveness has been on the rise for the past five years. This therefore implies that the organization’s vision and mission statements are relevant with the port’s activities. Furthermore, formulation and implementation of strategies has been done effectively by addressing the main problems in the port which has been made possible by the situational analysis in the organization. Table 4.2 below presents a summary of the findings on the trend of effectiveness.

Table 4.2: Trend on Effectiveness of the Organization

<table>
<thead>
<tr>
<th>Trend on Effectiveness</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increasing</td>
<td>45</td>
<td>88</td>
</tr>
<tr>
<td>Irregular</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Stagnant</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Decreasing</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>51</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
In addition, when respondents were asked to state whether the Authority has developed a set of key performance indicators or some other form of accountability to track the success of strategic initiatives, majority (85%) agreed while only 15% of the respondents denied the statement. This therefore implies that some managers are not aware of the performance indicators put in place to monitor the success of strategic initiatives. It is therefore a challenge for the top management and administration to ensure that performance indicators are made known to all managers as well as other stakeholders in order to promote the organization’s cohesiveness.

On the other hand, when the respondents were asked to state whether strategies they have formulated and implemented enhance organization, it was established that 91% agreed that they enhance while few (9%) said that they do not enhance effectiveness. However, if a strategy is well formulated by following the relevant procedures (like for instance before a strategy is formulated, a situation analysis must be done) then there are high chances that the strategy will enhance organizational effectiveness.

4.4.2 The Role of Strategic Management in Developing the Authority’s Strategy

In relation to the role of strategic management in developing the Authority’s strategy, it was established that 42% of the respondents said that it was extremely significant, 34% said that it was very significant, 18% said that it was slightly significant while only 6% said that it was not significant. However, it should be noted that for a complex organization like Kenya Ports Authority, strategic management is very crucial in
formulation and implementation of strategies since it lays the foundation onto which these strategies are based on. Figure 4.7 below has a summary of the findings.

Figure 4.7: Role of Strategic Management in Developing the Authority’s Strategy

<table>
<thead>
<tr>
<th>Role of Strategic Management</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely Significant</td>
<td>34%</td>
</tr>
<tr>
<td>Very Significant</td>
<td>42%</td>
</tr>
<tr>
<td>Slightly Significant</td>
<td>18%</td>
</tr>
<tr>
<td>Not Significant</td>
<td>6%</td>
</tr>
</tbody>
</table>

4.4.2 Roles Played by Board of Directors in Strategic Management Process in the Authority

In relation to the roles played by Board of Directors in strategic management process in the Authority, the study established that 29.7% of the respondents stated approving final strategy as the main role of Board of Directors, 19.4% said that the board challenges the emerging strategy, 27.3% said that the board monitor performance against strategy, 12.7% said that the board identifies key strategic issues while 10.9% said that the board helps develop strategy’s content.
As a result, the study findings indicate that the main role played by the Board of Directors is that of approving the final strategy. Early on, the established that formulation of strategies is done by head of divisions appointed by the board of directors, managers and even heads of department. Now after a particular strategy (or several strategies) has been formulated, the board comes in and approves the strategy or rejects it depending on how effective it will be. Furthermore, if the board finds out that a certain strategy has loopholes that may affect it efficiency, then the board challenges the strategy for further modification and improvement.

In addition, the board also has a mandate of monitoring performance against the approved strategy to evaluate whether it is capable of improving the organization performance and which culminates later to organizational effectiveness. Table 4.3 has a summary of the study findings on the role of board of directors in strategic management process.

<table>
<thead>
<tr>
<th>Roles Played by Board of Directors in Strategic Management Process in the Authority</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approves final strategy</td>
<td>49</td>
<td>29.7</td>
</tr>
<tr>
<td>Challenges the emerging strategy</td>
<td>32</td>
<td>19.4</td>
</tr>
<tr>
<td>Monitor performance against strategy</td>
<td>45</td>
<td>27.3</td>
</tr>
<tr>
<td>Identify key strategic issues</td>
<td>21</td>
<td>12.7</td>
</tr>
<tr>
<td>Helps develop strategy’s content</td>
<td>18</td>
<td>10.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>165</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>
4.5 Effects of Strategic Management programs on organizational Effectiveness

The third objective of the study was to evaluate how strategic management programs affect organization effectiveness at Kenya Ports Authority.

4.5.1 Potential Changes That Can Enhance Organization Effectiveness

When respondents were asked to state the potential changes that can enhance organizational effectiveness in the Ports, it was established that 13.1% said that there is need to improve the authority’s alignment with strategic plans, 11.4% said that there is need to develop methods to monitor progress against strategic plans, 9% stated that there is need to improve identification of and focus on important strategic issues, 12.2% said that there is need to improve the quality of strategy development discussion, 10.5% stated that there is need to reduce inappropriate influence of personal agenda while 14% said that there is need to increase discussion among the departments. The study further established that 12.5% of the respondents said that there is need to increase involvement of all levels of the authority, 11.1% were concerned with improving efficiency of the management process while 6.1% said that there was need to increase the involvement of senior management. Table 4.4 below summarizes the findings.
### Table 4.4: Potential Changes That Can Enhance Organization Effectiveness

<table>
<thead>
<tr>
<th>Potential Changes That Can Enhance Organization Effectiveness</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve the authority’s alignment with strategic plans</td>
<td>45</td>
<td>13.1</td>
</tr>
<tr>
<td>Develop methods to monitor progress against strategic plans</td>
<td>39</td>
<td>11.4</td>
</tr>
<tr>
<td>Improve identification of and focus on important strategic issues</td>
<td>31</td>
<td>9.0</td>
</tr>
<tr>
<td>Improve the quality of strategy development discussion</td>
<td>42</td>
<td>12.2</td>
</tr>
<tr>
<td>Reduce inappropriate influence of personal agenda</td>
<td>36</td>
<td>10.5</td>
</tr>
<tr>
<td>Increase discussion among the departments</td>
<td>48</td>
<td>14.0</td>
</tr>
<tr>
<td>Increase involvement of all levels of the authority</td>
<td>43</td>
<td>12.5</td>
</tr>
<tr>
<td>Improve efficiency of the management process</td>
<td>38</td>
<td>11.1</td>
</tr>
<tr>
<td>Increase the involvement of senior management</td>
<td>21</td>
<td>6.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>343</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

#### 4.5.2 Factors Affecting Organizational Effectiveness

In relation to factors affecting organizational effectiveness, Likert scale was used for answering (1 = strongly disagree, 2 = Disagree, 3 = Not sure, 4 = Agree, 5 = strongly agree). Thus, this question was analyzed by using the mean to identify the rank of each attribute. Table 4.5 below has a summary of the study findings on the factors affecting organizational effectiveness in the Kenya Ports Authority.

As a result, from the study findings, it was established that team cohesion was ranked first (4.86), leadership support was ranked second (4.63), resource allocation was ranked third (4.22), group potency was ranked fourth (3.91), management collaborative was ranked fifth (3.78) while customer focus was ranked the least with a mean of 3.65 from the Likert scale.
It should be noted that respondents (managers) were in agreement with all the statements under factors affecting organizational effectiveness. This is attested by the statements having means of 4.86-3.65 respectively which stands for ‘agree’ from the Likert scale (Msc>3.50). As a result, it is true that for an organization to perform effectively, team cohesion is mandatory. All staff working in the port ought to unite and perform their duties as a team by helping each other with information and any other assistance. Team cohesion promotes good understanding as well as appreciation of each other’s weaknesses and strength. This propels an organization in achieving the set down goals and objectives.

The study also established that leadership support is also vital in determining organizational effectiveness. Strategies may be formulated, however, without leadership support, there will be poor implementation which culminates to ineffective performance of the organization. Leadership support of the strategic planning and other policies enable the organization to operate effectively because employees will feel that their efforts are recognized and appreciated. Furthermore, leadership support will also enable efficient resource allocation for production to occur. Allocation of resources is very important because employees with easily and comfortably provide the required services effectively. The study also established that management collaborative as well as customer focus affects organizational effectiveness.
A close scrutiny of the findings indicates that team cohesion, leadership support, resource allocation, group potency, management collaborative and customer focus affects organization effectiveness.

Table 4.5: Factors Affecting Organizational Effectiveness

<table>
<thead>
<tr>
<th>Factors Affecting Organizational Effectiveness</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Team cohesion</td>
<td>4.86</td>
<td>0.86</td>
<td>1</td>
</tr>
<tr>
<td>Leadership support</td>
<td>4.63</td>
<td>0.95</td>
<td>2</td>
</tr>
<tr>
<td>Resource allocation</td>
<td>4.22</td>
<td>1.03</td>
<td>3</td>
</tr>
<tr>
<td>Group potency</td>
<td>3.91</td>
<td>1.01</td>
<td>4</td>
</tr>
<tr>
<td>Management collaborative</td>
<td>3.78</td>
<td>1.03</td>
<td>5</td>
</tr>
<tr>
<td>Customer focus</td>
<td>3.65</td>
<td>0.19</td>
<td>6</td>
</tr>
</tbody>
</table>
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

The purpose of the study was to investigate the impact of the strategic management on the organization’s effectiveness. This chapter therefore presents a summary, conclusion and recommendations for the study findings.

5.2 Summary of the Study Findings

5.2.1 Strategic Plans Adopted in the Organization

The first objective of the study was to identify the strategic plans that have been adopted by the different management teams at Kenya Port Authority. As a result, in relation to the various strategies adopted in the Authority, it was established that; marketing strategy, business plan, equipment modernization and acquisition plan, Port development and expansion plan, information technology strategy, services outsourcing strategy, improvement of stakeholders relations, environment management, adoption of e-business, improvement of port productivity, cost minimization and revenue diversification strategies were the major laid strategies in the Kenya ports Authority.

Furthermore, the organization has articulated the vision which is updated and that the vision and mission statements were relevant to the organization’s mandated activities. In relation to the one in charge of strategy formulation and implementation in the Kenya Ports Authority, it was established that divisional heads (48%), heads of departments (39%) and all managers (16%). In relation to whether situational analysis is done before a
strategy is formulated, it was established that majority (89%) agreed that situational analysis is normally done.

5.2.2 Impacts of Strategic Management

The second objective of the study was to determine the impacts of strategic management towards the different management teams in their departments at Kenya Port Authority. As a result, in relation to the organizational trend of effectiveness for the last five years, it was established that the trend has been increasing (88%). However, few said that the trend was irregular, while the other few said that it was decreasing. Furthermore, the role of strategic management in developing the Authority’s strategy is significant.

In relation to the roles played by Board of Directors in strategic management process in the Authority, the study established that approving final strategy, challenging of the emerging strategy, monitoring performance against strategy, identifying key strategic issues and helping in the development of strategy’s content were the roles played by Board of Directors.

5.2.3 Effects of Strategic Management programs on organizational Effectiveness

The third objective of the study was to evaluate how strategic management programs affect organization effectiveness at Kenya Port Authority. As a result, it was established that that team cohesion, leadership support, resource allocation, group potency, management collaborative and customer focus affects organization effectiveness.
5.3 Conclusion

It is clear that Kenya Ports Authority has adopted various strategies which are aimed at improving the effectiveness in the port. Furthermore, the Authority has a clear intention of expanding its infrastructure in order to improve service delivery to its clients. Strategy formulation and implementation is mainly done by divisional heads, managers and heads of departments with directions from the Board of Directors. The increasing trend of the organizational effectiveness is a clear sign of positive impact that strategic management has on the organization. Finally, for the Kenya Ports Authority to continue sustaining and improving on its organizational effectiveness, there is need to enhance team participation, leadership support and resource allocation.

5.4 Recommendations

From the study findings, the following recommendations were made;

From the study findings, it was established that Kenya Ports has set very many strategies that need to be implemented. This is good; however, it can be dangerous considering the availability of resources. There is therefore need for the management of the Port to prioritize these strategies and execute them one by one in that order.

Since some managers complained of not being involved in the formulation of strategies, there is need for the Authority administration to reconsider involving all the managers. This will enhance speedy implementation because the managers will feel involved.
The study further established that team cohesion, leadership support and resource allocation were the major factors affecting organizational effectiveness. There is therefore need for the management to put more emphasis on these factors in order for the organization to continue being effective.

The researcher recommends further studies to be carried out to link strategy planning and effective implementation. This is because there is no need for any organization to have good plans but fail to implement those plans accordingly. This would lead to a total failure of an organization.

The researcher further recommends studies to be done to find out the middle level management perception on strategy planning. This is because most planning is done by top level management, but without the input and support of middle level management, most plans would fail because the people who tend to implement them are the middle level management. So, for any organization to meet its goal and be effective middle management need to be involved during the planning. It is therefore very important that further studies to be carried out to find out how these middle level management perceive strategy planning.


Fashoyin, Tayo (2005) “Management in Africa” a journal of management reviews; called from the Lagos organization Review. Vol. 1, No. 1


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Nelson, R.S. (1990). Planning by a non-profit should be businesslike, Nonprofit World, Vol. 8, No. 6, pp. 24-27


TO WHOM IT MAY CONCERN

Dear Sir/ Madam,

RE: REQUEST FOR RESEARCH DATA

I am a post graduate student at Kenyatta University undertaking a Master Degree. As part of the requirement of Master of Business Administration, I am undertaking a research study entitled “Impact of strategic planning on the organization effectiveness: A case of Kenya Ports Authority”. The study is expected to provide useful information that will be beneficial to managers on the impact of strategic plans on the organizational effectiveness. You have been identified as one of the respondent to provide information for the study. This is therefore to request you to complete the questionnaire as honestly as possible. All information that you provide shall be treated with utmost confidence and will be used for the purpose of this study only.

Yours sincerely,

FATMA SHAFI
APPENDIX II: QUESTIONNAIRE

SECTION A: GENERAL INFORMATION

1. Indicate your highest level of education
   i. Secondary level ( )
   ii. Diploma ( )
   iii. University Degree ( )
   iv. Postgraduate Degree ( )

2. Which department do you work at KPA?

3. How long have you been working at KPA
   i. Below 2 years [ ]
   ii. Between 2-5 years [ ]
   iii. Between 6 to 10 Years [ ]
   iv. Above 10 years [ ]

4. How long have you been in the position you are holding currently?
   i. Below 2 years [ ]
   ii. Between 2-5 years [ ]
   iii. Between 6 to 10 Years [ ]
   iv. Above 10 years [ ]

5. Have you worked in any other organization before joining KPA
   Yes [ ]
   No [ ]

6. Are you involved in strategic Planning
   Yes [ ]
   No [ ]
Section B

7. (a) Has the authority articulated its vision

Yes [ ] No [ ]

(b) If yes, when was it last updated?

8. Is the vision and mission statements relevant to the authority’s activities and mandate

Yes [ ] No [ ]

9. Does the authority have a policy manual for strategy planning and implementation

Yes [ ] No [ ]

10. Who does the strategy formulation and implementation in the authority?

Board of Directors [ ]
Divisional Heads [ ]
Departmental heads [ ]
All managers [ ]

11. State some of the strategies you have adopted in the authority

12. Do you carry out situational analysis before the formulation of the strategy?

Yes [ ]
No [ ]

13. What has been the trend in the organization effectiveness in the last five years?
Increasing [ ]  
Decreasing [ ]  
Irregular [ ]  
Stagnant [ ]

14. Has the authority developed a set of key performance indicators or some other form of accountability to track the success of strategic initiatives?  
   Yes [ ]  
   No [ ]

15. In your opinion, does the strategies you have formulated and implemented enhanced organization effectiveness?  
   Yes [ ]  
   No [ ]

16. How would you describe the role of strategic planning in developing the authority’s strategy?  
   Extremely significant [ ]  
   Very significant [ ]  
   Slightly significant [ ]  
   Not significant [ ]

17. Which of the following roles do the Board of directors’ play in the strategic planning process in the authority?  
   Approves final strategy [ ]  
   Challenges the emerging strategy [ ]  
   Monitor performance against strategy [ ]  
   Identify key strategic issues [ ]  
   Helps develop strategy’s content [ ]  
   Not involved [ ]  
   Other roles [ ]
18. Of the following potential changes which one would you choose to enhance organization effectiveness?

- Improve the authority’s alignment with strategic plans [ ]
- Develop methods to monitor progress against strategic plans [ ]
- Improve identification of and focus on important strategic issues [ ]
- Improve the quality of strategy development discussion [ ]
- Reduce inappropriate influence of personal agenda [ ]
- Increase discussion among the departments [ ]
- Increase involvement of all levels of the authority [ ]
- Improve efficiency of the planning process [ ]
- Increase the involvement of senior management [ ]

19. On a scale of 1-5 (Where 1=Strongly Disagree, 2= Disagree, 3=Not Sure 4=Agree and 5=Strongly Agree) score your agreement on how the following factors affect your organization effectiveness.

<table>
<thead>
<tr>
<th>Factor</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group potency</td>
<td>[ ] [ ] [ ] [ ] [ ] [ ]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Team cohesion</td>
<td>[ ] [ ] [ ] [ ] [ ] [ ]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management collaborative</td>
<td>[ ] [ ] [ ] [ ] [ ] [ ]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership support</td>
<td>[ ] [ ] [ ] [ ] [ ] [ ]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Focus</td>
<td>[ ] [ ] [ ] [ ] [ ] [ ]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resource Allocation</td>
<td>[ ] [ ] [ ] [ ] [ ] [ ]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

20. Apart from strategic planning, which other factors can enhance organization effectiveness.