



**ST.MARY'S UNIVERSITY**

**SCHOOL OF GRADUATE STUDIES**

**MASTERS OF BUSINESS ADMINISTRATION**

**EFFECT OF STRATEGIC PLANNING PRACTICE ON ORGANIZATIONAL  
PERFORMANCE IN THE CASE OF COOPERATIVE BANK OF OROMIA**

**BY**

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**JANUARY, 2023**

**ADDISABABA, ETHIOPIA**

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PERFORMANCE IN THE CASE OF COOPERATIVE BANK OF OROMIA**

**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL OF GRADUATE  
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## **DECLARATION**

I hereby declare that this submission is my own work towards the Masters of Business Administration prepared under the guidance of Habtamu Abebaw (phD) and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the university, except where due Acknowledgment has been made in the text.

Sunamawit Fekadu

Signature

St. Mary's University, Addis Ababa

January, 2023

## **ENDORSMENT**

This thesis has been submitted to St. Mary's university college, school of Graduate studies for examination with my approval as a university advisor.

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January, 2023

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## **List of acronyms**

CBO – Cooperative Bank of oromia

SWOT – strength weakness opportunity and threats

SPSS - Statistical Package for Social Science

VIF - Variance Inflation Factor

ANOVA - Analysis of Variance

PMS – Performance management system

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## ABSTRACT

*The purpose of this study is to investigate effect of strategic planning practice effect on organization performance at cooperative bank of oromia S.C head office Addis Ababa, Ethiopia. By using the six dimensions of strategic planning practice (process element, techniques, dissemination, integration performance measures, communication and participation.). The study used descriptive and explanatory research designs. 260 samples taken from 739 employees by Using Stratified sampling techniques the target population consists of supervisors, managerial and non-managerial employees of cooperative bank of oromia. Primary data is utilized in this study, gathered with the aid of questionnaires and 217 responses obtained. Descriptive analysis (mean, standard deviation) and multiple linear regression analysis was used to analyses the data. By SPSS. The studies indicated independent variables have an effect on organizational performance, and out of the six predictor variables integration and process element were found to have significant effect on organizational performance of cooperative bank of oromia S.C. Finally, the company is recommended to give priority to the significant dimensions of strategic planning practice i.e., integration and process element and also the company should focus on the others four variables.*

**Keywords:** *process element, techniques, dissemination, integration, performance management system, communication and participation*

## **CHAPTER ONE**

### **INTRODUCTION**

The purpose of this study to investigate the effect of strategic planning practice on organizational performance in the case of cooperative bank of oromia S.C. This chapter includes background of the study, the statement of the problem, general and specific objectives of the study, research questions and significance of the study, scope and limitation of the study, and organization of the paper.

#### **1.1 Background of the study**

Over the years, the concept and practice of strategic planning has been embraced wide reaching and across sectors because of its perceived influence on organizational performance (Latif & Gohar, 2013). Organizations from both the public and private sectors have taken the practice of strategic planning critically as a tool that can be adopted to improve their performances (Aldehyyat, AlKhattab & Anchor, 2011). According to Aremu (2010), strategy is needed to focus effort and promote coordination of activities. Without strategy, an organization becomes bunch of individuals; hence strategy is required to ensure collective actions and concentration of efforts towards achieving organizational plans and objective

Many organizations today are focusing on becoming more competitive by launching competitive strategies that give them an edge over others. To do this, it is necessity to design workable strategies (Cater & Pucko, 2010). Strategic planning is a backbone support to strategic management and it is a major process in the conduct of strategic management (Awino, Muturia, & Oeba, 2012). Wagner (2013), stated that 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. The strategy planning process starts with setting organizational goals.

The strategic planning process is applied by management to establish objectives, set goals, and schedule activities for achieving those goals and includes a method for measuring progress (Bulle, 2012). The process regulates how the organization will change to take advantage of new opportunities that help achieve the needs of customers and clients. According to Thomson and Strickland (2012), strategy implementation can fail due to lack of effective top management support because strategic management and leadership are important drivers to strategic implementation.

According to Harker and Zenios (2000), the banking industry has been constantly changing in the most recent decades like different business organizations in light of the fact that the earth it works in is dynamic and exceptionally fused.

Because of the dynamism of the present business condition organizations scan their environment and inner capacities to create a strategic plan with the goal that they accomplish their objectives and gain relative competitive performance. How well an organization actualizes its approaches and programs and achieves its strategic goal as far as its main objective and vision is of prevailing concern. So specialists have made a significant effort to consider the relationship between strategic planning and organization performance since understanding the idea of this relationship is urgent to organizations and to the nation all in all (Aldehayyat and Twaissi, 2011; Gică and Negrusa, 2011; Suklev and Debarliev, 2012).

As Drucker (2012) noted in his book *The Practice of Management*, we can't be content with designs for a future we can predict. We should get ready for all conceivable and a decent numerous incomprehensible possibility. We should have a useful answer for whatever may come up. This underscored the requirement for strategic planning in each organization; expanded or one specialty unit, huge or little. In this context, Strategy is a key management instrument in any organization and it is a multi-dimensional idea that different creators have characterized in various ways. As per Thompson (2012) it is the match between an organization's assets and aptitudes and the natural open doors just as the dangers it faces and the reasons it wishes to achieve.

As a result, in the strategic management field performance of the organization has been examined over and over again and the significance of evaluating the performance has been generally perceived. The powerful job of strategic planning so as to improve organizational performance is very much archived in the strategic management writing (McIlquham-Schmid, 2010). Proof from the written works proposed that strategic planning is one of the components that can improve the organization performance (Sarason and Tegarden, 2003; Efendioglu and Karabulut, 2010; Arasa and K'Obonyo, 2012; Chavunduka et al., 2015).

It is trusted that, through legitimate strategic planning, organizations will accomplish better performance (Walker and Redmond, 2007). Greenly (1986) noticed that strategic planning has potential focal points and essential qualities that in the long run convert into improved firm performance. It is in this way that encourages improved firm performance. Organizational performance contains the genuine outcome or consequences of an organization as measured against its expected outcome (or objectives and destinations).

The relationship between strategic planning and firms' performance has been extensively considered in the past studies about (Aldehayyat and Twaissi, 2011; Gică and Negrusa, 2011 and Suklev and Debarliev, 2012). In any case, it very well may be said that, the findings are as yet uncertain. A portion of these studies has demonstrated that strategic planning has relation to the firm's performance. For example, Aldehayyat and Twaissi (2011); Suklev and Debarliev (2012), while different specialists finished up the inverse, where there is no relationship exist between the two (Gică and Negrusa, 2011).

So as to clarify the uncertain findings from the past research, a few researchers expressed that, the conceivable reasons adding to this insufficient findings are most likely because of certain researches have given more consideration on the formality of planning (Lyles et al., 1993; Kraus et al., 2006) while some different researches may have ignored on another variables or element of strategic planning.

By exploring the multidimensionality of strategic planning one can hope that the findings of this survey have the potential to offer commitment to push the boundaries of knowledge acquisition.



These studies investigate effect of strategic planning practices on organizational performance in, in case of cooperative bank of oromia head office.

## **1.2 Statement of the Problem**

An organization practicing strategic planning involves the following, defining the organizational vision and mission, environmental scanning, setting of objectives, generating strategic option, evaluating and deciding on the strategic methods to monitor progress. For an organization to achieve its desired goal and maximize profits it needs to follow the steps of corporate strategic planning. Performance is ensured and a clear vision is set that avoids confusion between the activities of the business. Organizational performance is about creating value for the primary beneficiaries of the organization. Strategic thinking and planning assists firms to keep the focus of their team on this value creation, and not on management tools or practices for their own sake. Through strategic planning, the firm is able to achieve overall organization performance in areas such as human resources, production, finance and marketing.

The successful strategic planning practice in organizational performance is very important to support and strengthen organizational performance. A good strategic planning practice performs, reduces wastage of time, cost minimizes and uses less human resource and the right person in the right position. As a matter of fact, for a business to be successful there needs to be a road map for success. Without that road map provided by a solid strategic plan, decisions are made in a vacuum and/or there is considerable confusion and inconsistency evident within the organization (Drucker, 1985).

The strategic planning practice is becoming more widely used by small firms, large companies, nonprofit institutions, governmental organizations and multinational conglomerates alike. And private banks in Ethiopia have established short term, middle term and long range strategic planning. However they continue to face strong competition from other financial institutions. They have not been able to establish a competitive advantage by positioning themselves in a unique manner in the market. And also top managers of private banks in Ethiopia ignore in most

cases that strategic planning practices influence on organizational performance. This raises the question, how does strategic planning practice relate to performance.

There are numerous studies done in Africa and Ethiopia in the banking industry but focused on different aspects other than strategic planning practices and performance (Masiga, 2008; Anyango, 2008). Mitra (2001) and Kamau (2008) have done studies in strategic planning practices in hotel, tours and travel companies respectively. They did not cover strategic planning practices and performance in the banking industry.

The researcher wants to investigate effect of strategic planning practice on organizational performance in CBO S.C by checking the procedural process from the formulation step to the final step (action). According to this, the researcher find out there is a problem which was related to the implementation of strategic plan. This is because it has been seen that the plan doesn't get disseminate to employees, and they don't understand how they contribute. The goals and actions generated in the strategic planning session are too numerous because the team failed to make tough choices to eliminate non-critical actions. Employees don't know where to begin. Strategy is only discussed at yearly weekend retreats. Employees must also have the authority, responsibility, and tools necessary to impact relevant measures. Otherwise, they may resist involvement and ownership.

As such, studying the effect of strategic planning practice on organizational performance in the banking sector is vital. As a result, the primary goal of this study is to investigate the effect of strategic planning practice on organizational performance in cooperative bank of oromia S.C.

### **1.3 Research Questions**

From the context of addressing the research problem and meet the objectives of the study, the researcher has established the following broad and specific research questions:

1. What is the effect of process elements on organizational performance in cooperative bank of oromia S.C?
2. What is the effect of dissemination on organizational performance in cooperative bank of oromia S.C?

3. What is the effect of integration on organizational performance in cooperative bank of oromia S.C?
4. What is the effect of participation on organizational performance in cooperative bank of oromia S.C?
5. What is the effect of communication on organizational performance in cooperative bank of oromia S.C?

## **1.4. Objective the Study**

### **1.4.1. General Objective**

The general objective of this study is to investigate effects of strategic planning practices on organizational performance in the case of cooperative bank of oromia S.C.

### **1.4.2. Specific Objectives**

The specific objectives of the study were:

1. To examine the effect of process elements on organizational performance in cooperative bank of oromia S.C?
2. To find out the effect of dissemination on organizational performance in cooperative bank of oromia S.C?
3. To find out the effect of integration on organizational performance in cooperative bank of oromia S.C?
4. To examine the influence of participation on organizational performance in cooperative bank of oromia S.C?
5. To examine the influence of communication on organizational performance in cooperative bank of oromia S.C?

## **1.5. Significance of the study**

Strategic planning is a broad guideline in which organizations operate and move forward in order to achieve the organizational vision, mission and goals successfully. Therefore, this research may help to provide a better understanding and awareness on the problem related to strategic planning practice in at cooperative bank of oromia S.C., it contribute its share towards improving the quality of strategic planning practice in the banking activities.

The findings of this research helps cooperative bank of oromia S.C in improving its strategic planning practices to increase organizational performance. The study highlights the major areas where loopholes are noticed in the strategic planning practice so that they could further be investigated by the corporation to endure competitive advantage. It will also provide an evaluation framework for assessing the strategic planning practice that can be readily used by banking industries.

The researcher is also interested to see the effect of strategic planning practice on organizational performance of a given entity. Since this issue is not given attention and significant academic researchers were not done on at cooperative bank of oromia S.C. This study enable at cooperative bank of oromia S.C. to understand and identify the importance of strategic planning practice for organizational performance. In addition, it is also believed that this study a plus to the existing literatures in the area of strategic planning and organizational performance.

## **1.6. Scope and limitation of the study**

Adequate and reliable information is important to undertake any kind of survey precautions. It is also paramount to undertake properly and randomly selected respondents in order to ensure adequate representativeness of the sample population. However, the carelessness of some respondents while filling the questionnaires made it difficult to perform pure random selection among the target population.

The study focuses only on cooperative bank of oromia S.C. It can't be generalized to other organizations. In relation to the geographical context, the study focuses on Head office cooperative bank of oromia S.C throughout the country.

Strategic planning affects various aspects of organizations including human resources, finance, organizational cultures and other operational areas. However, this study confined to assess the e strategic planning practice and its effect on organizational Performance only in cooperative bank of oromia S.C at Head Office Level.

The study used Descriptive and explanatory research design to study effect of seven factors of strategic planning practice and its effect on organizational performance. The primary data for the research extracted from employees' cooperative bank of oromia, the information gathered from the employees helped the research to understand what the effect of strategic planning on organizational performance.

The study is delimited to the employees located only at Addis Ababa cooperative bank of oromia Head Office due to the length of time available and Geographical area for this study. In addition, the study was delimited on the strategic plan practice on eight variables. Lastly the study delimited to the last five years strategic plan period of the bank.

## **1.7. Organization of the paper**

The study organized in three chapters. The first chapter includes the background of the study, the statement of the problem, the research questions, objective of the study, and significance of the study and ended with delimitation (Scope) of the study. Chapter two is concerned on the literature review which enhances the knowledge area of the study which will be composed of theoretical, empirical, conceptual framework and Hypothesis of the study. Chapter three deals with research methodology employed in the study. Chapter four focuses on presentation, analysis and interpretation of the data collected through questionnaire. Finally, Summary, Conclusion, Recommendation and directions for future research is presented in Chapter Five.

## CHAPTER TWO

### REVIEW OF RELATED LITERATURE

This chapter reviews literature on strategic planning practice and its relationship with performance. It includes theoretical literatures which are related with strategic planning practice and performance, empirical evidences, conceptual framework and conclude with Hypothesis of the study.

#### 2.1. Theoretical Literature Review

##### 2.1.1 Basic Concepts of Strategic Planning

Strategic planning is the improvement of the long range strategies and plans for compelling management of condition openings and dangers, in light of corporate qualities and shortcomings (Johnson *et al.*, 2011)

Strategic planning has additionally been conceptualized as the assurance of how the organization's central goal, vision, objectives and targets, will be met (Kuria, 2014). It can be characterized as the system of making and maintaining consistency between the institution's objectives and assets and its moving prospects (Grant, 2014).

Strategic planning in expansive part, is a basic leadership movement. Despite the fact that these choices are regularly upheld by a lot of quantifiable information, strategic choices are in a general sense judgmental. Since strategic choices can't generally be evaluated, managers must depend on "informed judgment" in settling for this kind of choice (Mugadza, 2012).

In this unique situation, Mbogo (2013) contends that strategic planning choices submit an organization to explicit items, markets, assets, and innovations over an all-inclusive time frame and the recognized techniques are gone for deciding long term objectives. Porter (2008) also says strategic planning is making choices amongst alternative actions and finding the best options that suits and enhances a firm's efficiency and productivity to be executed through the efforts of the

people, therefore making it competitive. Strategic planning improves the process of people working together. It brings everyone together to pursue opportunities for better meeting of stakeholder needs.

Although strategic planning is important, what is more important is how it is practiced in different organizations. Many organizations keep on redefining their mission and vision statement, organize seminars and include consultants to formulate strategies (Kamau, 2008). According to John Yabs (2010) Strategic thinking and decision making are the essence of strategic management and should be directed towards three fundamental things. First, determining strategic direction and long –term performance of the firm. Secondly, providing a set of managerial decisions and finally guiding the priority use of resources and internal managerial decisions.

#### **2.1.1.1 Strategic Planning Process and Practice**

O'Regan *et al.* (2002) states that strategic planning can be considered from a content or process perspective. The content identifies with distinct elements of the strategic plan which vary from firm to firm. The process identifies with the instruments for the advancement of the strategic plan and its subsequent deployment. Lyles *et al.* (1993) argued that it's the process of planning that is important not the plan.

The key constituents of strategic planning practices involve probing questions about where the establishment intends to go, the current situation of the organization, how the organization will get there and what alterations or fluctuations will occur in the establishment's environment (Guerras-Martina *et al.*, 2014; Grant & Jordan, 2015).

Johnson and Scholes (2009) states strategy is the direction and the scope of an organization over the long term, which achieves advantage for the organization through its alignment of its resources which are at its disposal within a dynamic environment to meet the market demand and stakeholders aspirations. This indicates that strategic planning is a process that requires an

organization to stay alert of its capacity and of the operating environment if competitiveness is to be realized. The firm must match its activities on the environment. Effective strategic planning involves the processes which, when successfully implemented at all levels of the organization—corporate, business and functional, can enhance efficiency and productivity. For strategic planning process to be followed in an organization, consideration has to be given to both the long term view and the short term requirements. The strategic planning process is evolving in its response to the increasing rate of change in the business environment (Bryson, 2004).

Morgan and Strong (2003) concluded the findings of research that businesses with high level of performances have well strategic orientations. Many empirical studies on the role of strategic planning have proved that in creating better long term competitive positions and better organizational performance of the company's strategic planning plays an important role and that strategic planning is essential for better business performance and success (Suklev & Debarliev, 2012).

Strategic planning consists of a set of underlying processes that are intended to create or manipulate a situation to create a more favourable outcome for a company (Akinyele and Fasogbon, 2010). Strategic planning defined as the process of using systematic criteria and rigorous investigation to formulate, implement and control strategy and formally document organizational expectations (Mintzberg, 1994).

### **Strategic formulation**

Strategy formulation is the development of long-term plans for the effective management of opportunities and threats in light of the organization's strengths and weaknesses. On the other hand, strategy implementation is the process that turns formulated strategies and plans into actions to accomplish objectives. Strategy formulation traditionally involves the use of analytical tools and highly structured processes (Mintzberg, 1994).

Mintzberg, and Shakun (1978) explained the developing enthusiasm with respect to the management scientists in the topic of strategy formulation, to some degree since it has turned out to be progressively clear that an organization's effectiveness is highly dependent on it.



Hitt *et al.* (1997) argue that when formulating strategies, thought must be given to implementation. At the time of strategy formulation, it is not possible to enumerate all the project possibilities that will be uncovered. Therefore, strategy formulation must be based on highly aggregated, incomplete and uncertain information about courses of alternatives.

To formulate effective strategies, managers in an organization need to be aware of realities in the business environment. Analysis of the external environment helps to identify the possible threats and opportunities while analysis of internal environment helps to identify strengths, weaknesses and the key people required within the organization to meet its objectives (Kanter, 2002).

Lumpkin & Dess (1995) defines strategic planning as a complex and participative management technique of scanning the environment and the formulation of mission, vision and strategies in order to improve the performance of the organization, and hence its competitiveness in the market.

### **Strategic Implementation**

Implementation is a well-known topic and represents a crucial stage in public policy implementation that focuses on the relationship between an expression of proposed intent and its realisation (O'Toole, 2000). From a more conventional viewpoint, it has been defined as “the process by which strategies and policies are put into action through the development of programs, budgets and procedures” (Wheelan and Hunger, 2002).

Strategy implementation is the process of putting strategies into practice, which includes planning and delivering services, developing the efficiency and effectiveness of operations, and designing organizational structures, evaluation systems and cultures required to fit the new strategy (Hill and Jones, 2008).

Strategy implementation is the sum total of the activities and choices required for the execution of a strategic plan. It is the process by which objectives, strategies, and policies are put in to action through the development of programs and tactics, budget and procedures. Although implementation is often considered only after strategy has been formulated, implementation is a

key part of strategic management, strategy formulation and strategy implementation should thus be considered as two sides of the same coin (Wheelen & Hunger, 2015).

The challenges and problems faced in implementing strategies and the key attributes of successful strategy implementation have been widely investigated (Alashloo *et al.*, 2005; Elbanna *et al.*, 2015). Between the ideal of strategic planning and the reality of implementation lie many difficulties. Beer and Eisenstat (2000) stated that “leaders must engage in an honest conversation about the barriers and their underlying causes. O’Regan *et al.* (2002), quoting several authors in the literature, noted that effective implementation is vital for success of any strategic plan.

Kargar and Blumenthal (1994) analyzing the research of Lawless *et al.* (1989) cited that firm performance is not so much a result of a company’s strategy, but of its capacity to implement that strategy effectively. Walker & Brewer (2009) acknowledge that organisations with excellent strategy implementation processes had much sounder organisational performance compared to those with a poor or fair strategy implementation process.

### **Strategic Evaluation and Control**

Strategy evaluation is a critical tool for managers to understand the reasons behind failures and success of certain objectives, performance standard and/or any other performance indicator (Strydom, 2011). In this sense, evaluation is used as a strategic learning tool and has continued to play a role in strategy formulation and implementation. Strategy evaluation becomes a critical tool and measure in assessing the organization’s strategic position.

Wheelen and Hunger (2015) defines strategic control as the process used by firms to control the formation and execution of strategic plans. They contend that it is a specialized form of management control which differs from other forms of management control in respect of its need to handle uncertainty and ambiguity at various points in the control process. It focuses on achievement of future goals rather than the evaluation of past performance. The point for strategic control is not to bring to light past errors but to identify needed corrections so as to steer the firm in the desired direction (Pearce and Robinson, 2009).

The positive effects of strategy evaluation on the organizational performance. These include direction setting, guidance on bench marking and motivation. Literature has significantly underscored the importance of strategic direction setting for organizations. The strategic direction provides multiple benefits to an organization. Thompson *et al.* (2007) proposed that the direction setting process involves vision development followed by setting of objectives, designing of strategy, implementation and review of the process.

According to Lai (2011), motivation refers to reasons that underlie behaviour that is characterized by willingness and volition. Goal setting theory links goal setting and evaluation to motivation and performance of an organization. According to Lunenburg (2011), evaluation provides the much needed feedback that helps organization members to measure and attain their performance goals. He explains that feedback helps in two important ways. First, it helps people determine how well they are doing. Further, he indicates that feedback also helps people determine the nature of the adjustments to their performance that are required.

Apart from goal setting and motivation, strategy evaluation is needed to serve as tool of providing information on how performance compares to the peers and other standards. It highlights what is expected and what needs to be done to keep up improving the performance. In this way strategy evaluation is used to establish a step by step guidelines on future actions based on learning from the past and the environment (Kvarnerud & Maspers, 2007).

Evaluating strategy in line with the environment is critical in establishing guidelines on benchmarking with the peers. The assumption is that for any organization, environment consists of external factors (*i.e.* customers, competitors, stakeholders and many more) that have the powers to influence organization's performance and for every action taken by an organization, there is a creation of some degree of changes in its internal and external environment (Ayub *et al.*, 2013).

The arguments are supported by an empirical study by Ajelabi and Tang (2010) which saw strategy evaluation as a tool for strategic benchmarking. The process involves a systematic process of evaluating alternatives, implementing strategies and improving performance by

understanding and adapting successful strategies from external partners who participate in an ongoing business alliance.

In its connection with the dynamic changes of the environment, the strategic control has an important role in controlling mechanism that is able to make the company competes. Meanwhile, it also takes a significant role in processing the indecisive environment and increasing performance (Desarbo *et al.*, 2005). In its relation to business environment, the company's main ability to read its environment and able to quickly adapt to changes will be able to generate the right competitive strategy (Wijbenga and Witteloostuijn, 2007; Kariuki *et al.*, 2012).

Gavetti and Ocasio (2015) argue that strategic control necessarily comprise a small set of standard elements, the absence of any one of which makes strategic control impossible to achieve. Short *et al.* (2016) agrees and advances four elements. One of the elements is the articulation of the strategic outcomes being sought. The second is the description of the strategic activities to be carried out in pursuit of the required outcomes. Third is the definition of a method to track progress made against these two elements. This is usually done through monitoring of a small number of performance measures and associated target values. The last element is the identification of an effective intervention mechanism that would allow observers, usually the organization's managers, to change, correct or adjust the organization's activities when targets are not achieved.

These elements imply an active involvement by senior managers in the determination of the strategic activities pursued by the component parts of an organization, and this has led some to observe that strategic control is most effective in organizations (Johnson and Scholes, 2008).

#### **2.1.1.2 Other Dimensions of Strategic Planning**

Mintzberg (1994), suggests that strategic planning has no value in and of itself, but takes on value only as committed people infuse it with energy. A strong conclusion to be drawn from this work is that strategic planning results in superior performance only when managers engage in the process with some intensity. In support of this position the research of Miller and Cardinal

(1994) set forth and tested the notion, with affirmative results, that the amount of strategic planning a firm conducts positively affects its performance.

The 21st century has seen a rise in the need to focus closely, not just on the production of a strategic plan document but also have an intense and inclusive process which is formal and comprehensive enough (Chavunduka *et al.*, 2015). In light of this, it is not just having a strategic plan for an organization but going through the strategic planning process that counts since employee participation may have a possible effect on performance of organizations.

### **Employee Participation in Strategic Planning**

Mintzberg (1994) stated that strategic planning failure can occur because of the detachment or disconnectedness of strategy from operations. Employee engagement typically means staff enthusiasm for an organization that makes one go beyond what might normally be expected on the job. In the context of strategic planning, employee engagement is more along the lines of staff involvement or participation in the process.

It has long been known that companies that involve employees in the strategy process have a higher improvement in firm performance than companies that don't (Floyd & Wooldridge, 1990). The reasons are logical; if employees agree with the strategy they helped develop, they are more willing to participate in and understand the change process. Because information and knowledge in a company are dispersed, employees add a lot to the strategy process (Childers *et al.*, 2005).

Thompson and Strickland (1989) state that organization-wide commitment is instrumental to the successful implementation of strategic plans and ultimately the achievement of set objectives. Wooldridge and Floyd (1990) concur with the notion that involvement of line managers in strategic planning process enhances organizational effectiveness. This seems to point out that strategic leadership has the effect of improving employee commitment for the successful implementation of firm strategies.

Arasa *et al.* (2011) argue that a participatory approach by all employees including nonmanagerial staff improves understanding and commitment by all to the strategic planning process and reduces conflict and resistance to the implementation of strategies. Hamel (1992) supports this by asserting that strategy should exploit both the energy of the youth and the wisdom of age where majority of employees participate through communicative and or consultative means.

Participate in strategy making clarifies responsibilities and roles. Pearce and Robinson (1987) observed that employee involvement in the strategic planning process leads to a better understanding of the productivity-reward relationship, and increases their motivation.

Strategic leadership is seen as a key element in effective strategic management, and for the strategic planning to be effective, there must be commitment and involvement from top management (Elbanna, 2008).

Phillips and Moutinho (2000) have designed a model for calculating the strategic planning effectiveness index, where these authors included several attributes concerned with employee participation and they have seen them as very important for the strategic planning effectiveness. One of the reasons for improving the strategic planning effectiveness through the employee participation in the planning process is the increased extent of motivation among the employees. The employees believe more in the objectives when they participate in the formulating phase and when they know what is expected from them in the implementation phase. Second, by the participation in the planning process the employees strengthen their capabilities and skills and thus they are more productive for their companies. Finally, the participation in the planning process for the employees means greater authority in the planning and implementation process, but in the same time greater accountability for the results achieved.

### **2.1.1.3 Strategic Planning Challenges**

#### **Technology**

Change of technology has posed a great challenge in the banking sector. Since the mid-1990s there has been a growing concern about the impact of technological change on the work of many

firms. Even with change in technology, many business entrepreneurs appear to be unfamiliar with new technologies. Those who seem to be well positioned, they are most often unaware of this technology and if they know, it is not either locally available or not affordable or not situated to local conditions. In most of the African nations, Kenya inclusive, the challenge of connecting indigenous small enterprises with foreign investors and speeding up technological upgrading still persists (Muteti, 2005).

### **Staff Resistance**

In the 1940's, social psychologist Kurt Lewin first introduced the idea of managing and removing "resistance" to proposed changes occurring within organizations. His early work focused on the aspects of individual behavior that must be addressed in order to bring about effective organizational change. Murphy (2002) states that: Lewin suggested that any potential change is resisted by forces in the opposite direction. The idea is similar to the dialectical principle that everything generates its opposite. But within Lewin's framework, the forces tend to be external to the change, holding situations in states of dynamic equilibrium. His solution was to advocate that successful change rests in "unfreezing" an established equilibrium by enhancing the forces driving change, or by reducing or removing resisting forces, and then "refreezing" in a new equilibrium state.

The first known published reference to research on resistance to change in organizations was a 1948 study conducted by Lester Coach and John R. P. French entitled, "Overcoming Resistance to Change." Their research, which generated a large body of work on the importance of employee involvement in decision making, was conducted at the Hardwood Manufacturing Company, a pajama factory located in Virginia. This study focused on the main questions (1) why do people resist change so strongly? and (2) What can be done to overcome this resistance? (Diamond and Khemani,1999). In 1950, Alvin Sander wrote, "Resistance to Change-Its Analysis and Prevention." His article made an early distinction between the symptoms of resistance, like hostility or poor effort, and the underlying causes for the behavior. Diamond and Khemani(1999) state, "Rather than providing a systems model, Sander equates resistance in organizations to that of a psychotherapist and a patient. His primary advice for practicing managers is to know what

the resistance means so that they may reduce it by working on the causes rather than the symptoms"

### **Capacity and Technical Skills**

According to Anyango (2008) A greater constraint in strategic planning arises from inadequate human resources. However to overcome this constraint may require a major training program, which again will take time, but may not necessarily deliver the pay-off anticipated. Expertise is required for interacting with vendors, to maintain the right path in implementation of the strategy would require having adequate management skills to optimize the strategy once established. Often this is insufficient to provide the required service to users. Faced with the poor pay scales mentioned previously, one solution is simply to pay retention bonuses.

#### **2.1.1.4 Techniques in Strategic Planning**

The techniques involved in strategic planning and management generally include some variation of the following:

A strategic review or audit intended to clarify factors such as mission, strategy, driving forces, future vision of the enterprise, and the concept of the business. a stakeholders' analysis to determine the interests and priorities of the major stakeholders in the enterprise (e.g., board of trustees, employees, suppliers, creditors, clients, and customers

An assessment of external threats and opportunities as well as internal weaknesses and strengths (known variously as SWOT or TOWS), leading to the identification and prioritization of strategic issues, either as part of the assessment above, or as a separate exercise, the identification of "core" or "distinctive competencies" Also as part of the assessment above, or as separate exercises, the playing out of "scenarios" and even "war games" or simulations

Situational and ongoing "scans" and analyses of key sectors in the business environment, including industries, markets, customers, competitors, regulators, technology, demographics, and the economy, to name some of the more prominent sectors of the environment, various kinds of



financial and operational performance audits intended to flag areas where improvement might yield strategic advantage (Nickols, 2016)

#### **2.1.1.5 Organizational Performance**

Organizational performance is surrounded around the achievement or accomplishment of goals and objectives of the organization (Kootz, 2006). The accomplishment of goal may be financial and Non – financial. Armstrong (2006) state that financial achievement is increased in profitability and increasing the shareholders wealth by maximizing it. Non – financial measures objectives that have direct bearing on financial out come but cannot qualify in monitory form such as the re-engineering processes. Harrison (1993) the standard of performance in an organization is a quantifiable expression of an objective and is the focus of measurement. Organization performance according to Cole (2004) can be measured in terms of efficiency and efficiency that have bearing on the expected outcome.

Ranchman (2006) states that a performance indicator is a measure of a performance criteria. It measures direction and extent of achievement in terms of cost reduction or savings compliance with budgetary targets, net win on capital gross profits or compliance with business plan .Sagimo (2002) rates performance with completion rate, output like completion of a report customer satisfaction, safety measures implementation and Incidences of reduction of corruption.

Microsoft (2005) measures performance in terms of service delivery. The service delivery is in terms of adhering to the promises and charters. For example an organization major objective this year is to maximize the shareholders wealth with 10%. At the end of the trading year the performance value will be measured in terms of how this has been delivered considering that the quality and status of the product have not been compromised. Strategic objectives establish the performance level to be achieved on priority in every organization.

#### **2.1.1.6 Performance Measurements in Banking Industry**

The choice of performance measurement is a standout among the most pivotal test looking by organizations. In banking part as they are for-profit companies' ultimate objective is to maximize shareholder's value. To achieve this goal the company most commonly needs a vision and a strategy after which comes the most important part: implementation of the chosen strategy. Through performance measurement the company can align the employees' interests with the company's interests and it can also measure if the company and employees are fulfilling their targets derived from strategy (Merchant, 2012).

There are variety of performance measures, both financial and nonfinancial. These measures can be classified into three different categories: market measures, accounting measures and combinations of measures (Rouse & Putterill, 2003).

The market measures are reflecting stock prices or shareholder returns. Accounting measures include such measures as operating profit, residual income or return on investment. Combinations of measures can include measures from the summary measures mentioned above or non-financial measures such as market share or customer satisfaction (Rouse & Putterill, 2003).

In all of these categories there is both positive and negative side. Market and accounting measures are timely, precise, understandable and cost effective, just to name a few. Negative side in the market measures is that they reflect the future expectations of the firm value and not the realized performance. Accounting measures on the other hand can lead to myopia, *e.g.* Investments that are important for the future firm value are postponed due to pursuing short-term profits (Merchant, 2012).

#### **2.1.1.7 Strategic Planning Practice and Organizational Performance**

Strategic planning t has gained prominence in the world of business most of the current events covered in business publications such as the economist, weekly review; business weekly among others encompasses strategic planning concepts. It is important for one to understand the basics of strategic planning practice as domestic and foreign competition intensifies. Employees,

supervisors and middle level managers ought to familiarize themselves on issues of strategic planning. An appreciation of their organization's strategy helps them relate their work assignment more closely to the organizations direction, thereby enhancing their job performance and opportunity for promotion and making their organization more effective.

Systematic strategic thinking helps you to find, and decide what to do about, the handful of really big issues facing your business or any other organization. It is the size and impact of these strategic issues that gives rise to the importance of the strategic plan. Such planning is one of the most useful value-based management practices in the manager's tool kit. Few formal management practices have been proven by hard won experience, and confirmed by research, to enable organizations to improve their performance, and a logical formal process to produce a strategic plan is one of them.

Organizational performance is about creating value for the primary beneficiaries of the organization. Strategic thinking and planning can help you to keep the focus of your team on this value creation, and not on management tools or practices for their own sake. Over the past decade, researchers have investigated the effects of formal strategic planning on financial performance in organizations. Many have concluded that there is no consistent association between the strategic planning process and performance (Cappel, 1990, Greenley, 1986; Leontades et al, 1980; Orpen, 1985; Robinson et al, 1983). In response to studies highlighting the impact of strategic plans on firm's performance (Karger et al. 1975; Rhyne, 1986; Sapp et al, 1981; Welch, 1984), recent research has been a greater emphasis on the strategic process rather than on the strategy content that Hofer (1975) proposed in his early study.

Langley (1988) also provided support for the benefits of planning, identifying four roles of formal strategic planning. In the public relations role, formal strategic planning is intended to impress or influence outsiders. The information role provides input for management decisions. The group therapy role is intended to increase organizational commitment through the involvement of people at all levels of the organization in strategic planning. Finally, the direction and control role is fulfilled when plans serve to guide future decisions and activities towards some consistent ends.

There are many reasons that have been given by executive and researchers as to why firms should use strategic management method. The condition of most businesses changes so fast that Strategic planning is the only way to anticipate future problems and opportunities. The method thus allows an organization to make its decisions based on long-range forecasting, not spar-of-the moment reactions, it allows the firm to take action at an early stage of a new trend and to consider the lead time for effective management. Change is anticipated and direction and control for the enterprise is provided by Strategic planning. Risk is reduced as the firm innovates in good time to take advantage of new opportunities in the environment.

Strategic planning practice provides all the employees with clear objectives and directions to the future of the enterprise. Most people perform better (in quality and quantity) if they know what is expected of them and where the enterprise is going. Strong incentive, unified opinion, no conflicts, controls and evaluation basis among others are the positive effects of Strategic planning (Loasby, 1987).It assists managers in assigning of roles, duties and responsibilities in an effective and efficient way this leads the organization perform well.

### **2.1.2. Theories of Strategic Planning (Models)**

John .M (2017) Stated that when your organization undergoes a strategic planning phase, you should first pick a model or two that you want to apply. This will provide you with a basic outline of the steps to take during the strategic planning process.

Why is a planning model important? Because it's hard to achieve your company's goals if your employees don't know what the goals are or how you plan to reach them.

Strategic planning models are the roadmaps that keep your team focused on what needs to be completed to reach your goals. And you will need to constantly monitor and review your plans to ensure that you quickly address issues and realign processes as necessary to keep your production working as smoothly as possible (Asana, 2022).

## **Issue-based model Strategic Planning**

This model is also known as the goal-based model. It's essentially an extension of the basic model. The issue-based model is more dynamic and popular with established companies to develop more comprehensive plans.

John .M (2017) By nature, vision statements are aspirational and forward-thinking, but they need specifics in order to be realized. Goal-based planning tackles that challenge by setting measurable goals that align with your vision and strategic plan. Next, you define time frames for goal achievement. This is a long-term strategic planning tool, so goal time frames are typically about three to five years. From there, stakeholders will create action plans for each goal and begin tracking and measuring progress.

Begin with a SWOT analysis to assess current strengths, weaknesses, opportunities, and threats. This analysis will help you to understand how these factors impact your business. Next, suggest ways to overcome weaknesses and leverage strengths, and develop a budget. Then implement the plan and monitor progress. Repeat as needed.

## **Alignment Strategic Planning Model**

Similar to issue-based planning, the alignment model focuses on first looking internally to develop a strategy. This model is designed to sync the organization's internal operations with its strategic goals.

Your strategic planning will start by identifying a goal and analyzing which operations or resources need to be aligned with that goal. Then you'll identify which parts of operations are working well and which are not, brainstorming ideas from the successful aspects on how to address problems. Finally, you'll create a series of proposed changes to operations or processes to achieve goals that will create the desired strategic alignment. The alignment strategic planning model is particularly useful when a company needs to refine its objectives or address ongoing challenges or inefficiencies that are blocking progress (Jackson, 2020).

## **Organic Model of Strategic Planning**

This model is not linear or structured like the other models. Its focus is on your company's shared vision and values instead of plans and processes. The idea is that a company's vision is achieved more organically when teams are able to openly and continuously discuss what steps to take. This requires a clear understanding of the vision, frequent and consistent communication, and dialogue among various stakeholders. With this model, a company uses "natural," self-organizing systems that originate from its values and then leverages its own resources to achieve goals, conserve funds, and operate effectively. In the simplest form, there are three basic steps to follow when implementing the organic model of strategic planning (Jackson, 2020).

**Stakeholders clarify vision and values.** This is a collaborative process that could involve both external and internal stakeholders—who's in the meeting depends entirely on your organization's ultimate purpose for the planning. The goal is to establish common visions and values for all stakeholders.

**Stakeholders create personal action plans.** The unconventional aspect of this model comes into play here. Divided into small groups, stakeholders determine the actions and responsibilities for each person to work toward the vision (according to the values).

**Stakeholders report results of action plans.** Each person will take ownership of their plan and update the group on their progress. This is a communal approach to accountability and the progress reported can lean toward qualitative, versus quantitative, results.

What type of company would the organic strategic planning model work best for? If your organization has a large, diverse group of stakeholders that need to find common ground, a vision that will take a long time to achieve, and a strong strategic emphasis on vision and values (instead of structure and procedures), this may be the right model for you. It would also be beneficial for younger organizations that need to gain funding without presenting a formal strategic plan.

## **Real-Time Strategic Planning**

Similar to the organic model, real-time strategic planning is a fluid, nontraditional system. It's primarily used by organizations that need to be more reactive, and perform strategic planning in "real time." For these companies, detailed, long-term plans tend to become irrelevant within the typical three- to five-year planning cycle because the environment they operate in rapidly changes (Asana, 2022).

Real-time strategic planning involves the following:

**Organizational strategy:** Define your mission and vision, understand your competitors, and know what the current market trends are.

**Programmatic strategy:** Research external environments, list opportunities and threats, and brainstorm the best ways to approach each.

**Operational strategy:** Analyze internal processes, resources, and systems. Develop a strategy that addresses internal strengths and weaknesses.

## **7s Model Strategic Planning**

Developed by McKinsey consultants, this strategic business planning model emphasizes the importance of aligning an organization's key internal elements to achieve strategy. Those key elements are:

**Structure:** The organizational chart or chain of command

**Strategy:** The future plan of action, supported by an organization's mission and vision

**System:** The technical infrastructure that enables daily workflows

**Skill:** The capabilities of team members

**Style:** The management style of leaders

**Staff:** Employees and how they are recruited, trained, and motivated

**Shared value:** The norms, values, and beliefs that guide actions and decisions

The first step in applying the 7S model is to examine the current interconnectedness of these elements within your own organization; are there areas of weakness or inconsistencies? For example, you might discover that your skill training for employees is hindered by antiquated workflows and technology. Once you understand the relationships between these elements, you can work toward creating synergies that better support your strategy, whatever it may be (R. H. and Peters T, 1982)

### **Ansoff Matrix Strategic Planning**

The Ansoff Matrix was developed to help organizations plan their strategies for growth. It is a 2x2 matrix with product on one axis and markets on the other axis. Depending on the box you are in, you may choose a different strategy for growth:

**Market penetration:** Expand sales of an existing product in an existing market

**Product development:** Introduce a new product into an existing market

**Market development:** Introduce an existing product into an entirely new market

**Diversification:** Introduce a new product into a new market

The level of risk increases with each strategy, with market penetration being the least risky and diversification being the most risky.

The Ansoff Matrix is useful for organizations that are actively trying to grow. Not only does it help you analyze and clarify your current strategy, but it also helps evaluate the risks associated with moving to a new strategy. SWOT and PEST are often used in combination with the Ansoff Matrix; business strengths and weaknesses as well as external factors should all play into your choice of growth strategy (Jackson, 2020).



## 2.2 Empirical Review

Suklev and Debarliev (2012) The study was to investigate the relationship between strategic planning and the organizational effectiveness with the examination of a wider list of strategic planning dimensions and different approaches and measures to assess the strategic planning effectiveness in the case of the Republic of Macedonia, as well as to conduct comparative analysis of the strategic planning effectiveness in different emerging and developing countries. Two regression models were performed, enclosed with necessary tests, as well as in order to achieve uni dimensionality; factor analysis was performed for all stated items for each of the investigated variables. And concluded in their findings that strategic planning can generally contribute to organizational effectiveness. The comparative analysis conducted in this study refers to useful knowledge conclusions for the specifics of strategic planning effectiveness in the emerging and developing countries and indicates the probable reasons for potential differences in strategic planning effectiveness in different countries.

Sophia W. Muriuki (2010) strategic planning practices and performance of commercial banks in Kenya. . The study was carried out using a survey and managed to study thirty eight banks in Nairobi where the respondents included officers in charge of strategy in these banks. Primary data was collected using questionnaires while secondary data was collected by scanning company records. The finding was that strategic planning practice has a positive correction with performance where a proper plan is in place and has a direction, the organization performs, and all the banks in Nairobi are involved in strategic formulation, implementation and evaluation. Strategies are good and act as a road map guiding the bank through the competitive environment, and suggest that strategy needs to be well devised by selling clear direction and scope of the organization

Khan and Khaliq (2014) based on dubious findings on the connection between strategic planning and firm performance and the contrasting idea of little and medium ventures (SMEs) from that of extensive organizations, out of the blue proposed an empirical study which combines strategic planning with that of intellectual capital. This is one of the first studies in which any researcher has combined the literature of strategic planning with that of intellectual capital in any empirical research.

Emily Njoroge (2018) the study was to examine the effect of strategic planning on organization performance in event planning firms in Nairobi Central Business District. The descriptive design was used. The target population of interest in this study comprised of event planning firms in Nairobi CBD. The study adopted non-probability purposive sampling method to arrive at the participating event planning firms. The study performed data collected through a questionnaire structured to meet the objectives of the study. Descriptive statistics was undertaken to analyze quantitative qualitative data using content analysis. The findings strongly acknowledged that strategic planning is the foundation that improves the business processes and ultimately reduces the internal costs of operation. The study concluded that there is a definite strategic fit between the needs of the environment and what the business offers, as well as what the business needs vis a viz what the environment can provide.

Abinet Tefera (2019) strategic planning practices and its effect on the performance of banks in Ethiopia with reference to the operations of the commercial bank of Ethiopia (CBE). The study use descriptive and explanatory research designs. Using census sampling techniques our target population consists of managerial and clerical (non-managerial) employees of commercial bank of Ethiopia in Debre Berhan branches. Primary data is utilized in this study, gathered with the aid of questionnaires The data analyzed in descriptive and inferential statistics using IBM SPSS v20 and STATA 14.2. The study also uses SMART PLS v3.0 for confirmatory factor analysis and structural equation modelling. The results of the study show a fairly high level of agreement for the practice of various dimensions of strategic planning in CBE. Multiple regressions showed that participating employees in strategic planning, implementation and evaluation have an effect on the performance of CBE measured subjectively using two constructs namely, objective fulfillment and relative competitive performance. The model test conceptual framework of the study and the final model shows same result with regression analysis. Finally, the study conclude that strategic planning has a positive effect on organizational performance. The study recommends that all factors of the various dimensions should be put into the right perspective so as to help the general workforce of the bank to understand strategic plans in place to achieve the best organizational performance.

Kalididan kebede (2020) The study was to examine the effect of strategic planning on organization performance at Nib Insurance S.C by using eight Communication, Participation, Dissemination, Performance Measure, Integration, Process element, Techniques, Organizational Performance variables. The study adapts a Descriptive research design and it targets the management and employee staff from different departments. The researcher was used stratified sampling technique, Primary data was collected, and Data was analyzed through descriptive statistics only by using IBM SPSS v20 and STATA 14.2. Findings showed that communication and participation of employees had a positive effect on organizational performance. It was recommended that In the process of designing Strategic Planning, participation of the concerned bodies enhances the pace of improving organizational performance and top-level management at different department in the insurance should involve employees to understand and share the organizational value.

### **2.3 Hypothesis of the study**

Based on the above reviewed theoretical and empirical literatures, the study developed the following six research hypotheses:

H1: Process Element has a positive significant effect on organizational performance

H2: Techniques has a positive significant effect on organizational performance

H3: Dissemination has a positive significant effect on organizational performance

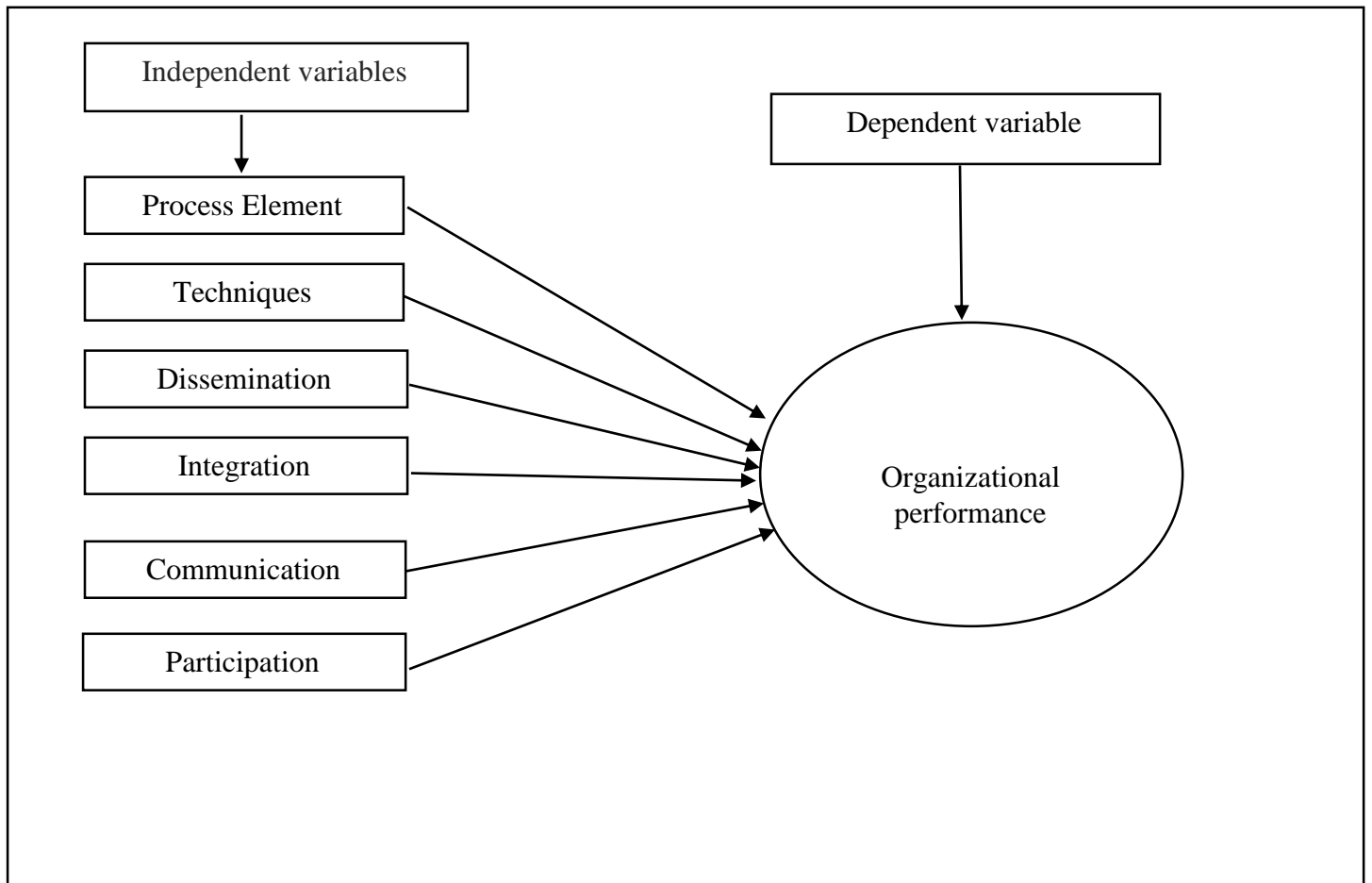
H4: Integration a positive significant effect on organizational performance

H5: Communication a positive significant effect on organizational performance

H6: Participation has a positive significant effect on organizational performance

## 2.4 Conceptual frame work

Based on the literature, the major elements of this research are established either theoretically or empirically. Figure 2.1 represents a model for the study that shows the independent variables within the construct of process element, techniques, dissemination, integration Communication and participation dependent variable (Organizational Performance), and the proposed relationship between them.



**Figure 3.1: Conceptual Model for Strategic Planning and Organizational Performance**

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

According to (Kothari, 2004) “Research methodology is a way that systematically solves the research problem”. These chapter of the study thoroughly discusses about the research approach, research design, target population of the study, sample size and sampling techniques employed, Method of data collection and analyzing data to answer the research questions proposed in the introductory chapter.

### **3.1 Research approach and Design**

#### **3.1.1 Research Approach**

This research used quantitative approach. Tundui, (2012), established that the quantitative approach committed for exactness by focusing on variables that can be counted into predestined categories and subjected to statistical analysis. Creswell (2009) noted that in quantitative approach data is collected based on predetermined instruments that produces data in numeric value which can be further analyzed using statistical method. In short, this study used quantitative approach because the data that are used the main questionnaire was quantitative.

#### **3.1.2 Research Design**

According to Kombo & Tromp, (2014), Research design refers to the way the study is intended to be carried out. It is the theoretical arrangement of conditions for data collection and analysis of in a way that intends to combine relevance with the research purpose.

The research take advantages of descriptive research like its effectiveness to analyze the issues and the possibility to observe the phenomenon in a completely neutral and unchanged natural environment. The descriptive research design has been conceptualized as a design used to describe characteristics of objects, people, groups, or organizations (Mugenda, 2003). Saunder *et al.* (2007)

further indicates that the purposes of the descriptive method of research is used to gather information about the present existing condition where the researcher interacts freely with the respondents; the emphasis is on describing rather than on judging.

But, Descriptive studies are not helpful in identifying cause behind described phenomenon, so to confront this gaps this research use extra research method called as explanatory research. It is conducted in order to identify the extent and nature of cause and-effect relationships. When the focus is on cause-effect relationships, the study can be explanatory explaining which causes produce which effects (Yin, 1994). Our concern in casual analysis is how one variable (strategic planning) affects, or is responsible for changes in another variable (organizational performance).

### **3.2 Population of the Study**

Population refers to the full set of cases from which a sample is taken (Saunders, 2009:21). It refers to the larger group from which individuals are selected to participate in a study. In the case at hand, the population constitutes all employees of CBO at Head office (739 as at July 31 2022). Target Population refers to the set of all elements belonging to a certain defined group to be studied or to which research results are going to be generalized to. The target population in the case at hand comprises 739 employees head office of the corporation. This constitutes managerial staff, supervisors and non-managerial employees above the position of officer. Employees undertaking janitorial, messenger and security services and office assistants are excluded since out sourced employees and they didn't perform professional services and aren't considered as part of a team and the corporate scorecard is cascaded up to the level of teams.

### **3.3 Sampling technique and sample size**

#### **3.3.1 Sampling technique**

According to Toye, (2002) a sample is the smallest proportion of a population under a given study. The sample was chosen from the employees of cooperative bank of oromia. The researcher has vigilantly chosen a sample that can provide data representative of the population.

Probability sampling methods is adopted in selecting the study organizations. Probability sampling ensures that each element of the population of interest has an equal chance of selection as they are drawn from the sampling frame (Haer and Becher, 2012). Probability sampling techniques include random, cluster, stratified sampling etc. In order to ensure that all the population of interest (employees) have a chance to be select for the study, stratified sampling technique was applied to get valid views from the respondents. The strata were composed from different level of employees in the company. Specifically, manager, supervisors and non-managerial employees. Furthermore, proportionate stratified sampling technique was implemented to further pick the sample.

### 3. 3.2 Sampling Size

A sample size refers to the number of research participants that chosen from the target population to make up the sample and this addresses how many sampling units should be surveyed, (Kothari, 2004). It is very clear that large sample size gives more accurate results than small samples.

This study loved to use Yamane’s (1967) sample size is calculation formula with a 95 percent confidence level. The sample size determination for this study looks like the following:

The desired sample size is 260. This is calculated using the following sample size determination formula

$$n = N / (1 + N(e)^2)$$

Where

N = Target population  
n = sample size  
e = level of precision= 0.05

Given confidence level of 95% and precision rate of ±5 percent

$$\text{The total number of managerial } n = 739 / (1+739(0.05)^2) = \mathbf{260} \text{ staff}$$

Managerial employees 108, Supervisor 163 and Non managerial employees are 468. The Above sample size, 260, is proportionately distributed into these two strata to guarantee

appropriate and equal representation. Strata one consists of the managerial staff and strata two consists of the supervisors and strata three consists of non-managerial employees.

The applicable formula to identify the respective sample size for each strata is

$$N_s = (D_1 / N) * n$$

Where;

- $N_s$  = Sample size for each strata
- $N$  = Total Number of population
- $D_1$  = Population size of the strata
- $n$  = sample size

The total number of sample from managerial staff, Strata one is 38.

$$N_s 1 = (108 / 739) * 260 = \mathbf{38}$$

The total number of sample from supervisor, strata two is 57

$$N_s 1 = (163 / 739) * 260 = \mathbf{57}$$

The total number of sample from the employees, Strata three is 165.

$$N_s 1 = (468 / 739) * 260 = \mathbf{165}$$



### **3.4 Data Sources**

The data for the study was collected from primary sources. Primary data was obtained through Structured Questionnaires, which includes closed ended questions for cooperative bank of oromia S.C employees that is supervisor, managers and line staff directly and indirectly involved in strategic planning process.

The questionnaire had various indicators to measure this, the strategic planning practices and organizational performance measured using a five point Likert scale where 1 = strongly disagree while 5=strongly agree. A 5 - point Likert-type scale was used to increase response rate and response quality along with reducing respondents' "frustration level" (Babakus and Mangold 1992).

### **3.5 Data Collection Instruments**

With the intention to meet research objectives, the researcher has designed and prepared research instrument, which is questionnaire used to collect data from the 260 employees drawn based on stratified sampling. Saunders (2009) affirmed de Vaus's (2002) definition of questionnaire as a general term which includes all techniques of data collection in which each person is asked to respond to the same set of questions in a predetermined order. Questionnaires used in this case since they can be administered to a large number of people at less cost and reach respondents who are not easily approachable. Questionnaires also give respondents adequate time to give well thought out answers (Kohtari, 2004).

Dencombe (2007) defines close ended questionnaires as those which structure the answers by allowing only answers which fit into categories that have been established in advance by the researcher. Since most of the questions demand the level of agreement of the employees, a Likert scale was used. Five scale formats namely strongly agree, agree, neutral, disagree, and strongly disagree. Close ended format is chosen as it is easier and quicker for respondents to answer, easier to compare the answers of different respondents easier to code and statistically analyze.

The questionnaire is divided into two sections. In the first section the demographic characteristics of the respondents was requested to provide information about their gender, education level, experience and positions. The second section of the questionnaire was designed to enable the researcher to gather information about strategic planning practice and organizational performance and it's adopted from kalkidan kebede (2020).

### **3.6 Validity and Reliability**

#### **3.6.1 Validity**

Validity refers to the extent to which differences found with a measuring instrument reflect true differences among those tested (Kothari, 2004). In order to ensure high level of content validity, comments by supervisors who are themselves experts were incorporated and changes made accordingly into the final questionnaire version.

#### **3.6.2 Reliability**

Cronbach's alpha was used to test for internal reliability of each variable used in the study. Cronbach's alpha values range from 0 to 1 (A.Bryman, 2008). It is important to make sure that the instrument that we develop to measure particular concept is indeed accurately measuring the variable and then in fact, we are actually measuring the concept that we set out to measure (Cortina, 1993).

### **3.7 Method of Data Analysis**

Define data analysis as the application of reasoning to understand the data that have been gathered by determining consistent patterns and summarizing the relevant details revealed in the investigation.( Zikmund & et.al) It is done with the aim of making sense out of data collected using various methodologies. All questionnaires will deposited in one place and completeness and accuracy of each was checked. The invalid ones will be excluded.

In this study data analysis was done by using descriptive and inferential statistics. Descriptive analysis is an important first step for conducting statistical analyses. It gives you an idea of the distribution of your data, helps you detect outliers and types, and enable as identify associations

among variables, thus making one to conduct further statistical analyses. On the other hand, Inferential statistics analysis is a statistical technique that attempts to explain movements in one variable, the dependent variable, as a function of movements in a set of other variables, called the independent (or explanatory) variables, through the quantification of a single equation from inferential statistics the study used simple linear regression . The results of the questionnaire encoded and analyzed by SPSS (Statistical Package for Social Sciences) version 20.

### **Regression model specification**

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n + e$$

Where:

Y= the dependent variable (organizational performance)

$\alpha$ = Constant  $\beta$ = Coefficient  
of the factor

X= the independent variables (process element techniques, Dissemination, Participation integration, Communication)

e= error estimates

### **3.8 Research Ethics**

While conducting this study ethical consideration was taken into account. Adequate care was taken to select appropriate time to distribute questionnaire. By explaining the purpose and objective of the study, maximum effort was made to make respondents feel secured and confidentiality was maintained. The researcher also makes sure that all participants or respondents involved in a voluntary basis.

## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

This Chapter focuses on the presentation, analysis, and interpretation of data obtained through questionnaires from CBO management employees, supervisors non managerial employees staffs. In order to investigate effect Strategic Planning practice on Organizational performance, data was gathered and analyzed. As mentioned in the methodology section, questionnaires were prepared and distributed to the Head office of CBO in order to gather data from managers, supervisors and employees. In this study, 260 questionnaires were given out to the participants, but 217 questionnaires were returned.

The questionnaire was structured in a 5-point Likert Scale format. A highly structured questionnaire format that allows for the use of closed questions that require the respondent to choose from a predetermined set of responses or scale points. This involves the use of special rating scale that asks respondents to indicate the extent to which they agree or disagree with a series of mental belief of the statements about a given subject (Strongly Agree = 5, Agree = 4, Undecided = 3, Disagree=2 and Strongly Disagree = 1).

Thus, the gathered data have been completed and analyzed meaningfully by using descriptive analysis and liner regression analysis through Statistical Package for Social Science (SPSS version of 20.0).

The first section of this chapter deals with the general profile (Demography) of respondents, while the second section deals with data analysis linked to strategic planning practice and its effect on organizational performance. The results are presented in the form of tables. This research employed quantitative method.

## Response rate

**Table 4.1: Response Rate of Questionnaire**

|                                    |            |              |
|------------------------------------|------------|--------------|
| <b>Distributed questionnaires</b>  | <b>260</b> | <b>100%</b>  |
| <b>Valuable questionnaires</b>     | <b>217</b> | <b>83.5%</b> |
| <b>Not returned questionnaires</b> | <b>32</b>  | <b>12.5%</b> |
| <b>Discarded questionnaires</b>    | <b>11</b>  | <b>4%</b>    |

*Source: Questionnaire survey, (2022)*

As depicted in Table, A total of one hundred twenty three (260) questionnaires were distributed to the respondents of CBO SC staffs; 217 questionnaires were returned. The total response rate is 83.5% and 16.5% discarded. Hence, for this particular study 217 questioners were effectively used for analysis that indicates 83.5% response rate which is acceptable to undertake a study. According to Draugalis (2008), response rates resembling 60% for most research should be the goal of researchers.

### **4.1 Descriptive analysis of respondent's demographic profile**

Under this section, the researcher collected information about the general background of the respondents. The researcher collected information like Gender, Educational Background, year of service (experience) in the organization and Position used and analyze.

**Table 4.2: Demographic Profile of the Respondents**

| <b>Gender of respondents</b>             |           |         |               |                    |
|------------------------------------------|-----------|---------|---------------|--------------------|
|                                          | Frequency | Percent | Valid Percent | Cumulative Percent |
| Female                                   | 91        | 41.9    | 41.9          | 41.9               |
| Male                                     | 126       | 58.1    | 58.1          | 100                |
| Total                                    | 217       | 100     | 100           |                    |
| <b>Educational level of respondents</b>  |           |         |               |                    |
|                                          | Frequency | Percent | Valid Percent | Cumulative Percent |
| First degree                             | 160       | 73.7    | 73.7          | 73.7               |
| Masters                                  | 57        | 26.3    | 26.3          | 100                |
| Total                                    | 217       | 100     | 100           |                    |
| <b>Experience of respondents</b>         |           |         |               |                    |
|                                          | Frequency | Percent | Valid Percent | Cumulative Percent |
| Below 2                                  | 59        | 27.2    | 27.2          | 27.2               |
| 4-Feb                                    | 114       | 52.5    | 52.5          | 79.7               |
| 10-May                                   | 44        | 20.3    | 20.3          | 100                |
| Total                                    | 217       | 100     | 100           |                    |
| <b>Current position of the employees</b> |           |         |               |                    |
|                                          | Frequency | Percent | Valid Percent | Cumulative Percent |
|                                          | 25        | 11.5    | 11.5          | 11.5               |
| Supervisor                               | 42        | 19.4    | 19.4          | 30.9               |
| Line staff                               | 150       | 69.1    | 69.1          | 100                |
| Total                                    | 217       | 100     | 100           |                    |

**Source: Questionnaire survey, (2022)**

As indicate in the **Table 4.2** above, 58.1% of the employees were male and (91)41.9% of the employees were Female. Also 73.7% of the employees are first-degree holders, and 26.3% of the employees post graduates. A result shows 27.2% of the employees worked in the organization for below 2 years, 52.5% of the employees worked in the company for 2-4 years,20.3% of the employees have been serving the company for 5-10 years. From this data it is possible to say most of CBO S.C respondents are experienced. This show the employees in the organization are knowledgeable about the company’s background. From this the Managerial level constitutes

11.5%, Supervisor constitutes 19.4% while the Line staff constitutes 69.1% from the total sample drawn. From this data the study concluded that majority of the respondents are line staffs.

## 4.2 Reliability Analysis

According to Hair et al. (2006), Cronbach's Alpha Reliability is testing on the reliability of the research that allow researcher to come out with consistent results. The measurement of Cronbach's Alpha is specified as number 0 and 1. Hence, Cronbach's Alpha have better consistency within items in the scale if coefficient that closer to 1. Internal consistency refers to "the degree to which the items that make up the scales are all measuring the same underlying attributes (i.e. the extent to which the items "hang together") (Christopher, 2015)

In this study Cronbach's Alpha is used to measure the internal consistency of the items used. George and Mallery (2003), provides the following rules of thumb: >0.9-Excellent, >0.8-Good, >0.7-Acceptable, >0.6-Questionable, >0.5-Poor, <0.5-Unacceptable (as cited by Gleam and Rosemary, 2003). The results are shown in the below Table (4.6).

**Table 4.3: Reliability test results of variables based on Cronbach's Alpha Value**

| Variable                                  | Cronbach's Alpha | No of Items | Remark: Based on Cronbach's Alpha Value |
|-------------------------------------------|------------------|-------------|-----------------------------------------|
| Process element                           | 0.887            | 10          | Good                                    |
| Techniques to overcome Challenges         | 0.883            | 15          | Good                                    |
| Dissemination                             | 0.756            | 3           | Acceptable                              |
| Integration with Performance Measurements | 0.913            | 4           | Excellent                               |

|                               |       |   |            |
|-------------------------------|-------|---|------------|
| Performance Management System | 0.919 | 4 | Excellent  |
| Communication                 | 0.844 | 3 | Good       |
| Participation                 | 0.727 | 4 | Acceptable |

*Source: Questionnaire survey, (2022)*

The above Table,4.3 proved the reliability of the data used for this study based on Cronbach's alpha value evaluation. As clearly shown above, the Cronbach's alpha values for the eight variables infers that there is sound full internal consistency among items used in the study– being from 0.756 and 0.919 (From acceptable to Excellent).

Based on the reliability test result showed above, all variables are considered variable because their value is more than 0.70. The dependent variable, Performance Management System has the highest alpha value of 0.919 with 4 items. This implies that Performance Management System is the most consistent construct. Integration and Process element second highest alpha value of 0.913 with 4 items and 0.887 with 10 items respectively, followed by Communication, Techniques to overcome Challenges and participation having the alpha value of 0.844 with a total of 3 items, alpha value of 0.883 with 15 items and alpha value 0.727 with 4 items respectively. Besides, the variable Dissemination having the alpha value of 0.756 with 3 items.

For testing the reliability of the entered variables, it is rational to say that the test is dependable with independent variables achieved and fulfilled the level of internal consistency as it was measured by Cronbach's Alpha value.



### 4.3 Descriptive analysis of data related to strategic planning practice and organizational performance

This section of the chapter puts the results for the Descriptive statistics in the form of arithmetical means and standard deviation. Descriptive statistics, in the form of mean and standard deviation, were presented to illustrate the level of agreement of the respondents with their implications.

In order to show the level of agreement or disagreement of the respondents, descriptive analysis of variables is presented in the form of mean and standard deviation. The response of the respondents was measured on a five-point Likert scale stretches from: 1= strongly disagree - 5= strongly agree. But when making interpretation of the outcomes of mean and standard deviation the scales are reassigned as follows to make the interpretation easy and clear. According to Best, (1977) as cited by Gebeyehu, J. (2014) the intervals for breaking the range in measuring each variable with five-point scale is calculated as follows: Hence, the range of the score indicates:

**Table 4.4: Respondents range of agreement level**

|             |                          |
|-------------|--------------------------|
| 1.00 – 1.80 | <b>Strongly disagree</b> |
| 1.81 – 2.60 | Disagree                 |
| 2.61 – 3.40 | Undecided                |
| 3.41 – 4.20 | Agree                    |
| 4.21 – 5.00 | Strongly agree           |

Source: Best, (1977) cited by Gebeyehu, (2014)

### 4.3.1. Descriptive analysis of Process Element

**Table 4.5: Descriptive statistics of Process Element**

| No | Process element                                                                                                 | N   | Mean | Std. Deviation |
|----|-----------------------------------------------------------------------------------------------------------------|-----|------|----------------|
| 1  | Does your organization Review organizational mission                                                            | 217 | 4.06 | .586           |
| 2  | Your organization Clarify departmental mandates                                                                 | 217 | 4.68 | .858           |
| 3  | Does your organization Evaluate external threats and opportunities                                              | 217 | 3.84 | .801           |
| 4  | Does your organization Assess internal strengths and weakness                                                   | 217 | 4.32 | 1.188          |
| 5  | Does your organization Develop vision statement                                                                 | 217 | 4.46 | 1.036          |
| 6  | Does your organization Develop strategic goal and objectives                                                    | 217 | 4.56 | .956           |
| 7  | Does your organization assess proposed strategies                                                               | 217 | 4.28 | 1.205          |
| 8  | Does your organization Develop action plan                                                                      | 217 | 4.22 | 1.272          |
| 9  | Your organization Identify need that concerns of various stakeholders (citizen, business lender, and employees) | 217 | 4.58 | .495           |
| 10 | Does your organization Continuously evaluate strategic planning process                                         | 217 | 4.42 | .495           |
|    | <b>Grand Mean</b>                                                                                               | 217 | 4.34 | .889           |

*Source: Questionnaire survey, (2022)*

From the above **Table4.5** , Review organizational mission we can see that, a mean and standard deviation of (4.06and .586), Clarifies departmental mandates has scored a mean and standard deviation of (4.68 and .858), Evaluation of external threats and opportunities has scored a mean and standard deviation of (3.84and.801), Assessment internal strength and weakness has

scored a mean and standard deviation of (4.32and1.188), Development of vision statement has scored a mean and standard deviation of (4.46and1.036),Development of strategic goals and objectives has scored a mean and standard deviation of (4.56and.956), Feasibility assessment of proposed strategies has scored a mean and standard deviation of (4.28and1.205), Development action plan has scored a mean and standard deviation of (4.22and1.272), Identification of needs and concerns of various stakeholders has scored a mean and standard deviation of (4.58and.495), Continuous evaluation of strategic planning process has scored a mean and standard deviation of (4.42and .495).The above grand mean shows that, the respondents fall under the strongly agreeing scale with respects to the process element in strategic planning of CBO. The low standard deviation indicates that the mean represents the rate given by the majority of the respondents.

#### 4.3.2 Descriptive analysis Techniques to overcome challenges during Strategic Planning

**Table 4.6: Descriptive statistics Techniques to overcome challenges during Strategic Planning**

| No |                                                                                                         | N   | Mean | Std. Deviation |
|----|---------------------------------------------------------------------------------------------------------|-----|------|----------------|
| 1  | The Organization drives strategies and resolve conflicts by using entity mandates.                      | 217 | 3.91 | .882           |
| 2  | The organization Customize planning process to account for the beliefs that demands of key stakeholder. | 217 | 3.93 | .972           |
| 3  | It Collaborate with oversight bodies during strategy formulation and implementation process.            | 217 | 4.14 | 1.029          |
| 4  | It Adjust strategy development and implementation process in line with outside trends and issues.       | 217 | 3.92 | .966           |
| 5  | Clarifies strategic goals during strategic plan development.                                            | 217 | 4.23 | .943           |
| 6  | Use missions as substitute for goals.                                                                   | 217 | 3.82 | .951           |

|    |                                                                                     |     |      |       |
|----|-------------------------------------------------------------------------------------|-----|------|-------|
| 7  | Increase buy-in to plan by providing opportunities for participation.               | 217 | 4.16 | .940  |
| 8  | Develop performance measures for achieving strategic goals.                         | 217 | 3.88 | 1.116 |
| 9  | Assign accountability for achieving goals and implementing plans.                   | 217 | 4.07 | .938  |
| 10 | Maintain an open strategy formulation and implementation process.                   | 217 | 3.94 | .924  |
| 11 | Build negotiation and bargaining opportunities.                                     | 217 | 3.65 | 1.209 |
| 12 | Develop a coalition of interest to keep strategic management processes on track.    | 217 | 3.82 | 1.123 |
| 13 | Provide incentives for organizational change.                                       | 217 | 3.64 | 1.288 |
| 14 | Engage entity leader to gain internal support for strategic plan                    | 217 | 3.60 | 1.217 |
| 15 | Link strategic planning to appropriation of funds and financial performance system. | 217 | 4.14 | .995  |
|    | <b>Grand Mean</b>                                                                   | 217 | 3.92 | 1.033 |

*Source: Questionnaire survey, (2022)*

From the above **Table4.6** , The organization drives Strategies and resolve conflicts by using entity mandates and Obligations We can see that, a mean and standard deviation of (3.91and .882),The organization Customize planning process to account for the beliefs and demands of key stakeholders with authority and influence has scored a mean and standard deviation of (3.93and .972), It Collaborate with oversight bodies during strategy formulation and implementation process mean and standard deviation of (4.14and1.029), It Adjusts strategy development and implementation process in line with outside trends and issues has scored a mean and standard deviation of (3.92 and .966),Clarifies Strategic goals during strategic plan development has scored a mean and standard deviation of (4.23and .943), Use Mission as Substitute for goals has

scored a mean and standard deviation of (3.82and.951), Increase Buy-In to plan by providing opportunities for participation has scored a mean and standard deviation of (4.16and.940), Develop Performance Measures for achieving Strategic goals has scored a mean and standard deviation of (3.88and1.116), Assigns accountability for achieving goals and implementing plans has scored a mean and standard deviation of (4.07and.938),Maintains an open strategy formulation and implementation process has scored a mean and standard deviation of (3.94and.924),Builds negotiation and bargaining opportunities has scored a mean and standard deviation of (3.65and1.209),Develops a collation of interest to keep strategic management process on track has scored a mean and standard deviation of (3.82and1.123),Provides incentives for organizational change has scored a mean and standard deviation of (3.64and1.288),Engage entity leader to gain internal support for strategic plan has scored a mean and standard deviation of (3.60and 1.217),Link strategic planning to appropriation of funds and financial performance system has scored a mean and standard deviation of (4.14and.995).The above Grand mean shows that, the respondents fall under the agreeing scale with respects to the Techniques to overcome challenge on strategic planning in of CBO. The low standard deviation indicates that the mean represents the rate given by the majority of the respondents.

### 4.3.3 Descriptive analysis related to Dissemination

**Table 4.7: Descriptive statistics Dissemination**

| No |                                                                                                  | N   | Mean | Std. Deviation |
|----|--------------------------------------------------------------------------------------------------|-----|------|----------------|
| 1  | The organization produced a strategic planning document                                          | 217 | 2.95 | 1.040          |
| 2  | The organization disseminated the plan to employees at all levels of our department              | 217 | 2.78 | 1.043          |
| 3  | The organization uploaded a summary of the plan to our jurisdiction's website for public viewing | 217 | 2.99 | 1.009          |
|    | <b>Grand Mean</b>                                                                                | 217 | 2.91 | 1.031          |

*Source: Questionnaire survey, (2022)*

From the above **Table4.7** ,The organization Produce strategic plan document we can see that, a mean and standard deviation of (2.95and 1.040), The organization disseminates the plan to employees at all levels of departments has scored a mean and standard deviation of (2.78and 1.043), The organization uploaded a summary of the plan to jurisdiction`s website for public viewing has scored a mean and standard deviation of (2.99and1.009),The above grand mean shows that, the respondents fall under the undecided scale with respects to the dissemination of Strategic planning in CBO. The low standard deviation indicates that the mean represents the rate given by the majority of the respondents.

#### 4.3.4 Descriptive analysis related to Integration with Performance

**Table 4.8: Descriptive statistics of Integration Performance**

| No |                                                                                                                                                                             | N   | Mean | Std. Deviation |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|------|----------------|
| 1  | Managers and supervisors are responsible for implementing specific initiatives and projects that are part of the strategic plan.                                            | 217 | 4.45 | .498           |
| 2  | The Objectives established for employees are linked to the strategic plan.                                                                                                  | 217 | 4.44 | .498           |
| 3  | The organization encourage all departments link together to achieve organizational objective                                                                                | 217 | 3.92 | .699           |
| 4  | The organization linked the identified performance factors with strategic initiatives and projects designed to develop and optimize departmental and individual activities. | 217 | 4.33 | .472           |
|    | <b>Grand Mean</b>                                                                                                                                                           | 217 | 4.29 | .542           |

*Source: Questionnaire survey, (2022)*

From the above **Table 4.8** , The organization used performance measures to track the implementation of project or other initiatives called for by the strategic plan and to track the accomplishment of goals and objectives found in the strategic plan it can see that, a mean and standard deviation of (4.45and .498), The organization used performance measures to track

outcome condition targeted by the strategic plan and to benchmark the entity performance against similar departments in other jurisdiction has scored a mean and standard deviation of (4.44and .498), The organization reported performance measures associated with the strategic plan to public on a regular basis has scored a mean and standard deviation of (3.92and.699),your organization track performance data overtime to determine whether performance in strategic results areas has improved over previous levels has scored a mean and standard deviation of (4.33and.472),the above grand mean shows that, the respondents fall under the strongly agreeing scale with respects to the integration of strategic planning with performance measures in CBO. The low standard deviation indicates that the mean represents the rate given by the majority of the respondents.

#### 4.3.5. Descriptive analysis related to Performance Management System

**Table 4.9: Descriptive statistics of Performance Management System**

| No |                                                                                                                                                    | N   | Mean | Std. Deviation |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------|-----|------|----------------|
| 1  | The organization tracked performance data over time to determine whether performance in strategic results areas has improved over previous levels. | 217 | 4.35 | .615           |
| 2  | The organization used performance measures to track outcome conditions targeted by the strategic plan.                                             | 217 | 4.34 | .641           |
| 3  | The organization reported performance measures associated with the strategic plan to stakeholders on a regular basis                               | 217 | 3.85 | .743           |
| 4  | The organization used performance measure to Annually Evaluate employees based on their accomplishment of strategic goals and objectives           | 217 | 4.27 | .522           |
|    | <b>Grand Mean</b>                                                                                                                                  | 217 | 4.21 | .630           |

*Source: Questionnaire survey, (2022)*

From the above **Table 4.9** , Managers are responsible for implementing specific initiatives and projects that are part of the strategic plan. we can see that, a mean and standard deviation of

(4.35and.615), Objectives established for employees are linked to the strategic plan has scored a mean and standard deviation of (4.34and .641), Annual Evaluation of employees is based on their accomplishment of strategic goals and objectives has scored a mean and standard deviation of (3.85and.743), Annual Salary Increment are based on the contributions to advancing strategic plan has scored a mean and standard deviation of (4.27and .522). The above Grand mean shows that, the respondents fall under the strongly Agree scale with respects to the performance of the management System of CBO. The low standard deviation indicates that the mean represents the rate given by the majority of the respondents.

### 4.3.6 Descriptive analysis of Communication

**Table 4.10: Descriptive statistics of Communication**

| No |                                                                                                          | N   | Mean | Std. Deviation |
|----|----------------------------------------------------------------------------------------------------------|-----|------|----------------|
| 1  | You are highly Knowledgeable about the strategic planning of the organization.                           | 217 | 3.67 | .470           |
| 2  | Your department had the capability to gather and analyze data concerning performance in your department. | 217 | 2.56 | .498           |
| 3  | Your department is well communicated with the plan.                                                      | 217 | 2.51 | .501           |
|    | <b>Grand Mean</b>                                                                                        | 217 | 2.91 | .490           |

*Source: Questionnaire survey, (2022)*

From the above **Table 4.10** , you are highly Knowledgeable about the strategic planning of the organization we can see that, a mean and standard deviation of (3.67and.470), your department had the capability to gather and analyze data concerning performance in your department has scored a mean and standard deviation of (2.56and.498), your department is well communicated with the plan has scored a mean and standard deviation of (2.51and.490),the above grand mean shows that, the respondents fall under the undecided scale with respects to the communication of employees towards strategic planning in CBO. The low standard deviation indicates that the mean represents the rate given by the majority of the respondents.



### 4.3.7 Descriptive analysis of Participation

**Table 4.11: Descriptive statistics of Participation**

| No |                                                                                                                                        | N   | Mean | Std. Deviation |
|----|----------------------------------------------------------------------------------------------------------------------------------------|-----|------|----------------|
| 1  | Employees from the Department were recruited to participate in the strategic planning process.                                         | 217 | 3.45 | 1.224          |
| 2  | Lower level employees are centrally involved in the development of strategic plan.                                                     | 217 | 3.51 | 1.089          |
| 3  | Your department utilized the information we gathered from employees to make decisions during the strategic planning process.           | 217 | 3.58 | 1.137          |
| 4  | Employees at your department have the authority, responsibility and tools necessary to impact relevant measures in strategic planning. | 217 | 3.60 | 1.139          |
|    | <b>Grand Mean</b>                                                                                                                      | 217 | 3.53 | 1.147          |

*Source: Questionnaire survey, (2022)*

From the above **Table 4.11**, Employees from the department were recruited to participate in the strategic planning process we can see that, a mean and standard deviation of (3.45and 1.224), lower level employees are centrally involved in the development of strategic plan has scored a mean and standard deviation of (3.51and 1.089), your department utilized the information we gathered from employees to make decisions during the strategic planning process has scored a mean and standard deviation of (3.58and1.137),employees at your department have the authority, responsibility and tools necessary to impact relevant measures in strategic planning has scored a mean and standard deviation of (3.60and1.139) The above grand mean shows that, the respondents fall under the agree scale with respects to the participation of employees in CBO. The low standard deviation indicates that the mean represents the rate given by the majority of the respondents.

#### 4.3.8. Summary of overall descriptive statistics of variables

**Table 4.12: Summary of descriptive statistics of variables**

|                               | N   | Mean | Std. Deviation |
|-------------------------------|-----|------|----------------|
| Process element               | 217 | 4.34 | 0.889          |
| Techniques                    | 217 | 3.92 | 1.033          |
| Dissemination                 | 217 | 2.91 | 1.031          |
| Integration                   | 217 | 4.29 | 0.542          |
| Performance management system | 217 | 4.21 | 0.63           |
| Communication                 | 217 | 2.91 | 0.49           |
| Participation                 | 217 | 3.53 | 1.147          |

*Source: Questionnaire survey, (2022)*

From the above **Table 4.12**, clearly summarizes perceptions of the respondents with respect to the seven predictor variables and the dependent variable. Process element has scored mean of 4.34 with SD 0.889, Techniques has scored mean of 3.92 with SD 1.033, Dissemination has scored Mean of 2.91 with SD 1.031, Integration has scored mean of 4.29 with SD 0.542, Performance management system has scored mean of 4.21 with SD 0.63, Communication has scored Mean of 2.91 with SD 0.49 and Participation has scored Mean of 3.53 with SD 1.147. The low standard deviation indicates that the Mean represents the rate given by the Majority of the respondents. Based on the mean results of each variable, this outcome implies that most of the respondents have strongly agreed with the variables under study.

#### 4.4 Multiple Linear Regression Analysis

Regression analysis is used to assess the relationship between one dependent variable and several independent variables (Hair et al., 2019). It is employed to test the research hypotheses. In this study standard multiple regressions are used to analyse the effect of the variables based on the research questions and objectives.

#### 4.4.1 Multiple linear regression analysis assumption tests

Before analyzing multiple linear regression, the presence of Multicollinearity, Normality and linearity was tested and presented as follows;

##### 4.4.1.1 Multicollinearity

Multicollinearity refers to the relationship among the independent variables. Tolerance is an indicator of how much of the variability of the specified independent is not explained by the other independent variables in the model and is calculated using the formula  $1 - R^2$  for each variable. If this value is very small (less than 0.10), it indicates that the multiple correlation with other variables is high, suggesting the possibility of multicollinearity. The other value given is the variance inflation factor (VIF), which is just the inverse of the Tolerance (Tol.) value ( $1$  divided by Tolerance). VIF values above 10 would be a concern here, indicating multicollinearity (Pallant, 2020).

**Table 4.13: Multicollinearity test result**

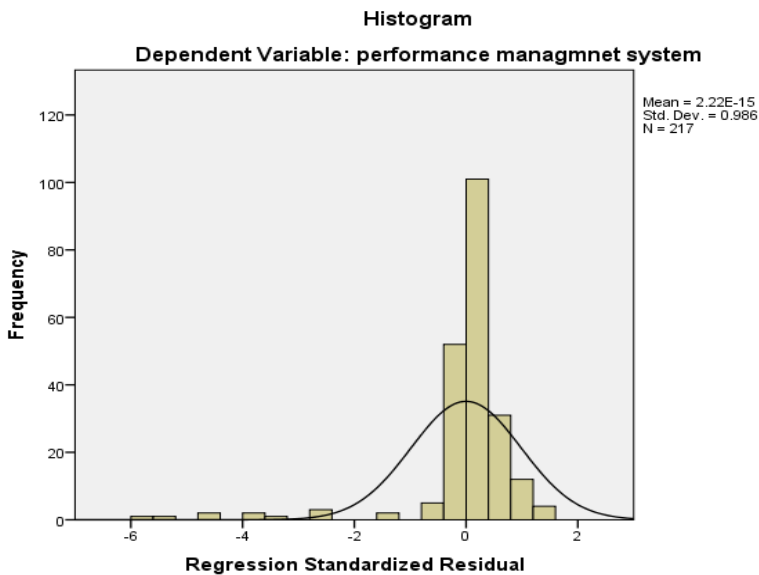
| Variables       | Tol.<br>>0.10 | VIF<10 |
|-----------------|---------------|--------|
| Process element | .933          | 1.072  |
| Techniques      | .981          | 1.020  |
| Dissemination   | .991          | 1.009  |
| Integration     | .794          | 1.260  |
| Communication   | .984          | 1.017  |
| Participation   | .758          | 1.319  |

*Source: Questionnaire survey, (2022)*

From the above **Table 4.13**, the study shows the tolerance value for each independent variable is greater than 0.10; therefore, there is no multicollinearity problem because tolerance > 0.10, This is also supported by the VIF value, which is VIF<10. The finding indicated that the model had no serious multicollinearity problem (Hair et al., 2019).

#### 4.4.1.2 Normality

The multiple linear regression analysis requires all variables to be normal. This assumption can best be checked with a histogram. This checks data for the independent variable and dependent variable are relatively normally distributed.



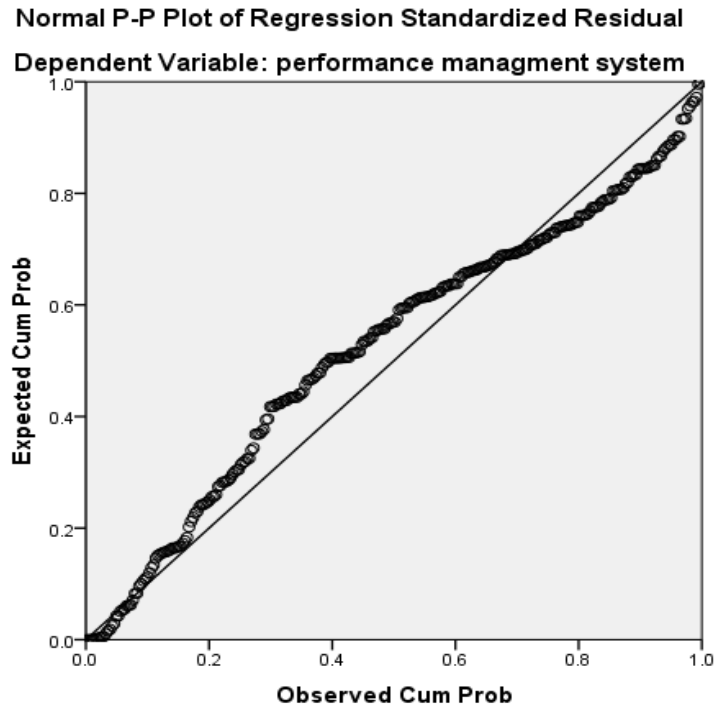
**Figure 4.1: Normal distribution curve**

*Source: Questionnaire survey, (2022)*

From the above **Figure 4.1** histogram shows the data for independent variable and dependent variable are normally distributed.

#### 4.4.1.3 Linearity

Linearity is the assumption that the relationship between dependent variables and independent variables can be characterized linear. Linearity relationship between the dependent and independent variable represented the degree to which the change in the dependent variable is associated with the independent variable. The following P-P plot tell us that if the relationship between the variables is linear, then the dots should lie on the straight diagonal line.

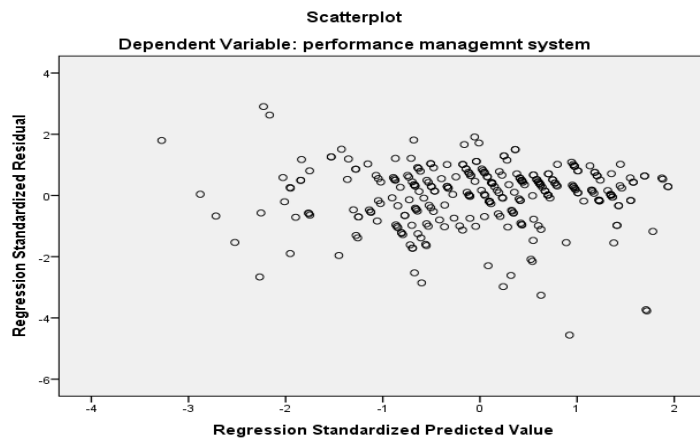


**Figure 4.2: Linearity**

*Source: Questionnaire survey, (2022)*

#### 4.4.1.4 Homoscedasticity

Homoscedasticity is homogeneity of variance. This assumption is referred to as the description of data in which the variance of the error terms ( $\epsilon$ ) appears constant over the range of values of an independent variable. In the scattered residual plots, the residuals scattered randomly about the zero line and did not exhibit a triangular shaped pattern, thus providing sufficient evidence to satisfy the assumption for homoscedasticity of the error terms.



**Figure 4.3: Homoscedasticity**

*Source: Questionnaire survey, (2022)*

#### 4.4.2 Result of multiple linear regression analysis

Multiple linear regressions were carried out to recognize the relationship between variables and to find out the most dominant independent variable that impacted organizational performance.

Regression analysis was used to determine the extent to independent variables: Process element, Techniques, Dissemination, Integration, Communication, and Participation organizational performance. For the sake of showing the influences of each dimensions used in this research,

the study looked the Standardized Coefficients. The results of the regression analysis are discussed with the support of the following tables.

**Table 4.14: Regression analysis: Model Summary**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1     | .801 <sup>a</sup> | .641     | .631              | .34611                     |

a Predictors: (Constant), Process element, Techniques, Dissemination, Integration, , Communication, Participation

a. Dependent Variable: Performance management system

*Source: Questionnaire survey, (2022)*

**Table 4.14, above** presents the multiple linear regression model summary which consists of R, R square, adjusted R square. The adjusted R<sup>2</sup> of the model is .631 with the R<sup>2</sup> = .641. This means that the linear regression model with the independent variables explains 64.1% of the variance of the dependent variable while the remaining 35.9% is accounted by other factors outside the regression model.

**Table 4.15: Regression analysis: ANOVA**

| Model |            | Sum of Squares | Df  | Mean Square | F      | Sig.              |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1     | Regression | 44.968         | 6   | 7.495       | 62.563 | .000 <sup>b</sup> |
|       | Residual   | 25.157         | 210 | .120        |        |                   |
|       | Total      | 70.124         | 216 |             |        |                   |

- a Predictors: (Constant), Process element, Techniques, Dissemination, Integration, Communication, Participation
- b. Dependent Variable: Performance management system

*Source: Questionnaire survey, (2022)*

The above **Table 4.15**, the degree of freedom (df) is associated with the sources of variance. The total variance has  $N - 1$  degrees of freedom (df). In this case, there were  $N = 217$  observations, so the DF for total is 216. The regression degree of freedom corresponds to the number of predictors ( $K - 1$ ), this would be  $7 - 1$  (since there were dependent variables in the model). But, the intercept is automatically included in the model (unless explicitly omit the intercept). Including the intercept, there are predictors, so the regression has  $7 - 1 = 6$  degrees of freedom. The residual degree of freedom is the df total minus the df model,  $216 - 6$  is 210.

The mean square is, the sum of squares divided by their respective df. For the regression,  $(44.968 / 6)$  is equal to 7.495. For the residual,  $(25.157 / 210)$  equals .120. These are computed so you can compute the F ratio, dividing the mean square regression by the mean square residual to test the significance of the predictors in the model.

The F value is the mean square regression (7.495) divided by the Mean Square Residual (0.120),  $(7.495 / 0.120)$  yielding  $F = 62.563$  The  $p$  - value associated with this F value is very small (0.0000). These values are used to answer the question “Do the independent variables reliably predict the dependent variable?” The  $p$  - value is compared to your alpha level (typically 0.05) and, if smaller, it is can concluded “Yes, the independent variables reliably predict the dependent variable”. If the  $p$  - value were greater than 0.05, the group of independent variables do not show a significant relationship with the dependent variable, or that the group of independent variables do not reliably predict the dependent variable.



Note that this is an overall significance test assessing whether the group of independent variables when used together reliably predict the dependent variable, and does not address the ability of any of the particular independent variables to predict the dependent variables.

**Table 4.16: Regression analysis: Coefficients**

| <b>Coefficients<sup>a</sup></b> |                             |            |                           |      |        |      |
|---------------------------------|-----------------------------|------------|---------------------------|------|--------|------|
| Model                           | Unstandardized Coefficients |            | Standardized Coefficients | T    | Sig.   |      |
|                                 | B                           | Std. Error | Beta                      |      |        |      |
| 1                               | (Constant)                  | -.670      | .334                      |      | -2.005 | .046 |
|                                 | PE                          | .108       | .037                      | .125 | 2.910  | .004 |
|                                 | D                           | .024       | .028                      | .036 | .865   | .388 |
|                                 | C                           | .106       | .055                      | .080 | 1.919  | .056 |
|                                 | P                           | .027       | .031                      | .040 | .866   | .387 |
|                                 | IWP                         | .914       | .048                      | .786 | 18.854 | .000 |
|                                 | T                           | .003       | .042                      | .003 | .068   | .946 |

a. Dependent Variable: performance management system

*Source: Questionnaire survey, (2022)*

The regression Coefficients **Table 4.16**, above clearly presents the multiple linear regression coefficient estimates including the intercept and the significance levels. Hence, the regression equation would be:

$$OP_{Predicted} = -.670 + .108 (PE) + .003(T) + .024 (D) + .914(IWP) + .106(C) + .027(P) + .334$$

Where:

- PE = Process element
- T = Techniques
- D = Dissemination
- IWP = Integration
- C = Communication

P = Participation

OP = organizational performance

These estimates tell about the relationship between the independent variables and the dependent variable. These estimates tell the amount of increase in organizational performance (PMS) that would be predicted by a 1 unit increase in the predictor.

For the independent variables which are not significant, the coefficients are not significantly different from 0, which should be taken into account when interpreting the coefficients. The columns with the  $t$  - value and  $p$  - value tests whether the coefficients are significant.

The above regression formula shows that, for every increase in Integration the performance management system will also increases by .914. Similarly, for every increase in any of the other variables: Process element, Communication, Participation, Dissemination and Techniques; the performance management system will increases by .108, .106, .027, .024 and .003 respectively.

As a result of all five determining variables are entered in the analysis, the **B** weights compare the relative importance of each independent variable in standardized terms. It is therefore imperative that Integration and followed by Process element, Communication has a higher impact than the other independent variable than others.

#### **4.5. Hypothesis testing and discussion.**

Hypothesis (H) testing is based on standardized coefficients beta and P-value to test whether the hypotheses are rejected or not. Based on the Table 4.19 multiple linear regression results, each proposed hypothesis is tested as follows.

##### **H1: Process element has positive and significant effect on organizational performance.**

The regression result of salary with employee performance shows significant level of influence at 95 percent confidence interval with a Sig. value of 0.004. Because the  $B = 0.108$  and  $p = 0.004$

< 0.05. This result supports the first hypothesis.

**H2: Techniques has positive and significant effect on organizational performance..**

The regression result of bonus with employee performance shows insignificant level of influence at 95 percent confidence interval with a Sig. value of 0.946. Because the  $B = 0.003$  and  $p = 0.946 > 0.05$ .

0.05. This result rejects the second hypothesis.

**H3: Dissemination has positive and significant effect on organizational performance..**

The regression result of benefit with employee performance shows insignificant level of influence at 95 percent confidence interval with a Sig. value of 0.388. Because the  $B = 0.024$  and  $p = .388 > 0.05$ . This result rejects the third hypothesis.

**H4: Integration has positive and significant effect on organizational performance.**

The regression result of recognition with employee performance shows significant level of influence at 95 percent confidence interval with a Sig. value of 0.000. Because the  $B = 0.914$  and  $p = 0.000 < 0.05$ . This result supports the fourth hypothesis.

**H5: Communication has positive and significant effect on organizational performance.**

The regression result of promotion with employee performance shows insignificant level of influence at 95 percent confidence interval with a Sig. value of .056. Because the  $B = 0.020$  and  $p = .056 > 0.05$ . This result rejects the fifth hypothesis.

**H6: Participation has positive and significant effect on organizational performance.**

The regression result of responsibility with employee performance shows insignificant level of influence at 95 percent confidence interval with a Sig. value of 0.387. Because the  $B = 0.027$  and  $p = 0.387 > 0.05$ . This result rejects the sixth hypothesis.

**Table 4.17: Summary of hypotheses tests**

| Hypotheses                                                                             | Result   | B     | P     |
|----------------------------------------------------------------------------------------|----------|-------|-------|
| H1: Process element has positive and significant effect on organizational performance. | Accepted | 0.108 | 0.004 |
| H2: Techniques has positive and significant effect on organizational performance.      | Rejected | 0.003 | 0.946 |
| H3: Dissemination has positive and significant effect on organizational performance.   | Rejected | 0.024 | 0.388 |
| H4: Integration has positive and significant effect on organizational performance.     | Accepted | 0.914 | 0.000 |
| H5: Communication has positive and significant effect on organizational performance.   | Rejected | 0.106 | 0.056 |
| H6: Participation has positive and significant effect on organizational performance.   | Rejected | 0.027 | 0.387 |

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATION**

The aim of this chapter is to critically reflect on the key findings of the study established under the preceding chapter. This chapter has three sections. The results are collated together as summary of findings under the first section. Conclusions are drawn based on these findings under the next section. Under the section, recommendations are made based on the conclusions and under the last section the future researcher direction.

#### **5.1 Summary of Findings**

This chapter provides a summary of the research findings, which are interpreted and explained. Further, the data collected is linked to the objectives and aims of the thesis. This thesis assessed the strategic planning practice by CBO Share Company.

Data on the respondents was collected by means of a questionnaire. The target populations of the study were 739 employees of cooperative bank of oromia S.C working at head office. Primary source of data was employed as a source of information and collected from respondents using questionnaires. The study was conducted by distributing structured questionnaires to 260 employees of the company. Among the distributed questionnaires 217 questionnaires were collected.

Descriptive analysis and simple linear regression analysis was done based on six factors that make effects on organizational performance which are process element, techniques, dissemination, integration, communication and participation. Based on these dimensions major findings of the research are summarized as follows.

With respect to the reliability and validity of the questionnaire, the test result indicated that Cronbach alpha( $\alpha$ ) value for each variable was process element(0.887), techniques(0.883), dissemination(0.756), integration(0.913), performance management system(0.919), communication(0.844) and participation(0.727) and the overall items.

This is summarized for testing the reliability of the entered variables, it is rational to say that the test is dependable with independent variables achieved and fulfilled the level of internal consistency as it was measured by Cronbach's Alpha value

When assessing the respondents descriptive statistics level of agreement with regard to the variables, the process element scoring mean of 4.34 with SD 0.889, techniques has scored mean of 3.92 with SD 1.033, dissemination has scored Mean of 2.91 with SD 1.031, integration has scored mean of 4.29 with SD 0.542, performance management system has scored mean of 4.21 with SD 0.63, communication has scored mean of 2.91 with SD 0.49 and participation has scored mean of 3.53 with SD 1.147.

This summary implies that most of the respondents have strongly agreed and other falls on undecided and agree with the variables under study.

The seven constructs were also examined their extent of explanation to organization performance jointly using multiple regression analysis, but before the researcher has made the simple linear regression analysis, the independent variables were tested Multicollinearity, Normality and linearity. As per the VIF results all variables correlation coefficients is less than 10 and Tolerance  $> 0.10$ . Hence, Multicollinearity does not exist in these data. And histogram shows the data for independent variable and dependent variable are normally distributed.

The results of multiple regressions analysis of the six parameter of strategic planning practice reveals that the study was conducted on a 95% level of confidence i.e., P value  $\leq 5\%$ . The result shows that the model tested is significant ( $p < 0.05$ ). The multiple R is 0.801, R square 0.641 and adjusted R square 0.631. This indicates that 64.1% of variance in the dependent variable (performance management system) can be explained or predicted from the independent variables (are process element, techniques, dissemination, integration, communication and

participation.). In this case 64.1 % variance on organizational performance is attributed by the six dimensions of compensation. The rest 35.9% variance can be caused by other factors which are not included in this research. Regarding to the relative effect of the independent variables on performance management system,  $\beta$  value & their significance was used to identify their relative importance in affecting organizational performance.

The beta value for Integration was  $\beta = .914$ , so Integration found in this study as the strongest association determinant factors on performance management system (organizational performance). Thus, Integration has been identified as a major constituent to predict performance management system(organizational performance); that is; performance management system(organizational performance) can be explained in terms of Integration as per this research finding, followed by Process element, Communication, Participation, Dissemination and Techniques respectively.

Therefore, the finding revealed that, Integration was the most dominant strategic planning process dimension in determining organizational performance of cooperative bank of oromia employees at head office.

## **5.2 Conclusion**

Based on the results from the descriptive analysis simple linear regression analysis a concise conclusion is forwarded. An attempt is made to realize the objectives of the study, by answering the three research questions which were generated on chapter one.

Hence from the findings of the analysis the following conclusions are forwarded. The main purpose of the study was to assess strategic planning practice and its effect on organizational performance of CBO SC with the specific predictor's variables. Specifically, process element, techniques, integration, dissemination, communication, and participation indicated independent variable (strategic planning) performance management system indicate dependent variable (organizational performance).

From the summary of findings in descriptive analysis , the researcher concluded that independent variables and dependent variable that is process element, integration and performance management system falls under strongly agree scale , participation and techniques falls under agree scale indicating that the bank strategic planning practice is good in this regard. However, the independent variables that's is dissemination and communication falls under undecided scales this implies that the employees neither satisfied nor dissatisfied on banks strategic planning practice This leads the employees to have low feelings on the involvement and ownership towards the organization.

From the summary of findings in simple linear regression analysis, the researcher concluded that two of the six independent variables i.e., integration and process element were found to have a positive significant effect on organizational performance of cooperative bank oromia. The techniques, dissemination, communication and participation, have insignificant effect on organizational performance of cooperative bank of oromia. Furthermore, the study finding indicates that 64.1% variance on organizational performance is attributed to the six predictor dimensions. As far as the relative effects of the significant independent variables on organizational performance is concerned, integration is the most predictor dimension in explaining the variation in organizational performance.

- Process element has significant effect on organizational performance in case of cooperative bank of oromia
- Techniques has insignificant effect on organizational performance in case of cooperative bank of oromia
- Dissemination has insignificant effect on organizational performance in case of cooperative bank of oromia
- Integration has significant effect on organizational performance in case of cooperative bank of oromia
- Communication has insignificant effect on organizational performance in case of cooperative bank of oromia
- Participation has insignificant effect on organizational performance in case of cooperative bank of oromia.



### 5.3 Recommendations

On the basis of the findings and conclusion of the study, the following recommendations are important to facilitate improvement of performance to bank in relation strategic planning practices.

Based to the finding, two of the six strategic planning practice dimensions have positive and significant effect on organizational performance. Therefor the company should prioritize toward this important dimension.

From the six strategic planning process element and integration has the highest effect on organizational performance, Based on the regression coefficient result, a unit increase on the integration dimension can increase organizational performance by 91.4%. Therefore, cooperative bank of oromia should give more attention to this dimension in order to increase its organizational performance while working on the others variables. This could be done by:

By integrating company strategy planning with each department employee's task and motivated employees to achieve their task related to strategic planning

From the seven strategic planning dimensions, process element has the second highest effect on organizational performance. Based on the regression coefficient result, a unit increase on the dissemination dimension can increase organizational performance by 10.8%. Therefore, cooperative bank of oromia should give attention and maintain this elements according to the literature to this dimension in order to increase its organizational performance.

The remaining four predictor variables doesn't have a significant effect on employee performance but the four predictors have positive relationship with organizational performance the bank is recommended to do the following specific tasks in each of the two strategic planning dimensions.

- The bank should focus on techniques to better organizational performance
- The bank should encourages employees in communication and participation on the process of strategic planning which will create autonomy within the employees, reduce conflict, help in performance appraisal and reduce resignation of employees. And also This helps to create a team-spirit and shared accountability
- Dissemination of strategic plan between managers and employees at each level and department. It helps in achieving the goals and action that are generated in the strategic plan.
- It's recommended the bank should embrace the use of strategic planning as a tool and a concept to be used in achieving organizational performance.

#### **5.4 Future Research Directions**

The study only focused on investigatging effect of strategic planning practice on organizational performance. Because of time and finance constraint, the study is conducted only in cooperative bank of oromia S.C in head office Addis Ababa, so the findings cannot be generalized to other banks and industries. Therefore, this limitation provides for further research.

Furthermore, this research emphasized the effect of strategic planning practice on organization performance in cooperative bank of oromia. And the study is limited itself only on the seven variables namely: process element, techniques, dissemination, integration, performance management system, communication and participation.  $R^2$  which is the coefficient of determination was 64.1% which means that strategic planning can account for 64.1% of the variation in organizational performance. While the remaining 35.9% variation in organizational performance is attributable to other factors. Therefore, Future research is recommended to identify other factors that affect organizational performance.

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**Appendix**  
**Research Instrument**

**ST. MARY’S UNIVERSITY SCHOOL OF GRADUATE STUDIES MBA PROGRAM**  
**SURVEY QUESTIONNAIRE DESIGNED FOR EMPLOYEES**

**Dear Respondents,**

I sunamawit fekadu. Currently a postgraduate a student of St. Mary’s University, Addis Ababa Ethiopia. As part of the requirements in completion of the MBA program, I am undertaking a research on title “**effect of Strategic planning practice on organizational performance**” in cooperative bank of oromia S.C

In order for the research to yield valid results, it is important that you answer all questions as honestly and truthfully as possible. Since the data collected is for academic purposes, the confidentiality of the information you provides is fully guaranteed. Therefore, I would appreciate your genuine response to the questions.

Thank you very much for your time cooperation.

For further information you may use: - Mob, Tel: +251-988-24-04-64; or +251-988-893888

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**GENERAL INSTRUCTIONS**

- ✓ You are not required to write your name.
- ✓ Put a tick mark “√” in the space provided in front of each item.
- ✓ Please try to fill all the items.

## PART ONE: Demographic Information

This section of the questionnaire refers to general information about the respondents. Please tick in the box in front of the appropriate choice.

1. Gender

Male

Female

2. Your Education Level

First Degree

Masters

PHD

3. How long have you worked in this Insurance?

Below 2 years

between 2-4 years

Between 5-10 years

above 10 years

4. Your current positions

Managerial level

Supervisor

Line staff

*Indicate the extent of your agreement with respect to each of the following statements by marking '√' in the box of your choice. You can leave those non applicable.*

**Strongly Agree (SA), Agree (A), Undecided (U), Disagree (D), Strongly Disagree (SD)**  
**PART TWO: strategic planning and organizational performance**



## 1. PROCESS ELEMENT

Thinking about the time between past five years, how much do you agree or disagree that the following elements were included in your department's strategic planning process

| NO |                                                                                                                 | SD | D | U | A | SA |
|----|-----------------------------------------------------------------------------------------------------------------|----|---|---|---|----|
| 1  | Does your organization Review organizational mission                                                            | 1  | 2 | 3 | 4 | 5  |
| 2  | Your organization Clarify departmental mandates                                                                 | 1  | 2 | 3 | 4 | 5  |
| 3  | Does your organization Evaluate external threats and opportunities                                              | 1  | 2 | 3 | 4 | 5  |
| 4  | Does your organization Assess internal strengths and weakness                                                   | 1  | 2 | 3 | 4 | 5  |
| 5  | Does your organization Develop vision statement                                                                 | 1  | 2 | 3 | 4 | 5  |
| 6  | Does your organization Develop strategic goal and objectives                                                    | 1  | 2 | 3 | 4 | 5  |
| 7  | Does your organization assess proposed strategies                                                               | 1  | 2 | 3 | 4 | 5  |
| 8  | Does your organization Develop action plan                                                                      | 1  | 2 | 3 | 4 | 5  |
| 9  | Your organization Identify need that concerns of various stakeholders (citizen, business lender, and employees) | 1  | 2 | 3 | 4 | 5  |
| 10 | Does your organization Continuously evaluate strategic planning process                                         | 1  | 2 | 3 | 4 | 5  |

## 2. TECHCNQUES USED TO OVERCOME CHALLENGES DURING STRATEGIC PLANNING AND IMPLEMENTATION

Thinking about your strategic planning practices in your department between past five years, to what extent do you agree or disagree that the following statements represent the techniques used by the organization to overcome the challenge during the strategic planning process and the implementation.

| N<br>O |                                                                                                                                      | SD | D | U | A | SA |
|--------|--------------------------------------------------------------------------------------------------------------------------------------|----|---|---|---|----|
| 1      | The Organization drives strategies and resolve conflicts by using entity mandates and obligations.                                   | 1  | 2 | 3 | 4 | 5  |
| 2      | The organization Customize planning process to account for the beliefs and demands of key stakeholders with authority and influence. | 1  | 2 | 3 | 4 | 5  |
| 3      | It Collaborate with oversight bodies during strategy formulation and implementation process.                                         | 1  | 2 | 3 | 4 | 5  |
| 4      | It Adjust strategy development and implementation process in line with outside trends and issues.                                    | 1  | 2 | 3 | 4 | 5  |
| 5      | Clarifies strategic goals during strategic plan development.                                                                         | 1  | 2 | 3 | 4 | 5  |
| 6      | Use missions as substitute for goals.                                                                                                | 1  | 2 | 3 | 4 | 5  |
| 7      | Increase buy-in to plan by providing opportunities for participation.                                                                | 1  | 2 | 3 | 4 | 5  |

|           |                                                                                     |   |   |   |   |   |
|-----------|-------------------------------------------------------------------------------------|---|---|---|---|---|
| <b>8</b>  | Develop performance measures for achieving strategic goals.                         | 1 | 2 | 3 | 4 | 5 |
| <b>9</b>  | Assign accountability for achieving goals and implementing plans.                   | 1 | 2 | 3 | 4 | 5 |
| <b>10</b> | Maintain an open strategy formulation and implementation process.                   | 1 | 2 | 3 | 4 | 5 |
| <b>11</b> | Build negotiation and bargaining opportunities.                                     | 1 | 2 | 3 | 4 | 5 |
| <b>12</b> | Develop a coalition of interest to keep strategic management processes on track.    | 1 | 2 | 3 | 4 | 5 |
| <b>13</b> | Provide incentives for organizational change.                                       | 1 | 2 | 3 | 4 | 5 |
| <b>14</b> | Engage entity leader to gain internal support for strategic plan.                   | 1 | 2 | 3 | 4 | 5 |
| <b>15</b> | Link strategic planning to appropriation of funds and financial performance system. | 1 | 2 | 3 | 4 | 5 |

### 3. DISSEMINATION

To what extent do you agree or disagree that the following statements represent the implementation of your department's strategic plan between past five years? Please indicate the extent to which you agree or disagree with each statement and tick (√) in a box given below.

| NO |                                                                                                  | SD | D | U | A | SA |
|----|--------------------------------------------------------------------------------------------------|----|---|---|---|----|
| 1  | The organization produced a strategic planning document                                          | 1  | 2 | 3 | 4 | 5  |
| 2  | The organization disseminated the plan to employees at all levels of our department              | 1  | 2 | 3 | 4 | 5  |
| 3  | The organization uploaded a summary of the plan to our jurisdiction's website for public viewing | 1  | 2 | 3 | 4 | 5  |

#### 4. Integration with Performance

Thinking about the time between past five years, to what extent do you agree or disagree that the following statements represent how your department integrated strategic planning with performance.

| NO |                                                                                                                                                                             | SD | D | U | A | SA |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|---|---|---|----|
| 1  | Managers and supervisors are responsible for implementing specific initiatives and projects that are part of the strategic plan.                                            | 1  | 2 | 3 | 4 | 5  |
| 2  | The Objectives established for employees are linked to the strategic plan..                                                                                                 | 1  | 2 | 3 | 4 | 5  |
| 3  | The organization encourage all departments link together to achieve organizational objective                                                                                | 1  | 2 | 3 | 4 | 5  |
| 4  | The organization linked the identified performance factors with strategic initiatives and projects designed to develop and optimize departmental and individual activities. | 1  | 2 | 3 | 4 | 5  |

## 5. PERFORMANCE MANAGEMENT SYSTEM

Thinking about the time between past five years, to what extent do you agree or disagree that the following statements represent organizational performance management system.

| NO |                                                                                                                                                    | SD | D | U | A | SA |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------|----|---|---|---|----|
| 1  | The organization tracked performance data over time to determine whether performance in strategic results areas has improved over previous levels. | 1  | 2 | 3 | 4 | 5  |
| 2  | The organization used performance measures to track outcome conditions targeted by the strategic plan.                                             | 1  | 2 | 3 | 4 | 5  |
| 3  | The organization reported performance measures associated with the strategic plan to stakeholders on a regular basis                               | 1  | 2 | 3 | 4 | 5  |
| 4  | The organization used performance measure to Annually Evaluate employees based on their accomplishment of strategic goals and objectives           | 1  | 2 | 3 | 4 | 5  |

## 6. Communication

Thinking about your strategic planning practices in your department past five years, to what extent do you agree or disagree that the following statements represent the capability of your department to complete strategic planning?

| NO |                                                                                | SD | D | U | A | SA |
|----|--------------------------------------------------------------------------------|----|---|---|---|----|
| 1  | You are highly Knowledgeable about the strategic planning of the organization. | 1  | 2 | 3 | 4 | 5  |
| 2  | Your department had the capability to gather and analyze data                  | 1  | 2 | 3 | 4 | 5  |

|   |                                                      |   |   |   |   |   |
|---|------------------------------------------------------|---|---|---|---|---|
|   | concerning performance in your department.           |   |   |   |   |   |
| 3 | Your department is well communicated with the plan.. | 1 | 2 | 3 | 4 | 5 |

## 7. Participation

To what extent do you agree or disagree that the following statements represent your department's efforts to include Employees in strategic planning efforts past five years?

| NO |                                                                                                                              | SD | D | U | A | SA |
|----|------------------------------------------------------------------------------------------------------------------------------|----|---|---|---|----|
| 1  | Employees from the Department were recruited to participate in the strategic planning process                                | 1  | 2 | 3 | 4 | 5  |
| 2  | Lower-level employees were centrally involved in the development of our strategic plan                                       | 1  | 2 | 3 | 4 | 5  |
| 3  | Your department utilized the information we gathered from employees to make decisions during the strategic planning process. | 1  | 2 | 3 | 4 | 5  |
| 4  | Employees have the authority, responsibility, and tools necessary to impact relevant measures in Strategic Planning.         | 1  | 2 | 3 | 4 | 5  |