A CRITICAL ANALYSIS OF THE STRATEGIC PLANNING EFFECTIVENESS IN THE PUBLIC SECTOR REFORM: A SURVEY OF LOCAL AUTHORITIES IN KENYA

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ABSTRACT

This study seeks to do a critical analysis of the strategic planning effectiveness on the public sector reform with special reference to local authorities in Kenya. This study targets public sector institutions as well as strategic planners. They will be able to know how to strategically and effectively plan for the realization of reforms with the foreknowledge that all the players will be involved in the process. Importantly, they will learn the value of strategic planning in the public sector reforms. The literature review was obtained from the secondary data. This was from journals, published books, articles and seminar papers. Theories on public sector have also been given attention in the study. The design of the study used was descriptive. This is because descriptive studies are not only restricted to fact findings but may often result in the formulation of important principles of knowledge and solutions to significant problems. A sample of 30% was drawn from each stratum from which the respondents were randomly picked. The stratified random sampling method was suited for this research because the population was heterogeneous. There were pre-determined written down questions that were delivered to the personnel in the middle and lower management of local authorities in the Country. The questions comprised of both open and close ended questions. The data was analyzed using qualitative and quantitative techniques. The information generated was able to create descriptive statistics namely regression analysis, correlation analysis, percentages and frequencies. The study found that strategic planning can only work if the employees already have the tools required for good strategic thinking. Further, incorporation of internal corporate governance control and organizational learning into the strategic planning process can enhance the strategic planning effectiveness. The research concludes that personnel practice and the governance issues affect the effectiveness of strategic planning in public sector reforms. It has been recommended that the whole idea of public sector reforms be overhauled and that further in-depth studies be studied on the root cause of rot in public sector.

Key Words: *strategic planning, effectiveness, reforms*

Introduction

Strategic planning is an important element in the organizational success and the key to effectiveness and overall competitiveness of the organizations. Strategic planning practice and effectiveness has been the subject of much academic debate in the Western context, but little empirical research and comparative analysis exists on this subject in emerging and developing countries. Cascella (2002) contends that most business executive in both private and public sector recognize the importance of strategic planning, though few succeed at translating their strategies into business results. This can be said to be so since in many companies, more attention is paid to devising strategies than to carrying them out, and elegant planning exercises are often followed by poor deployment and implementation thus rendering them less useful.

The belief that a well defined business strategy will implement itself only contributes to this problem. Nonetheless, nothing can be further from the truth, not even a brilliant strategy can ensure a quality implementation (Cascella, 2002). He adds that a business strategy becomes virtually worthless when others in the organization misinterpret it, or simply don't know how to act on it. There are three signs of organizations that are poor strategic planners. First, they lack strategic alignment at every level. In order to translate a business strategy into action, the organization must link it clearly to departmental, team and individual goals. Everyone should be able to answer the question as to what does the strategy mean in terms that can be acted on. When companies fail to provide the necessary linkage, employees don't know how to support the strategy. Secondly, they allocate resources inappropriately. In contrast, effective strategic planning dedicates resources to making improvements in those areas of operation that are critical to a company's competitive advantage (Cascella, 2002). When an organization doesn't establish and clearly communicate these strategic priorities, resources may be spread too thin to make a real difference in any one area of the business or may be allocated to improvements that have no real impact on strategy. Thirdly, he argues that business leaders maintain insufficient operational measures. In these traditional financial and customer satisfaction measures, companies need appropriate measurement systems at the operational level to successfully implement a strategy.

Significance of the study

This paper shall add value to the following members of the society i.e. the ministry, public sector, strategic planners and other researchers and scholars.

Literature review

The research looked at how strategic planning can assist in the implementation of the reforms in the public sector. The literature review was obtained from the secondary data. This was from journals, published books, articles and seminar papers.

New Public Management Theory

New public management theory denotes broadly the government policies, since the 1980s that aimed at modernizing and render the public sector more effective. The basic hypothesis holds that market oriented management of the public sector will lead to greater cost-efficiency for governments, without having negative side-effects on other objectives and considerations (Ferlie, 1996). However, distinguished modern authors define it as a combination of splitting large bureaucracies into smaller, more fragmented ones, competition between different public agencies, and between public agencies and private firms (Ferlie, 1996). The characteristics of the new public management are decentralization, management by

objectives, contracting out, and competition within government and consumer orientation. New public management theory, compared to other public management theories, is oriented towards outcomes and efficiency, through better management of public budget is considered to be achieved by applying competition, as it is known in the private sector. New public management addresses beneficiaries of public services much like customers, and conversely citizens as shareholders.

Public Choice Theory

Shaw (2002) describes public choice theory as a branch of economics that developed from the study of taxation and public spending. It emerged in the fifties and received widespread public attention in 1986, when James Buchanan, one of its two leading architects was awarded the Nobel Prize in economics. Public choice theory takes the same principles that economists use to analyze people's actions in the marketplace and applies them to people's actions in collective decision making. Economists who study behavior in the private marketplace assume that people are motivated mainly by self-interest. Although most people base some of their actions on their concern for others, the dominant motive in people's actions in the marketplace, whether they are employers, employees, or consumers, is a concern for self. Public choice theory proponents make the same assumption that although people acting in the political marketplace have some concern for others, their main motive, whether they are voters, politicians, lobbyists, or bureaucrats, is self-interest.

The Resource-Based Theory

The resource-based theory lies primarily in the application of the bundle of valuable interchangeable and intangible tangible resources at the firm's disposal (Mwailu & Mercer, 1983). In order to transform a short-run competitive advantage into a sustained competitive advantage, it requires that these resources be heterogeneous in nature and not perfectly mobile. Effectively, this translates into valuable resources that are neither perfectly imitable nor substitutable without great effort (Barney, 1991**).**

Strategic Planning and Personnel Practices

In Bryson (1996), ensuring that motivation and incentives work in the public sector they first must be tied to an achievable and identifiable goal. According to Bryson (1996), it is imperative that organizations employ needs assessment and human resource development strategies in pursuit of their vision or mission. In essence needs assessment and human resources development focus on the specific organizational and individual needs, whose satisfaction lead to enhanced productivity. Mesch, (1997) assert that the vision and path for fulfilling it derived from strategic planning is put into practical perspective through the use of macro-tools such as Total Quality Management and Management by Objectives. Strategic planning is rational analysis and it takes what is and develops ideas of what should be along with plans for how to get there and with a realistic organizational strategy focusing on what the future should look like, strategic planning provides the road map for fulfilling the future goals. Strategic planning should also incorporate the human resources necessary for accomplishing its goals (Mesch, 1997).

Results-Oriented Performance Appraisal Performance appraisal is used as an aid in making judgment decisions pertaining to promotion, demotion, retention, transfer, and pay. It is also employed as a developmental guide for training needs assessment and employee feedback. Performance appraisal also aids with a number of more general organizational functions as a means for validating selection and hiring procedures, promoting employee-supervisor understanding, and supporting an organization's culture. The

environment in which welfare reform has occurred extensively involves measurable goals and (Elmore, 1991).

Strategic Planning and Governance

According to Hopkins (2004), strategic management is a field that deals with the major intended and emergent initiatives taken by general managers on behalf of owners, involving utilization of resources, to enhance the performance of firms in their environments. It involves specifying the organization's mission, vision and objectives, developing policies and plans, often in terms of projects and programs, which are designed to achieve these objectives, and then allocating resources to implement the policies and plans, projects and programs (Hopkins, 2004). Strategic management has often been criticized on the grounds that it is based upon theoretical principles and not on the realities of management (Berry, 2007). Moreover, the need for strategic planning practice and outcomes to be aligned is well established in the literature. The Strategic planning effectiveness refers to the set of strategic actions that are planned and enacted by firms for purposes of maximizing economic returns from the environment (Ali, 2000).

According to (Berry, 1994), the goal of an effective strategic manager is to produce excellent results without a lot of effort. This idea is simple to grasp in theory but is poorly executed by most firms. Corporate governance can be conceptualized as a set of processes, customs, policies, laws and institutions affecting the way a corporation is directed, administered or controlled, and its purpose is to influence directly or indirectly the behavior of the organization towards its stakeholders (Dyson and Lowry, 2006). The last two decades have seen the renewal in corporate governance interest amongst scholars, practitioners and media alike due to the high-profile collapse of several large corporations, whose governance systems failed to prevent corruption and adequately implement risk management procedures (Ermann and Lundman, 2002). Corporate governance is a mechanism established to allow different parties to contribute capital, expertise and labor for their mutual benefit the investor or shareholder participates in the profits of the enterprise without taking responsibility for the operations. Corporate governance has a positive effect on efficiency of public and private organizations and their economic growth and development.

Research Design

The design of the study used was descriptive. Kerlinger (1969) points out that descriptive studies are not only restricted to fact findings but may often result in the formulation of important principles of knowledge and solutions to significant problems. According to Best and Khan (1992), descriptive research seeks to establish factors associated with certain occurrences, outcomes, conditions or types of behavior. This method was preferred because it allowed for an in-depth study of the case.

Study Population

A study population is a sample of individuals, objects or items from which information will be gathered from in order to assist in data analysis. The study targeted the top, middle and lower levels of management. A sample of 30% was drawn from each stratum from which the respondents were randomly picked. The stratified random sampling method was suited for this research because the population was heterogeneous.

Data Collection Instrument

These were pre-determined written down questions that were delivered to the personnel in the middle and lower management of local authorities in the Country. The questions comprised of both open and close ended questions. This method was economical because a lot of data was collected from many people at the same time. Pre-testing of the questionnaires to ten respondents was done to ensure that the questions were clear, relevant, specific and easily understood. Face to face interviews and discussions were carried out to personnel in the top level management. This ensured accuracy of information.

Data Analysis and Reporting

After the fieldwork, before analysis, all the questionnaires and the data collected from the interviews were checked for reliability and verification. The data was analyzed using qualitative and quantitative techniques. The information generated was able to create descriptive statistics namely frequency, percentages, mean and standard deviation.

Results and discussions

The study focused on establishing the strategic planning effectiveness on the public sector reform with reference to local authorities in Kenya.

Strategic planning and personnel practices

Strategic planning can only work if the employees already have the tools required for good strategic thinking. Employees must be capable of making decisions with strategic impact in order to be aligned with the company's strategy. Anything less than this calls for a strategy that treats people as machines. While such strategies have worked in the past, they were the foundation of the industrial revolution and they cannot work in places where labor costs are above the absolute minimum. It does not does not follow that every employee needs to be a great strategic thinker, but employees must be able to understand how their work fits into the success of the organization. Getting people on board is to make sure they understand enough the basics of business such that they can see how the strategy is going to make them better off, increase their job security, increase the likelihood that they get promotions, and how it will increase the likelihood that they see pay increases in the future of their careers. Without these conceptual tools, it will be difficult to intelligent support of the strategy from an employee. Several companies have had well-designed performance compensation systems but fail simply because the employees didn't understand income statements.

Further, understanding the strategy can only happen if employees have the conceptual tools. This is mostly necessary because good strategy requires focus. There were three main ways to satisfy customers; price, quality, technology, packaging and a host of other value-adding features. In a strategically focused organization, there were fewer ways to satisfy the customer. In simple terms, a company that targets specialty customers will excel in quality and/or service, but will likely be middle of the road or worse at price. Commodity companies that excel at price, usually fall down on quality or service, and sometimes both. Employees that have contact with customers often want to please customers by offering satisfaction in these three ways, but to fit with the focus of the company usually should be willing to leave some customers dissatisfied. Without a clear understanding of the strategy, this kind of alignment is impossible, especially when such employees are far removed from the strategic planning process.

Moreover, organizational structure can greatly help or hinder strategic alignment. There are several ways in which this can happen. In larger organizations there are situations where the organization is very effective vertically within a department or division, yet lacks efficiency and flexibility in activities which require cross-departmental cooperation. This plays in the favor if such inefficiencies are rectified around areas which may become separate strategic business units, but it may present obstacles to integrating an acquired company, or tackling organization- wide strategic change in areas like quality or IT, that typically require cross-functional teams to succeed. Some very successful organizations, such as City Council of Nairobi have taken this concept into account by creating a matrix organizational structure. These structures attempt at creating reporting structures by both operational function and market or product.

Additionally, job structure is very important such that the way you hire, train, compensate and retain the employees you have in key strategic areas works with your strategies. If you target commodity customers, for example, you definitely want all these things to reflect your commodity orientation. In such, hiring people with an eye towards the fact that they might be driving costs up or down through their skills is essential. In specialty strategy, you definitely want to be looking for people who add value to the product or service, so smart expensive people in the organization will need to add value commensurate with the cost of hiring them.

Finally, an ideal way to get people aligned with strategy is to make it their strategy. Make a strategy that employees made up of themselves. This is the involvement in the strategic planning process for as many people as is practical and indeed, very useful. Companies that take these few simple steps to build alignment between their employees and their strategies find greater success. Clearly, better support for implementation of strategies and more effective day-to-day use of strategies at all levels of an organization follows.

Strategic planning and governance

Strategic planning in all kinds of organizations and many countries is indeed a fundamental issue in management research. The corporate governance has value. Indeed, strong implications for the strategic planning has attempted with little success to find a positive relationship between strategic planning and subsequent organizational outcomes. Concentrated ownership by providing better monitoring incentives, leads to better performance. These issues are central to the debate surrounding corporate governance practices, particularly since concentrated holdings are the primary means of control in so many countries around the world today. A variety of analytical tools has been developed to aid companies in developing good way of control. The use of these tools is an important indication of the extent of formalization in corporate governance. Moreover, some firms may utilize some ways of control tools to promote the effectiveness of strategic planning though they do not have written plans. The average for strategic planning effectiveness in firms which has internal corporate governance control is 3.3. This shows that internal-controlled companies could practice strategic planning effectively. This discussion gives further justification to our choice to use corporate governance in order to measure strategic planning effectiveness.

The results show that there is no significant relationship between organizational learning and strategic planning effectiveness. This finding is somewhat surprising given the frequently made claim that the broad involvement of members of the organization is positively associated with organizational outcomes.

The influence of learning on strategic planning effectiveness may be moderated by other variables. The effects of learning would not be stable across all the possible conditions in which it is implemented. A number of contextual factors, such as company culture, have been hypothesized to moderate the relationships between learning and its outcomes. Using subordinates knowledge is considered as a symbol of weak management. This revealed that organizational learning is a much more complex issue than it is held to be here, both as a theoretical concept and as an empirical construct. Hence, there is still much to learn about the nature of organizational learning in strategic planning and how best to manage it. We also find that kind of control and organizational learning jointly enhance strategic planning effectiveness. This shows that, much like the other integrative mechanisms discussed in strategic management, certain characteristics of the control process can have an integrative role. In an examination of some of these characteristics, we have shown that, if organizations incorporate the internal corporate governance control and organizational learning into the strategic planning process, they can enhance their strategic planning effectiveness.

Conclusions

In conclusion, an ideal way to get people aligned with strategy is to make it their strategy. This is the involvement in the strategic planning process for as many people as is practical and indeed, very useful. Indeed, better support for implementation of strategies and more effective day-to-day use of strategies at all levels of an organization follows suit. There is still much to learn about the nature of organizational learning in strategic planning and how best to manage it. This shows that much like the other integrative mechanisms discussed in strategic management, certain characteristics of the control process can have an integrative role. If organizations incorporate the internal corporate governance control and organizational learning into the strategic planning process, they can enhance their strategic planning effectiveness.

Recommendations

Public sector reform is a critical factor that needs to be looked upon on different angle and dimensions. The strategic planning though important has been seen not a sufficient measure and tool for the adoption of reforms in the public sector. It is my passionate recommendations that the whole idea of public sector reforms be overhauled and in consequence supports a spirited drive for the sector regulation framework and the radicalization of value in the public service. It will not be helpful to effect reforms through "piece of papers" since the good and the ugly of the individual outcomes are within that particular person. The researcher would recommend to the government to define the terms and the benefits of public service. As noted here, service in the public sector should be driven not by the monetary attachment but by the desire to support others. In essence, it is a sacrifice that each individual in public organizations should hold dear.

The researcher wishes to express deep reservations on the slow process in the promotion of research in the drivers of public sector reforms. The study recommends that to add weight to this study, another study should be done to investigate the root cause of public sector rot even before we look at the effectiveness of strategic planning in the promotions of its reforms. It should also focus on the ways of motivating the workforce in the public sector so as they can have diligence and dedication in their service. The research also is much needed aiming at the measures that can be put in place to bring sanity in the sector and the accompanying regulations besides what is in place now. Lastly, it is recommended that further comparative studies be done on the same situation in the World and as to how it has been dealt with. Kenya will hopefully use these studies to address the modern challenges of public sector development in its ambitious quest to build a prosperous nation by the year 2030.

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