



Effects of Strategic Planning on Organizational Performance: A Survey of Law Firms in Mombasa County

Muthee Nkatha Sheila and Datche Owuor

Jomo Kenyatta University of Agriculture and Technology.

ARTICLE INFO

Article history:

Received: 20 April 2016;

Received in revised form:

4 May 2016;

Accepted: 9 May 2016;

Keywords

Law firm,
Goal setting,
Strategy implementation,
Strategic planning.

ABSTRACT

The performance of any organization in the competitive economy is highly dependent upon the quality of its management as well as proper implementation of strategic management. Employing a proactive management culture within an organization can enable it to take advantage of opportunities that exist in any business environment. Strategic management is an important tool for any business organization to thrive and prosper. The study aimed at identifying the effects of strategic management practices, specifically planning in the performance of an organization by looking at what planned strategies are currently used by law firms in Mombasa to sustaining growth, effects of innovation and learning on performance of law firms in Mombasa, effects of goal setting as a strategy in the growth of law firms in Mombasa and also identify the effects of implementation strategy on the growth of law firms in Mombasa County. The researcher selected 20 respondents from each law firm making a total of 200 respondents. The study used cross-sectional survey as the design. Questionnaires were the major tools for primary data collection. Data collected was sampled, coded and analyzed with the help of a statistical tool (SPSS v 22). The study findings indicated that strategic planning has a positive correlation with performance. It was clear from the findings that coefficient of determination is 32.4% and that 32.4% of organization performance is attributed and determined by a combination of the four independent factors investigated in this study. The study used the Karl Pearson's coefficient of correlation (R). and showed a positive correlation between performance and planned strategies giving a correlation figure of 0.253, performance, innovation and learning giving a correlation figure of 0.321, performance and goal setting with a correlation figure of 0.041, and a positive correlation between performance and strategy implementation with a correlation figure of 0.170.

© 2016 Elixir All rights reserved.

1. Introduction

In order to assess the level of success or otherwise of a corporate body, it's established strategic plans relative to the performance of the organization in all fronts of operations have to be ascertained. Formulating, implementing and the evaluation of a strategic plan indisputably become a major activity in both profit and non-profit organizations. It is commonly said that failure to plan always leads to planning to fail. Strategic plan therefore provides the basic direction and rationale for determining the focus of an organization; and also provides the specification against which any organization may best decide what to do and how to do it. In other words, it is a process for creating and describing a better future in measurable terms and the selection of the best means to achieve the desired results. It is important to note that all planning is actually strategic even in its minute form.

Effective strategic planning is necessary for organizations to survive and make appreciable contribution in an environment characterized by high competition (Herter, 2005). Strategic planning monitors the entire processes of goal and objective setting, situation analysis, alternative consideration, implementation and evaluation to enable an organization to attain its goals and objectives (Tapinoset. al. 2005). Sarason & Tegarden (2003) asserts to the positive correlation between

strategic planning and performance achievements as very beneficial for organizations. In their studies Dyson, (2000); Rintari and Moronge (2014) further emphasized the need for organizations to align their strategies with their performance measurement systems in order to understand whether an organization is performing or not.

Performance measurement has significant influence in supporting the achievement of an organization's goals and the effectiveness and efficiency of its strategic planning process. Therefore, in order to assess the level of success or otherwise of a corporate body's performance, their established strategic plan in connection with the performance of the company in all fronts of operations has to be established (Dyson, 2000).

The need for organizations to plan and monitor their activities in order to focus resources and efforts to ensure their future survival has spawned an industry of practitioners, consultants and educational programs. Strategic planning is now a routine part of business or organizations with an accompanying set of beliefs and protocols that underpin the day-to-day practice. As discussed by Ring & Perry (1985), the conceptualization that best recognizes and appropriates all the possibilities of planning and strategy may be termed strategic. In their study to examine the relationship between Strategy, strategic management accounting and performance Cadez and

Guiding, (2012) found out that different organizations dealing with different products and services constitute varying levels of performance and varying degrees of fit. They further states that Support is provided for the equifinality proposition (a principle that in open systems a given end state can be reached by many potential means), thus different strategic and structural alternatives are associated with similar performance levels.

1.1 Law firms in Mombasa County

Law has been practiced in Kenya for many years and regarded as a noble profession guided by certain norms and practices. There have been major changes in the way law firms run their operations for the past decade. Legal practitioners for instance, were not permitted to advertise and market their services. However this has changed in the present days with many of this firms competing fairly just like any other business in the market to offer services to its clientele. These firms therefore have had embrace business management principles and practices in order to for them to remain competitive and sustainable in the market. In Mombasa the case is similar, there are over 500 law firms operating in Mombasa. These firms are faced by a number of challenges while serving their Clients. Key among them include lack of strategic plans, market sustainability and profit generation and lack of specialization in the market to meet the legal demand available i.e in the fields such as constitutional law, elections law, international law, environmental law, mining law, company law, intellectual property law, procurement law etc. (Mwalimu, J, 2014, Kiprono A.E, 2013)

The study therefore, will benefit law firms in Mombasa Kenya by providing these firms with knowledge to strategically place themselves in the market and offer quality services. Individual law firms can also carry out advanced research work on service provision and sustainability in the business with the help of this research.

Law firms in Kenya have achieved and sustained their longstanding competitive advantage through various strategic management practices. The legal industry in Kenya has become very competitive and for a legal firm to survive it has to have a well laid out strategy to prove its purpose and existence in the industry. In the present era of globalization, industries and enterprises compete and confront each other on the global scale. The playing field is no more level, the rules not obvious and hierarchy doesn't provide context and orientation. According to Cole (1997) strategic management is a process by which managers can transform environmental factors (along with various internal, personal, and political considerations) into decisions that result in strategies (and plans of action for reaching them) that help guide the organization into the future and result in a sustainable competitive advantage.

The effects of competition can be determined in terms of competitors; the labor force and the market size. All organizations face stiff competition from others which normally have competitive advantage over each other since they are all competing for the same clientele base. According to Cole (1999) the dynamism of hypercompetitive markets leads to an increasing divergence between intended and emerging strategies and, therefore, there is need for the explicit promotion of emergent strategies, allowing the corporation to react faster and become more flexible to trends in the hypercompetitive markets.

The performance of a legal firm depends on the extent to which the use of strategic planning is realized in order to accomplish the set objectives and mission statement of that organization. Strategic planning therefore focuses upon long term objectives and short-term priorities. A well-structured strategic plan enables management to comprehend the relationship of goals, objectives and action attainment. However, strategic planning is still not appreciated by the law firms and is still faced with some challenges in the legal profession. (Cole, 1997, Boniface 2007, kuratko, Hornsby and Hayton 2011). It is therefore for this reason that the researcher intends to shade some light on the strategies adopted by law firms in responding to completions. Therefore, this study seeks to answer the question: What are the strategic planning practices adopted by Kenyan law firms in gaining competitive advantage.

2. Literature Review

2.1 Issue - Based (or Goal - Based) Planning

This model involves the carrying out of SWOT analysis to identify the organization's strengths, weakness opportunities and threats. The analysis may be for both internal and external factors. The model also deals with the following aspects including identifying and prioritizing major issues or goals, Design major strategies or programs to address issues in an organization , Designing and updating vision, mission and values, Establish action plans (objectives, resource needs, roles and responsibilities for implementation), Record issues, goals, strategies and or programs, updated mission and vision, and action plans in a Strategic Plan document, and attach SWOT analysis document, Develop yearly Operating Plan document, Develop and authorize Budget for year one funds needed to fund year one, Conduct the organization's year-one operations and Monitoring reviewing and updating Strategic Plan document. (Hill and Jones, 1998)

2.2 Alignment Model

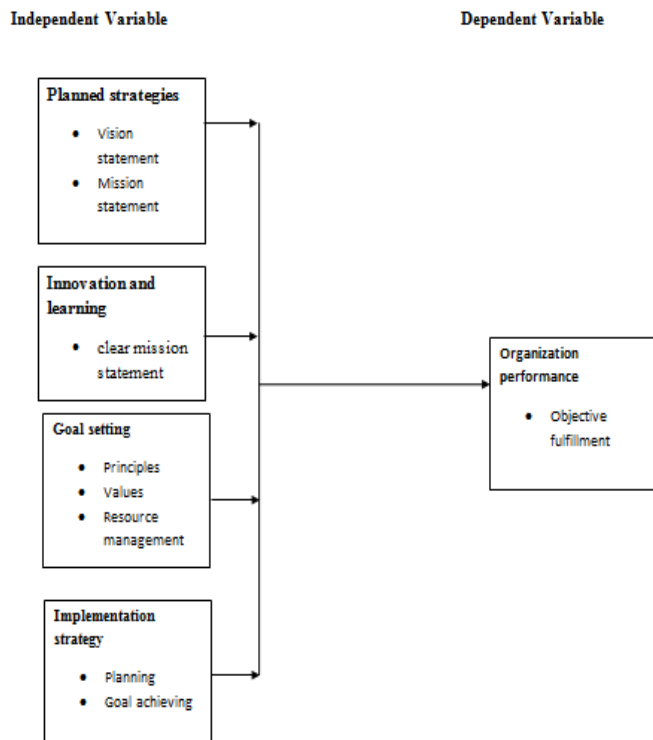
The Alignment model ensures strong alignment among the organization's mission and its resources to effectively operate the organization. This model is useful for organizations that need to fine-tune strategies or find out why they are not working. Organizations experiencing a large number of issues around internal efficiencies might choose this model. This can be done through outlining of the organization's mission, programs, resources, and needed support by the planning group, Identifying what's working well and what needs adjustment, Identifying how these adjustments should be made and including the adjustments as strategies in the strategic plan to attain optimal performance. (Hill and Jones, 1998)

2.3 Scenario Planning

This approach helps planners to undertake strategic thinking. The model may be useful in identifying strategic issues and goals. The model is implemented through selecting several external forces and imagining related changes which might influence the organization performance, for example changes in regulations and demographic changes. Scanning newspapers and any other relevant information materials for key headlines, often suggesting potential changes, that might affect the organization's performance. Forecasting organizational scenarios (including best case, worst case, and OK/reasonable case) which might arise with the organization as a result of each change. Reviewing the worst-case scenario often provokes strong motivation to change the organization.

Suggesting what the organization might do, or potential strategies, in each of the three scenarios to respond to each change. Detecting common considerations or strategies that must be addressed to respond to possible external changes and finally selecting the most likely external changes to effect the organization. (Hill and Jones, 1998)

2.4 Conceptual Framework



Source: Researcher

Fig 2.1. Effects of strategic planning on organizational performance.

2.5 Empirical Literature Review

Strategy and market positions are necessary to set directions for a firm and to outsmart competitors or at least enable it to overcome threatening environment. A good plan when adequately implemented can ensure tremendous performance for an organization. Strategic planning as an instrument integrates all other control system including budgeting, information, reward and organization performance. It entails the allocation of resources to activities in such a way as to achieve a set of business goals in a dynamic competitive environment. Strategic management is regarded as a stream of decisions and actions that lead to the development of effective strategies leading to the achievement of corporate goals. Strategy is seen as a plan, ploy, pattern, position and perspective. It is a plan because it is 'some sort of consciously intended course of action'. A ploy is a sub-set of a plan, and is a strategy in the sense of strategies. Strategy is seen as a pattern due to consistent behavior and processes that emerge from strategic thinking, due to intended or unintended actions. It is a position since an organization has to have an acceptable location in an environment 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. (Glueck and Jauch 2004, Johnson & Scholes 2003, Mintzberg 2001).

Strategy is a broad based formula for how business is going to compete (Porter 1985), that is, what its goal should be, and what policies will be needed to carry out these goals. An organization strategic management has its ultimate objective in the development of its corporate values, managerial capabilities, organizational responsibilities and operational decision making at all hierarchical levels and across all business and functional lines of authority.

According to Child (2002) strategic decision making is seen as a crucial part of the process by which organization adapt to their environments. It is argued that those decisions that actually succeed in creating or changing organizations do so via complex iterative process, which strategy theorists subsume under the concept of strategy implementation.

2.4.1 Strategic Management Process

Strategic management is about analyzing the situation facing the organization, and on the basis of that analysis formulating a strategy and finally implementing that strategy. The three elements of strategy analysis, formulation and implementation are co-dependent and due consideration should be given to the implications each phase could have on the successful implementation of the strategy (Plant, T. 2009).

a. Strategy Formulation

Dransfield (2001) states that "strategies enable an organization to build on its past, plan for the future and monitor ongoing process". The following steps have been suggested: Identifying past organizational achievements, identifying the nature of the environment in which the organization operates and changes that are taking place within the business organization, outlining the organization's current strengths and weaknesses, identifying opportunities and threats, identifying a chosen direction, choose a strategic plan to take the organization into the future and monitor the process of that strategy and make adjustments as and when necessary. Plan formulation is the first component of strategic planning and includes the following steps (FCAR, 2001) Assessment of the organization's history and significant accomplishments. This refers to the development of a history of the organization and the listing of important milestones that brought the organization to where it is today. Assess the organization's current status. Determine the organization's current status by looking at such things as the state of the facilities, infrastructure of the operations, the financial statements, the demographics of the population, and so forth. Evaluate the organization's current governance structure.

The operations of the organization should be reviewed to determine how responsibilities are assigned. Communication channels and hierarchy of authority also need to be identified. Develop mission and vision statements. The vision statement is the image or state to which the organization aspires. It emphasizes the dream of where the organization will be at a specific time. The mission statement is the organization's purpose stated in a memorable phrase.

Determine operating values. These are guiding principles that state the organization's intentions and expectations. They are used to judge the organization's policies and actions, as well as individual conduct. They include among others, values such as the importance of customers and customer service, commitment to quality and innovation, importance of honesty, integrity and ethical behavior, corporate citizenship, respect for the employee and duty the organization has its employees of safety and protecting the organization and environment.

Perform a needs assessment. Determine the needs of the organization by analysis the present state of the community, addressing any critical issues, and identifying the organization's strengths, weaknesses, opportunities and threats. This includes the determination of key result areas and customer expectations. (Jay and Schaffner, 1996)

Determine critical issues. List the critical issues faced by the organization that must be addressed for the organization to achieve its mission and vision, based on customer expectations. This includes listing the organizational attributes that must be addressed for the organization to achieve its mission and vision, based on customer expectations. This includes listing the organizational attributes that promote the organization's ability to meet its mission and vision (strengths) and those organizational attributes that hamper the organization's ability to meet its mission and vision (weaknesses). It also includes listing those factors, internal and external, that would enable the organization from to meet its mission and vision (opportunities) as well as those that would hamper the organization from meeting its vision and mission (threats).

Define the roles of key players. Define who will be the key people responsible for each aspect of the strategic plan. Educate and communicate the plan. Without education and communication, team members can neither perform their roles nor effectively interact with each other. Make sure that every player has the necessary documents and basic knowledge to perform effectively. Further ensure that each of the players communicate with each other. Provide updates as necessary and always ask for other's input. This would ensure that a potential problem is detected earlier than later. If a strategic plan calls for specific management participation, make sure it is spelled out in the management contract. (Laronge, 2009,)

2.4.2 Importance of Strategic Planning

The importance of strategic planning in any business organization cannot be overemphasized. Most of the organizations recently recognized the role of strategic planning to the long range growth and survival of their business organization. Most of the managers have observed that by specifically defining the mission of their organization they are better able to give it direction and focus its activities. Some business organizations are without formal plans or where there are formal plans they do operate without adhering to them. Some argued that the market place changes so fast for a plan to be useful. All business organizations are heading somewhere but unfortunately some do not know where they are going, then any road will lead them there. This therefore emphasizes the need for organizations to utilize strategic management and planning concepts.

Planning remains the key to organization success because absence of proper planning could lead to confusion and unethical practices. However, despite the importance of strategic planning many organizations still fail to plan, hence planning to fail.

In recent times, the study of strategic management is being given much attention. Lambo (2006) studies bank portfolio management examining profit maximization and accommodation principle models in commercial banks. Adeyemi (2002) who established that there is a positive correlation between strategic management and organizational performance in some banks also carried out another study.

It is worthy of note that whatever conclusions are made, it has been empirically stated that the success or failure of

strategic planning is determined by a number of components which include the environment, organization structure and strategic decision making. According to Ansoff(2009), when these three components are properly matched, the performance of any organization is optimized.

Lorange (2009) posited that the importance of strategic planning is to accomplish a sufficient process of innovation to support and enhance the planning process. He further argues that effective strategic planning does not have to be elaborate or complicated but must be logical and focused on strategic decisions to be undertaken.

2.4.3 Effectiveness of Strategic Management on Organizational Performance

Alli (2002) gives the characteristics of an effective strategic management as follows: Clear direction and purpose, objectives, goals, and strategic consistency, continuous monitoring of internal and external commonly referred to as the environment, integration of operating budget and profit plans with strategic plan, continuous monitoring of progress with revision of plan and programs as appropriate, creation of strategic atmosphere that fosters a team spirit and commitment of necessary resources and the development of system to provide necessary management information.

There are three major perspectives of studying strategic management effectiveness in literature.

Firstly, uses of goal centered approach to assess organizational effectiveness. In this situation, individual organization seeks to analyze the extent of fulfillment of important planning objectives. Cameron and Whitton (1983), King (1987) and Steiner (2009) also support this.

Secondly, specific capabilities to develop a 'generic view' if system capabilities as stated by Lorange (2009) a generic capability required of every formal strategic planning system is the ability to encourage both creativity and control (Camillus 2005). In this perspective, creativity and control are used here not as opposite objective but as requisite properties of an effective planning system.

The third perspective traditionally examines the role and impact of corporate planning on organizational effectiveness. Although, the link may be a little bit difficult however, there are strong arguments that the ultimate test of the system's effectiveness and justification for its existence is the impact on organizational performance (Henry 2009).

Strategic management allows an organization to make its decisions based on long-range forecast and not on the spur of the moment reaction. It also allows the establishment to make action at an early stage of new trend and consider the lead-time for effective management.

Ansoff et al (2009) studies ninety-three large firms, all of which have made acquisition between 1986 and 2005 and their financial and sales measure. They found that managers were able to predict outcomes better than non-planners.

The business organizations should adopt a competitive position, which will allow them to defend themselves against any forces in the industry environment. Harmnermesh (2003) proposes three broad generic strategies which if adopted by business organization will enable it to compete in a given business and position itself among its competitors. These strategies are: overall cost leadership (achieve lower cost than competitors; differentiation (creating something unique and superior) and focus that is, selecting a particular buyer group or segment of the market as the basis for competition.

In order to achieve better performance, business organizations need to take bold step of adopting strategic management in their various organizations. Knowing fully well that the level and intensity of the competition between the organizations is fast increasing as the level of business organizations and individual. In meeting the current challenges by the business organizations call for application of better and more meaningful strategic management which would transcend all categories of worker within the business organization.

3. Methodology

The study adopted the use of a cross sectional survey design. A critical survey study allows the following type of generalization, 'If it is valid for this case, it is valid for all (or many) cases.' In its negative form, the generalization would be, 'If it is not valid for this case, then it is not valid for any (or only few) cases. Therefore, the findings from this research will be generalized to the entire Legal industry. Further, the choice of using cross sectional survey design was preferred due to the use of questionnaires as a suitable tool in the collection of data, thus minimizing errors and facilitating the obtaining of precise and accurate information within the available resources.

Questionnaires were distributed to the respondents. Questionnaires were prepared and distributed to all respondents within the 20 selected law firms in Mombasa County. This tool was used to collect primary data for the study (Mugenda and Mugenda 2003, Kothari, 2009).

4. Data Analysis and Presentation

4.1 Descriptive analysis

4.1.1 Effects of Planned strategies used by law firms in Mombasa to ensure performance

When asked if their law firms have a strategic plan, 89% of the respondents agreed while 11% disagreed. With 1 semi-annually, 2 representing annually, 3 quarterly and 4 Every 5 years, respondents agreed that their strategic plans are reviewed annually with a mean of 2.4 and a standard deviation of 1.34 as represented in the table 4.3 below.

Table 4.3. planned strategies in use.

	N	Mean	Std. Deviation
how often if your firm's strategic plan reviewed	160	2.4	1.34

4.1.1.1 Importance of Strategic plan in an organization

In a general observation, it is clear that when asked how important is strategic planning to their organization respondents said it is extremely important where 1 represents not important and as the minimum and 5 as extremely important and maximum. The response had a mean of 4.6 (5) representing extremely important and a standard deviation of 0.967

Table 4.4. Importance of Strategic plan in an organization.

	N	Mean	Std. Deviation
How important is strategic planning to your organization	160	4.6	.967

4.1.2 Effects of innovation and learning affects performance of law firms in Mombasa

Respondent were asked on a five point Likert scale where 1 is Very low extent, 2 Low extent, 3 Moderate extent, 4 Great extent and 5 Very great extent to examine how innovation and learning affects performance of law firms in Mombasa County. As shown in table 4.5 below, respondents greatly agreed that innovation and learning enables an organization

perform better. It was represented by a mean of 4.1 and standard deviation of 1.03. They also greatly agreed that innovation and learning help the firm develop a clear mission statement for their organization giving a mean of 3.40 and standard deviation of 1.04. When asked if the firm's strategic planning effort helps to anticipate future human capital needs of the organization, respondents greatly agreed with the statement with a mean of 3.57 and standard deviation of 1.08

Table 4.5. effects of innovation and learning on performance of law firms.

	N	Mean	Std. Deviation
innovation and learning enables an organization perform better	160	4.1	1.03
innovation and learning help the firm develop a clear mission statement for our organization	160	3.40	1.04
The firm's strategic planning effort helps to anticipate future human capital needs of the organization	160	3.57	1.08

4.1.3 Effects of goal setting in the performance of law firms in Mombasa.

It was evident as shown in table 4.6 below that respondents greatly agreed with the statement Goal setting process helps the firm to properly appraise the firm's weaknesses which gave a mean of 3.40 and a standard deviation of 1.02. Respondents further greatly agreed with the statement Strategic Goal setting serves as the basis for resource allocation and decision-making with a mean of 4.3 and a standard deviation of 1.12. Also, respondents greatly agreed with the statement that Strategic planning efforts help the firm to develop and implement credible medium and long-term legal goals giving a mean of 3.9 and a standard deviation of .842. Respondents gave a neutral response when asked if Goal Setting efforts help the firm to anticipate the future legal needs of customers with a mean of 3.38 and a standard deviation of 1.18

Table 4.6. Effects of goal setting in the performance of law firms in Mombasa.

	N	Mean	Std. Deviation
Goal setting process helps the firm to properly appraise the firm's weaknesses	160	3.40	1.02
Strategic Goal setting serves as the basis for resource allocation and decision-making	160	4.3	1.12
Strategic planning efforts help the firm to develop and implement credible medium and long-term legal goals	160	3.9	.842
Goal Setting efforts help the firm to anticipate the future legal needs of customers	160	3.38	1.18

4.1.4 Effects of strategy implementation in the performance of law firms in Mombasa County

Table 4.7 shows the respondents reaction to statements asked. Respondents gave a neutral response to a statement, Strategy implementation efforts help the firm to prevent and avoid unpleasant surprises, giving a mean of 3.2 and a standard deviation of 1.32. Respondents further on a very great extent agreed that proper appraisal of the firm's strategies is useful in the implementation of strategies giving a mean of 4.6 and a standard deviation of 0.845. When asked if strategy implementation efforts help the firm to design appropriate technologies in to legal system and services, respondents gave

a mean of 3.6 and a standard deviation of 1.02 thus greatly agreeing to that statement as shown in table 4.7

Table 4.7. Effects of strategy implementation in the performance of law firms in Mombasa County.

	N	Mean	Std. Deviation
Strategy implementation efforts help the firm to prevent and avoid unpleasant surprises	160	3.2	1.32
proper appraisal of the firm's strategies is useful in the implementation of strategies	160	4.6	.845
Strategy implementation efforts help the firm to design appropriate technologies into legal system and services	160	3.6	1.02

4.1.5 Effects of Strategic Planning on organization performance

From table 4.8, respondents gave a neutral response to a statement that strategic planning efforts help the firm develop a clear mission statement for our organization giving a mean of 3.32 and a standard deviation of 1.05. Further, respondents greatly agreed to the statement that Strategic planning efforts help the firm to adequately respond to its customers' demands with a mean of 4.3 and a standard deviation of 1.12. Respondents also on a very great extent agreed that Strategic planning efforts help the firm develop a clear mission statement for our organization with a mean of 4.7 and standard deviation of .675. When asked if strategic planning efforts help the firm to develop and implement credible medium and long-term legal goals, respondents to a very great extent agreed to that statement with a mean of 4.52 and standard deviation of 0.785. However, respondents gave a neutral response to the statement firm's strategic planning effort helps to anticipate future human capital needs of the organization with a mean of 3.34 and standard deviation of 0.842. Respondents greatly agreed that strategic planning efforts help the firm to anticipate the future legal needs of customers giving mean of 4.0 and standard deviation of 1.03

Table 4.8. Effects of Strategic Planning on organization performance.

	N	Mean	Std. Deviation
Strategic planning efforts help the firm develop a clear mission statement for our organization	160	3.32	1.05
Strategic planning efforts help the firm to adequately respond to its customers' demands	160	4.3	1.12
Strategic planning efforts help the firm develop a clear mission statement for our organization	160	4.7	.675
Strategic planning efforts help the firm to develop and implement credible medium and long-term legal goals	160	4.52	.785
The firm's strategic planning effort helps to anticipate future human capital needs of the organization	160	3.34	.842
Strategic planning efforts help the firm to anticipate the future legal needs of customers	160	4.0	1.03

4.2 Coefficient of Determination (R²)

From table 4.9 below the coefficient of determination is 0.334. Coefficient of determination shows the extent to which changes in the dependent variable can be explained by the changes in the independent variables. From the findings and as shown in the table below the coefficient of determination is 33.4% of organization performance is attributed and

determined by a combination of the four independent factors investigated in this study (Planned strategies, innovation and learning, goal setting, strategy implementation)

Table 4.9. Coefficient of Determination (R²) Model Summary.

Model	R	R Square	Adjusted R Square	Sdt. Error of the Estimate
1	.578 ^a	.334	.323	.932

a. Predictors: (Constant), Planned strategies, innovation and learning, goal setting, strategy implementation

4.3 ANOVA

Analysis of variance (ANOVA) is a collection of statistical models used to analyze the differences between group means and their associated procedures among and between groups. ANOVA provides a statistical test of whether or not the means of several groups are equal, and therefore generalizes the t-test to more than two groups. The F test (Fisher F distribution) is the ratio of two variances, which are used to determine if two variances are equal. In the table 4.10 ANOVA, the numerator df (4) shows how many predictors the study had that is Planned strategies, innovation and learning, goal setting and strategy implementation. The value of the F test in Table 8 ANOVA is F (4,156) which is equals 29.524, and where (p < .05). This finding shows that the value of F is statistically significant at a level of 0.01, thus suggesting a linear relationship among the variables in the study. This confirms that the relationship between the variables is not by chance.

Table 4.10 ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	102.545	4	25.636	29.524	.000 ^b
	Residual	204.055	156	.868		
	Total	306.600	160			

a. Dependent Variable: Performance

b. Predictors: (Constant), Planned strategies, innovation and learning, goal setting, strategy implementation

4.4 Coefficient of Correlation

In order to show the relationship between the depended variable and independent variable, the study used the Karl Pearson's coefficient of correlation (R). The study showed a positive correlation between performance and planned strategies giving a correlation figure of 0.253, performance and innovation and learning giving a correlation figure of 0.321, performance and goal setting with a correlation figure of 0.041, and a positive correlation between performance and strategy implementation with a correlation figure of 0.170. This is shown in table below

Table 4.11. Coefficient of Correlation.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error			
1	(Constant)	.661	.280		2.363	.019
	Planned strategies	.253	.074	.253	3.423	.001
	innovation and learning	.321	.078	.303	4.111	.000
	goal setting	.041	.058	.041	.707	.480
	strategy implementation	.170	.061	.162	2.794	.006

a. Dependent Variable: Performance

Conclusion

The study sought to establish the effects of strategic planning on organizational performance: a survey of law firms in Mombasa County. The objectives of the study were adequate and comprehensively assessed and covered.

The findings of the study conclude that strategic planning has significant impacts on performance of law firms.

Strategies should be carefully and objectively pursued according to organizational values and objectives. This will enable an organization to meet its long term goals. This study specifically concludes that Innovation and learning, goal setting and strategy implementation as indicators of strategic planning, can be a good asset to an organization.

6. Recommendations

The relevance of strategic planning can only be realized and fully functional if certain key measures are observed. Innovation and learning, goal setting and strategy implementation are just but a few of indicators that can be used to fully benefit from strategic planning. The study therefore makes the following recommendations:

- Goal setting towards achievement of the mission and vision of the organization should be a part of strategic planning procedure. This will help firms realize where they are from and where they are set to be in future in terms of performance, thus planning in advance.
- Organizations must have clear and well stipulated policies, procedures and guidelines covering strategic planning. This will always help to provide mechanism for instituting strategic planning as part of organization's practices and culture.
- The study recommends that employee learning process and encouraging of innovation within employees can yield better fruits in terms of performance. For this matter therefore, leaning and innovation should be made a part of strategic planning within an organization
- Firms should adequately plan in advance in order to realize performance. It is essential to note that there will be no good or improved performance if the organization doesn't have a well prepared and functional plan

7. Suggested Areas for Further Research

From the result of this study, the researcher recommends that the same kind of study can be carried out in a non-legal field but for profit organization to ascertain the financial performance benefits associated with strategic planning. Also, a study on strategic planning wealth creation and individual financial management can be of great importance to mankind.

8. References

- Adeyemi S.L. (1992) Strategic Management in Selected Banks. An Unpublished Ph.D. Thesis Retrieved from Unilorin University repository database: www.unilorin.edu.ng
- Alli, J.O. (2002) New Product Development a Strategic Management Approach to Marketing of Bank Services: A Case Study of Trade Bank Plc, Unpublished MBA Thesis.
- Ansoff, H.I. (2009) The Changing Shape of the Strategic Problem in Schendel D.E. and Hoffer C.W. (Eds), Strategic Management, Boston: Little Brown and Company.
- Ansoff, H.I. and McDonnell, E. (2000) Implanting Strategic Management [2nd Ed]. London Prentice Hall.
- Cameron, K.S. and Whitton, P.A. (1981) Perceptions of Organizational Effectiveness over Organizational Life Cycle, Administrative Science Quarterly, vol. 26.
- Chandler, A.D. (2002) Strategy and Structure, USA: MIT Press.
- Child, J. (2002) Organization Structure, Environment and Performance: The role of strategic choice sociology.
- Cole G.A. (1997) Strategic Management. London: Letts Educational
- Cole G.A. (1999) Management Theory and Practice. London: Letts Educational
- Dibrell, C., Craig, J. B., & Neubaum, D. O. (2014). Linking the formal strategic planning process, planning flexibility, and innovativeness to firm performance. *Journal of Business Research*, 67(9), 2000-2007. doi:10.1016/j.jbusres.2013.10.011. Retrieved on 5th March, 2015 from the Elsevier databases.
- Dyson, R. G. (2000). Strategic Development and SWOT Analysis at the University of Warwick, *European Journal of Operational Research*, Vol. 152. Retrieved on 20/3/2014 from the emerald database
- Glueck, W .F. and Jauch, L.R. (2004) Business Policy and Strategic Management, Singapore: McGraw-Hill International Book Company.
- Hill, W.L. and Jones, G.R. (1998) Strategic Management Theory: An Integrated Approach [4th ed.] New Jersey, U.S.A.: Houghton Mifflin publications.
- Herter, G. (2005), Business planning boosts your chances. *Accounting Technology*, Vol. 11 No.4, pp.20-30.
- Johnson, G. and Scholes, K. (2003) Exploring Corporate Strategy [3rd Edition]. London: Prentice Hall.
- Jordan, J., Lower J. and Taylor, P. (1998) Strategy and Financial Policy in UK Firms *Journal of Business Finance and Accounting* 25(1) January – February p. 122. Retrieved on 4th December, 2014 from Webkuliah website : <http://webkuliah.unimedia.ac.id/ebook/files/JORDAN.PDF>
- Kiprono, A.E (2013) Strategic planning practices by large law firms in Nairobi, Kenya. An unpublished masters thesis of university of Nairobi, Kenya, from the University of Nairobi library electronic repository
- King W.R. and Cleland D.I. (1987) Strategic Planning and Policy Van.Nostrand Reinhold, New York.
- Kriemadis, T. and Theakou E. (2007) Strategic Planning Models in Public and Non-Profit Sport Organizations, *Sports Management Journal* VOL. 3, Number 2, 200. Retrieved on 2nd November, 2014, from the international sports and culture association website: http://www.iscaweb.org/files/Kriemadis_etal_Strategic_Planning_Models_in_Sport_Organisations.pdf
- Kothari, C.R(2009) Research Methodology: Methods and Techniques, 2nd Edition, New International (p) Ltd, New Delhi, India.
- Kuratko D.F et...al (2011) corporate entrepreneurship: the innovative challenge for a new global economic reality. *Small Bus Econ* DOI 10.1007/s11187-015-9630-8. Retrieved 12th January 2015, from Springer database
- Laronge, P. (2009) Formal Planning System: Their Role is Strategic Implementation in Schendel D.E. and Hofers C.W. (eds). Strategic Management: A New View of Business Policy and Planning, Boston M.A: Little Brown and Company.
- Lawrence, R.J. and William, F.G. (2008) Strategic Management and Business Policy. [3rd Ed], . U.S.A. : McGraw-Hill Inc.
- McAdam. R. & Bailie, B (2002). Business Performance Measures and Alignment Impact on Strategy", *International Journal of Operations & Production Management*. Retrieved

- on 5th November 2014 from Research gate website: www.researchgate.net
- Mintzberg, H. and Quinn, J.B. (2001) *The Strategy Process: Concepts, Contexts, Cases* [2nd Ed] Upper Saddle River: Prentice Hall International.
- Mugenda, O.M and Mugenda (2003), A.G, *Research Methods: Quantitative and Qualitative Approaches*, Nairobi, Kenya : Acts Press.
- Noel E. J and Schaffner J. D (1996) *Strategic Planning and Performance: Helping Directors and Managers Communicate*, University of California, Davis Department of Agricultural and Resource Economics, January 1, 1996, pages 1-28. Retrieved on 12th February, 2015, from Cal Poly website: http://digitalcommons.calpoly.edu/agb_fac/53/
- Mwalimu, J (2014) *strategies adopted by law firms in Kenya in response to changes in the external environment*. An unpublished masters thesis of university of Nairobi, Kenya, from the University of Nairobi library electronic repository.
- O'Regan, N. and Ghobadian, A. (2002) *Effective strategic planning in small and medium-sized firms*, *Management Decision*, 40, 7, 663-671. Retrieved on 11th October, 2014 from Emerald database
- Porter, E.M. (1985) *Competitive Advantage*, London: The Free Press.
- Rintari H. and Moronge M. Dr (2014) *Role of Strategic Planning Practices on the Performance of Public Institutions in Kenya*. *International Journal of Science and Research (IJSR)* Volume 3 Issue 7, July 2014. From *International Journal of Science and Research* website: <http://www.ijsr.net/archive/v3i7/MjkwNTE0MDI=.pdf>
- Ring, P.S. and Perry, J.L. (1985) *Strategic management in public and private organizations: Implications of distinctive contexts and constraints*, *The Academy of Management Review*, 10, 2, 276-286. Retrieved on January 5th, from the Indiana University website: http://www.indiana.edu/~jlpweb/papers/Strategic%20Management_Perry_Ring_AM_Apr%201985.pdf
- Sarason, Y., & Tegarden, F. (2003). *The erosion of the competitive advantage of strategic planning*. *Journal of Business and Management*, 9(1), 1-21. Retrieved on 20th December 2014. From JBM databases
- Steiner, G.S. (2009) *Strategic Management*. London: The Free Press.
- Simon Cadez, Chris Guilding, (2012) "Strategy, strategic management accounting and performance: a configurational analysis", *Industrial Management & Data Systems*, Vol. 112 Iss: 3, pp.484 – 501. Retrieved on 11/3/2014 from the emerald database.
- Tapinos E, Dyson RG, Meadows M (2005). *The impact of performance measurement in strategic planning*. *International Journal of Productivity and Performance*, 54(5/6): 370-384. Retrieved on 10th December 2014 from emerald database
- Terreberry, S. (2008), *The evolution of organizational environments*. *Administrative Sciences Quarterly*, Vol. 12 pp.590-613.
- Weihrich, H. and Koontz, H. (1993) *Management: A Global Perspective* [10th Ed] McGraw-Hill Int. Edition. Rono W.K (2011) *Strategic planning among classified hotels in Mombasa, Kenya*. An unpublished masters thesis of university of Nairobi, Kenya, from the University of Nairobi library electronic repository
- Kamau C (2009) *Strategizing impression management in corporation: cultural knowledge as capital*. In D. Harorimana (Ed) *cultural implications of knowledge sharing, management and transfer: identifying competitive advantage*. Information science Reference: New York. Chapter 4 (pages 60-83). Retrieved on 8th March, 2015 from academia website: <https://www.academia.edu>
- Plant, T. (2009). *Holistic Strategic Planning in the Public Sector*. *Performance Improvement*, 48 (2), 38-43. Retrieved on February 20th, 2015, from John Wiley & Sons Publishing company online database.