EFFECT OF STRATEGIC PLANNING PRACTICES ON PERFORMANCE OF STATE CORPORATIONS IN KENYA: A CASE OF AGRICULTURAL FINANCE CORPORATION

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ABSTRACT

Strategic planning practices enables an organization to perform relatively well in regards to competition in the industry. Agricultural Finance Cooperation like any other state corporation is faced by numerous challenges in regards to strategic planning as well strategy implementation which adversely affect their service delivery. This study sought to analyze the effect of strategic planning practices on performance of state corporations a case of Agricultural Finance Corporation. The study focused on strategic planning practices such as stakeholders’ involvement, top management support and environmental scanning and how they affect the performance of Agricultural Finance Cooperation (AFC). The study adopted an explanatory research design and targeted 157 employees who were drawn from top and middle level management using census. Data was collected using structured questionnaires which were self-administered. The validity and reliability of the questionnaires were tested after piloting 16 questionnaires at Agricultural Development Corporation. Inferential and descriptive statistical data was analyzed using SPSS version 24 software. Result of multiple regressions revealed that strategic planning practices jointly and independently influenced performance of Agricultural Finance Corporation. Jointly the four constructs namely stakeholders’ involvement, top management support and environmental scanning contributed 65.1% of the variation in performance of Agricultural Finance Corporation. The study constructs were also positively and significantly related to performance of AFC and this led to the rejection of the null hypothesis. This implied that the management of AFC and as well as other state corporations should pay high premiums in strategically formulating and implementing strategic practices through policies which can enhance their performance. In this regard AFC as well as other private or public institutions should formulate policies which strengthen their strategic planning practices to achieve high performance.

Key words: Strategic Planning Practices, Organizational Performance

INTRODUCTION
Strategic planning is considered as a key formal process through which an organization can create and sustain its goals and objectives (Grant, 2014). The process involves developing sound business objectives and designing a clear mission and vision for the organization long run (Dole, 2013). Strategic planning can also be viewed as a flexible process that is used to determine the present position of an organization so as to project its ideal future performance and how it will withstand the dynamic business environment (Grant & Jordan, 2015). Hence an effective strategic planning process enables an organization to perform relatively well in regards to competition in the industry. Strategic planning is a key component of strategic management literature and it entails formulating and implementing strategic decisions.

Strategic planning practices are dynamic in nature and incorporate factors which are within and without the organization operating environment (Muchira, 2013). For an organization to enhance its financial and strategic performance it should engage in sound strategic planning through preparation of long term goals and objectives. According to Wanjala and Rarieya (2014), analysis of the available strategic options, selection of the most appropriate and feasible strategy, and the outcome of the selected strategy to an organization are the key primary elements of strategic planning. Proper deployment of strategic planning aids an organization to develop its clear mission and vision statements as well as objectives which enhances performance (Owolabi & Makinde, 2012). Hence, strategic planning is key for organization success and survival.

According to Bryson, Crosby, and Bryson (2009), the concept of strategic planning has gained popularity amongst managers since it helps them to project and determine how their organizations ought to be doing, what trajectory to take and why some decisions need to be taken. However, there exists a debate on whether strategic planning actual works or not. The aspect of how it works, for whom, in what ways, why and when remains an open question to strategic management researchers (Giradeau, 2008). The reasons for or against the actual contribution of a fit structured strategic planning process on the performance of any organization is determined by how strategic planning is defined, the methodology used in the study as well as available information on strategic planning concept among other factors (Bryson et al., 2009).

A survey conducted by Lumd and Christensen (2003) on Danish projects revealed that they embraced the concept of strategic planning as well as strategic implementation. All these developments were aimed at improving the agricultural sector in the country by introducing the concept of strategic management in agriculture. Several studies conducted over the years in the USA show that there has been a steady rise in the uptake of strategic planning activities within organizations across all the sectors Lopes and Ross (2013). However, the agribusiness sector has witnessed growth, but also recorded high levels of complexities due to strained strategic planning activities. In the African context, the South African National Planning Committee sought to determine factors which contributed to strategic planning effectiveness within organizations (Paterson, 2009). The committee concluded that the objectives set by an organization should be realistic thus achievable and should factor in the expectations of its stakeholders in addition to contingencies that may hinder performance of organizations (Paterson, 2009). Elbanna (2008) notes that for organizations in Egypt to be successful they should adopt various strategic planning tools, implement the strategic management practices and top management should engage all stakeholders in the development of strategies. According to Ndosi and Mokaya (2018) sound, strategic planning enhances the performance of public institutions in Tanzania. In Kenya, Sasaka (2016) investigated the strategic management practices within state corporations and found that strategic planning practices...
contribute to the operational efficiency of state corporations.

**Statement of the Problem**

There is a heavy global demand for agricultural investment capital and sustainable financial services for agricultural activities (Ruete, 2019). In this regard AFC has remained pivotal in a catalyzing development of the economy and food safety of Kenya which is aligned to the strategic focus of the national Government towards the Big Four Agenda. The performance of AFC in terms of continued agricultural financing is dependent on its sound strategic planning practices. This is justified by the fact that strategic planning practices will help it focus on its strengths in prioritizing and taking advantage of existing gaps and opportunities in the environment as the cornerstone of heightened performance (Nzuki, 2017). According to Kathama (2012), strategic planning is essential in boosting the performance and service delivery amongst state corporations. The Corporation’s future is in essence therefore premised upon its innate ability to justify its continued existence and relevance as a vital tool of government policy in as matters agricultural financing (Alela, 2017).

However, State-corporations have a long history of poor performance (Mutegi & Ombui, 2016). The poor performance extends to major state corporations engaged in profit making activities (Alushula, 2017). AFC suffers from internal inefficiencies emanating from its business process thus affecting its future financial sustainability and performance (Alela, 2017). This calls to question the soundness of their strategic planning practices. This is because strategic planning has its secure placement in the management of today’s organizations. This is corroborated by Kabiru, Theuri, and Misiko (2018) who opine that effective strategic planning contributes immensely on the service delivery of state corporations. This is justified by the fact that efficient strategic planning practices enhance organizational internal efficiencies by exhibiting their strengths and taking advantage of existing gaps and opportunities and neutralizing the threats that exists in the environment.

These altogether gives credence to the adoption of sound strategic planning practices in engendering high organizational performance as suggested by numerous studies. For instance, Kwamboka and Iravo (2018) focused on NGOs in Kenya and how they adopt strategic planning practices so as to enhance their performances in relation to competition in the industry. In the same breath, Rintari and Morange (2014) zeroed in on how strategic planning practices are utilized in the public sector, more specifically how they contribute to the performance of the Public Service Commission of Kenya. However, these studies did not highlight the impact of strategic planning practices on the performance of AFC which has different mandate and governance structures. Therefore, this study sought to fill this research gap by analyzing the effects strategic planning practices on the performance of Agricultural Finance Corporation.

**Objectives of the Study**

The general objective of the study was to analyze the effect of strategic planning practices on the performance of Agricultural Finance Corporation. The specific objectives of the study were:

- To determine the effect of stakeholders’ involvement on the performance of Agricultural Finance Corporation.
- To establish the effect of top management support on the performance of Agricultural Finance Corporation.
- To determine the effect of environmental scanning on the performance of Agricultural Finance Corporation.

**LITERATURE REVIEW**

**Stakeholder Involvement and Performance of Agricultural Finance Corporation**

In Norway, a study was carried out to establish the extent to which strategic planning is practiced in
the running of local governments across the country (Johnsen, 2016). More specifically, the study highlighted the extent to which stakeholders influence the performance of these local governments. The study mainly focused on local governments and was carried out over a period of three decades. This is because strategic planning and management is a relatively new concept in the public sector discourse and by 2012 most local governments had adopted strategic planning. From the study, it was revealed that stakeholders play a critical role on the performance of local governments whereby local governments with high levels of stakeholder involvement in strategic planning had better performance than those with low levels of stakeholder involvement.

Bijlsma, Bots, Wolters and Hoekstra (2011), investigated the role of stakeholders on the process of policy development in organizations. Their study identified a concrete framework which organizations use to engage their stakeholders when they formulate their policies. The study asserted that organizations that extensively engage their stakeholders in policy development processes tend to perform better as compared to those which either have limited engagement or no engagement at all. This is because these organizations can benefit more from their stakeholders and can actively handle the uncertainty that comes along with the process. However, the study revealed that there is little empirical research regarding how stakeholders influence policy development within organizations. Yaro, Arshad, and Salleh (2017), sought to determine the impact of stakeholders in the process of policy implementation among firms in Nigeria. A qualitative research design approach was adopted by the study and respondents were purposively interviewed to generate data. Stakeholders were identified as key players in strategy implementation processes within organizations and their views should be incorporated in the whole process. The study recommended that organizations should fully involve their stakeholders through the provision of education when developing their policies. Stakeholders are responsible for the financial oversight in their organizations since they have control over how financial resources are utilized.

Ng’onga and Alang’o, (2015) also investigated the impact of involving stakeholders in the process of change management in organizations. Kenya Power was used as a case study where the researchers sought to determine the degree of engagement of stakeholders in the change management process. A cross-sectional research plan was selected for the study whereby senior managers in the power utility firm were interviewed to obtain primary data relevant to the study. Kenya Power actively involved all its stakeholders in the whole process of change management. The stakeholders provided timely feedback to the company and were extensively involved in the drafting and finally implementation of the change management strategies adopted by the company. Kenyan Power as well as other state corporations in Kenya were advised to engage all their stakeholders in their activities so as to get maximum benefit from them. Machira (2011) focused on stakeholders’ involvement and implementation of strategies among public secondary schools in Nairobi County. The study revealed that stakeholders play a critical role in strategy development, enhancing strategic partnerships as well as solving conflicts that may arise under strategy implementation phase.

**Top Management Support and Performance of Agricultural Finance Corporation**

Azhar, Ikram, Rashid, and Saqib (2013), conducted a study on the role of leadership in strategy formulation and implementation. It was highlighted from the research that managers play an active role in the formulation of organizational mission and vision statements. They are also responsible for determining the overall organizational direction and focus. The top management support was identified as a key cornerstone in the whole process of strategic planning. Through the active role played by managers, they are regarded as innovators, strategists, caretakers, analysts, change drivers, risk...
managers and decision makers for the organization. Top management support should inspire other organizational members to work in harmony and towards a common goal.

In Zimbabwe, Mapetere, Mavhiki, Nyamwanza, Sikomwe, and Mhande (2012), looked at the strategic role played by top management in implementation of strategies among Zimbabwean state-owned entities. From a total population of 188 entities a sample of four state-owned entities were drawn to participate in the study. These four enterprises depicted that there was low management engagement in the process of strategic implementation which led to poor performance of these enterprises. The study further depicted that top managers ought to develop the organization vision as well as improve communication channels within the organization. In order to achieve this, top managers should actively lead the line in shaping the behavior culture within the organization.

Pham, Pham and Pham, (2016) studied top management support, organizational learning, innovative behavior, employee commitment and organizational performance of manufacturing companies in Hai Phong. Data was analyzed by use of Descriptive statistics, Pearson correlation, and reliabilities of the scales utilized to evaluate the relevant constructs are implemented. In addition, a confirmatory factor analysis (CFA) was implemented to further assess the measurement model. The study found that top management support had a positive significant effect on organizational performance. This study provided a research gap since it was done under manufacturing sector in a non-Kenyan context.

**Environmental Scanning Activities and Performance of Agricultural Finance Corporation**

Environmental scanning is defined as a robust process that is aimed at systematically analyzing and interpreting relevant data to so as to take full advantage of the external opportunities and threats that exist in the business environment which influence future decisions (Du Toit, 2016). By conducting the environmental scanning assessment, the business is able to identify its current strengths and measure it against its weaknesses so as to take maximum advantage of the opportunities that present themselves within the organization while at the same time thrive to minimize the threats that may hinder the operations of the business. Environmental scanning will start in existing organizations and therefore, much relevant data will be readily available, for example the company’s mission and functional plans (McDonald & Wilson, 2016). Environmental scanning needs to be linked to strategic planning in order to be a successful activity (McEwen, 2008). From this perspective, environmental scanning is relevant to organizational strategic planning. Based on information about environmental trends and their impacts, a company needs to review its strategy on two counts: changes that may be introduced in current products/markets, and feasible opportunities that the company may embrace for action (Costa, 2008). Thus it remains quintessential for an organization to relate the outcome of an environmental trend to corporate strategy.

Strategists and strategic management researchers are of the opinion that proper scanning of the environment is essential in the alignment of an organizational operations by taking care of both the internal and external factors that may threaten its existence (Xue, Shaheen & Schubert., 2011). Thus, it is prudent to establish the relationship between environmental uncertainty, environmental scanning, and how it contributes to organizational performance. Strategic managers and planners when faced presented with either an opportunity or threat they tend to choose the most suitable and viable direction that is beneficial to the organization (de Lorenzi Cancellier, Junior & Rossetto, 2014). Through environmental scanning the organization is likely to gain competitive advantage, achieve strategy-environment alignment, and hence improve the chance of achieving better organizational performance.
Vudzijena, (2017) sought to analyze the relationship between environmental scanning and business performance of the Retail SMEs in Harare. The study identified routine scanning, consumption of multiple scanning information, and adoption of various scanning techniques as factors that affect environmental scanning process. The research was quantitative in nature and surveyed all the Retail SMEs. Questionnaires were self-administered to a total of 150 Retail SMEs owners/ managers who were found at their work stations were picked to participate in the study through a simple random sampling technique. SPSS was used in data processing where the research correlations and regression analysis were applied to determine whether or not there was a relationship among the study variables. From the analyzed data, it was established that environmental scanning and performance of Retail SMEs exhibited a strong positive relationship. Since the study was conducted across the retail sector, the researcher suggested that further studies ought to be carried out across other business sectors and find out if the results will be consistent. There existed a research gap because the study findings could not be generalized to the Kenyan context.

Babatunde and Adebisi (2012) in their study sought to compare strategic environmental scanning and performance of Nestle Plc and Cadbury Plc in Nigerian competitive business environment. Structured questionnaires was used to gather research data and regression as well as coefficient of correlation methods were handy in the analysis and interpretation of data. The resultant data analysis indicated that environmental scanning and organizational performance have a significant relationship with a coefficient determinant (R2) of 0.297. Thus, strategic environmental scanning process accounts for 30% of enhanced performance of the two entities under study. This is subject to external environmental factors which also affects organizational productivity. It is important for organization to take care of the threats as well as opportunities that are brought about by the external environmental factors. Hence, strategic managers/planners should take full advantage of the opportunities presented to them and in the same time avoid those threats that may curtail the growth of their businesses. The study was conducted in the Nigerian business environment thus the findings may not be generally binding to Kenyan business entities because the two countries are different in terms of regulation, operational and cultural settings.

Mang’ana, Rotich, Hassan and Orwa (2017) aimed at determining the influence of environmental scanning on performance of Matatu Savings and Credit Cooperatives in Kenya. A cross-sectional survey of all Matatu Saccos in Kenya was espoused and study questionnaires were pretested to ascertain their validity and reliability. The study used primary data gathered from Matatu savings and credit co-operatives from the Ministry of Industrialization and Enterprise Development. Primary data was obtained through use of structured and semi structured questionnaire. A total of 635 Matatu Sacco’s was selected. Sample size of 245 Matatu Sacco’s was selected for the study. Quantitative data was analyzed by multiple regressions, Factor analysis, Chi-square and Anova. Qualitative data was analyzed through content analysis to generate thematic topic for discussion in line with research. The results of the analysis indicated that environmental scanning has a positive relationship with performance of Matatu Saccos. The extent of environmental scanning was found to have a 0.113 influence on performance of Matatu Saccos which was relatively low but significant. However, this study was conducted in the Matatu sector whose management and structure were different from AFC.
Independent Variables

**Figure 1: Conceptual Framework**

### METHODOLOGY

The study adopted an explanatory research design. AFC had a total of 712 employees based at the Corporation’s head office in Nairobi, Kenya and 47 regional and sub county branches. The research population was the top level managers (Senior Managers and Branch Managers) and middle level managers (Branch Accountants and Branch Credit Officers). Census sampling technique was adopted to arrive at the sample size of 157 respondents. A 5-point Likert scale questionnaire was used to collect primary data. The Statistical Package for Social Sciences (SPSS) Version 24 software was used to analyze the data collected. Descriptive and inferential statistics was analyzed. The descriptive statistics which analyzed included measures of central tendencies, measures of distribution and measures of dispersion while the inferential statistics included: Pearson’s correlation and multiple regression analyses. The following regression model was adopted by this study for simple regression.

\[ y = \beta_0 + \beta_1 X_1 + \epsilon \]  
Equation 1

The following regression model was adopted for multiple regression by this study.

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon \]  
Equation 2.

Where:

- \( Y \) represents Performance of AFC
- \( \beta_0 \) represents Constant
- \( X_1 \) represents Stakeholder involvement
- \( X_2 \) represents Top management support
- \( X_3 \) represents Environmental scanning
- \( \epsilon \) represents Error margin
- \( \beta_1, \beta_2, \beta_3 \) represents Regression coefficients of predictor variables

### FINDINGS AND DISCUSSION

#### Stakeholders Involvement

The researcher sought to establish the level of agreement to various aspects of stakeholders’ involvement as per objective one. Five response items were used to examine the prevailing status of stakeholders’ involvement. Findings presented in Table 1 showed that, 77.7% of the respondents agreed and strongly agreed that, the state corporation consults all its stakeholders when developing their strategic plans \((M=4.11 \ SD=1.112)\), 10.7% were in disagreement and 11.7% were undecided. 72.3% of the respondents both agreed and strongly agreed that the state corporation’s strategies are formulated through a formal process \((M=4.00 \ SD=.1.047)\) while 11.7% and 16.0% were in disagreement and undecided respectively. A majority of the respondents at 73.4% were in agreement that the state corporation accepts and considers the views and inputs of its stakeholders \((M=4.00 \ SD=1.097)\), 8.5% disagreed while 18.1% were undecided. Lastly, 76.6% respondents agreed and strongly agreed that there is evidence...
of previous experience of stakeholder involvement within the state corporation (M=3.86 SD=.934), 7.5% disagreed while 16.0% were undecided.

**Table 1: Stakeholders Involvement Descriptive Statistics**

<table>
<thead>
<tr>
<th>Responses</th>
<th>SD %</th>
<th>D%</th>
<th>UD%</th>
<th>A%</th>
<th>SA%</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The state corporation consults all its stakeholders when developing their strategic plans</td>
<td>4.3</td>
<td>6.4</td>
<td>11.7</td>
<td>29.8</td>
<td>47.9</td>
<td>4.11</td>
<td>1.112</td>
</tr>
<tr>
<td>The state corporation’s strategies are formulated through a formal process</td>
<td>1.1</td>
<td>10.6</td>
<td>16.0</td>
<td>31.9</td>
<td>40.4</td>
<td>4.00</td>
<td>1.047</td>
</tr>
<tr>
<td>The state corporation pursues its vision and mission statement</td>
<td>8.5</td>
<td>7.4</td>
<td>16.0</td>
<td>34.0</td>
<td>34.0</td>
<td>3.78</td>
<td>1.237</td>
</tr>
<tr>
<td>The state corporation accepts and considers the views and inputs of its stakeholders</td>
<td>5.3</td>
<td>3.2</td>
<td>18.1</td>
<td>33.0</td>
<td>40.4</td>
<td>4.00</td>
<td>1.097</td>
</tr>
<tr>
<td>There is evidence of previous experience of stakeholder involvement within the state corporation</td>
<td>4.3</td>
<td>3.2</td>
<td>16.0</td>
<td>55.3</td>
<td>21.3</td>
<td>3.86</td>
<td>.934</td>
</tr>
</tbody>
</table>

**Top Management Support**

Research objective two, sought to establish the effectiveness of top management support on performance of AFC and five questionnaire items were used to examine the prevailing status of top management support. Results presented in Table 2 revealed that a total of 80.8% of the respondents both agreed and strongly agreed that top management presence at the planning meetings/commitment (M=4.04 SD=1.106), 11.7 % were in disagreement while 7.4% were undecided. It was further revealed that majority of the employees 56.4% agreed that top management has full authority of the entire strategic planning process (M=3.47 SD=1.457), 35.1% were in disagreement while undecided were 8.5%. A total of 85.1% of the respondents also agreed and strongly agreed that the state corporation pursues its vision and mission statement (M=4.41 SD=.848), 4.3% disagreed and strongly disagreed while 10.6% were undecided. A total of 64.9% of respondents agreed and strongly agreed that the top management avails the necessary resources required in strategic planning, (M=3.96 SD=1.191), 10.6% strongly disagreed and disagreed while 24.5% were undecided. Lastly, 89.4% of the respondents agreed and strongly agreed that the top management outsources qualified consultants to prepare strategic plans on behalf of the corporation (M=4.32 SD=.779), 4.3% were in disagreement while 6.4% were undecided.

**Table 2: Top Management Support Descriptive Statistics**

<table>
<thead>
<tr>
<th>Responses</th>
<th>SD %</th>
<th>D%</th>
<th>UD%</th>
<th>A%</th>
<th>SA%</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top management presence at the planning meetings/commitment</td>
<td>5.3</td>
<td>6.4</td>
<td>7.4</td>
<td>40.4</td>
<td>40.4</td>
<td>4.04</td>
<td>1.106</td>
</tr>
<tr>
<td>Top management has full authority of the entire strategic planning process</td>
<td>10.6</td>
<td>24.5</td>
<td>8.5</td>
<td>20.2</td>
<td>36.2</td>
<td>3.47</td>
<td>1.457</td>
</tr>
<tr>
<td>The state corporation pursues its vision and mission statement</td>
<td>0</td>
<td>4.3</td>
<td>10.6</td>
<td>24.5</td>
<td>60.6</td>
<td>4.41</td>
<td>.848</td>
</tr>
<tr>
<td>The top management avails the necessary resources required in strategic planning</td>
<td>5.3</td>
<td>5.3</td>
<td>24.5</td>
<td>18.1</td>
<td>46.8</td>
<td>3.96</td>
<td>1.191</td>
</tr>
<tr>
<td>The top management outsources qualified consultants to prepare strategic plans on behalf of the corporation</td>
<td>0</td>
<td>4.3</td>
<td>6.4</td>
<td>42.6</td>
<td>46.8</td>
<td>4.32</td>
<td>.779</td>
</tr>
</tbody>
</table>
Environmental Scanning
The study conceptualized that environmental scanning had an effect on performance of AFC. Thus, five questionnaire items were used to examine the prevailing status of environmental scanning at the state corporation. Results presented in Table 3 reveal that a total of 68.1% of respondents both agree and strongly agree that the organization understands the demands of customers and the corporation (M=3.79 SD=1.311), 26.6% strongly disagreed and disagreed while 5.3% were undecided. A further, 53.1% of the respondents both agreed and strongly agreed that the organization monitors technology which affects its business efficiency (M=3.66 SD=1.160) while 21.3% disagreed and strongly disagreed while 10.6% were undecided. 74.5% of respondents agreed and strongly agreed that changes in law and regulatory guidelines are taken care of during strategic planning (M=4.16 SD=1.120), 14.9% disagreed 10.6% were undecided. 68.5 % agreed and strongly agreed that demographic changes are likely to affect organizational operations (M=3.85 SD=1.227), 16 % strongly disagreed and disagreed 25.5 % were undecided. Lastly, the 56.5% of respondents tend to agree that scanning of the internal environment is as equally important during strategic planning (M=3.78 SD=1.193), 20.2% disagreed and strongly disagreed while 24.4% were undecided. This meant that the leadership at Agricultural Finance Corporation should continuously pay high premiums on the systematic institutionalization of practices that nurture cultures which fosters an environment scanning that positively influences strategic planning and organizational performance.

Table 3: Environmental Scanning Descriptive Statistics

<table>
<thead>
<tr>
<th>Responses</th>
<th>SD %</th>
<th>D%</th>
<th>UD%</th>
<th>A%</th>
<th>SA%</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization understands the demands of customers and the cooperation</td>
<td>4.3</td>
<td>22.3</td>
<td>5.3</td>
<td>26.</td>
<td>41.5</td>
<td>3.79</td>
<td>1.311</td>
</tr>
<tr>
<td>The organization monitors technology which affects its business efficiency</td>
<td>0</td>
<td>21.3</td>
<td>10.6</td>
<td>19.</td>
<td>34.0</td>
<td>3.66</td>
<td>1.160</td>
</tr>
<tr>
<td>Changes in law and regulatory guidelines are taken care of during strategic planning</td>
<td>0</td>
<td>14.9</td>
<td>10.6</td>
<td>18.</td>
<td>56.4</td>
<td>4.16</td>
<td>1.120</td>
</tr>
<tr>
<td>Demographic changes are likely to affect the scope of operation of the organization</td>
<td>3.2</td>
<td>12.8</td>
<td>25.5</td>
<td>12.</td>
<td>45.7</td>
<td>3.85</td>
<td>1.227</td>
</tr>
<tr>
<td>Scanning of the internal environment is as equally important during strategic planning</td>
<td>0</td>
<td>20.2</td>
<td>23.4</td>
<td>14.</td>
<td>41.5</td>
<td>3.78</td>
<td>1.193</td>
</tr>
</tbody>
</table>

Performance of Agricultural Finance Corporation
The dependent variable of the study was performance of Agricultural Finance Corporation. To this end, five questionnaire items were used to assess performance of AFC. Results displayed in Table 4, revealed that 57.5% of respondents concurred that profitability index of the corporation has increased over the last five years (M=3.61 SD=1.166) while 18.1 % were in disagreement and 24.5% undecided. 79.7% of the respondents were of the view that employees are motivated to meet their work deadlines (M=4.01 SD=.680), 1.1% were in disagreement while 19.1% were undecided. 68.1% of the respondents were also in agreement that the total revenue of the corporation has increased over the last five years (M=3.88 SD=.828), 4.3% were in a disagreement while 27.7% were undecided. 62.8% of the respondents agreed that there is improved customer satisfaction by staff (M=3.76 SD=.729), 2.1% were in disagreement while 35.1% were undecided. 93.6% of the respondents also agreed that service delivery within the state corporation has improved over the last 5 years (M=4.31 SD=.587) 0.0% were in disagreement while 6.4% were undecided.
### Table 4: Performance of Agricultural Finance Corporation Descriptive Statistics

<table>
<thead>
<tr>
<th>Responses</th>
<th>SD%</th>
<th>D%</th>
<th>UD%</th>
<th>A%</th>
<th>SA%</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitability index of the corporation has increased over the last 5 years</td>
<td>5.3</td>
<td>12.8</td>
<td>24.5</td>
<td>30.9</td>
<td>26.6</td>
<td>3.61</td>
<td>1.166</td>
</tr>
<tr>
<td>Employees are motivated to meet their work deadlines</td>
<td>0</td>
<td>1.1</td>
<td>19.1</td>
<td>57.4</td>
<td>22.3</td>
<td>4.01</td>
<td>.680</td>
</tr>
<tr>
<td>The total revenue of the corporation has increased over the last 5 years</td>
<td>0</td>
<td>4.3</td>
<td>27.7</td>
<td>43.6</td>
<td>24.5</td>
<td>3.88</td>
<td>.828</td>
</tr>
<tr>
<td>There is improved customer satisfaction by staff</td>
<td>0</td>
<td>2.1</td>
<td>35.1</td>
<td>47.9</td>
<td>14.9</td>
<td>3.76</td>
<td>.729</td>
</tr>
<tr>
<td>Service delivery within the state corporation has improved over the last 5 years</td>
<td>0</td>
<td>0</td>
<td>6.4</td>
<td>56.4</td>
<td>37.2</td>
<td>4.31</td>
<td>.587</td>
</tr>
</tbody>
</table>

### Regression Analysis

**Effects of Strategic Planning Practices on Performance of Agricultural Finance Corporation**

The model summary was analyzed to establish the strength of the conceptualized strategic planning practices in predicting organizational performance. Results presented in Table 5 revealed that the four constructs namely stakeholders’ involvement, top management support, environmental scanning and strategy evaluation 65.1 % of the variation in organizational performance (Adjusted R Square = 0.651). Therefore, the remaining 34.9% was explained by other factors not considered in the study.

### Table 5: Model Summary for Performance of AFC

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>R Square Change</th>
<th>Durbin Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.807a</td>
<td>.651</td>
<td>.640</td>
<td>.294</td>
<td>.651</td>
<td>1.882</td>
</tr>
</tbody>
</table>

Predictors: (constant), Stakeholders Involvement, Top Management Support and Environmental Scanning. Dependent Variable: Organizational performance.

Second, the ANOVA output was examined to check whether the proposed model was viable. Results shown in Table 6 revealed that the F-statistic was highly significant (F= 56.055p<0.01), this showed that the model was valid.

### Table 6: ANOVA

<table>
<thead>
<tr>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.516</td>
<td>3</td>
<td>4.839</td>
<td>56.055</td>
<td>.000a</td>
</tr>
<tr>
<td>7.769</td>
<td>90</td>
<td>.086</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22.285</td>
<td>93</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant) Stakeholders Involvement, Top management support and environmental scanning
b. Dependent Variable: Organizational Performance

The model significantly improved the ability to predict organizational performance. Thus, the model was significant.

### Regression Coefficients of Organizational Performance

Results of the regression coefficients presented in Table 7 showed that the estimates of β values and give an individual contribution of each predictor jointly to the model. The β value tells us about the relationship between organizational performances.
with each predictor. The positive β values indicated the positive relationship between the predictors and the outcome. The β value for stakeholders’ involvement (.284), top management support (.325) environmental scanning (.325) were positive. The positive β values indicate the direction of relationship between predictors and outcome. From the results, the model was then specified as:

\[ y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 \ldots \ldots \text{Equation 1} \]

Organizational performance = .592 + .284 Stakeholders involvement + .325 Top management support + .325, environmental scanning + ε

The coefficients for each of the variables indicated the amount of change one could expect in organizational performance given a one-unit change in the value of that variable, given that all the variables in the model keeping other independent variables constant. Results revealed unstandardized regression coefficient for stakeholder involvement (β=.284) implied that an increase of 1 unit in stakeholders involvement is likely to result in a .284 unit of increase in organizational performance keeping other independent variables constant. Unstandardized regression coefficient for top management support (β=.325), implied that an increase of 1 unit in top management support is likely to result in a 0.325 units of change in organizational performance keeping other independent variables constant. Unstandardized regression coefficient for β=.325 implied that an increase of 1 unit in environmental scanning is likely to result in 0.325 units of increase in organizational performance keeping other independent variables constant.

T-test was used to identify whether the predictors were making a significant contribution to the model. When the t-test associated with β value is significant then the predictor is making a significant contribution to the model. The results show that stakeholders’ involvement (t = 4.3, P < .05), top management support (t = .751, P < .05), and environmental scanning (t = 3.283, P < .05). These findings indicated that all these strategic planning practices under study as predictors, which significantly affect the performance of agricultural finance cooperation. These results imply that environmental scanning is the most important predictor for organizational performance. However, this does not devalue the role of top management support and stakeholders’ involvement.

Table 7: Regression Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.592</td>
<td>.265</td>
</tr>
<tr>
<td></td>
<td>Stakeholders involvement</td>
<td>.284</td>
<td>.064</td>
</tr>
<tr>
<td></td>
<td>Top management support</td>
<td>.325</td>
<td>.062</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Organizational Performance

Discussion

The main purpose of the study was to assess the effect of strategic planning practices on performance of state corporations in Kenya: a case of Agricultural Finance Corporation. From the results, there is no second opinion to the fact that strategic planning practices affect the performance of AFC thus leading to high performance by improving its strategic planning practices and implementation in all aspects of their operations. This fact is underpinned by the findings of this study.

The first objective was to examine the effect of stakeholders’ involvement on the performance of Agricultural Finance Corporation in Kenya. It is worth acknowledging that when stakeholders are
involved it provides an organization with a roadmap on where it should focus its actions, policies, priorities and resources in order to achieve its mission and strategic goals which eventually culminate to its increased performance. Stakeholder involvement satiates the requirements for effective strategy implementation and ownership and even help in the identification of areas in which there is need for improvement, thus, synergizing the efforts of stakeholders and mobilization of resources in achieving such performance. According to the studies of Murimi and Omondi (2014) Kenyoru, (2015) stakeholders’ involvement significantly and positively affects organizational performance. This is further corroborated by the findings of this study where the multiple regression analysis showed that a significant relationship exists between dependent variable and independent variables. The model explained only 48.4% % of the variation or change in organizational performance variable with the remainder of 51.6% explained by other factors other than stakeholder’s involvement. From the regression analysis table t value is = 9.288 Similarly, P value is equal to 0.000 that is less than 0.05 that is sufficient to show relative importance. Therefore, it is evident from the results that stakeholders’ involvement was found to be a positive and a significant predictor of performance of AFC. This implies that goal realization of any organization is predicated upon the extent to which stakeholders are involved. Stakeholder Theory gives credence to the adoption of stakeholders’ involvement as a strategic planning practice.

The second objective of the study was to analyze the effect of top management support on the performance of Agricultural Finance Corporation. Pham, Pham and Pham (2016), (2013) posits that there is a positive and significant effect of top management support and organizational performance. This is underpinned by the findings of this study where the standardized regression weight was found to be positive and explores that a positive relation is caused by independent variable in dependent variable. The model explained only 42.4% of the variation or change in organizational performance variable with the remainder of 57.6% explained by other factors other than top management support. The t value =8.228, P<.05. Therefore, these results are providing sufficient ground to affirm that top management support has a significant effect on performance of AFC. Pham, Pham and Pham (2016) opines that Top management provides necessary human, material and financial resources required for organizational performance. Therefore, organizational performance cannot be achieved without an excellent or good level of support from the top management. Top management support acts as a key pillar of organizational performance by setting standards and inspiring employees in the organization as a catalyst for heightened performance. This behooves agricultural finance cooperation to strategically magnetize top management support as a strategic planning practice which is a conduit for enhancing efficient strategic planning to galvanize its high performance. This implies that there is need for practitioners to develop appropriate policies, practices and procedures to guarantee support from the top management throughout the strategic planning process and implementation for organizational performance. Stakeholders theory and resource dependency theory provides a boon to the adoption of top management support for attracting essential and crucial resources which in turn enhances performance.

The third objective was to investigate the effect of environmental scanning on the performance of Agricultural Finance Corporation. McEwen, (2008); Cancellier, Junior, José and Rossetto (2014), Pulaj and Pulaj (2015) who also found that environmental scanning has an impact on organizational performance. Through regular and strategic environmental scanning the organization would be able to achieve a more strategic alignment to the dynamic external factors and hence improve their performance. These argumentations and findings are supported by the findings of this study that environmental scanning
has a significant effect on the performance of AFC. The model explained only 44.9% of the variation or change in organizational performance variable with the remainder of 55.1% explained by other factors other than organizational culture. The multiple regression results show that $t = 8.653$ and $P=0.00$. They ascribed this to the fact that business environment consists of two important elements internal and external environment. The business environment has a great influence on the strategic plans of the organization. The implication of these results is that AFC should give eminence to the dictates of the business environment as they work on their strategic plans which helps in creating synergy amongst internal, external environments, organization mission and goals for organizational performance. This argument is underpinned by both Resource dependency theory and stakeholders’ theory.

Result of multiple regressions further revealed that strategic planning practices jointly and independently affect the performance of Agricultural Finance Corporation. The findings reveal that jointly the four constructs namely stakeholders’ involvement, top management support, environmental scanning and strategy evaluation causes 71.1% of the variation in performance of AFC (Adjusted R Square = 0.711). Therefore, the remaining 28.9% is explained by other factors not considered in the study. The synergistic effect of these strategic planning practices understudy cannot be gain said. This implies that the management of AFC and other state cooperation should pay high premiums in strategically formulating and implementing these strategic planning practices which can effectively galvanize organizational performance.

**CONCLUSION AND RECOMMENDATIONS**

From the findings, this study makes a number of conclusions. The study concluded that the four research constructs are key in enhancing the performance of AFC. This is evidenced by the fact that these constructs jointly and independently affect to some magnitude the performance as per the study findings. The effectiveness of all the strategic planning practices under study positively and significantly affects performance of AFC. It therefore calls for the formulation, promotion of strategic planning practices-oriented policies and focusing on their implementation. In consequence, it would become ingrained in management and operations of AFC and not just an additional component of organizational policies thus enhancing their performance.

The current study provided absolute support to the suggestion that strategic planning practices should be recognized as a significant precursor for the performance of AFC as well as other state corporations. The study implies that in light of strategic planning practices should be adopted in tandem to enhance their synergistic relationship, which would eventually warrant high performance. The study provides evidence that having practices associated with strategic planning practices under study are overly indispensable in engendering high organizational performances. That is, a strategic recipe which embeds stakeholders’ involvement, top management support, environmental scanning and strategic evaluation within the state corporations’, policy framework is evidently instrumental in enhancing their performance.

The management of Agricultural Finance Corporations as well as other state corporations have been enlightened on the need of strengthening the implementation of strategic planning practices in their organizations as a means of enhancing organizational performance. In fact, the findings have contributed to strategic planning in terms of providing valuable input to and awareness of strategic planning practices to consider with regard to enhancing performance of AFC and other state corporations. This has been illustrated empirically that the management should strive to synergize their strategic planning practices in order to achieve maximal performance. In terms of policy the research findings have given eminence to embedding strategic planning practices to organization policies in order give impetus to their...
implementation to achieve efficient strategic planning and high organizational performance.

The theoretical implication of this study is that it supports and extends the resource dependency theory and stakeholder’s theory as it has casted more light on strategic planning practices as a means through which an organization can enhance its performance. This finding supports the essence of bundling of strategic planning practices through mutually consistent policies for purposes of galvanizing service delivery, employee satisfaction and productivity for improving on their performance. The study has addressed the deficiencies in literature by extending studies on strategic planning practices on performance of state corporations in the Kenyan context as a developing country. These findings remain vital for policy makers and practitioners in embracing strategic planning practices in their policy formulations.

From the study findings and extensive literature review, it is apparent that strengthening the strategic planning in state corporations is an important ingredient for eliciting their high performance. While there are other practices crucial for their performance. From the results, AFC should pay more attention in addressing stakeholders’ involvement, top management, environmental scanning and strategy evaluation as a means of increasing organizational performance. In this regard, the current study makes the following recommendations. The management of AFC and other state corporations should acquire better organizational performance by embracing stakeholders’ involvement by giving impetus to the involvement of the stakeholders in each stage of organizational planning. However, there is need to ensure that they are competent and have the interest of the organization at heart. Besides there is need for securing stakeholder involvement through policy framework. During strategic planning the organization should ensure that there is top management support in all dimensions during strategic planning in order to reap maximum organizational performance. It therefore remains inordinate for state corporations to bring on board top management by giving their support eminence in provision of capacity requirements for effective strategic planning. The state corporations should invest in environmental scanning and strategy evaluation through its policy framework as it would certainly translate to efficient formulation and adoption of sound strategies in the strategic plan.

REFERENCES


