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ABSTRACT

Organizations, including county governments, face a myriad of challenges, making them embrace the concept of strategic management. This concept has vast contribution on the performance of organizations. Organizations require strategic leaders and the management to model the formation of strategic commitment and to shape effective and efficient strategic actions. The overall goal of this research is to investigate the relationship between strategic management practices and performance results in Kenya's North Rift County governments. Specifically, the study focuses on establishing the influence of strategy formulation towards expected results on the relationship between strategic management practices and performance outcomes in Turkana County, Kenya. The study is informed by the following theories: Upper Echelon Theory and Open System Theory. The analysis intends to utilize a cross-sectional descriptive research design. The target population of the study was 197 employees of Turkana County government, Kenya. The study was carried out through a census; questionnaires were used in data collection. Quantitative approach was used for data analysis, whereby Statistical Package for Social Sciences (SPSS Version 23.0) was used to run descriptive and inferential statistics. The study concluded that employee involvement in strategic management practices makes them motivated toward better performance. The findings offer a recommendation that leaders emphasize more on the vision, communicate it and have commitment toward achieving the vision since it positively influences the effectiveness and performance of an organization.

Key Words: *Mission and Vision, Decision Making, Budget Alignment, Communication, Number of Employees, Service Delivery, Completion of Projects*

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INTRODUCTION

Strategic management is the process incorporating activities connected to strategic evaluation, derived from the institution's intention to secure the set-out goals or targets towards development to enhanced organization performance (Qarashay, 2018). According to Johnsen (2015) strategic management practices around developed to be a critical issue for numerous institutions due to its effect on desired results, institutional flexibility, and proficiency (Johnsen, 2015).

Coulter and Coulter (2013), with regards to strategic management practices, revealed that environmental scanning, strategy formulation, strategy implementation, and strategy evaluation are essential in attaining institutional objectives. The same practices are applied during strategic planning; underlining strategic planning's significance and continuing to dominate institutional frameworks. Wolf and Floyd (2013) aver that the idea is being equally or mainly an established methodology providing a defined manner of creating, adopting, and assessing plans.

Daft (2012) advanced that strategy formulation is the evaluation of both the internal and external environment and later incorporating the analysis into objectives and plans. It is also defined as an established stage of prolonged strategies to properly utilize environmental opportunities and risks towards the major institutions' strong and weak points (Awang, 2012). Thompson (2012) advances strategic formulation being a leadership instrument for indicating bargained set goals. Clear and strategic vision and mission statements are vital in effectively formulating and implementing strategies. They provide strategic direction and form the starting point for an organization to implement plans (Kihara, Bwisa & Kihoro 2016).

Strategic management has gradually gained relevance in terms of practice in the county governments across the public sector due to the increase in its utilization due to the new general

management reforms (Weiss, 2016). Globally, governments have embraced strategic management instruments and concepts intending to boost capacity and quality levels amidst severe financial and political instability (Ferlie & Ongaro, 2015). Strategy formulation deals with establishing lengthy procedures towards proper leadership on environmental opportunities and risks, concerning a firm's strong and weak points, incorporating their aim, detailing attainable goals, seating plans, and formulating policy guidelines.

With the current unpredictable environment, most institutions within first-world nations like China and the USA continue to operate, facing constant changes and dynamics (Imran, Rehman, Aslam, & Bilal, 2016). According to Fernandez and Moldogaziev (2013) the industrial sector in Singapore has encountered hardships within an unstable situation where strategic management practices remain absent. In Finland, a study by Imran, Rehman, Aslam, and Bila (2016) revealed economic growth, improvement in technology, increased advocacy from the community, and the demand to offer better community services in the face of limited utilities was a constant phenomenon.

In the year 2010, Kenya ushered in a highly ambitious form of government that sought to restructure the national government's association through the promulgation of the new laws (GOK, 2010). The constitution saw the shifting of governance from the federal to devolved units. Its emphasis is on reinforcing public involvement. It remains an essential component in Kenya's plan to increase development and tackle preexisting bias in development openings, businesses, and service delivery across the nation. Forty-seven county governments were created under Chapter eleven of the Constitution of Kenya.

Statement of the Problem

Strategic management practices are recognized for reshaping organizations and improving their

performance. Ababu (2007) found that formal strategic management significantly enhances organizational performance. Despite strategic management practices, county governments in Kenya are still facing challenges, including; resource allocation project completion and county fund mismanagement, which are common in County governments. This raises concerns over the effectiveness of the implementation of strategic management practices in County governments in Kenya. Even with the national government embracing and advocating for application of strategic management practices, the devolved units are doing very little on its implementation.

In Kenya, Nyanchoka (2013) wrote on strategic management practices as a competitive tool in enhancing performance of small and medium enterprises with its limitation being its applicability to the context of SMEs and its descriptive nature; Onyango (2012) studied strategic management practices by Kenya Bureau of Standards which limits it to a description of strategic management in the context of the particular organization; Ligare (2010) researched on strategic management practices by state corporations in Kenya which was focused on the various methods adopted by government to enhance performance in state corporations but lacked specifics apart from general description of the same; and Maina (2009) researched on strategic management practices at Pan Arica Life Assurance Limited in Kenya, a private insurance company. The research and knowledge gap this research seeks to fill is that of context. This study will investigate this influence on the organization's performance, long term survival prospects and financial sustainability over the long run. The study seeks to establish the influence of the use of strategic management practices, specifically strategy formulation, on the performance outcomes of the county governments in Kenya.

Objective of the Study

The aim of this study is to investigate the influence of strategy formulation on performance outcomes in County governments in Kenya.

LITERATURE REVIEW

Theoretical Review

Upper Echelon Theory

According to Hambrick and Mason's (1984) Upper Echelon theory, organizations' performance in terms of effectiveness and strategies reflects cognitive bases and values influential factors in an organizations' senior executive (Carpenter, GeletKanyez, & Sanders, 2004; Hambrick & Mason, 1984). Significantly, this theory senior executive's perception of the corporate environment affects strategic choices they make, and this will eventually influence organization performance outcomes. This theory further suggests that top management field of vision and their environmental perception are controlled by their cognitive values.

According to Hambrick (2007), a dual connection among leadership attributes and organization performance outcomes the standard upper echelon model as advanced by Hambrick and Mason (1984). Discretion in leadership entails the extent the top leadership enjoys when it comes to decision-making towards strategic plans (Hambrick and Finkelstein 1987; Carpenter *et al.*, 2004; Crossland & Hambrick 2011). Based on this background, Hambrick (2007) advanced that whenever leadership discretion is increased, the leadership attributes become useful predictors of institutional performance compared to whenever the choice is reduced.

However, the theory has got its share of criticisms, the influence of the upper echelons theory perspective has, in part, stemmed from its ability to connect executive characteristics to seemingly distal outcomes, such as firm actions and performance. However, as a result, UET studies

have also often been criticized for lack of attention to the process mechanisms that mediate the relationship between executive orientation and firm outcomes (e.g., Bluedorn, Johnson, Cartwright, & Barringer, 1994; Menz, 2012). Critics have suggested that this “black box” limits the conceptual, and especially the practical, contributions of the theory.

Open System Theory

This theory was propounded in 1998 by Millett, suggesting that institutions must align and support the outside setting. Noting that every mechanism has limits may be hard to determine since each is distinct. A common observation is the open systems possessing vulnerable limitations under which critical review may be immediately delivered and deciphered. Compared to available networks, closed systems have stable limits from which less data is exchanged. Institutions with closed boundaries tend to be unproductive.

The composition of the external setting entails a pool of demands and impacts that may influence

Conceptual Framework

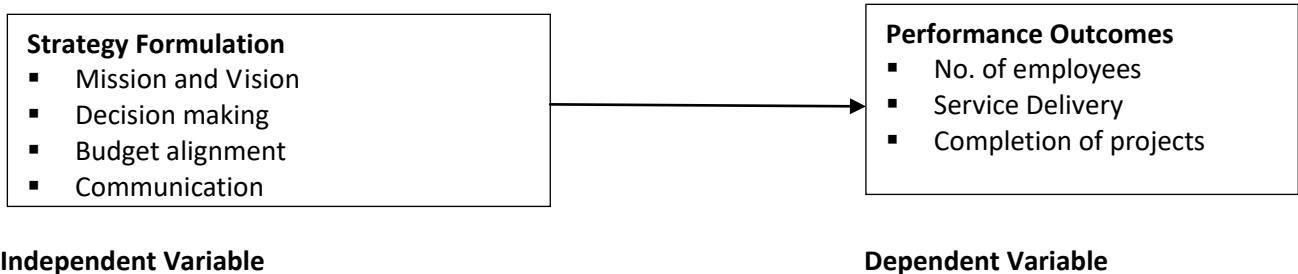


Figure 1: Conceptual Framework

METHODOLOGY

To explain strategic management practices, leadership disposition, and performance outcomes within county governments, the research intends to utilize a descriptive correlation design. The population targeted will comprise 197 employees of County Governments in Kenya. Stratified random sampling was the preferred technique in the selection of the sample size

the institution, although it may not guide directly. The results may be governmental, monetary, environmental, communal, or technological. Properly organized institutions regularly reviewing feedback with external setting and strategic management, since it is a commonly practiced management aspect in the current world, aids them to circumnavigate the ever-changing surroundings to be productive in the long-term (Pearce & Robinson, 2011).

The theory advances that institutions must organize their strategic management practices to stay afloat during turbulent times. Both internal and external environments ought to be examined during the formulation of plans. To tackle speculation resulting from the strategy implementation phase, mechanistic thinking institutions are increasingly maintaining lean, resilient, adaptable budgets (Ngau & Kumssa, 2006).

through the use of Yamane’s formula. The sample size is determined based on the following formula presented by Yamane.

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

Whereby:

N represents the total population, n indicates sample size, and e represents the level of accuracy.

At 95% confidence level at $p = 0.05$ and $N = 3541$.

Sample size $n = 3541 / 1 + 3541(0.05)^2$

Sample size $n = 359$.

Primary data was used in this study, primarily quantitative. Primary data collection was done using self-administered questionnaires. The data analysis was done using SPSS version 23 (Statistical package for a social scientist). Instruments validity was checked by supervisors. In the present study, sampling and item validity were ascertained preceding actual study.

The researcher conducted a pilot test on a total of respondents 19 (10% of target population). The reliability co-efficient (r) should fall within the recommended range of 0.7 and above to be deemed reliable. Cronbach alpha, which measures

internal consistency, was used to ascertain instrument internal reliability.

FINDINGS AND DISCUSSION

Response Rate

There was a sample size of 271 respondents, hence 271 questionnaires. 270 participants filled and sent back their questionnaires. This created a rate of response of 99.6%.

Descriptive Analysis

Strategy Formulation

The study pursued to define the respondents' level of agreeing to the statements relating to strategic formulation practices in county governments of the North Rift of Kenya. Table 1 tabulates the results of these statements.

Table 1: Strategy Formulation

Statement	Mean	Std. dev.
County government leaders have an active involvement the development of county's vision and mission	3.17	1.169
County leaders are drivers or enablers of change in the county governments	3.19	1.142
The organization employs an operating budget to make significant decisions during the process of strategy formulation	3.16	1.217
The county aligns its budget with county strategy by enhanced responsibility, good communication, and improved flow of feedback	3.20	1.147
County governments base their process of making decisions on the budget	3.13	1.245
The county governments employ SWOT matrix, Porter's Five Forces, and PESTEL tools of analyzing the internal and external business environments	3.16	1.135
Counties make strategic decisions on the foundation of the prevalent business environment context	3.12	1.263
In the process of making strategic decisions, issuing guiding principles, and analyzing strategic development choices, the county incorporates environmental concerns	3.17	1.125
Counties provide necessary resources to aid in the process of information gathering	3.16	1.254
Overall	3.16	1.187

Table 1 demonstrates that the overall mean of item statements on strategy formulation is 3.16. This perhaps depicts that the respondents targeted in this study had developed a strong strategic formulation alignment. Respondents agreed to a moderate extent that county leaders have an active involvement in the creation of organization vision and mission by a mean of 3.17. Moreover, the participants established that the county managers played the role of change drivers or change enablers by a mean of 3.19. According to Table 1, the mean of 3.16 indicates that there is a general agreement about the use of operating budgets that the counties use to guide them on how to use resources. Also, the counties align their budget with their strategies through improved feedback, enhanced responsibility, and good communication (M= 3.20). Additionally, the respondents agreed that their counties make decisions from their budgets, following a mean of 3.13. Counties use the SWOT Matrix, Porter's Five Forces, and PESTLE tools to analyze the external and internal environments (M= 3.16) while they make strategic decisions in consideration of the prevailing business environments (M= 3.12).

Table 1 shows that counties provide resources to aid in the process of gathering information for strategic formulation (M= 3.16). The counties also issue guiding principles, evaluate strategic alternatives, and make strategic decisions by considering business environment concerns (M= 3.17). These results show that the respondents generally agree on the presence of a strong orientation of the counties toward strategy formulation to achieve their aims and objectives. The counties have a strong strategic orientation that creates a significant contribution since people can manage the internal organization movement. Sawaneh (2021) posits that strong strategic orientation helps in initiating, designing, and implementing changes based on the situation of the organization. Additionally, Sawaneh (2021) lauded

the significance contributions of a strong orientation toward strategic formulation as he posits that strategic orientation for change is an expression of people's approach in managing the internal environment of a business. Companies can therefore perform the change process depending on their situations. This agrees with results from Table 4.12 which shows that counties have a moderate orientation toward strategic formulation.

Research shows that direction of effort toward strategic orientation promotes the achievement of company objectives. Goal-oriented and strategic guidelines when put in place improve the performance outcomes of institutions. Also, strategic goals closely relate to the organizations' success, with a reflection from objectives, machines, and vision (Kisaika, 2021). This research is in agreement with the counties' ability to use guiding principles, resources, and budget to make strategic decisions while reflecting on vision and mission.

Kibeyi (2019) asserts that the formulation stage should several functions. These functions should possess credibility since other people observe them to see the significance of change. Strategic formulators should therefore have the appropriate understanding and knowledge to educate others concerning what to do and how to do it. This knowledge comes from examining the business environment and improved feedback flows. Managers successfully organize the efforts of formulation through allocating responsibilities, and authorities necessary for successful strategic planning. Table 4.12 shows that counties organize their efforts through use of resources and tools of analyzing the business environment.

The process of strategy formulation identifies wrong external and internal factors. Hence, there is no effective strategy until the implementation stage to create value for the organization. Therefore, strategy formulation should closely connect to strategy implementation to evade an impractical

strategic plan. A formulated strategy only has effectiveness only if it goes to the implementation stage and result into a positive outcome for the organization (Kibeyi, 2019). Therefore, this study also discusses the strategy evaluation and implementation processes.

Regression Coefficients

The t-statistics and p-values define the relationship significance between the dependent and independent variables.

Table 2: Regression Coefficients of the Independent Variable

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
(Constant)	0.929	0.196		5.551	0.001
Strategy Formulation	0.328	0.056	0.309	4.331	0.000

Dependent Variable: Performance Outcomes

Table 2 depicts the standardized beta coefficients for explanatory variable. Strategy formulation significantly influenced performance outcomes of county governments at 95% confidence level and 5% significance level. Table 2 shows a significant influence of strategy formulation (β 0.309, $p > 0.000$). This means that when a receptive independent variable transforms by a single standard deviation, performance outcome (dependent variable) changes by a corresponding number of deviations. This study therefore establishes that strategy formulation is a factor influencing performance outcomes of county governments in the North Rift of Kenya.

CONCLUSION AND RECOMMENDATIONS

The study concluded that formulating effective strategies while incorporating the ideas of employees creates significant performance. Also, evaluation of the status of a strategy helps to handle challenges beforehand and prevent a crisis from happening. Strategy implementation with alignment to the set budget enables an organization to make efficient use of resources while minimizing wastage. This therefore influences organizational performance. The study also concluded that strategic leadership influences performance as leaders align the internal capabilities and resources.

They develop suitable strategies to lead organizations to success.

The study concluded that effective organizational mission and vision guides an organization toward the achievement of its set goals and objectives. Employee involvement in strategic management practices makes them motivated toward better performance due to the belief that the management is listening to their views. Proper strategy evaluation gives room for innovation and corrective action from strategy formulation and implementation.

The findings in this research offer a recommendation that leaders emphasize more on the vision, communicate it and have commitment toward achieving the vision since it positively influences the effectiveness and performance of an organization. The research put a lot of emphasis on the complex and dynamic environment of organizations. County governments should put emphasis on environmental scanning before formulating any strategies to find out the threats, opportunities, weaknesses, and strengths facing the organization. This will help county governments in predicting changes and improved service delivery to the public.

Managers can also formulate new strategies and work coordination to ensure the realization of goals. Organizations should also efficiently use resources to ensure better performance creating an advantageous position. The Kenyan government can use the findings in the exploration to scrutinize the use of strategic management process with the aim of implementing the ideas and goals of sustainable development. Managers may apply the findings from this study to improve organizational performance in other sectors of the economy.

The outcomes in this investigation expands the existing literature and the frontiers of knowledge by the empirical confirmation that strategy formulation influences performance of county governments in Kenya.

Further Research Areas

This research focused on the impacts of strategy formulation on performance outcomes in the county governments of the North Rift, Kenya. Future study should involve examining the role of leadership styles in performance. Due to this study's cross-sectional nature, future research should emphasize on conceptualized testing of theory employing methodologies that test for causality. It is also necessary to perform this study in other contexts. The replication of studies will assist strategic managers to draw patterns that depict the influences of strategy formulation on different structural outcomes.

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