The Nexus Between Strategic Planning and Service Delivery Among Agribusiness State Corporations in Kenya

Bahati Keranga Mwita, Prof. Zachary Awino, Prof. Martin Ogutu, and Dr. Winnie Njeru

ABSTRACT

In keeping with the New Public Management dispensation, state corporations in Kenya have taken up strategic planning with a view to effect reforms for improved service delivery. Despite this, service delivery in the Agribusiness sub-sector in the country is riddled with inadequacies highlighted by among other complaints, unpaid produce supplies, dwindling finances, slumped agricultural extension services, and low produce prices. The study sought to specifically establish the effect of strategic planning on service delivery among agribusiness state corporations in Kenya. Grounded on the new public management theory, the study adopted the positivism paradigm and the descriptive cross-sectional research design. The study targeted all institutional heads from the 73 state corporations in the agribusiness sub-sector in Kenya. The study mainly employed inferential analysis. It was established from a simple linear regression that strategic planning has a significant and positive influence on service delivery. Based on the findings, it is recommended that policymakers in the country set a minimum budgetary allocation for state corporations directed towards strategic planning. The study also recommends that administrations across state corporations in the country offer administrative support to the departments and staff tasked with the formulation of strategic plans.

Keywords: Agribusiness, Kenya, Strategic Planning, Service Delivery.

I. INTRODUCTION

State corporations in Kenya have taken up strategic planning with a view to effect reforms for improved service delivery. As a management tool, strategic planning has over time earned sustained currency in the public services domain as a deliberate effort to yield prudent decisions and resulting actions that afford public sector organizations not only an improvement in service delivery (Mikalef & Pateli, 2017) but also assurance that institutional units are operating towards a common purpose and objectives.

Accordingly, a strategic plan is defined by Bryson et al. (2016) as a well-ordered determination to produce essential actions and decisions that both guide and shape what an establishment is, its core activities, and its business. Contextualizing the concept of public sector organizations, strategic planning is defined by Hendrick (2016) as a deliberate attempt to produce important actions and decisions that guide and shape the organization’s identity, activities, and goals.

The purpose of strategic planning in institutions within the public sector is in the content and not the planning process, which is to guarantee the capability of a public organization to deliver value to the public, which is paramount in differentiating nonprofit, private, and public sector organizations (Trigeorgis & Reuer, 2017). The present study adopts the operationalization of strategic planning by Hofer (1979) and Bryson et al. (2016), as involving an institution’s vision/mission, objectives/goals, internal analysis, external analysis, and action plans.

Strategic planning has been incorporated by virtually all sectors of world economies, as an integral avenue toward enhancing organizational performance (Garrison et al., 2015). To enhance public value through strategic planning, public institutions need to cultivate effective organizational capabilities as these determine their institutional strength hence effectively channeling resources towards a common goal for superior service delivery (Mikalef & Pateli, 2017). The shared motivation and point of consensus through stakeholder engagement in strategic planning helps form internal alignment and unity of purpose towards effective strategic implementation which results in adequate service delivery.

The agricultural sector contributes significantly (34% of the GDP) to the Kenyan economy (Kenya National Bureau of Statistics, 2020). State corporations within the agriculture sector, also called agribusiness parastatals, in Kenya, are
mandated to promote various agricultural activities in the country, on behalf of the government, including; the use of pesticides and pest control, regulation of the manufacturing process, exportation and importation, and promotion of technology generation, sound agricultural research, and distribution for improved productivity to ensure food security as well as environmental conservation (Kenya National Bureau of Statistics, 2016). Forty (73) Agribusiness parastatals are charged with the provision of public services and fostering wider development goals around agriculture including agricultural value addition, agricultural mechanization, inputs subsidies, strategic grain reserves, and insurance schemes (GoK, 2017).

Accordingly, in an effort to improve service delivery in response to mounting public complaints on inadequacies in government ministries and departments, the government of Kenya has made major interventions including the introduction of various sectoral policies and strategic plans including the National Agribusiness Strategy (2012), the National Youth Agribusiness Strategy covering the years 2017 to 2021, the Climate Smart Agriculture Strategy covering the years 2017 to 2026 and the Agricultural Transformation and Growth Strategy covering the years 2019 to 2029 (GoK, 2012, 2017, 2019). Despite these, service delivery in the Agribusiness sub-sector, administered by Agribusiness State Corporations in Kenya is riddled with inadequacies highlighted by among other complaints, unpaid produce supplies, dwindling finances, slumped agricultural extension services, and low produce prices (Mashombo, 2014; Andae, 2019). Coupled with a deceleration in the sector’s contribution to GDP from 6.0% growth in 2018 to 3.6% in 2019 (KNBS, 2020) and the limited key empirical literature with reference to the agribusiness context, the foregoing forms the contextual gap necessitating the present study. This study thus explored the nexus between strategic planning and service delivery among agribusiness state corporations.

II. LITERATURE REVIEW

The concept of strategic planning has been explored in pertinent global, regional and local contexts in relation to service delivery. In the United States, Poister (2017) studied the link between performance and strategic planning among national and federal public agencies. The study employed a desktop review design and found that both national and federal public agencies ought to connect their respective continuing performance management systems and strategic management more thoroughly in a reciprocating association. The study was however linear conceptualized with no indirect confounding factors studied, warranting the present study.

In Abu Dhabi, Al Sudaín and Arunprasad (2017) assessed in a descriptive survey how public sector organizations in Abu Dhabi perform in relation to strategic planning practices. The study found that public sector institutions are progressively taking strategic planning practices in the expectation that the same will result in improved service delivery. The study was however general to the public sector as a whole and not specific to a particular sub-sector of the public service which presents a contextual gap. The study was also conducted in Abu Dhabi which is a developed economy and hence socio-economically different from the Kenyan context.

In an extensive study on the effect of strategic management on the service delivery of public service organizations in Welsh multi-purpose local authorities, Andrews et al. (2012) found no significant influence of rational planning itself on service delivery but establish a significant effect of strategy on service delivery. The study particularly found that other strategic management elements including strategy formulation and content made a performance difference but were subject to certain positive combination (interaction) influences between the strategy elements as well as environmental contingencies. The study was however linear in conceptualization, focusing only on the direct association between strategic management and service delivery. The present study however also explores the indirect linkages. The study was also conducted in Welsh which is a developed economy and hence socio-economically different from the Kenyan context.

In Canada, Elbanna et al. (2016) found a significant and positive influence of formal strategic planning on service delivery in Canadian public service institutions. Similar results were also reported by Jimenez (2013) who found in a study of US city governments that strategic planning was linked to perceptions of enhancing the city governments’ fiscal performance during the great recession. Similarly, Poister et al. (2013) found a positive influence of formal strategic planning on cost-effectiveness or operating efficiency measures in an analysis of public transport organizations in the USA. The studies were however general to the public sector as a whole and not specific to state corporations or a particular sub-sector of the public service which presents a contextual gap. The studies were also conducted in developed economies hence socio-economically different from the Kenyan context.

In contrast, Walker and Andrews (2015) found in a desktop review of performance and management in sub-national governments, that rational planning and related techniques including performance management, targets, and benchmarking are likely to lead to improvements in performance but that the influence of strategy content, that is how institutions broadly adapt to their contexts, is only minimal. The study was however desktop in design and there lacked first-hand information from practitioners on the ground.

In Uganda, Kakooza et al. (2015) assessed how the delivery of health services in public institutions is affected by the application of strategic management with a focus on management style, communication, process and structure and found a positive effect of each strategic management practice on service delivery. In Tanzania, Lufonyo (2018) studied how service delivery is influenced by public sector reforms and management. It was found that reforms and strategic management practices significantly and positively influence service delivery. Both studies however explored the broader concept of strategic management which fails to give focus to such narrower practices as strategic planning.

In Kenya, Korir et al. (2015) explored how performance management influences public service delivery and
established a positive and significant relationship. The study was however also linearly conceptualized with a focus on the direct effects overlooking the indirect linkages, further warranting the present study. Additionally, the research was contextualized to NHIF which is a single institution, results of which may not be reflective of a whole sector that the present study focuses on.

III. METHODOLOGY

The target population comprised all 73 state corporations in agribusiness. The data was collected by the use of self-administered questionnaires targeting 73 heads (s) of state corporations in the agribusiness sector in Kenya. Specifically Chief Executive Officers, Director Generals, Managing Directors, or their equivalents who are charged and well versed with the strategic direction of their respective organizations. The questionnaire was self-designed. Validity and reliability of the instruments were ascertained with The Kaiser-Meyer-Olkin (KMO) Test values of more than 0.5 and Cronbach alpha values of more than 0.7 respectively as expected. Simple linear regression analysis was used in testing the stated hypothesis.

IV. RESULTS

H₀: Strategic planning does not have a significant effect on service delivery among the state corporations in the agribusiness sub-sector.

<table>
<thead>
<tr>
<th>TABLE I: RELATIONSHIP BETWEEN STRATEGIC PLANNING AND SERVICE DELIVERY</th>
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<tr>
<td>Model Summary</td>
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<td>Model</td>
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<th>Model</th>
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<th>Standardized Coefficients</th>
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<td>Model</td>
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<td>Std. Error</td>
<td>Beta</td>
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<tr>
<td>(Constant)</td>
<td>7.177</td>
<td>11.314</td>
<td>–</td>
<td>0.634</td>
</tr>
<tr>
<td>Strategic Planning</td>
<td>1.011</td>
<td>0.107</td>
<td>0.779</td>
<td>9.465</td>
</tr>
<tr>
<td>a.</td>
<td>Dependent Variable: Service Delivery</td>
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Simple linear regression analysis was performed, which produced the model summary, Analysis of Variance (ANOVA), and regression coefficients. It was on the basis of the statistical significance of the regression coefficients that the hypothesis test results were interpreted. The findings are shown in Table I.

The results in Table I show a correlation value (R) of 0.779 which depicts that there is a strong, linear dependence between the variables, strategic planning, and service delivery. An adjusted R Square value of 0.600 was further established indicating that strategic planning explains 60% of the variations in service delivery, while the remaining 40% is accounted for by other factors not included in the present regression model. Table II presents a summary of the test results for the hypothesis.

The ANOVA test results in Table II were performed at a 95% confidence level to show the model's goodness of fit. The results further demonstrate that the model predicting the relationship between strategic planning and service delivery was significant (F = 89.578, p < 0.05). The results further reveal that strategic planning had a significant positive influence on service delivery (β = 0.779, t = 9.465, p < 0.05). Therefore, the results imply that strategic planning has a significant influence on service delivery, violating the null hypothesis (H₀) that strategic planning does not have a significant effect on the service delivery of state corporations in the agribusiness sub-sector. The null hypothesis was therefore rejected.

V. CONCLUSION

Based on the study results, it can be concluded that strategic planning has a positive and significant effect on the service delivery of state corporations in the agribusiness sub-sector in Kenya. The conclusion was based on the findings illustrated in the summary results in Table II as indicated by a statistically significant standard beta value of 0.779 (P < 0.05), explaining 60% of the variance in service delivery. The standardized beta coefficient of 0.779 implies that for every 1% change in strategic planning, there was a corresponding
77.9% positive change in service delivery. The regression analysis can thus be rewritten as follows: SD= 7.177+0.779SP.

VI. IMPLICATIONS OF THE STUDY

It can be implied from the findings that for desirable and improved service delivery among Agribusiness State Corporations in the country, strategic planning is a critical success factor. This owes to strategic planning affording an institution consistency of actions and focusing all units within the institution towards a common purpose and objectives in line with the mission and vision charted out. This ultimately leads to improvements in service delivery. Beyond inspiring unity of purpose in the institution, strategic planning further provides a road map through which the organizational goals and objectives can be realized by detailing actionable steps towards the same.

Particularly in the agribusiness sector and with the constant advancements in technology and innovation, strategic plans allow the Agribusiness state corporations to foresee their future through both internal and external environmental analyses, and to prepare accordingly. As such, through environmental scanning, state corporations are able to anticipate certain unfavorable situations pertinent to their service delivery before they occur and take essential measures to avoid them. Agribusiness state corporations can therefore be proactive as opposed to merely reactive to situations as they arise, with a strong strategic plan. This allows the institutions to be abreast with the ever-dynamic trends in the environment and adapt their service delivery accordingly.

VII. RECOMMENDATIONS

As agribusiness state corporations in the country that seeks to improve their service delivery ought to consider strengthening their strategic planning, through an adequately formulated strategic plan and adherence to its implementation. Strategic planning will aid institutions both at the national and county levels and the local government realizes their long-term vision by setting up goals and objectives in a systematic as well as incremental manner. Simply, the administration of state corporations needs to fund their departments to develop a strategic plan that looks at what's going on today, where they want to be tomorrow and which steps they will need to take in order to get their institutions there.

Agribusiness state corporations stand to benefit from the consistency of actions and unity of purpose towards a common purpose and objectives in line with the stated mission and vision, which eventually results in service delivery improvement. Strategic planning ought to provide a road map through which the organizational goals and objectives can be realized by detailing the actionable steps and organizational activities towards the same. Since the agriculture sector is the backbone of most developing economies, strategic planning can, for instance, spark insights about how to restructure agribusiness state corporations so that they can reach their full potential. Indeed, a proper strategic plan can provide a systematic, analytical, and deliberate approach to strategy formulation that also clarifies for both internal and external stakeholders what the state corporation’s priorities are and how they should be addressed, as well as assisting them in determining their fit with the prevailing environment.

VIII. LIMITATIONS

Despite examining the effect of strategic planning on service delivery among agribusiness state corporations in Kenya, the study was coupled with some setbacks. To begin with, the unit of observation across the 73 state corporations in agribusiness was the head(s) of state corporations in the same sub-sector. This left the vital views of other stakeholders in the industry. The study may have been subjected to sampling bias as the opinions of service recipients who are the ultimate users of the service provided. Since the study focused on agribusiness state corporations with specific mandates, it may not be possible to generalize the findings to other sectors of the economy like manufacturing firms mainly concerned with the production

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