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EFFECT OF STRATEGIC PLANNING ON PERFOMANCE OF DEPOSIT TAKING MICROFINANCE INSTITUTIONS IN KENYA

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Abstract: **This study sought to establish the effect of strategic planning on the performance of deposit taking microfinance institutions in Kenya. The study was guided by these specific objectives; to establish the effect of budgetary plan strategy on performance of Microfinance institutions in Kenya, to find out the effect of objectives setting on performance of Microfinance institutions in Kenya, to establish the effect of management strategic decisions on performance of Microfinance institutions in Kenya and to determine the effect of marketing strategies on performance of Microfinance institutions in Kenya. The study was anchored in the resource-based theory, contingency theory, Asymmetric Information Theory and stakeholder theory. This study adopted descriptive survey research design. The target population of this study is the senior management staff and the junior staff of Kenya Women Finance trust head office.The study used census sampling method where the target population will form a sampling frame of 52 respondents. A structured questionnaire was used to collect primary data while the study also made use of secondary sources of information such as books, Microfinance reports and business journals. To test the validity and the reliability of the questionnaires pilot test was conducted before they are fully given to the respondents. The sample size of the study is 52 respondents.Data was analyzed using descriptive statistics done with the help of software program SPSS version 21 and presented using frequency distribution. In addition, measure of central tendency was applied to determine the relative importance of each of the two variables with respect to performance of microfinance institutions. Ethical was paramount during the entire process of the study. From the findings, results indicated that all predictor variables; budgetary plan strategy, objectives setting, management strategic decisions and marketing strategies, were important determinants of performance. Furthermore, the findings showed that budgetary plan strategy, objectives setting, management strategic decisions and marketing strategies positively associated with performance. Regression findings indicated that all independent variables; budgetary plan strategy, objectives setting, management strategic decisions and marketing strategies were statistically significant predictors of performance. It can be concluded that budgetary plan strategy, objectives setting, management strategic decisions and marketing strategies did have an effect on performance. The study recommends that Microfinance institution should put more focus on this strategies in order to succeed.**

Keywords: **budgetary plan strategy, objectives setting, management strategic decisions, marketing strategies.**

1. INTRODUCTION

In complex global environment, unpredictable changes, time and uncertainty play an important role. Such changes have removed many organizations from the competition area and predictions about the future have been failed (Hanafizadeh et al., 2006). In the strategic planning process, time and uncertainty have an important role too. Today organizations try to identify, strengthen and improve their capabilities for adapting and completing their knowledge and skills to cope with this turbulent environment, while in such a complex and competitive environment where there are saturated and compact markets, lacking strategic planning, place organizations in a poor competitive situation and eventually confront them to failure (Hamidizadeh and Shahri, 2007). Therefore, if an organization wants to adapt itself with external environment and customer needs, it requires a strategy. Porter says that an effective and strategic planning helps the organization to gain competitive advantage compared to other competitors. Indeed strategy renders choices about what not to do as important as choices about what to do. He believes that the root of the problem is the failure to distinguish between operational effectiveness and strategy, because most of organizations pay attention to effectiveness without considering how they can achieve desired effectiveness (Porter, 1996)

Strategic planning is an important component for any organization. By strategically planning its operations the organization is able to identify its strengths and weaknesses (Pirtea and Nicolescu, 2009). Operational environments for the organizations have become uncertain and therefore changes have become unpredictable (Bryson, 2004). According to Bryson (2004) strategic planning can help an organization that is in unpredictable environment to learn its environment and act strategically in the same environment. According to Mintzberg and Lampel. (2009) strategic planning had been studied for the longest time in the history of strategy and was the core of ten schools of thought since every school of thought had a strategic planning initiative. Strategic management was therefore defined as a methodology that could be put in place by management to give directions to be followed in that organization (Alves &Padula, 2011). A study carried out by Alves (2011) showed that strategic planning brings out the purpose of the organization. Further strategic planning can be defined as the establishment of a sustainable profitable position by one organization against its competitors in the environment (Kathuni & Mugenda, 2012).

Mugenda (2012) argued that strategic planning is a deliberate action that led a company to gain sustainable competitive advantage. According to Ansoff (1990) firms that failed to compete favorably in the environment and failed to achieve a competitive position became unprofitable. Porter and Kramer. (2006) stated that competition in an industry determined the profitability of the specific firms in the industry that planned strategically. It's therefore of importance that an organization uses strategic planning to achieve sustainable competitive advantage (Kutcher, Jones, and Widener, 2008). Bleakly (2006) argues that planning ought to flow successfully from the top management to the lower level management.

1.1.1 Global Perspective of strategic planning

Globally, strategic planning has been considered as the most important practice which distinguishes organizations from each other's (Sharabati and Fuqaha, 2014).Organizations engage in strategic planning in order to achieve clarity of future direction, design internal action approaches, make proper choices and priorities, deal effectively with organizational changes and uncertainties in external environment, build team work and expertise based on resources, processes and people and develop effective strategies to improve organizational performance, (Cole, 2004 & Peng, 2007).

Mintzberg (1998) notes that the realized strategy among Canada organizations may be as a result of the deliberate or emergent strategy. This because a well-developed, logically complete strategy, can be tested by the market and adjusted by managers to improve its ability to generate competitive advantage (Barney, 2009).This also implies that practitioners in Canada that uphold the design school of thought (deliberate, deterministic or prescriptive strategic plans), should also appreciate the arguments brought forth by the process school (emergent, intuitive, contingency or descriptive strategic plans).

According to Alsadi and Ismail (2010), strategic planning is the key process to achieve organizational vision, strategy and objectives in USA, All organizations in USA whatever they are, whatever they do, they should perform strategic planning practices to ensure that they fit within their environment.According to Muogbo (2013), strategic planning is not common among the Microfinance institutions in Anambra State, Nigeria; adoption of strategic planning has significant effect on competitiveness and also influences Microfinance institutions; that strategic planning has effect on performance and that its adoption has significantly increased organizational productivity of Microfinance institutions in Nigeria; also, it enhances structural development of Microfinance institutions

1.1.2 Local Perspective of strategic planning

Strategic planning practices in Kenya commenced slowly and gradually back in the 1960s but are presently gaining currency and popularity (Yabs, 2007). The public sector finds the concepts of strategy and strategic planning just as important as in commercial firms and hence public secondary schools in Kangundo Sub-County are required to formulate strategic plans in tandem with the MOE's strategic plan in order to foster the government's agenda to provide every

Kenyan child with the right to quality education and training (Birgen, 2007). Besides adoption of strategic planning as a government's policy, the dwindling resources coupled with the ever changing and highly competitive environment have made strategic planning a necessary practice (Gode, 2009).

In Kenya, a study by Juma and Okibo (2016) on the effects of strategic planning on the performance of public health institutions in Kisii County, Kenya revealed to a great extent that technology architecture strategy if fully embraced would lead to efficient service delivery in health care provision. Strategic drivers of performance are closely linked to specific strategies and value drivers in order to maximize organizational performance.

1.1.3 Microfinance Institutions in Kenya

The Kenyan microfinance sector is one of the most vibrant in Sub-Saharan Africa (FSD, 2012) and traditionally a lender to the poor. Microfinance institutions fill a needed Gap within the financial services industry by offering small loans, or micro-loans, to people unable to access conventional loan services. Armendariz and Morduch (2005) postulates that microfinance refers to all types of financial intermediation services; savings, credit funds transfer, insurance, pension remittances, provided to low-income households and enterprises in both urban and rural areas, including employees in the public and private sectors and the self-employed. Microfinance institutions vary in size and function with some organizations focusing entirely on micro financing, while others work as extensions of large investment banks. Microfinance institutions in Kenya are regulated under The Microfinance Act, 2006 and the Microfinance Regulations issued there under sets out the legal, regulatory and supervisory framework. The Microfinance Act became operational with effect from 2nd May 2008. The Microfinance Act regulates the establishment, business and operations of microfinance institutions in Kenya through licensing and supervision (Kenyan Constitution, 2010). The Act enables microfinance institutions licensed by the Central Bank of Kenya to mobilize savings from the general public, thus promoting competition, efficiency and access to the funds. Before the enactment of Microfinance Act, the MFIs operating in Kenya were unregulated unless they optionally entered the Association for Microfinance Institutions (AMFI), based in Nairobi and funded by a USAID grant. According to Association of Microfinance institutions (2015), there are 59 microfinance institutions operating in Kenya. Microfinance industry plays a pivotal role in deepening financial markets and enhancing access to financial services and products by majority of the Kenyans (Central Bank of Kenya, 2016).

1.1.4 Kenya Women finance trust (KWFT) microfinance bank

Kenya Women Microfinance Bank Limited (KWFT) was established in 2008 and began its operations in 2009 after successfully taking over the Microfinance business from Kenya Women Holding (KWH). Since its inception KWFT has risen to be one of the most successful Microfinance Institutions in the country with the largest network. In 2014, Kenya Women Finance Trust Deposit Taking Microfinance changed its name to Kenya Women Microfinance Bank Limited (KWFT).This transition brought forth tremendous changes as now KWFT offers fully fledged banking services (https://www.kwftbank.com/our-story/who-we-are/history).

From humble beginnings of two offices in Karatina and Kilifi town, KWFT is now serving over 800,000 clients across the country, with over 245 network of offices spread across 45 out of the 47 counties in Kenya, thus ensuring that KWFT has deep penetration into remote, rural and peri-urban areas to ensure that women gain financial inclusion to uplift their living standards. Being the only Women's Bank in Africa, KWFT endeavors to Partner with Women to create a better Society (https://www.kwftbank.com/our-story/who-we-are/history).

1.2 Statement of the problem

Microfinance has a very important role to play in development according to proponents of microfinance. UNCDF (2004) states that studies have shown that microfinance plays three key roles in development ; it helps very poor households meet basic needs and protects against risks, is associated with improvements in household economic welfare, helps to empower women by supporting women's economic participation and so promotes gender equity. The main goal of MFI is to provide sustainable microfinance facilities to the poor to facilitate income generation and reduce poverty (Baumann, 2001).The aim of microfinance according to Otero (1999) is not just about providing capital to the poor to combat poverty on an individual level, it also has a role at an institutional level. It seeks to create institutions that deliver financial services to the poor, who are continuously ignored by the formal banking sector. Littlefield and Rosenberg (2004) states that the poor are generally excluded from the financial services sector of the economy so MFIs have emerged to address this market failure. The microfinance banks market share is based on a weighted composite index comprising assets, deposits,

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capital, number of deposit accounts and loan accounts. As at 31st December 2016, the Performance of microfinance banks declined in all key performance parameters compared to 31st December, 2015 for example, profit before tax decreased by 169 percent from KShs. 549 million for the period ended December 2015 to a loss of KShs. 377 million, customer deposits declined by 1 percent from 40,539 million to 40,198, return on assets declined by 150 percent from 1 percent to negative 0.5 percent and return on shareholders' funds decreased by 164 percent from 5 percent to negative 3.2 percent for the period ended December 2016 (Central Bank of Kenya Supervision Annual Report, 2016).

From the central bank report, it's evident that the performance of MFIs in Kenya is poor. Therefore, this study seeks to examine the effect of strategic planning on performance of Microfinance institutions (MFIs) in Kenya a case of Kenya women Finance Trust (KWFT) Microfinance Bank. Also from the literature, most of the studies done on strategic planning and performance have focused on commercial banks and other organizations, leaving out Microfinance banks which are very key to poverty eradication to rural areas as well as key drivers to the growth and development of the economy. Therefore it's vital for the researcher to bridge the Gap by understanding the effects of strategic planning on performance of microfinance institutions in Kenya.

1.3 Objectives of the Study

1.3.1 General Objective of the Study

The general objective of the study was to examine effect of strategic planning on performance of Microfinance institutions (MFIs) in Kenya.

1.3.2 Specific objectives of the Study

1. To establish the effect of budgetary plan strategy on performance of Microfinance institutions in Kenya.
2. To find out the effect of objectives setting on performance of Microfinance institutions in Kenya.
3. To establish the effect of management strategic decisions on performance of Microfinance institutions in Kenya.
4. To determine the effect of marketing strategies on performance of Microfinance institutions in Kenya.

1.4 Research questions of the study

In order to address the above stated problem the following questions was answered.

1. What is the effect of budgetary plan strategies on the performance of Microfinance institutions in Kenya?
2. What is the effect of objectives setting on the performance of Microfinance institutions in Kenya?
3. What is the effect of management strategic decisions on the performance of Microfinance institutions in Kenya?
4. What is the effect of marketing strategies on the performance of Microfinance institutions in Kenya?

2. LITERATURE REVIEW

2.1 Introduction:

The underpinning theories of this study included; resource-based view theory, contingency theory, Asymmetric Information theory and stakeholder theory. To illustrate the fundamental concepts of strategic planning on performance of Microfinance institutions (MFIs) in Kenya. A conceptual framework that integrates the independent and dependent variables was developed as shown in figure.

2.2.1 Resource-Based View Theory

The resource-based view (RBV) stems from the principle that the source of a firms competitive advantage lies in their internal resources, as opposed to their positioning in the external environment. The firm can translate these resources and capabilities into a strategic advantage if they are valuable, rare, and inimitable and the firm is organized to exploit these resources. Along general lines of this theory, two key concepts are resource and capability. According to Hashim (2005), a resource is anything which could be thought of as strength or a weakness of a given firm. More formally, a firm's resources at a given time could be defined as those (tangible and intangible) assets which are tied semi permanently to the firm. Examples of resources are: brand names, in-house knowledge of technology, employment of skilled personnel, trade contracts, machinery, efficient procedures and capital. This theory is relevant to this study because the theory tries to provide a meaningful basis for prudent utilization of the resources. Prudent absorption of resources can't happen without a proper budget plans. Therefore, for any meaningful resource utilization managers need first to establish different decision packages associated with performing each work task, such as forecasting the costs and benefits of conducting a project or outsourcing it, or centralizing versus decentralizing operations.

2.2.2 The Contingency theory

This theory started to emerge during 1960s with such publications by Burns and Stalker (1961), Chandler (1962) and Lawrence and Lorsch (1967). The basic paradigm of contingency theory is that organization seeks effectiveness by fitting characteristics of the organization with contingencies that reflect its situations. It is a perspective on management that emphasizes that no single way to manage people or work is best in every situation. It encourages managers to study individual and situational differences before deciding on a course of action. Earlier critics on this theory came from Child in 1972, in which he argued that structure was not entirely defined or determined by changes in contingencies. Aside from contingencies, strategic choice, which controlled by organizational decision-makers, also played major role in choosing types of structure and also changes in contingencies that the organization decided to take. In this view, it was not necessarily contingencies that followed structure, but changes in structure could also lead to changes in contingencies.

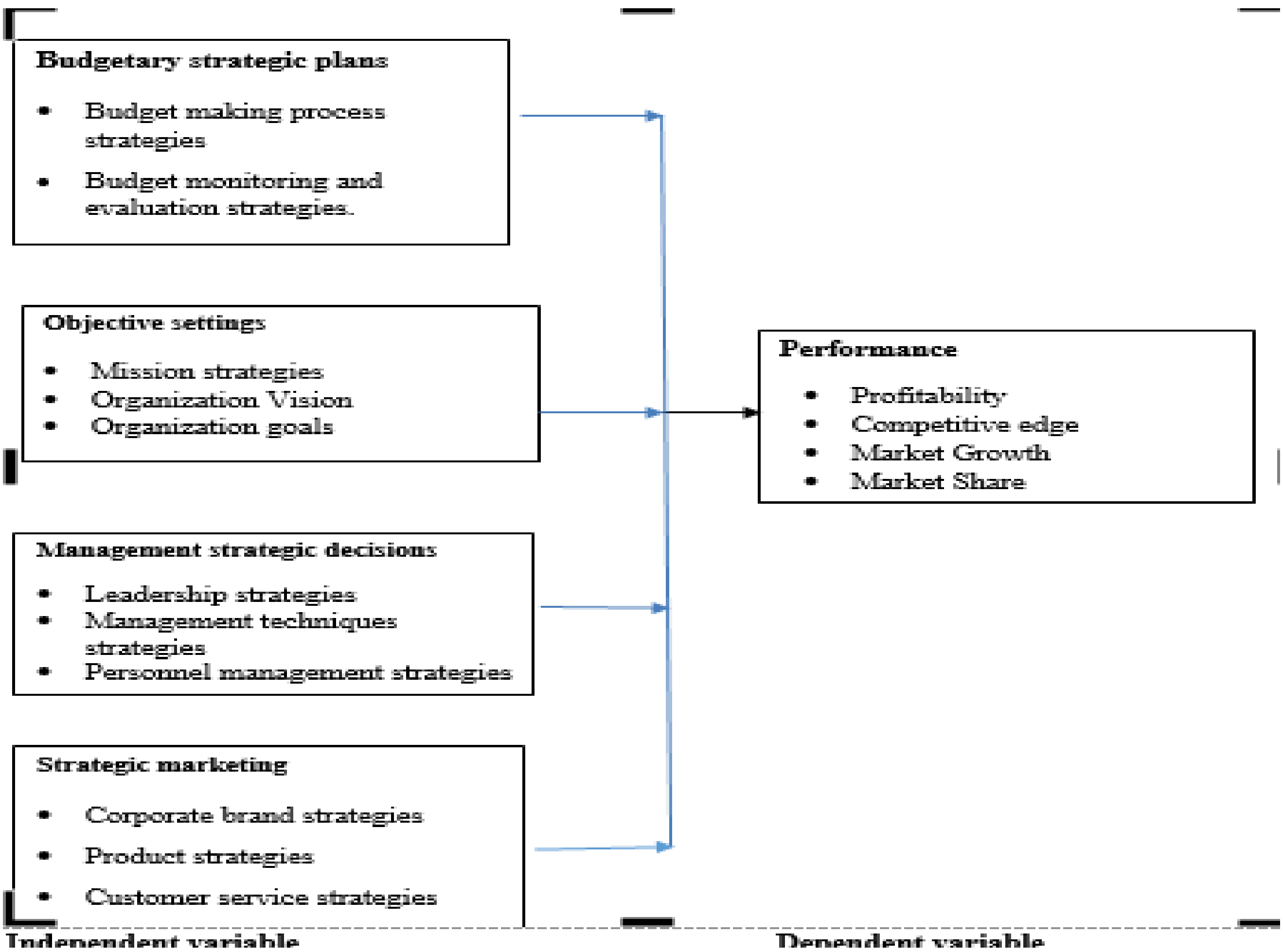
This theory is relevant because, during the process of strategy objective setting, the main strategic management theories should be applicable to management of organization as tools to assist them in making strategic and guided objectives. The main emphasis of the theory therefore is that even for the same type of organization, and by using the same techniques and methods of strategic management, the outcome should vary depending upon the situational variables that made up the internal environment of organization, as well as the dynamics of organization's external environment (Khairuddin, 2005).

2.2.3. Asymmetric Information Theory

Information asymmetry denotes a state in which corporate managers make out extra about the estimates for, and dangers probable to face their initiatives, than do moneylenders (PWHC,2002).It defines a condition whereby the parties intricate in an obligation are not aware of noteworthy information as relating to a definite product. In a liability market, data irregularity rises if a borrower who frequently receives a credit has more information regarding the imaginable risks and returns linked to undertaking projects where funds are held in reserve.The lender, instead, has insufficient confirmation about the partaker of the credit or the debtor..Binks(1992) assert that apparent information asymmetry may result to two difficulties for the banks, ethical hazard and opposing collection (making mistakes in advancing choices).Bankers are faced with information asymmetry while measuring proceeding submissions (Binks and Ennew,1996).Information necessary to device the capability and obligation of the businessperson, and the forecasts of the occupational maybe inefficient to obtain, not available or problematic to comprehend.This generates two types of dangers for the Banker (Deakins,1999).The possible for contrary assortment which happens when banks advance to companies which successively flop or once they do not advance loans and credit to trades which go on to develop to be productive. *(*Altman (1971).

2.2.4 Stakeholders' Theory

In definition stakeholder theory (Clarkson, 1994) states that a firm is a system of stake holders operating within the large system of the host society that provides the necessary legal and market infrastructure for the firms activities the purpose of the firm is to create wealth or value for its stake holders by converting their stake into good and services thus view is supported by (Blair, 1995) who proposes that the goods directors and management should be maximizing total wealth creation by the firm the key to adhering thus is to enhance the voice and provide ownership like incentives to those participants in the firm who contributes or controls critical specialized inputs (firm specific human capital) and to align the interests their critical stake holders with the interest of outside passive stakeholder. Consistent with those view by Blair to provide voice and ownership like incentives to critical stockholders (Porter, 1992) recommended to us by policy makers that they should encourage board representation by significant customer's and suppliers financial adverse, employees and community representatives. (Porter, 1992) also recommended that corporation seek long term owners and gives them a direct voice in governance.



Independent variable **Dependent variable**

Figure 2.1: Conceptual framework.

2.4 Empirical Review

2.4.1Budgetary plan strategy

Budgetary plan strategy involves comparison of actual performance with the budgeted with the view of ascertaining whether what was planned agrees with actual performance. If deviations occur reasons for the difference are ascertained and recommendation of remedial action to match actual performance with plans is done. The basic objectives of budgetary control are planning, coordination and control. Budgeting is one of the most successful and useful management accounting techniques that can reap handsome rewards if properly understood and implemented (Suberu, 2010).It facilitates effective utilization of available funds, improve decision making, and provide a bench mark to measure organization performance, The success and importance of budgeting relates to the identification of organizational goals, allocation of responsibilities for achieving these goals, and consequently its execution (Drake &Fabozzi, 2010).

Basically, budgetary plan strategy enables management more effectively to plan, coordinate, control and evaluates its activities. It is a device intended to provide greater effectiveness in achieving organizational efficiency (Chenhall &Langfield, 1998).A budget provides a detailed plan of action for an organization over a specified period of time. By planning, problems are anticipated and solutions thought. This helps to reduce on costs and achievement of goals is enhanced (Mathis, 1996).Through budgetary plan strategy, managers coordinate their efforts so that objectives of the organization match with the objectives of its parts. In budgeting, the focus is not only to prepare the budget but more importantly to have a Follow-up operation for budgeting and act according to known data. In addition, budgets are also known as a financial expression of a country’s plan for a period of time (Falk, 1994).

2.4.2 Objectives setting

Baldwin and Bordoli (2014) states that regardless of the definition chosen for objectives setting, it has the objective of achieving a number of common factors including the production of realistic schedules and costs, the completion of an activity to defined standards of quality, design criteria, project resources, health and safety, and meeting project stakeholders' expectations. The significance of objectives setting was recognized in early construction studies in which it was argued that objectives setting needed to be improved by considering more efficient management strategies in planning.

According to Dvir and Lechler, (2014), there is a strong correlation between successful objectives setting and the performance of Microfinance institutions from the perspective of stakeholders. These authors also indicated that clear definitions of functional and technical specifications in objectives setting can lead to more effective execution of work. They also found a strong correlation between successful implementation of planning procedures and benefits to project stakeholders. Such findings are confirmed in a later study which indicated that performance can be measured in view of the quality of objectives setting; whereas poor planning means uncontrolled alterations in the planning variables of time, cost and quality (Dvir & Lechler, 2014).

Objectives setting for excellence in performance needs to consider all aspects of the organization: from the working relationships among employees and managers and between staff and management, to the roles of the various players for example the role of the executive project sponsors, to the organization's structure and culture. Objectives setting are vital for every organization's survival. Effective objectives setting can mean the difference between long-term success and failure.

2.4.3 Management strategic decisions

Various researchers have discussed what management strategic decisions are, their characteristics and their importance. Dess and Priem (1995) define management strategic decisions as those decisions which affect the long term performance of the business and which relate directly to its aims and objectives. They directly affect the nature and the success of the firm, are typically novel, and occupy the thinking of senior management (Sergio Janczak, 2005).However, they can be greatly influenced by people lower down in the organization (Bower, 1970). Mintzberg et al (1976) Also state that strategic decisions are those fundamental decisions that shape the course of an organization. According to Duhaime and Baird (2007), management strategic decisions are based on sight from the external environmental assessment and are responses to strategic questions about how the organization will compete. For example, who is the target customer for the organization's products and services and what is the geographic scope of the business. Mintzberg et al, (1976) state that strategic decisions are those fundamental decisions that shape the course of an organization. In other words, the decisions which are important in terms of actions taken, the resources committed, or the precedents set. They are usually infrequent and made by top management of institutions because they do have an impact on its performance or even its survival.

2.4.4 Marketing strategic decisions.

Marketing strategies help companies and organizations employ marketing strategies that will help them realize both their long-term and short-term objectives (Walker, 2011). Wilburn (2011) noted that marketing strategy is a major contributor in the performance of a company and it helps a company do business in accordance with its objectives and it helps many companies achieve their targets or realign their objectives. Marketing is important in business as it helps convince potential customers buy a company's product it is more important due to many company's offering similar products a marketer must take his time to persuade and convince potential buyers buy their products.

Consumer market and backed by adequate financial resources, and when they featured unique and creative messages. It also found that favorable product attributes could be achieved by marketing campaigns that promoted product uniqueness, had adequate financial resources, and used creative messages and appropriate media. Marketing practices and activities are geared towards establishing new and better attractive business opportunities where the firm can invest it's resources and exploit other potential chances with the view of making better returns and hence profitability. It starts with assessment of current situation analysis followed by the reviewing and possible evolution of the market and the environment and establishing objectives with the goal of exploiting opportunities (Lambin & Armalio, 1991).

2.4.5 Organizational Performance

Organizational performance is a concept used to define how healthy a company is in terms of finances, products and shareholder return (Begic and Duman, 2013). It involves the output or results of a company as measured against its intended objectives. Organizational performance also includes the recurring economic activities meant to achieve organizational goals, monitor progress, and make different kinds of adjustments to achieve the set goals in a more effectively and efficiently. Rubera and Kirca (2012), states that the score card of an organization involves how able an organization is in fulfilling its objectives through better management of the company, strong leadership and a persistent commitment to achieving set goals. Organizational performance is important in the process of monitoring the progress of an organization. It includes the process of measuring the actual performance outcomes against its intended objectives. This Process utilizes the top-down approach to setting performance criteria and not a bottom-up approach which is often used in different companies.

2.5 Critique of the Empirical Literature.

From the empirical literature, some of the studies portrayed some deficiency. For instance a study by Nicholas and Ghobadia (2002) on effective strategic planning in small and medium sized firms in UK and a study by Fauzia Ali Matano (2016) on Strategic planning in the banking sector: a case of co-operative bank, Kenya respectively lacked clear independent and dependent variables. On the hand some studies lacked proper conclusions and recommendations which can be relied upon by key players in the respective sectors for example the work of Dorice, Wilfred and Titus (2015), in their study on the effect of strategic planning on the performance of Savings and Credit Co-Operative Societies in Kakamega County concluded that, there was positive effect of strategic planning on performance of organizations. This is not a satisfactory conclusion to be relied on. Further some studies lacked clear statements of the problem and proper Gaps compelling the researcher to undertake the study, as well appropriate theories supporting the work. Sihab (2012) explored the strategic planning practices and tried to understand the link between strategic planning practices, institutional context, and performance in the regional government-owned banks in Indonesia.

Loannis et al. (2013) in his study investigated the nature and extent of strategic planning in the Greek hospitality industry and its outcomes based on Greek managers' views. This paper aims to give some insights into the nature and extent of use of strategic planning processes and its positive outcomes in the Greek hospitality industry through a study based on a sample of 21 Greek five-star hotels. The survey was carried out via the use of postal questionnaires. Question items were based on the literature review of strategic planning process, executive's satisfaction from planning and business performance. Primary research was conducted, by collecting information from the general managers of Greek five-star hotels. The questionnaire consisted of four sections. Planning formality, functional coverage, internal and external orientation, centralization of the strategic planning process and time horizon of planning are the five dimensions of strategic planning measured in the first part. The second part examined the executives' satisfaction with the strategic Planning of their hotels. The third section asked managers' perception of financial performance based on turnover, growth in earnings, changes in market share, return on investment and the average occupancy rate. The last section asked the managers for some of their personal characteristics (i.e. age, educational background and tenure in company).The main findings of the research identified some major strategic planning dimensions to include: planning formality, functional coverage, internal and external orientation.

2.6 Summary of the Literature Review

The study looked at the literature perspective of the study. The main theories that the chapters covered are Resource-Based Theory, The Contingency theory, Strategic Management Theory and Market-Based View (MBV) Theory. The chapters concentrated on four factors that performance of Microfinance institutions in Kenya. The chapter concluded by looking at the research gaps and it has identified various gaps that are related with this study which need to be filled. For instance the study will fill the knowledge gap by conducting on the effect of strategic planning on the performance of Microfinance institutions in Kenya.

2.7 Research Gaps

Various studies have been conducted on strategic planning and organizational performance both locally and internationally. Internationally, A study on the impact of Strategic Planning on the Performance of Insurance Companies in Nigeria and established that strategic planning enhances customer patronage and reduces unethical practices in the

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Nigeria insurance industry (David ,2003).On the other hand, a study to analyze strategic planning, management and leadership in praxis of public and private sector thus identifying opportunities to improve other's sectors performance established that in public sector there is great emphasis on strategic planning part of management process, but implementing plan to clear activities and getting right result sometimes delays or is even missed (Cole, 2004, Peng, 2007).Locally, a study on the challenges in implementation of strategic plans in public secondary schools was conducted in Webuye constituency (Wanyoike, 2015and another study on influence of strategic planning on Performance of public universities in Kenya was conducted in the University of Nairobi (Mwaura (2010).All the above research studies were case studies and hence their findings cannot be generalized to Microfinance institutions in Kenya. In addition none of these studies focused on how budgetary plan strategy, objectives setting, management strategic decisions and marketing strategies influence the performance of Microfinance institutions in Kenya.

3. RESEARCH METHODOLOGY

3. 1 Research Design

This study adopted descriptive research design for it to seek to gather data regarding various concepts to describe the effect of strategic planning on performance of Microfinance institutions in Kenya.

3.2 Target Population

The target population of interest in this study is senior management staff and other employees in credit Finance and operation departments in Kenya Women finance trust bank (KWFT) head office. The number of staff in senior management and other levels in credit, finance and operations departments will be as illustrated in table 3.1 below.

Table 3.1: Distribution of Target Population

Department	Senior management	Other Employees	Sub Total
Credit	5	15	20
Finance/Accounts	6	12	18
Operations	4	10	14
Total	15	37	52

Source: Researcher (2018)

The number of target population is 52 as shown in table 2 above

3.3 Sample and Sampling techniques.

Therefore this study seeks to target the entire population of the respondents from the department of Credit, finance and operations. The respondents will be chosen from the senior management and other employees. The total sample size was 52 as shown below

Table 3.2: Sample Size

Department	Target Population	Percentage	Sample drawn
Credit	20	100%	20
Finance/Accounts	18	100%	18
Operations	14	100%	14
Total	52	100%	52

Source: Researcher (2018)

3.4 Data Collection Instruments

According to Kothari (2004), data collection is the process of gathering information to serve or prove some facts. The study intends to use primary and secondary methods of data collection. According to (Sekaran, 2004) primary data refers to data collected at first time specifically for the issue under investigation. Putting the research objectives into consideration, questionnaires and Personal interviews with respondents will be the main instruments to be used to collect data in this study. Kothari (2004) terms the questionnaire as the most appropriate instrument due to its ability to collect a large amount of information in a reasonably quick span of time. It guarantees confidentiality of the source of information through anonymity while ensuring standardization (Kerlinger, 1973). It is for the above reasons that the questionnaire was chosen as an appropriate instrument for this study. The questionnaires was consist of properly constructed open and close ended questions in order to make it easier to obtain precise answers from the respondents. The study also made use of secondary sources of information such as books, Microfinance reports and business journals.

3.5 Data Collection Procedure

Data collection is the act or process of capturing raw primary data from a single or from multiple sources. The research sought to select the most appropriate data collection methods or techniques in order to gather data on the effect of marketing strategies on performance of microfinance institutions in Kenya. On the other hand the researcher required data collection tools according to the data collection method preferred to be employed. The researcher used questionnaires. The Questionnaires was administered to the respondents in order to gather information regarding effect of marketing strategies on performance of microfinance institutions in Kenya.

3.6 Pilot testing

The study carried out a pilot test to test the validity and reliability of the questionnaires in gathering the data required for purposes of the study.

3.7 Data Analysis and presentation

As eluded by Kothari (2004), data analysis is the part of an examination of what has been collected in a survey or experiment and making deductions and inferences. After collecting primary data, it will first be checked for correctness, completeness, consistency and accuracy, then tabulated and analyzed using the Statistical Package for Social Sciences (SPSS) software package .Data was analyzed using descriptive statistics (means and standard deviations) and multiple regression analysis. Frequency tables, pie charts, percentages, tables and graphs was used to present the findings of the study.

4. RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

The main objective of this research was to determine the effect of strategic planning on performance of deposit taking microfinance institutions in Kenya: a case of Kenya women finance trust. The specific objectives of the study were; to establish the effect of budgetary plan strategy, objectives setting, management strategic decisions, marketing strategies on performance of Microfinance institutions in Kenya. This chapter focuses on presenting the empirical results of the study. First, it presents the findings of the characteristics of the sample, and secondly, it focuses on the descriptive statistics. The descriptive analysis tries to give an impression of the values of the individual variables and their components based on inferential statistics which provide frequencies, percentages and averages (or mean). Thirdly, the data analysis focuses on testing the proposed hypothesis in relation to the research questions and reporting the actual research outcomes of the tested conceptual model. In this regard, the interpretation of the significance of these findings based on data analysis are presented and shows how the model developed from the literature review is supported by data analysis**.**

4.2 Preliminary Study

This section presents the preliminary findings of the study in terms of the study response rates as well as descriptive statistics of the study variables.

4.2.1 Questionnaire Distribution

The study was conducted among 52 who were among entire population of the respondents from the department of Credit, finance and operations headquarter of Kenya women finance trust. Research was conducted between the period August 1st 2018 to Feb 20, 2019. The full study was commenced soon after a pilot study was undertaken among 15 (10%) Credit, finance and operations from Kenya women finance trust Kitui branch, and after confirming that the research instruments were both valid and reliable.

Hand delivered questionnaires were distributed to each department in Kenya women finance trust headquarter upon making appointments and after confirmation of the agreed time of the visit. This allowed for adequate time to explain the questionnaire and address any issues that may not be out rightly clear. A set of three questionnaires were distributed to each department in Kenya women finance trust headquarter. In addition, one interview guide was used to solicit for additional information from each firm.

4.2.2 Response Rate

Fifty two respondents participated in the survey. This comprised 52 respondent which represent 100% of the sample target populations. Response rate has been defined by various scholars as the percentage of people who respond to a survey (Monkey, 2009; Bryman, 2008; Fowler, 1993). Determination of a response rate is important as a high survey response rate helps ensure that the survey results are representative of the survey population (Monkey, 2009).Although researchers have not come to an agreement on the appropriate response rate but Flynn, Schroeder, Sakakabira, Bate and Flynn, (1990) argue that it is important to reach a response rate that is greater than 50%. Fowler (1993) provides a response rate of between 30 to 90% as a guide and he argues that in survey research, the higher the response rate the less bias the estimates are. Another study by Stonehouse and Pemberton (2002) to determine strategic planning practices among 746 SMEs yielded a response rate of 21%. According to Kothari (2007), a response rate of 50% is acceptable to analyse and publish, 60% is good, 70% is very good and beyond 80% is an excellent response rate. Saunders, *et al.*, (2003) on the other hand indicate that 30 to 50 percent response rate is reasonable enough for statistical generalizations. Babbie and Benaquisto (2009) stated that a response rate of 50% is adequate while Bailey (1987) set an adequate response rate at 75%. Mugenda (2008) avers that a response rate of 50% is adequate, 60% and above good, and above 70% very good. Hence, the response rate of 100% was adequate for analysis**.**

4.3 Pilot Study Results

4.3.1 Reliability Results

Cronbach's Alpha was used to test the reliability of the questionnaire. Since the research instrument yielded reliability coefficient of more than 0.7 on effect of budgetary plan strategy, objectives setting, management strategic decisions, marketing strategies on performance of Microfinance institutions in Kenya. It can be concluded that the research instrument was adequate for subsequent analysis**.**

Table 4.1: Cronbach Alpha for Reliability Assessment

Variables	Cronbach Alpha	Remarks
Budgetary Plan Strategy	0.80	Accepted
Objectives Setting	0.73	Accepted
Management Strategic Decisions	0.82	Accepted
Marketing Strategies	0.84	Accepted

4.3.2 Validity Results

Kaiser-Mayor-Oklin measures of sampling adequacy (KMO) and Bartlett's test of sphericity were applied to test whether the correlation between the study variables exist. The Kaiser-Mayor-Oklin measures of sampling adequacy show the value of test statistic as 0634 and p-value <0.05. Bartlett's test of sphericity had a chi-square value of 9606.959, p-value of 0.000. Since the p-value is less than 0.05 then it implies that there exist a relationship among the study variables therefore providing a ground for further statistical analysis to be conducted.

Table 4.2: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.634
Bartlett's Test of Sphericity Approx. Chi-Square	9606.959
df	112
Sig.	.000

4.4 Demographic Information

The study sought the back ground information of the respondents which included gender, age, highest level of education and number of years in this industry.

4.4.1 Distribution of Respondents by Gender

According to this study findings respondents comprised of 56% (majority) male respondents and 44% female respondents.

Table 4.3: Distribution of Respondents by Gender

Gender	Frequency	Percentage
Male	29	56%
Female	23	44%
Total	**52**	**100%**

4.4.2 Distribution of Respondents by Age

Secondly, the study explored the age distribution of the respondents, both frequencies and percentages were used to summarize the study findings. Results in table below revealed that 57.7% aged between 26 – 30 years, followed by 13.5% who aged between 36 – 40 years. Since majority of the respondents were below 40 years.

4.4.3 Distribution of Respondents by Level of Education

Moreover, the study sought information on the highest level of education attained by the respondents. Results in Table 4.5 show that 36.54% had bachelor's degree, 19.23% had post-secondary school certificate and 25% were diploma holders. Since majority of the respondents had attained formal education training it would have been easy to develop and adopt a strategy in this industry**.**

Table 4.4: Distribution of Respondents by Level of Education

Age in years	Frequency	Percent
21 – 25 Years	4	7.6
26 – 30 years	30	57.7
31 – 35 years	5	9.6
36 – 40 years	7	13.5
41 – 45 Years	4	7.6
46 > Years	2	3.8
Total	**52**	**100**

Table 4.5: Highest Level of Education

Education Level	Frequency	Percent
High School	8	15.38
Certificate	10	19.23
Diploma	13	25
Bachelor's Degree	19	36.54
Post Graduate Degree	2	3.8
Total	**52**	**100**

4.5 Descriptive Statistics

According to Kumar, (2019). Descriptive statistics is the analysis of data that helps describe, show or summarize data in a meaningful way such that, for example, patterns might emerge from the data. This represented using percentage, mean, and standard deviation.

4.5.1 Descriptive Statistics of effect of budgetary plan strategy on performance of Microfinance institutions in Kenya

This section of the study sought of effect of budgetary plan strategy on performance of Microfinance institutions in Kenya. The findings are as presented in table 4.4. As evidenced in the table, The budget is driven through bottom-up participation (mean = 4.37, SD = 0.758).Besides, the budget is derived incrementally from previous budgets (mean = 3.97, SD = 0.939).Further, the budget systems and processes are included in disaster recovery and business continuity arrangements (mean = 3.99, SD = 0.987) with access to budget systems and tools is appropriately restricted (mean = 3.95, SD = 1.127).Also, Budget committee would focus on improving the company performance and competitiveness (mean = 3.69, SD = 1.036). Additionally, the Budget committee is expected to focus on the optimization of shareholders' wealth and prevent the maximization of personal interests by the top management (mean = 4.03, SD = 0.939).Moreover, Budget committee evaluates budget bids, including alignment with the organization‟s priorities (mean = 3.94, SD = 1.011).

Table 4.6: Descriptive Statistics of effect of budgetary plan strategy on performance of Microfinance institutions in Kenya

		SD	D	N	A	SA	Mean	Std. Deviation
The budget is driven through bottom-up participation	%	0	3.8	5.1	41	50	4.37	0.758
The budget is derived incrementally from previous budgets	%	2.6	5.1	14.1	48.7	29.5	3.97	0.939
Budget systems and processes are included in disaster recovery and business continuity arrangements	%	5.1	1.3	14.1	48.7	30.8	3.99	0.987
Access to budget systems and tools is appropriately restricted	%	5.1	6.4	15.4	34.6	38.5	3.95	1.127
Budget committee would focus on improving the company performance and competitiveness	%	0	15.4	26.9	30.8	26.9	3.69	1.036
Budget committee is expected to focus on the optimization of shareholders' wealth and prevent the maximization of personal interests by the top management.	%	2.6	5.1	11.5	48.7	32.1	4.03	0.939
Budget committee should be independent, competent, financially literate, adequately resourced and properly compensated	%	11.5	15.4	25.6	32.1	15.4	3.24	1.229
Budget committee evaluates budget bids, including alignment with the organization’s priorities	%	1.3	9	19.2	35.9	34.6	3.94	1.011
Budgetary Plan Strategy							3.780	0.575

Source: Research Data (2019)

4.5.2 Descriptive Statistics of the effect of objectives setting on the performance of Microfinance institutions in Kenya

The researcher also found it necessary to examine to effect of objectives setting on the performance of Microfinance institutions in Kenya. Below are the findings in table 4.5. From the findings in the table, objectives setting specifies goals and objective of our organization (mean = 3.97, SD = 0.95) and objectives setting distributes roles with clear lines of

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responsibility and liability (mean = 3.79, SD = 0.84). Setting objectives of our organization enables management to monitor progress towards attaining the goal (mean = 4.08, SD = 0.95). Further, Objectives setting at the outset provides the key implementation targets (mean = 3.85, SD = 0.99). Also, objectives setting establishes the risk management plan for our organization (mean = 3.92, SD = 0.85). Similarly, Objectives setting facilitates activities reporting and review arrangements for our organization (mean = 3.54, SD = 1.02). The findings provide management with useful information about the important practices of objectives setting on the performance.

Table 4.7: Descriptive Statistics of the effect of objectives setting on the performance of Microfinance institutions in Kenya

		SD	D	N	A	SA	Mean	Std. Deviation
Objectives setting specifies goals and objective of our organization	%	0.0	9	20.5	52.6	17.9	3.79	0.84
Objectives setting distributes roles with clear lines of responsibility and liability	%	0.0	3.8	28.2	39.7	28.2	3.92	0.85
Setting objectives of our organization enables management to monitor progress towards attaining the goal	%	3.8	3.8	20.5	48.7	23.1	3.83	0.96
Objectives setting at the outset provides the key implementation targets	%	2.6	3.8	25.6	39.7	28.2	3.87	0.96
Objectives setting establishes the risk management plan for our organization	%	2.6	12.8	30.8	35.9	17.9	3.54	1.02
Objectives setting facilitates activities reporting and review arrangements for our organization	%	0.0	7.7	34.6	23.1	34.6	3.85	0.99
Objectives Setting							3.52	0.71

Source: Research Data (2019)

4.5.3 Descriptive Statistics of the effect of management strategic decisions on performance of Microfinance institutions in Kenya.

The study sought to establish the effect of management strategic decisions on performance of Microfinance institutions in Kenya. The results are presented in table 4.6. From the table, the management of our organization investigates alternatives in details to generate more information to select from (mean = 4.05, SD= 0.924). Also, management of our organization explores and integrates ideas before making a decision (mean = 3.95, SD = 0.896). Besides, management of our organization selects the best alternative for decision making (mean = 3.77, SD = 0.952).Further, The management of our organization evaluates the plan before Implementation (mean = 3.76, SD = 0.996).As well, as the board of management communicates decisions to all its employees in order to make decisions (mean = 3.74, SD = 1.037). There is also a board of management communicates decisions to all its employees in order to make decisions (mean = 3.71, SD = 0.968). Moreover, the management of our organization shows commitment and support in implementing strategic decisions (mean = 3.63, SD = 1.369). Finally, the management clearly communicate and demonstrate the strategic plan to the employees and other stake holders (mean = 3.59, SD = 0.889). Findings imply that management strategic decisions have the potential to performance.

Table 4.6: Descriptive Statistics of the effect of management strategic decisions on performance of Microfinance institutions in Kenya.

		SD	D	N	A	SA	Mean	Std. Deviation
The management of our organization investigates alternatives in details to generate more information to select from	%	5.1	0	9	56.4	29.5	4.05	0.924
The management of our organization explores and integrates ideas before making a	%	11.5	9	21.8	20.5	37.2	3.63	1.369

decision								
The management of our organization selects the best alternative for decision making	%	2.6	7.7	30.8	30.8	28.2	3.74	1.037
The management of our organization evaluates the plan before Implementation	%	0	11.5	29.5	30.8	28.2	3.76	0.996
The board of management communicates decisions to all its employees in order to make decisions	%	2.6	0	26.9	41	29.5	3.95	0.896
The management of our organization shows commitment and support in implementing strategic decisions	%	3.8	2.6	28.2	43.6	21.8	3.77	0.952
The microfinance documented all strategic internal policies and procedures that are related to performing all significant administrative processes	%	2.6	9	23.1	46.2	19.2	3.71	0.968
The management clearly communicate and demonstrate the strategic plan to the employees and other stake holders	%	1.3	7.7	37.2	38.5	15.4	3.59	0.889
Management Strategic Decisions							3.982	0.683

Source: Research Data (2019)

4.5.4 Descriptive Statistics of the effect of marketing strategies on the performance of Microfinance institutions in Kenya

The study sought to establish the effect of marketing strategies on the performance of Microfinance institutions in Kenya. The results are presented in table 4.7. From the findings, it is evident that There is marketing strategy plan (mean = 4.19, SD = 0.74). Management clearly communicate and demonstrate the marketing strategic plan to the employees and other stake holders (mean = 4.03, SD = 0.789).

Table 4.7: Descriptive Statistics of the effect of marketing strategies on the performance of Microfinance institutions in Kenya

		SD	D	N	A	SA	Mean	Std. Deviation
There is marketing strategy plan	%	0	9	16.7	41	33.3	3.99	0.933
Management clearly communicate and demonstrate the marketing strategic plan to the employees and other stake holders	%	0	0	29.5	38.5	32.1	4.03	0.789
Microfinance management responsible for determining the nature and extent of the marketing strategies in achieving its strategic objectives	%	0	2.6	11.5	50	35.9	4.19	0.74
The outlet promotional strategy of our organization elicit attention, interest, desire and action to enhance performance	%	3.8	3.8	15.4	48.7	28.2	3.94	0.972
The pricing strategy of our organization is realistic and accurate	%	6.4	19.2	17.9	26.9	29.5	3.54	1.276
Our organization uses pricing skills and systems to respond quickly to market changes	%	2.6	21.8	17.9	34.6	23.1	3.54	1.147
The management of our organization ensures that quality and reliability of the product offerings gain importance	%	1.3	11.5	24.4	46.2	16.7	3.65	0.937
Marketing Strategies							3.533	0.577

Source: Research Data (2019)

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Also, Microfinance management responsible for determining the nature and extent of the marketing strategies in achieving its strategic objectives (mean = 3.99, SD = 0.933).Further, The outlet promotional strategy of our organization elicit attention, interest, desire and action to enhance performance (mean = 3.94, SD = 0.972).There is pricing strategy of the organization was realistic and accurate (mean = 3.65, SD = 0.937) and Our organization uses pricing skills and systems to respond quickly to market changes (mean = 3.62, SD = 1.009). Finally, it was found out that management of the organization ensures that quality and reliability of the product offerings gain importance (mean = 3.54, SD = 1.147).

4.5.5 Effect of strategic planning on performance of Microfinance institutions (mfis) in Kenya

The investigator sought to inaugurate the basics of effect of strategic planning on performance of Microfinance institutions (MFIs) in Kenya.

Table 4.8 Effect of strategic planning on performance of Microfinance institutions (mfis) in Kenya

Statements	Mean	Std. Dev.
There is improved microfinance capital in our Organization	4.524	.324
The organization has an increase in stakeholders of the Institution	4.326	.574
Our organization experiences growth of substitute venture Products	4.155	.452
Our organization experiences higher stakeholders' value	4.123	.544
There is decrease in defaults	3.521	.474

The study shows that the respondents agreed that there is improved microfinance capital in our organization with a mean of 4.524. The respondents further agreed that their organization has increased in stakeholders of the institution with a mean of 4.326. The respondents agreed that their organization experiences growth of substitute venture products with a mean of 4.155.On whether the respondents' organization experience higher stakeholders' value with a mean of 4.123. The respondents finally agreed that there is a decrease of defaults with a mean of 3.521.

4.5.5.2 Summary of qualitative report on performance

The analysis is categorized into financial Solvency which is measured by the Liquid assets over current liabilities hence presented by the solvency ratio. The Banks financial performance is measured by Return on Assets which is Net income over average total assets. The Asset quality measured by Non-performing loans over total loans and presented using the Non- performing loan ratio. The repayment capacity is calculated by total liabilities over total assets and presented by the debt ratio. Finally, the Client outreach is measured by the number of Accounts or the number of clients with active deposit accounts.

The objective of the study was to investigate the effect of strategic planning on performance base on profitability of Microfinance institutions (MFIs) in Kenya hence the study was based on ten years of Kenya Women Finance Trust. From the table 4.9 below, the effect of strategic planning on performance base on profitability had a profitability mean of 4.73. However, the study established that the effect of strategic planning on performance base on profitability of Microfinance institutions (MFIs) in Kenya had a standard deviation of 2.4999.

The objective of the study was to establish the effect of strategic planning on performance base on solvency of the micro-finance in Kenya hence the study was based on ten years of Kenya Women Finance Trust. From the table 4.9 below, the effect of strategic planning on performance base on solvency of the micro-finance in Kenya mean of 3.22. However, the study established that the effect of strategic planning on performance base on solvency of the micro-finance in Kenya had a standard deviation of 0.55

The objective of the study was to establish the effect of strategic planning on performance base on asset quality of the micro-finance in Kenya hence the study was based on ten years of Kenya Women Finance Trust. The asset quality was measured by the taking Non-performing loans over total loans and presented using the Non-performing Loans ratio. From the table 4.9 below, the effect of strategic planning on performance base on asset quality of the micro-finance in Kenya mean of 28.42. However, the study established that the effect of strategic planning on performance base on solvency of the micro-finance in Kenya had a standard deviation of 5.24

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Table 4.8.1: Summary of qualitative report on performance

Year	Profitability	Solvency	Asset Quality
2008	0.99	2.45	20.87
2009	1.73	2.67	20.91
2010	2.47	2.89	20.91
2011	3.21	2.76	27.5
2012	3.95	2.97	27.63
2013	4.69	3.21	31.34
2014	5.43	3.35	33.98
2015	6.17	3.43	31.57
2016	7.28	3.5	32.12
2017	7.59	4.08	32.5
2018	8.50	4.15	33.33
Total	52.01	35.46	312.66
Mean	4.73	3.22	28.42
Standard deviation	2.499	0.55	5.24

4.6 Inferential Statistics

Kumar, (2009) posit that Inferential statistics is a statistical method that deduces from a small but representative sample the characteristics of a bigger population. In other words, it allows the researcher to make assumptions about a wider group, using a smaller portion of that group as a guideline. In this research it used correlation and regression statistics.

Correlation Statistics

Table 4.9: Correlation Statistics

		Performance	Budgetary Plan Strategy	Objectives Setting	Management Strategic Decisions	Marketing Strategies
Performance	**Pearson Correlation**	**1**				
	Sig. (2-tailed)	**0**				
Budgetary Plan Strategy	**Pearson Correlation**	**.601****	**1**			
	Sig. (2-tailed)	**0**				
Objectives Setting	**Pearson Correlation**	**.716****	**.761****	**1**		
	Sig. (2-tailed)	**0**	**0**			
Management Strategic Decisions	**Pearson Correlation**	**.681****	**.564****	**.706****	**1**	
	Sig. (2-tailed)	**0**	**0**	**0**		
Marketing Strategies	**Pearson Correlation**	**.722****	**.333****	**.919****	**.817****	**1**
	Sig. (2-tailed)	**0**	**0**	**0**	**0**	
**** Correlation is significant at the 0.01 level (2-tailed).**						

Table 4.9 illustrates the Pearson correlation results of performance, budgetary plan strategy, objectives setting, management strategic decisions and marketing strategies. The findings revealed that budgetary plan strategy were positively and significantly correlated with performance ($r = 0.601$ $\rho<0.01$). Further, objectives setting were positively and significantly correlated with performance ($r = 0.716$, $\rho<0.01$). Similarly, management strategic decisions were

positively correlated with performance (r = 0.681 ρ<0.01) and marketing strategies were indicated to positively correlate with performance (r = 0.722, ρ<0.01). These findings imply that budgetary plan strategy, objectives setting, management strategic decisions and marketing strategies are expected to effect on performance.

4.7 Model summary

Table 4.10 illustrates the model summary of multiple regression model; the results showed that all the four predictors (budgetary plan strategy, objectives setting, management strategic decisions and marketing strategies) explained 58.1 per cent variation of performance. This showed that considering the four study independent variables, there is a probability of predicting performance by 58.1% (R squared =0.581).

Table 4.10: Model summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
				R Square Change	F Change	df 1	df2	Sig. F Change
.762a	0.581	0.558	0.38253	0.581	25.273	4	48	0
a Predictors: (Constant), budgetary plan strategy, objectives setting, management strategic decisions and marketing strategies								

4.7.1 Test of Fit

Study findings in table 4.11 indicated that the above-discussed coefficient of determination was significant as evidence of F ratio of 16.58325.273 with a p-value of 0.000 <0.05 (level of significance). Thus, the model was fit to predict performance using budgetary plan strategy, objectives setting, management strategic decisions and marketing strategies.

Table 4.11: Test of Fit

	Sum of Squares	**Df**	**Mean Square**	**F**	**Sig.**
Regression	**14.793**	**4**	**3.698**	**16.583**	**.000b**
Residual	**10.682**	**48**	**0.223**		
Total	**25.475**	**52**			
a Dependent Variable: performance					
b Predictors: (Constant), budgetary plan strategy, objectives setting, management strategic decisions and marketing strategies					

4.7.2 Coefficients of Estimates

The first objective of the study sought to establish the effect of budgetary plan strategy on performance of Microfinance institutions in Kenya. Findings showed that budgetary plan strategy had coefficients of the estimate which was significant basing on $\beta_1 = 0.152$ (p-value = 0.008 which is less than $\alpha = 0.05$). The implication is that budgetary plan strategy had a significant effect on performance. This suggested that there was up to 0.152 unit increase in performance for each unit increase in budgetary plan strategy. The effect of budgetary plan strategy was more than the effect attributed to the error; this was indicated by the t-test value = 1.026. Consistent with the results, Barabashev, and Semenov, (2019) found out that the quality of budgetary plan strategy is a crucial strategic competitive weapon for effective performance. Similarly, through budgetary plan strategy, budgetary plan strategy can base their impressions of the firm on the service received thus improved performance (Kaplan, & Norton, 2005).

The second objective of the study examined the effect of objectives setting on performance of Microfinance institutions in Kenya. The regression results showed that objectives setting had coefficients of the estimate which was significant basing on β_2= 0.452 (p-value = 0.024 which was less than $\alpha = 0.05$. This indicated that for each unit increase in objectives setting, there was 0.452 units increase in performance. Furthermore, the effect of objectives setting was stated by the t-test value = 2.297 which implied that the standard error associated with the parameter was less than the effect of the parameter. In tally with the results, Westbrook, (2001) posited that coordinated objectives setting could improve and differentiate performance. On the same note, Li and Wang, (2007) are of the opinion that objectives setting are needed to not only change the behaviour of individual partners in the management but also to improve performance.

The third objective of the study sought to effect of management strategic decisions on performance of Microfinance institutions in Kenya. Findings showed that management strategic decisions had coefficients of the estimate which was significant basing on $\beta_3 = 0.389$ (p-value = 0.009 which is less than $\alpha = 0.05$) implying that management strategic decisions had a significant effect on performance. This indicated that for each unit increase in management strategic decisions, there was up to 0.389 unit increase in performance. The effect of management strategic decisions was stated by the t-test value = 2.683 which indicated that the effect of management strategic decisions was twice that of the error associated with it. In line with the results, Lee *et al*. (2007) found that management strategic decisions are the most contributing practice to performance.

Finally, the study sought to determine the effect of marketing strategies on performance of Microfinance institutions in Kenya. Research findings showed that marketing strategies had coefficients of the estimate which was significant basing on $\beta_4= 0.137$ (p-value = 0.004 which is less than $\alpha = 0.05$) implying marketing strategies had a significant effect on performance. This indicates that for each unit increase in marketing strategies, there is 0.137 units increase in performance. The results conform to a study byLee 2000, Bowersox et al. 2003, Barratt 2004, Mentzer 2004). It can, therefore, be ascertained that marketing strategies result in improved performance.

From the study, the overall model is computed as

$Y=0.947+0.124X_1 +0.381X_2+0. 388X_3+0.132\ X_4 + \varepsilon$

Beta coefficients of 0.947, 0.124, 0.381, 0.388 and 0.132 respectively justify the relevance of the model findings. The results indicate that a change in either if the variables will certainly lead to a positive change in performance

Table 4.12: Coefficients of Estimates

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	0.947	0.288		3.293	0.002
Budgetary Plan Strategy	0.124	0.121	0.152	1.026	0.008
Objectives Setting	0.381	0.166	0.452	2.297	0.024
Management Strategic Decisions	0.388	0.144	0.389	2.683	0.009
Marketing Strategies	0.132	0.294	0.137	0.45	0.004
a Dependent Variable: Performance					
b Predictors: (Constant), budgetary plan strategy, objectives setting, management strategic decisions and marketing strategies					

5. SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary of Major Findings

The current study stemmed from the realization of the research problem in literature on effect of strategic planning on performance of Microfinance institutions (MFIs) in Kenya. Empirically most of the studies on the effect of strategic planning have been skewed towards use of primary data and only specific strategic planning had been evaluated. Among the several studies which had been done in the Kenyan perspective majority have not examined the causal joint effect of strategic planning on performance of Microfinance institutions (MFIs) in Kenya.

Consequently, the researcher's primary purpose was to examine the on effect of strategic planning on performance of Microfinance institutions (MFIs) in Kenya. Further, the study sought to test four hypotheses; there is no significant effect between budgetary plan strategy and performance of Microfinance institutions (MFIs) in Kenya, also there is no significant effect between objectives setting,and performance of Microfinance institutions (MFIs) in Kenya.in addition there is no significant effect between management strategic decisions and performance of Microfinance institutions (MFIs) in Kenya and lastly there is no significant effect between and marketing strategies strategy and performance of Microfinance institutions (MFIs) in Kenya.

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In order to meet the overall objective and test the study hypotheses the study adopted descriptive research design. Census was used to select a respondents of 52. Primary data was collected from senior management staff and other employees in credit Finance and operation departments in Kenya Women finance trust bank (KWFT) at head office and out of 52 questionnaires which were issued they all completely filled and returned which yielded a response rate of 100%. The independent variables attributed examined in the study were budgetary plan strategy, objectives setting, management strategic decisions and marketing strategies. Descriptive analysis such as frequency, percentage, mean and standard deviation were used to analyze the data which was summarized using figures and tables.

Correlation analysis was used to examine the strength of the relationship between firm performances and strategic planning and regression analysis was used to examine the nature of the relationship between firm performance and strategic planning. The findings of the study demonstrated that strategic planning have effect on firm performance.

5.2 Conclusion

This section presents the conclusions made in the current study. Research objective one in this study was to establish the effect of budgetary plan strategy on performance of Microfinance institutions in Kenya. The indicators of budgetary plan strategy were Budget making process strategies, Budget monitoring and evaluation strategies. The indicators for performance in this case were number of products, market share, number of employees, profitability, annual running expenditure, and number of customers. Budget making process strategies, Budget monitoring and evaluation strategies had a positive significant effect with the SMEs performance. It was therefore concluded that there was a positive and significant effect on budgetary plan strategy and SMEs performance in Kenya. To improve on the performance, it was therefore concluded that to some extent, organization must look at budgetary plan strategy

Research objective two in the current study was to find out the effect of objectives setting on performance of Microfinance institutions in Kenya. The pointers for objectives setting were Mission strategies, Organization Vision, Organization goals within the organization. The pointers for performance in this case were the number of employees and profitability of the firm. Mission strategies, Organization Vision, Organization goal had a positive and significant effect with performance. It was therefore concluded that there was a positive and significant effect between objectives setting and performance in Kenya.

Research objective three in the current study was to establish the effect of management strategic decisions on performance of Microfinance institutions in Kenya. The pointers for objectives setting were Leadership strategies, Management techniques strategies and Personnel management strategies. The pointers for performance in this case were the number of employees and profitability of the firm. Leadership strategies, Management techniques strategies and Personnel management strategies had a positive and significant effect with performance. It was therefore concluded that there was a positive and significant effect between management strategic decisions and performance in Kenya.

Lastly, research objective four in the current study was to determine the effect of marketing strategies on performance of Microfinance institutions in Kenya. The pointers for objectives setting were corporate brand strategies, Product strategies and Customer service strategies. The pointers for performance in this case were the number of employees and profitability of the firm. Corporate brand strategies, Product strategies and Customer service strategies had a positive and significant effect with performance. It was therefore concluded that there was a positive and significant effect on marketing strategies and performance in Kenya.

5.3 Recommendation of the study

The study also recommends that managers produce detailed budgetary plans to enable the implementation of the long term or strategic plan. The annual budgeting process must be embraced always as found out in this study encourages managers to plan for future operations, refine existing strategic plans and considers how they can respond to changing circumstances. This encourages managers to anticipate problems before they arise and ensures reasoned decision making. This study also recommends that managers within the organisation must have a clear understanding of the role which they are required to play in ensuring budgetary compliance. This ensures that the most appropriate individuals are made accountable for budget implementation. Senior management can also use budgets to communicate corporate objectives downwards and ensure that other employees understand them and co-ordinate their activities to attain them. The act of preparation as well as the budget itself will also improve communication.

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The managers of MFIs in Kenya should take cognizance of the fact that strategic planning process has an impact on the performance of their organizations. The various phases of the strategic planning process that include environmental scanning phase, strategy formulation phase, strategy implementation phase and strategy evaluation phase each has a bearing on the overall performance of MFIs in Kenya. The managers of MFIs in Kenya should also understand that the key activities undertaken under each of the phases of the strategic planning process that include identification of strengths and weaknesses, the leadership style practiced and use of strategic plans; organizational procedures in place and availability of resources; and appraisal techniques used and corrective measures undertaken; all have an impact on their performance. Emphasis should therefore be placed on strategic planning process phases so as to ensure organization performance targets are met. The managers of MFIs in Kenya should identify their specific strengths and create strategies that compliment organizational objectives and guide towards goal achievement. The managers of MFIs in Kenya should also take note of the weaknesses that they face and formulate strategies that will help to mitigate their influence on their performance. The managers of MFIs in Kenya should also work at improving their operational procedures so that all the employees get to work more effectively and achieve set targets more efficiently. The strategic plans in place should also be reviewed periodically as they offer greater guidance on performance targets required. The managers of MFIs should also understand that appraising performance is not enough to ensure performance targets are achieved rather the appraisal exercise should be followed up with instituting corrective measures. If the activities mentioned are put in place, MFIs in Kenya will achieve their targets optimally and perform better.

5.4 Area of Further Study

From the findings, the R^2 was 58.1% which means that the independent variables (budgetary plan strategy, objectives setting, management strategic decisions and marketing strategies) explained performance to an extent of 58.1%. There are other factors which are not captured by the proposed model in this study which are captured by 41.9% which is not explained. Another study can be carried out to determine other factors explaining 41.9% of performance in view of the study context and scope. This research did not address all the issues around the strategic planning in any way and for that reason it is recommended that alternative study be done in other institutions for instance in the other commercial banks perhaps applying the same factors used in this study so as to find out whether the outcomes will be consistent in an unlike setting. An additional study can also be executed using the same topic on the process of strategic planning but applying different proxies to measure the variable in determining overall performance to find out whether the study outcomes will be inconsistent or consistent to the present study.

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