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STRATEGIC MANAGEMENT PRACTICES AND ORGANIZATIONAL PERFORMANCE IN THE AGRICULTURAL INDUSTRY: A CASE STUDY OF KAKUZI PLC

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Abstract: **Kenya's objectives for economic growth and innovation highlight the importance of competent strategic management, particularly in agriculture. Despite this, there is insufficient scientific information on how these tactics affect performance. To overcome this gap, this paper explores Kakuzi PLC's strategic planning procedures. This study explores Kakuzi PLC's strategic planning processes to assess their influence on agricultural organizational performance. The main purpose of this study was to analyse the effect of strategic management practices on the organizational performance of agricultural firms, a case study of Kakuzi PLC in Kenya. Specific Objectives were; to evaluate the effect of environmental analysis on organizational performance of agricultural firms, and to assess the effect of strategy formulation on organizational performance of agricultural firms. This study used a descriptive research design. The research focused on the all 3,526 employees at Kakuzi PLC, Kenya. Fisher's formula was used to calculate the sample size. Primary data was collected through the use of questionnaires employing a semi-structured format. The data analysis involved cleaning, coding, and organizing questionnaire data using SPSS version 28.0, with mean, standard deviation, and frequency tables, and multiple regressions employed to examine relationships between independent and dependent variables. The study concluded that Kakuzi PLC maintained its competitive advantage by continuously monitoring technology, market trends, and regulatory changes, ensuring it reacted to the external environment. Performance was routinely evaluated using industry benchmarks and staff input to ensure that it met market needs. Kakuzi PLC also established clear, realistic targets that were linked with strategic objectives, made effective use of resources, and did a thorough risk assessment. Despite some issues with work distribution, the personnel were typically well-prepared, and management actively monitored plan execution. The study made the following recommendations: agricultural enterprises should prioritise environmental scanning to react to market trends, technology, and regulatory changes. This proactive strategy will improve their capacity to remain competitive and adapt to external changes. Furthermore, firms should set clear, quantifiable goals that are consistent with business objectives. Risk assessments and resource evaluations should be part of the strategy design. Improved communication and clear role definitions will lead to better task performance. Regular strategy reviews, data-driven decision-making, and employee feedback systems are recommended to guarantee goal alignment and response to any necessary changes.**

Keywords: **Organizational Performance, Environmental analysis, Strategy formulation.**

1. INTRODUCTION

Background of the Study

In the global business landscape, strategic management has been widely recognized as a key driver of organizational success. This practice, deeply rooted in corporate culture, is prevalent in developed economies such as the United States, Germany, Canada, and France. In these countries, strategic management practices are typically supported by advanced technologies, robust data analytics, and sophisticated forecasting tools (Issack & Muathe, 2017). For instance, large multinational corporations in the United States like Cargill and Monsanto have utilized strategic management to remain competitive in global markets, successfully managing supply chains, mitigating risks, and responding to market demands through innovative solutions (Abuga & Deya, 2019). Developed economies are not the only ones that use strategic management techniques, though. In their quest to optimise resource allocation, enhance competitiveness, and drive economic growth, emerging markets like Brazil, India, and South Africa are realising the importance of strategic planning. Companies operating in these areas have distinct hurdles, such as economic and political instability and regulatory barriers, which add to the complexity of strategic planning (Tolici, 2021).

Globally, Strategic management is crucial for companies operating in highly competitive environments, particularly in the agricultural sector. Companies in the United States and Europe have successfully adopted advanced frameworks like the Balanced Scorecard, SWOT analysis, and Porter's Generic Strategies to enhance their operations (Issack & Muathe, 2017). In the United States, large agribusiness firms like Archer Daniels Midland and John Deere use strategic management tools to optimize supply chains, forecast market demands, and enhance sustainability practices. They leverage technology to integrate data analytics into their strategic decision-making processes, enabling them to manage risks associated with price fluctuations, regulatory changes, and evolving consumer preferences. In Europe, firms like Bayer AG and Syngenta have adopted comprehensive strategic management frameworks that focus on innovation and sustainability, investing millions in research and development to stay ahead of the curve and hedge risk in the agricultural space (Abuga & Deya, 2019).

It is crucial to concentrate on the need for more integration initiatives from the South African agriculture sector in the African area, even though a thorough examination of such integration and partnership trends is lost for the sake of clarity (Leonard & Grobler, 2016). Strategic management practices like corporate communication and implementation can enhance regional trade and collaboration in sub-Saharan Africa. South Africa's focus on regional trade developments in the SADC area is crucial, with opportunities for mutually advantageous trade agreements. Strategic management practices like environmental scanning and resource-based theory can guide organizations in identifying growth opportunities and regional partnerships (Roodt & Buckett, 2017). Investment flows from South Africa to other African countries sustain agribusiness, and strategic management practices, particularly in human resource development and resource allocation, are essential for long-term sustainability. A cooperative food security plan among SADC nations could benefit from strategic practices like corporate communication and strategic planning. Government initiatives supporting small business expansion and black economic empowerment are crucial for economic development (Kamonde, 2021).

Locally in Kenya, strategic management has gained traction, particularly in industries such as telecommunications, banking, and agriculture. Leading companies in these sectors have embraced strategic planning as a means to enhance competitiveness and ensure long-term sustainability. Safaricom, Kenya's largest telecommunications company, has demonstrated the effectiveness of strategic management through its continuous innovation in mobile services, which has allowed it to maintain market dominance. Similarly, Equity Bank has used strategic management to expand its operations beyond Kenya, becoming a major player in the East African banking sector (Simons & Dávila, 2021).

Strategic Management Practices

By producing pertinent knowledge, improving comprehension of the environment, and lowering uncertainty, strategic management techniques improve performance. The ability of the company to identify its distinct position determines organizational success, and strategic management practices are the means by which it may do so. A variety of administrative tasks known as performance management are intended to track, evaluate, and modify many facets of both human and organizational performance using different kinds of management controls. According to Alkhafaji (2011), competitive firms may implement a number of strategic management methods, including adopting technology to improve performance, developing human resources, and exercising strategic leadership, to achieve successful strategic management in a dynamic business environment. The multifaceted nature of strategic leadership includes managing via others and assisting companies in adapting to change. Forbes (2014) agrees that firms that adapt their strategy processes to the shifting demands of various stakeholders would be able to adapt to changing business conditions (Henry, 2021).

The organizational performance

The organization notion refers to the managed link between production variables and monetary resources with the goal of promoting the company's vision, purpose, and fundamental values. Organizational performance encompasses three aspects: past, present, and future, encompassing satisfaction, efficiency, and organizational reach. Profits, asset returns, investment returns, and overall sales are all financial indicators, but improved customer service and staff turnover are non-financial indicators. Organizational performance is defined as the level of standard indicators associated with organizational effectiveness and environmental sustainability (Ferlie & Ongaro, 2022).

Environment Analysis

Strategy environment analysis involves the systematic assessment of both internal and external factors that can impact the strategic decisions of an organisation. This process enables organisations to gain a comprehensive understanding of their operating environment. Internally, organisations assess their strengths and weaknesses, examining aspects such as resources, capabilities, and culture (Stone et al., 2020). On the external front, the analysis encompasses macro-environmental factors like political, economic, social, technological, environmental, and legal influences (Buye, 2021). Additionally, organizations employ tools such as Porter's Five Forces framework to examine competitive forces within their industry (Rengarajan et al., 2021). The strategy environment analysis guides decision-makers in crafting strategies that align with the prevailing conditions and anticipate future trends. It aids in risk assessment, adaptation, and the identification of strategic opportunities. Thus, environmental analysis helps inform effective strategic management practices (Chege & Wang 2020).

Strategy Formulation

An organization's strategic decisions may be impacted by a number of internal and external elements, which are systematically assessed as part of strategy environment analysis. Organizations can obtain a thorough grasp of their operating environment through this method. Organizations evaluate their internal strengths and weaknesses by looking at things like culture, resources, and capabilities (Stone et al., 2020). Scholars have proposed various frameworks and models to facilitate strategy formulation. The SWOT analysis, for instance, is a widely used tool that aids in identifying the strengths, weaknesses, opportunities, and threats of an organization (Benzaghta et al., 2021). A key part of any strategic management on the line is the SWOT analysis that categorizes the corporation's internal strengths and weaknesses to its external opportunities and threats (Hagoug 2024).

Agricultural Sector in Kenya

Kenya's agricultural sector, which accounts for over 34% of the country's GDP, is crucial for the livelihoods of over 60% of the population, particularly in rural areas. The industry includes horticulture, fishery, animal production, and crop cultivation. However, it faces challenges from climate change, unpredictable weather patterns, and increasing regulatory demands from foreign markets. Despite these challenges, Kenyan agricultural companies like Kakuzi PLC are implementing sustainable practices like crop diversification and climate-smart agriculture. Government programs and collaborations with foreign groups are also essential for addressing agricultural issues.

Kakuzi PLC

Kakuzi PLC, a prominent Kenyan agricultural company, specializes in the cultivation, processing, and marketing of various agricultural products like avocados, macadamia nuts, and tea. With a century-long legacy, Kakuzi has implemented strategic management practices to enhance organizational performance, including diversification of its product portfolio, adoption of sustainable farming techniques, investment in advanced processing facilities, and exploration of new export markets. However, the company faces challenges in maintaining consistent performance due to fluctuating global market prices, stringent international regulatory standards, and climate change impacts. Additionally, the integration of new product lines and operational complexities have strained existing resources and management capacities. Despite these challenges, Kakuzi PLC continues to strive for robust organizational performance.

Statement of the Problem

Kenya's ambitions to become a regional economic powerhouse, attract foreign investment, and foster innovation have increased the demand for long-term economic development and competitiveness (Kabeyi, 2019). This objective has prompted both the public and commercial sectors to intensify their efforts to improve organizational performance through strategic management planning procedures. These procedures entail the methodical development, execution, and assessment of strategies to help businesses achieve their goals (Kabeyi, 2019). While strategic management methods have been extensively adopted, there is scant empirical data on their combined impact on organizational performance, notably in Kenya. This information vacuum inspired the current study, which aims to investigate the influence of strategic management planning on Kakuzi PLC, one of Kenya's premier agricultural companies (Tolici, 2021).

The economic environment in Kenya adds to the significance of this inquiry. The country's GDP increased by 5.6% in 2019, while foreign direct investment (FDI) inflows reached $1.4 billion in 2020 (World Bank Group, 2020; Central Bank of Kenya, 2021). Agriculture, which accounts for about 34% of GDP and employs more than 60% of the population, is critical to this economic environment (World Bank Group, 2020). Kakuzi PLC, a long-established agricultural corporation with a strong market presence, is an excellent case study for learning strategic management planning procedures in the agricultural industry. Furthermore, the industry has intrinsic obstacles like as price volatility and climate-related risks, requiring more detailed strategic planning. This study will provide a methodological contribution by evaluating Kakuzi PLC's environmental analysis, strategy creation, execution, and assessment processes, shedding light on how strategic management might improve agricultural organizational performance (Langat & Wainaina, 2019).

Mohamud, Mohamud, and Mohamed (2015) investigated the link between strategic management and organizational performance in Mogadishu, Somalia, and discovered a significant positive association between strategic management techniques and improved organizational outcomes. Tolici (2021) examined strategic management efforts that improve organizational performance, indicating that well-implemented plans increase competitiveness and long-term success. Issack and Muathe (2017) investigated strategic management approaches at public health institutions in Mandera County, Kenya, and discovered that they considerably increased operational efficiency and service delivery. Langat and Wainaina (2019) investigated deposit-taking SACCOs in Kericho County, Kenya, and discovered that the use of strategic management principles improved financial performance and market share growth. These studies illustrate the importance of strategic management in promoting organizational performance across industries and locations. Mwizerwa et al. (2018) carried out a second research on the impact of competitive strategy on market penetration in Rwanda's telecom sector. It was discovered that Tigo employed a variety of competitive tactics, including as focus, differentiation, and cost leadership, to break into the industry.

Despite growing acknowledgment of the importance of strategic management, there is still a significant dearth in empirical study on the influence of these techniques on organizational performance in Kenya's agricultural industry. While strategic management approaches have been thoroughly examined in other industries, there is little evidence tying these strategies to performance measures like as profits growth, market share, and customer satisfaction, particularly in developing countries. Kenya's agriculture industry faces several issues, including price changes, climate change, and international laws, necessitating strong strategic management methods to reduce risks and increase performance. This research addressed the gap by investigating how strategic management practices influence the performance of Kakuzi PLC, offering insights with practical and policy implications for enhancing performance in Kenya's agriculture industry.

Objectives of the Study

The main purpose of this study was to analyse the effect of strategic management practices on the organizational performance of agricultural firms, a case study of Kakuzi PLC in Kenya.

Specific Objectives

i. To evaluate the effect of environmental analysis on organizational performance of agricultural firms

ii. To assess the effect of strategy formulation on organizational performance of agricultural firms

Significance of Study

This study provides a nuanced perspective on strategic management and its impact on organizational performance, particularly in Kenya. By examining Kakuzi PLC as a case study, the research offers valuable insights into the specific practices and outcomes of the strategic management planning process, providing actionable recommendations for organizations to improve their competitiveness and long-term sustainability. The study underscores the importance of aligning strategic initiatives with local market dynamics, ensuring organizations can adapt to constantly evolving business environments. The Kenyan government has actively promoted strategic planning, and the results can inform policymakers by offering evidence-based insights into the actual impact of strategic management planning on an industry leader like Kakuzi PLC. These insights can shape policies aimed at enhancing the business environment and promoting economic development. Kenya aspires to become a regional economic hub, and understanding how strategic management planning influences the performance of key players like Kakuzi PLC can contribute to the development of a more vibrant and dynamic Kenyan economy. The implications extend to the broader economic landscape, highlighting the necessity for organizations to adopt innovative strategies that not only enhance their own performance but also stimulate overall economic activity and employment opportunities in the region. The research outcomes can serve as a benchmark for other organizations in Kenya and Sub-Saharan Africa, enabling them to compare their strategic management practices against those of Kakuzi PLC and draw inspiration from the best practices identified in this study. By highlighting effective methodologies and successful case studies, this research encourages a culture of continuous learning and innovation among businesses.

2. LITERATURE REVIEW

Theoretical Literature Review

Resource Dependency Theory

Pfeffer and Salancik first put out the theory in 1978. The Resource Dependency Theory (RDT) is based on the tenet that, in order to acquire a variety of interconnected resources, a company, especially business-related organizations, should trade with other entities and strategic collaborators within its environmental spectrum. In essence, a collaboration like this may take advantage of a variety of chances and tackle issues that would otherwise be impossible to resolve without it (Davis & Cobb, 2010). The idea explains how businesses try to increase organizational legitimacy, autonomy, and competitiveness by forming alliances, interlocks, joint ventures, mergers, and acquisitions. It is a tool for managing an organization's resources, which is essential to the expansion and survival of a business (Barney et al., 2021).

The resource dependence theory, in theory, applies more general theoretical concepts to a specific problem. Potential partners may be encouraged to combine synergies during crucial interdependencies with other companies in the same environment by the mutual reliance between various firms (Drees & Heugens, 2013). Any business that lacks enough internal resources becomes more reliant on outside parties to provide the resources it requires. These may transcend organizational legitimacy, financial resources, technological prowess, and skills and experience. By communicating with other companies to address their requirement gaps, organizations discover how to address their inadequacies through strategic collaborations. Since no man is an island, the rationale for forming these kinds of partnerships is the possibility of adding value by combining resources. In essence, each successful company's strategic and tactical management must include the procurement of such external resources (Chesbrough & Bogers, 2014).

Organizations throughout the world are motivated to look for more resources and competencies from other partners because concerns about unpredictability lead to interdependencies in the management of the resources available for their survival. In order to react to shifts in power dynamics with external partners, firms usually need to modify their business strategy (Nyaga, Lynch, Marshall & Ambrose, 2013). Many businesses require contact and cooperation with other like-minded players in order to realize their own vision and objectives since they lack self-sufficiency and control over all resources. This suggests that access to vital resources, which are necessary for an organization to survive and succeed, can be obtained through organizational partnerships (Mastio & Dovey, 2019).

By matching internal organizational components with external forces, the Resource Dependency Theory aims to study how telecommunications has adapted to dependences through alliances, mergers, and acquisitions in relation to these research factors. In order to change their environment, Rwandan telecom businesses have learned to work together with other comparable players in the market. With this presumption, it can be claimed that a company's reliance on essential resources affects its behavior and that the decisions it makes can be explained in detail based on the particular dependence scenario. Due to their inability to create all the resources they require for existence, Rwandan telecommunications firms must participate in some sort of trade with the outside world in order to obtain the materials they require. According to the resource dependence hypothesis, a company's capacity to draw in the resources required to operate and maintain its operations determines whether it survives (Yeager et al., 2014).

According to Del Baldo (2012), managers might lower uncertainty and eventually improve the business's performance by bringing in resources including customers and suppliers, social groupings, legitimacy, talents, knowledge, and policy decision-makers. This is because the specific resources that the organization may want could not be easily available, accessible, or controlled by an unfriendly external actor (Barney et al., 2021). Companies create strategies to increase their ability to negotiate strong positions in resource transactions in order to avoid such dependency. Such measures might include expanding the company's manufacturing size, diversifying, and forming connections with other businesses of a similar nature. By forming strategic alliances with other possible businesses, these tactics help a company increase its strength and leverage while reducing its reliance on other businesses (Del Baldo, 2012).

The theory holds that companies rely on external resources, which determines their behavior and strategic decisions. The study promotes environmental analysis and strategy formulation by emphasizing the importance of evaluating external conditions (for example, market trends and resource availability) and developing strategies to ensure the firm secures essential resources, fostering competitive advantage and performance.

Stewardship Theory of Management

Donaldson and Davis created the Stewardship Theory in 1991. In contrast to the presumptions of Agency Theory, the Stewardship Theory proposes that managers behave in a collaborative and pro-organizational manner, obtaining more benefit via their service to an organization. Furthermore, it makes the assumption that managers who are left to handle their own assets responsibly (Heenetigala, 2011). Since churches were motivated by compassion to offer medical treatment as part of their evangelizing work, this idea applies to mission hospitals (Ongori & Mburu, 2010). Mission hospital managers are supposed to be responsible and caring stewards of their position.

In the area of corporate governance, the Stewardship Theory surfaced as a substitute for Agency Theory (Leng, 2002). As a result, it makes sense that the fundamental presumptions are specified differently than those of Agency Theory. Building organizational and constitutional procedures to prevent managers from achieving their own objectives while hurting the interests of shareholders is the main focus of the agency connection (Joslin & Müller, 2016). In a stewardship relationship, the objectives are aligned, preventing the agency issues of concealed information and agent behavior and aligning the leader's goals with those of the business (Joslin & Müller, 2016). In fact, managers who receive more value from achieving corporate objectives than from engaging in self-serving behaviors also find that organizational success meets their personal needs (Mills & Keast, 2009).

According to the stewardship theory, those who have rightful interests in a company do so in order to get advantages, and no combination of interests and advantages is more important than another (Leng, 2002). According to Ongore (2008), managers who are competent stewards focus on the common good and manage their own careers as reliable stewards of their businesses (Joslin & Müller, 2016).

According to the Stewardship Theory, having the majority of the Board of Directors originate from inside the business is associated with better organizational performance. Compared to outside directors, these executive directors are thought to have a deeper understanding of business and make better choices (Bathula, 2008; Letting, 2011). Because of their professionalism, technological know-how, and dedication to the company, executive BoDs are favored (Letting, 2011). This theory promotes strategy management, as stewards guarantee that created strategies are correctly implemented and assessed in order to attain optimal organizational performance. It emphasizes managers' responsibilities for aligning personal and organizational goals.

Agency Theory

Ross and Mitnick established agency theory in 1973. In their 1976 study, Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structure, Jensen & Meckling formally formulated agency theory. The contract between principals—typically an organization's owners or shareholders—and agents—managers or staff members—is the main emphasis of this theory. It suggests that when leaders give agents the power to make decisions, there is probably a conflict of interest. This discrepancy is known as the principal-agent dilemma, and it may lead to agency expenses and less-than-ideal results for the company (Frederico et al., 2021). Since it describes incentive schemes that may be used to reduce agency costs and explains the principal-agent relationship, agency theory is appropriate for our investigation. This is crucial for researching organizational strategic management strategies in order to assess how such practices affect a company's overall performance (Frederico et al., 2021).

One of the fundamental components of economics and organizational theory that forms the basis of an organization is agency theory, which examines the interaction between the principals—typically owners or shareholders—and the agents—typically managers or employees. Conceptually, Agency Theory is concerned with the interaction between the motive structures that arise from the conflict and/or information asymmetry that arises from contracts between principals and agents. Because agents may put their own goals ahead of the principals', there is always some conflict of interest in the principal-agent relationship. Agency costs and operational inefficiencies may result from this mismatch, which is referred to as the principal-agent dilemma (Alheet et al., 2021).

Principals pay a variety of charges known as agency costs, including as bonding costs, monitoring costs, and the cost of aligning incentives, in order to prevent agents from abusing their position. Through the rich theoretical framework provided by agency cost theory, principals can observe in practice how governance mechanisms and incentives are structured to help agents solve issues related to ensuring that their interests and goals align with those of the principal or the principal's business. Performance-based compensation plans, stock warrants, evaluations, contracts, oversight, and regulatory systems are a few examples (Moloi et al., 2020).

Furthermore, Agency Theory is not limited to corporate governance; it can be applied to a variety of organizational contexts, such as partnerships, government agencies, non-profits, and even professional-to-professional relationships, like those between physicians and patients or attorneys and clients (Ramadhan et al., 2022). Because of its wide range of applications, Agency Theory is a flexible instrument for examining diverse organizational settings and enhancing governance procedures in a variety of industries.

Agency theory offers a crucial framework for understanding the complexities of the principal-agent interaction inside organizations(Frederico et al., 2021). It also provides useful guidance for developing governance frameworks and incentive programs that lower agency expenses and improve organizational effectiveness. It makes clear the challenges and potential solutions related to aligning stakeholder interests, which has an impact on organizational performance. This study uses Agency Theory to evaluate how successfully strategic management practices align managers' and shareholders' interests and enhance organizational performance.

Empirical Literature Review

Environmental Analysis

Wasike and Owino's (2020) study aimed to ascertain how environment analysis affected the connection between the traits of the top management team and the execution of the plan. Descriptive cross-sectional survey design was used in the study. Top management of Kenyan tea manufacturing enterprises were issued a structured questionnaire to complete in order to collect data. The product phrase of the standard results for the competitive environment and the executive leadership characteristics, respectively, was used to conduct the moderation test. Analysis of regression was used to analyze the data. It is unclear whether the aspects of the environmental turbulence studied were examined from the perspective of their moderate effect on the firm performance that was envisioned under the sustainable competitive advantage variable. The study found that, despite the fact that management team characteristics were having a significant influence on execution of strategies, the results of the moderation tests were not considered statistically significant. As an outcome, the competitive environment was not found to have a moderating effect on the competitive advantage of craft industries in Malang Regency, Malang City, and Bantu City in Indonesia.

Haarhaus and Liening (2020) investigated the notion of environmental scanning as a tool for strategy creation, concentrating on how macro-environmental analysis affects organisational performance. They took a mixed-methods approach, combining quantitative data from a survey of 150 organizations and qualitative interviews with 20 strategy specialists. Their findings revealed that organizations that conducted systematic environmental scanning were more adaptable to changes in the macroenvironment, such as market trends and regulatory alterations. The study revealed that regular environmental scanning improves strategic decision-making, resulting in higher organizational performance by matching corporate aims with external circumstances.

Stone et al. (2020) investigated the use of environmental analysis in identifying opportunities and dangers in strategic decision-making. Using a case study technique, they examined four significant global telecoms companies. Their findings demonstrated that firms with strong environmental scanning systems might predict market shifts, allowing them to innovate and remain ahead of the competition. The study indicated that environmental analysis provides vital knowledge for market adaptability, resulting in long-term competitive advantage and increased organizational performance.

Buye (2021) highlights the necessity of proactive environmental analysis in improving organizational agility and responsiveness. Using a five-year longitudinal study of 30 retail organizations, Buye revealed that companies that continually monitor external conditions are better able to adjust their strategy in reaction to economic developments. The study discovered that proactive businesses outperformed those with reactive methods, especially during times of market instability. The conclusion was that environmental scanning is critical for strategy refinement, ensuring that firms can capitalize on emerging possibilities while limiting risks.

Benzaghta et al. (2021) studied the association between environmental analysis and competitive advantage in a sample of 100 medium-sized manufacturing businesses. The researchers used a quantitative approach, gathering data via questionnaires and doing regression analysis. Their findings revealed a significant positive relationship between comprehensive environmental scanning and competitive advantage. Organizations that routinely analyzed their external surroundings were better equipped to use their strengths while limiting their flaws. The study concluded that environmental analysis is an important aspect in retaining a competitive edge, directly leading to improved organizational performance.

Rabetino et al. (2021) investigated the impact of continuous environmental monitoring on market position, using Kakuzi PLC, an agriculture firm, as a case study. They used a mixed-methods approach, incorporating financial performance data and interviews with top management. The findings revealed that Kakuzi's continual study of external market circumstances helped the firm remain competitive in volatile agricultural markets. The study revealed that constant alignment of corporate strategy with external environmental insights improves organizational performance, allowing enterprises such as Kakuzi to retain a strong market position.

Strategy Formulation

AlDhaheri, Ameen, and Isaac (2020) concentrated on how strategy fomulation affects organizational operations in the public sector of the United Arab Emirates. The study highlights the value of strategic planning for organizations by emphasizing how it gives them direction and quantifiable objectives. Using a quantitative approach, the researchers collected information from 403 respondents using a questionnaire. SPSS and PLS-SEM were utilized to analyze the data. The results showed that strategy execution significantly improved organizational performance, accounting for 19.3% of the variation, especially when it came to structure and human resources. According to the study's findings, these understandings might improve performance in UAE public sector organizations, especially in Abu Dhabi's judicial divisions.

Hagoug (2024) investigated how formulation and implementing strategies might enhance organizational performance at private institutions in Sudan. 950 senior and intermediate managers completed questionnaires as part of the study's quantitative approach. To test the theories, multiple regression analysis was used. The results showed that organizational performance and strategic management techniques, such as strategy creation and implementation, were positively correlated. According to the study's findings, creating a clear vision, mission, and goals was essential to these colleges' success. In the Sudanese setting, it was discovered that strategic management techniques were crucial for raising university performance metrics.

Tajuddin and Musa (2024) investigated how strategy formulation affected Malaysian local authorities' (LAs') performance. Data were gathered quantitatively using self-administered questionnaires, and PLS-SEM was used for analysis. Efficiency served as a stand-in for performance, and the four components of strategy formulation—mission, aim, strategy, and policy—were evaluated. Only the mission had a substantial impact on performance, according to the data; the other factors had no discernible impact. The study was conducted using the contingency theory as a framework, and the results indicated that more research should be done to examine how these strategic components affect organizational performance.

In their study of the use of structured frameworks such as SWOT analysis in strategy formation, Haarhaus and Liening (2020) looked at how these instruments assist firms in evaluating their own internal strengths and weaknesses as well as external opportunities and threats. They interviewed 25 managers from a range of businesses using a qualitative methodology. The results showed that companies who used SWOT analysis to develop their strategies were more in line with their external and internal contexts. Better strategic decision-making and increased organizational performance were the results of this alignment. According to the study's findings, strategic planning that incorporates systematic analysis improves an organization's capacity for adaptation and success in cutthroat marketplaces.

Rengarajan et al. (2021) investigated the effects of many frameworks for strategy creation on organizational performance, such as the Resource-Based View (RBV) and SWOT analysis. They employed a mixed-methods approach, gathering quantitative data via surveys and adding qualitative information from strategic managers' interviews. According to their results, businesses that use RBV strategies—which emphasize utilizing special resources and capabilities—perform better than their rivals. The study came to the conclusion that well-designed strategies based on an examination of the external environment as well as the identification of internal resources greatly enhance organizational performance and preserve competitive advantage.

Conceptual Framework

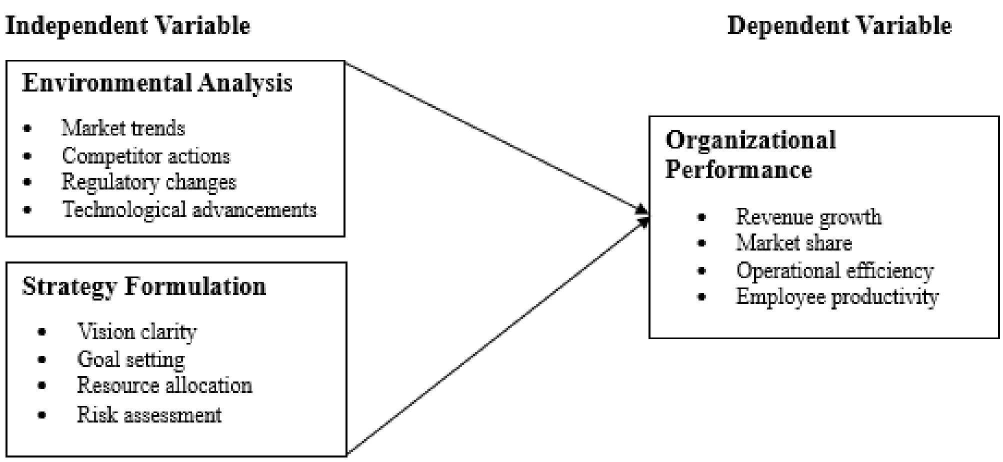

Figure 1: Conceptual Framework

3. RESEARCH DESIGN AND METHODOLOGY

Research Design

Research design encompasses the comprehensive framework and structure that guide the investigation process, facilitating a systematic approach to data collection and analysis (Yin, 2018). This study used a descriptive research design. This approach was deliberately chosen to allow for expositions of the subject, namely, the strategic management planning process and the outcomes on organizational performance, with reference to Kakuzi PLC in Kenya. Descriptive research design was beneficial for understanding Kakuzi PLC's strategic management practices, revealing complexities and contributing to overall organizational performance.

Target Population

According to Mertler and Vannatta (2010), the study's population is defined as the entire set of people, situations, or things that have certain observable traits. According to Lenth (2001), a population is the entire set of elements from which conclusions are sought. This research focused on the all 3,526 employees at Kakuzi PLC, Kenya. Their insights provided firsthand understanding of practices, challenges, and outcomes associated with strategic management, allowing a comprehensive examination of organizational performance.

Table 1: Target Population

Category	**Target Population**
Top Level Management	100
Middle Management team	300
Lower-Level Management team	793
Casual Works	2333
Total	**3,526**

Source 2024: HRM Kakuzi Plc,2024

Sample and Sampling Technique

According to Mugenda and Mugenda (2013), a sample is a smaller portion of the group from which the research draws its findings about the overall population. To ensure a representative sample, the study utilized a stratified random sampling technique. With a target population of approximately 3,526 employees, Fisher's formula was used to calculate the sample size. The formula is given by:

$$n = \frac{Z^2 * \hat{p}(1-\hat{p})}{E^2}$$

Where:

n= required sample size

Z= Z-score (a constant based on the desired confidence level)

p= estimated proportion of the population (if unknown, usually 0.5 is used, as it provides the maximum sample size)

E = margin of error

$(1.96)^2 \times 0.5 \times (1-0.5)/0.05^2$

Thus, the study used a sample of 384 respondents.

Table 2: Sample Size

Category	**Population**	**Sample Size**
Top Level Management	100	11
Middle Management team	300	33
Lower-Level Management team	793	86
Casual Works	2333	254
Total	3,526	**384**

Data Collection Instruments

Primary data was collected through the use of questionnaires employing a semi-structured format. The questionnaires were distributed electronically via email, targeting employees of Kakuzi PLC, who were selected as the sample. The questionnaires were distributed electronically via email, targeting employees as the sample. Kothari et al. (2019) used closed-ended questions to gather views, opinions, and attitudes. Kombo & Tromp (2016) also used semi-structured questionnaires to provide structured information on the relationship between strategic management practices and organizational performance. The methodical approach ensured efficient quantitative data capture and statistical analysis.

Pilot Study

Pilot study is a kind of preliminary survey carried out on a limited scale before the major study in order to examine the reliability and validity of the research methods and tools (Kothari, 2006). A 10% sample of the target population was suggested by Kothari (2006) and Sekaran (2006) as being suitable for statistical testing of the devices. This testing phase therefore entailed 38 participants among the random employees at East African Growers and did not form part of the main study. The main reason for conducting the pilot study was to assess the feasibility of the techniques to be implemented in a large-scale study.

Validity

According to Schindler and Cooper (2017), methods for evaluating test validity include face, content, and construct validity. Content validity and construct validity were used to assess validity. Content validity measures how well a test accurately reflects the subject matter, while construct validity focuses on measuring the construct it was intended to measure. These methods ensured the instrument's suitability and sufficient representation of the phenomenon under study.

Reliability Test

According to Kothari (2017), reliability testing is an important part of research technique that ensures the consistency and stability of study measurements. The reliability test was assessed using Cronbach's alpha coefficients, and was conducted using a scale test based on pilot participant responses. A result greater than 0.7 indicated satisfactory internal consistency, enhancing the overall quality of the research and strengthening the study's credibility. This research aimed to contribute to a more robust understanding of strategic management planning and its impact on organizational performance at Kakuzi PLC.

Data Collection Procedure

Kothari (2006) emphasizes the importance of obtaining consent before beginning any scientific investigation, and the Management University of Africa was involved in the study. The researcher obtained permission from relevant authorities, including NACOSTI, to conduct the survey. The study used trained research assistants to collect data effectively and took the lead in testing and modifying research tools. The questionnaires were distributed using a drop and pick later approach, ensuring personal contact during the drop and picking process to address any issues and allow respondents enough time to respond.

Data Analysis and Presentation

Data analysis involves reviewing, interpreting, and categorizing information to draw conclusions. After questionnaire completion, data was cleaned, coded, organized, and analyzed using SPSS software version 28.0. Measurement descriptors like mean, standard deviation, and frequency were used. Multiple regressions were employed to determine the link between independent and dependent variables, generating an equation explaining the dependent variable in terms of independent factors.

The model was expressed as follows:

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon i$

Where:

Y represents Organizational Performance

X_1 represents environmental analysis,

X_2 represents strategy formulation,

β0 represents the intercept (the value of Y when X = 0), and

εi represents the error term.

Ethical Considerations

Ethical considerations are crucial in research, ensuring the rights and dignity of research participants. In this study, informed consent is a fundamental ethical criterion, ensuring participants understand the study's objectives, procedures, risks, and benefits. Voluntary participation was a key aspect, allowing participants to withdraw at any time without penalty. Confidentiality was maintained to protect participants' privacy, with data securely stored and personal identifiers erased or anonymized. Privacy was protected by limiting data gathering to those with permission, and anonymity was maintained, especially in surveys or questionnaires. These ethical considerations were essential for maintaining trust, retaining credibility, and adhering to the law and institutions regulating research. By ensuring voluntary participation, researchers maintained ethical standards and maintain the credibility of the research.

4. RESEARCH FINDINGS AND DISCUSSION

Response Rate

According to Emore (2007), the response rate is defined as the ratio of actual responders to the anticipated number of persons who actually reply to the survey, and it is the degree to which the data obtained covers all of the sample items. The study's sample population consisted of 384 respondents in total. The researcher distributed 384 questionnaires out of which 270 questionnaires were collected from the field. This indicated a 70% response rate, which was higher than the sufficient 50% suggested by Saunders et al. (2009) and Fisher (2010).

Table 3: Response Rate

Category	Frequency	Percentage
Response	270	70%
Non-Response	114	30%
Total	**384**	**100%**

Gender of the Respondents

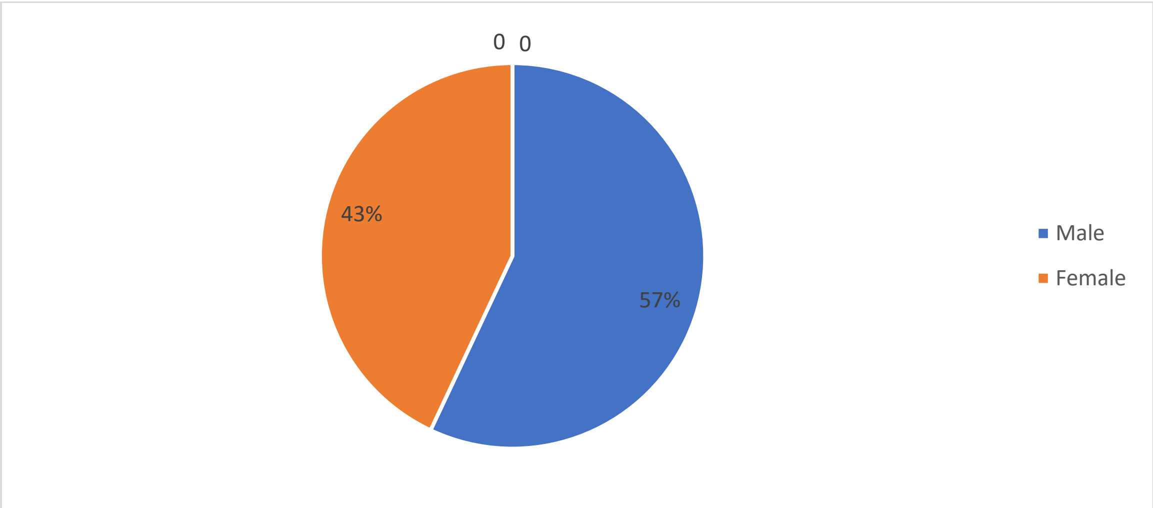

Figure 2: Gender

From the results, 57% of the participants were male while the female participants were 43 %; it is a clear sign that Kakuzi PLC, Kenya has paid a lot of regard to the empowering women even though the male dominated quite a large sect of the rightful workforce. These findings corroborate those of Makonyango and Bichanga (2015), who found that age, gender, disability, tribalism, and culture are among the diversity challenges that are prevalent at Safaricom.

Environmental Scanning

Table 4: Environmental Analysis

Statements	Mean	Std.
The business continuously monitors shifts in market trends in order to modify its tactics.	4.02	0.973
To remain competitive in the agriculture sector, competitor behavior is regularly analyzed.	3.91	0.833
Kakuzi PLC adapts well to modifications in laws that impact agricultural businesses.	4.12	0.973
New developments in technology are regularly examined and incorporated into corporate processes.	3.90	0.877
When making strategic decisions, the company takes the environment into account.	4.09	0.838

According to the data in Table 4, the majority of respondents believe that Kakuzi PLC continually observes changes in market trends to adjust its strategies, as evidenced by a mean of 4.02 and a standard deviation of 0.973. Most workers feel that rival conduct is routinely examined, with a mean of 3.91 (SD=0.833), showing substantial support for this approach. The corporation responds effectively to changes in agricultural laws, with a mean score of 4.12 (Std. 0.973). Furthermore, new technical advancements are assessed on a regular basis (mean 3.90, SD 0.877), and environmental issues are considered in strategic choices (mean 4.09, SD 0.838).

Strategic Strategy Formulation

Table 5: Strategy Formulation

Statements	Mean	Std.
All employees have a clear understanding of the company's goal.	4.14	0.833
The organization's strategic goals are achievable and in line with the overall company objectives.	4.03	0.818
Resources are allocated effectively to assist the attainment of strategic objectives.	3.95	0.857
Comprehensive risk evaluations are used during the plan design process.	4.02	0.775
Strategic planning involves thorough analysis of the company's available resources.	4.05	1.068

According to Table 5, the majority of respondents feel that all workers have a clear knowledge of the company's aims, as shown by a mean score of 4.14 (SD = 0.833). Strategic goals are viewed as attainable and connected with organizational objectives, with a mean of 4.03 (SD = 0.818). Resources are successfully allocated to accomplish strategic objectives, with a mean of 3.95 (SD = 0.857). The implementation of comprehensive risk evaluations during plan creation is well scored, with a mean score of 4.02 (SD = 0.775). Respondents also believe that strategic planning requires a comprehensive review of existing resources, getting a mean of 4.05 (SD: 1.068).

Correlation

A statistical technique called correlation analysis is used to determine whether two variables are related and how strongly they may be related.

Table 6: Correlation Analysis

Correlations				
		Organizational Performance	Environmenta l Analysis	Strategy Formulation e
Organizational Performance	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	270		
Environmental Analysis	Pearson Correlation	0.435**	1	
	Sig. (2-tailed)	.000		
	N	270	270	
Strategy For-mulation	Pearson Correlation	0.581**	.338**	1
	Sig. (2-tailed)	.000	.000	
	N	270	270	270

**. Correlation is significant at the 0.01 level (2-tailed).

The correlation study demonstrates strong positive connections between organizational performance and all two strategic management techniques. Environmental analysis has a moderate correlation with organizational performance ($r = 0.435$, $p < 0.01$), suggesting that monitoring environmental elements improves performance. Strategy formulation had the highest correlation ($r = 0.581$, $p < 0.01$), indicating that well-defined and feasible plans improve performance substantially. The considerable results highlight that all strategic management approaches are critical to attaining organizational success.

Multiple Regression Analysis

Regression analysis is a statistical tool that researchers use to investigate the connection between two or more variables of interest.

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.543	0.295	0.290	0.4384

a. Predictors: (Constant), Environmental Analysis, Strategy Formulation

b. Dependent Variable: Organizational Performance

As shown in Table 7, the value of the R Square of 0.295 implies that Environmental Analysis and Strategy Formulation adoption contributed 29.5% of the variation in the organizational performance of Kakuzi PLC. Other independent variables missing in the regression model accounted for the remaining 70.5% variation in the dependent variable.

Table 8: ANOVA

ANOVA[a]						
Model		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig**
1	Regression	0.987	2	0.4935	9.124	.000[b]
	Residual	14.334	265	0.0541		
	Total	15,321	269			

The results in Table 8 indicates that the overall models were a good fit since the value of F-statistic was found to be 9.124 and their p-values were found to be 0.000[b] which is less than the critical value of 0.05. This suggests that all the two variables considered were relevant in explaining the performance.

Table 9: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	*Beta*		
(Constant)	4.323	0.400		4.723	0.001
Environmental Analysis	0.365	0.343	0.345	3.890	0.001
Strategy Formulation	0.267	0.355	0.235	2.654	0.001

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \mathcal{E}$

$Y = 4.323 + 0.365X_1 + 0.267X_4 + \mathcal{E}$

The regression coefficients in Table 9 presented an overall regression model as follows:

The B_0 value of 5.445 is a constant value of employee performance when all determinants are equal to zero as indicated on Table 9. The model indicates that environmental analysis has a significant effect on organizational performance; a unit change in environmental analysis will result in 0.365-unit (36.5%) change in organizational performance, sig = 0.001<0.05, when other variables are held constant. The model indicates that strategy formulation has a significant effect on organizational performance; a unit change in strategy formulation will result in 0.267-unit (26.7%) change in organizational performance, sig = 0.000<0.05, when other variables are held constant.

5. SUMMARY, RECOMMENDATIONS AND CONCLUSIONS

Summary of Findings

The study's sample population consisted of 384 respondents in total. The researcher distributed 384 questionnaires out of which 270 questionnaires were collected from the field. This indicated a 70% response rate, which was higher than the sufficient 50% suggested by Saunders et al. (2009). From the results, 57% of the participants were male while the female participants were 43 %; it is a clear sign that Kakuzi PLC, Kenya has paid a lot of regard to the empowering women even though the male dominated quite a large sect of the rightful workforce.

Conclusion

The study concluded that In order to remain competitive, Kakuzi PLC kept a close eye on changes in technology, market trends, and rivalry. Environmental considerations were always taken into account while making strategic choices, and the corporation successfully adjusted to changes in regulations impacting agriculture. The business was able to maintain its flexibility and responsiveness to outside pressures because to this proactive strategy, which bolstered its overarching strategic goals. The foundation of Kakuzi PLC's strategy formulation approach was a set of specific, attainable goals that complemented the organization's aims. These objectives were well understood by the staff, and resources were used wisely to help them be achieved. The development of successful plans also heavily relied on rigorous resource analysis and risk assessments.

Recommendations

The study gives the following recommendations based on the findings; According to the report, Kakuzi PLC successfully tracked market developments and adjusted to legislative changes. Therefore, it suggests that the agriculture sector give ongoing environmental scanning top priority, paying particular attention to changing market trends, technology developments, and rivalry. Companies should also proactively comply with legislative changes and implement sustainable strategies to address environmental issues if they want to stay competitive. In order to ensure long-term sustainability, agricultural enterprises may find it easier to swiftly adjust to changes in the climate, customer tastes, and regulatory settings if they develop a system for real-time data analysis on environmental aspects. According to the report, Kakuzi PLC's strategy was developed with specific, attainable objectives in mind. It suggests that the agriculture sector prioritize establishing precise, quantifiable goals that complement overarching corporate objectives. To make sure that strategic plans are workable and flexible, businesses should incorporate thorough risk assessments and resource appraisals. It is possible to guarantee that plans stay pertinent to the industry's changing landscape and successfully handle both economic and environmental difficulties by including feedback from important stakeholders, such as farmers, suppliers, and legislators, during the planning stage.

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