

**INFLUENCE OF STRATEGIC PLANNING ON THE
PERFORMANCE OF FOOTBALL CLUBS IN THE KENYAN
PREMIER LEAGUE**

BY

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**UNITED STATES INTERNATIONAL UNIVERSITY –
AFRICA**

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**A Research Project Report submitted to the Chandaria School of
Business in Partial Fulfilment for the Requirements of Masters Degree in
Business Administration (MBA)**

**UNITED STATES INTERNATIONAL UNIVERSITY –
AFRICA**

SUMMER 2015

STUDENT'S DECLARATION

I the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University – Africa in Nairobi for academic credit.

Signed: _____

Date: _____

Kaimenyi, Timothy Muthuri (ID: 641681)

This research project has been presented for examination with my approval as the appointed supervisor.

Signed: _____

Date: _____

Dr. Juliana M. Namada

Signed: _____

Date: _____

Dean, School of Business

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ABSTRACT

The purpose of the study was to identify the effects of strategic planning exercises on the performance of football clubs in the Kenyan Premier League. The study used the management personnel of football clubs as the subject of study. The study focused on how strategic thinking influences performance of football clubs in the Kenyan Premier League; how various strategy formulation practices of football clubs in the Kenyan Premier League influence their performance and the various issues related to selection of strategic choices and how they impact on their performance. Furthermore, the study examined the concepts of each research question, the factors affecting realization of those concepts and the benefits of seeing them through as components of the strategic planning process.

The study adopted a descriptive research design. The population of this study was 80 managers of all the football clubs in the Kenyan Premier League. The sample frame constituted of 16 managers, that's at least one manager from each football club. Purposive sampling was used to draw a sample size of at least 10 managers of the five top and bottom football clubs as per the league standings. The data collection was in the month of June, 2015. The data analysis involved descriptive statistics, i.e.; Frequencies; Means; Percentages; Standard Deviations and inferential statistics, i.e.; Regression Analysis. The findings were summarized by use of tables.

The study revealed that management positions in football in the Kenyan Premier league is male dominated. The managers are mostly in their forties, indicating that the management of football clubs was in the hands of experienced individuals. Most of these managers served in the capacity of secretary general. Majority of the managers had attained graduate level of education which indicates that managerial qualifications were an important aspect in the selection of managers. Most of the football clubs had been in existence for up to 20 years.

The first study objective examined the influence of strategic thinking practices on the performance of football clubs in the Kenyan Premier League. The study revealed that strategic thinking practices do help the club in development. It was also revealed that the football clubs' performances have an effect on the strategic thinking practices to be

undertaken. Furthermore, it was noted that cognition and qualifications of managers affected strategic thinking practices to a considerable extent.

The second study objective sought to find out the influence of strategy formulation practices on the performance of football clubs in the Kenyan Premier League. From the study, it was revealed that having a vision and mission statement gave the football clubs identity and direction and a purpose for existence. Strategy formulation was seen to be the link between strategic thinking and the selection of strategic choices. The study also revealed that strategy formulation was greatly influenced by performance. In addition, the study revealed that the football clubs' culture had an effect on the process of strategy formulation.

The third study objective sought to examine the influence of strategic choices on the performance of football clubs. It was revealed that selection of strategic choices played the biggest part in the clubs' success. The study revealed that selection of strategic choices was the beginning of the failure or the success of the football club. It was noted that a lack of consensus led to prolonged decision making processes and that bias and favoritism negatively affected the decision making process

The study concluded that strategic thinking was viewed to be an asset in terms of realizing organizational goals, as highlighted by the responses given by the respondents. The value of conceptualizing was well understood as a process of finding alternative ways of competing with competitors and ensuring the survival of the organization. Strategic thinking was viewed to be an important aspect in ensuring good performance.

The study revealed that the respondents recognized the value of having a mission and a vision. The mission and the vision set the tone for long term and short term organizational goals, and it was important that these two statements aligned well with the current situation in the organization. Strategy formulation was viewed as an integral part in the realization of organizational objectives.

The revealed that selection of strategic choices from given alternatives played a big part in the failure or the success of the football clubs. Respondents identified selection of strategic choices as the strongest influence on the performance of football clubs in the Kenyan

Premier League. It was also noted that lack of consensus prolonged decision making processes and that bias and favoritism were the biggest deterrents of process of selection of strategic choices. The respondents agreed most of the various elements of strategic choices and the extent to which they influence selection of strategic choices.

The study recommended that, to capitalize on strategic planning aspects so as to have better performance, managers should enroll for courses that help increase their cognitive ability. This was geared at enhancing the managers' strategic thinking skills. It was also recommended that hiring of qualified personnel will help in making conscious decisions. This would help in ensuring that decisions are made in a timely manner and most importantly without bias of favoritism. Finally, the study showed that there is indeed evidence of strategic planning by football clubs in the Kenyan Premier League, albeit not formally in majority of the cases. It was therefore recommended that football clubs should have a defined management philosophy that is in tandem with the current situation which the football club finds itself in.

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DEDICATION

I would like to dedicate this project to my parents, who have been with me through the whole duration of my study at USIU – A, and specifically for their support as I worked on my project

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LIST OF ABBREVIATIONS

AFC:	Abaluhya Football Club
ANOVA:	Analysis of Variance
EABL:	East African Breweries Limited
FC:	Football Club
KCB:	Kenya Commercial Bank
KPL:	Kenyan Premier League
MBA:	Masters in Business Administration

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

In many cases of performance evaluation, profitability is what was cited. With regards to this, the most successful football clubs around the world have recorded astounding revenues year in year out, and one would be compelled to say that indeed they are performing very well, negating their actual performance on the field of play. Football is the most popular sport in the world in terms of viewership and participation. It has a combined viewership and participation population of over 3.5 billion people (Barrack, 2014). The Brazilian National Football Team is the most popular National Football team in the world. Real Madrid FC in Spain is ranked as the most famous Football Club in the world as well as the most valuable Football Club in the world, valued at \$ 3.44 Billion. The other Clubs that make up the list of top three most valuable clubs in the world are Barcelona FC valued at \$ 3.2 Billion and Manchester United FC valued at \$ 2.8 Billion (Ozanian, 2014). The largest contributor of the revenue earned by these clubs comes from ticket sales. Other sources include television sponsorship deals, kit branding contracts, merchandise sale and branding (Harris, 2014).

In Kenya, Gor Mahia FC is the most valuable Football Club, valued at an estimated Kshs. 65 Million. AFC Leopards, Kshs. 52 Million; Sofapaka FC, Kshs. 50 Million; Tusker FC, Kshs 45 Million; and Thika United FC, Kshs. 20 Million make up the list of the top five most valuable Football Clubs in Kenya (Wandera, 2013). Unlike with more established brands in Europe and other parts of the world whose major revenue generator is ticket sales, the major contributor of revenue for Kenyan Football Clubs is television broadcast rights and kit branding contacts (Kwalima, 2014).

Many football clubs in the Kenyan Football suffer from a lack of funds to run their day to day operations. As has been witnessed, many clubs in the top tier league, the KPL, have suffered from cash flow issues. Players, club management and officials have had to go for months on end without getting their wages in some cases, and this has directly impacted negatively on the development of the sport in the country (Kwalima, 2014). One would thus be compelled to say that they perform poorly as their profitability is not at a desired level. However, rather interestingly, some of the football clubs that perform very poorly

financially post very good results on the field of play. It is thus prudent to attempt to find out what other factors other than profitability can affect the performance of football clubs in the Kenyan Premier League, such as strategic planning and its components.

Parnel (2010) stated that indeed there is a link between strategy and performance and that the strategy-performance link varied across different strategic groups. He noted that businesses with incoherent strategies performed poorly as a group as compared to those that had coherent strategies. He also noted that businesses with high levels of strategic clarity outperformed those that did not have a clear strategic plan.

Whilst overall performance of an organization is normally taken as a measure of the institution's profitability, Parnel (2010) stated that there is a link between all aspects of an institution and performance, and that profitability was an end result of the accrued performance of all these departments based on the different strategies put in place by management to ensure efficiency and realization of set objectives. It is generally believed that those organizations that employ the most effective and appropriate strategies realize more success. Managers of organizations that did not traditionally regard strategic planning as a key factor to an organization's success are increasingly employing new or improved strategies in an attempt to realize success.

Poister and Streib (2005) identified ten elements of strategic planning in their report on the review of public administration and ranked these elements in order of use by those who reported strategic planning activity. These ten elements, in order of use and prevalence, were: Review of your organization's mission; Identification of stakeholders' needs and concerns; Development of a vision for the future; Feasibility assessment of proposed strategies; Development of action plans; Development of goals and objectives; Clarification of organizational mandates; Evaluation of internal strengths and weaknesses; Assessment of external threats and opportunities and Development of a strategic agenda.

The impact of performance measurement on business performance has been well documented, as the debate continues on whether or not non measurement of performance has an adverse effect on business performance Bourne, Kennerly, Franco-Santo (2005). In their study, Bourne *et al* (2005) suggested that negative criticism or findings on measurement of performance is likely to elicit improvement of performance as opposed to

positive criticism. Franco-Santo *et al* (2007) states that there really isn't a recognized way of fully defining business performance measures and that most researchers need to be more specific and explicit in their methods. Performance measurement is a key component in assessing the relevance of an organization's mission, vision and objectives.

Strategic planning has been the undertaking of many successful organizations both in the past and in recent times. In one of the numerous examples given, we see that at 3M (The 3M Company, formerly known as the Minnesota Mining and Manufacturing Company, is an American multinational conglomerate corporation based in St. Paul, Minnesota), the core strategy was to encourage experimentation within certain perimeters and accepting the failures that went along with the successes. 3M quickly outgrew Norton Corporation, which decades before was the more successful of the two, because it was guided by its insistence that all facets of its business be guided by its strategic plan (Linn, 2008).

Regionally, Standard Bank in South Africa is one of the most successful banks in Africa. Standard Bank has been able to grow exponentially in the last few years, by going into many African countries and thus growing its market. Standard Bank says that Africa is core to its strategic plan, a move that saw Standard Bank grow its normalized headline earnings by 11% to R8.2bn in the first half of the year, 2013, despite weak economic conditions and increasing bad debt, while its operations in the rest of Africa have started to gain traction (Jones, 2013).

East African Breweries Limited (EABL) had continued to perform outstandingly in profitable operations in the region of East Africa. Despite its complex, multi business and multi-country nature, it was ranked among the top performing firms in the region. There is no uniform approach to strategic planning and that was evident from the study undertaken by Muriuki (2005) that East African Breweries Limited had put in place a strategic planning system that is unique to its context

Kenyan Football Clubs often suffer from their management's lack of strategic planning. It must however be noted that many football clubs do have formal strategic plans, mission statements and visions. However, implementation to the letter and expertise on the same is severely lacking (Omondi, 2010). Lack of commitment, poor organizational structure and lack of resources were seen to be the main hindrances to realizing strategic planning

objectives. Furthermore, the management of many of these football clubs had not taken any measures to ensure that they are working towards realizing these goals and that the plans were in tandem with current environmental conditions (Omondi, 2010).

Performance is a key component when measuring an organizations' progress, football clubs in Kenya included. Poor planning or lack of it, coupled with underperformance, has played a big role in investors' hesitance to delve into the murky waters that is club football in Kenya. Potential sponsors often cite poor performance and a lack of market appeal as the major reasons for not sponsoring KPL football clubs (Futaa.com). The benefits of strategic planning have been well documented. It however ultimately boils down to ensuring that the organization remains profitable, sustainable and has a clear long term survival goal. This also applies to football clubs in the Kenyan Premier League.

1.2 Statement of the Problem

Strategic planning, or any other management technique is of limited value by itself, only a partnership with all parts of the management particularly execution, controls and rewards can result in synergy and lead to substantial advancement and good performance. In their study on the relationship between strategic planning and firm performance, Arasa & K'Obonyo (2012) the analysis results indicated that there is a positive relationship between all the strategic planning constituent variables and overall financial and non-financial performance indicators.

Aldehayyat and Twaissi (2011) indicated in their study, "Strategic Planning and Corporate Performance Relationship in Small Business Firms: Evidence from a Middle East Country Context", that the results of the study strongly support prescriptive strategic planning literature which advocates that there is a positive relationship between strategic planning and financial performance. Jenster and Soilen (2012) also agree with this premise in their article, "The Relationship between Strategic Planning and Company Performance – A Chinese perspective". They concluded that indeed Strategic Planning does have a considerable impact on Company Performance. Pfahl (2010) looked into strategic planning and performance in the context of sports and recreation organizations, and in his finding he stated that in order to develop sustainability in performance, an organization must refine its strategic plan to suit sustainability. In their strategic plan for the fiscal years 2012 – 2013, the Department of Sports and Recreation in the Ministry of Sports and Recreation in the

Republic of South Africa has prioritized strategy formulation and implementation as the key to realizing its performance goals for the period of time indicated, for all team and individual sports (SRSA, 2012).

This study therefore provided an opportunity to attempt to further understand the link between strategic planning and performance. The study aimed at examining the performances of Football Clubs in the KPL in relation to strategic planning with a view of understanding how strategic planning affected performance of football clubs in Kenya. Strategic planning was not normally undertaken in the world of sports and more so in Kenya, thus the study aimed to shed light on the effect of strategic planning practices on performance of football clubs in the Kenyan Premier League.

1.3 Purpose of Study

The purpose of study was to determine the influence of strategic planning practices by football clubs on their performance.

1.4 Research Questions

1.4.1 How do managerial strategic thinking skills influence performance of football clubs in Kenya?

1.4.2 How does strategic formulation influence the performance of football clubs in Kenya?

1.4.3 To what extent do strategic choices influence performance of football clubs in Kenya?

1.5 Significance of study

1.5.1 Academicians and Researchers

The link between strategic planning and performance is not widely researched and this study will help to further shed light on the same. This study examined the link between the performance of football clubs in the Kenyan Premier League and strategic planning by their management, and thus the study will help in further understanding the link between the two.

1.5.2 Policy Makers

Sports have the potential of creating a lot of employment opportunities. From the sports persons themselves, their managers, building and maintenance of facilities, and so on, sports as a discipline presents an opportunity for youths to make a good living. The government and other key stakeholders in policy making can use this study to be able to come up with viable options in an attempt to realize this potential.

1.5.3 Football Clubs

This study helps football club managers to understand the importance of equipping themselves with adequate strategic planning skills as well as the knowhow of implementing these plans to the letter to realize the set objectives. This study also helps to shed light on how clubs can build mutually beneficial partnerships with potential investors. Investors in this case would be the sponsors, potential owners and other stakeholders.

1.6 Scope of the Study

The study was limited to the football clubs in the KPL. The focus is on the use of strategic planning practices by the management of these football clubs. The Kenyan Premier League constituted of 16 teams. Majority of these teams are based in Nairobi. Due to the home and away format of honoring football matches in the KPL, all teams eventually come to camp in Nairobi at some point and thus it was feasible to carry out a study on all the teams as they are easily accessible. The study was undertaken between January 2015 and August 2015.

1.7 Definition of Terms

1.7.1 Strategy

Strategy is seen in several different ways, the most common being these four: Strategy is a plan, that is, a means of getting from here to there; Strategy is a pattern in actions over time; for example, a company that regularly markets very expensive products is using a "high end" strategy; Strategy as a position, that is, it reflects decisions to offer particular products or services in particular markets; Strategy is perspective, that is, vision and direction (Mintzberg, 1994).

1.7.2 Strategic Planning

Strategic planning is management by plans, an analytical process and is focused in making optimal strategic decisions. They go on to state that strategic planning is the process of seeking a better match between a firm's products or technology and its increasingly turbulent markets (Arasa & K'Obonyo, 2012).

1.7.3 Strategic Thinking

Strategic thinking can be defined as the process of identifying alternative viable strategies or business models that deliver value to customers (Abraham, 2005).

1.7.4 Strategy Formulation

This is the process of aligning what emanates from strategic thinking practices and presenting these ideas in a logical and achievable manner (McFarlane, 2010).

1.7.5 Strategic Choices

Strategic choices involve multiple decisions that shape the future competitiveness of the company and have ramifications throughout the organization and society (Mudambi, 1994).

1.7.6 Performance

Performance is defined as the process of measuring the effective use of resources in the realization of organizational goals. (Bourne, Kennerly & Franco-Santo, 2005).

1.8 Chapter Summary

This introduction has provided the background of the study, the statement of the problem and the purpose of the study. It also outlines the research questions, the significance of the study and the scope of the study. In the next chapter, the study examined the literature review based on the research questions laid out in this chapter. Chapter three examined the research methodologies, while chapter four examined at the analysis of the data collected. Chapter five gave the discussion of the findings, as well as the conclusion and recommendations.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter examined the literature review on how strategic planning practices affected performance. The strategic planning practices examined were: Strategic thinking; Strategy formulation and the selection of strategic choices.

2.2 Strategic Thinking and Performance

2.2.1 The Concept of Strategic Thinking

Polboon Nuntamanop, Ilkka Kauranen and Barbara Igel (2013), stated that “most reviewed literature about strategic thinking either emphasizes the roles of strategic thinking in strategic management or proposes different dimensions of definitions. However, a common definition of strategic thinking in terms of its characteristics is not found”. Hanford (1995) suggested that the ability to think strategically required development of: Thinking concepts; Thinking skills; Thinking styles and Thinking techniques.

Abraham (2005) contended that strategy implied competing and outwitting competitors. He also stated that “strategic thinking is the process of finding alternative ways of competing and providing customer value” (Abraham, 2005). He went on to assert that “we can define strategic thinking as identifying alternative viable strategies or business models that deliver customer value”. Abraham (2005) further stated that “it is impossible to formulate a strategy, let alone a “best” or preferred strategy, without engaging in strategic thinking. The search for appropriate alternative strategies, often done as part of a strategic-planning process, is actually strategic thinking in action. Coming up with the “right” strategy for a company that might increase stakeholder value, make it a stronger competitor, or find a competitive arena it can dominate is done only through strategic thinking”.

Switzer (2008) stated that “strategic thinking, according to the National Defense University, is a different way of approaching how we think”. Switzer (2008) went on to state that “strategic thinking is the collection, interpretation, generation, and evaluation of information and ideas that shape an organization’s sustainable competitive advantage.”

Further, he stated that a deep understanding of one's business helps one to be more concerned with doing the right things, rather than doing things right.

Bonn (2005) "defines strategic thinking as a way of solving strategic problems that combines a rational and convergent approach with creative and divergent thought processes. Such process orientation focuses this investigation on how senior managers in an organizational setting attempt to understand and take strategic action in an environment that are highly complex, ambiguous and competitive". Goldman (2012) stated that a major "conceptualization of strategic thinking portrays it as various types of mental processing, including both inductive and deductive thinking; creativity, intuition, critical and logical thinking; and mental elasticity".

2.2.2 Factors Affecting Strategic Thinking

Goldman (2012) stated that the "three reasons for the strategic thinking gap have been suggested: a lack of understanding of the concept overall; constant practitioner and theoretician confusion of the term "strategic thinking" with "strategic planning" as well as other strategic management terms; and limited development of strategic thinking among organizational leaders". Goldman (2012) further stated that the knowledge gap between strategic thinking and strategic planning among top level managers hampers strategic thinking. "Strategic thinking is an individual experience and takes place informally and without any decision or action necessarily following. Planning on the other hand requires a degree of formality and structure and generally entails some decisions and actions", Tavakali & Lawton (2005).

Other than the cognitive capabilities of top managers being the major determinant of these managers ability to have strategic thinking skills, it is important to note that other factors also come into play. These include: Proper communication of the firm's vision and mission; Lack of proper communication channels within the organization; Organizational culture that does not encourage innovation and creativity; Managerial non-commitment through lack of or abolishment of continual staff training programmes to equip staff with knowledge needed to help in strategic thinking; Recruitment of under qualified staff. However, as Tavakali & Lawton (2005) stated, strategic planning cannot really be taught but only encouraged and facilitated, as it is a byproduct of individual intuitive and conceptual skills. McGiven & Tvorik (1997) stated that strategic thinking is a byproduct of

how the management interprets the external environment and the actions conceptualized to mitigate the turbulence associated with the external environment.

Rajasekar (2014) stated that the “factors that affect strategy implementation can be categorized as leadership style, information availability and accuracy, uncertainty, organizational structure, organizational culture, human resources, and technology. Although most authors agree that these factors affect strategy implementation, each factor’s impact is at a different level and carries a different force”. He goes on to stress that “human resources stated that human resources are becoming the key focus of strategy implementation and reiterated that people, not financial resources, are the key strategic resources in strategy implementation”.

2.2.3 Benefits of Strategic Thinking

Mintzberg et al. (1998) noted that: “effective strategy making connects acting to thinking which in turn connects implementation to formulation. We think in order to act, to be sure, but we also act in order to think”. Effective strategic thinking, acting, and learning seem to depend a great deal on intuition, creativity, and pattern recognition, none of which can be programmed although they may be recognized, facilitated, and encouraged (Mintzberg et al., 1998).

“For the past 25 years, studies have identified top leaders’ absence of strategic thinking as a major detractor of organizational performance” Goldman (2012). He went on to say that if managers were better equipped and skilled with strategic thinking skills, better decisions would have been made and subsequently more success would have been enjoyed. Goldman (2012) contended strategic thinking skills were very beneficial to managers in making sound and informed decisions that have grave ramifications on the firm’s success. Monnavarian, Farmani & Yajam (2011) stated that for an organization to acquire a larger market share, management should consider all three factors of strategic thinking including: Systematic thinking; Accountability and Conflict management.

Liedtka (1998) talked about the benefits of strategic thinking and went on to identify the following: Strategic thinking helped managers to view the organization in a holistic view and therefore understand the dynamics of the organization within their environment; Strategic thinking helped one to understand the interconnectivity of the past, present and

future; Strategic thinking encouraged one to be intelligently opportunistic, to be able to take advantage of emerging opportunities; Strategic thinking focused on intent unlike strategic planning, with an attempt to root out the misfits rather than focusing on creating a perfect.

Qadar and Inam (2009) stated that “managers of any organization are not only responsible for routine affairs, but are also tasked to shape future of their firms by setting long term goals, diagnose emerging threats, resolve emerging problems, and look for using their strengths in exploiting opportunities offered by competitive world. Such a proactive intellectual and analytical discourse aiming at creating positive trends for the firm by gaining long term competitive advantage over its rivals is called ‘strategic thinking’”.

2.2.4 Relationship between Strategic Thinking and Performance

McGiven and Tvorik (1997) stated that “many of the perspectives that dominated the early thinking concerning firm performance have their roots in traditional economic theory, with an emphasis on market power and industry structure as determinants of performance”. It was subsequently assumed that external factors largely influence the performance of an organization as opposed to internal factors like strategic thinking. Monnavarian, Farmani & Yajam (2011) also stated that strategic thinking contributes towards a firm performing better by acquisition of more market share and sale of more products to consumers.

Bourne (2011) referred to the realization and use of the balance score card as one of the numerous ways to critically look at and define performance as opposed the traditional way of thinking that linked performance to financial implications only. Bourne (2011) went on to intimate that indeed the measurement of performance is a complex issue and is one that is not easily universally defined.

Several studies have been conducted that try to outline a relationship between strategic thinking and organizational performance (Hahn & Powers, 1999). However, it must be stated that this area of management still elicits controversy as conflicting results have emerged regarding the relationship between strategic thinking and improved organizational performance (Grant, 2003). Pearce et al (1987), stated that the relationship between strategic thinking and performance is, a controversial, problematic and unresolved issue.

Earlier studies tended to show a positive correlation between strategic thinking and corporate performance (Herold, 1972, Thune & House, 1970). Later studies concluded that there was no systematic evidence of improved organizational performance as a direct result of the practice of strategic thinking. Other studies have even gone as far as implying that strategic thinking actually impedes better organizational performance as it introduces rigidity and the dysfunctional effects of bureaucracy (Glaister, Dincer, Totoglu & Demirbag, 2006).

Perceived motives of strategic thinking and thereby strategic plans are varied and diverse. Proponents of the view that strategic thinking has a causative relationship with organizational performance contend that strategic thinking gives a framework for organization to uncover, improve and perpetuate distinct competitive advantage (Porter, 1997). Thus as intimated above, strategic thinking ultimately equips managers with the skills to formulate visions, missions and objectives that give them competitive advantage and thus subsequently lead to better performance.

Fairholm (2009) stated that “Organizational effectiveness can only truly be considered if we focus on both quantitative measures of success of actions properly linked to each other to achieve important goals and the qualitative measures inherent in the organization’s sense of values, purpose, meaning, and vision. Strategic thinking and leadership takes place most importantly at the latter level and then works hard to link the organizational soul to a body that is rightly fit together by organizational managers and planners”.

2.3 Strategy Formulation and Performance

2.3.1 The Concept of Strategy Formulation

McFarlane (2010) stated that “the strategic formulation process must be undertaken with both mission and vision in mind. Companies engage in this process which is both time-consuming and difficult, because it is the only viable way to survive in the global economy where competition is constantly increasing and where economic, political-legal, social, cultural and technological changes are constantly in motion to affect strategy effectiveness and results”.

To begin with, an organization starts by forming a mission statement. A mission statement is a statement of purpose that differentiates one organization from another and similar organizations (David, 1986). A well thought of mission statement defines the unique purpose that sets an organization apart from others and identifies the scope of the organization's day to day activities in terms of the products offered and the markets served (Thomas & Strickland, 1999).

Secondly, the organization needs to do an environmental scan. The environment an organization exists in consists of the external environment and the internal environment. Before an organization begins to formulate strategies, management must scan the environment so as to identify opportunities, threats, strengths and weaknesses of the organization. Successful organizations are the ones that are always in tune with their environment. There must be a strategic fit between what the environment wants and expects and what the organization can offer, as well as between what the organization needs and what the environment can provide (Powell, 1992).

Thirdly, the organization needs to set its objectives. The purpose of setting objectives is to break down the organizational vision and mission into specific performance targets (Thomas & Strickland, 1999). Objectives are vital to an organization's success because they give direction, help in evaluation, create organizational synergy, unearth priorities, allow coordination and are vital for successful management of organizations (David, 1986).

Lastly, of the strategic choices available, the organization needs to analyze them and pick the most fitting one. This involves stating all alternative strategies, evaluating them with regards to stated objectives and how much they contribute towards it, while focusing on the results of the environmental analysis and thereafter making a choice among the alternatives so generated (Pearce & Robinson, 2002). This is the trickiest and most difficult element of the strategic planning process (Thomas & Strickland, 1999).

2.3.2 Factors affecting formulation of a Strategic Plan

Challenges to strategy formulation are always present, even in the most organized organizations. Management must anticipate challenges so as when they eventually occur they are not caught flat footed. Further, to this, adequate resources both financial and

nonfinancial must be availed to address anticipated challenges (Kitangita, 2007). Simons & Thompson (1998) refer to three categories of factors that impinge on the strategy formulation. These factors are environmental, organizational and decision-specific factors.

Environmental factors mean external agents such as national culture, national economic conditions and industry conditions. It examined factors such as set laws within the sector, set standardizations policies, to what extent one should consider the local community, the prevailing political conditions, strategic positioning, mergers and partnerships and the impact of the organization's presence on nature and its well being.

Thomas and Strickland (1999) defined an organization's structure as the formal framework by which job tasks were divided, grouped and coordinated. Structure is the framework through which the organization's efforts and objectives were eventually going to be implemented (Cole, 1996). Organization structure is the formal presentation of systems of positions and relationships within the firm. It clearly showed the firm's goals and specifies formal communication channels, who does what and who is responsible for whom/what. It is senior management's blueprint of how they want to achieve the organization's goals (Staniforth, 1994). Management authors have stated that there must a fit between strategy and structure. Any inconsistency between the two would lead to disorder, friction and underperformance within the organization.

Decision-specific factors can include time, risk, complexity and politics within the organization; it is in tandem with having a good mix that would help the organization to come up with appropriate decisions and in a timely manner. Huang, Abu-Salih & Megdadi (2013) stated that "business managers can't ignore the political policies, laws and regulations of the country from which they conduct international marketing transactions. They are required to understand the country in which the businesses will operate and work within the existing parameters and anticipate and plan for changes that may occur. Demographic factors and changes can create business opportunities for marketing innovation as far as consumer income, age, standard of living, occupation, educational level".

2.3.3 Benefits of Strategic Formulation

Strategy formulation is the most important aspect of the process that is strategic planning. Poorly formulated strategic plans lead to undesired and unintended results. How one formulates a plan determines whether or not the organization realizes its objectives. Strategy formulation presents the organization with an opportunity to examine all aspects of its operations in a holistic view and thoroughly scrutinize every aspect of how the company runs its day to day operations.

Fors and Moreno (2002) stated that appropriate strategy formulation procedures help an organization to see through its intended plan of action over a given period of time. Fors & Moreno (2012) further stated that strategy formulation helps the organization to weed out any faults within the organization that may hinder strategy formulation as well as realizing added benefits along the way. In conclusion, formulating strategic plans helps to realize the intended objectives set out to be fulfilled through formulation of strategic plans.

McFarlane (2010) stated that “there are five major benefits from strategy formulation and the resulting strategies in organizations. They contribute to: Determination of the direction of the organization’s development; Achievement of proficiency; Attainment of innovation; Ability to concentrate on distinct products and services; and achievement of performance and function efficiency in all processes to meet customer and shareholder needs”.

2.3.4 The Relationship between Strategy Formulation and Performance

Feurer and Chaharbaghi (1995) stated that strategy formulation requires three things: “Identification of goals in order to determine where to be in the future; Acquisition of knowledge regarding the relationship between actions and their effect towards the goals; Learning how to implement these actions”. With these in mind, we see that strategy formulation forms the backbone of the strategic planning process, and thus it will determine how well or not the organization will do to be sustainable. It’s the link between strategic thinking and strategic implementation. Strategy formulation is the culmination of all stake holder ideas and views in an attempt to get the best out of an organization’s performance.

Tapera and Gororo (2013) stated that well laid out strategies lead to good performances by firms. Despite the many challenges associated with strategy formulation, Tapera & Gororo

(2013) argued that a firm is better positioned to realize its goals and objectives if it makes a conscious effort to formulate strategies that best fit the organization's current situation and thus help in utilization of resources. They further stated that strategy formulation gives an organization competitive advantage and sustainable growth, which in turn lead to the organization doing well as per the various performance parameters.

2.4 Strategic Choices and Performance

2.4.1 The Concept of Strategic Choices

According to (smallbusiness.chron.com), "every company has a certain amount of resources available to it, among them financial resources, human resources, productive capacity and distribution channels. Strategic choices are the specific steps a company intends to take to deploy these resources. Your strategic choices could include determining what products and services to sell, where to sell them, how to sell them and what target markets to sell them to. A strategic choice could be acquiring a competitor if the objective is to gain market share. Another strategic choice might be to focus on selling at trade shows rather than using advertising to reach potential customers".

Mudambi (1994) stated that "Strategic choices involve multiple decisions that shape the future competitiveness of the company and have ramifications throughout the organization and society. Since strategic decisions are made at both the corporate level and the operational level, a clearly defined corporate strategy can serve as a useful guide". Mudambi (1994) further stated that strategic choices vary in their level of risk, comparability and profitability based on the strengths, weaknesses, opportunities and threats the organization faces in its industry and the environment.

Bhekauli *et al* (2014) stated that the strategic choice to be undertaken hinges around three reasons: Risk Taking Strategy; Cost Strategy and Diversification Strategy. Risk taking was defined as the implication the strategy would have on realizing the organizations' mission, Cost Strategy was defined as the efficiency of utilization of resources and Diversification Strategy was defined as the measure of how much gains outweigh the costs or vice versa.

Zanoni, Vernizzi and D'Anna (2014) stated that "strategic options are the instruments, choices and actions that link together the evidences emerging from the strategic analysis process with the actions a firm has to choose to modify its business model so as to realize

the strategic vision. In other words, strategic options bridge the gap between the analytical phases of the strategic project elaboration with the decisional phase”. They went to add that “after the scenario analysis and the analysis of the competitive position of the firm and its competitors, managers can identify and evaluate the set of strategic options the firm has at its disposal to modify its business model in order to get its desirable goals. After the evaluation of the set of potential strategic options a firm has to choose the one / the ones that better fit with its strategic vision and move on with the implementation”.

2.4.2 Factors Affecting Strategic Choices

Abebe (2007) identified two key factors, namely: Postponement and Subcontracting. He stated that postponement is normally due to lack of consensus among key stakeholders that are patient to passing decisions from the available alternatives. Subcontracting was with relation to outsourcing human resource to aid in certain decision making processes, and with regards to this, subcontracted personnel can lead to selection of strategic choices that impact negatively or positively on the organization.

Bias and favoritism also played a role in selecting strategic choices. This was normally with regards to infighting among directors or managers, based on choice of preference when selecting which strategic choices the organization should undertake. Liedtka (1998) stated that a holistic view of how the firm operates helped the management see how it can merge all its processes and procedures so as to have an integrated system that functions optimally. This helped to ensure that all the interests of all managers and other stakeholders were taken into account and thus it aided in ensuring appropriate strategic choices are made in a timely manner.

(Ukessays.com) identified the factors affecting selection of strategic choices as: Political Factors, mainly government regulations; Economic factors, mainly “disposable income, unemployment, exchange rates, inflation, industries economic growth trends (various countries), interest rates, taxation, government spending levels and money supply”; Social Factors, that identified the trends that affect the demand for an industries product and how they operate in the market; Technological Factors, that is new discoveries and developments.

2.4.3 Benefits of Making Good Strategic Choices

Zanoni, Vernizzi and D'Anna (2014) stated that “implementing the strategic options in order to realize the strategic vision means act on the business model of the firm, and on its different aspects. Due to the relevance of the relation between strategic options and business model it could be useful to get a little more deeply in the concept of business model”. He intimated that strategic choices, if carefully and thoughtfully selected, would lead to realization of the set objectives by an organization.

Gomis, Yasin and Lisboa (2009) stated that good strategic choices eventually lead to greater success for organizations. Further, benchmarking of the strategic choices of the most successful organizations set one along the right path in selecting good strategic choices from the available alternatives. Strategic choices also need to be based on the prevailing environmental situation in the industry it is located in if they are to be effective and appropriate.

Demirbag and Tatoglu (2008), state that good strategic choices lead to fitting strategies that give organizations a competitive advantage. Good choices lead to lower cost of resource acquisition, minimizing financial liabilities, global diversification and acquiring more resources. In their research, they found out that the organizations with the best competitive strategic choices performed better. It was thus evident that strategic choices were the key to realizing organizational objectives and even surpassing expectations.

Pehrsson (2001) stated that “Although it is hardly possible to find universal strategies that are suitable for all competitive settings, we shall not give up the search for strategy generalizations beyond single companies. Hence, I underscore the necessity of choosing business strategies that rely on a thorough understanding of company situations”. He further went on to state that the best strategy is the one that helps you attain the best performance. He further underlined that strategic choices, if well chosen, present the best case for an organization to optimize its performance.

Mudambi (1994) stated that good strategic choices have ramifications in all aspects of the organization's day to day running. Strategic choices, if poorly selected, were the beginning of the demise of an organization. Strategic choices were a reflection of the management's commitment to ensuring that the vision, mission and objectives are met. Bhekaouli *et al*

(2014) stated that strategic choices are the link between a vision, mission and the day to day running of the organization. They form the basis upon which the success of the organization will be determined.

2.4.4 Strategic Choices and Performance

Bhekaouli et al (2014), in their journal titled “Market Structure, Strategy Choices and Bank Performance: A Path Model”, stated that “Our results show that all dimensions of strategic choice (strategy of risk-taking, strategy of cost leadership and diversification strategy) have a significant indirect effect on bank market share. Hence, the strategic choice affects indirectly bank performance through the market share”.

Okpara (2009) stated that firms that made wrong strategic choices performed poorer than those that made better strategic choices with regards to their current situation and effectiveness of the decisions made. The importance of strategic choices cannot be overstated to those that come up with organization visions, missions and objectives. Strategic choices thus greatly affect the overall performance of the organization and remain to be a very key component to realizing success and attaining set goals.

2.5 Chapter Summary

The chapter reviewed previous works done by other scholars and researchers on the relationship between strategic planning and performance, with regards to the key aspects of strategic planning, which are: Strategic Thinking; Strategy Formulation and Strategic Choices. Articulated are the various factors that affect the realization of these aspects, as well as the benefits of each in the strategic planning process. Further, a relationship between these aspects and performance is drawn and explained, shedding light on their importance on the performance of an organization. The next chapter presents the research methodology of the study.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology of the study, research design used, target population and the sample selection, research instruments and data analysis. The study was conducted in an objective systematic manner so as to attain the intended objectives.

3.2 Research Design

The study was a descriptive survey aimed at investigating the strategic planning practices of football clubs in the Kenya Premier league concerned with finding out who, what, when, where, which and how of a phenomenon; Which is a descriptive research design (Kothari, 2007). This study was based on such a concern, as it was the best way to carry out the research. A survey was deemed the best research design as the study sought to investigate the influence of various demographical factors in relation to the strategic planning practices of the football clubs. Thus a survey was most appropriate as it enabled a general picture of the situation to be painted. The independent variables were strategic thinking, strategy formulation and strategic choices, while the dependent variable was performance.

3.3 The Population and Sampling Design.

3.3.1. Population

When carrying out a study, the population refers to the group of elements from which data to be analyzed will be collected from. In the case of this study, the population of interest in the study was the management of all football clubs in the Kenya Premier League as at June 2015. They included club patrons, treasurers, secretary generals, vice chairmen and chairmen. There are sixteen clubs in the National Kenya premier league.

3.3.2 Sampling Design

According to Kotler (2001), although large samples give more reliable results than small samples, it was not necessary to conduct a census of the entire target market and that if well chosen; samples of less than one percent of a population can often give reliable data. Purposive sampling was undertaken as it allows the researcher to use cases that have the required information with respect to the objectives (Kothari, 2007). The study sought to obtain a sample of at managers of at least 10 football clubs if full population coverage is not possible.

3.3.2.1 Sampling Frame

A sampling frame is a list of the elements from which a sample is drawn from and has a correlation with the population (Lewis, Saunders & Schindler, 2000). Given the nature of the research, more emphasis was placed on the managers of the top and least performing football clubs in the Kenyan Premier League.

3.3.2.2 Sample Size

Owing to the fact that the number of managers of football teams in the Kenyan Premier League give a population size of less than a hundred, a census survey was conducted when collecting data.

Table 3.1: Distribution Table of Football Clubs in Kenya

County	Number of teams based	Percentage
Mombasa	1	6.25
Kisumu	4	25
Nakuru	2	12.5
Machakos	2	12.5
Nairobi	7	43.75
Total	16	100

3.4 Data Collection Methods

Primary data was collected using a semi-structured questionnaire in order to measure the extent to which various strategic planning practices are utilized in the various football clubs. The questionnaire was structured with open ended and closed ended questions. The open ended questions were used to collect qualitative data whereas the closed ended questions were used to collect quantitative data. Opinions, views and perceptions were captured through scaling questions. Data was collected from one official of each football club. Cognizance of the structure of the specific football club was taken into account. Some football clubs have an Executive Chair, who is charged with the day to day management of the football club, whereas others have a secretariat staffed by professional managers. The researcher personally administered the research instrument in a vast majority of the situations.

Secondary data was collected by reviewing Football Clubs magazines, newspaper articles, online blogs, social media platforms and Sports Magazines. This helped shed more light on the running of these in years past. Secondary data was also be used to get stake holder thoughts on how they view the running of Club Football in the Kenyan Premier League. It helped in giving comparisons between the different views of key stakeholders in the industry.

3.5 Research Procedures

The research instrument was developed based on the research objectives. A pre test questionnaire was issued to gauge respondents' ability and willingness to answer various questions. The feedback of the pre test questionnaires was used to further develop the questionnaire that was eventually used for collection of data. The questionnaire was the main source of primary data. For interviews, the pre test was calling prospective respondents and getting to know their willingness to participate and feedback to the questions.

The research sought to draw the link between the various strategic planning issues and performance. The independent variable in this case was the factors associated with strategic planning while the dependant variable was performance. Respondents answered questions relating to the various strategic planning factors and the researcher sought to establish a relationship between the two through the stated research procedures.

3.6 Data Analysis Methods

The study was modeled on a descriptive design and as such descriptive statistics was used to analyze the data. Data was analyzed using frequency distribution and percentages with a view of revealing information on various aspects of strategic planning, number of football clubs undertaking strategic planning among other measures of interest. The questionnaire was structured so as to address the research questions stated in chapter one. This was so that the researcher could be able to draw a relationship between the various aspects of strategic planning and the performance of these football clubs on the field of play. The questions were structured in a manner as to elicit the most genuine response from the respondents. The main aim of the data analysis was to determine the extent to which strategic planning practices influence the performance of football clubs in the Kenyan Premier League.

3.7 Summary

This chapter described how the study was conducted. In the research designs, it described a descriptive design and why it was appropriate. It explained the various aspects of a study population and the aspects of a sampling design, which included the definition of a sampling frame and a sample size. The chapter also examined the data collection methods, explaining how primary and secondary data was collected. The chapter further examined the research procedure and data analysis methods that were used to generate data towards the intended objectives. The next chapter analyzes the data collected using the questionnaires. It contained diagrammatic representations of the data analyzed, clearly outlined as per how the research instrument was structured.

CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the results and findings of the study on the research questions with regards to the data collected from the respondents. The first section presents the background information of the respondents, while the second section presents findings on the how managerial strategic thinking skills influence performance of football clubs in Kenya. The third section examined at how does strategic formulation influence the performance of football clubs in Kenya and the fourth section presents the findings on how strategic choices influence performance of football clubs in Kenya. The final section examined at the various indicators of performance. 16 out of 16 questionnaires were returned indicating 100 percent response rate.

4.2 Background Information

4.2.1 Gender of the Respondents

Table two provides a summary of the gender of the respondents as obtained in the responses provided by the respondents. As indicated in the table, all of the respondents were male. The table shows that information in percentage. This clearly demonstrates that all football clubs in Kenya are operated by men.

Table 4.1: Gender of Respondents

Gender of Respondents	Distribution	
	Frequency	Percentage
Female	0	0
Male	16	100
Total	16	100

4.2.2 Age of the Respondents in Years

Table three provides the study findings with regards to the age of the respondents while chart one represents this data in a graph. The table reveals that majority of the respondents involved in the study are less than 50 years of age. Specifically, 6.2 percent of the respondents were aged between 21-30 years while 18.8 percent were aged between 31-40 years. 43.8 percent of the respondents were aged between 41-50 years and 25 percent were

aged between 51-60 years. The remaining 6.2 percent of respondents were above 60 years of age. This finding indicates that indeed, football clubs in Kenya are run by fairly young individuals' majority of who are below the age of 50.

Table 4.2: Age of the Respondents Ages in Years

Age of the Respondents in years	Distribution	
	Frequency	Percentage
21-30 years	1	6.2
31-40 years	3	18.8
41-50 years	7	43.8
51-60 Years	4	25
Over 60 years	1	6.2
Total	15	100

4.2.3 Designation of Respondents in the Organization

Table four presents a summary of the findings with regards to the designation/level in the football club while chart two represents this information graphically. As seen in the table, 12.5 percent of the respondents were chairpersons, while 31.3 percent of the respondents were vice chairpersons as the majority were secretary generals at 56.2 percent.

Table 4.3: Designation of Respondents in the Organization

Designation	Distribution	
	Frequency	Percentage
Chairman	2	12.5
Vice Chairman	5	31.3
Secretary General	9	56.2
Treasurer	0	0
Club Patron	0	0
Total	16	100

4.2.4 Level of Education

Table five provides a summary of the level of education of the respondents. As indicated in the table, majority of the respondents had post secondary level of education. In the table five, 56.2 percent of the respondents had graduate level of education while 31.3 percent

had acquired a master's degree in various fields. 12.5 percent of the respondents had managed to obtain a doctorate. This implies that most football clubs in Kenya are managed by individuals that have good academic qualifications.

Table 4.4: Level of Education of Respondents

Level of Education	Distribution	
	Frequency	Percentage
Secondary	0	0
Graduate	9	56.2
Masters Degree	5	31.3
Doctorate	2	12.5
Professor	0	0
Total	16	100

4.2.5 Duration of existence of Football Clubs

Table six provides a summary of the duration each football club has been in existence. As indicated in the table, majority of the football clubs have been in existence between 0 to 20 years. 37.5 percent of the football clubs have been in existence between 0-10 years. 37.5 percent have been in existence between 10-20 years while none has been in existence between 20-30 years. 12.5 percent of the football clubs have been in existence between 30-40 years while the remaining 12.5 percent have been in existence for more than 40 years.

Table 4.5: Duration of Existence of Football Clubs

Duration of existence of Football Clubs	Distribution	
	Frequency	Percentage
0-10 years	6	37.5
10-20 years	6	37.5
20-30 years	0	0
30-40 years	2	12.5
40+ years	2	12.5
Total	16	100

4.3 Strategic Thinking and Performance

The table below presents the statistical model summary with regards to the strategic thinking and performance.

Table 4.6: Model Summary, Strategic Thinking and Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.462 ^a	.414	.205	.36552

a. Predictors: (Constant), Strategic Thinking

The R square value was 0.414. This implies that strategic thinking accounts for 41.4 percent of performance in football clubs. The remaining 58.6 percent are as a result of other factors not considered and the error term. A value of 0.36552 for the standard error of the estimate indicates a 3.6552 percent deviation.

The table below presents findings with regards to the Analysis of Variance (ANOVA) table.

Table 4.7: ANOVA, Strategic Thinking and Performance

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	3.375	1	3.375	25.257	.000 ^b
Residual	12.425	15	.134		
Total	15.800	16			

a. Dependent Variable: Performance

b. Predictors: (Constant), Strategic Thinking

As seen in the ANOVA table the model, the F value of 25.257 reflected a significance level of 0.000, which in turn means that the test statistic is significant at that level. The following table presents the coefficients regarding strategic thinking and performance of clubs

Table 4.8: Coefficients, Strategic Thinking and Performance

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.753	.316		5.550	.000
Management often engages in strategic thinking practices	.089	.026	.231	3.459	.001
Management supports strategic thinking practices	.111	.042	.178	2.633	.010
Your football club encourages strategic thinking	-.002	.066	-.003	-.029	.977
Poor communication affects strategic thinking practices	-.071	.042	-.168	-1.685	.096
Cognition affects strategic thinking	.047	.041	.111	1.142	.257
Qualifications of managements affects strategic thinking	.154	.035	.372	4.368	.000
Strategic thinking helps in identifying opportunities	.032	.032	.080	1.011	.315
Strategic thinking contributes to problem resolution	.061	.057	.082	1.061	.292
Strategic thinking helps the club to develop	.068	.042	.131	1.617	.110
The clubs performance influences strategic thinking	.184	.030	.432	6.027	.000

a. Dependent Variable: Performance

From the table, we see that the statements “Your football club encourages strategic thinking” and “Poor communication affects strategic thinking” revealed negative beta values of -0.003 and -0.168 respectively, implying that there was a negative significant relationship between those statements and performance of football clubs in Kenya. The statements: Management often engages in strategic thinking practices 0.231; Management supports strategic thinking practices 0.178; Cognition affects strategic thinking 0.111; Qualifications of management affects strategic thinking 0.372; Strategic thinking helps in identifying opportunities 0.08; Strategic thinking contributes to problem resolution 0.082: Strategic thinking helps the club to develop 0.131; The clubs performance influences

strategic thinking 0.432; all have positive beta values, implying that there was a positive significant relationship between those statements and performance of football clubs in Kenya. The open ended question did not reveal any new information on what influences strategic thinking.

4.4 Strategic Formulation and Performance

The table below presents the model summary with regards to the strategic formulation and performance.

Table 4.9: Model Summary, Strategic Formulation and Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.724 ^a	.524	.519	.28436

a. Predictors: (Constant), Strategy Formulation

The R square value was 0.519. This implies that strategy formulation accounts for 51.9 percent of performance in football clubs. The remaining 48.2 percent are as a result of other factors not considered and the error term. A value of 0.28436 for the standard error of the estimate indicates a 2.8436 percent deviation.

The table below presents findings with regards to the Analysis of Variance (ANOVA) table.

Table 4.10: ANOVA, Strategic Formulation and Performance

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	8.280	1	8.280	102.401	.000 ^b
1 Residual	7.520	15	.081		
Total	15.800	16			

a. Dependent Variable: Performance

b. Predictors: (Constant), Strategic Choice

As seen in the ANOVA table the model, the F value of 102.401 reflected a significance level of 0.000, which in turn means that the test statistic is significant at that level. The following table presents the coefficients regarding strategy formulation and performance of football clubs.

Table 4.11: Coefficients, Strategic Formulation and Performance

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.466	.234		6.275	.000
Having a vision statement gives the club identity	.207	.034	.513	6.061	.000
Having a mission statement gives the club direction	.094	.036	.156	2.618	.011
The vision is influenced by stakeholders	.182	.031	.355	5.926	.000
The mission is influenced by the environment	.094	.022	.259	4.273	.000
Having objectives gives the club purpose of existence	.009	.036	.018	.258	.797
Objectives forms basis for the day to day activities	.074	.035	.184	2.113	.038
The club aligns its strategy to suit the current situation	.109	.034	.182	3.192	.002
The club's culture affects strategy formulation	.011	.033	.026	.338	.736
Qualifications of managements affects strategy formulation	.049	.026	.138	1.847	.068
The clubs performance influences strategy formulation	-.011	.036	-.021	-.308	.759

a. Dependent Variable: Performance

From the table, we see that the statement “The club’s performance influences strategy formulation” revealed negative beta value of -0.021, implying that there was a negative significant relationship between that statement and performance of football clubs in Kenya. The statements: Having a vision statement gives the club identity 0.513; Having a mission statement gives the club direction 0.156; The vision is influenced by stakeholders 0.355; The mission is influenced by the environment 0.259; Having objectives gives the club purpose of existence 0.018; Objectives forms basis for the day to day activities 0.184; The club aligns its strategy to suit the current situation 0.182; The club’s culture affects strategy formulation 0.026; Qualifications of managements affects strategy formulation 0.138; all have positive beta values, implying that there was a positive significant relationship

between those statements and performance of football clubs in Kenya. The open ended question revealed that the football club sponsors also influence strategy formulation.

4.5 Strategic Choices and Performance

The table below presents the model summary with regards to the strategic choice and performance.

Table 4.12: Model Summary, Strategic Choices and Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.855 ^a	.813	.912	.12164

a. Predictors: (Constant), Strategic Choice

The R square value was 0.813. This implies that strategy formulation accounts for 81.3 percent of performance in football clubs. The remaining 18.7 percent are as a result of other factors not considered and the error term. A value of 0.12164 for the standard error of the estimate indicates a 1.2164 percent deviation.

The table below presents findings with regards to the Analysis of Variance (ANOVA) table.

Table 4.13: ANOVA, Strategic Choices and Performance

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	14.424	1	14.424	974.795	.000 ^b
1 Residual	1.376	93	.015		
Total	15.800	94			

a. Dependent Variable: Performance

b. Predictors: (Constant), Strategic Choice

As seen in the ANOVA table the model, the F value of 974.795 reflected a significance level of 0.000, which in turn means that the test statistic is significant at that level. The following table presents the coefficients regarding strategic choices and performance of football clubs.

Table 4.14: Coefficients, Strategic Choices and Performance

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.262	.240		5.256	.000
Selection of strategic choices plays a part in the clubs success	.120	.032	.199	3.741	.000
Associated risk influences the selection of strategic choices	.075	.033	.139	2.246	.027
Associated cost influences the selection of strategic choices	.081	.021	.216	3.788	.000
Complexity influences the selection of strategic choices	.112	.034	.215	3.338	.001
Diversification influences the selection of strategic choices	.110	.023	.298	4.803	.000
Lack of consensus prolongs the decision making process	.100	.038	.183	2.661	.009
Bias and favoritism affects selection of strategic choices	.177	.026	.441	6.733	.000
Availability of officials delays selection of strategic choices	.090	.033	.149	2.731	.008
Managers qualifications affects selection of strategic choices	-.016	.032	-.039	-.508	.613
The clubs performance influences strategic choices	.025	.027	.070	.911	.365

a. Dependent Variable: Performance

From the table, we see that the statement “Managers qualifications affects selection of strategic choices” revealed negative beta value of -0.039, implying that there was a negative significant relationship between that statement and performance of football clubs in Kenya. The statements: Selection of strategic choices plays a part in the clubs success 0.199; Associated risk influences the selection of strategic choices 0.139; Associated cost influences the selection of strategic choices 0.216; Complexity influences the selection of strategic choices 0.215; Diversification influences the selection of strategic choices 0.298; Lack of consensus prolongs the decision making process 0.183; Bias and favoritism affects selection of strategic choices 0.441; Availability of officials delays selection of strategic choices 0.149; The clubs performance influences strategic choices 0.070; all have positive

beta values, implying that there was a positive significant relationship between those statements and performance of football clubs in Kenya. On the open ended question, one respondent revealed that the counsel of the senior players in the team influences strategic choices. Another revealed that the club sponsors also influenced the strategic choices to be made.

4.6 Qualitative Questions Analysis

The respondents indicated that the senior players in their football clubs were also involved in the strategic thinking practice and strategy formulation. Some indicated that they involve stakeholders and professionals in strategic thinking practices. Most of the respondents indicated that sponsors are also involved in selection of strategic choices. Under performance, some of the respondents indicated that performance affects the image of the football club.

4.7 Chapter Summary

The chapter presented the results of the survey. It outlined the background information of the respondents, as well as representing that information diagrammatically through charts. Under strategic thinking, the analysis showed that the respondents did not view it as a major determinant of their football club's performance, and that there was a positive relationship between strategic thinking and performance, however not very significant. With regards to strategy formulation, a positive relationship with performance was obtained, implying that respondents understood the importance of strategy formulation. Finally, the relationship between strategic choices and performance was found to be the highest, implying that selection of strategic choices was perceived as the biggest determinant of performance among the three aspects of strategic planning.

CHAPTER FIVE

5.0 DISCUSSION, RECOMMENDATIONS AND CONCLUSION

5.1 Introduction

The purpose of this study was to identify the influence of strategic planning practices on football clubs in the Kenyan Premier League. The study used managers of those football clubs as the population of study. The current chapter gives the summary of the findings, presents a discussion of the results and offers conclusions and recommendations drawn from the study.

5.2 Summary

The purpose of study was to determine the influence of strategic planning by football clubs on their performance. It sought to determine how managerial strategic thinking skills influence performance of football clubs in Kenya, how strategy formulation influences the performance of football clubs in Kenya and to what extent do strategic choices influence performance of football clubs in Kenya.

The research was based on a descriptive survey aimed at investigating the strategic planning practices of football clubs in the Kenya Premier league. The population of interest in this study was the management of football clubs in the Kenya Premier League as at June 2015. There are sixteen clubs in the National Kenya premier league. Owing to the fact that the number of teams in the Kenyan Premier League are 16, which means the population size is less than a hundred, a census survey was conducted when collecting data. Primary data was collected using a semi- structured questionnaire in order to measure the extent to which various strategic planning practices are utilized in the various football clubs. Secondary data was be collected by reviewing Football Clubs magazines, newspaper articles, online blogs, social media platforms and Sports Magazines. The research instrument was developed based on the research objectives. The study was modeled on a descriptive design and as such descriptive statistics was used to analyze the data.

With regards to strategic thinking, the analysis showed that the respondents did not view it as a major determinant of their football club's performance, according to the model summary on strategic thinking that showed a poor relationship between strategic thinking and performance. It must however be noted that majority of the respondents did agree that performance does influence strategic thinking.

Most of the respondents did agree that strategy formulation is a significant determinant of performance. Again a large majority indicated that indeed strategy formulation is influenced by the performance of their football clubs. It was noted that an overwhelming majority of the respondents agreed that having a vision statement gives their football clubs identity and that having a vision statement gives the football club direction.

Strategic choices appeared to have the biggest influence on performance according to the respondents, as the model summary indicated that majority of the respondents agreed on the same. Of special mention was the fact that all the respondents agreed that a lack of consensus does prolong the decision making process. Also, majority of the respondents agreed that selection of strategic choices plays a part in the clubs success. From the data analyzed, we can see that the respondents understand the importance of making the right choices when arriving at strategic choices from the given alternatives.

Lastly, we can note that indeed performance affects the overall well being of the football clubs, as majority of the respondents agreed on the same, based on the statements aimed at attempting to realize the importance of good performance. It must however be noted that the respondents were divided as to if performance affects the process of strategic planning, alluding that strategic planning will take place regardless of good or bad performance.

5.3 Discussion

5.3.1 Strategic Thinking and Performance

The study revealed that majority of the respondents indicated that management often engages in strategic thinking practices to a considerable extent. Also, majority of the respondents indicated that management supports strategic thinking practices to a considerable extent as well as their football clubs encouraging strategic thinking. A vast majority indicated that poor communication affects strategic thinking practices to a good extent. Half of the respondents agreed that indeed cognition affects strategic thinking to a good extent. Most of the respondents indicated that the qualifications of managements affects strategic thinking to a good extent, while half of the respondents agreed that strategic thinking helps in identifying opportunities to a considerable extent. Again, a majority of the respondents agreed that strategic thinking contributes to problem resolution to a good extent, and an overwhelming percent of the total indicated that strategic thinking

helps the club to develop to a good extent. Finally, most of the respondents agreed that the clubs performance influences strategic thinking to a good extent.

Abraham (2005) states that “It is impossible to formulate a strategy, let alone a “best” or preferred strategy, without engaging in strategic thinking. Liedtka (1998) talks about the benefits of strategic thinking and goes on to identify the following: Strategic thinking helps managers to view the organization in a holistic view and therefore understand the dynamics of the organization within their environment; Strategic thinking helps one to understand the interconnectivity of the past, present and future; Strategic thinking encourages one to be intelligently opportunistic, to be able to take advantage of emerging opportunities; Strategic thinking focuses on intent unlike strategic planning, with an attempt to root out the misfits rather than focusing on creating a perfect fit.

Goldman (2012) states that the “three reasons for the strategic thinking gap have been suggested: a lack of understanding of the concept overall; constant practitioner and theoretician confusion of the term “strategic thinking” with “strategic planning” as well as other strategic management terms; and limited development of strategic thinking among organizational leaders”.

5.3.2 Strategy Formulation and Performance

The study revealed that an overwhelming majority of the respondents agreed that having a vision statement gives the club identity to a great extent, as well giving the club direction. Half of the respondents indicated that vision is influenced by stakeholders to a good extent and more than half of the respondents also agreed that the vision is influenced by the environment to a good extent. Having objectives gives the club purpose of existence to a good extent, as per majority of the respondents. Most of the respondents indicated that objectives forms basis for the day to day activities to a considerable extent. A majority of the respondents agreed that the club aligns its strategy to suit the current situation to a good extent, while most of the respondents indicated that the club’s culture affects strategy formulation to a considerable extent. A majority of the respondents greatly agreed that qualifications of management affects strategy formulation to a good extent and finally most of the respondents indicated that the clubs performance influences strategy formulation to a good extent.

To begin with, an organization starts by forming a vision and mission statement, which is a statement of purpose that differentiates one organization from another and similar organizations (David, 1986). A well thought of mission statement defines the unique purpose that sets an organization apart from others and identifies the scope of the organization's day to day activities in terms of the products offered and the markets served (Thomas & Strickland, 1999). Fors & Moreno (2002) state that appropriate strategy formulation procedures help an organization to see through its intended plan of action over a given period of time. They state that it helps the organization to weed out any faults within the organization that may hinder strategy formulation as well as realizing added benefits along the way.

In addition, challenges to strategy formulation will always be present, even in the most organized organizations. Management must anticipate challenges so as when they eventually occur they are not caught flat footed. Further, to this, adequate resources both financial and nonfinancial must be availed to address anticipated challenges (Kitangita, 2007).

5.3.3 Strategic Choices and Performance

The study showed that huge majority of the respondents agreed that selection of strategic choices plays a part in the clubs success to a great extent. More than half of the respondents indicated that associated risk influences the selection of strategic choices to a good extent. Further, most of the respondents indicated that associated cost influences the selection of strategic choices to a good extent. Majority of respondents indicated that complexity influences the selection of strategic choices to a good extent. As per half of the respondents, diversification influences the selection of strategic choices to a good extent. All of the respondents concurred that lack of consensus prolongs the decision making process to a great extent. A vast majority agreed that bias and favouritism affects selection of strategic choices to a good extent, and again more indicated that the availability of officials delays selection of strategic choices. An equal amount of respondents agreed that the managers' qualifications affect selection of strategic choices to a good extent and to a great extent respectively. Finally, half of the respondents concurred that the clubs performance influences strategic choices to a great extent.

Mudambi (1994) states that “Strategic choices involve multiple decisions that shape the future competitiveness of the company and have ramifications throughout the organization and society.” The respondents greatly agreed with Mudambi, as a majority of them agreed that selection of strategic choices plays a part in the clubs success.

Abebe (2007) identifies two key factors, namely: Postponement and Subcontracting. He states that postponement is normally due to lack of consensus among key stakeholders that are patient to passing decisions from the available alternatives. Subcontracting is with relation to outsourcing human resource to aid in certain decision making processes, and with regards to this, subcontracted personnel can lead to selection of strategic choices that impact negatively or positively on the organization

Gomis, Yasin and Lisboa (2009) state that good strategic choices eventually lead to greater success for organizations. Further, benchmarking of the strategic choices of the most successful organizations sets one along the right path in selecting good strategic choices from the available alternatives. Strategic choices also need to be based on the prevailing environmental situation in the industry it is located in if they are to be effective and appropriate. Bhekaouli et al (2014), in their journal titled “Market Structure, Strategy Choices and Bank Performance: A Path Model”, state that “Our results show that all dimensions of strategic choice (strategy of risk-taking, strategy of cost leadership and diversification strategy) have a significant indirect effect on bank market share. Hence, the strategic choice affects indirectly bank performance through the market share”. In comparison to the findings by Gomis et al and Bhekaouli et al, the data analysis supports this, as a majority of the respondents agree that performance does influence strategic choices.

5.4 Conclusions

5.4.1 Strategic Thinking and Performance

Of the statements that the respondents were to respond to, we learnt that development of the football club was the major contribution that strategic thinking skills bring to the table. Most of the respondents cited this as the biggest influence on performance under the various statements relating to strategic thinking. The coefficients table also revealed that strategic thinking skills had a fairly positive significant relationship to performance. Respondents valued strategic thinking as an asset in terms of realizing organizational

goals. With this mind and given the definition by Abraham (2005) that “strategic thinking is the process of finding alternative ways of competing and providing customer value”, we see that the respondents understand the value of good cognition when it comes to strategic thinking as it helps the club to develop and to realize its goals. It clearly comes out that the respondents understood the value of conceptualization.

5.4.2 Strategic Formulation and Performance

McFarlane (2010) states that “the strategic formulation process must be undertaken with both mission and vision in mind. Companies engage in this process which is both time-consuming and difficult, because it is the only viable way to survive in the global economy where competition is constantly increasing and where economic, political-legal, social, cultural and technological changes are constantly in motion to affect strategy effectiveness and results”. Strategy formulation was well understood by the respondents, as well as its importance. From the research questions and the analysis of the same there after, we see that coming up with a vision and mission was accorded a lot of importance, indicating that respondents understood the value of having a vision and mission that is reflective of the football clubs identity and plan of action. The link between strategy formulation and performance was also seen to be significantly higher than that of strategy thinking and performance.

5.4.3 Strategic Choices and Performance

Zanoni, Vernizzi and D’Anna (2014) state that “implementing the strategic options in order to realize the strategic vision means act on the business model of the firm, and on its different aspects. Due to the relevance of the relation between strategic options and business model it could be useful to get a little more deeply in the concept of business model”. It strongly came out that selection of strategic choices pays a big part in the success of the football clubs in the Kenyan Premier League. It was also noted that a lack of consensus greatly delayed decision making when it came to arriving at strategic choices from given alternatives. Further, from the summary model, we see that majority of the respondents agreed that strategic choices do affect performance to a great extent. The coefficient table also showed that respondents drew the greatest link to performance as being strategic choices.

5.5 Recommendations

5.5.1 Recommendations for Improvement

With regards to strategic thinking, I think managers of these football clubs need to enroll for courses that encourage and add to ones cognitive ability. Management courses are a good example of the undertakings these managers should consider. Frequent brain storming sessions as well as in cooperation of all stakeholders will also go a great way to the acquisition of strategic thinking skills.

Strategy formulation should be a process that not only involves the club officials, but the external environment too, and to a great extent. Thorough market scanning done on a regular basis would go a long way in helping to formulate strategies that are in tandem with the prevailing situation the club is in. Outsourcing can also be a way of ensuring the most fitting and appropriate procedures are followed when formulating strategies. Outsourcing helps the management in plugging the holes in the structure that might have been overlooked.

To help do away with bias and prolonged decision making that really hampers the process of selection of strategic choices, acquisition of qualified and objective club officials would help. Qualified personnel will be able to make the most informed decisions. Making informed decisions is very key at it will determine the eventual success or failure of the organization.

5.5.2 Recommendations for Further Studies

The government in collaboration with the management of the Kenyan Premier League should consider having courses tailor made to ensure that managers of the various football clubs are able to use their unique positions to empower youth in the country. It will also help in nurturing a breed of managers who are well equipped to manage sports in the country, as there is an appalling shortage of professionals in the field of sports management.

Most Kenya Premier League clubs do not have a defined management philosophy. Changing times and turbulence means that the organizational structures, policies and practices that may have been effective in the past are not effective now. Football in Kenya has grown to be more than a sport and investors are now looking at it as a viable option for

investment and thus football managers and officials should acquaint themselves with this paradigm shift. Key stakeholders must thus enhance the capacity of club management. These could include practical attachments to other countries or areas where sport is professional managed as a business entity.

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APPENDICES

Appendix 1: Table of Football Clubs within the Kenya Premier League

	NAME	LOCATION	SPONSOR
1.	AFC Leopard FC	Mumias	Community Based
2.	Nakuru All Stars	Nakuru	Community Based
3.	Bandari FC	Mombasa	Kenya Ports Authority
4.	Chemilil Sugar FC	Kisumu	Chemelil Sugar Company
5.	Gor Mahia FC	Nairobi	Community Based
6.	KCB FC	Nairobi	Kenya Commercial Bank
7.	Mathare United FC	Nairobi	Xxcel Africa Limited
8.	Nairobi City Stars	Nairobi	Ambassadors In Sports
9.	Muhoroni Youth	Muhoroni	Community Based
10.	Ushuru FC	Nairobi	Kenya Revenue Authority
11.	Sofapaka	Machakos	MAOS Ministry
12.	Sony Sugar	Kisumu	Sony Sugar Company
13.	Thika United FC	Thika	Community Based
14.	Tusker FC	Nairobi	East Africa Breweries Limited
15.	Ulinzi Stars	Nakuru	Ministry of Defence
16.	Western Stima FC	Kakamega	Kenya Power and Lightning Company

Source: Kenya Premier League (2015) <http://www.kpl.co.ke>

Appendix 2: Introduction letter

DATE 16/7/2015

TO WHOM IT MAY CONCERN

IINFLUENCE OF STRATEGIC PLANNING ON THE PERFORMANCE OF FOOTBALL CLUBS IN THE KENYAN PREMIER LEAGUE

I am a Master of Business Administration (MBA) student of the United States International University – Africa. I am required to submit as part of my coursework assessment a research project report on a management problem. The institution would like its students to do their projects on real problems affecting institutions in Kenya. I would, therefore, appreciate if you assist me by allowing me to collect data in your organization for the research. The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organization on your request.

I look forward to working with you. I believe the findings of my research will be beneficial to your institution and I believe I will learn a lot from engaging with members of your institution. Again, I look forward to working with you. Thank you in advance.

Kindly,

KAIMENYI TIMOTHY MUTHUURI,
REG. NO: 641843

Appendix 3: Survey Instrument

Influence of Strategic Planning on the Performance of Football Clubs in Kenya

PART A: Respondents Profile

1. What is your gender? Male Female

2. Indicate your age in years.

18 – 30

30 – 40

40 – 50

50 – 60

60+

3. What is your designation at the football club?

Chairman

Vice Chairman

Secretary General

Treasurer

Club Patron

4. What is your education level?

Secondary

Graduate

Masters

Doctorate

Professor

5. How long has the football club been in existence?

0 – 10

10 – 20

20 – 30

30 – 40

40+

PART B
STRATEGIC THINKING

Indicate the extent to which the following statements are relevant to your football club.

(Use a 5 point scale, where 1 = not at all, 2 = to a small extent, 3 = to a considerable extent, 4 = to a good extent and 5 = to a great extent)

Strategic Management	1	2	3	4	5
6. Management often engages in strategic thinking practices					
7. Management supports strategic thinking practices					
8. Your football club encourages strategic thinking					
9. Poor communication affects strategic thinking practices					
10. Cognition affects strategic thinking					
11. Qualifications of managements affects strategic thinking					
12. Strategic thinking helps in identifying opportunities					
13. Strategic thinking contributes to problem resolution					
14. Strategic thinking helps the club to develop					
15. The clubs performance influences strategic thinking					

16. What other issues would you consider to determine strategic thinking practices in your football club?

i) _____

ii) _____

PART C
STRATEGY FORMULATION

Indicate the extent to which the following statements are relevant to your football club.

(Use a 5 point scale, where 1 = not at all, 2 = to a small extent, 3 = to a considerable extent, 4 = to a good extent and 5 = to a great extent)

Strategy Formulation	1	2	3	4	5
17. Having a vision statement gives the club identity					
18. Having a mission statement gives the club direction					
19. The vision is influenced by stakeholders					
20. The mission is influenced by the environment					
21. Having objectives gives the club purpose of existence					

22. Objectives forms basis for the day to day activities					
23. The club aligns its strategy to suit the current situation					
24. The club's culture affects strategy formulation					
25. Qualifications of managements affects strategy formulation					
26. The clubs performance influences strategy formulation					

27. What are other determinants of strategy formulation in your football club?

i) _____

ii) _____

PART D

STRATEGIC CHOICES

Indicate the extent to which the following statements are relevant to your football club.

(Use a 5 point scale, where 1 = not at all, 2 = to a small extent, 3 = to a considerable extent, 4 = to a good extent and 5 = to a great extent)

Strategic Choices	1	2	3	4	5
28. Selection of strategic choices plays a part in the clubs success					
29. Associated risk influences the selection of strategic choices					
30. Associated cost influences the choice of strategic choices					
31. Complexity influences the picking of strategic choices					
32. Diversification dictates the selection of strategic choices					
33. Lack of consensus prolongs the decision making process					
34. Bias and favouritism affects strategic choices evaluation					
35. Availability of officials delays consensus of strategic choices					
36. Managers qualifications affects selection of strategic choices					
37. The clubs performance influences strategic choices					

38. What other issues determine to selection of strategic choices in your football club?

i) _____

ii) _____

PART E
PERFORMANCE

Indicate the extent to which the following statements are relevant to your football club.

(Use a 5 point scale, where 1 = not at all, 2 = to a small extent, 3 = to a considerable extent, 4 = to a good extent and 5 = to a great extent)

Performance	1	2	3	4	5
39. Performance affects the profitability of the club					
40. Performance alters the marketability of the club					
41. Performance affects the survival of the club					
42. Performance changes ability to compete in the transfer market					
43. Performance influences the process of strategic planning					

44. How else does performance affect your football club?

- i) _____
- ii) _____

Thank You for Your Time