Effect of Strategic Planning on Annual Income of National Sports Federations in Kenya

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Abstract
Strategic Planning has been linked to improved financial performance of International Sport Federations. The general low annual income of the National Sports Federations (NSFs) in Kenya which has frustrated development of sport industry raises a number of issues regarding integration of strategic planning in their management. This paper looks at the effect of strategic planning on annual income of NSFs in Kenya. The paper was guided by descriptive and correlation research design. A Population of 156 officials from 39 NSFs was targeted and 111 respondents randomly sampled using Fisher’s model. Primary data was collected using structured questionnaire. Descriptive statistics involving mean, standard deviations and frequencies were run. Multiple regression analysis was employed to determine the effect of strategic planning on annual income. The study established that there was low integration of strategic planning practices among NSFs which could be responsible for their annual income deficits posted over the years. However, significant positive linear relationship was established between the different strategic planning components and annual income at (p < 0.05, \( R^2 =0.626 \)) implying Strategic Planning has a positive and significant influence on annual income with a variance of 62.6 %. It was recommended that increased integration of strategic planning could lead to significant improvement of annual income among NSFs in Kenya.

Keywords:
Strategy, Strategic Planning, Financial Performance, Annual Income Sports Federation, Kenya

1.0 Introduction
Strategic Planning is a systematic process used to improve performance of an organization by prioritizing its use of resources according to identified goals. According to Pettigrew, Howard, and Whittington, (2006), strategic planning defines an organization’s purpose, direction, choices, changes, governance, structure, and performance in terms of their industry, market,
social, economic, and political contexts. Theories of mainstream strategic planning are concerned with the causal relationship between competitive advantage arising from effective planning and financial performance (Porter, 1980).

Organizations from both For Profit and Not for Profit sectors are increasingly embracing the practice of strategic planning in anticipation that this will translate to improved performance (Arasa & K’obonyo, 2012). Rabin, Miller and Hildreth (1989) agree with previous research findings that strategic planning concept is linked to improved financial performance. The scholars allude to the fact that success in financial performance can be achieved through an effective application of strategic planning which gives attention to detail, and adoption of regular and exact habit by those in management. However, application of strategic planning has been varied across organizations and has also yielded conflicting performance results.

Different organizations lay emphasis on different components of strategic planning. All organizations including National Sport Federations (NSFs) subscribe to some form of planning. The variations in strategic planning therefore arise from the extent of formality of the process in an organization. Whereas, most studies on strategic planning-performance relationship tend to concentrate on formal strategic planning, it suffices to recognize that many organizations use the two in juxtaposition with some critically leaning more towards informality. Perhaps the central reason for this inclination in the studies could be attributed to the ease of measurability of formally established strategic planning steps (Learned, Christensen, Andrews & Guth, 1965; Ansoff, 1965; Pearce & Robinson, 1987; Mintzberg & Lampel, 1999; O’Regan & Ghobadian, 2002). There has been a belief that sport management is different from mainstream management (Watt, 2003; Odhiambo, 2011). No studies seem to have established whether NSFs in Kenya are not caught between the two management paradigms and the effect either could be having on their annual income performance. However, this paper looks at Formal Strategic Planning with the process or steps conceptualized as overlapping and iterating components that when undertaken would result in improved annual income of NSFs in Kenya.

Many strategic planning application components have been suggested in the existing literature, yet no consensus has emerged on the best components of planning (Ramanujam & Venkatraman, 1987; Veliyath & Shortell, 1993). The concept of planning formality has evolved over time along two separate (but related) dimensions. These were planning completeness defining elements included in the plan, and commitment which show how intensive planning guidelines were followed (Chae and Hill, 2000). Sapp and Seiler (1981) referred to the degree of completeness of the planning process by using four classes to distinguish degrees of planning formality. Kallman and Shapiro (1978) used a similar categorization using five classes of planners (from non-planners to sophisticated planners). However, as planning became more process-oriented, researchers became more inclined to view the planning process by its component parts. Armstrong (1982) identified objectives, strategy generation, strategic evaluation and monitoring results as four components or steps of the strategic planning process. A second element of planning formality was commitment to the planning process. Early researchers including Rue and Fulmer (1973), and Karger and Malik (1975) regarded whether plans were written or not to be valid indicators of corporate commitment to strategic planning. Armstrong (1982) saw commitment at all stages of the planning processes as essential.
while Harju (1981) included measures of commitment as well as planning formality to assess variations in corporate performance. What the literature suggests then is that planning formality is a function of both content and commitment and that the two are better managed through a well defined process.

Despite diverse approaches in formal strategic planning, most organizations tend to embrace the following components summarized as establishing strategic planning platform, formulating strategies, developing an implementation framework and monitoring and evaluation of the process. The four components encompass a number of systematic processes which are undertaken by organizations under the stewardship of the top management. However, previous studies have tended to consider relationship between individual components of strategic planning rather than looking at combined effect of the components on performance. Further, previous studies on strategic planning-performance relationship including those carried out in Kenya have had their focus on For Profit firms. Despite information regarding the need for strategic planning by NSFs in Kenya being contained in the National Sports Policy (Government of Kenya, 2002) no study has directly addressed effect of strategic planning on annual income of National Sport Federations in Kenya. However, this paper looks at effect of strategic planning on annual income of NSFs in Kenya.

Over the years posting surplus annual income (making financial profit) has not been considered a goal in non-profit National Sport Federations (Winand, 2009). But current developments globally have placed sport beyond being a mere pass time to being an income generating industry. Sport organizations have become keen on analyzing their annual income like other firms in for profit industries. The role of annual income analysis in sport organizations is to establish existence of sufficient funds for developing and promoting sports activities as the main goal. A sport organization that is capable of financing all the sporting programmes for the year and realize surplus from its annual income is therefore considered viable (Winand, 2009). However, generating sufficient financial income for sports development has been a persistent problem faced in the management of sports by National Sport Federations in Kenya (Shehu, 1998; Mwisukha et al., 2007). A number of NSFs in Kenya persistently register deficits in their annual income which adversely affect funding of their programmes (Shehu, 1998; Mwisukha et al., 2007). In a study on the training of athletics coaches in Kenya, Mwisukha et al. (2007) noted that inadequate funding is the main problem faced in the implementation of training programmes for the coaches. Contingents of teams destined for international competitions are often reduced to very small numbers due to limited funds to cater for their allowances and upkeep during training and competitions (Shehu, 1998). The inadequacy of funding also adversely affect the amount and variety of incentives that are given to the athletes, and this in turn kills their motivation towards striving for enhanced performance. Kenyan elite athletes threatened to boycott Common Wealth Games in Glasgow, England in 2014 demanding payment of allowances upfront (Mackay, 2014). This followed persistent failure of the respective NSFs and the government to pay allowances to them during their participation in two consecutive international assignments preceding the Glasgow games in 2013. The perennial annual income inadequacy exists despite the management of NSFs in Kenya being encouraged to embrace strategic planning since the year 2002. In this paper an attempt is
made to establish the effect strategic planning could be having on the current annual income of National Sport Federations in Kenya.

1.1 Objective

To establish effect of strategic planning on annual income of National Sports Federations in Kenya

2.0 Theoretical Literature Review

According to Watt (2003) management literature has not got to grips with an overall sport management paradigm. This has created a misplaced allusion that sport management is actually different to mainstream management, that somehow the knowledge base, skill set and practice of sport management is distinct from managing in other sectors. The global trends in elite sport has proved that sport is big business in its own right and that generic management practices in other industries fit within typical sport management. Strategy relates to sports because non-sport firms have used sport strategically by advertising, sponsoring, or partnering with sport-related businesses to enhance their profitability. Similarly, sport-related businesses have been supported by variety of industries, each of which has different economic features and market forces (Ratten and Ratten, 2011). To guide the current study; Industrial Organization, Resource Based and Strategy Process Theories were reviewed. Consistent with Porter (1991), strategy theory concerns the explanations of firm performance in a competitive environment, the three paradigmatic perspectives were considered suitable in understanding the variables that influence strategic planning and annual income of National Sport Federations.

2.1 The Industrial Organization Theory

The theory is based on the argument that the primary determinant of an organization strategy is the external environment in which it operates and that this has a greater influence on performance than internal decisions made by managers (Schendel, 1994). The assumption is that the environment presents threats and opportunities, that organizations within an industry control or have equal access to resources and these resources are highly mobile between firms (Seth & Thomas, 1994). Since strategy drives resource acquisition, organizations should strategize and utilize their resources to suit the needs of the environment (Hitt, Ireland & Hoskisson, 2011). Success in performance is realized by offering goods and services at lower cost than competitors or differentiating products from those of competitors such that consumers are willing to pay a premium price. Through careful external considerations an organization would maximize long term profit and develop sustainable competitive advantage over competitive rivals in the external market place (Porter, 1981).

National Sport Federations compete in a dynamic environment which requires careful analysis to isolate threats from opportunities consistent with the Industrial Organization theory. Mason (1999) cited by Odhiambo (2011) argues that sports teams unite in a NSF to produce a league product that has evolved from mere "entertainment for spectators" to being "sold to four
distinct groups": fans who support leagues by attending games, following games on television and other media, and purchasing league and team-related merchandise; communities which build facilities and support local clubs; television and other media companies who purchase the rights to show games; and corporations which support leagues and clubs by increasing gate moneys, purchasing teams outright, or providing revenues through sponsorships or other associations (Watt, 2003). Consequently, for every NSF opportunities and threats exist on equal measure. Among the critical components of the environment include competition and industry structure, government regulations, technology, market trends and economic trends. Apart from competition among them NSFs have to compete for paying fans within the broader, global, entertainment industry.

National Sports Federations have to contend with, fans and customers who often appear subservient to teams, clubs, particular athletes and federations. In many respects, this must continue, especially given the importance of the finite resource, talented athletes. However, the notion that sport should become a more market-led industry remains debatable. This implies a clear split between managing on-field and off-field activities that would improve annual income. For off-field activities, such as stadium/capacity utilization, the relevance of being led by the market place is both more obvious and strategically justifiable. Utilizing stadium capacity is both a financial and an ethical imperative: how to make best use of a valuable finite resource and one that can potentially generate important revenue flows (Beech, 2004). Despite the Industrial Organization theory being relevant in strategic planning by sport organizations, no studies have highlighted the theoretical underpinnings of strategic planning in NSFs in Kenya.

2.2 The Resource Based View of the Firm

Resource Based View (RBV) examines the link between a firm’s internal characteristics and performance. A firm’s aim must be to achieve competitive advantage over its competitors, which it ideally derives from valuable resources that are superior in use, hard to imitate and difficult to substitute. According to Barney (1991) resources can be classified into three categories: physical capital resources (Williamson, 1975) such as plant and equipment, human capital resources (Becker, 1964) such as training relationships and experience, and organisational capital resources (Tomer, 1987), for example, reporting structure, formal/informal planning and controlling.

The Resource-Based Theory stems from the principle that the source of a firm’s competitive advantage lies in their internal resources, as opposed to their positioning in the external environment as advocated by the industrial organization theory. That is rather than simply evaluating environmental opportunities and threats in conducting business, competitive advantage depends on the unique resources and capabilities that a firm possesses (Barney, 1995). The resource-based view of the firm predicts that certain types of resources owned and controlled by firms have the potential and promise to generate competitive advantage and eventually superior firm performance.

National Sport Federations command internal resources some of which may be specifically tailored to acquire uniqueness to a sport federation. The RBV strongly considers strategic
management of human resource as critical in achieving sustainable competitive advantage. National Sport Federations can create competences in their elected officials, coaches, referees and players to create a fit between skills and strategy which would impact on their performance both on-field and financially (Wright, Dunfodord, and Snell, 2001). According to Stewart (2007) despite sport’s rapid commercialization there are many gaps in the financial knowledge and skills of sport organization managers. A NSF that focuses on improving financial literacy and financial responsibility of the elected officials is likely to acquire competitive advantage over other NSFs whose officials may be financially illiterate. However, the status of application of RBV in identifying and developing internal resources in NSFs that would be Key Result Areas (KRAs) with respect to their annual income remains unknown.

2.3 Strategy Process Theory
Process-oriented strategic theory refers to models describing how strategies are developed, implemented and changed. Strategy process models outline patterns in decisions or actions over time, and address mechanisms and paths that shape and govern strategies. The focal point of the process perspective is the management of cognitive and cultural constraints on strategic development and firm evolution (Whittington, 2000). Literature suggests that companies possessing strategic planning processes have a competitive advantage over those companies that do not plan (Shea-VanFossen, Rothstein et al. 2006; Eisenhardt & Martin, 2000). The planning process can be characterized as a functional competence in that it deals with distributing a firm’s resources to fit the strategic alignment of the firm. Strategic initiatives need to be distributed and executed as dictated by the strategic plan. Thus planning can be viewed as a capability. The strategic planning process is a mechanisms for a number of appraisals, for instance it sets performance targets and distributes resources accordingly to achieve intended targets. It can therefore be seen as a crucial process to achieve competitive advantage. Determining the strategic direction of NSFs and monitoring their performance towards desired outcomes is a fundamental aspect of the governance role of the elected officials. This involves four processes, namely, strategic thinking, strategic decision-making, strategic planning and strategy execution (Nadler, 2004). The effect of strategic planning on annual income of NSFs in Kenya fits within the strategy process theory by testing the articulation of strategic planning components and the effect they individually and collectively have on annual income.

2.4 Empirical Literature Review on Strategic Planning and Annual Income
According to Stewart (2015) profit for sports organizations is best conceptualized in relation to income. Annual income in this respect represents a relationship between aggregate income and expenditure incurred in the year. In absolute figures annual income would be the surplus or deficit realized by the NSFs after considering aggregate income against expenditure. Expressed as a percentage of income, profit is looked at in relation to the organization’s revenue. This gives a ratio referred to as Return on Revenue. A high or improved ratio is an indicator of good
performance (Gerrard, 2004; Winand, 2009). Previous researches allude to the fact that Positive annual income is derived from sound strategic planning effort by an organization. Miller and Cardinal (1994) argue that strategic planning positively influence annual income of an organization. They investigated how different degrees of formal strategic planning influenced performance of firms. The authors concluded that the mean correlations support the thesis that planning positively affects growth and annual income (profitability) of for profit firms. Camy and Robinson (2007) in their study of National Olympic Committees appreciated that where the boards’ managing the organizations strategically identified and explored investment opportunities, increased amount of corporate support they received, reduced reliance on government source of income, strived to achieve cost effective utilization of different sources of income and maintained accountability, their annual incomes improved significantly. Despite the above studies alluding to positive relationship between strategic planning and improved annual income they did not look at strategic planning in NSFs. It suffices to mention that National Olympic Committees play a complimentary role in assisting NSFs to participate in international championships but are not directly concerned with management of individual NSFs.

In South Carolina USA, a study by Bausman (2002) examined the relationship between strategic planning and annual income of top performing large general builders and concluded that planners outperform non-planners. However, a meta-analysis of 21 studies published between 1970 and 1988 conducted by Boyd (1991) registered only modest positive correlations between strategic planning and annual income, with some studies registering insignificant correlation. However, he was concerned with the significant measurement errors in these studies and concluded that this most probably resulted in an underestimate of the true strategic planning–performance relationship. The contradictions arose from methodologies used and unclear definitions of strategic planning variables, which Bausman (2002) gave attention to thus, strengthening the notion of positive relationship between strategic planning and firm annual income.

Fubara (1986) did a survey in Nigeria and observed that companies that engage in formal planning experienced growth in net annual income (profits). Alaka et al. (2011) conducted a study with eighty (80) respondents including heads of departments and executive management staff of selected Nigerian insurance companies. The study revealed that strategic planning has positive impact on insurance companies’ annual income (profitability).

Bolo, Muturia and Oeba (2006), investigated the influence of strategic planning and planning outcomes; planning outcomes and firm performance of 44 commercial banks in Nairobi, Kenya. The study concluded that there is a positive and significant relationship between strategic planning and annual income; measured in terms of gross profit margin. A similar study by Arasa and K’Obonyo (2012) reported a strong correlation between strategic planning and firm performance in terms of both financial and non financial indicators. Whereas their studies were conducted in Kenya, similar to the current study, they were done within the for profit firm context. The current study was done in the non-profit sport industry.

From the foregoing studies reviewed there is evidence that strategic planning has a positive relationship with improvement in annual income in both for profit firms and not-for-profit sport.
organizations. Literature also show that some organizations had superior annual income following strategic planning than others from the same industries, perhaps due to varying levels of strategic planning intensity or the studies carried out had methodological weaknesses and problems of defining strategic planning variables. However, imminent gaps are clearly revealed that the current study addressed; most previous studies concentrated on for-profit firms, the few studies in the sport industry were done in more developed economies with some of them carried on professional sport organizations which have a profit orientation. No previous study has addressed effect of integrating strategic planning components on annual income of NSFs in Kenya.

3.0 Methodology

This study adopted both descriptive and correlation research designs. Descriptive designs was considered as it integrate both qualitative and quantitative aspects and helps answer the what, how, why, when of a phenomenon. Further, the design suited the study as it enabled the researcher to establish the application of strategic planning practices in the NSFS and its effect on financial performance (Saunders et al. 2009). Correlation was deemed fit for the study since it helped test the hypothesis to establish relationship between the variables.

This study was carried out in Kenya and targeted National Sports Federations. The target population was 156 officials drawn from 39 active NSFs in Kenya who are affiliated to National Olympic Committee of Kenya (NOCK) and Kenya National Sports Council. Four officials from each federation were purposively targeted, specifically; the chairman, secretary, treasurer and organizing secretary (fixtures secretary) who form the top executive committee of the federations and were therefore considered being centrally involved in planning.

Fisher formula for sample determination was used to estimate 111 sample threshold. Random sampling technique was considered suitable as it provided each NSF official with an equal chance of being selected for the study. For piloting 12 officials from 3 NSFs were used as respondents and were excluded from the main study. However, from the pilot study possibilities of non-responses were discovered, hence, in the main study a total of 144 officials were issued with questionnaires. A total of 112 respondents returned filled questionnaires giving a response rate of 77.80% which was considered sufficient for a scientific study.

Both primary and secondary data was collected using questionnaires and document analysis protocols respectively. The structured questionnaire consisted of close-ended Likert-type questions which made it easier to administer. It had pre-determined response choices to guide the respondents so as to obtain consistent responses. It was also less costly to administer and the respondents’ choices were not influenced by the data collectors as might be the case with other qualitative instruments.

The questionnaire items were subjected to pre-testing through pilot study using 12 respondents from 3 NSFs that were not included in the main study in order to ascertain reliability and validity before embarking on the main study. Reliability was tested using internal consistency and registered Cronbach alpha value of between 0.781 to 0.926 implying that the test items correlate highly among themselves and had consistency in measuring the concept of
interest. Face and construct validity was qualitative assessed by asking the opinion of officials used in the pilot, strategic planning professionals and professors from Maseno University School of Business and Economics on the suitability and adequacy of the research instruments. Descriptive and inferential statistical techniques were employed in data analysis. The descriptive statistics run were frequencies, percentages, means and standard deviations. Inferential statistical analysis involved the use of Pearson Correlation and multiple linear regression analysis. Presentation was in form of tables, graphs and charts.

4.0 Results

4.1 Strategic Planning Practices by NSFs in Kenya
Descriptive analysis of responses from NSFs officials was done to establish extent of strategic planning practices by National Sport Federations in Kenya. Strategic planning as a predictor variable was measured using four indicators. The indicators used were the extent to which NSFs had: established strategic planning platform; formulated financing strategies; developed clear implementation framework as well as their efforts in monitoring and evaluation.

4.1.1 Establishment of Strategic Planning Platform by NSFs in Kenya
Extent of establishment of strategic planning platform was analyzed using ten constructs. The respondents were requested to rank statements that related to practices that establish strategic planning platform in their organizations using a Likert scale of 1-5 (Strongly Disagree; Disagree; Uncertain; Agree; Strongly Agree). They were also allowed to give remarks on alternative practices that actually existed in the organization other than what was stated where appropriate. Results are presented in Table 4.1.
Table 4.1: Establishing Strategic Planning Platform

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Uncertain</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>f</td>
<td>%</td>
<td>f</td>
<td>%</td>
<td>f</td>
<td>%</td>
</tr>
<tr>
<td>Value Clarity</td>
<td>1</td>
<td>0.9</td>
<td>7</td>
<td>6.3</td>
<td>2</td>
<td>28.6</td>
</tr>
<tr>
<td>Key Planning Goals</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>14.3</td>
<td>1</td>
<td>14.3</td>
</tr>
<tr>
<td>Key Strategic Initiatives</td>
<td>2</td>
<td>1.8</td>
<td>1</td>
<td>16.1</td>
<td>6</td>
<td>53.6</td>
</tr>
<tr>
<td>Alignment Mechanism</td>
<td>1</td>
<td>0.9</td>
<td>2</td>
<td>17.9</td>
<td>6</td>
<td>59.8</td>
</tr>
<tr>
<td>Strategic Plan</td>
<td>1</td>
<td>0.9</td>
<td>2</td>
<td>21.4</td>
<td>5</td>
<td>44.6</td>
</tr>
<tr>
<td>Systs, controls &amp; procedures exist</td>
<td>1</td>
<td>0.9</td>
<td>4</td>
<td>36.6</td>
<td>4</td>
<td>37.5</td>
</tr>
<tr>
<td>Strategic Plan.- action plan. linked</td>
<td>2</td>
<td>1.8</td>
<td>4</td>
<td>41.1</td>
<td>3</td>
<td>33.9</td>
</tr>
<tr>
<td>SWOT analysis conducted</td>
<td>4</td>
<td>3.6</td>
<td>3</td>
<td>32.1</td>
<td>3</td>
<td>26.8</td>
</tr>
<tr>
<td>Long term view</td>
<td>5</td>
<td>4.5</td>
<td>4</td>
<td>43.8</td>
<td>3</td>
<td>27.7</td>
</tr>
</tbody>
</table>

Key: 1.0 - 1.4 - Strongly Disagree, 1.5 - 2.4 - Disagree, 2.5 - 3.4 - Uncertain, 3.5 - 4.4 - agree, 4.5 - 5.0 - Strongly Agree

Source: Survey data (2014)

Results in Table 4.1 indicate that majority of the respondents were uncertain on all the constructs of strategic planning platform. Most notable included: existence of alignment mechanism (59.8%, \(\mu = 3.03, SD=0.677\)), setting key strategic initiatives (53.6%, \(\mu = 3.13, SD=0.800\)), the fact that local branches, athletes and clubs set their own strategic and financial objectives and align it to their overall federation objective (48.2%: \(\mu = 2.76\)) and need for clear understanding of the strategic plan (44.6%: \(\mu = 3.18, SD=0.893\)). This implied that majority of the officials were not engaged in practices that helped in establishing strategic planning platform. Although, a number of respondents were uncertain, the high variability in standard deviation (0.677-1.02) indicated that the respondents fell between disagree and agree. This position was further confirmed by the remarks given by the respondents in the remarks column of the questionnaires. The results imply...
that the NSFs engage in practices that are associated with establishing strategic planning platform but in a haphazard manner. This is evidenced by the fact that a good proportion of respondents agreed and strongly agreed with existence of certain components of planning platform such as value clarity (agreed = 43.8%; strongly agreed = 20.5; \(\mu=3.62; SD= 0.913\)). A good number also confirmed existence of setting of key planning goals (combined agreed and strongly agreed = 71.4%; \(\mu= 4.35; SD= 0.733\)). These results show that there is lack of holistic approach to establishment of strategic planning platform and poor alignment of the elements that provide necessary prerequisite to strategic planning. This is in contradiction of Shapiro (1995) who recommends alignment of these elements if an organization has to have a sound platform for strategic planning. However, the results confirm observations by Thibault, Slack and Hinnings (1991) that raised two major concerns about strategic planning in sports federations by stating that in most instances, the individuals involved in the sports management are far more interested in sports participation and often used ad hoc approaches in planning. Secondly, for the voluntary organizations it is very often found that the individuals who spend all their working life in corporate firms planning were often reluctant to spend their spare time doing the same for sport organizations on voluntary basis. This left sport federations planning activities to popularly elected individuals who in most cases were not sound in strategic planning.

The respondents strongly disagreed with existence of systems, controls and procedures (36.6%;\(\mu=2.42\)) and that strategic planning and action planning were strongly linked (41.1%; \(\mu=2.22\)). This implies that most NSFs could easily fall prey to misallocation of funds to unplanned non-priority activities. Furthermore, funds could easily pilfer through officials who were not obliged to be accountable through formal systems, controls and procedures. Hoye and Cuskelley (2007) cited that national sport federations had to contend with weak governance systems which were manifested through poorly established processes which negatively affected their planning and overall financial condition. The extent of establishing strategic planning platform is encompassing and most previous studies cited looked at its aspects individually, the current study took a holistic approach which considered a combination of elements that constitute strategic planning platform and their complementarity (Shapiro, 1995). Results show the mean score for all items of strategic planning platform at 3.08. On a scale of 1 to 5 this means that the ratings were uncertain implying an overall weak establishment of strategic planning platform by National Sport Federations.

4.1.2 Formulating Financing Strategies by National Sport Federations

Extent of formulation of financing strategies was analyzed using five constructs that determine effective formulation of financing strategies by the National Sports Federations. Respondents were asked to rank statements which indicated practices and efforts that the federation managers were putting in place to ensure formulation of sound financing strategies in their federations. Results are presented in Table 4.2.
Table 4.2: Formulating Financing Strategies by National Sport Federations

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Uncertain</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>f</td>
<td>%</td>
<td>f</td>
<td>%</td>
<td>F</td>
<td>%</td>
</tr>
<tr>
<td>Federation has formulated a number of financing strategies</td>
<td>1</td>
<td>0.9</td>
<td>4</td>
<td>37</td>
<td>40</td>
</tr>
<tr>
<td>Management sets annual financial targets which are tracked and reviewed quarterly</td>
<td>3</td>
<td>2.7</td>
<td>4</td>
<td>38</td>
<td>48</td>
</tr>
<tr>
<td>Systems procedures and controls exist which ensure prudent management of financial resources</td>
<td>9</td>
<td>8.0</td>
<td>4</td>
<td>35</td>
<td>33</td>
</tr>
<tr>
<td>There is a well crafted marketing plan for the sports aimed at increasing revenue base</td>
<td>9</td>
<td>8.0</td>
<td>5</td>
<td>49</td>
<td>28</td>
</tr>
<tr>
<td>The federation developing strategic partnerships and are fairly accountable to them resulting to improved funding opportunities</td>
<td>4</td>
<td>3.6</td>
<td>3</td>
<td>27</td>
<td>49</td>
</tr>
</tbody>
</table>

**Key:** 1.0 - 1.4 - Strongly Disagree, 1.5 - 2.4 - Disagree, 2.5 - 3.4 - Uncertain, 3.5 - 4.4 - agree, 4.5 - 5.0 - Strongly Agree
Source: Survey data (2014)

Results show that majority of the respondents were uncertain of most of the efforts being made in terms of formulation of financing strategies to address financial performance. High percentages of those who were uncertain were noted in the components such as the need to develop strategic partnerships that are fairly accountable resulting into improved funding opportunities (43.8%; \(\mu=2.98\)) and the fact that management set annual financial targets which are tracked and reviewed quarterly (48%;\(\mu = 2.80\)). Majority of respondents confirmed that there was a weak marketing plan put in place by NSFs aimed at increasing revenue base (49.1%; \(\mu = 2.09\)). It is only a small percentage of the respondents ranging from 8.0% to 17.0% who agreed and strongly agreed with the statements.

The large percentage of those who were uncertain and those who disagreed with the components of the formulation of the financing strategies is an indication that formulation of financing strategies has not been taken seriously by the management of national sports federations in Kenya. This goes contrary to theory which allude a direct link between the qualities of strategies formulated and success in strategic planning, consequently leading to positive financial performance (Rogers et al, 1999).

These results confirm previous findings by researchers’ that formulation of strategies has not been given attention by non-profit sports federations. A study by Thibault, Slack and Hinings (1993) revealed that NSFs in Canada placed little importance on development of strategies. They further posit that a number of NSFs used the concept of situational strategizing; where the strategy developed reflect the organization’s prevailing situation. Hence, different organizational situations will yield different strategies and different performance results. Ferkins, Shilbury and McDonald (2005) highlighted significant gap in the knowledge and understanding of strategy formulation by most boards that were charged with managing sports. The individual mean score for each of the items was below 3.0 with the mean score for all the items being 2.74. This means that there was high uncertainty by respondents implying low involvement in formulation of financing strategies by the majority of the NSFs officials. However, the high variability in the standard deviations indicate that the majority of them fall between uncertain and agree implying that quite a number of NSFs in Kenya employed ad hoc approach and placed little importance to strategy formulation. This confirms assertions by Thibault, Slack and Hinings (1993) and Ferkins, Shilbury and McDonald (2005).

4.1.3 Developing Clear Strategy Implementation Framework by NSFs in Kenya

Extent of development of a clear implementation framework was analyzed using five constructs. The respondents ranked statements that relate to practices indicating the efforts which the federation management had put in place to ensure effective implementation of strategies in their organizations. Results are presented in Table 4.3.
| Table 4. 3: Developing a Clear Implementation Framework |

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Uncertain</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>f %</td>
<td>F %</td>
<td>f %</td>
<td>f %</td>
<td>f %</td>
<td>M</td>
</tr>
<tr>
<td>There is strategy implementation matrix guiding implementation of the process.</td>
<td>1 14.</td>
<td>31 27.</td>
<td>3 33.0</td>
<td>22 19.</td>
<td>6 5.4</td>
<td>2.74</td>
</tr>
<tr>
<td>Activities / actions to be implemented are budgeted for</td>
<td>9 8.0</td>
<td>10 8.9</td>
<td>5 44.6</td>
<td>39 34.</td>
<td>4 3.6</td>
<td>3.17</td>
</tr>
<tr>
<td>Action plans have time lines.</td>
<td>3 2.7</td>
<td>20 17.</td>
<td>5 52.7</td>
<td>26 23.</td>
<td>4 3.6</td>
<td>2.93</td>
</tr>
<tr>
<td>Structures have been put in place which is clearly understood by the officials.</td>
<td>1 11.</td>
<td>15 13.</td>
<td>6 54.6</td>
<td>20 17.</td>
<td>3 2.7</td>
<td>2.87</td>
</tr>
<tr>
<td>Roles are clearly defined and clear communication mechanism exist</td>
<td>8 17.</td>
<td>20 17.</td>
<td>5 51.8</td>
<td>24 21.</td>
<td>2 1.8</td>
<td>3.07</td>
</tr>
</tbody>
</table>

Key: 1.0 - 1.4- Strongly Disagree, 1.5 - 2.4 - Disagree, 2.5 - 3.4 - Uncertain, 3.5 - 4.4 - agree, 4.5 - 5.0- Strongly Agree

Source: Survey data (2014)

Results in Table 4.3 indicate that majority of the respondents were either uncertain or disagreed with all the five constructs that relate to practices indicating existence of a clear implementation framework; there is strategy implementation matrix guiding implementation process (33%, μ = 2.74, SD =1.097), activities and actions to be implemented are budgeted for (44.6%: μ = 3.17, SD = .939), that Action plans have time lines (52.7%: μ = 2.93, SD =.813), that structures have been put in place which are clearly understood by the officials responsible (54.6%: μ = 2.87, SD =.935) and that roles are clearly defined and there is clear communication mechanism (51.8: μ = 3.07, SD =.867) as important components of developing a clear implementation framework. A relatively smaller proportion of the respondents agreed that there is strategy implementation matrix guiding implementation process (19.6%), the activities and actions to be implemented were budgeted for (34.8%) and that action plans have time lines (23.2%). The results are indicative of weak development of implementation framework by NSF in Kenya. The mean for all the items stood at 2.95 which would mean that the respondents
were unaware of the existence of clear implementation framework, however the standard deviations showed high variability meaning that most respondents fell between disagree and agree. The implication of this is that there is a great variation in the development of implementation frame works among the NSFs in Kenya. This situation confirm the argument by Yow et al. (2000) who identified three reasons that make sports organizations struggle to implement their plans. First, officials lack training and do not know how to plan. This lack of knowledge prevents them from planning and from expecting others in the organization to plan. Second, officials do not think planning is necessary and see the process of planning as additional work without significant reward. These officials fail to see the benefits of planning. Third, officials see problems with the implementation of plans. These officials may know how to plan and may know well the benefits of planning but don’t believe implementation can be effective. Mintzberg (1994) and Miller (2002) posit that less than 50% of formulated strategies get implemented thus reducing the utility of strategic planning as a tool for improving performance. They further assert that every failure of strategy implementation is a reflection of weak formulation. This assertion is supported by Ferkins, Shilbury and McDonald (2005) who identified existence of a significant gap in the knowledge and understanding of strategy formulation by most boards that were charged with managing sports.
4.1.4 Monitoring and Evaluation by National Sport Federations

Extent of Monitoring and Evaluation (M&E) of the implementation of strategic plans was analyzed using five constructs. Results are presented in Table 4.4.

**Table 4.4: Monitoring and Evaluation**

<table>
<thead>
<tr>
<th>Construct</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Not sure</th>
<th>agree</th>
<th>Strongly Agree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>There are clearly stated financial performance objectives</td>
<td>13</td>
<td>11.69%</td>
<td>1</td>
<td>69</td>
<td>1.7%</td>
<td>8.9</td>
</tr>
<tr>
<td>Federation emphasizes balanced measurement of objectives</td>
<td>15</td>
<td>13.67%</td>
<td>1</td>
<td>59</td>
<td>1.8%</td>
<td>10</td>
</tr>
<tr>
<td>Information drawn from financial analysis is used to improve planning for improved future cash flows</td>
<td>11</td>
<td>9.86%</td>
<td>2</td>
<td>63</td>
<td>1.8%</td>
<td>12</td>
</tr>
<tr>
<td>A monitoring and evaluation log frame exists and is objectively used by officials</td>
<td>23</td>
<td>20.59%</td>
<td>1</td>
<td>59</td>
<td>1.8%</td>
<td>15</td>
</tr>
<tr>
<td>Feedback mechanisms exists for incorporating learning</td>
<td>9</td>
<td>8.06%</td>
<td>2</td>
<td>60</td>
<td>1.9%</td>
<td>17</td>
</tr>
</tbody>
</table>

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Results in Table 4.4 indicate that majority of the respondents with percentages ranging from 52.7% to 61.6% disagreed with the statements that indicated the extent of monitoring and evaluation as part of strategic planning. The mean response scores for all the M&E components was approximately 2.00 implying that most respondents rated this element of their strategic planning practices fairly low. Further, all the standard deviations save for existence and use of M&E log frame were below 1.00 indicating little variation in responses captured. The results show that monitoring and evaluation as part of strategic planning was heavily weak within the national sports federations. According to Shapiro (1995) monitoring and evaluation of the strategic plan enable planners to regularly reflect on the extent to which the goals are being met and whether action plans are being implemented. The results in the current study indicate that NSFs are in a weak position to assess the extent to which their annual income goals are being met in an environment of weak monitoring and evaluation. Andreff (1988) argue that assessment of NSFs financing position in many developing countries is hindered by inadequate data available from both governments and sports federations; monitoring and evaluation require adequate data. Andreff (2001) further observed that the management of sport in developing countries is characterized by weak governance, lack of clear policy and poor integration of sports development in the national development plans. This results in poor monitoring by authorities charged with the responsibility to carry out oversight on national sports federations.

4.2 Effects of Strategic Planning on Annual Income of NSFs
Effect of strategic planning on annual income was tested by regressing the weighted annual income (dependent variable) of the NSFs over five year period (2009-2013) against the components of strategic planning (the independent variable).

4.2.1 Regression Analysis to establish effect of strategic planning on annual income
The research objective had sought to establish effect of strategic planning on annual income of National Sport Federations in Kenya. A multiple regression model was considered suitable in testing effect of strategic planning on annual income. The effect was analysed by considering how components of strategic planning affected annual income individually and when they are considered together as hypothesized in the multiple regression model. The values from the analysis were as shown in Table 4.5.
Table 4.5: Regression Analysis of Effect of Strategic Planning on Annual Income

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.319</td>
<td>.122</td>
</tr>
<tr>
<td></td>
<td>Establishing strategic planning platform</td>
<td>.231</td>
<td>.089</td>
</tr>
<tr>
<td></td>
<td>Formulating financing strategies</td>
<td>.080</td>
<td>.034</td>
</tr>
<tr>
<td></td>
<td>Developing clear implementation framework</td>
<td>.337</td>
<td>.092</td>
</tr>
<tr>
<td></td>
<td>Monitoring and evaluation</td>
<td>.347</td>
<td>.107</td>
</tr>
</tbody>
</table>

R = .791
R2 = .626
Adjusted R2 = .612
F = 44.801

a. Dependent Variable: Annual Income (based on Return on Revenue Ratio)
Source: Survey Data (2014)

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Results (Table 4.5) indicate that the effect of strategic planning on annual income of the national sports federations is significant and positive ($p < 0.05$; R-Square = .626 and the F-value = 44.801). This indicates that the combined effect strategic planning components (independent variables) account for 62.6% of the variations in the annual income (dependent variable). When the components of strategic planning were analyzed on individual basis, all of them were positively related to annual income of national sports federations. The most influential variable was monitoring and evaluation which individually contributed 34.7% of the variations with a regression coefficient of $0.347$ ($p=0.000$) followed by developing clear implementation framework which individually contributed 33.7% of the variations with a regression coefficient of $0.337$ ($p<0.002$) and in the third place was establishing strategic planning platform at 23.1% of the variations with a regression coefficient of $0.231$ ($p<0.012$). The results of regression analysis suggest that all the four independent variable constructs (establishing strategic planning platform, formulating financing strategies, developing clear implementation framework and monitoring and evaluation) had positive effect on annual income. The results mean that strategic planning has a positive effect on annual income of NSFs in Kenya; hence, federations that embrace strategic planning practices are likely to improve their annual income. The researcher consequently adopted model 4.1 for determining annual income of national sports federations based on strategic planning practices conceived in the study.

Annual Income = $0.319 + 0.231$ strategic planning platform + $0.080$ formulation financing strategies + $0.337$ existence of strategy implementation framework + $0.347$ monitoring and evaluation

Results from regression analysis show that strategic planning has significant effect on annual income. The results are in agreement with the argument by Miller and Cardinal (1994) that strategic planning positively influences annual income of an organization. They investigated how firm size, capital intensity and environmental turbulence influence performance in firms with different degrees of formal strategic planning. The authors concluded that the mean correlations support the thesis that planning positively affects growth and profitability. This argument is supported by Owolabi and Makinde (2012) that a significant positive correlation exists between strategic planning and corporate performance. Other studies that support positive effect of strategic planning on annual income includes Fubara (1986) following a survey in Nigeria observed that companies that engage in formal planning experienced growth in profits (annual income). Alaka et al. (2011) conducted a study with eighty (80) respondents including heads of departments and executive management staff of selected insurance companies in Nigeria, the study revealed that strategic planning has positive impact on insurance companies’ profitability (annual income). Bolo, Muturia and Oeba (2006), investigated the influence of strategic planning on firm performance of 44 commercial banks in Nairobi, Kenya. The study concluded that there is a positive and significant relationship between strategic planning and financial performance; measured in terms of gross profit margin (annual income). Contradictions have also been noted in previous studies on strategic planning-annual income relationship. Boyd (1991) in a meta-analysis of 21studies registered between modest to insignificant positive correlations which were attributed to measurement errors and unclear definition of strategic planning components. Bausman (2002) gave attention
to the errors arising from the meta-analysis, and maintained the notion that there is a positive relationship between strategic planning and improved annual income. However, descriptive analysis of extent of strategic planning in NSFs revealed a gap in the entrenchment of the practice. Most respondents were uncertain on all the components of strategic planning, although with high variability in standard deviations. Perhaps this explains the contradiction that despite existence of strategic planning in NSFs, they have continued to post low annual income, consequently negatively affecting their overall financial performance (Shehu, 1998; Mwisukha et al., 2007). Results of the current study reveal that there is weak integration of strategic planning in the National Sport Federations in Kenya which could be responsible for their low annual income. The contribution of this study is that strategic planning was conceived in terms of all the components and the effect on annual income tested contrary to earlier studies that explored individual components.

5.0 Conclusion, Recommendation and suggestions for further research

There is a weak application of strategic planning practices among National Sports Federations in Kenya which negatively affect their annual income. However, strategic planning has a positive effect on annual income. The overall low annual income among NSFs could be attributed to weak strategic planning. There is need for the management of National sports federations in Kenya to be more committed to strategic planning practices in order to improve their annual income.

The overall integration of strategic planning practice as a tool for improving annual income in NSFs in Kenya was found weak. This situation contradicts the efforts made by the government in a period of more than ten years in encouraging NSFs to develop and implement strategic plans. In deed the current study established that most of the federations had strategic plan documents, yet the responses from officials regarding practices that lead to effective strategic planning revealed that the practices were not entrenched. To resolve this dilemma, there is need for future research to focus on the barriers to strategic planning in National Sports Federations in Kenya.

References


