

# Moderating Effect of Strategic Planning Intensity on Strategic Planning and Financial Performance of National Sport Federations in Kenya

Obonyo Mark Ouche

PhD Candidate Department of Finance and Accounting, Maseno University

David Odhiambo Oima

PhD, Department of Accounting and Finance, Maseno University

Moses Oginda

PhD, Department of Management Science, Maseno University

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## Abstract

Strategic Planning Intensity (SPI) enhances financial performance of organizations. Kenya national sports policy (2002) made it mandatory for National Sport Federations (NSFs) to integrate Strategic Planning (SP). However, NSFs have continued registering dismal financial performance. This begs the question as to whether SPI is practiced by NSFs. This study sought to establish the moderating effect of Strategic Planning Intensity on strategic planning and financial performance. Descriptive and correlation design was used on a population of 156 NSFs officials from 39 NSFs. A sample of 111 was determined. However, following a pilot study involving 12 respondents, a total of 144 respondents were engaged in the main study to cater for possible none responses realizing a response rate of 112 (77.80%). Cronbach alpha for all measurement items was 0.78 showing high reliability. Financial statements for the period (2009-2013) provided information on financial performance. Data was analyzed descriptively and inferentially. SPI had average rating 3.04 implying weak intensity. Strategic planning intensity moderated effect of SP on financial performance ( $R^2$  change = 0.644, ( $p < .05$ ), interaction coefficient (B) was 0.201 ( $p = 0.000$ ) implying, a unit change in SPI significantly changes financial performance with SP by 0.201. Conclusion was that SPI was important if SP were to improve financial planning of NSFs. Recommendation is SPI practices should be enhanced by NSFs for improved financial performance. Future studies should focus on other components of SPI not addressed in the current study. As an ingredient to theory the role of SPI, a moderator between SP and financial performance ignored in previous studies was considered critical. The study ventured in non-profit sport industry previously under researched in business management.

**Keywords:** Strategic Planning, Strategic Planning Intensity, Financial Performance, Sports Federation, Kenya

### **1.0 Introduction**

Strategic planning intensity embodies the concepts of planning frequency, planning horizon, resource commitments to the planning effort, and management commitment to the strategy development and implementation process (Bausman, 2002). Leaders focus their organization on a strategic direction, create an agenda for strategic change, keep an organization progressing towards the strategic vision, overcome resistance to change, facilitate resource requirements, and give managers and employees the power and authority they need to make decisions. Because of this essential role of leadership, lack of leadership commitment to the strategic planning process can be seen as a barrier to the planning process (Paul, 2004). Strategic planning intensity embodies the concepts of planning expertise which determines planning frequency and planning horizon, resource commitments to the planning effort, and management belief and commitment to the strategy development and implementation process. Strategic planning intensity is further dependent on organizational size and structure, factors which may have strong contingent effect on strategic planning-financial performance relationship. In this respect, planning intensity interacts with the strategic planning variables and this could enhance or buffer financial performance of organizations. Changes in sport management have presented major strategic issues to those responsible for governing sport organizations (Miller, 2002). The greatest hindrance to development of sports as an investment industry in many developing countries can be traced to inadequate or lack of marketing, unclear sports policy, failure to attract investments and disequilibrium between revenues and expenditure, all which can be traced to lack of strategic planning intensity. Sari and Maha (1995) made a study about the marketing methods done through the appropriate activities according to business in Jordan and the opinions about the marketing methods in sports activities. The study found out that poor marketing strategy deprived sports activity the much-needed finances.

The intensity with which strategic planning is undertaken is a function of governance issues. The intensity with which managers engage in strategic planning depends on managerial (strategic planning expertise and beliefs about planning-performance relationships), environmental (complexity and change) and organizational (size and structural complexity) factors (Kallman & Shapiro, 1990). A number of studies have shown that strategic planning on its own may not necessarily lead to positive organizational performance. If strategic planning is wrongly pursued the anticipated value may not be tapped (Arasa & K'obonyo, 2012). Further, studies have established the critical link between planning intensity, strategic planning success and organizational performance. The results show that leadership characteristics (including power/control, creativity, and people dependence) have a strong association with planning processes and planning intensity; and even were considered to be strong predictors of strategic planning success (Drago & Clements, 1999).

Oakley and Green (2001), observed that despite the move towards embracing strategic planning in non profit sport organizations in a number of emerging economies; there existed gaps in terms of the intensity of strategic planning in sport. They went on to observe that individuals involved in the management of sports, whatever their role, were far more interested in on-field sports participation ('winning more goals and gold') than planning for sustainable financing. National Sports Federations in Kenya face an array of performance pressures from the public, their members and the government. Escalating pressures include

need for increased annual income to sustain activities, financial stability, attracting large revenue base, provision of quality services to sports men and women; and producing world class athletes. To address these demands the federations need to have sound financial performance. In developed countries sport organizations have increasingly turned to strategic planning to improve their financial performance. This explains the great developments made in the sport industry in Europe and the USA both in terms of its social consumption and contribution to GDP. The realization of the economic potential of the sport industry in Kenya by various stakeholders has heightened the need for National Sports Federations to attain sustainable financial performance. In the hope of improving their financial performance, NSFs in Kenya have in the last few years been encouraged to embrace strategic planning. However, no previous study has addressed the intensity with which strategic planning is practiced by NSFs. The extent to which planning intensity relates to their financial performance is also not clear. Most studies which have been carried out in Kenya on strategic planning-financial performance relationship have tended to focus on For Profit firms. Furthermore the studies have tended to focus on the relationship between strategic planning and firm performance apparently ignoring the moderating role of strategic planning intensity. This study drew its motivation from the existence of this gap.

### **1.1 Research Objective**

The study sought to determine moderating effect of strategic planning intensity on the relationship between strategic planning and financial performance of National sports federations in Kenya.

### **2.0 Literature Review**

Many theories for strategic planning have been proposed in literature and some authors and researchers have offered analyses of the various processes available at any given time in history. 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. In this study Resource Based View was considered relevant.

### **2.1 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. Strategic planning intensity is anchored on the human capital resources as espoused by Becker (1964) and how the human resource is empowered to harness the other key resources.

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, Dunford, & Snell, 2001). According to

Stewart (2007) despite sport's rapid commercialization there are many gaps in the financial knowledge and strategy 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 strategic planning intensity on the basis of RBV in identifying and developing internal resources towards improving financial performance in NSFs in Kenya remains unclear. Strategic planning intensity is thus conceived as an integral moderator with contingent role between strategic planning and financial performance (figure 1).

## 2.2 Conceptual Framework

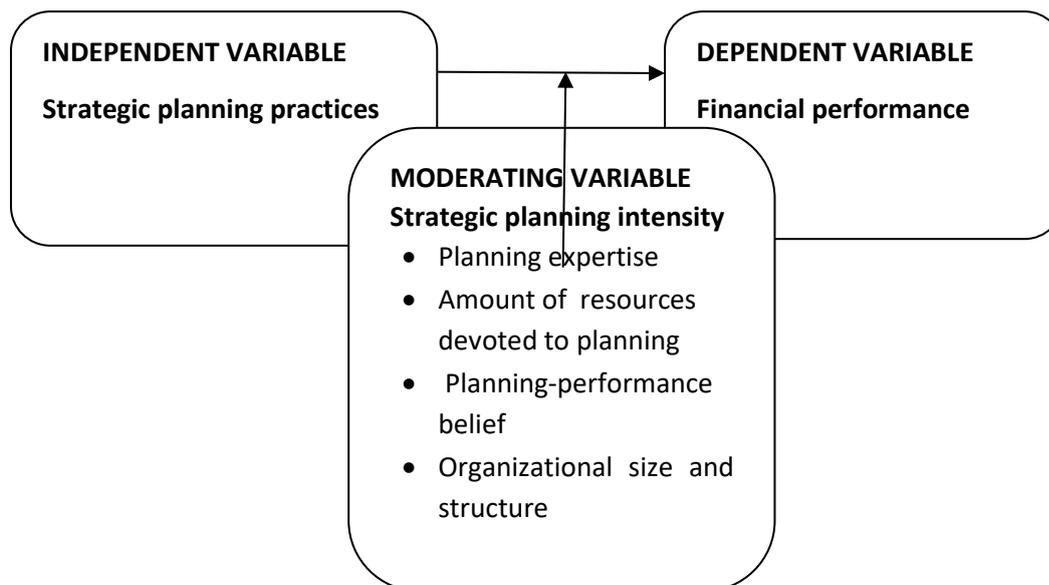


Figure 1: Strategic planning, strategic planning intensity and financial performance  
Source: Adapted from Barney (1991), Shapiro (1995), Bausman (2002)

### 2.3 Strategic Planning, Strategic planning Intensity and Financial Performance

The intensity with which managers engage in strategic planning depends on Managerial factors including planning expertise and beliefs about planning-performance relationships. Amounts of resources devoted to planning, Organizational size and structural complexity are also elements of strategic planning intensity. The effects of these factors on strategic planning intensity have been suggested by several studies (Kallman & Shapiro, 1990; Unni, 1990; Robinson & Pearce, 1998; Watts & Ormsby, 1990b). These factors have a moderating effect on the relationship between strategic planning and firm performance (Kallman & Shapiro, 1990).

A moderator is a variable that specifies conditions under which a given predictor is related to an outcome (Aiken & West, 1991). The moderator explains 'when' a dependent variable (DV) and independent variable (IV) are related. Moderation implies an interaction effect, where introducing a moderating variable changes the direction or magnitude of the relationship between two variables. A moderation effect could be enhancing, where increasing the moderator would increase the effect of the predictor (IV) on the outcome (DV); buffering, where increasing the moderator would decrease the effect of the predictor on the outcome; or antagonistic, where increasing the moderator would reverse the effect of the predictor on the outcome (Aiken & West, 1991). In the current study, strategic planning intensity was

conceptualized as moderating the relationship between strategic planning and financial performance (measured in terms of annual income, financial stability and revenue diversification capacity).

A number of studies have shown that strategic planning on its own may not necessarily lead to positive organizational performance. Arasa and K'obonyo (2012) conducted a study in Kenya in which correlation analysis results indicated a strong relationship between strategic planning and firm performance. However, they contended that there was need for future studies to look into the role of intervening variables in translating the strategic planning intentions into reality.

In Finland Kohtamaki, Kraus, Makela and Ronkko (2012) studied effect of strategic planning on 160 small and medium-sized Finnish IT companies. The results of their study revealed that participative strategic planning positively affects personnel commitment to strategy implementation, which thereby increases company performance. Participative strategic planning is an aspect of strategic planning intensity which enhances the employees' strategic planning-performance belief. This is in agreement with one of the constructs of strategic planning intensity in the current study.

Bolo, Mutoria 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 found that there is a positive and significant relationship between strategic planning and firm performance; strategic planning and planning outcomes and finally planning outcomes and firm performance. Planning outcome was considered as a moderator between strategic planning and firm performance which enhanced performance. However, their study did not look at strategic planning intensity as is the case in the current study.

Rogers *et al.* (1999) argued that a direct link between strategic planning and performance cannot be made without considering the moderating effect of the actual content of the strategy. They investigated whether the relationship between strategic planning processes and organizational performance depends on the content of the strategy pursued and not just the extent of planning. Strategic planning was measured by using a questionnaire completed by representatives of several banks, which resulted in a set of planning dimensions. When the data was controlled to include strategy content, it was found that strategy content moderates the relationship between planning and performance. The current study sought to determine moderating effect of strategic planning intensity on strategic planning-performance relationship.

Baker, Addams and Davis (1993) studied the practice of strategic planning in US small high growth firms. The study found that most of these companies perform strategic planning; 95% of the companies which perform strategic planning have a written plan and had their top management involved in the planning. The conclusion was that the planning-performance belief exhibited by the top management of the firms in strategic planning had a positive influence on their companies. However, better results could be registered if all the employees in the firms were involved.

Mankins and Steele (2005) support the Strategic Planning - Performance Claim but argue that companies typically only realize 63% of the potential value of their strategy because of defects in planning and execution by the executive. Mankins and Steele (2005) provide a list of causes of performance loss, but do not recognize that contingencies can negatively influence company performance. They thus imply that any strategy can be realized, as long as effectively planned and executed appropriately. Effective execution of strategy require a

management with planning expertise, adequate resources be devoted to planning, planning-performance belief and that structures are aligned to strategy commensurate to the size of the organization.

Aldehayyat, Al-Khattab and Anchor (2011) conducted a study with questionnaire survey in Jordanian hotels. The findings revealed strategic planning process involved a number of techniques which were related more to the size of hotel and less to age and ownership type. They reported positive relationship between the use of strategic planning techniques and size of hotel. The managers of these hotels were having generally positive attitudes towards the strategic planning process commensurate to their belief. Karabulut and Efendioğlu (2010) in their study with 71 returned responses in Turkey observed that involvement of top management in the process of strategic planning process was correlated and statistically significant to performance.

In their survey to see how successful companies translate their strategies into performance, Mankins and Steele (2005) observed that companies typically realize only about 60 percent of their strategies potential value because of defects and breakdowns in planning and execution. Johnson, Scholes and Whittington (2005), noted that strategic drift occurs when the organization's strategy gradually moves away from relevance to the forces at work in its environment. Tourangeau (1987) shares these sentiments but cautions that strategic planning cannot be expected to address other shortcomings of the management process, but can best be seen as a partial solution to management problems. Strategic planning is of limited value by itself unless it is accompanied with effective execution. Effective strategy execution is an aspect of planning-performance belief.

Winand (2009) examined determinants of organizational performance in sports federations in Belgium and found that a number of them had ad hoc, incremental way of making policy relating to their financial performance. Although this design was not necessarily bad for all of them, it demonstrated a lack of strategic planning intensity leading to financial instability when facing changing funding circumstances which did not augur well for their future (Slack, 1998). In his study Winand (2009), financial performance was looked at in terms of its dependence on presence or absence of strategic planning practice. The study sampled NSFs in Belgium of different sizes and structures of sports federation. The study reported that size and structure determined the extent to which NSFs involved in strategic planning.

The relationship between strategic planning and firm performance has been interrogated by a number studies with all agreeing that it is moderated by varied factors which constitute strategic planning intensity. A host of studies that looked at strategic planning- firm performance relationship also did not incorporate the moderator but recognized it as an area of research gap (Arasa & K'obonyo, 2012). It is also evident that a number of studies explored different moderating variables between strategic planning and firm performance. Rogers et al. (1999) considered content of the strategy which basically would depend on the planning expertise of the management. Baker, Addams and Davis (1993) considered top management involvement in the planning, on the contrary, Bolo, Muturia and Oeba (2006), investigated the influence of planning outcomes as a moderator. In Finland Kohtamaki, Kraus, Makela and Ronkko (2012) suggested participative strategic planning as the moderating factor. None of the aforementioned studies among others considered strategic planning intensity as a moderating variable alongside its constituent sub-variables of planning expertise, amount of resources devoted to planning, planning-performance belief, and organizational size and structure. Furthermore, save for Winand (2009) who implied lack of planning expertise in ad hoc planning in sports federations in Belgium as moderator between their planning and

financial performance, most studies were not anchored on NSFs but looked at for-profit commercial firms. Research on moderating effect of strategic planning intensity on the relationship between strategic planning and financial performance of sport organizations in general remain inconclusive and for NSFs in Kenya is unknown.

Oakley and Green (2001), observed that despite the move towards embracing strategic planning in non profit sport organizations in a number of emerging economies; there existed gaps in terms of the intensity of strategic planning in sport. They went on to observe that individuals involved in the management of sports, whatever their role, were far more interested in on-field sports participation than planning for sustainable financing. They indeed asserted that, for the voluntary organizations it is very often found that the individuals who spend all their working life handling finance are reluctant to spend their spare time planning for the same in sport, for instance an accountant would probably rather give his time to being a hockey umpire than being a treasurer. This reluctance to apply professional skills directly into the sports situation may jeopardize intensity of planning and could be responsible for the poor financial performance of some sports federations (Thibault, Slack & Hinnings, 1991). Strategic planning requires expertise, devotion of resources, strong planning-performance belief and sound organization structure. These variables moderate the results of planning effort (Aldehayyat, Al-Khattab & Anchor, 2011; Maryan, 2012; Karabulut & Efendioglu, 2010). Mwisukha, Njororai, Wamukoya and Boit (2007) posit that most of the personnel serving in the various National Sport Federations and organizations in Kenya as managers are not trained professionals in the areas of management and administration. Munayi (2000) recommend establishment of a policy to regulate sport management. However, Mwisukha *et al* (2007) and Munayi (2000) did not explore the extent to which the leadership in the NSFs in Kenya embraced strategic planning practices and the intensity with which it was done. Both concurred on the fact that leadership so long as he/she was able to win elections. Strategic planning intensity as a moderator between strategic planning and financial performance was therefore identified as an area of research which has been addressed in the current study.

### 3.0 Methodology

This study adopted a descriptive and correlation research design. The design was suitable as it showed the cause and effect relationship between strategic planning, intensity and financial performance (Kothari, 2008). The study's target population was 156 officials from 39 active NSFs in Kenya, affiliated to National Olympic Committee of Kenya (NOCK) and Kenya National Sports Council.

Fisher's formula for sample determination was used to estimate the sample size as shown below. At 95% confidence interval, the desired sample size was determined as:

$$n = \frac{(1.96)^2 (0.5)(0.5)}{(0.05)^2}$$

$$= 384$$

But since the target population was less than 10,000, the sample size became:

$$\therefore n_f = \frac{384}{1 + \frac{384}{156}}$$

$$= 111$$

From the calculation a study of a minimum of 111 official distributed across the 39 NSFs was considered suitable in providing a fair distribution of the characteristics of the 156 top executive officials. However, following a pilot study involving 12 respondents, a total of 144 respondents were engaged in the main study to cater for possible none responses realizing a

response rate of 112 (77.80%). Cronbach alpha for all measurement items was between 0.78-0.926 showing high reliability. Financial statements for the period (2009-2013) provided information on financial performance.

Descriptive statistics was used to present the summary of the data quantitatively. It involved frequencies, percentages, mean and standard deviation. Inferential analysis involving step-wise multiple linear regression analysis was used to determine the moderating effect of strategic planning intensity on the relationship between strategic planning and performance. The moderated linear regression analysis was of the form:

$$Y_{wit} = \beta_0 + \beta_1 SP_i + \beta_2 SPI_i + \beta_3 SP_i \times SPI_i + \epsilon_i$$

Where:

- $Y_{wit}$  = Weighted average Gross Income (Financial Performance) over five years.
- $\beta$  = Parameters measured
- SP = Strategic Planning
- SPI = Strategic Planning Intensity
- SPxSPI = Interaction between Strategic Planning and Strategic Planning Intensity
- $i$  = Number of NSFs whose financial performance were considered in the study.
- $\epsilon$  = Error term
- $\beta_0$  = Constant Term
- $\beta_1$  = Main Effect of SP on Financial Performance
- $\beta_2$  = Main Effect of SPI on Financial Performance
- $\beta_3$  = Moderation Effect

Presentation of results was in form of tables, graphs and charts.

Independent and dependent variables were tested for independence of errors using the Durbin-Watson Test as shown in Table 3.1 below.

Table 3.1:  
Testing for Independence of Errors for Objective Four

| Model                        | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|------------------------------|-------------------|----------|-------------------|----------------------------|---------------|
| Financial Performance        | .582 <sup>a</sup> | .339     | .333              | .57423                     | 1.758         |
| Strategic Planning intensity | .798 <sup>a</sup> | .637     | .634              | .43235                     | 1.121         |

- a. Predictors: (Constant), Strategic Planning Intensity
- b. Dependent Variable: Financial Performance
- c. Dependent Variable: Strategic Planning

According to Field (2005) the errors are deemed to be uncorrelated if the Durbin – Watson statistics falls within the range of 1.0 – 3.0. Results in Table 3.1 indicate a value of 1.758 and 1.121 implying that there was no correlation in the errors such that each error occurring was independent. Correlation analysis was used to test for linearity and the strength of the relationship between the specific independent variables (table 3.2).

Table 3.1:

Correlation between Strategic Planning Intensity Variables

| Moderating Variable: Strategic Planning Intensity |                     | planning expertise | Amount of resources devoted to planning | of strategic planning-performance belief | Organization size and structure |
|---|---------------------|--------------------|---|--|---------------------------------|
| Planning expertise                                | Pearson Correlation | 1                  | .130                                    | .427*                                    | .543**                          |
|   | Sig. (2-tailed)     |                    | .471                                    | .013                                     | .001                            |
|   | N                   |                    | 112                                     | 112                                      | 112                             |
| Amount of resources devoted to planning           | Pearson Correlation |                    | 1                                       | .575**                                   | .203*                           |
|   | Sig. (2-tailed)     |                    |   | .000                                     | .032                            |
|   | N                   |                    |   | 112                                      | 112                             |
| Strategic planning-performance belief             | Pearson Correlation |                    |   | 1  | .458**                          |
|   | Sig. (2-tailed)     |                    |   |  | .000                            |
|   | N                   |                    |   |  | 112                             |
| Organization size and structure                   | Pearson Correlation |                    |   |  | 1                               |
|   | Sig. (2-tailed)     |                    |   |  |                                 |
|   | N                   |                    |   |  |                                 |

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

\* . Correlation is significant at the 0.05 level (2-tailed).

Correlation analysis indicated a positive linear relationship between the different variables that determined strategic planning intensity at both 95% and 99% confidence limits. This implied that there was moderate co-linearity among the predictor variables to strategic planning intensity that may have some effect on the results of the regression. However, according to Pasha and Shah (2004), any correlation between the independent variables with  $r < 0.5$  and  $p < 0.05$  is considered acceptable. This is more applicable because the calculated VIF and Tolerance values were also within the acceptable levels as indicated by Montgomery and Peck (1992).

#### 4.0 Results

Strategic planning intensity was hypothesized as having moderating effect on the relationship between strategic planning and financial performance of national sports federations in Kenya. Data analysis was done to establish the extent to which strategic planning intensity affected financial performance of the National Sports Federations in Kenya. The strategic planning intensity was treated as the independent variable moderating both strategic planning and financial performance and was analyzed using the constructs that determine the conditions required to establish strategic planning intensity. The constructs used in the analysis included: planning expertise, amount of resources devoted to planning, planning performance-belief as well as organizational size and structure.

The relationship between strategic planning intensity and the financial performance was analyzed using weighted means, frequencies, percentages and step-wise regression model. Financial performance was measured in terms of gross income. This was meant to avoid a

situation where annual income may be negative as may be the case when annual income is measured in terms of net income (return on revenue).

#### 4.1 Extent of Strategic Planning Intensity by NSFs in Kenya

Extent of strategic planning intensity was analyzed using four constructs that would determine its effect on financial performance. The respondents were requested to rank statements on practices that relate to the strategic planning intensity and improved financial performance in the NSFs using a Likert scale of 1-5 (Strongly Disagree; Disagree; Uncertain; Agree; Strongly Agree). They were further requested to give brief comments on evidence of similar practices. They were also allowed to provide alternative views of what actually existed in the organization in the remarks column. The analysis of the responses was done using frequencies, percentages, means and standard deviations and results presented in Table 4.1.

Table 4.1:

Extent of Strategic Planning Intensity

|  | Strongly Disagree |     | Disagree |      | Not sure |      | Agree |      | Strongly Agree |      | Total |       |
|--|-------------------|-----|----------|------|----------|------|-------|------|----------------|------|-------|-------|
|  | f                 | %   | f        | %    | f        | %    | f     | %    | f              | %    | M     | SD    |
| Strategic Planning expertise                           | 8                 | 7.1 | 8        | 7.1  | 55       | 49.1 | 26    | 23.1 | 15             | 13.4 | 3.29  | 1.05  |
| Organizational size and structure                      | 1                 | 0.9 | 13       | 11.6 | 59       | 52.7 | 30    | 26.8 | 9              | 8.0  | 3.29  | 0.812 |
| Strategic planning-performance belief                  | 1                 | 0.9 | 33       | 29.5 | 56       | 50.0 | 16    | 14.3 | 6              | 5.4  | 2.95  | 0.831 |
| Allocation of adequate resources to strategic planning | 7                 | 6.2 | 42       | 37.5 | 51       | 45.5 | 12    | 10.7 | 12             | 10.7 | 2.61  | 0.764 |

**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 the majority of the respondents (between 45.5% and 52.7%) were uncertain of the level of intensity attached to strategic planning through existence of planning expertise (49.1%,  $\mu=3.29$ ,  $SD=1.05$ ); organization size and structure (52.7%,  $\mu=3.29$ ,  $SD=0.812$ ); planning-performance belief (50%,  $\mu=2.95$ ,  $SD=0.831$ ) and allocation of adequate resources to strategic planning (45.5%,  $\mu=2.61$ ,  $SD=0.764$ ) by their federations. Approximately 37.5% and 29.5% disagreed with the fact that there was some resources attached to planning and that there was a planning-performance belief in their organizations respectively. On the basis of high variability in the standard deviations the responses were considered to spread between disagree and agree. The implication of these results point to

high variability in strategic planning intensity in the NSFs in Kenya. This was also supported by the fact that only about 38% of the organizations had indicated in their responses that they had strategic plans for their federations. These results indicate that NSFs lack intensity in their strategic planning. This situation is inconsistent with positions taken by a number of scholars. Mankins and Steele (2005) support the Strategic Planning - Performance Claim but argue that companies typically only realize 63% of the potential value of their strategy because of defects in planning and execution (intensity). Drago and Clements (1999) and Rogers et al. (1999) are all in agreement that strategic planning intensity leads to better organizational performance. The results reveal that strategic planning by NSFs in Kenya lacks intensity and perhaps this could be responsible for their dismal financial performance.

**4.2 Testing Moderating Effect of Strategic Planning Intensity on the Relationship between Strategic Planning and Financial Performance**

Step-wise multiple regressions analysis was used to test the extent to which the independent variables of strategic planning intensity influenced the dependent variable (financial performance) individually and when it interacted with strategic planning. Stepwise multiple regressions were used as follows:

**Step 1:** Determine the relationship between the overall strategic planning and strategic planning intensity.

**Step 2:** Include the interactions variables (standardized values of strategic planning and standardized values of strategic planning intensity). The standardized values were used to reduce any effect that may have been caused by multi co- linearity in the relationships.

The scores from the constructs analysis are shown in Table 4.2.

Table 4.2:  
Moderating effect of strategic planning intensity on strategic planning and financial performance relationship

| Model 1                      | Unstandardized Coefficients |            |                           | t     | Sig.F Change | Co-linearity Statistics |       |
|------------------------------|-----------------------------|------------|---------------------------|-------|--------------|-------------------------|-------|
|                              | B                           | Std. Error | Beta                      |       |              | Tolerance               | VIF   |
| (Constant)                   | .771                        | .325       | .299                      |       | .044         |                         |       |
| Overall Strategic Planning   | .481                        | .127       | .089                      | 3.787 | .000         | .739                    | 1.006 |
| Strategic planning Intensity | .251                        | .109       | .289                      | 2.303 | .002         | .739                    | 1.354 |
| R                            | .834                        |            |                           |       |              |                         |       |
| R <sup>2</sup>               | .696                        |            |                           |       |              |                         |       |
| Adjusted R <sup>2</sup>      | .676                        |            |                           |       |              |                         |       |
| F Change                     | 34.333                      |            |                           |       |              |                         |       |
| Model 2                      | Unstandardized Coefficients |            |                           | t     | Sig.F Change | Co linearity Statistics |       |
|                              |                             |            | Standardized Coefficients |       |              | Tolerance               | VIF   |

|                                    | B      | Std. Error | Beta |       |      | Toleranc<br>e | VIF   |
|------------------------------------|--------|------------|------|-------|------|---------------|-------|
| (Constant)                         | .657   | .439       | .399 |       | .000 |               |       |
| Overall Strategic<br>Planning      | .389   | .064       | .051 | 6.078 | .000 | .731          | 1.004 |
| Strategic<br>Planning<br>Intensity | .231   | .038       | .041 | 6.079 | .000 | .771          | 1.008 |
|                                    | 201    | .034       | .029 | 5.912 | .000 | .743          | 1.020 |
| Interaction                        |        |            |      |       |      |               |       |
| R                                  | .803   |            |      |       |      |               |       |
| R <sup>2</sup>                     | .644   |            |      |       |      |               |       |
| Adjusted R <sup>2</sup>            | .589   |            |      |       |      |               |       |
| R <sup>2</sup> Change              | .055   |            |      |       |      |               |       |
| F Change                           | 31.324 |            |      |       |      |               |       |

a. Dependent Variable: Financial performance

b. Predictors: (Constant), Strategic Planning Intensity, Strategic Planning

**Source:** Survey Data (2014)

When the relationship between strategic planning and strategic planning intensity was determined, without the interaction term the unstandardized coefficients of strategic planning and strategic planning intensity were 0.481 and 0.251 respectively, with strategic planning significant at  $p < 0.000$ , while strategic planning intensity was significant at  $p < 0.002$ ,  $R^2$  was 0.696, with strategic planning significant at  $p < 0.000$ , while strategic planning intensity was significant at  $p < 0.002$ . This meant that a unit percentage change in strategic planning will result in 0.481% change in financial performance of NSFs while a unit percentage change in strategic planning intensity will lead to 0.251% change in financial performance of the NSFs in Kenya (Whisman & McClelland, 2005) cited by Ondoro (2014). When the interaction term was introduced the B coefficients for strategic planning was 0.389, strategic planning intensity was 0.231 while interaction term was 0.201. The results (Table 4.2) indicate that the  $R^2$  change was positive ( $R^2 = 0.644$ ) and significant ( $p < .05$ ) at 95% confidence interval confirming moderating effect of strategic planning intensity (Field 2005). The predictor variables of overall strategic planning and the strategic planning intensity used in the model were both significant at  $p = 0.000$ , indicating that they were also predicting the variance. The significant interaction was an indication that the strategic planning intensity did moderate the effect of strategic planning on the financial performance. The results supported the hypothesized moderating model which was drawn as:

$$Y = 0.657 + 0.389SP + 0.231SPI + 0.201SP \times SPI$$

The model implies that a unit change in strategic planning intensity changes the relationship between strategic planning and financial performance by 0.201. The results are valid because it is strategic planning intensity that counteracts the strength of relationship between the strategic planning and financial performance of NSFs in Kenya which is in agreement with Whisman and McClelland (2005).

Whereas the moderating effect of strategic planning intensity is confirmed in the regression models, responses from the NSFs officials analyzed descriptively showed that the federations

had number issues affecting the intensity with which they plan. The adjusted  $R^2$  of model 1 is 0.676 while  $R^2$  is 0.696 this is a drop of 0.020, while  $R^2$  change in model 2 is 0.05 in regression model 2 (table 4.2) when the interaction is introduced. In both cases the shrinkage of  $R^2$  falls below acceptable ceiling of 0.5 (Field, 2005). This imply that the models are valid and stable for predicting financial performance at 69.6% and 64.4% variance respectively. The results confirm a fairly high power to detect interactions contrary to previous thresholds set by Fairchild and Mackinnon (2009) at as low as 7.8% or even 1% which although very small but still confirm moderation. The high power of moderating effect of strategic planning intensity in the current study is contrary to the hypothesized position that strategic planning intensity has no moderating effect on the relationship between and financial performance of National Sport Federations in Kenya. The null hypothesis is therefore rejected and the alternative accepted.

The results confirm findings by Paul (2004), who indicated that Strategic leadership is a key element in effective strategic management, and for the strategic planning to be effective, there must be commitment and involvement from the very top of the organization. Leaders focus their organization on a strategic direction, create an agenda for strategic change, keep an organization progressing towards strategic vision, overcome resistance to change, facilitate resource requirements, and give managers and employees the power and authority they need to make decisions. Because of this essential role of leadership, lack of leadership commitment to the strategic planning process can be seen as a barrier to the planning process (Paul, 2004). Karabulut and Efendioglu (2010) concur, in their study in Turkey that different components of strategic planning process and their effect on company performance are positively influenced by involvement of top management in the process. Management involvement requires expertise from those involved in planning including the top management. This observation identifies and defines the importance of strategic planning intensity in an organization and its significant effect on the profitability of a firm. Winand (2009) observed that officials of NSFs in Belgium operated their planning in an ad hoc manner which affected their financial performance. Such ad hoc planning is associated with lack of planning intensity. There has been limited research on strategic planning intensity as a moderator between strategic planning and financial performance in sport organizations with some studies only mentioning components of strategic planning intensity as factors that influenced performance. A few studies carried out on the relationship between strategic planning and performance were in the commercial sectors and did not particularly address strategic planning intensity as moderator (Bolo, Muturia & Oeba, 2006; Arasa & K'obonyo, 2012; Kohtamaki, Kraus, Makela & Ronkko, 2012).

Oakley and Green (2001), observed that despite the move towards embracing strategic planning in non profit sport organizations in a number of emerging economies; there existed gaps in terms of the intensity of strategic planning in sport. However, he was not exhaustive in addressing the components of planning intensity which the current study tested. On the other hand, Thibault, Slack & Hinnings (1991) were more specific attributing poor financial performance of non-profit sport organizations to lack of expertise in the officials who were charged with their management. Mwisukha *et al* (2007) posit that most of the personnel serving in the various National Sport Federations and organizations in Kenya as officials are not trained professionals in the areas of management and administration. However, Mwisukha *et al* (2007) did not explore the extent to which the leadership in the NSFs in Kenya embraced strategic planning practices and the intensity with which it was done. The findings

of the current study confirm lack of strategic planning intensity in the National Sport Federations in Kenya. On a number of statements measuring strategic planning intensity the respondents either disagreed or were uncertain of the existence of the practices in their national federation.

### **Conclusion and Recommendation**

Strategic planning intensity is weak in NSFS in Kenya yet it significantly moderates the relationship between strategic planning and financial performance. Therefore, NSFs in Kenya could improve all the aspects of their financial performance by enhancing planning expertise of the officials, commitment of adequate resources to the planning effort, enhancing planning-performance belief and aligning strategy to suitable structures based on the size of the federation.

Strategic planning intensity as a moderator in the relationship between strategic planning and financial performance is very encompassing; the current study only looked at four indicators of planning intensity. There is need to explore other components of strategic planning intensity not explored in this study.

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