

**Factors affecting Strategic plan process and its practices in
private micro finance institution In a Case of Busa Gonofa S.C**



**Thesis submitted to the school of Graduate studies of Jimma University
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DECLARATION

I declare that the research Study entitled on “Factors affecting Strategic plan practices and its process in private micro finance institution In a Case of Busa Gonofa S.C” is my own original work towards the Masters of Business Administration- submitted to Research and Postgraduate Studies’ Office of Business and Economics College is original and it has not been submitted previously in part or full to any university.

Enyew Kibebew Gurara

Date: December 2020

CERTIFICATE

We certify that the Research Report entitled “Factors affecting Strategic plan practices and its process in private micro finance institution In a Case of Busa Gonofa S.C was done by Mr. Enyew Kibebew Gurara for the partial fulfilment of Master’s Degree under our Supervision.

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Acronyms

| | |
|------|---|
| BG | Busa Gonofa |
| CEO | Chief Executive Officer |
| Df | degree of freedom |
| MDG | Millennium Development Goal |
| MI | Micro Finance |
| MFI | Micro Finance Institution |
| NBE | National Bank of Ethiopia |
| NGO | Non-Government Organization |
| NR | Number of Respondent |
| SP | Strategic Plan |
| SC | Share Company |
| SWOT | Strengths, Weaknesses, Opportunities, and Threats |
| UNDP | United Nation Development Program |
| VIF | Variance Inflation Factors |

ABSTRACT

Strategic plan is one of the management tools which are used widely by different organizations to define the future direction of their organizations. The strategic planning process requires that an organization defines the strategies that will best fit their resources and capabilities to the external and internal demands of the environment. The objective of this study is to examine the practices and process of using strategic plan and what factors affect it in Micro Finance Institution. The study was descriptive research design will be adopted in this study and it was carried out based on the information from the secondary and primary data sources which was administrated using questionnaire, interview and observation. The Target population of the study was from a total of 620 employees of the organization 114 was accessed population and targeted four major micro finance selected branch including head office who account for 22.6% of the total Institution in Busa Gonofa with wide experience of workers. The study managed to obtain responses for 20 out of total employee in each branch from the four major Micro finance Institution which was totally an 80% response rate. The data was organized using description and the results are presented in table. The analysis was done by descriptive and regression analysis method and finally it was found out that MFI, these days, have good understanding about the benefits of strategic planning thus using it as an important tool that must be applied in their organization. Due to their peculiar organizational purpose which focuses on meeting social objectives, the challenges for practice and processes their strategic plan are diverse, especially internal factors like lack of finance, commitment, structure and external factors like environmental scanning, and lack of technology. The study recommended that though most things in the process phase of the strategic planning seems right, but it need more improvement in practice part, according to this study different uncontrollable factors are here and it need to incorporated work and managers identified and amend each factors interns of their evaluation. Strategic plan should not be for shelf, it has to be practice and changing to do work.

Key Word: Strategic Plan, Process, Practice, factors and Busa Gonofa micro finance

CHAPTER ONE

INTRODUCTION

1. Introduction

This chapter covers the general layout of the study. It commences with an overview of the background to the study and introduces strategic planning in the context of Micro Finance Institution (MFI). It also outlines the statement of the problem and the objectives that the study sought to achieve, significance, scope and structure of the study are also outlined in this chapter.

1.1 Background of Study

This study investigates factors effect of strategic plan in micro finance institution a case of Busa Gonofa. The factors affect on practice and preparations are the dependent variables and it consists of management commitment, structure, resource and technology environment are the independent variables. One of the most stylized facts of developing economies is that formal financial institutions leave the poorest population tightly constrained in their access to financial services. It is also widely recognized that economic progress relies largely on access to financial services such as savings, insurance, and credit. Where formal financial institutions fail the large majority of the poor population, there is evidence to support the proposition that microfinance institutions & credit unions can fill some of the gap (Barham, Boucher and Carter, 1996).

Micro-Finance Institutions (MFIs) are often defined in terms of the following characteristics: targeting the poor (especially the poor women); promoting small businesses; building capacity of the poor; extending small loans without collaterals; combining credit with savings; and charging commercial interest rates. MFIs are often innovative and flexible in their design and implementation (Dejene, 1998)

Globalization, rapid changes in technology, increasing competition, changing workforce, changing market and economic conditions and resource shortages of the 21st century are increasing the complexity of strategic planning and modern management (Alkhafaji, 2003). The most critical challenge facing most organizations today is to cope and deal with a saturated market and how to implement the strategic plan to minimize the failure of organization and minimize risk. Micro finance companies besides the dynamism of the field are highly vulnerable to challenges with high

Failure rate of strategic plan process and practice. Strategic planning was first originated in the Military and adopted to the business sector as important management tool in response to the unpredictable, turbulent, and chaotic world. It is the process of determining what an organization intends to be in the future and how it will get there. It is a tool which helps to define the best future for the organization and the best path to reach that destination. Through time, the importance of strategic planning has developed and its use and application beyond the business sector has become significant. Micro Finance Institutions are some of the profit organizations which have been applying the strategic management. This was due to the fact that MF are also operating in the same fast changing global environment which demands a management system that enables responding and positioning the organization accordingly. Therefore, if applied correctly, strategic planning process and practice is exciting process as it provides diverse benefits to the organizations interim's of understanding the fundamental values of the organization, the context it operates, the dynamism around it, and generally define its future direction. It also helps linking the objectives of the organization to consecutive actions by allocating resources for maximum results (Porter, 1985).

Strategies are the means by which long-term objective will be achieved and Today's success in business to a great extent depends largely on the strategic plan of the organization (Chandler, 1962:13). Know a day whatever the organization perform and succeed the goal and objective of the firm without strategy plan, it is difficult to control or survive the company for long term from the speed up and environmental change of the world (Chandler, 1962:13) (Porter, 1985). Because of these John Godwin said that (“Operating inside an organization without a strategy can be tough. Here’s how to bring strategic thinking into your own work. “)

So, strategy in the business context, deals with a set of choices and subsequent selection of an execution path, based on the expectation that the selected path will lead to a desirable outcome (profitability, market share, etc.). Strategy answers the question “What shall we do next?” And that’s no small question (John Burns 2010). An organization strategy should provide informed the organization and enable the organization to measure its progress against its objectives. Organization struggle with creating a logical strategy, communicating that strategy to its stakeholders, and subsequently executing on it. There can be many pitfalls along the way and so, unfortunately, many large companies muddle along with no discernable strategy. This is a shame, because choosing a strategy and communicating it broadly makes everyone’s life better. A strategy acts as a guide and Touchstone, providing the means to judge the multitude of decisions that a company collectively must make every day (Höppner, 2006). Strategic planning is a very important practice to all

organizations. The key objective of a strategy is to bring about a competitive advantage over the rivals in the market. It also aims at providing sustainability in the market even when there are environmental changes. Using strategic planning approach, managers at all levels of the firms interact in planning. A strategy enables organization to review past performance in a systematic manner, celebrating achievements and learning from mistakes. Organizations are able to prioritize objectives as it ensures proper allocation and use of resources. Planning helps organization to be more proactive than reactive in their activities that are geared towards achieving the set vision.(Pearce and Robinson1997

Strategic planning process can either be formal or informal. A formal process is where the company strategies are as a result of a deliberate plan while informal planning is where it just happens without prior planning. In a formal planning, managers at all levels of the firm interact in planning. As a result, the behavioral consequences of process are similar to those of participative decision making. Strategic planning practices enhance the firm's ability to prevent problems. Managers who encourage subordinates attention to planning are aided in their monitoring and forecasting responsibilities by subordinates who are aware of the needs of strategic planning, (Pearce and Robinson, 1997). Strategic planning process results in better decision because group interaction generates a greater variety of strategies, thus reducing resistance to change.

According to (Assefa Beyene Bassa ; 2011/2012) The results of the study on factors strategic plan process and practice, indicate that a gap, in the sampled public universities of Ethiopia, stakeholders' participation in the process of strategic planning was found to be low.

The evaluation of the performance effects of strategic planning has been a central concern of researchers for many decades (Hunt, 1999). While results are varied, evidence suggests that formal strategic planning is related to superior performance. For example Schrader (1993) conducted a research into the effects of formal strategic planning on the financial performance of small firms and concluded that strategic planning has a significant, positive association with financial performance. According to Heathfield (2008), for effective strategic planning, organizations must have full and

Active executive support, effective communication, employee involvement, through organizational planning and competitive analysis and wide spread perceived need for strategic planning. Organizations must engage in strategy planning that clearly defines objectives and assesses both the internal and external environments to formulate strategy, implement the strategy, evaluate the progress, and make adjustments as necessary to stay on track. The standard approach of strategic

planning incorporates internal and external environment analysis to identify opportunities open to improve the organization's business and threats that can be a potential hindrance to its business. (De Feo, 2001),

1.1.1 Background of the organization

In Ethiopia, the poverty reduction strategy is becoming the operational framework to translate the global MDGs targets into national action (UNDP 2005). Micro finance service intervention in Ethiopia has also been considered as one of the policy instruments of the government and non-government organizations (NGOs) to enable rural and urban poor increase output and productivity, induce technology adoption, improve input and productivity, induce technology adoption, improve input supply, increase income, reduce poverty and attain food security. The sustainability of micro finance institutions that reach a large number of rural and urban poor who are not served by the conventional financial institutions, such as the commercial banks, has been a prime component of the new development strategy of Ethiopia (Wolday 2000). Ethiopian microfinance sector is characterized by its rapid growth, an aggressive drive to achieve scale, a broad geographic coverage, a dominance of government backed MFIs, an emphasis on rural households, the promotion of both credit and savings products, a strong focus on sustainability and by the fact that the sector is Ethiopian owned and driven. Currently there are 27 microfinance institutions in Ethiopia, licensed and registered by NBE, the main purpose of a micro-financing institution shall be to collect assets and deposits, extend credit to rural and urban farmers and people engaged in other similar activities as well as micro and small scale rural and urban entrepreneurs, the maximum amount of which may be determined by the National Bank. Following the 1984/85 severe drought and famine, many NGOs started to provide micro credit along with their relief activities although this was on a limited scale and not in a sustained manner (IFAD 2001). The formulation of the Micro finance institutions, micro credit used to be provided in a fragmented and unplanned manner even during the early 1990. There is also a fear among interested parties in the industry that MFIs could not stay in the market to serve the poor without the immense support of government, donors and others. So all micro finance institutions are strategically planned the objectives and goal of the organization, majority institutions engaged and interpret these plans. Following the proclamation No. 40/1994, Busa Gonofa MFI was one of them among those micro finance institutions in Ethiopia established in 1999 GC for profit generated by different shareholders and currently have 30 branches in the country and over 620 workers are employees exist in the organizations. Head offices are located in Addis Ababa, source (annual Report of the Institutions 2010)

Strategy plan was being processed, practiced and implemented in many organization, it is not only all, of the policy maker or exceptional of one organization (institution). One of the service sectors that were processed and practiced strategy plan was MFI and no doubt that many resources were invested for this strategy plan. The processed and practiced was implementation in this institutions was studied though it is very crucial to know whether it improved our service delivery in the desired way and you will forecasted in this strategy plan, how support and minimized poverty reduction strategically of our society so as more motivated to study. The knowledge of factors affecting is important to the institution and the country to know the key factors behind its strength.

1.2 Statement of the Problem

The issue of strategy Plan is very vital for organizational and institutional growth. A strategic plan by case complex and a tool that provides guidance in fulfilling a vision, objective and mission with maximum efficiency and impact. This is to say that strategy involves rational planning and it should be articulate specific goals Describe specific action steps and Be reviewed every 3-5 years, Strategic planning process and practice has an important role in every organizational setting (Adeyoyin, 2005; Decker and Höppner, 2006). Each strategic plan has particular merits that are related to the external environment, internal processes and structures, financial resources, performance and human capabilities (Höppner, 2006). (Miller 2009) delineated four major causes of strategic plan practices failure: leadership traps, monolithic cultures and skills, power and politics, and structural memories. A common challenge and problems faced by all organizations, whether private or public, is how too successfully they manage strategic planning process for attainment of organizational objectives. Some researchers have noted that organizations during implement fail up to 70 per cent of their strategic plans (Jacklinne, Mike, Anthony, 2014) according to their research.

In the world, nowadays many Business organization have strategic plan practices but currently business environment Become highly competitive and more dynamic due to various factors, like technological advancement, globalization, country's economic development, customers demand for availability and quality products & service and firms business experience and other factors (Reynolds, 2014). Here are some known variable (factors) for doing poor strategic planning practice externally like Political, Technological and Environmental as well as internally mitigate with organization structures, finance, and commitment .

A number of studies have been conducted on strategic planning in organizations and focused on the factors which influence strategic planning processes and practice same of them are. Strategic Planning Practices at the Barclays Bank of Kenya, (Murega, 2011) and Strategic Planning Practices

and process By Commercial Banks in Kenya, (Muriuki, 2010). Kamau (2008) acknowledged that strategic planning is important but what is more important is how it is practiced in different organizations. Other studies on strategic planning processes include; Githingi (2011) strategic planning practices at international Ports Authority, However, due to its recent phenomena of strategic plan process and practice in Ethiopia, limited Number of study conducted on Micro Finance Institution. Among them, Tsehay. (2014) A practical and Challenge of strategic plan selected NGO. Assefa, B, Bassa. (2014) the Practice of Strategic Planning and Strategy Implementation in Public Universities of Ethiopia. Tekestebhan. M (2016) assessment of strategic plan implementation and practices in private financial institution. Amelework. M (2015) Assessment of strategic Plan practices; the case of Ethiopian Micro Finance 2015 Addis Ababa, Ethiopia. Alemayew. Y (2008) the performance of Micro Finance Institutions in Ethiopia: A case of six microfinance institutions Addis Abeba University. Here in Ethiopia, Public organization have started to get serious about strategic planning because they recognize the challenges they face today and also because they are now required by the government to carry out strategic planning (Assefa. B, B. 2014). All these studies were relevant to the specific fields but none clearly explored the strategic plan practices adopted by those organizations.

According to (Assefa Beyene Bassa ; 2011/2012) The results of the study on factors strategic plan process and practice, indicate that a gap, in the sampled public universities of Ethiopia, stakeholders' participation in the process of strategic planning was found to be low.

As per the researcher knowledge, there is no comprehensive study on strategic plan process and Practices, specifically, micro finances Institution. Busa Gonofa MFI one of them adopted strategic plan since 2006, but the factors affecting of strategic plan process and practices in BG S.C was not studied. Therefore, my knowledge is concerned, this research is the first in its kind and it helps the institutions management to praise their success factors and also to know what hinders the successful implementation of the process and focus on those issues. Given the above points there is lack of research study and gap conducted in the areas, this study Cleary indicated the strategic plan its process, practice how to influence in the Micro Finance institution and the paper tried to identified its factors on Busa Gonofa Micro Finance Institutions.

Accordingly, this Research study and the purpose it helps the organization management identify major factors affecting in the strategic plan practice and process and focus on those issues by starting the following question:

Research Question

1. What factors hinder during environmental scanning before choosing a strategy plan?
2. What methods are used by BGMFI to implement strategic plan?
3. To what extent does resource variation and structures affect practiced of strategic planning?
4. What are the challenges that BG face during strategic planning processed and practice?
5. How does BGMFI monitor and Evaluated the implementation of strategic plan?

1.3 Objective of the study

1.3.1 General Objective of the study

The objective of this research is to identify the major factors that affecting strategic plan practice.

1.3.2 Specific Objective of the study

To identify the factors that affect and hinders of strategic plan practice and it process, the study specifically seeks to accomplish these objectives:

1. To identified factors hinder during environmental scanning before choosing a strategy plan?
2. To determine the method used by BGMFI to implement strategic plan practiced.
3. To determine the effect of resource variation on practice of strategic planning.
4. To identify the challenges that BG face during strategic planning processed and practice.
5. To determine the monitor and evaluation practice of BGMFI in its strategic plan Implementation

1.4 Significance of the study

The finding of this research will reflect strategic plan practice, process and its factors. This study will contribute to change the way that how organization strategic plan and management important for organizations structured to improved their competitiveness and to set the mission, vision and objectives of the organization. The paper will also contribute as literature by enlightening the variables that have impact on organizational commitment. At the end of the day, the result of this paper will contribute for other micro finance institutions provide by identifying important factors that affect organizational strategic plan. The study results will be serving as general indicators for the Share Company, corporate leaders, Institutional managers, stakeholders and managers in decision, employers and other researchers.

1.5 Scope of the Study

The scope of this research was focused only to factors affecting on strategic plan process and practice. It conducted to Busa Gonofa Micro Finance Institutions. In relation to the geographical context, the study focuses on head office and selected 4(four) branches of BG MFI namely canco, sululta, muka turi and finfine branches. The source of information was primary and secondary data and descriptive types from a total of 114 sample sizes for the research organizational members involved directly in the strategic management process, managerial staff and also non managerial employees. The research study in a specific area of study takes 9(nine) month.

1.6 Structure of the Thesis

This thesis contains five chapters. The first chapter covers what the study is all about, introduction, nature of the problem to be examined the objective, the possible outcome of the research problem, its importance and scope of the study. The second chapter focused on covering the theories and empirical aspects literature review. The third chapter briefs the methodology, variables to be used in the study and the fourth chapters all about data analyses, discussion and result and interpretation. The last chapter is all about major Finding recommendation and concluding to undertake the research.

CHAPTER TWO

LITERATURE REVIEW

1. Introduction

In this section is literature review which presents existing information and secondary data associated to the research study and critically examines the research topic. It briefly discussed the theoretical and empirical literature reviewed of the study; the drawing of conceptual theory of framework was presented. It is devoted to provide the foundation of knowledge in the research area. This section gives information about concept and definitions what has already occurred during prepared within the about strategy plan process and practice which factors challenge and how to enterprise in the organizations.

2.1 Theoretical Literature Review

2.1.1 Definition of strategic and strategic plan

Strategies are the firm's overall plan dealing with and existing in its environment, (Christensen et al, 1978:128-142). Strategies result from the process of deciding on objectives of organizations, on changes in these objectives, on resources use to attain these objectives and other policies that are to govern the acquisition, use and disposition of these resources, (Anthony, 1965:24). Strategy is the science and art of employing the political, economic, psychological and military forces of a nation or group of nations to afford maximum support to adopted policies. Strategic planning is a management tool which is used to enhance the performance of an organization for achieving defined objectives and accomplishing the mission of the organization. (Websters Ninth New Collegiate Dictionary, 1991:1165). Applying the above definition to business organization, strategy is the science or art of employing the group of organizations to afford the maximum support to adopted policies of the organization or group of organizations, (Enudu, 1999:163). Strategies are the broad programmed for Defining and actuating an organization's objectives as well as the organization's response to its environment over time, (Stoner et al, 1996:267). Strategy is a unified, comprehensive and integrated

plan designed to ensure that the basic objectives of the organization is achieved, (Ile, 2001:649). Strategy is the firm's action plan aimed at achieving its objectives and Satisfying the needs of the customers and surviving the competition in its environment, (Enudu, 1999:164).

2.1.2 Concept of Strategy

The concept "strategy" is ancient, carried from the Greek word strategic, which means the art or science of a general. The word strategy comes from the Greek word "**Strategos**" which refers to military generalship or leading and combines "**stratos**" (the army) and "**ago**" (the lead). The history of strategic planning has its foundation in, and is a heritage of the military (David, 2003). It is a military term used for describing grand plan used for gaining advantage over adversary in war period. Today, the business organization have adopted the concept and it is now commonly used among managers. The concept can be used to denote a general programmed of action and deployment of emphasis and resources to attain comprehensive objectives. Strategies are the firm's overall plan dealing with and existing in its environment, (Christensen et al, 1978:128-142). Strategies result from the process of deciding on objectives of organizations, on changes in these objectives, on resources use to attain these objectives and other policies that are to govern the acquisition, use and disposition of these resources, (Anthony, 1965:24). This shows that a strategy is mainly concerned with the long term goals of an organization. This is achieved through the strategic analysis of strengths, weaknesses, opportunities and threats (SWOT) that face an organization. Some organizations go through a new cycle of the strategic planning process every year. This does not necessarily mean that managers choose a new strategy each year. In many instances, the result is simply to modify and reaffirm a strategy and structure already in place. The strategic plans that formulated and implement generated by the planning process generally look out over a period of one to five years, with the plan being updated or rolled forward, every year (Anthony, 1965:24).

2.1.3 Strategic planning process and practices

Strategy is the direction and the scope of an organization over long term, which achieves advantage for the organization through its alignment of its resources which are at its disposal within a dynamic environment to meet the market demand and stakeholders aspirations (Johnson and Scholes 2009).

This indicates that strategic planning is a process that requires an organization to stay alert of its capacity and of the operating environment if competitiveness is to be realized. The firm must match its activities to the environment. Effective strategic planning involves the processes which when

successfully implemented at all levels of the organization- corporate, business and functional, can enhance efficiency and productivity. For strategic planning process to be followed in an organization, consideration has to be given to both the long term view and the short term requirements. According to Bryson (1988) strategic planning is the process of determining what results an organization intends to achieve in future and how it will achieve them. Organization should be keen to answer the questions: where are we now? What do we have to work with Where do we want to be? How do we get there? He stressed that it is a disciplined effort to produce fundamental decisions and actions shaping the nature and direction of an organization's activities within legal framework. Other scholars like Steiner (1979) says that strategic planning is a systematic process through which an organization agrees on and builds commitment among stakeholders to priorities which are essential to its vision and mission and responsive to the operating environment. The process is strategic because it involves choosing how best to respond to the circumstances of a dynamic and sometimes hostile environment. Changing customer needs, competition, legislation, changing public perceptions and adapting to changing environment are the basic activities a firm should be concerned with when planning strategically. Strategic planning process is about building commitment as asserted by Ken Whitney (1994).Engagement of stakeholders in identifying priorities allows disagreements to be engaged constructively and supports better communication and coordination. The process allows broad consensus to be built, resulting in enhanced accountability throughout the organization. Denhardt (2001) says strategic planning is making choices amongst alternative actions and finding the best options that suits and enhances a firm's efficiency and productivity to be executed through the efforts of the people, therefore making it competitive. Strategic planning improves the process of people working together. It brings everyone together to pursue opportunities for better meeting of stakeholders needs

2.1.4 Level of strategy

Thenmozhi (2010) indicates that there are three levels of strategies. These are corporate level strategy, business level strategy, and functional level strategy. Corporate strategy depicts a company's overall scope and direction in terms of its general attitude toward growth and the Management of its various businesses and product lines. Corporate strategies usually fit within the three main categories of growth, stability, and retrenchment. Business Strategy usually occurs at the business unit or product level, and it emphasizes improvement in the competitive position of a corporation's products or services in the specific industry or market segment served by that business unit. Competitive strategies and cooperative strategies are the two types of Business strategies.

Functional Strategy is the approach taken by a functional area to achieve corporate and business unit objectives and strategies by maximizing resource productivity.

2.1.5 Important of Strategic Plan and its objectives

A number of reasons are given by authors as to why organizations should engage in strategic planning. Many research studies show both financial and nonfinancial benefits which can be derived from strategic planning approach to decision making. Studies done by Eastlake (1970), Thune (1970), Anoff (1990), Karger (1975) and Hofer (1978) indicate that formalized strategic planning does result in superior performance by organizations. Their studies concluded that organizations that adopt strategic planning approach can expect that the new system will lead to improved performance or attainment of overall organizational objective. Ansoff (1990) said that regardless of profitability, strategic planning has several behavioral effects which can be expected to improve the welfare of the firm. He says that strategic planning determines whether an organization excels, survives or dies. Strategic planning is important because it guides all functional areas of the firm. While on the other hand Pearce (2003) says that strategic planning is an integral part and important function of the organization life, however successful organizations are successful for many reasons: adequate resources, good products and services etc. While strategic planning is not a solution to a firm's problems its process is a powerful tool. Its value lies on the executives and their ability to use this tool.

2.1.6 Scenario Strategic Planning

Despite criticisms, research suggests that formal planning systems do help managers make better strategic decisions. For strategic planning to work, however, it is important that top-level managers not just plan in the context of the current competitive environment but also try to find the strategy that will best allow them to achieve a competitive advantage in the future competitive environment. To try to forecast what that future will look like, managers can use scenario-planning techniques to plan for different possible futures.

They can also involve operating managers in the planning process and seek to shape the future competitive environment by emphasizing strategic intent. Scenario Planning One reason that strategic planning may fail over the long run is that managers, in their initial enthusiasm for planning techniques, may forget that the future is inherently unpredictable. Even the best-laid plans can fall apart if unforeseen contingencies occur, and that happens all the time in the real world. Scenario planning is based upon the realization that the future is inherently unpredictable, and that an

organization should plan for not just one future, but a range of possible futures. Scenario planning involves formulating plans that are based upon “what if” scenarios about the future. In the typical scenario-planning exercise, some scenarios are optimistic and some pessimistic. Teams of managers are asked to develop specific strategies to cope with each scenario. A set of indicators is chosen, and the indicators are used as “signposts” to track trends and identify the probability that any particular scenario will come to pass. The idea is to get managers to understand the dynamic and complex nature of their environment, to think through problems in a strategic fashion, and to generate a range of strategic options that might be pursued under different circumstances. Use of the scenario approach to planning has spread rapidly among large companies. Source (Essentials of Strategic Management 2nd Ed Charles, W. and Hill, L. University of Washington JONES Texas A&M University 2008, 2009)

2.1.7 Strategic Planning Practices

Strategic planning practices involves the formulation of vision and mission statement, performance of situational analysis and strategy formulation and choice; all organizations are environment dependent and cannot afford to ignore it. Organizations affect and are affected by the environment, (Pearce and Robinson, 2008). A good strategic plan would be heavily influenced by the internal and external environment and should be reflective of the same. Johnson and Scholes (2002), view strategy as the direction and scope of an organization over the long-term that achieves advantage for the organization through its configuration of resources within a changing environment and fulfill stakeholders expectations. Various business analysis techniques can be used in strategic planning, including SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats).do with making strategy happen or making sure that created and planned strategies actually work in practice (Johnson, Scholes & Whittington, 2008).

In this context the study intends to investigate to what extent strategic planning is being adopted along with the aim of identifying the gaps between the theory and the practice. The research will also add to the already existing pool of knowledge by narrowing the existing gap and jump starting future researches. Besides the success stories of strategic plan process and practice there is a list of failures in world. The significant growth of strategic plan concept not all organization started on strategic plan project achieves their intended result. What is in common for all these studies is the examination of several factors that influence the strategic planning practice or the lack of examination of the important factors’ influence. Gibson and Cassar

(2002) examined the influence of the business structure factors and the management structure factors without taking into consideration the influence of the external environmental factors. In another study the influence of the environmental factors like political, environmental and social has been measured, but with fewer other business factors (business size and industry type) (Falshaw et al., 2006). It is also argued that the challenges of the higher Institution environment have become ever more complex as we seek to respond to the calls for reform coming from different directions, the need for change, the financial and budgetary difficulties we are all facing, government policy, political and Environmental other factors during the study gap of the research, demand for accountability-all the issues that surround us, or perhaps bombard us, on a daily basis (Gillespie &Robertson, 2010).

Porter (1980) argued that a firm can achieve a higher level of strategic plan performance over its rival firm's ability to respond towards external (political, environmental, social and economical and internal impacts commitment and complexity.

(Jacklinne. K, Dr Mike. I, Anthony. L; 2014)Market dynamics have created more challenges and problem for public sector, with the emergence of the global economy, advances in technology, increased societal demands, political and the need to provide more social services with fewer resources are the gap of study on process and practices of strategic plan .

According to (Assefa Beyene Bassa ; 2011/2012) The results of the study on factors strategic plan process and practice, indicate that a gap, in the sampled public universities of Ethiopia, stakeholders' participation in the process of strategic planning was found to be low. There was less emphasis given to critically assessing their ever changing external environment while planning. The practice of clearly communicating their preferred strategies and activities to both academic and administrative staff was found to be minimal and ineffective.

There was also lack of adequate monitoring, follow up and feedback systems and there is a poor commitment of management, unrevised structure of the institution, lack strategic leadership, the human talents and material resources, another factors hinder. Thus, it could be inferred that reaching to their preferred strategic direction in these institution might be negatively affected and as a result, their prioritized missions' accomplishment and achieving strategic goals and objectives could not be reached. A common challenge faced by all organizations, whether private or public, is how too successfully they manage strategic planning process for attainment of organizational objectives. Some researchers have noted that organizations fail to implement up to 70 per cent of their strategic

plans (Jacklinne. K, Anthony. L; 2014). This study sought to determine the challenges and factors affecting faced by the micro finance institution of Standard in its efforts to its process and practice strategic plans. Specifically, the study tried to find out how internally (organization structure, top management commitment, resource and externally (political, environmental, and technology) affect implementation of strategic plans in the Organization. It also tried to identify the role of funds in strategic plan process practice and implementation. The study was explanatory in nature since its main purpose was to explain and identified the gap of study on factors that affect implementation of strategic plans process and practices in the privet MFI. It adopted a stratified random sampling technique to get a sample of 114 respondents being 19% of the 620 members of staff who form Organization's entire staff Compliment.

2.1.8 Challenges of strategic planning process

Strategic planning is anticipating the future and figuring out on how to reach there. This is a continuous process that includes activities, analyses, discussions, meetings, presentations, decisions, actions and evaluations. It involves all stakeholders. At its best, it fosters creativity to sustained success. Strategic planning also involves the collective set of actions that afford an organization a good shot at a competitive advantage that is sustainable for a period of time (Denhardt 2001).The process of strategic planning has challenges and drawbacks as stated by McNamara (2007). The strategic planning process does not end when the firm decides what strategy or strategies to pursue. There must be a translation of strategic thought into strategic action. This translation is much easier if managers and employees of the firm understand the business, feel part of the company, and through involvement in strategy formulation activities have become committed to helping the firm to succeed. Without understanding and commitment, strategy implementation efforts face major challenges.

Alexander (1985) notes that the most frequently occurring strategy implementation Problems include understanding the time needed for implementation, poor communication systems and resistance to change. The problems associated with strategy implementation are identifying key areas for discussion as addressed by (Reed 1988). He acknowledge the challenge and the need for a clear fit between strategy and structure and claim the debate about which comes first is irrelevant provided there is congruence in the context of the operating environment. Policies to reach defined aims are well known and documented – the main problem is their implementation – not in terms of building a road or enacting a new law – but to convince the involved parties, mainly the citizens, and to gain their awareness and acceptance. According to Wambugu (2011), strategic

planning faces a great challenge in the face of individuals or sub-group of organization actors who may pursue their own diverse goals and promote their own interests which more than often are conflicting in nature. Another challenge as indicated by Murega (2011) includes failure of an understanding throughout the organization of what strategic planning is or how it will be carried out or the degree of the top management of the organization towards doing it well. Fear of change is another notable challenge of strategic planning. Several factors serve as major challenges in post strategic planning in a firm. Kotler (2000) mentions lack of understanding or confusion as to what is meant by vision and mission by employees within the firm or what the firm business is, complaints that mission statement is too long or needs explanation, he further argued that that objectives lost in extensive narrative , motherhood statements (best in the word) inconsistency in the choice of words, or is too complicated, plans do not address governance and self-righteousness on the part of management that ideas are sound. It has been noted that creating a Strategic Plan is not enough. Developing effective programs, projects, action plans, budgets and implementation processes will bring life to the strategies and create real value for the firm and its stakeholders. According to Erden (2007), all efforts get certainly in vain, if the management doesn't move the chosen strategy to a success in adapting into programs, policies or transmitting it into other plans.

2.1.9 Factors affect strategic plan practice and process

2.1.9.1 External Environmental Factors Affecting Strategic Planning

Organizations operate in a very diverse, dynamic and complex environment. All this inspire the reason why managers should always be keen and do consistent scanning of their environment before planning for and choosing any strategy. Different environmental factors affect the activities of an Organization. These forces keep on changing from time to time and thus time and again pose Challenges that were never anticipated. Any given specific factor will affect some organizations more than others. It may affect an organization favorably while it poses a threat to another. So the key question is whether it is possible to identify the structural drivers which might affect an individual organization or organizations of particular types. In dynamic conditions, managers need to consider the environment of the future and not just that of the past or present. The degree of uncertainty therefore increases. They may employ structured way of making sense of the future such as scenario planning (Johnson and Scholes, 2002). External environment refers to the external surrounding of an organization. External environmental forces have their origin from outside the organization and are not arising from the organizations operations they include: economic, political,

technological, social, legal and ecological factors. These are the underlying issues in the external environment that form a general context for managerial decision making, (Schermerhorn, 1999).

Political Factors

While planning a strategy it needs to take, an organization must put into account the political stability and requirements of its environment. These may include the laws and regulation within a country and the general prevailing philosophy of the political climate. All these factors affect the way an organization operates. Political skills that may be used by managers include; negotiations, lobbying, alliance, representation and socialization. Political factors have a great influence on issues of borrowing, lending, purchasing and selling, (Johnson and Scholes, 2002).

Technological

Every firm should be up-to-date with the ever changing face of technology in order to avoid obsolescence. Technology leads to creativity that may in turn lead to very vital changes in the production. Creativity through innovations may lead to production of new products or services or a significant change in the already existing products or services. Due to the fact that technology is always advancing, organizations should always have a technological forecast in order to create and choose strategies that will lead to profitability. It is very true that existing and the probable technological advances should be well understood during strategic planning (Pearce and Robinson, 2010).

2.1.9.2 Internal factors Analysis

After looking outward, the next step is to look inward to understand the issues facing an entity that may affect the strategy plan practice. Consider the following: The most common and easy-to-use internal analysis method is the SWOT analysis. SWOT stands for Strengths, Weaknesses, Opportunities and Threats. A SWOT analysis summarizes the perceptions of an internal constituency (i.e. leadership and staff) regarding the internal strengths of an office, its internal weaknesses, the external opportunities for potential pursuit and the external threats to consider.

Organizational Structure

Every organization has a unique structure that reflects its current image, reporting relationship and internal politics. Okumus (2003:876) defines “organizational structure” as “the shape; division of labour; job duties and responsibilities; the distribution of power, and decision-making procedures within the company. Okumus (2003) simplistically, structure informs “who does what”, and “levels of accountability”. This clearly shows that organizational structure is a fundamental factor when looking at how strategic planning can be implemented in organizations. Without proper structures then strategic planning might not see the light in some organization

because structures play a major roles in delivering the expected results. Chandler, 1962 considered the contingency relationship between a firm's corporate strategy and its internal administrative structure.

The literature on the theory of organizations has extensively studied the way the organizational structure affects the behavior of the members of the organization due to the fact that structures can easily influence the outcomes in various institutions. Different structures that exists in organizations impact differently on Factors That Influence Effective Strategic Planning Process in Organizations www.iosrjournals.org 190 | Page the overall performances of the company. When addressing the organizational structures in organization, it important to look at the vertical chains. The vertical chain defines the level of bureaucracy within the organization and the way the business is managed by the management. This indicates that one will have to look at the processes and procedures within the organization to the latter. A vertical structure creates a chain of command that relates the headquarters to the lowest level business units, through a series of intermediate layers that take care of executing headquarters directives at a more disaggregated level Any operating organization should have its own structure in order to operate efficiently with the aim of achieving the set targets in the organization. In summary we can say that organizational structure determines how roles, powers, responsibilities, and controls are coordinated within the different levels of management. Therefore, arising from the above, this indicates that Organizational structures actually contribute to the success of strategic planning in an organization. The reason is that the structures should be able to support the strategic planning considering that the same Structures are supposed to implement and monitor and evaluate the performance of the organization.

Budget Resource

A definition of budget and finance is the design and implementation of a set of internally consistent practices that ensure an organization's human capital contributes to the achievement of its business objectives (Huselid, Jackson, & Schuler, 1997). In the corporate world, the essence of budgeting is strategic and when properly aligned, it contributes to a successful strategy and the financial bottom line. This means that budgeting needs to maintain a strong administrative foundation and use this respect in championing for participating in strategic planning meeting A strategic approach that is aligned with finance ensures that an organization's employees, skills, and abilities contribute to the achievement of its business goals (Huselid, Jackson, & Schuler, 1997). In general, the strategic budget management is the process of linking, capability, and performance with the strategic objectives of the organization in order to improve performance. In

this scenario, a budget that is highly Factors That Influence Effective Strategic Planning Process in Organizations www.iosrjournals.org 193 | Page.

Management Commitment

There are diverse factors identified as influencing the strategic planning processes. The following are the major identified as factors influencing strategic planning processes. Management is one of the factors as management is the ability to influence others to achieve specified goals and objectives. Johnson (2005) views management as giving the following functions; giving of orders which are clear, complete and within the capabilities of the subordinates to accomplish the assignments for achieving intended objectives. This indicates that leadership has a critical role to play in strategic planning process. Other factors.

- staffing (i.e. roles, skills, knowledge)
- Assets (i.e. buildings and equipment)

2.2 Empirical Review

This type of review also supports any findings with providing necessary evidences for readers to compare and contrast the results of findings with any of either conceptual or empirical subject. Hence, researcher also reviewed practical literatures as follows:

One survey [finding of 1980 Royal Dutch Shell] found that over 50% of the Fortune500 companies use some form of scenario-planning methods. The oil company Royal Dutch Shell has perhaps done more than most to pioneer the concept of scenario planning and its experience demonstrates the power of the approach. Shell has been using scenario planning since the 1980s. Today, it uses two main scenarios to refine its strategic planning. The scenarios relate to future demand for oil. One, called “Dynamics as Usual,” sees a gradual shift from carbon fuels, such as oil and natural gas, to renewable energy. The second scenario, “The Spirit of the Coming Age,” looks at the possibility that a technological revolution will lead to a rapid shift to new energy sources. 20 Shell is making investments that will ensure the profitability of the company whichever scenario comes to pass, and it is carefully tracking technological and market trends for signs of which scenario is becoming more likely over time. The great virtue of the scenario approach to planning is that it can push managers to think outside of the box, to anticipate what they might have to do in differ scenario planning Formulating plans that are based on “what if” scenarios about the future. institutions, and to learn that the world is a complex and unpredictable place that places a premium on flexibility, rather than

inflexible plans based on assumptions about the future that may turn out to be incorrect. Thus the current strategy of Shell is based on the assumption that the world will only gradually shift away from carbon-based fuels (its “Dynamics as Usual” scenario), but the company is also hedging its bets by investing in new energy technologies and mapping out a strategy to pursue should its second scenario come to pass (Charles and Hill,2008). A thesis entitled ‘A study of strategic planning and environmental scanning in the multiunit Portuguese hotel sector’ by Costa (1997) addresses the strategic planning and environmental scanning activities of the hotel chains operating in Portugal. The researcher employed exploratory and descriptive design based on a qualitative and inductive approach. The findings reveal lack of formal continuous environmental scanning by both formal and informal planning chains and a significant number of similarities in terms of the scanning methods and sources used by the case study organizations.

Mosiah (2008) explored the strategic planning practices of small firms operating in the emerging economies with emphasis on the health biochemistry industry. He compares these practices with the context of the practices documented in history. The research used qualitative data from a non-probability sample of two firms in the industry. Case study methodology using in-depth Interviews were employed to collect data from the senior executives of these two firms. The research recommended that the emerging industries should engage in formal strategic management practices.

Local studies on strategic management include an assessment of strategic planning practices of Action for Development by Addisie (2015). The purpose of the research was assessing the strategic plan formulation and implementation in the case of Action for Development. Both primary and secondary sources of data were used for the research. Out of the total 91 employees, the researcher used 46 employees as a sample using simple random sampling. Data was collected using structured close ended and also open ended questions. The quantitative data analysis was done using descriptive statistics while the qualitative data was analyzed using narrative form. The results indicated that action for development has major drawbacks in the areas of effectively communicating the strategic plan to concerned stakeholders. The researcher recommended that Action for development should effectively communicate the strategic plan to concerned stakeholders to ensure the same level of understanding, find sustainable sources of finance to support the implementation of strategies and should work on capacity development of its employees. The research by Addisie (2015), unlike its topic, focuses on some aspects of the strategic management process namely the level of stakeholder participation, the level of

communication and the contribution of performance evaluation to the implementation of strategies at Action for Development. The topic however encompasses all aspects of the strategic management process. Most of the literatures including senior theses and journal articles usually focus on one of the phases of strategic management process. This research will contribute a lot to the literature as it is an assessment of the overall strategic management process.

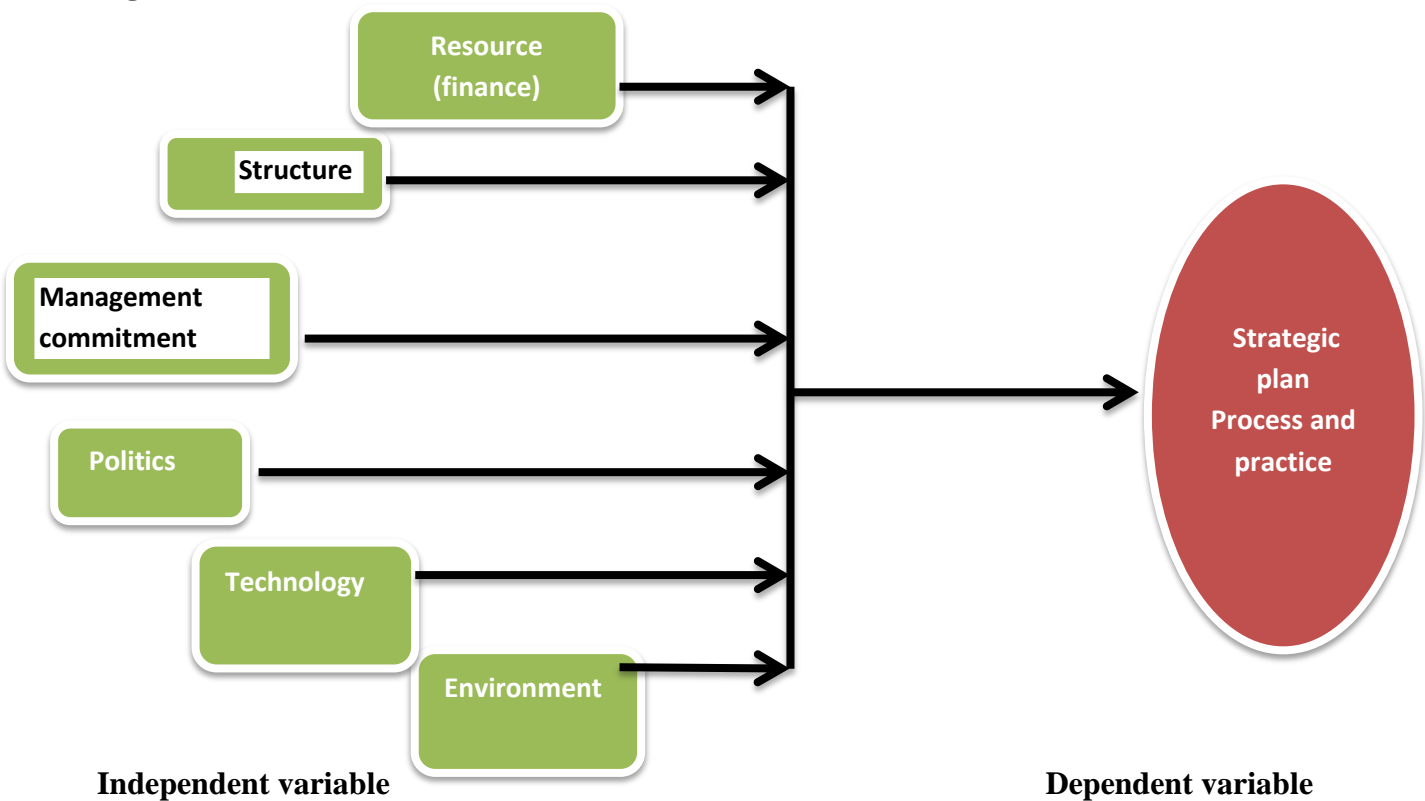
2.3 Summary of the Literature Review

Strategic plan is one of the greatest challenges most organizations face due to forecast today tomorrow and futures of environment and during implementation, instead of competition in the world market. Some organizational managements have acknowledged the importance of strategic plan based on their contributions towards achieving organizational goals and objectives. From the literature reviewed, therefore, the researcher identified major gaps from the studies that showed a few authors have had little studies in this area of organizational factors and affect strategic plan process and practice in privet institutions specially on micro finance sectors or bank although a few were conducted in industries, factories, university, NGO and schools. The fact that there is scanty literature in this area especially regarding the relationship between organizational factors and strategic plan and particularly on how it impacted on the performance of organization, practice, process and even eve on employees in a given organization shows a big gap in most of the studies reviewed. It is against this background that the current researcher found it suitable to investigate the relationship between factors affect on strategic plan practice at the Busa Gonofa not exceptional. Building on these studies, the current researcher wished to bridge the gaps identified in these studies by putting more emphasis and focus on the critical role the factors play towards the improvement of strategic plan at the micro finance institutions.

2.4 Conceptual or theoretical framework of the Study

A conceptual model shows how the researcher theorizes the relationships among several factors Identified as being important to the research questions. With this a conceptual model has been developed based on the reviews of previous knowledge to discuss the interrelationships among the variables deemed integral parts of the strategic management process. The overall strategic planning process, practice and variables falling under each in Figure Below.

Figure 1



Source; (Kibachia et.al, 2014)

In the conceptual framework depicted in Figure 1 above, Organizational factors, the independent variable (IV), was to influence strategic plan practice. The framework portrayed that organizational structure, resource, organizational commitment; technology and environment are directly affected strategic plan practice process. On the other hand, strategic plan practice and process as the dependent variable (DV) as depicted in Figure 1 above.

CHAPTER THREE

3. RESEARCH DESIGN AND METHODOLOGY

This chapter provided an overview of the proposal study. It briefly discussed the research design and population and sample size, the data collection methods, the research instrument and data Analyses of the study was presented.

3.1 Research Design

According to Trochim (2005), research design "provides the glue that holds the research project together. A design is used to structure the research, to show how all of the major parts of the research project work together to try to address the central research questions. Descriptive research design were adopted in this study and This research also aims to describe the strategic planning process, practice in BGMFI. Descriptive research designs describe the characteristics of objects, people, or organizations (Zikmund et.al,2012). Ask the question from different angles about factors affecting of strategic Plan. A research design is the plan, structure of investigation conceived to obtain answers to research questions that includes an outline of the research work from question, methods and procedures for collecting and analyzing data and presenting the results in a form that can be understood by all (Mugenda & Mugenda, 1999).

3.2 Population and Sample Selection

A research population is generally a large collection of individuals or objects that is the main focus of a scientific query. All individuals or objects within a certain population usually have a common, binding characteristic or trait . There are two types of population in research, target population and accessible population. Target population refers to the entire group of individuals or objects to which researchers are interested in generalizing the conclusions. The target population usually has varying characteristics and it is also known as the theoretical population. The accessible population is the population in research to which the researchers can apply their conclusions. In this research the target populations are from Busa Gonofa MFI with a number mounts to 620 employees. The study focused all in all in the headquarters and only few selective Branch of the organizations. The sample population had one hundred fourteen (114) respondents that will be selected from employees, managers, higher experts and supervisors.

For the stratified sample the base for (strata) by age, sex, education level and work experience and simple random sampling was used to conduct.

Table 3.1 no of respondents in strata form

| Measure | Gender | | | Education Respondents | | | | | Age of Respondents | | | | Work experience | | | | |
|-----------|--------|----|-------|-----------------------|-----|---------|--------|-------|--------------------|-------|-------|-------|-----------------|----------|-----------|------------|-------|
| | M | F | Total | H/sc hool | Dip | BA/BS c | MA/MSc | Total | 24& < | 25-35 | 36-45 | 46& > | Total | 1-5 year | 6-10 year | 11-15 year | Total |
| Frequency | 82 | 22 | 104 | 3 | 26 | 67 | 8 | 104 | 5 | 74 | 14 | 11 | 104 | 38 | 43 | 23 | 104 |
| Percent | 78.8 | 21 | 100 | 2.88 | 25 | 64.42 | 7.69 | 100 | 4.81 | 71.16 | 13.46 | 10.56 | 100 | 36.54 | 41.35 | 22.11 | 100 |

Data obtains from all respondents that consist employees in different level of all organizations by using a stratified sampling technique. A total of a one hundred fourteen (114) questionnaires were sending out.

The formula used for this calculation was:

$$n = \frac{X^2 * N * P * (1-P)}{(ME^2 * (N-1)) + (X^2 * P * (1-P))}$$

Source; Krejcie & Morgan in their 1970 article “Determining Sample Size for Research Activities”

This formula is the one used by Krejcie & Morgan in their 1970 article “Determining Sample Size for Research Activities” (Educational and Psychological Measurement, #30, pp.607-610) (The Research Advisors, 2006)

Where:

n = sample size

X² = Chi-square for the specified confidence level at one degree of freedom

N = Population size

P = Population proportion

ME = Desired margin of Error (5.0%) and confidence level 95%

$$n = \frac{1.96 * 620 * 0.23 * (1-0.23)}{0.0025 * (620-1) + 1.96 * 0.23 * (1-0.23)} = 113.87$$

3.3 Data Collection Methods

Data can be gathered from primary and secondary sources. This study uses primary data in which there are a variety of techniques to use. Some of the most common used primary data collection techniques are interviews, questionnaires, observations. As such, a cross-sectional research will be undertaken among selected employees and branches of the MFI service provide in Addis Ababa and selected branch. The method would complete structured questions with many research participants in short period of time.

It is also quantifiable and would be generalized to an entire population when population is sampled appropriately. Besides helping to collect tremendous volume of information in short period of time, it takes less time to analyze than qualitative data. Structured questionnaires help to minimize interviewer bias.

3.4 Research Instrument

The research instrument used for this study will be interviews, questionnaires, observations designed by the researcher. The questionnaire will be divided into three sections. The first section seeks to obtain the personal information of the respondents while the second section contains the questions that relate to the subject matter for managers and supervisors, lastly for employees.

The questionnaire, administered by the respondents, which sought information from the respondents, based on the research questions that stated in Liker-type scales. The questionnaire contains open and close-ended questions and prepared as understandable as possible so that the respondents could supply the appropriate answer to each question. Its scoring in order to from 1-5 point is as follows, Meyer and Allen (1991)

a) Strongly disagree b) Disagree c) Neutral d) Agree e) Strongly agree

3.5 Data Analysis Techniques

Data analysis is the process of analyzing all the information and evaluating the relevant information that can be helpful in better decision-making (Silva & Skilling, 2006). The analyses of the collected data and the statistical techniques utilized for the current study will be presented in two sections. Therefore, descriptive statistics and regression analysis will be used to interpret the finding of the research. The analysis to responses to the questions on the questionnaire uses frequency tables and simple percentage method.

3.5.1 Descriptive Statistics

Descriptive statistics implies a simple quantitative summary of a data set that has been collected. It helps us understand the experiment or data set in detail and tells us all about the required details that

Help put the data in perspective (Explorable, 2010). The results of strongly disagree, Disagree, Neutral, Agree, and strongly agree of the independent and the dependent variable will be presented in the descriptive statistics. The results of Mean, frequency distribution, mode, median and standard deviation of the three independent and the dependent variable will be presented in the descriptive statistics.

3.5.2 Regression Analysis

In simple regression, there is one dependent variable and one independent variable, whereas in multiple regressions, there is one dependent variable and many independent variables. It examines the relationship between a single metric dependent variable and two or more metric independent variables. Assumptions of normality and linearity should be checked before using multiple regressions. Using the regression equation, the dependent variable may be predicted from the independent variable. The assumption of multiple regression equation is;

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + e$$

Where: y; is a dependent variable and x1, x2, ... xk are independent variables and a is the Y intercept, b1, b2 ... bk are the regression coefficient. $\beta_0 = \text{constant}$ In the regression equation, y is always the dependent variable and x is always the independent variable. Here are three equivalent ways to mathematically describe a linear regression model. The significance of the slope of the regression line is determined from the t-statistic.

3.6 Description of Study variables and Model Specification

It is pertinent for a researcher to know as how certain variables within a study are related to each other. There is no limit to the number of variables that can be measured, although the more variables, the more complex the study and the more complex the statistical analysis. Moreover the longer the list of variables, the longer the time required for data collection. Variables can be defined in terms of measurable factors through a process of operationalization. It will convert difficult concepts into easily understandable concepts, which then can be measured, empirically. "It is essential to define the term as variables so that they can be quantified and measured. That is, the variable have to be able to work for to operate, or becomes operational" (Kaur SP, 2013).

3.6.1 Dependent Variable

In this study factors affect strategic plan was dependent variables and it is the factor whose variables are compared across different treatment conditions during an experiment. The value of the dependent variable depends upon the value of another variable; the independent variable. The experimenter is interested in determining if the value of the dependent variable varies when the independent variable is varied. In other words, does a change or variation in the independent variable cause or Effect a change in the dependent variable ("Dependent and independent variables", 2007).

3.6.2 Independent Variables

Independent variable is the variable that is manipulated in order to determine if it has an effect on the dependent variable (“Dependent and independent variables”, 2007). The independent variable is the antecedent while the dependent variable is the consequent. If the independent variable is an active variable then we manipulate the values of the variable to study its effect on another variable (Kaur SP, 2013). This study has factors affecting in a case of busa Gonofa strategic plan process and its practices are dependent variable and other external factors, like Environment, political and technology as independent variables.

3.7 Reliability of the Instrument

A pilot test was carried out to test the reliability and validity of the research instrument. The reliability is a measure of the degree to which a research instrument yields consistent results after the repeated trials, under study Mugenda and Mugenda (2003). The questionnaire was pre-tested on six Managers involved in process and practice in the busa gonofa institution. The Instrument was found to be suitable and was administered to the target group.

According to Kothari (2004) a measuring instrument is reliable if it provides consistent results. Cranach’s alpha is a coefficient of reliability. It is commonly used as a measure of the internal consistency or reliability of a psychometric test score for a sample of examinees. For testing the reliability of the data instrument, Cronbach’s Alpha was calculated to test the reliability of the research instrument. According to Zikmund, Babin and Griffin (2010) scales with coefficient alpha between 0.8 and 0.95 are considered to have very good quality, scales with coefficient alpha between 0.7 and 0.8 are considered to have good reliability, and coefficient alpha between 0.6 and 0.7 indicates fair reliability.

3.8 Validity of the Instrument

Validity is the degree to which results obtained from the analysis of the data represents the phenomenon under study Mugenda and Mugenda (2003). Content validity involves the degree to which the study is measuring what it is supposed to measure. More simply, it focuses on the accuracy of the measurement (John et.al, 2007). All measures used to construct the instruments have shown acceptable level of construct and content validity in previous studies and are used in this study with slight modification. sample questionnaires were administered before distributing

finalized one for 20 respondents in each branch and adjustments were made to the questionnaire items based on the comments of the respondents.

3.9 Ethical Consideration

According to Creswell (2012) “as the researchers’ anticipate data collectors, they need to respect the participants and sites for the research’’. In the study the researcher maintained objectivity, courtesy and high professional standards through scientific process and no falsification, alteration or misrepresentation of data for biased or other purposes. The study was conducted by considering ethical responsibility. This includes providing information to the respondents the purpose of the study and the use of the information as well. Information obtained was held in strict confidentiality by the researcher. Respondents’ anonymity was kept so that participants would feel free and safe to express their ideas.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 INTRODUCTION

This chapter presents the analysis and interpretation of research findings. Both primary and secondary data sources are used for gathering the information. The data analysis is divided into 3 parts: Part A will cover the general information about the respondent, part B factors affects the strategic planning practices and Process within the major Micro Finance Service organization and part C will look at the overall the performance of the organization on strategic planning process. The research targeted head office and 4 major branches and the entire institution responded presenting 91% response rate. In each branch totally targeted 5 senior managers which would have given us a total of 104 responders from 114 from this 10 are non-returned. The findings were then presented in tables and percent as appropriate with explanations being given in written thereafter. The challenges and factors of SP and the results were described by using descriptive and regression statistical methods such as frequency, percentage, mean, standard deviation.

4.2 Background Information

The study find out the general characteristics of the institution and the respondent information in terms of number of years the organizations has been in operation, the job titles and number of years' experience of the responders. The study requested the respondents and distribution 114 questioners from this 104 collected. In order to establish the seniority level of the responder, the respondent was asked to state their current position and their level of experience. All the respondents held management positions and employees of the institutions.

The first part of the questionnaires distributed to the management staff, supervisor, high expert and employees consist of demographic information of the respondents. Limited information pertaining to position held, total number of years of experience and number of years served in the current position was posed to respondents and is summarized in the following table respectively.

Table 4.1 Demographic Information of the Respondent

| | Gender | | | Education Respondents | | | | | Age of Respondents | | | | | Work experience | | | |
|----------------------|--------|-----|-------|-----------------------|----------|------------|------------|-------|--------------------|-----------|-----------|----------|-------|-----------------|----------------------|-----------------------|-------|
| | M | F | Total | H/sc hool | De pe | BA/Bs c | MA/ Msc | Total | 24& < | 25- 35 | 36- 45 | 46& > | Total | 1-5 Yea r | 6- 10 yea r | 11- 15 Yea r | Total |
| Frequency | 82 | 22 | 104 | 3 | 26 | 67 | 8 | 104 | 5 | 74 | 14 | 11 | 104 | 38 | 43 | 23 | 104 |
| Percent | 78.85 | 21 | 100 | 2.88 | 25 | 64.42 | 7.69 | 100 | 4.81 | 71.16 | 13.46 | 10.56 | 100 | 36.54 | 41.35 | 22.11 | 100 |
| Valid percent | 78.85 | 100 | | 2.88 | 27.88 | 92.3 | 99.99 | | 4.81 | 75.97 | 89.46 | 99.99 | | 36.54 | 77.8 | 100 | |

Source; questioner collected January 2020

The above tables are indicated that 78.85% are male worker participated in the data collection process and the remaining 21.15% one was female. Next under education respondents it indicates that 64.42% of the respondents have Bachelor Degree, 25% Diploma, 7.69% have Master’s Degree and the remaining 2.88% are high school/certified. This result points out that the respondents are capable enough to filled the questionnaire and the collected data are sufficiently reliable.

The age distribution of respondents collected via questionnaire is presented in table As can be seen on this table, half of the total numbers of respondents were found to be between the age of 25-35 or around 71.16% This could imply that most of the respondents are more youth enough to view their work environment along with micro finance industry and competition angel and give reasonably dependable response to the questions and the list one was under 24 years old around 4.81%. Lastly the respondents have working experience between 6-10 years of work experience and only 22.11% respondents have less or between 11-15 years of work experience. The result implies that majority of respondents have adequate exposure to the micro finance institution and this in turn significantly increases the accuracy and reliability of their answers for the questions in the distributed questionnaire.

Table 4.2.: Work experience and position of Respondents

| Work experience | Manager | Non Manager | Supervisor and high expert |
|-----------------|----------|-------------|----------------------------|
| 1 to 5 years | 0 | 38 | 0 |
| 6 to 10 years | 3 | 28 | 12 |
| 11 to 15 years | 2 | 21 | 0 |
| Total | 5 | 87 | 12 |

Source; questioner January 2020

The above table to show the relationship between demographic characteristics of respondents, the following table presents cross tabulation of work experience and position of the respondents. All managers are working for 6 & more years. So from 104 respondents around 4.8% was managerial, around 83.65% non-managerial and 11.54 % for high experts.

4.3 Strategic Planning process:

The respondents were asked to indicate the tool used during the strategic planning process. From the respondents a combination of the analysis of internal and external environment is undertaken by all the institutions. More factors challenging as the respondents shown and indicate on environmental and technology biased, during the strategic planning process they choose a specified strategy and adopt it as their own as indicted. When asked to respondents and indicate the factors affect strategic planning process under table above,

| PROCESS | | | V/Agree | Agree | Neutral | Disagree | V/disagre | Mean | S/Diation | Total |
|----------|---|------------|---------|-------|---------|----------|-----------|------|-----------|-------|
| 1 | Factors affecting related to Environment | | | | | | | | | |
| | Uncontrollable environmental factors affecting the strategy plan during the process of formulated and based on assumptions? | Frequen cy | 18 | 24 | 30 | 16 | 16 | 3.11 | 1.41 | 104 |
| | | Percent | 17.3 | 23.08 | 28.85 | 15.38 | 15.38 | | | 100 |
| | Do you conduct an environmental scanning before formulation and preparation of strategic plans process? | Frequen cy | 17 | 34 | 26 | 18 | 9 | 3.31 | 1.1 | 104 |
| | | Percent | 16.3 | 32.69 | 25 | 17.3 | 0.86 | | | 100 |
| | Lack of proper knowledge and skills during | Frequen cy | 20 | 30 | 46 | 4 | 4 | 3.55 | 1.71 | 104 |

| | | | | | | | | | |
|--|---------|------|-------|-------|------|------|--|--|-----|
| environmental scanning are affect the strategic plan process system of the organization. | Percent | 19.2 | 28.85 | 44.23 | 3.85 | 3.85 | | | 100 |
|--|---------|------|-------|-------|------|------|--|--|-----|

Table 4.3.1 Factors related to Environmental

| | | | | | | | | | |
|---|------------|------|-------|-------|-------|------|------|------|-----|
| Busa Gonofa MFI are assesses its own internal and external environment and identifies key SWOT analyses before formulating and process its strategies plan. | Frequen cy | 10 | 50 | 23 | 12 | 9 | 3.38 | 1.08 | 104 |
| | Percent | 9.61 | 48.07 | 22.11 | 11.5 | 8.65 | | | 100 |
| The planning team is actively involved in analyzing the past history and present situation, mission and objectives, opportunities and threats of the external environment, strengths and weaknesses of the organization, stakeholders and the critical factors and summarize the crucial issues, analyze the alternative, chose the best and formulate a realistic strategy for the future. | Frequen cy | 24 | 25 | 13 | 34 | 7 | 3.21 | 1.7 | 104 |
| | Percent | 23.1 | 24.04 | 12.5 | 32.7 | 6.73 | | | 100 |
| Average | | 17.1 | 31.35 | 26.5 | 16.15 | 7.09 | 3.31 | | |

Source; questioner collected January 2020

When asked to respondents and indicate the factors affect strategic planning process under table above, compliance with the legal documents scored under Uncontrollable environmental factors affecting the strategy plan during the process of formulated and based on assumptions 40.4% of them agree, these is the lest agree and challenged one under factors environmental process and 30.7% disagree and 28.85 Neutral. Followed by conduct an environmental scanning before formulation SP, 49% agree, 26% disagree. Lack of proper knowledge and skills during environmental scanning are 48% agree, 7.6%disagree the remaining 46% neutral. Assesses its own internal and external environment and identifies key SWOT analyses 57.6% agree this is the highest score under environmental processed and an important factors during analyses and identified environment and 20% disagree. The planning team is actively involved in analyzing the past history and present situation, mission and objectives and SWOT of the future 47.1% agree, 39.4% disagree and the remaining was 12.5 neutral.

BGMFI have its own internal and external identified the key swot analyses before formulating or make the strategic plan of the organization so it is an important one. Uncontrollable environment was not affected the process of the plan and There is no any lack of proper knowledge and skills during process time and it does not affected the SP. Analyses past, present and futures are more important and controlled all over the systems SP.

Table 4.3.2 Factors related to political

| PROCESS | | | V/Agree | Agree | Neutral | Disagree | V/disagree | Mean | S/Deviation | Total |
|----------|---|-----------|---------|-------|---------|----------|------------|------|-------------|-------|
| 1 | Factors affecting related to political | | | | | | | | | |
| | Do you involve political factors during the process of strategic plan? | Frequency | 8 | 19 | 54 | 23 | 0 | 3.11 | 0.61 | 104 |
| | | Percent | 7.70 | 18.27 | 51.92 | 22.11 | 0 | | | 100 |
| | Your organizations highly identified political environmental before strategic plan process? | Frequency | 11 | 33 | 42 | 18 | 0 | 3.35 | 1.02 | 104 |
| | | Percent | 10.5 | 31.73 | 40.38 | 17.30 | 0 | | | 100 |
| | Your organizations are no clear policy and procedures under strategic plan? | Frequency | 39 | 34 | 22 | 9 | 0 | 3.99 | 1.2 | 104 |
| | | Percent | 37.5 | 32.70 | 21.15 | 8.65 | 0 | | | 100 |
| | Average | | 18.56 | 27.56 | 37.81 | 16 | 0 | 3.48 | | |

Source; questioner collected January 2020

As shown table 4.3.2 problem related to political respondent under the question political skilled affect during the process of SP 25% agree, 22.11% disagree, 52% neutral political skilled no much important to process the SP of the organizations. Followed this enough political environmental scanning before SP process 42.3% agree, 17% disagree. The SP is no clear policy and procedures under political 70.1% agree, 8.6% disagree.

Among the respondents from the above question there is no any political analysis during the process of strategic plan, because of this no clear policy of political was more agree and don't affect the process of SP.

Table 4.3.3 Factors related to technological

| PROCESS | | | V/Agree | Agree | Neutral | Disagree | V/disagree | Mean | S/Deviation | Total |
|----------|---|-----------|---------|-------|---------|----------|------------|------|-------------|-------|
| 1 | Factors affecting related to technological | | | | | | | | | |
| | Your organization always forecast technological | Frequency | 31 | 46 | 0 | 27 | 0 | 3.7 | 1.21 | 104 |

| | | | | | | | | | | |
|--|--|-----------|-------|-------|------|-------|-----|------|------|-----|
| | advances in order to process during the strategic plan process? | Percent | 29. | 44.23 | 0 | 25.97 | 0 | | | 100 |
| | Technological forces represent major opportunities and threats that must be considered in formulating strategies plan process? | Frequency | 32 | 41 | 26 | 5 | 0 | 3.9 | 1.1 | 104 |
| | | Percent | 30.7 | 39.42 | 25 | 4.81 | 0 | | | 100 |
| | Technologies are one challenge that your organization face during strategic planning process. | Frequency | 40 | 49 | 0 | 5 | 9 | 3.99 | 1.19 | 104 |
| | | Percent | 38. | 47.11 | 0 | 4.81 | 8.6 | | | 100 |
| | Average | | 32.96 | 43.59 | 8.33 | 11.86 | 2.8 | 3.86 | | |

Source; questioner collected January 2020

Under table 4.3.3 problems related to technological advances in order to process during the SP the institution highly forecast before formulating the SP this was an important for the future growth of organizations because of this respondents by 74.03% agree, 25.96% disagree there is no neutral. Technological forces represent major opportunities and threats that must be considered in formulating strategies plan process, 70.19% agree, 4.8% disagree and 25% neutral. According to the respondents Technologies are one challenge and highly affected the process during strategic planning process and from interview this imply lack of technology are existed in the institutions and use technological forecast the plan are an important one for time and cost consume because of these respondents by 85.57% agree and by 13.46% disagree. The management and all staff employees most of them agree to used advanced technology fulfillment for batter competent with their rivals, it related to capacity resource of the organization lack of sufficient resource.

Table 4.3.4 Factors related to management commitment

| PROCESS | | | V/Agree | Agree | Neutral | Disagree | V/disagree | Mean | S/Deviation | Total |
|----------|---|-----------|---------|-------|---------|----------|------------|------|-------------|-------|
| 1 | Factors affecting related to management commitment | | | | | | | | | |
| | The involvement of manager on preparation and process of Strategic plan a positively affect during implementation time. | Frequency | 4 | 38 | 12 | 42 | 8 | 2.88 | 0.91 | 104 |
| | | Percent | 3.85 | 36.54 | 11.54 | 40.38 | 7.7 | | | 100 |

| | | | | | | | | | | |
|--|--|-----------|-------|-------|-------|-------|-----|-----|-----|-----|
| | Lack of Management commitment during strategic plan process. | Frequency | 51 | 30 | 6 | 17 | 0 | 4 | 1.3 | 104 |
| | | Percent | 49.0 | 28.85 | 5.77 | 16.35 | 0 | | | |
| | Top management set strategic plans in pursuit of service quality and customer satisfaction through various system? | Frequency | 21 | 37 | 14 | 30 | 2 | 3.4 | 1.1 | 104 |
| | | Percent | 20.2 | 35.5 | 13.46 | 28.84 | 1.9 | | | |
| | Average | | 24.35 | 33.63 | 10.2 | 28.52 | 3.2 | 3.4 | | |

Source; questioner collected January 2020

Followed external factors the internal problems under Table 4.3.4 shown by respondents the involvement of manager on preparation and process of Strategic plan a positively affect during implementation time 40.38% agree, 48.07% disagree. Lack of Management commitment during strategic plan process 77.88% agree, 16.34% disagree other 6% is neutral. Top management set strategic plans in pursuit of service quality and customer satisfaction through various system 55.76% agree, 30.76% disagree. While strategic frameworks emphasize the importance of strategic plans, they do not give details of the risks associated with strategic management process. A list of possible factors of the strategy plan process was included under the questionnaires distributed to the employees and the management. They have rated their extent of agreement with each of these challenges.

There are also respondents who said the process doesn't integrate branches and is imposed to branches and districts from the head office. The fact that employees don't know and understand the strategic plan is identified as a big hurdle to the process and there is no involved management during process time more contact with consultant. Some also blame the management for politicizing issues and setting aside strategic issues.

Table 4.3.5 Factors related to organizational structure

| PROCESS | | | V/Agree | Agree | Neutral | Disagree | V/disagree | Mean | S/Deviation | Total |
|----------------|---|-----------|---------|-------|---------|----------|------------|------|-------------|-------|
| 1 | Factors affecting related to organizational structure | | | | | | | | | |
| | Organization structures are directly affecting the process of strategic plan. | Frequency | 3 | 57 | 13 | 21 | 10 | 3.2 | 1.05 | 104 |
| | | Percent | 2.88 | 54.8 | 12.5 | 20.19 | 9.6 | | | 100 |

| | | | 1 | | | | | | | |
|---|-----------|------|-------|-------|-------|-------|------|------|-----|--|
| All people that are affected by the plan should be involved in the planning process. | Frequency | 31 | 25 | 19 | 10 | 19 | 3.37 | 1.56 | 104 | |
| | Percent | 29.8 | 24.04 | 18.27 | 9.61 | 18.2 | | | 100 | |
| The organization structure are incorporated for strategic plan process not much related | Frequency | 13 | 20 | 2 | 58 | 11 | 2.67 | 0.32 | 104 | |
| | Percent | 12.5 | 19.23 | 1.92 | 55.77 | 10.5 | | | 99 | |
| Average | | 15 | 32.69 | 10.87 | 28.52 | 12.76 | 2.99 | | | |

Source; questioner collected January 2020

Table 4.3.5 show Organization structures are directly affecting the process of strategic plan 57.69% agree and 29.8% disagree. All people that are affected by the plan should be involved in the planning process 53.8% agree and 27.88% disagree. The organization structure are incorporated for strategic plan process not much related 31.73% agree and 66.34% disagree these show highly affected by structure of the organization and most of them disagree and must be amended. As summarized factors related to structure of the organization it directly related with the structure of the institutions and affected as respondents say doesn't much concerned these structure before formulating the SP process because of this highly and all people affected by plan process and want to revised the strategic plan of the organization.

Table 4.3.6 Factors related to Financial Resource

| | PROCESS | | V/Agree | Agree | Neutral | Disagree | V/disagree | Mean | S/Deviatio | Total |
|----------|---|------------|---------|-------|---------|----------|------------|------|------------|-------|
| 1 | Factors affecting related to Financial Resource | | | | | | | | | |
| | BGMFI allocates sufficient resources for processed of its strategies plan? | Freque ncy | 0 | 28 | 65 | 11 | 0 | 3.1 | 1.04 | 104 |
| | | Percen t | 0 | 26.92 | 62.5 | 10.58 | 0 | | | 100 |
| | There is here a reward system to motivate the employees to achieved /successes the strategic plan | Freque ncy | 0 | 42 | 3 | 49 | 10 | 2.74 | 0.71 | 104 |
| | | Percen t | 0 | 40.38 | 2.88 | 47.11 | 9.61 | | | 100 |

| | | | | | | | | | |
|---------|--|---|-------|-------|-------|-----|------|--|--|
| Average | | 0 | 33.65 | 32.69 | 28.84 | 4.8 | 2.92 | | |
|---------|--|---|-------|-------|-------|-----|------|--|--|

Source; questioner collected January 2020

Under question Table 4.3.6 sufficient resources for processed of its strategies plan 26.92% agree, 10.5% disagree the remaining one was 62% neutral. There is here a reward system to motivate the employees to achieved /successes the strategic plan by 40.4% agree, 56.7% disagree and the remaining 2.88% neutral. So reward systems are more important one to achieve the objective of strategic plan but as the managers said that lacks of resource are here in the organizations.

Further Challenges of the Strategic plan process

An open and closed ended question was forwarded to the employees and the management, to uncover further challenges of the strategic plan process other than the aforementioned ones. Responses from non-managerial employees to the open ended questions concerning the challenges of strategic plan process indicated that absence of commitment on the side of employees and the management, a SWOT analysis that is not based on examined and organized data and systematic ways, absence of effective communication, absence of team spirit and belongingness, non-participatory process, ‘I know everything attitude among the management and strategic management team, absence of proper integration, absence of information concerning the path the organization opened for and absence of integration between the Performance indicators and evaluation criteria are some of the problems in strategic planning. Some further stated that the strategic plan is not fully cascaded to all branches. One of the respondents mentioned that BGMFI crafted the strategic plan for the mere purpose of creating the document. There are also respondents who said the process doesn’t integrate branches and is imposed to branches and districts from the head office. The fact that employees don’t know and understand the strategic plan is identified as a big hurdle to the process. Some also blame the management for politicizing issues and setting aside strategic issues.

4.4 strategic plan practice

Based on the findings the study demonstrated that the micro Finance institutions were consistent with the recommended strategic planning practices, the study revealed that there were various factor which influenced the strategic planning practice but to varied degrees. The study also revealed that Compliance with legal documents was the main driver for the strategic planning practice problem and availability of the financial resources 73% and type of managerial commitment 60% these 2 factors had the greatest influence on the strategic planning practice as compared with the External and internal business environment and the technological trends at 40% as shown below respondents table.

Table 4.4.1 Factors related to Environment

| PRACTICE | | | V/Agree | Agree | Neutral | Disagree | V/disagree | Mean | S/Deviation | Total |
|----------|--|-----------|---------|-------|---------|----------|------------|------|-------------|-------|
| 1 | Factors affecting related to Environment | | | | | | | | | |
| | The strategic plan of BG MFI enables to clearly state the impacts of the organization and its programs in the target area/community? | Frequency | 0 | 5 | 67 | 29 | 0 | 2.68 | 0.79 | 104 |
| | | Percent | 0 | 4.81 | 64.42 | 27.8 | 0 | | | 100 |
| | SP BG MFI facilitates timely adjustment of organizational objectives and its projects/programs in line with changes in the internal and external environment | Frequency | 6 | 8 | 52 | 31 | 7 | 2.7 | 0.91 | 104 |
| | | Percent | 5.77 | 7.7 | 50 | 29.81 | 6.7 | | | 100 |
| | There is a lack of environmental scanning and not properly organized was a major challenge during SP practice? | Frequency | 2 | 28 | 40 | 20 | 14 | 2.84 | 1.99 | 104 |
| | | Percent | 1.92 | 26.92 | 38.46 | 19.23 | 13.4 | | | 100 |
| | Average | | 2.56 | 13.14 | 5.96 | 25.61 | 6.7 | 2.74 | | |

Respondents forward the Problem related to environment practice under table 4.4.1 emphasis it show that the employees no full information about the strategic plan clearly stated to the area and community as well as stockholders of the organizations because of this about 66.34% of the respondents neutral from these, 27.88% disagree The strategic plan of BG MFI enables to clearly state the impacts of the organization and its programs in the target area/community.

Following this question facilitates timely adjustment of organizational objectives and its projects/programs in line with changes in the internal and external environment 13.46% agree and 36.5% disagree the remaining one was 50% neutral.

Really there is no lack of environmental scanning during process of strategic plan as respondent shown in preceding section, but in practice part indicate absence of integrating the process and practice majority of respondent was doesn't know or have no information how to implement during practice because of this around 38.46% neutral, 28.7% agree and 32.7% disagree.

Factors related to Political table 4.4.2

| | PRACTICE | | V/Agree | Agree | Neutral | Disagree | V/disagree | Mean | S/Deviation | Total |
|----------|--|-----------|---------|-------|---------|----------|------------|------|-------------|-------|
| 1 | Factors affecting related to Political | | | | | | | | | |
| | Political turbulences major challenges of Strategic plan practiced? | Frequency | 0 | 0 | 15 | 18 | 71 | 1.46 | 0.07 | 104 |
| | | Percent | 0 | 0 | 14.42 | 17.31 | 68.2 | | | 100 |
| | To define accepted goals which comprise accepted measures is the main challenge politicians and planners are facing. | Frequency | 14 | 35 | 21 | 11 | 23 | 3 | 1.09 | 104 |
| | | Percent | 13.4 | 33.65 | 20.19 | 10.58 | 22.1 | | | 100 |
| | Government regulation, change its policy and tax are Highly affect and challenge the strategic plan of BGMFI | Frequency | 9 | 55 | 16 | 4 | 20 | 3.27 | 1.01 | 104 |
| | | Percent | 8.65 | 52.88 | 15.38 | 3.84 | 19.2 | | | 100 |
| | Average | | 7.35 | 28.84 | 16.66 | 10.57 | 36.5 | 2.57 | | |

Table 4.4.2 Political turbulences major challenges of Strategic plan practiced 85.57% highly disagree and there is no any agree the remaining 14% neutral. To define accepted goals which comprise accepted Measures is the main challenge politicians and planners are facing 47.1% agree, 32.69% disagree. Government regulations, change its policy and tax are highly affected and challenge the SP 61.5% agree, 23% disagree, 15% neutral. So focus on policy and government procedures is more important and directly affected

Table 4.4.3 Factors related to Technology

| | PRACTICE | | V/Agree | Agree | Neutral | Disagree | V/disagree | Mean | S/Deviation | Total |
|----------|---|-----------|---------|-------|---------|----------|------------|------|-------------|-------|
| 1 | Factors affecting related to Technology | | | | | | | | | |
| | Do you believe that? Technology advancement more support your exercise of strategic plan? | Frequency | 31 | 38 | 7 | 26 | 2 | 3.67 | 1.07 | 104 |
| | | Percent | 29.8 | 36.54 | 6.73 | 25 | 1.9 | | | 100 |

| | | | | | | | | | |
|---|-----------|-------|-------|------|-------|-------|------|------|-----|
| Busa Gonofa MF S.C overall system is appropriate for achieving its strategic goals? | Frequency | 11 | 26 | 8 | 34 | 25 | 2.6 | 0.78 | 104 |
| | Percent | 10.5 | 25 | 7.7 | 32.7 | 24.0 | | | 100 |
| The adoption and utilization of your organization technology system more of as supported the institutions mission, vision, objectives to achieve successively and periodically. | Frequency | 20 | 46 | 5 | 33 | 0 | 3.5 | 1.09 | 104 |
| | Percent | 19.2 | 44.23 | 4.81 | 31.7 | 0 | | | 100 |
| My organizations update current technology advancement though the year. | Frequency | 0 | 6 | 4 | 33 | 61 | 1.56 | 0.07 | 104 |
| | Percent | 0 | 5.94 | 3.85 | 31.73 | 58.6 | | | 100 |
| Lack of technology advancement was one factor affecting our strategic plan practice last three years? | Frequency | 15 | 3 | 7 | 23 | 56 | 2 | 0.27 | 104 |
| | Percent | 14.4 | 2.88 | 6.73 | 22.11 | 53.8 | | | 100 |
| Average | | 14.78 | 22.9 | 5.82 | 28.6 | 27.66 | 2.66 | | |

Table 4.4.3 Technology advancement more support your exercise of strategic plan 66.3% agree, 26.9% disagree. Overall system is appropriate for achieving its strategic goals 35.57% agree, 56.7% disagree. The adoption and utilization of your organization technology system more of as supported the institutions mission, vision, and objectives to achieve successively and periodically 63.46% agree, 32% disagree. My organizations update current technology advancement though the year 90.38% disagree, 5.7% agree 4% neutral. Lack of technology advancement was one factor affecting our strategic plan practice last three years 76% disagree, 17.3% agree 6.7% neutral.

As the respondent shown on the above answer they believe it technological advancement used in the organizations it accelerate the growth of institutions and again with in the years achieved successive strategic goals. But as we said and discussed, interviews with different managers, employees there is here lack of technology system at list no any local system connected with customers as well as another branch including head office, at list no any internet connection, a manual system how technology are more important compete with others rival, to ached objective of the institution specially reduced working load and improved their strategic practice.

Table 4.4.4 Issues related to Management Commitment

| PRACTICE | | | V/Agree | Agree | Neutral | Disagree | V/disagree | Mean | S/Deviation | Total |
|----------|--|-----------|---------|-------|---------|----------|------------|------|-------------|-------|
| 1 | Factors affecting related to Management Commitment | | | | | | | | | |
| | All managers whose work might be affected significantly by strategic planning participate. | Frequency | 7 | 47 | 0 | 22 | 28 | 2.8 | 1.02 | 104 |
| | | Percent | 6.73 | 45.19 | 0 | 21.1 | 26.9 | | | 100 |
| | The Strategic Planning exercise has helped the organization to have comprehensive plan which set clear future direction of the organization? | Frequency | 18 | 29 | 12 | 23 | 22 | 2.9 | 1.21 | 104 |
| | | Percent | 17.3 | 27.88 | 12.5 | 22.1 | 21.1 | | | 100 |
| | Lack of consciousness and knowledge gap at all level of management | Frequency | 51 | 44 | 0 | 9 | 0 | 4.3 | 1.27 | 104 |
| | | Percent | 49.0 | 42.31 | 0 | 8.65 | 0 | | | 100 |
| | The managements support any technical skill related to SP practice | Frequency | 35 | 49 | 1 | 12 | 3 | 3.85 | 1.09 | 104 |
| | | Percent | 33.6 | 47.11 | 0.96 | 11.5 | 2.88 | | | 100 |
| | BGMFI management style is appropriate for achieving its strategic Goals | Frequency | 5 | 17 | 3 | 60 | 19 | 2.3 | 0.91 | 104 |
| | | Percent | 4.81 | 16.35 | 2.88 | 57.7 | 18.3 | | | 100 |
| | My organization uses independent workers to practice SP. | Frequency | 69 | 21 | 6 | 8 | 0 | 4.4 | 1.85 | 104 |
| | | Percent | 66.3 | 20.19 | 5.77 | 7.7 | 0 | | | 100 |
| | Average | | 29.6 | 33.17 | 3.68 | 21.47 | 11.53 | 3.44 | | |

Table 4.4.4 All managers whose work might be affected significantly by strategic planning participate 48% disagree, 52% agree and no neutral. The Strategic Planning exercise has helped the organization to have comprehensive plan which set clear future direction of the organization 45.1% agree, 43.2% disagree 12.5%neutral. Lack of consciousness and knowledge gap at all level of management 91.34% agree, 8.6% disagree. The managements support any technical skill related to SP practice 80.76% agree, 14.42% disagree management style is appropriate for achieving its strategic Goals 76% disagree, 21.1% agree. My organization uses independent workers to practice SP 86.5% agree, 7.6% disagree.

All organizations, whether private or public face a common challenge when practice and implementing a new strategic initiative: how to successfully manage the changes that will occur as the new initiative is deployed. Some researchers note that organizations fail to practice and implement up to 70 per cent of

their strategic plans (Beer and Nohria, 2000; Miller, 2002). Pilkington and Fitzgerald (2006) note that two central themes of operations management concern the case study method and best practices in relation to strategy and context. So the result of study from the above responses technically skilled and knowledgeable managers is more important to success the goal of strategic plan. But as we know lack of consciousness about strategic plan of the organization the process and practices not much related by management commitment.

So by all over the respondents they des agree under this question and how it important achieved the committed one. It is possible that an organization with a low commitment of top management on strategic implementation will be in a slow-changing environment, or in one that has only recently experienced an increase from low to higher levels of dynamism and/or complexity. Therefore as the level of environmental turbulence (dynamism and complexity) increases it is likely that the organization will need to move to higher levels of commitment to strategic management.

Table 4.4.5 Issues related to Structure of the organization

| PRACTICE | | | V/Agree | Agree | Neutral | Disagree | V/disagree | Mean | S/Deviation | Total |
|----------|---|-----------|---------|-------|---------|----------|------------|------|-------------|-------|
| 1 | Factors affecting related to Structure of the organization | | | | | | | | | |
| | Do you believed your work much conduct with SP of the organizations | Frequency | 7 | 81 | 0 | 15 | 1 | 3.75 | 1.01 | 104 |
| | | Percent | 6.73 | 77.88 | 0 | 14.23 | 0.9 | | | 100 |
| | BGMFI organizational structure is appropriate for achieving its strategic goals. | Frequency | 7 | 70 | 15 | 10 | 2 | 3.67 | 1.17 | 104 |
| | | Percent | 6.73 | 67.31 | 14.42 | 9.61 | 1.9 | | | 100 |
| | BGMF sets clearly defined and measurable performance standards for each plan elements | Frequency | 4 | 28 | 6 | 60 | 6 | 2.65 | 0.07 | 104 |
| | | Percent | 3.85 | 26.92 | 5.77 | 57.70 | 5.7 | | | 100 |
| | The structure of BG positively affect the SP practice of the org., | Frequency | 22 | 41 | 7 | 31 | 3 | 3.46 | 0.98 | 104 |
| | | Percent | 21.1 | 39.42 | 6.73 | 29.81 | 2.9 | | | 100 |
| | Individual roles in achieving the strategic plan are communicated well | Frequency | 25 | 51 | 22 | 2 | 4 | 3.87 | 1.06 | 104 |
| | | Percent | 24.0 | 49.04 | 21.15 | 1.92 | 3.8 | | | 100 |
| | Average | | 12.48 | 52.1 | 9.6 | 22.65 | 3.04 | 3.48 | | |

Source; questioner collected January 2020

When we discussed Table 4.4.5 works much conduct with SP of the organizations 84.6% agree, 15.3% disagree. Organizational structure is appropriate for achieving its strategic goals 74% agree, 11.5% disagree. Measurable performance standards for each plan elements 63.4% disagree, 30.7% agree. The structure of BG positively affect the SP practice of the org. 60.5% agree, 32.69% disagree. Individual roles in achieving the strategic plan are communicated well 73% agree, 21.15% neutral, 5% disagree.

From the finding the above table employ respondents every workers on the position of right person on their jobs and the structure of organization more appropriate for achieved the strategic goal of the institution. All of above question in quantitative explanation except one of them highly agree this indicated that how structure was important for strategic plan around 73% agree positively affect the plan. But I interviewed from managers the team members trend and know this plan ignore and not evaluated in each period again no committed during practice time for this reason employees only focus on their regular works. This leads to the conclusion that individuals know their role in ensuring accomplishment of the strategic plan.

Table 4.4.6 Issues related to resource

| PRACTICE | | | V/Agree | Agree | Neutral | Disagree | V/disagree | Mean | S/Deviation | Total |
|----------|--|-----------|---------|-------|---------|----------|------------|------|-------------|-------|
| 1 | Factors affecting related to resource | | | | | | | | | |
| | Do you believe that financial a factors to hinder SP to exercise | Frequency | 43 | 30 | 2 | 26 | 7 | 3.8 | 1.3 | 104 |
| | | Percent | 41.3 | 28.85 | 1.92 | 25 | 6.7 | | | 100 |
| | There is no any training or awareness given by organization about strategic plan | Frequency | 18 | 9 | 53 | 24 | 0 | 3.2 | 0.94 | 104 |
| | | Percent | 17.3 | 8.65 | 50.96 | 23.08 | 0 | | | 100 |
| | Mobilizing adequate resource for the implement of the strategy is always the major challenge for BGMF which most of the time threaten the implementation of programs | Frequency | 15 | 34 | 24 | 17 | 14 | 3.18 | 1.12 | 104 |
| | | Percent | 14.4 | 32.7 | 23.08 | 16.35 | 13.5 | | | 100 |
| | Average | | 24.3 | 23.4 | 25.32 | 21.47 | 6.7 | 3.4 | | |

Table 4.4.6 financial factors to hinder SP to exercise 70.1% agree this indicate that how financial was important to achieve the goal of strategic plan no sufficient budgets are here and highly affect, 31.7% disagree. There is no any training or awareness given by organization about strategic plan about 51%

neutral they doesn't know identically which training was directly conduct with strategic plan some experienced employees know each training given by the institution based on the respondents have of them fifty agree and fifty disagree 26% agree and 23% disagree. Mobilizing adequate resource for the implement of the strategy is always the major challenge for BGMF which most of the time threaten the implementation of programs 47.11% agree, most of respondents indicate problem of sufficient resource mobilization a big challenge to practice and exercise this plan. The remaining one around 29.8% disagree, according to interviews result the problem was simply all managers including employees ignore, not much related to budget doesn't focus it.

Part III Open and Closed Ended Questions for top and middle managers, higher experts, supervisor.

1. Table 4.4.7 How do you rate the involvement of stakeholders in the strategic planning process?

| No | Description | NR | Mean | Standard Deviation |
|----|--------------------------|----|-------------|--------------------|
| 1 | Executive Managers (CEO) | 17 | 4.53 | .67 |
| 2 | Middle Managers | 17 | 3.82 | 1.75 |
| 3 | Employee staff | 17 | 2.59 | 0.96 |
| 4 | Support staff | 17 | 2.12 | 1.83 |
| 5 | Beneficiary /customer | 17 | 1.53 | 1.91 |
| 6 | Consultant | 17 | 3.23 | 1.42 |
| | Average Mean | | 2.97 | |

Source; questioner collected January 2020

The responders were then requested to indicate who participates in strategic planning process. 4.5 mean(26.64%) participated CEO, followed by middle managers 3.8,(22.35%) then consultants 3.23(19%) mean value employee staff and support staff 2.59(15.23%), 2.12(12.47%) respectively.

The study was find out by interview and discussions who was responsible for the strategic planning in the organization, The finding of the study are indicated 30% of the responded indicated that it was the responsibility of the Chief Executive officer, while 60% indicated that it was the responsibility of the strategic planning committee. Only 10% indicated that it was responsibility of the Board of Directors.

Table 4.4.8 which tools were very relevant processes of SP for gathering the information on the external and internal environment

| No | Description | NR | Mean | Standard Deviation |
|----|---------------------------|----|-------------|--------------------|
| 1 | Document review | 17 | 4.18 | .74 |
| 2 | Focused group discussion | 17 | 4.29 | .82 |
| 3 | Key information interview | 17 | 3.53 | 1.09 |
| 4 | Brainstorm | 17 | 3.06 | 1.04 |
| 5 | Work shop | 17 | 3.35 | 1.02 |
| 6 | Questioner | 17 | 4.23 | .83 |
| | Average Mean | | 3.77 | |

Source; questioner collected January 2020

The techniques used in the strategic planning process was also investigated with respondents being asked to indicate whether it was through a brainstorming, intuition or any other process which they are to specify. When interviewed (100%) indicated that the techniques used during the strategic planning process was brain storming then documented vision and mission statement. But as the respondents shown 4.29 mean affected by focused group discussion, 4.23 questioners, 4.18 mean document review, 3.35 Key information interview and Work shop.

4.5 Challenges of Strategic Plan

Under Table number 4.7 below Strategic planning has its own challenges for the survey indicates the major challenge for the organizations' is internal expertise (capacity, skill, knowledge) which 24.9% of the respondents rank as a strong challenge. This indicates that internal expertise is one of the crucial factors which the MF needs to consider while thinking of strategic planning. Getting the right consultants who knows the practice of SP is strong challenge for 21.5% and moderately challenge for 19.5% and for 17% of the respondents it was not a challenge. This result shows that it is few of the organizations that plan according to their capacity and have the preparation to take further the plan into action. Most of the organizations are facing strong or moderately challenged by their technical capacity.

The other challenging factor is finance, the survey result shows that finance was strong challenge for 33.3% of the respondents, moderately challenging for 33.3% and less 61 challenging for 19% and for 14.3% of the respondents it was not a challenge at all. Their result is posting the performance of the organization as one of their partner which creates impact.

Getting the right data for the analysis is very import for the final outcome of the strategic plan, in his regards, the survey looked into the availability of information or data during the exercise, 33.3% of the

respondents said it is strong challenge, 42.9% said moderately challenge, 19% said less challenging and for 4.8% of the respondents it is not a challenge at all. This result shows that the availability of information is more or less a challenge in 75% of the organizations. There should be a system where the information could be gathered and stored appropriately from field up to head office level; here the role the monitoring and data gathering system should be improved. On the other hand it could be external the information sharing between organizations and access to different research outputs on the good practices of grassroots interventions, availability of adequate information in the resource centers, and the internet connection could be some of the points that need attention. In general terms, the study tried to get feedback on the practical challenges the MF are facing in the strategic plan process and these challenges are further assessed in relation to the opinions of the interviewees with regards to the challenges they observed.

Table 4.5.1 how do you rate the challenges (factors affect) in the process and practice of SP of your organization?

| No | Description | NR | Mean | Standard Deviation |
|----|--|----|------|--------------------|
| 1 | Time | 17 | 3 | 1.002 |
| 2 | Internal expertise (capacity, skill, knowledge) | 17 | 4.23 | .94 |
| 3 | Finance for the process and practice (lack of resource) | 17 | 3.35 | .09 |
| 4 | Information (data) gathering | 17 | 3.35 | 1.02 |
| 5 | getting the right consultants who knows the practice and process of SP | 17 | 3.59 | 1.21 |
| | Average mean | | 3.5 | |

Source; questioner collected January 2020

4.6 Follow up and controlling mechanisms

Effective practice and process of the strategic plan depends on the close follow up and feedback of the responsible bodies. Different organizations are adopting different methods of follow up and feedback mechanism. This survey has also looked into the use of some mechanisms, such as annual review, Continuous performance progress assessment, internal feedback workshop, biannual and annual stakeholders meetings, etc. In this regards, the response show that annual review of the implementation of the activities against the indicators was used by 28.6% of the respondents and continuous performance progress assessment was done by 4.8% of the respondents and 9.5% uses the two systems

together. The other 9.5% use the annual review and internal feedback workshop, 14.3% use the annual review and bi-annual stakeholders' performance assessment meetings, 9.5% annual review, performance assessment and feedback mechanism, 14.3% use annual review, continuous performance assessment, internal feedback mechanisms and bi-annual stakeholders meeting and 4.8% use all the above methods and others. This result shows that most organizations are using annual review meeting to assess the annual performance and the other use mixed mechanism as per the situation. Organizations can have different assessment mechanisms but the important thing is the attention given to follow up and assess annual performance and to use the feedback for the next planning as an input.

4.7 Organization Structure and Resource Variations

The research shown to find out whether BG micro Finance Institutions structure facilitates the achievement of strategic plan. The current structure at in the institutions consists of the board of directors, directors, managers, employees, heads of functions and senior management. The respondents confirmed that the structure has undergone minor changes from time to time to enable for proper implementation of the plans. The study further found out that the structure had changed to position the roles and responsibilities of staff although it was mentioned to minor affect people who are not really aware of the plans bringing an issue in reporting lines and hence posing a challenge to proper implementation. All the respondents were in agreement that the most important resource is employees in the institution. According to the respondents, the company is doing all it can to retain and develop their employees' competencies and equip them with necessary skills through trainings organized by the learning and development Centre. This has ensured that staff is competent in their respective fields.

The respondents also agreed that monetary resources at their disposal were not enough to meet their expected needs especially the execution of the strategic plans. Departments within Busa gonofa have their specific budgets approved. This research further revealed the issue of bureaucracy as a great hindrance to achievement of goals through planning.

According to the respondents, the micro finances carries out environmental scanning to determine its position in the industry and the factors affecting the institutions internally and externally. The research also found out that salary increments and promotions were awarded to staff but were purely based on merit, which was determined by performance appraisals, and to a great extent this has motivated the staff.

Table 4.7.1 Current States and performance of BG MFI S.C

| No | Description | NR | Mean | Standard Deviation |
|----|--|----|-------------|--------------------|
| 1 | Is there exist highly challenges your strategic plan of your institution? | 17 | 3.11 | .88 |
| 2 | Ensure to give quality of service and customer satisfactions | 17 | 3.88 | .67 |
| 3 | All over the company performance be enough to compete other rival | 17 | 2.06 | 1.07 |
| 4 | Does monthly or quarterly follow up and evaluate the capacity and performance of all branch institution? | 17 | 3.94 | .69 |
| 5 | It does successes by strategic plan of the organization? | 17 | 2.94 | 1.45 |
| 6 | The performance of employee and institution interlinked with strategic plan? | 17 | 3.82 | .95 |
| 7 | Do performance measures show that performance goals are being met and that the system is on track for achieving its expected return? | 17 | 2.82 | 1.04 |
| | Allover | | 3.22 | |

Source; questioner collected January, 2020

Based on Table, 4.8 I give seven question and respondents were answer to rate the extent to which implementation and impact on organizational performance. The overall mean of SP impact on organizational performance for the institutions is 3.22. The average SP has had less than an impressive impact on organizational performance which implies lesser achievement in this regard. The separate values for each item that constitute the outcome are close to one another ranging from 2.06 to 3.94, all more or less approximated to moderate extent. All over the performance highly evaluated monthly or quarterly but it biased on financial states. An exception to this is outcome of all over the performance be enough to compete other rival which is closer to minor extent with mean value of 2.06. While any improvement in organizational performance is likely to be important with increased competition in the market place. The extent to which SP goals and objectives are accomplished is strongly related to the benefits the organization derives from the SP and also related to the extent the SP has an impact on institutional performance.

4.8 Correlation

In this part mainly discussed about the investigation of independent variables like Environment, Political, Technology, and Management Commitment, Structure of the Organization, and Resource and dependent Variables strategic plan of Busa Gonofa Micro Finance Institutions done to examine the correlation relationship.

The Pearson-Moment Correlation Coefficient is a statistic that indicates the degree to which two variables are related to one another. The sign of a correlation coefficient (+ or -) indicates the direction

of the relationship between -1.00 and +1.00. Variables may be positively or negatively correlated. A positive correlation indicates a direct positive relationship between two variables. A negative correlation, on the other hand, indicates an inverse, negative relationship between two variables (Ruud et. al. 2012).

According to Joe et.al (2011) the model specification is then to be formed based on the correlation coefficient its strength of (r) from 0.001-0.09 negligible associated, 0.10-0.29 low associated, 0.30-0.49 moderately associated, 0.50-0.60 substantial associated, and above .70 very strong associated The analysis involves testing the regression using statistical tools, i.e., checking for, e.g., interdependency, correlation, and significance. Testing for significance revolves around testing the probability that a relationship is just occurring by chance.

Table 4.8.1 Correlation Analysis between Independent variables and Dependent Variable

| | | Correlation | | | | | | |
|-----------------------|---------------------|--------------------|------------------|-------------------|-----------------------|----------------------|-----------------|--------------------------------|
| | | Environment | Political | Technology | MGT Commitment | ORG Structure | Resource | SP Process and Practice |
| Environment | Pearson Correlation | 1 | .365** | .352** | .373** | .358** | .371** | .359** |
| | Sig.(2- tailed) | | .000 | .000 | .000 | .000 | .000 | .000 |
| | N | 104 | 104 | 104 | 104 | 104 | 104 | 104 |
| Political | Pearson Correlation | .365** | 1 | .504** | .565** | .436** | .425** | .403** |
| | Sig.(2- tailed) | .000 | | .000 | .000 | .000 | .000 | .000 |
| | N | 104 | 104 | 104 | 104 | 104 | 104 | 104 |
| Technology | Pearson Correlation | .352** | .504** | 1 | .481** | .402** | .450** | .434** |
| | Sig.(2- tailed) | .000 | .000 | | .000 | .000 | .000 | .000 |
| | N | 104 | 104 | 104 | 104 | 104 | 104 | 104 |
| MGT Commitment | Pearson Correlation | .373** | .565** | .481** | 1 | .506** | .567** | .436** |
| | Sig.(2- tailed) | .000 | .000 | .000 | | .000 | .000 | .000 |
| | N | 104 | 104 | 104 | 104 | 104 | 104 | 104 |
| ORG Structure | Pearson Correlation | .358** | .436** | .402** | .506** | 1 | .434** | .379** |
| | Sig.(2- tailed) | | .000 | .000 | .000 | | .000 | .000 |
| | N | 104 | 104 | 104 | 104 | 104 | 104 | 104 |
| Resource | Pearson Correlation | .371** | .425** | .450** | .567** | .379** | 1 | .434** |
| | Sig.(2- tailed) | .000 | .000 | .000 | .000 | .000 | | .000 |
| | N | 104 | 104 | 104 | 104 | 104 | 104 | 104 |
| SP Process and | Pearson Correlation | .359** | .403 | .434** | .436** | .379** | .434** | 1 |

| | | | | | | | | |
|-----------------|-----------------|------|------|------|------|------|------|-----|
| Practice | Sig.(2- tailed) | .000 | .000 | .000 | .000 | .000 | .000 | |
| | N | 104 | 104 | 104 | 104 | 104 | 104 | 104 |

Correlation is significant at 0.01 level

Source: Sample survey of January 2020

4.8.1 Correlation Analyses between Environmental and Strategic plan process practice

The result on the above table 4.8.1 shows that the existing environmental process of the institution ($r = .359, p < 0.01$) is moderately positive relationship and statistical significant. This mean an increase in environmental activity will bring an increment in Strategic plan process practice and the H_0 was no positive relationship and rejected.

4.8.2 Correlation Analyses between Political and Strategic plan process practice

The result on the above table 4.8.1 shows that the correlation one of the political in the institution ($r = .403, p < 0.01$) is moderately positive relationship and statistical significant between political and Strategic plan process practice and the H_0 was no positive relationship and rejected.

4.8.3 Correlation Analyses between Technology and Strategic plan process practice

From the above table 4.8.1 it can shows that the correlation coefficient one of the Technology in the institution ($r = .434, p < 0.01$) it implies moderately positive relationship and statistical significant between Technology and Strategic plan process practice and it can change on Technology it give corresponding effect on strategic plan practice, there for the H_0 was no positive relationship and rejected.

4.8.4 Correlation Analyses between management commitment and Strategic plan process practice

The above table 4.8.1 it can be shows that organizational commitment ($r=0.436, p < 0.01$) is positively correlated with Strategic plan process practice. This implies the presence of moderate relationship between organizational commitment and Strategic plan process practice in the institution which is statistically 99 % significant. And change in management commitment has a corresponding effect on Strategic plan process. Therefore, H_0 is rejected.

4.8.5 Correlation Analyses between organizational structure and Strategic plan process practice

From the above table 4.8.1 it can be infer that working condition ($r=0.379, p < 0.01$) is positively correlated with strategic plan. This implies the presence of moderate relationship between org, structure and Strategic plan process practice in the institution which is statistically significant at 99 %. And change in org, structure given to strategic plan has a corresponding effect on process and practice. Therefore, the null H_0 is rejected.

4.8.6 Correlation Analyses between resource and Strategic plan process practice

From the above table 4.8.1 imply resource ($r=0.350$, $p<0.01$) is positively correlated with strategic plan. This implies the presence of moderate relationship between org, structure and Strategic plan process practice in the institution which is statistically significant. And change in org, structure given to strategic plan has a corresponding effect on process and practice. Therefore, the null H_0 is rejected.

Thus, we can conclude from the correlation results any corresponding change in the independent variables such as increase relevant environment, increase on political practice, improved technology practice, and improvement in organizational structure, management commitment and improvement in the resource will have a positive and moderate relative impact on the dependent variable of strategic plan.

4.9 Model Specification Test

Under multiple regressions analysis makes a number of assumptions about the data which include linearity, normality, and multi- collinearity and residual independence so on. These assumptions have to be tested in order to make a conclusion about the population. When the assumptions of regression are met, the likelihood that the model obtained from a sample of being the same as the population of interest (the coefficients and parameters of the regression equation are said to be unbiased) is increased.

4.9.1. Test for Multicollinearity

Two or more variables can be strongly correlated in a regression model. In this case (multicollinearity), it becomes impossible to obtain accurate estimates of the regression coefficients because there are an infinite number of combinations of coefficients that would work equally well. Three methods were used in this study to test for multicollinearity or collinearity. The first measure of multicollinearity test was an examination of the correlation matrix for the independent variables. The presence of high correlation, for example over 0.90 is an indicator of a multicollinearity problem (Hair et al., 2006). As shown in the correlation analysis, the correlation coefficients were within the acceptable range. Tolerance value ($1-R$) and the VIF value ($1/ 1-R$) presented in the coefficients tables were also used as a second method to trace the problems of multicollinearity. According to Menard (1995), a tolerance value less than 0.2 indicate a serious collinearity problem. So according this study the result of tolerance on collinearity coefficient is above 0.2 in each variable.

| Variables | Tolerance Result | VFF |
|-------------|------------------|------|
| Environment | 0.56 | 1.87 |
| Political | 0.43 | 1.86 |
| Technology | 0.87 | 4.56 |

| | | |
|-----------------------|------|------|
| management commitment | 0.77 | 3.21 |
| Structure | 0.45 | 1.93 |
| Resource | 0.95 | 2.45 |

Environment 0.56, political 0.43, Technology 0.87, management commitment 0.77, structure 0.45, resource 0.95 respectively, so there is no a collinearity problem and the cutoff point was (1-.548), 0.452 above 0.2 no effect on dependent variable. Moreover, a VIF value greater than 10 is a cause for concern (Myers, 1990; Bowerman & O'Connell, 1990). The result of VIF in this study was environment 1.87, political 1.86, Technology 4.56, management commitment 3.21, structure 1.93, resource 2.45 respectively are moderately correlated, the cutoff point was $1/1-0.548=2.21$ and all independent variables are below 10 and the testing of this model have no any cause on multicollinearity. In these data set, the average and in all the Tolerance and VIF values (refer to the tables of multiple regression) are within the acceptable range of cutoff points of multicollinearity. In other words, the tolerance values were greater than .10 (Menard, 1201995) and the VIF values were below 10 (Bowerman & O'Connell, 1990). Therefore, the multicollinearity assumption was not violated in both situations.

4.9.2 Linearity:

This examination helps to identify the presence of linear relationships between the dependent variable and the independent variables. Therefore, linearity in this situation is not a major cause of concern. In general, to test for nonlinearity or linearity, the system of hypotheses is:

H₀: linearity

H₁: nonlinearity

A model is said to be linear if it is linear in parameters. For example= $\beta_1X_1 + \beta_1X_1+ \beta_1X_1+ \beta_1X_1\dots+e$.

Were SP= 0.107(E) +.145(P) +.137(T) +.215(MC) +.118(S) +.205(R) +4.56

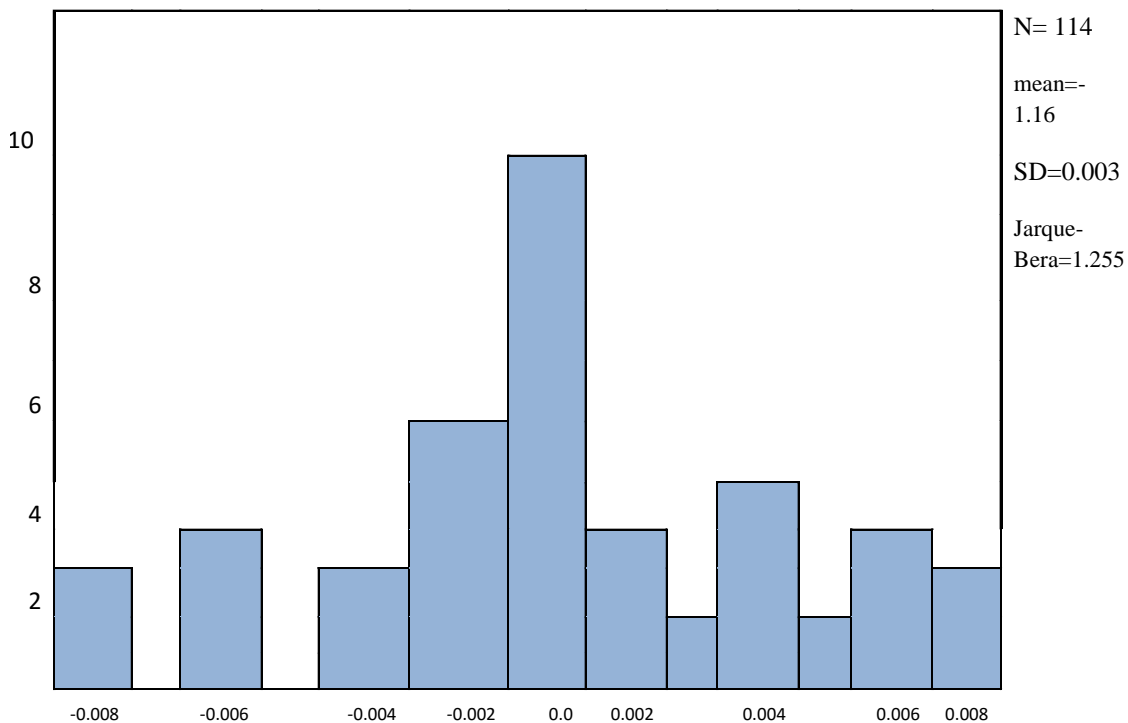
As we show table 4.10.2 the result F= 15.901 which is greater than 1 and P<0.01 we can conclude that the combination of determinant factor have positive effect on strategic plan process and practice which is statistically significant and confident at 99%. Thus, this study rejects the null hypothesis.

4.9.3 Test for Normality

Normality test is used to determine whether the error term is normally distributed. According to Brooks, (2014), if the residuals are normally distributed, the histogram should be bell-shaped and the Bera–Jarque statistic would not be significant. This means that the p-value given at the bottom of the normality test screen should be bigger than 0.05 to not reject the null of normality at the 5% level. Theoretically, if the test is not significant, then the data are normal, so any value above 0.05 indicates normality. On the other hand, if the test is less than 0.05 which proves significance, then the data are

non-normal. As study of these paper the Jarque-Bera statistic has a P-value of 0.94 implies that the p-value for the Jarque-Bera test is greater than 0.05 which indicates that there was no evidence for the presence of abnormality in the data and it can be concluded that the data is normally distributed or Thus, the result of the study was there is no normality problem on the data used for this study and Jarque-Bera test Ho: was normality.

Figure 4.2 Normality Test for Residuals



4.9.4 Heteroscedasticity Test

That is, the variance of the error term is constant (Homoscedasticity). If the error terms do not have constant variance, they are said to be heteroskedastic.

Use Robust Standard Errors. Stata includes options with most routines for estimating robust standard errors. As noted above, Heteroscedasticity causes standard errors to be biased. OLS assumes that errors are both independent and identically distributed; robust standard errors Heteroscedasticity relax either or both of those assumptions. Hence, when Heteroscedasticity is present, robust standard errors tend to be more trustworthy.

As Allison points out, the use of robust standard errors does not change coefficient estimates, but (because the standard errors are changed) the test statistics will give you reasonably accurate p values. The use of Weighted Least Squares (WLS) will give you estimates that have the smallest possible standard errors). But, WLS requires more assumptions and is more difficult to implement, so robust

standard errors seem to be a more common and popular method for dealing with issues of Heteroscedasticity .With Stata, robust standard errors can usually be computed via the addition of two parameters, robust and cluster. The robust option relaxes the assumption that the errors are identically distributed, while cluster relaxes the assumption that the error terms are independent of each other.

Regression with robust standard error

No of obs = 114

Prob > F =0.000

F (2, 5)

R-squared =0.301

Root MSE = 4.079

Table 4. Testing of Heteroscedasticity

| | Robust | | | | | |
|-------------|---------|------------|--------|-------|-----------|----------|
| | Coef. | Std. error | t | P>t | 95% conf. | Interval |
| Environment | 1.8955 | .20062 | 9.64 | 0.000 | 1.5109 | 2.345 |
| Political | .64975 | .1754 | 3.82 | 0.000 | .296455 | 1.0976 |
| Technology | -7.0775 | -3.3766 | -2.322 | 0.050 | -14.238 | .003336 |
| MC | .9876 | .4344 | 4.006 | 0.001 | 0.06 | 0.433 |
| Structure | 1.4210 | .1477 | 1.221 | 0.000 | 0.01 | 1.566 |
| Resource | 1.675 | .1665 | 5.116 | 0.000 | 0.04 | 1.767 |

Robust standard errors address the problem of errors that are not independent and identically distributed. The use of robust standard errors will not change the coefficient estimates provided by OLS, but they will change the standard errors and significance tests. Robust regression uses a weighting scheme that causes outliers to have less impact on the estimates of regression coefficients. Comparing the results with the below regression, you note that none of the coefficient estimates changed, but the standard errors and hence the t values are a little different. Had there been more Heteroscedasticity in these data, we would have probably seen bigger changes.

White’s General Test for Heteroscedasticity. The default Breusch-Pagan test specified by hettest is a test for linear forms of Heteroscedasticity, as \hat{y} goes up, the error variances go up. In this default form, the test does not work well for non-linear forms of Heteroscedasticity; the default test also has no problems when the errors are normally distributed. White’s general test for heteroskedasticity can be used for such cases.

White's test for H_0 : homoscedasticity

H_a : unrestricted Heteroscedasticity

$\chi^2(6) = 7.98$

Prob > $\chi^2 = 0.1100$

4.10 Regressions Analyses

4.10.1 Regression and variables correlation Analyses

Under this analysis linearity is used to measure the statistical significance of the effect of each individual independent variable on the dependent variable through F and P value model test. This measurement is made by inferring the value of R^2 to explain the magnitude of the effect of the independent variable on the dependent variable.

4.10.2 Multiple Regressions

In order to understand the relationship between the independent and dependent variables as shown in the conceptual framework and articulated in the research objectives, the researcher conducted a multiple regression analysis so as to assess the relationship between the independent and dependent variable. The assumption of multiple regression equation is;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + e$$

Where: y ; is a dependent variable and x_1, x_2, \dots, x_k are independent variables and a is the Y intercept, $b_1, b_2 \dots b_k$ are the regression coefficient. $\beta_0 = \text{constant}$

Where $Y = \text{Strategic plan process and practice}$

$X_1 = \text{Environmental process}$

$X_2 = \text{political}$

$X_3 = \text{technological}$

$X_4 = \text{management commitment}$

$X_5 = \text{structure of the organization}$

$X_6 = \text{Resource}$

Multiple regression models

Table 4.10.1 Multiple Regression Model Summary

| Model | R | R square | Adjusted R square | Std. Error of the estimated |
|-------|-------------------|----------|-------------------|-----------------------------|
| 1 | .548 ^a | .301 | .282 | 4.5408 |

a. Predictors: (Constant), Environment, political, technology, structure, commitment, resource

b. Source: Sample Survey January, 2020

As shown in the above table 4.10.1 the overall bundle of determinant factors of the six independent variables such Environment, political, technology, structure, commitment, resource explains 30.1 % (R²= 0.301) of the dependent variable. This suggests that 30.1 % of Strategic Plan Process and practice level in the micro finance clearly depends on the independent variables while the remaining 69.9 % is by Determined other unaccounted factors in this study. Since as we show table 4.9.1 the result F= 15.901 which is greater than 1 and P<0.01 we can conclude that the combination of determinant factor have positive effect on strategic plan process and practice which is statistically significant and confident at 99%.

Table 4.10.2 ANOVA

| Model | Sum of square | Df | Mean square | F | Sig. |
|------------|---------------|-----|-------------|--------|------|
| Regression | 1639.266 | 6 | 327.853 | 15.901 | .000 |
| Residual | 3814.451 | 97 | 20.619 | | |
| Total | 5453.717 | 103 | | | |

a. Dependent variables; strategic plan process and practice

b. Predictors; (constant) Environment, political, technology, structure, commitment, resource

Source: Sample Survey January, 2020

Table 4.10.3: Multiple regression coefficients

| Model | Unstandardize d coefficients | | Standardiz ed coefficients | T | Sig. | Zero order | Partial | Part | Toleran ce | VIF |
|------------|------------------------------|------------|----------------------------|-------|------|------------|---------|------|------------|-----|
| | B | Stad. Erro | Beta | | | | | | | |
| (Constant) | 17.931 | 2.166 | | 8.282 | 0.00 | | | | | |

| | | | | | | | | | | |
|--------------------------|------|------|------|-------|------|------|-----|-----|-----|------|
| | | | | | 0 | | | | | |
| Environment | .107 | .034 | .123 | 2.120 | 0.60 | .43 | .74 | .65 | .56 | 1.87 |
| Political | .145 | .075 | .117 | 1.923 | .059 | .23 | .22 | .71 | .43 | 1.86 |
| Technology | .137 | .066 | .163 | 2.073 | .041 | -.65 | .82 | .15 | .87 | 4.56 |
| M/Commitment | .215 | .102 | .173 | 2.109 | .038 | .85 | .17 | .49 | .77 | 3.21 |
| Organizational Structure | .118 | .056 | .135 | 2.096 | 0.39 | -.32 | .21 | .31 | .45 | 1.93 |
| (Resource) | .205 | .073 | .207 | 2.790 | .007 | .45 | .39 | .87 | .95 | 2.45 |

a. Dependent Variable: Strategic Plan Process and practice

Source: Sample Survey, January, 2020

From the above table 4.10.3, we can easily compare the relative contribution of each of the different variables by taking the beta value under the unstandardized coefficients. The higher the beta value, the strongest its contribution becomes. Accordingly, Management commitment (Beta=.215) makes the strongest unique contribution to explaining the dependent variable in which the results revealed that, a one unit increase or positive change in " Management commitment " would lead to a 0.215 unit increase the level of factors Strategic Plan Process and followed by resource ($\beta=.205$), then political ($\beta=.145$). On the other hand, technology and organizational structure are contributors to explaining the dependent variable with beta values of 0.137 and 0.118 respectively.

When we see the statistical significance of each variable from the above coefficients table 4.9.3, technology (Sig. = .041), Organizational Structure (Sig. = .039), resource (Sig. = .007), and Management commitment (Sig. = .038) have a statistically significant contribution (Sig<.05) for the prediction of the dependent variable while working environment (Sig. = .60) which refer that statistically less effect to make any significant prediction.

$Y = \beta_1 + X_2\beta_2 + X_3\beta_3 + X_4\beta_4 + X_5\beta_5 + X_6\beta_6 + X_7\beta_7$ Where Y is the dependent variable- strategic plan process and practice X_2, X_3, X_4, X_5, X_6 and X_7 are the independent β_1 is the intercept term- it gives the mean or average effect on Y of all the variables excluded from the equation, although its mechanical interpretation is the average value of Y when the stated independent variables are set equal to zero. $\beta_2, \beta_3, \beta_4, \beta_5, \beta_6$ and β_7 refer to the coefficient of their respective independent variable which measures the change in the mean value of Y, per unit change in their respective independent variables. Therefore, based on the result in the regression coefficient table 4.10.3 and accordingly to the above general mathematical equation the estimated regression model of this study for busa Gonofa MF are presented below.

Strategic Plan Process practice = 17.931 + 0.137(technological) +0.215(management commitment) + 0.118(organizational structure) + 0.205(resource)

The equation of multiple regressions on this study is generally built on around two sets of variables, namely dependent variables (strategic plan practice) and independent variables (Environment, political, Technology, org. Structure, commitment and Resource). The basic objective of using regression equation on this study is to make the researcher more effective at describing, understanding, predicting, and controlling the stated variables. The result of this analyses are demonstrated of these variables, management Commitment are the strong predict of the study and highly affect the strategic plan without any controlling and followed by resource it near to .205. This is consistent with previous research that management commitments are associated with knowledge and skilled, about the strategic plan of the organization again resource it may be material or Financial availability was more important to achieve the plan instead of minimize the factors. In short, these findings mirror other studies that save their time. The findings from the regression analyses concerned with the six independent variable in the standard model and degree of model predict explain the dependent variable according to the ANOVA statistic.

The test used is the Student test, respectively t with $n-(k+1)$ degrees of freedom Kulcsar, 2009. For each of the six variables, from the regression results, we get the calculated t values (Table 4.8). These are: 2.120 for environment, 1.923 for political, 2.073 for technology, 2.109 for commitment, 2.096 for structure of the organization, and 2.790 for resource. In order to define the decision rule concerning the calculated t values will be compared with the critical value of t at a significance level of 0.05 in the case of a two-tailed test, with 10 $(5+1)$, meaning with 4 degrees of freedom.

According to (Adopted from journal of Lydiah W. Wambugu, 2014) multiple regression model above table 4.10.3 The coefficient of determination, often referred to as R squared, tells the proportion of variance in the dependent variable, and at which level it can be predicted from the independent variables. In a regression model, the value goes from 0 and 1 and should be interpreted as a percentage level. The percentage of R squared tells at what level the variation can be explained by the model's inputs. Moreover, in a multiple regression model, adjusted R squared is recommended to be used. Adjusted R squared corrects for the number of predictors in the model; it does this to become a better estimate of the population.

This study will explain why previous research, empirically when compared, has yielded and different results. Also, it will increase the explanatory of the work of Costa (1997) and Mosiah (2008) by expanding the investigated result. This empirically analyses the term strategic plan process practice, is

inconclusive in its results when determining the effect length of equilibrium lease rates. The findings lack of formal continuous environmental scanning by both formal and informal planning chains and a significant number of similarities in terms and sources used by the case study organizations additionally not investigated by multiple regression correlation .

Furthermore, hypothesized relevant omitted in previous research will be added by this study, The research used multiple regression model, correlation and descriptive analyses to improve the qualitative data of the institutions but, in previous research lack of these. Using in-depth Interviews were employed to collect data from the senior executives of these institutions. The research recommended that the all researchers net to this empirically investigate the value of factors in deeply with cross checking all model testing to improve the quality of study.

This analysis represents an important part of this thesis. Future research will be performed by taking into consideration other variables. The final purpose of these studies is to find the most appropriate indicators which can be used in building up a regression model which corresponds to the growth of strategic plan process and practice.

As can be concluded from the above regression results and parameter characteristics, the most significant influential factor of strategic plan practice, which is followed by management commitment, structure and resource are related to moderate. And more of them are a negative correlation factor, which shows that the more capable the more likely. Concerning that the most important factors are uncontrollable one, so the next researchers must be identified this factors based on research method and improvement.

CHAPTER FIVE

SUMMARY OF FINDING, CONCLUSIONS & RECOMMENDATIONS

The aim of this chapter is to critically reflect on the key findings of the study established under the preceding chapter. This chapter has three sections. The results are collected together as summary of findings under the first section. Conclusions are drawn based on these findings under the next section. Under the section, recommendations are made based on the conclusions and under the last section the limitations of the study and the suggestions for further research are identified.

5.1 Summary of major finding

The main objective of the study was to investigate the factors affect/influencing/ the strategic planning processes and practice by major micro finance institution in Busa Gonofa S.C head office Addis Ababa Ethiopia and some selected branch. The data was analyzed in three major categories, first which looked at the institution information and information relating to the respondent, second the strategic planning practices and process; undertaken by the institution secondary data and lastly the factors affects the strategic planning processes and practice within the institutions interview. The data analyzed using descriptive statistics, and regression major findings were presented below in a summarized as follows:

- ✚ From the arithmetic mean values generated by the descriptive statistics, it shows that environment (mean=3.31), political (mean=3.48), technology (mean=3,86), commitment (mean=3.43) are above the average cut-off point of 3. While other factors such as organization structure (mean=2.99) and resource (mean=2.99) are below average cut=off point of 3 on process of strategic plan and From this we can understand that employees of Bussa Gonofa are moderately agreed or satisfied with the this internal and external factors process.
- ✚ On the other side the mean of SP practice have of them below 3. Point and the remaining on moderately, so these practices need improvements so that employees will bring the better result that as the MFI expects from its employees. Especially on practice environment, technology and political which have the lowest mean values, are in need of greater attention. And, strategic plan process and practice in the institutions under this study is good since the mean score for process and practice is 3.5 which are greater than cutoff value and closer to agreement.
- ✚ The findings from the questionnaires and the interview indicate that the strategy plan process in MFI doesn't participate all employees on a bottom up approach. Outlining branches aren't also involved in the preparation of process and but scanning the environment before process the SP. Findings from the interview and questionnaire findings indicate that there is failure in effectively

communicating the strategic plan process and practices. The role of individuals and work units in accomplishing the strategic plan is not communicated well and series evaluated, they used annually or quarterly mechanism follow-up but they not give feedback and announced for employee from top to bottom.

- ✚ Different organizations are adopting different methods of follow up and feedback mechanism. This survey has also looked into the use of some mechanisms, such as annual review, continuous performance progress assessment, internal feedback workshop, biannual and annual stakeholders/branch/ meetings, etc but they focused only on regular day to day work are not involve the strategic plan.
- ✚ Strategy plan process and practiced in the institution is affected by many challenges such as lack of acceptance by employees and support from the top management commitment, Uncontrollable environmental, lack of incorporated structure for strategic plan, poor communication of the strategy plan practice reason for lack of sufficient resource, difficult environment, absence of proper knowledge and skills of strategic plan process and practice, not enough sets of clearly defined and measurable performance standards for each plan elements of strategic plan, poor coordination and absence of availability of technology, There is no any training or awareness given by organization about strategic plan was majority of them, but the department was doesn't identified and amend each factors interns of their evaluation.
- ✚ In regression analyses suggests that 30.1 % of Strategic Plan Process and practice level in BG micro finance clearly depends on the independent variables while the remaining 69.9 % is determined by other unaccounted factors in this study this shows that the independent variables are very slow factors and almost the study indicated for other researchers they conduct and focused to other uncontrollable variables.
- ✚ Accordingly, Management commitment ($\beta=.215$) makes the strongest unique contribution to explaining the independent variable in which the results revealed that, a one unit increase or positive change in " Management commitment " would lead to a 0.215 unit increase the level of factors Strategic Plan Process and followed by resource ($\beta=.205$), then political ($\beta=.145$). On the other hand, technology and organizational structure are contributors to explaining the dependent variable with beta values of 0.137 and 0.118 respectively

5.2 Conclusions

The study conclude by different angle, in terms of process, practiced, all over performance, implement and how factors affecting these strategic plan more challenging in the busa gonofa micro finance institutions.

- From the summary of findings, it can be concluded that environmental scanning activities of the institutions are be enough before choosing the strategic plan. The organization comprehensively assessed both the external and internal environment though it failed to involve some stakeholders such as customers, manager, employers. The institution was by med term from two to three years its Owen system to evaluate the SP when compared to its objectives and the goal of the organization.
- Large organizations with several years of experience and extensive planning processes prefer formal approaches to strategic planning development. This approach encourages midterm view of strategy, which is then used as a means of directing, coordinating, controlling and communicating the strategy, creating ownership and makes it more inclusive in terms of the various facets of the organization. But in these institutions there is a poor controlling and follow-up system was shown even eve majority of workers they did not know the document of the SP on shelf or soft copy.
- The overall implication of strategic planning process is one of the recognized tools in the management or board of directors of the organizations in MF and it is practiced by most of the MFI even if they are facing serious challenge in the implementation of the plan. According to this survey majority of factors affected challenge during processes and practices of the SP was answered by the respondent. Technology and environment in the external part was highly affected and financial and management commitment beside internal extensively challenging the SP.

5.4 Recommendation

- The study recommended that though most things in the process phase of the strategic planning seems right, the MFI has to give due attention in defining the purpose of the exercise. Why does the organization do the strategic planning? (To be focused, to position the organization, for changing the vision, for improving performance, to clear the factors and challenge etc.) This has to be clearly answered based on facts and with consultation with the stakeholders as this will help the organization to get the parameters for measuring whether the organization meets its objective then the strategic plan has to be designed as per the needs of the organization with serious consideration of the capability of the organization. This can help to solve the future

Challenge of implementing a strategic plan.

- Strategic plan should not be for shelf, it has to be implemented and for this the MF has to plan according to their capacity and also plan to build the necessary capacity too. This requires strategic management not strategic planning only.
- Hence, to meet the objective of the organization by impacting the target community, the MF has to have leadership role of the board by solving different internal and external factors. In addition, it has to have a plan to build its own capacity and in this regard it has to be innovative as partnership building is one option, building the beneficiaries capacity (empowerment) is another best option, etc. In general, the MFI have to share their best experiences in the process, practice and implementation of their strategic plan.
- Whatever the situation, challenges and factors hinder are always there and that is one of the reasons for the strategic planning process, hence the MF have to look into their challenges critically and should plan for changing them into opportunities here is the very purpose of strategic thinking and guidance of the leadership.
- In this regards, thinking of management including team and board training is very important as most organizations managers are not investing on themselves which could have more value for the organization.
- The principles and goals of strategic planning are important and should be explained to every member of staff within the organizations so that they can have an input and evaluate the recommendations given out by the committees mandated by the organization.
- Any additional aid to implement the strategic plan is to create an integrated system by which the strategic plan becomes the benchmark for progress in an organization and becomes a system of accountability to all the concern persons in the organization.
- Therefore, strategic planning is the key to assuring that organizations are prepared for the challenges of today, tomorrow and the future being guided by the vision, mission and goals of the organization in order to achieve the set objectives. This is the ultimate decision for all organizations that wants to be the market leaders in the industry in which they operate.

5.4 Limitations of the study

During the period of this study, there are some limitations which were experienced and they mostly delayed in the analysis of the data some managers were so much careful in giving out their confidential information about their strategic planning practices. However, since this study was purely an academic exercise the researcher has convincingly communicated the concerned staffs of the institutions to gather

The required information. Again some of the respondents of the study were management staffs and Employees, hence they were busy and took time and delayed to fill and return the questionnaire and again I haven't a time to coordinate my research. But, these limitations were not problems to the final success of the study. They felt that the information about their competitive strategies would leak to their competitors. This led to lack of sufficient information from a few managers and employees.

5.5 Suggested Areas for Further Research

This research study calls for further studies to be conducted; the research recommends the need to study strategic planning process and practices by MFI of Busa Gonofa. The findings can then be assessed to find out how different their strategic planning practices are compared to BG MFI. This study also recommends further research on challenges facing strategic planning practices in BGMFI.

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APPENDIX

Appendix

JIMMA UNIVERSITY

BUSINESS AND ECONOMICS DEPARTMENT

MBA PROGRAM

Request Research Data

Questionnaire to be filled by employees of Busa Gonofa MFI S.C at the Head Office and partially selected at branch.

The purpose of this questionnaire is only to collect data to support a research study being conducted on “**factors Affecting Strategic Plan Practice and It’s Process on Busa Gonofa MFI S.C**”.

Dear Respondent,

Please fill this questionnaire openly and honestly. This practice is only essential for academic purpose as part of the requirements for the award of Maters of Business Administration. You sincere responses to the questionnaire are important for the success of this research paper. Therefore, your responses will be greatly appreciated if you take a few minutes to answer the following questionnaire. All responses will remain confidential, and there will be no attempt made to contact you personally.

General Direction

1. No need to write your name
2. The questionnaire has three part to be filled
 - a. Demographic part one
 - b. Strategic Plan Practice and process for managers, supervisors part
 - c. Strategic plan process and practices for employees part
3. Select your best choice for each question that required optional responses. For rating questions put \surd under the level that you already choose.
4. The rating has a scale of 1 to 5 where 1=strongly disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly agree

PART 1: DEMOGRAPHIC INFORMATION

Please choose among the choices that describe you

1. What is your gender?
 - a. Male

- b. Female
2. Your highest level of education is:
- a. High school c. Diploma d. Bachelor's degree
- b. Vocational e. Master's degree f. PhD
3. What is your age?
- a. 24years and lower b. 25 to 35 years
- c. 36 to 45 years d. 46 years and higher
- d. How long have you been working for the company?
- a. 1 to 5 years
- b. 6 to 10 years
- c. 11 to 15 years
- d. 16 to 20 years
- e. 21 years and higher
4. Work position -----\

Part II While to **process** strategies plan for Busa Gonofa s.c, which factors have affecting the organization? Please indicate the extent of influence. Hint: Very Agree =5, Agree=4 , neutral=3 ,disagree=2and Very disagree=1

| | PROCESS | V/ Ag ree | Agr ee | Neut ral | Disag ree | V/di sagr ee |
|----------|---|--------------------------|-------------------|---------------------|----------------------|-----------------------------|
| 1 | Factors affecting related to Environment | | | | | |
| | Uncontrollable environmental factors affecting the strategy plan during the process of formulated and based on assumptions? | | | | | |
| | Do you conduct an environmental scanning before formulation and preparation of strategic plans process? | | | | | |
| | Lack of proper knowledge and skills during environmental scanning are affect the strategic plan process system of the organization. | | | | | |
| | Busa Gonofa MFI are assesses its own internal and external environment and identifies key SWOT analyses before formulating and process its strategies plan. | | | | | |

| | | | | | | |
|----------|---|--|--|--|--|--|
| | The planning team is actively involved in analyzing the past history and present situation, mission and objectives, opportunities and threats of the external environment, strengths and weaknesses of the organization, stakeholders and the critical factors and summarize the crucial issues, analyze the alternative, chose the best and formulate a realistic strategy for the future. | | | | | |
| 2 | Factors related to political | | | | | |
| | Do you believe that political skilled affect during the process of strategic plan preparation? | | | | | |
| | The SP are no clear policy and procedures under political? | | | | | |
| | Is there enough political environmental scanning before strategic plan process of the organization? | | | | | |
| 3 | Factors related to technological | | | | | |
| | Your organization always forecast technological advances in order to process during the strategic plan process. | | | | | |
| | Technologies are one challenge that your organization face during strategic planning process. | | | | | |
| | Technological forces represent major opportunities and threats that must be considered in formulating strategies plan process. | | | | | |
| 4 | Factors related to Management Commitment | | | | | |
| | Leadership skills and styles directly affect the strategic plan process. | | | | | |
| | The involvement of manager on preparation and process of Strategic plan a positively affect during implementation time. | | | | | |
| | Lack of Management commitment during strategic plan process. | | | | | |
| | Top management reluctant to commit funds for SP | | | | | |
| | Top management set strategic plans in pursuit of service quality and customer satisfaction through various system | | | | | |

| | | | | | | |
|----------|--|--|--|--|--|--|
| 5 | Factors related to Organizational Structure | | | | | |
| | Organization structures are directly affecting the process of strategic plan. | | | | | |
| | All people that are affected by the plan should be involved in the planning process. | | | | | |
| | The organization structure are incorporated for strategic plan process not much related | | | | | |
| | At processing of strategic plan organizational structure is a fundamental factor when looking at how strategic planning can be implemented in organizations, so between strategy, structure, and institutions performance not incorporated | | | | | |
| 6 | Factors related to Financial Resource | | | | | |
| | BGMFI allocates sufficient resources for processed of its strategies plan? | | | | | |
| | There is here a reward system to motivate the employees to achieved /successes the strategic plan | | | | | |
| | Ensuring active participation of employees in the SP process is always major challenges | | | | | |

While **practiced** strategies plan of Busa Gonofa S.C, which factors have affecting the organization?

| | PRACTICE | V/Agree | Agree | Neutral | Disagree | V/disagree |
|----------|--|----------------|--------------|----------------|-----------------|-------------------|
| 1 | Factors affect related to Environment | | | | | |
| | The strategic plan of BG MFI enables to clearly state the impacts of the organization and its programs in the target area/community | | | | | |
| | SP BG MFI facilitates timely adjustment of organizational objectives and its projects/programs in line with changes in the internal and external | | | | | |

| | | | | | | |
|----------|--|--|--|--|--|--|
| | environment | | | | | |
| | uncertainty caused by environmental complexity has a positive influence on the planning of BG MF | | | | | |
| | There is a lack of environmental scanning and not properly organized was a major challenge during SP practice. | | | | | |
| | Are your organization reviewed and updated the process of strategic plan to minimize the risk of Environmental factors? | | | | | |
| | Environmental factors are one challenge of strategic plan practice in BGMFI | | | | | |
| 2 | Factors related to political | | | | | |
| | Political turbulences major challenges of Strategic plan practiced | | | | | |
| | The political stability is a positive affect to successes the objective of SP? | | | | | |
| | Political factors have a great influence on issues of borrowing, lending during exercise the SP of the organization? | | | | | |
| | Government regulation, change its policy and tax are Highly affect and challenge the strategic plan of BGMFI | | | | | |
| | To define accepted goals which comprise accepted measures is the main challenge politicians and planners are facing. | | | | | |
| 3 | Factors related to technological | | | | | |
| | Do you believe that? Technology advancement more support your exercise of strategic plan | | | | | |
| | Technological advancements can dramatically affect my organizations“ products, services, markets, suppliers, distributors, competitors, customers, processes, marketing practices, and competitive position. | | | | | |
| | Busa Gonofa MF S.C overall system is appropriate for achieving its strategic goals. | | | | | |

| | | | | | | |
|----------|---|--|--|--|--|--|
| | My organizations update current technology advancement though the year. | | | | | |
| | The adoption and utilization of your organization technology system more of as supported the institutions mission, vision, objectives to achieve successively and periodically. | | | | | |
| | Lack of technology advancement was one factors affecting our strategic plan practice last three years | | | | | |
| 4 | Factors related to Management Commitment | | | | | |
| | All managers whose work might be affected significantly by strategic planning participate. | | | | | |
| | The Strategic Planning exercise has helped the organization to have comprehensive plan which set clear future direction of the organization? | | | | | |
| | To exercise strategic plan (scenario planning) is not always the basis of the organization's program. | | | | | |
| | Lack of consciousness and knowledge gap at all level of management | | | | | |
| | Does the leadership create a conducive environment for strategic plan implementation | | | | | |
| | The managements support any technical skill related to SP practice | | | | | |
| | BGMFI management style is appropriate for achieving its strategic Goals | | | | | |
| | While the head office staff monitors overall company performance and strategy plans practice? | | | | | |
| | Managers and supervisor have their involvement in the practice of SP was low? | | | | | |
| | My organization uses independent workers to practice SP. | | | | | |
| 5 | Factors related to Organizational Structure | | | | | |
| | Do you believed your work much conduct with SP of the organizations | | | | | |
| | BGMFI organizational structure is appropriate for achieving its strategic goals. | | | | | |
| | BGMF sets clearly defined and measurable performance standards for | | | | | |

| | | | | | | |
|----------|---|--|--|--|--|--|
| | each plan elements | | | | | |
| | The structure of BG positively affect the SP practice of the org., | | | | | |
| | My organization gives overload work during SP exercise. | | | | | |
| | Individual roles in achieving the strategic plan are communicated well | | | | | |
| | Do you believed high staff turnover is one of the major challenges which are facing in the practice of its SP | | | | | |
| 6 | Factors related to Financial Resource | | | | | |
| | Your organizations have enough budgets for practice SP | | | | | |
| | Do you believe that financial a factors to hinder SP to exercise | | | | | |
| | Is there enough time to practice the SP, and it support you performance? | | | | | |
| | There is no any training or awareness given by organization about strategic plan | | | | | |
| | Does resource variation affect effective implementation of strategic planning? | | | | | |

| | | | | | | |
|--|--|--|--|--|--|--|
| | Mobilizing adequate resource for the implement of the strategy is always the major challenge for BGMF which most of the time threaten the implementation of programs | | | | | |
|--|--|--|--|--|--|--|

Part III Open and Closed Ended Questions for top and middle managers, higher experts, supervisor.

2. How do you rate the involvement of stakeholders in the strategic planning process?

| | Item | Strong agree | Agree | Neutral | Dis Agree | Strongly dis Agree |
|----------|--------------------------|--------------|-------|---------|-----------|--------------------|
| 1 | Executive Managers (CEO) | | | | | |
| 2 | Middle Managers | | | | | |
| 3 | Employee staff | | | | | |

| | | | | | | |
|---|------------------------|--|--|--|--|--|
| 4 | Support staff | | | | | |
| 5 | Beneficiaries/customer | | | | | |
| 6 | Consultant | | | | | |

Other

3. What mechanisms are used to follow up the implement strategic plan practiced?

- Annual review of the implementation against the set indicator
- Continuous performance progress assessment
- Organizing internal feedback mechanism with the staff
- Bi-annual stakeholder’s performance assessment meeting
- Other, specify-----

4. Which tools were very relevant processes of SP for gathering the information on the external and internal environment?

| | | | | | | |
|---|-------------------------|--|--|--|--|--|
| 1 | Document review | | | | | |
| 2 | Focus Group discussions | | | | | |
| 3 | Key Informant interview | | | | | |

| | | | | | | |
|---|---------------|--|--|--|--|--|
| 4 | Brainstorming | | | | | |
| 5 | Workshop | | | | | |
| 6 | Questionnaire | | | | | |

5. How do you rate the challenges(factors affect) in the practice of SP of your organization?

| | | | | | | |
|---|--|--|--|--|--|--|
| 1 | Time | | | | | |
| 2 | Internal expertise (capacity, skill, knowledge) | | | | | |
| 3 | Finance for the practice (lack of resource) | | | | | |
| 4 | Information (data) gathering | | | | | |
| 5 | getting the right consultants who knows the practice of SP | | | | | |

Other

Current States and performance of BG MFI S.C

| | | V/A | Agree | Neutral | Dis/A | V/DA |
|---|---|-----|-------|---------|-------|------|
| 1 | Really highly challenge your strategic plan of BG | | | | | |
| 2 | Ensure to give quality of service and customer satisfactions | | | | | |
| 3 | All over the company performance be enough to compete other rival | | | | | |
| 4 | Does monthly or quarterly follow up and evaluate the capacity and performance of all branch institution | | | | | |
| 5 | It does successes by strategic plan of the organization | | | | | |
| 6 | The performance of employee and institution interlinked with strategic plan | | | | | |
| 7 | Do performance measures show that performance goals are being met and that the system is on track for achieving its expected return | | | | | |

Part IV: Interview Questions

- i. Does your organization conduct an environmental scanning analysis before choosing a strategy plan?
- ii. What mechanisms are BGMFI used to implement strategic plan practiced?
- iii. To what extent does resource variation affect practiced of strategic planning?
- iv. What are the challenges that you face during strategic planning processed and practiced?
- v. How does BGMFI monitor and Evaluated the implement of strategic plan processed and practiced?