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**The Influence of Strategic Planning Practices in Crisis Management By Selected
Organizations In the Service Industry in Nairobi County**

Kamani, Judith Mukami

**Submitted in partial fulfillment of the requirements for the Degree of Masters of
Commerce at Strathmore University**

**Strathmore University Business School
Strathmore University**

Nairobi, Kenya.

June, 2019

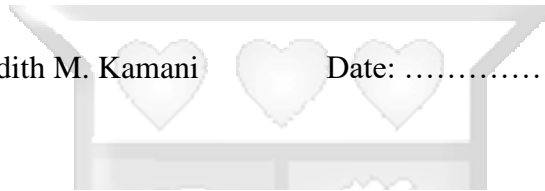
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Signed..... Judith M. Kamani Date:



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ABSTRACT

Strategic planning practices are management practices which involve the creation of future objectives and identification of programs necessary to achieve the organizations goals and create controls to monitor and implement the company's strategies. The research focused on the ideal principal that organizations within the service industry in Nairobi should have a blueprint through its strategic plans on how to manage a crisis situation in order to maintain a competitive advantage within the industry. The specific objectives of the study was to establish the influence of personnel training, pre-set guidelines and contingency planning had in crisis management in service organizations in Nairobi. The study utilized the three theories of contingency planning theory, crisis management planning model and business planning theory. Judgmental sampling technique was used to select respondents working in the service industry within the Nairobi county. Data was analyzed using SPSS, descriptive statistics, correlation analysis and regression analysis. The study demonstrated that there is a strong, positive and significant relationship between the independent variables of personnel training, pre- set guidelines and contingency fund and the dependent variable of crisis management. The study concludes that while organizations have identified various internal facets that protect them from the negative effects that comes with crisis situations, companies today still need to take bolder steps in managing their strategic planning practices.

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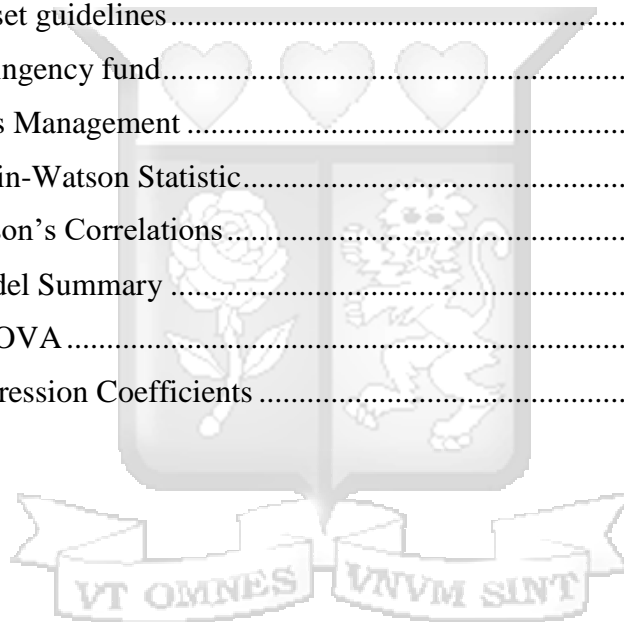
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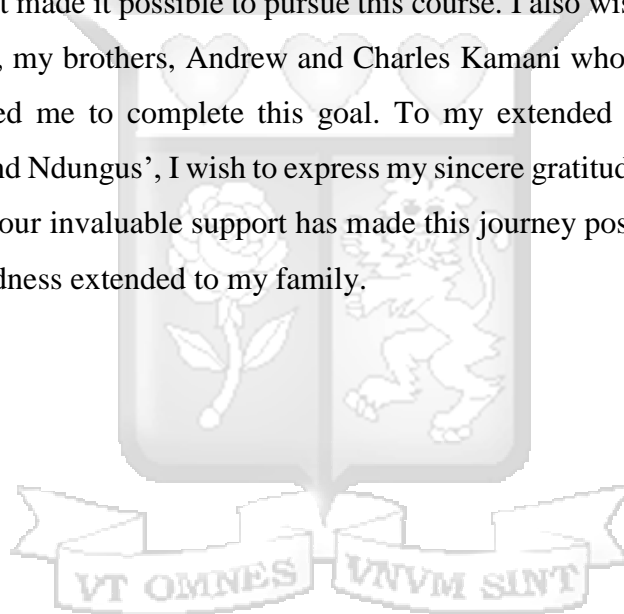
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DEDICATION

This thesis is dedicated to my children, Gabriel and Christopher Alubala who have given me invaluable joy and purpose. In addition, I dedicate this thesis to my nephew and nieces, Michael, Julia and Michelle Kamani.



CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Kachaner, King and Steward (2016) argue that to achieve strategic preparedness an organization should take a structured and organized thought process to identify and consider what could be the potential threats, disruptions and opportunities. This is known as strategic contingency planning. Organizations need to develop scenarios that address known challenges by tightening its controls when managing its funds, ensuring that its employees are properly trained when faced with unexpected organizational situations and by ensuring that the company's guidelines embed the pre-requisite criteria on managing a crisis(Kachaner et al., 2016)..In effect, a strategic contingency plan provides a map for any possible future unknowns while strategic planning charts the overall course and direction a business will take.

Crisis management refers to the proactive actions taken by an organization to prevent the occurrence of a crisis or reduce the adverse impact of the crisis as and when it occurs (Al-Abbadi, 2015). Al Shobaki, Amuna, & Naser (2017) defines crisis management as the systematic attempt to define and identify potential crises, take actions and measures to prevent and contain the impact of the crisis. The negative effects of these crisis can be minimized through strategic contingency planning.

According to Dubrovski (2007), the scholar acknowledges that during a crisis, both the internal and external environments are vulnerable during a crisis. However, for the study sought to examine the internal factors of an organization that may be vulnerable during a crisis. The aim of the study was to find out whether companies are able to maintain a competitive advantage in times of crisis by measuring its internal controls through its strategic planning practices. The first objective was by evaluating the employee's response towards the organizations personnel training programs and any ongoing crisis management programs. The study further evaluated the response of the employees towards any pre-set guidelines in the organizations and lastly any knowledge that the employees had on the contingency fund set up to handle any crisis situation.

1.1.1 Strategic Planning Practices

Strategic planning practices provide an outline for achieving an organization's goal. It is an organization management's responsibility to set priorities, focus energy and resources,

strengthen operations and ensure that employees and other stakeholders are working towards common goals by establishing agreed upon results and adjusting the organizations direction in response to a changing environment (Maleka,2015). The strategic plan is a requirement for sustaining competitive advantage in organizations (Maleka,2015). Rothaermal (2015) pointed out that the organizations that have competitive advantage performed financially better than other companies in the industry.

Root (2014) acknowledges this fact and notes that it is by understanding the organization's internal strategic plans, driven through its corporate objectives that the organization can effectively and efficiently grow. Some organizations may achieve it without thorough strategic plans, but for most players in the industry, it is vital to analyze, create, implement, and monitor the strategic plans on a continuous basis (Maleka,2015).

Rouse (1982) developed a basic guide to strategic planning within the organization. The initial phase included having an action plan, then a clear organizational vision, mission, activities and values. This was then followed by an evaluation of the organizational SWOT Analysis, that is, the identification of strategic issues of the organization, development of strategic goals and objectives, creation of the implementation plans to achieve goals and carry out objectives, and finally to monitor the organization periodically in order to adjust the company's direction if necessary. For this study, strategic planning practices were measured using three variables; personnel training, pre-set guidelines and establishment of a contingency fund.

1.1.2 Crisis Management

According to Drennan, McConnell and Stark (2015), the word crisis is commonly used in newspapers articles, academic journals and papers and even in the political arena. For the purpose of this study, crisis may be defined as a critical event or point of decision, which if not handled in an appropriate and timely manner, may turn into a disaster or catastrophe.

There are three theories on which this study was based on. The contingency planning theory was developed by Fielder (1964) who acknowledged that for an organization to perform well during a crisis it needed to take into consideration the environmental situations as well as the internal situations.

The business continuity planning model is the creation of a strategy through the recognition of threats and risks facing a company, with an eye to ensure that assets are protected and able to function in the event of a disaster. According to Lindstrom (2010) business continuity planning serves as an essential component of an organization's response plan as it involves defining

potential risks, determining how those risks will affect operations, implementing safeguards and procedures designed to mitigate those risks and testing those procedures to ensure that they work by periodically reviewing the process to make sure that it is up to date.

The Crisis management planning model was developed by Gonzales-Herrero and Pratt in 1995. This model advocates for early detection signs of a crisis. Crisis management has attracted a lot of attention among researchers. Today, companies operate in an increasingly volatile environment that is characterized by technological innovation, economic changes, political volatility, and social changes which results in organizations being highly vulnerable to crises (Drennan et al,2015). Overcoming the different types of crises prevalent in the market requires the adoption of effective strategies that will not only lead to full recovery but also build new competitive advantages for the entities. (Drennan et al,2015).

1.1.3 Service industry in Kenya

The study identified the banking sector, the aviation sector and the hotel sector as the areas within the service industry in Kenya. According to Sahile, Tarus and Cheruiyot (2015), the Kenyan banking sector has undergone rapid transformation in the recent past which has been driven by the forces of globalization, liberalization and the arrival of technology since the late 1980s and the early 1990s following the Structural Adjustments Programs. The scholars argue that prior to these adjustments the financial system was highly controlled by the government through exchange rate controls, credit controls and interest rate controls. However, according to Gathaiya (2015) the recent collapse of the three major banks in Kenya in period of 2015 – 2016 brought about by the rapid expansion of the banking sector had an adverse effect that may be classified as financial crisis in the Kenyan banking sector.

According to Ahmed (2014) the aviation industry is a large and growing industry, facilitating economic growth, world trade, international investment and tourism sector of which the Kenyan aviation sector is no different making its survival vital in this economy. However, between the period of 2009 – 2019, the aviation sector has experienced national fatalities such as the recent East African Safaris Express crash in Rift Valley Region in June 2018 which has negatively affected aviation performance in Kenya.

According to Musau and Prideaux (2003) Kenya 's hotel infrastructure is diverse and widely spread throughout the country. Bachmann (1988) noted that the increase in hotel beds was an indication of the international tourism capacity that the country would continue to experience.

However, in the during the period of 2000 – 2019, there has been recent terrorist attacks mostly targeting the hotel industries in Kenya leading a rise of crisis conditions in the organizations notably the Westgate terror attacks in September 2013.

1.2. Problem Statement

A review of existing literature revealed that there were a number of knowledge gaps in the study of crisis management and strategic planning. Crisis management is aimed at creating a conducive atmosphere, where a business can thrive and be profitable. However, the inability of managers and other policy makers to successfully resolve crisis that may emanate from within, and outside the organization and may have a negative effect on the productivity level of such organizations (Olawale, 2014). Organizations of any size should therefore utilize the strategic planning arm of the strategic planning process and prepare effectively by creating a blueprint on how to avert or endure a crisis and still maintain a competitive advantage (Olawale, 2014).

According Demirgüç-Kunt, Detragiache and Gupta, (2004) a study was conducted on the recent banking crisis in Mexico and East Asia. The aim of the study was to establish the how the banking system was affected by the crisis through a quantitative analysis of data covering 36 banking crises derived from 35 countries. It was established that the banks' crises were characterized by cost inefficiency however the amount of deposits did not significantly decline. Therefore, the challenges facing small banks during the crisis and how it affects them after the crisis was not covered. The study was conducted using aggregate bank data obtained from different countries. It also took into consideration the economic performance of a country after financial crisis. The research was limited to the large and healthy banks that continued operating before and after the crisis. It was therefore not accurate to state that only large institutions were able to survive a crisis. Furthermore, the study failed mention any strategic planning practices that the banks had implemented before the crisis.

Andrieş and Ursu, (2016) conducted a study to determine how the financial crisis affected the efficiency of banks in Europe. The study collected data from 783 commercial banks within the European Union during the period of 2004- 2010 and generated data on profit efficiencies and costs. The financial crisis had a major negative impact on the European Union banks that led to the merger and eventual closure of a majority of the banks in Europe. A large number of the small private banks were unable to maintain cost efficiency and were affected by profit inefficiency. While the study conceptualized crisis in the financial sector, it failed to show how

the private banking sectors had utilized the contingency fund which is a requirement threshold of all financial institutions. The study further failed to demonstrate whether other strategic planning practices were established before to reduce the impact of the crisis.

Ghazi (2017) explored the similarities and differences between strategic planning and crisis management when evaluating the hospitality industry in Egypt. The study investigated how organizations used different crisis management styles and how they incorporated the aspect of strategic planning. To collect data, descriptive analysis of quantitative and qualitative analysis of 190 questionnaires was administered to hotel managers. The study found that both strategic planning and crises management involved organizational processes that required aspects of planning and flexibility. Both concepts were found to be adaptive to changes which required strong leadership and were supportive to organizational culture. The study focused on the general managers who oversaw strategic planning and crisis management. The internal factors of pre-set guidelines and contingency funds were overlooked as this would have also been a feature that would avert a crisis. Furthermore, the mid and junior level employees' responses to the crisis were not considered when evaluating the best strategic plan during the crisis.

A study by Mogaka (2013) sought to examine the challenges of strategic planning implementation aimed at improving service delivery at Nairobi City Water on timely basis. The study sought to find ways of implementing the plans successfully in order to avert any crisis. The focus of the study was on variables such as employee training, availability of resources, political influence, and organizational change among others. The researcher adopted the descriptive research design. The target of the study was the Nairobi City Water and Sewerage Company Ltd, with a target population of 928 employees. The study failed to establish whether the County had established proper training facilities for its employees. The study also focused on the government sector.

In a report reviewing the risk management guidelines by the Central Bank of Kenya (2013), detailed pre-set guidelines were indicated to all institutions on the minimum requirements for risk management systems and frameworks. The purpose of these guidelines was to reduce financial risk. Financial risk in the banking industry was defined the possibility that the outcome of an action or event could bring about adverse impacts on the institutions' capital or earnings. Such outcomes could either result in direct loss of earnings/ capital or may result in imposition of constraints on the banks' ability to meet its objectives. It is interesting to note that even with these guidelines implemented by the Central Bank of Kenya, banks such Dubai

Bank, Imperial Bank and Chase Bank have faced situations that have led the former bank to its closure and the latter banks to their eventual merger with larger banks.

In view of the above studies done, there is need to determine the most appropriate strategic planning practices used by organizations in the service industry in Nairobi to deal with crisis management in with crisis management.

1.3. Objectives

The general and specific objectives of the study were;

1.3.1. General Objectives

The broad objective of this study was to establish the influence of strategic planning practices in crisis management by selected service organizations in Nairobi.

1.3.2. Specific Objectives

The specific objectives were:

- i. To establish the influence of personnel training in crisis management by service organizations in Nairobi
- ii. To determine whether pre-set guidelines and controls influence the ability to manage crises by service organizations in Nairobi.
- iii. To determine the effect of contingency funds n crisis management by service organizations in Nairobi.

1.3.3. Research Questions

- i. What is the influence of personnel training in crisis management by service organizations in Nairobi?
- ii. What is the influence of pre-set guidelines and controls by service organizations in Nairobi?
- iii. What is the effect of contingency fund in crisis management by service organizations in Nairobi?

1.4 Scope of the Study

Strategic Planning is a formal management process which involves the creation of future objectives, identification of programs necessary to achieve the goals, and the creation of controls to monitor the implementation of the strategies. The research focused on the premise that organizations within the service industry in Nairobi should have a blueprint on how to manage a crisis in order to maintain its competitive advantage within the industry. The study sought to find out the influence of personnel training, pre-set guidelines and contingency planning in crisis management. The study focused on the strategic planning processes it identified as critical area that would destabilize an organization should a crisis occur. The study targeted on the top level, mid- level and junior level employees working in various organizations that are in the service sector in Nairobi. The service employees identified were in the banking sector, aviation sector and hotel sector.

1.5 Justification of the Study

The challenge for any organization is to recognize the early warning signs of an upcoming disaster and take appropriate actions to minimize its effects by following what has been generated in the organization's strategic plans.

The study will inform policy makers as it will highlight the sensitive nature of organizations strategic planning practices its effects to the Kenyan economy. This will ensure that policy makers are aware of the delicate nature that the present -day service industry is operating in.

Furthermore, the study will provide practitioners with pertinent information as it will ensure that every organization will incorporate a blueprint of its crisis management procedures into the overall strategic plan of the company to ensure that the goals of the company are still met pre, during and post any crisis.

Researchers and academicians will benefit from this study as it brings a new insight on influence of strategic planning practices in crisis management by service organizations in Nairobi.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section includes a review of the literature that was pertinent to the research highlighting the knowledge that already exists in relation to strategic planning and crisis management. It also provides a theoretical foundation and a theoretical review of the study. This study was guided by the Contingency Planning theory, the Crisis Management model and the Business Planning model. Additionally, the chapter incorporates a conceptual framework and finally, it has a summary of the literature review.

2.2 Theoretical Foundation

The study adopted the Contingency Planning Theory, The Crisis Management Planning Model and the Business Planning theory.

2.2.1 Contingency Planning Theory

According to Ghazi (2017), strategic planning involves the development of future goals, environmental analysis, development of different alternatives, selection and implementation of the best alternative, and evaluation of the strategies to determine whether the intended goals are achieved. Koteen (1989) endorses this by stating that strategic planning plays several integral roles in organizations. It assists with the development of pre-set guidelines and control measures which provide the general direction of an organization. It aids in the allocation of scarce resources in different departments. Strategic planning is a way to help an organization be more productive by guiding the allocation of resources in order to achieve its goals and organizational objectives resulting in an organizational guide to its growth (Root, 2014).

Based on these definitions strategic planning is the series of activities undertaken to determine the long-term and mid-term future of an organization, and overcome environmental instability. Preparing contingency plans in advance, as part of a crisis management plan, is the first step to ensuring an organization is appropriately prepared for a crisis (Eriksson and McConnell, 2011). According to Kachaner et al., (2016), every organization should therefore consider strategic contingency planning in its management programs. The above scholars further contend that while strategic contingency planning cannot predict future events and outcomes, developing possible outcomes by planning, preparation, response and recovery of any eventuality can provide plans of action that apply within different circumstance.

According to Fielder (1964), the Contingency Planning theory states that the first hours after a crisis breaks are the most crucial, so working with speed and efficiency is important. The theory further states that an organization should be well prepared to give external as well as internal information during a crisis, and further states that the information should be accurate. The contingency plan should contain information and guidance that will help decision makers to consider not only the short-term consequences, but the long-term effects of every decision.

However due to the chaotic nature of a crisis, the theory acknowledges that crisis management is extremely complex and full of uncertainty, whose consequence can vary a lot if a situation is overlooked. To perform well during a crisis, the theory acknowledges that the organization needs to consider the environmental situations as well as internal conditions. Fielder (1964) believed that the theoretical lens of the contingent theory fits well with crisis management. When an organization is facing a crisis, the contingency theory can provide a clear guidance in crisis management. Being able to consider the contingent factors, the organization should be able to perform effectively and efficiently during the crisis. Yet, little attention has been paid to the contingent factors in crisis management.

2.2.2 The Crisis Management Planning Model

There are many frameworks and methodologies for strategic planning and management, however it should be noted there are no fixed rules regarding the right framework one most follow (Maleka, 2015). The researcher further argues that there are many framework cycles through some variations on basic phases that should be considered in a strategic plan. These are analysis or assessment which requires an understanding of whether the current internal and external environments have been developed. This strategic plan seems to agree with the crisis management planning model.

According to Gonzales -Herrero and Pratt (1995), the Crisis Management Model is a useful way of studying a crisis as it divides it into different phases. These are the Planning, Preparation, Response, and Recovery. The planning phase starts at preparedness, where organizations agree on how to respond to a given incident or set of circumstances. It advocates on thinking the unthinkable following with a risk analysis as well as threat assessment and finally looking for various mitigation strategies. This is for the leaders and managers to sense the warning signals of a crisis and prepare the employees to face the same with courage and determination.

The next step includes the preparation stage. It includes contingency planning, simulations, training and education. It ideally should include lines of command and control and division of activities between organisations. This avoids potentially negative situations, actions, and use of valuable resources like time and finance. For example, poor planning may result in three separate agencies all starting from an official rest center for victims of a disaster.

Following an occurrence of an emergency, the agencies move to the response phase, where they execute their plans, and may end up improvising on some areas of their response (these gaps are initially in the planning phase, which are inevitable due to the individual nature of most incidents). Agencies may then be involved in the recovery phase following the response phase, where they assist in the clean-up of the incident or help the people involved overcome their mental trauma.

The final phase is recovery, which involves taking steps to ensure no re-occurrence is possible or putting additional plans in place to ensure less damage is done. This should feedback into the preparedness stage, with updated plans in place to deal with future emergencies, thus completing the cycle.

2.2.3 Business Continuity Planning

According to Osborne (2007), when a crisis causes a significant disruption to an organization, a business continuity plan can help minimize the disruption. Business continuity planning is the creation of a strategy through the recognition of threats and risks facing a company, with an eye to ensure that personnel and assets are protected and are able to function in the event of a disaster. Business continuity planning involves defining potential risks, determining how those risks will affect operations, implementing safeguards and procedures designed to mitigate those risks, testing those procedures to ensure that they work, and periodically reviewing the process to make sure that it is up to date.

First, one must identify the critical functions and processes that are necessary to keep the organization running. This part of the planning should be conducted in the earliest stages, and is part of a business impact analysis phase (Osborne, 2007). Businesses can face a host of disasters that range from minor to catastrophic. The business continuity planning is typically meant to help a company continue operating in the case of minor or major disasters, such as fires, but it may not be as effective if a large portion of the population is affected, such as in

the case of a disease outbreak. Insurance does not cover all costs of such circumstances, for example, insurance cannot replace customers that defect to the competition because of them. .

Each critical function and/or process must have its own contingency plan. In the event that one of the functions/processes ceases or fails, then the business/organization is more resilient, which in itself provides a mechanism to lessen the possibility of having to invoke recovery plans (Osborne, 2007). Testing these contingency plans by rehearsing the required actions in a simulation will allow those involved to become more acutely aware of the possibility of a crisis. As a result, and in the event of an actual crisis, the team members will act more quickly and effectively.

According to Borodzicz, (2005), he cautions that when planning training scenarios, all too often simulations can lack ingenuity. Therefore, an appropriate level of realism should be incorporated and as a consequence, they potentially lose their training value. This part can be improved by employing external exercise designers who are not part of the organizational culture and are able to test an organization's response to crisis, in order to bring about a crisis of confidence for those who manage vital systems.

Following a simulation exercise and a thorough and systematic debriefing, the organizations must conduct a test-run as a key component of any crisis simulation. The purpose of this is to create a link and draw lessons from the reality of the simulated representation and the reality of the real world. (Borodzicz, 2005). The whole process relating to business continuity planning should be periodically reviewed to identify any number of changes that may invalidate the current plan. (Osborne, 2007).

This theory was useful in identifying potential risks that the organizations may encounter and factoring these into the organization's strategic plans.

2.3 Empirical Review

A variety of studies has been carried out investigating strategic planning and crisis management. However, the results of these studies show that there is no consensus yet on the nature of the relationship between these variables.

2.3.1 Personnel Training and Crisis Management

A review of existing literature revealed that a crisis may come from from prevailing internal causes of the organization (Dubrovski,2007). Generally, managers make decisions and take actions based on the best information available to them at the time. Managers make vital

judgements but despite good intentions, get tired and careless and are, therefore, prone to mistakes. Almost all crises feature elements of human error (Drennan, et al 2015). Dubrovski (2007) posits that companies often make things worse for themselves, not because they mean to, but because the people at the top, who must make important decisions during and following critical incidents, can get trapped into the victim mode, and thus fail to respond properly. He further contends that although the state of the crisis in the company can be affected by various interrelated external internal causes, the essence of the causes arguably lies in the management of the company which could be reduced through proper management training programs.

Ghazi (2017) collected data using quantitative and qualitative analyses of 190 questionnaires administered to hotel managers in Egypt when identifying how organizations respond to crises using different leadership styles. He identified four types of managerial responses namely escape, containment, cooperation, and confrontational style. Among the four, escape leadership style was considered the worst because management does nothing about the crisis, while confrontational method is the best as it is a scientific method of dealing with the crises. On the other hand, cooperation technique was characterized by the involvement of every team member, while containment included the reduction of the negative effects of the crises without solving the problem entirely. It was notable that many managers who advocated for the escape strategy were often in denial of the happenings around them and lacked the proper crisis management skills that could have been acquired through proper training.

However, Withers, Corley, and Hillman (2012) suggested that a quality board could reduce the impact of a crisis and enhance leadership efforts. Individuals who had the pre-requisite training on crisis management were found to manage any given situation much better than those who lacked this. Similarly, Dowell, Shackell, and Stuart (2011) found that organizations with independent and smaller boards were more capable of enacting dynamic change and less likely to experience failure following a crisis.

2.3.2 Pre-set guidelines and controls in crisis management

Aljuhmani, and Emeagwali (2017) conducted a research which aimed at identifying the internal and external orientation in strategic planning. A sample of 75 respondents was distributed among employees operating in Ramtha, Jordan. The study found that the attention to the internal facets (mainly incorporated through the pre-set banking guidelines) positively influenced the impact of a crisis in the banking sector without reference to the other sectors of the economy.

In a report reviewing the risk management guidelines by the Central Bank of Kenya (2013), detailed pre-set guidelines were indicated to all institutions, on the minimum requirements for risk management systems and frameworks. The purpose of these guidelines was to reduce financial risk of the financial institutions in Kenya. Gathaiya (2017) conducted a study on the issues affecting the three collapsed banks in Kenya from the year 2015 – 2016, namely Dubai Bank, Chase Bank and Imperial Bank. The researcher quantified and analyzed issues affecting the collapsed banks. It was concluded that the one of the factors that led to the collapse was lack of observance to the pre-set guidelines of the Central Bank of Kenya. The lack of adherence had a negative impact not only to the organization but on the Kenyan economy as a whole.

2.3.3 Contingency fund in crisis management

According to the OECD (2017) report, many donors included an emergency reserve in their annual humanitarian budget that was available for unforeseen events thereby requiring urgent funding. Any left-over funds was to be released at the end of each financial year and made available for regular activities if no crisis requiring its use occurs. Contingency funds provide donors with a degree of financial preparedness as funds available can be released rapidly to help shorten the lead time between crisis on-set and delivery aid funds.

Colesanti (2014) assessed the benefits of Federal Acquisition Regulations Emergency procurement provisions and concluded that it facilitated speed and efficiency when agencies responded to crisis situations. However, one drawback of the study was that it opened avenues to fraud and waste this concern was prevalent during times of crisis.

2.4 Research Gap

The discussion above revealed a set of knowledge gaps between strategic planning and crisis management. Ghazi (2017) failed to show a strong correlation between the elements of strategic planning of companies in the tourism industry and crisis management. The study investigated how organizations used different crisis management styles and how they incorporated the aspect of strategic planning. The study focused on the general managers who oversaw strategic planning and crisis management. The study relied mostly on preceding studies done by various scholars, notably Smith (2015) who concluded that management mistakes were generally from immoral behaviors. However, the connection between the elements of adequate personnel training and crisis management was not established. There was

lack of information regarding whether any personnel training would have averted the hotel crisis.

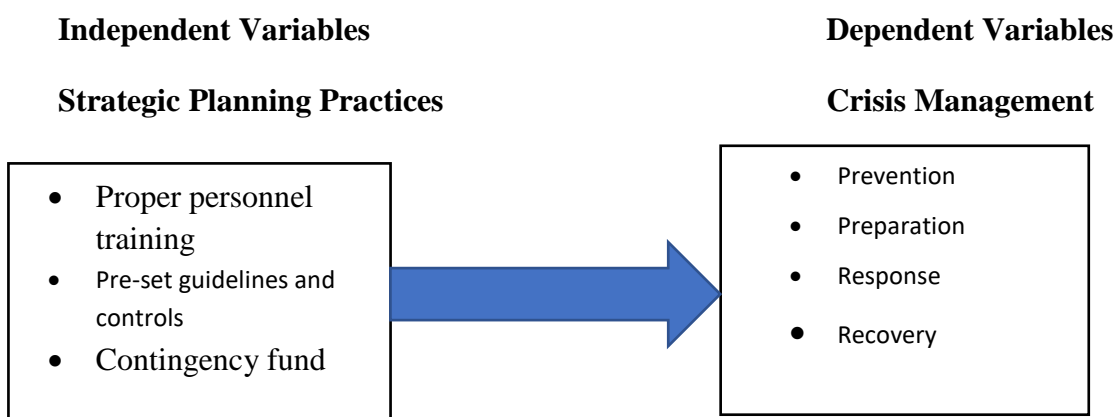
Aljuhmani, and Emeagwali (2017) found a strong correlation between strategic planning and crisis management. The study focused on the role of strategic planning in organizational crisis management. The study created a clear understanding on the importance of pre-set guidelines when managing a crisis. It further revealed that Jordanian banks in Ramtha had a clear strategic plan to face and avoid crises when they occur which is articulated to all of its employees at various levels and departments within the financial industry. The study was however limited to the financial sector.

Locally, Gathiaya (2017) examined the connection of adherence to guidelines set by the Central Bank of the three collapsed banks in Kenya between the years of 2015- 2016 and established a clear relationship between the guidelines and the impact on the organizations when they are ignored. It was concluded that the one of the factors that led to the collapses was lack of observance of the set guidelines by Central Bank of Kenya. The researcher however failed to establish whether factors such as trained personnel and establishment of the contingency fund could have averted the collapse of the banks. In view of the above knowledge gaps, this study investigated the influence strategic planning practices in crisis management among service industries in Kenya.

2.5 Conceptual Framework

The conceptual framework shows the relationship between the independent variable (strategic planning) with the dependent variable (crisis management) as shown in figure 2.1 below

Figure 2.1 Conceptual Framework



Source: Researcher, (2019)

The conceptual framework above is a representation of the hypothesized interaction between strategic planning and crisis management.

2.6 Operationalization of Variables

The main objectives of this study were the influence of strategic planning processes in crisis management. They included proper personnel training, establishment of pre-set guidelines and controls of the organization and creation of a contingency fund in the organization.

Table 2.1 Operationalization of Variables

General Variable	Operational Definition	Measurement of the variables	Supporting Literature
Dependent Variable (Crisis Management)	<ul style="list-style-type: none"> • Prevention • Preparation • Response • Recovery 	<ul style="list-style-type: none"> • Five-point Liker scale was used to measure the variables 	<ul style="list-style-type: none"> • Fielder,1964; Eriksson and McConnell (2011)
Independent Variable Personnel Training	<ul style="list-style-type: none"> • Training sessions available to the organizations • Frequency of training programs available to the organization 	<ul style="list-style-type: none"> • Five-point Liker scale was used to measure the variables • Qualitative analysis 	<ul style="list-style-type: none"> • Olubukunola (2015) ; Withers, Corley and Hillamn (2012) ; Dowell, Shackell and Stuart (2011)
Contingency funds	<ul style="list-style-type: none"> • Availability of emergency funds • Ability to get access to the contingency funds • Amount to funds set aside in relation to the size of the business 	<ul style="list-style-type: none"> • Five-point Liker scale was used to measure the variables 	<ul style="list-style-type: none"> • Lind (2005); OECD (2017)
Pre-set strategic guidelines of the organization	<ul style="list-style-type: none"> • Evidence of strategic planning guidelines • Access to the strategic planning guidelines to the stakeholders 	<ul style="list-style-type: none"> • Five-point Liker scale was used to measure the variables • Qualitative analysis 	<ul style="list-style-type: none"> • Rouse (1982);Gathaiya (2017)

Source: Author, (2019)

2.7 Chapter Summary

The literature review focused on the theories that explain the relationship between strategic planning and crisis management. It also focused on previous studies done that show the relationship between strategic planning and crisis management.



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter aims at explaining how data was gathered and analyzed to attain research objectives. The chapter is divided into various sections as follows: research philosophy, research design, target population, sampling technique, data collection methods, data analysis, and ethical considerations.

3.2 Research Philosophy

Research philosophy is a belief about the way in which data should be gathered and analyzed (Creswell, 2009). The research philosophy of this study was positivism, meaning that the study assumed that only factual knowledge is trustworthy (Aliyu, Bello, Kasim and Martin 2014). Positivistic studies only require the researcher to collect data and interpret it (Lancaster, 2005). Research findings generated were observable and statistically quantifiable. Positivism relies on theory to develop a hypothesis to be tested during the research process (Aliyu et al., 2014).

3.3 Research Design

Dooley, (2014) defines research design as the scheme outline or plan that is used to generate answers to research problems. The study adopted a descriptive research design to determine the correct profile of events, situation, and people (Saunders et. al., 2015). The descriptive research design was used to analyze the objectives of the research where the characteristics of the respondents was defined, analyzed and comparisons drawn. The survey method was applied whereby the researcher administered questionnaire instruments and gave statistical data for analysis.

3.4 Population of Study

Orodho (2005) defines target population as a set of all and cases in the universe that possess the information sought by the researcher. The study identified three sectors that are prone to crisis from the period of 2009 -2019 under which to carry out the study; the banking sector, the hotel sector and the aviation sector. From these sectors, the study targeted the top-level managers who are custodians of the information regarding the strategic planning practices of their organizations and mid-level and junior level employees who serve in the service industry

within the Nairobi region and specifically in the banking, hotel and aviation sectors. The researcher targeted 40 respondents per sector totaling to 120 respondents for the study.

3.5 Sampling Design

Ogula (2005) defined a sampling design as a process or technique of choosing a sub-group from a target group to participate in the study. The sampled respondents were selected using Judgmental sampling. Judgmental sampling is also referred to as selective or purposive sampling and involves the conscious selection of research participants by the researcher. The major aim of judgmental sampling is to include participants who are rich in information regarding the subject under study in order to acquire in-depth information (Kombo and Tromp, 2012). The sampling frame in this study comprised of 30 organizations that operate in the service sector in Kenya. The study also comprised of 40 employees within each stratum, namely the senior and mid-level managers of the banking, hotel and aviation industries who are deemed to have knowledge of the strategic plans within the organizations in handling crisis.

3.6 Data Collection Methods

Primary data was collected using structured questionnaires which were administered through the drop and pick later method. The use of questionnaire was considered to be the most appropriate data collection instrument because it maintains consistency in all the respondents. The questions were structured in that they were the same for all the respondents and included closed ended questions. Each of the respondents received the same set of questions. The questionnaire was constructed based on the Contingency planning theory, the crisis management model and the business continuity model.

3.7 Research Reliability and Validity test

The study aimed at ensuring reliability and validity of the findings. The reliability of the research was gauged by looking at the extent to which similar findings could be drawn if the research procedures and were applied by another researcher. Furthermore, the research was required to be in line with findings drawn from other research that have applied similar methodologies and data collection techniques (Saunders et al., 2012). High validity and reliability are essential for high quality research work.

Table 3.1: Reliability Table

Reliability Statistics		
Variables	Cronbach's Alpha	N of Items
Personnel Training	0.889	8
Pre-set guidelines and controls	0.855	6
Contingency Fund	0.872	5
Crisis Management	0.895	8

Source: Primary Data (2019)

Table 3.1 shows that the alpha coefficient for the research variable exceeds the recommended level of 0.7 according to Bryman & Bell (2007). The test indicate that the variables were reliable.

Validity describes how the research method fully measures what it is intended to measure (Guion, 2013). Content validity draws an inference from test scores to a large domain of items similar to those on the test. Content validity is concerned with sample-population representativeness. The key issue of focus when looking at the validity in the research is to gauge if the data collection methods help in answering the research questions. To ensure content validity, the questionnaires were subjected to a pilot test to check for any weaknesses in design and development. A sample of 10 individuals were selected and invited to take the survey as a pilot. The respondents were asked for feedback on the questions and the time required for completion. Based on the respondents' feedback, the questionnaire was found to meet content validity requirements.

3.8 Data Analysis

The researcher used descriptive statistics for the first objective and included measures of central tendency and measures of dispersion such as the mean and standard deviation. The second objective of the study was analyzed through inferential statistics involved regression analysis produced the Analysis of Variance (ANOVA) with the aid of SPSS. The collected data was edited and coded using numbers corresponding to each answer of the questions. The findings of the research were presented frequency distribution tables to clarify research findings. The model consisted of three variables as the independent variables of strategic planning which are

personnel training, pre-set guidelines and contingency fund. The dependent variable will involve crisis management tools of prevention, preparation, response and recovery.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where

Y = Dependent Variable (prevention, preparation, response and recovery)

α = Constant Term

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ = Beta Coefficients

X_1 = personnel training

X_2 = contingency fund

X_3 = pre-set guidelines

ε = Error Term

3.9 Ethical Considerations

The research adopted a strict privacy and ethical stance. The researcher applied for ethical approval from the Strathmore University Ethical Review Committee and a research license from the National Commission for Science, Technology and Innovation (NACOSTI) in Kenya. The researcher ensured that the respondents' consent was sought for any private information requested. The researcher disclosed to the respondents the true purpose of the research in order for them to make an informed consent decision. The researcher ensured that the questionnaires did not cover unnecessary private information that were of no value to the study.

The researcher collaborated with the respondents' human resource management departments of the respective service organizations in Nairobi to seek permission to conduct the survey in the respondents' premises. This facilitated the data collection process based on clear rules, guidelines and ethical considerations of the respective service organizations under study. An introductory letter from Strathmore University described the researcher's full name, institution of study and the purpose of the survey was attached on the research questionnaires.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 Introduction

This chapter provides findings of evaluated data which are presented in form of tables. The chapter describes the response rates, data reliability, descriptive statistics, correlation analysis results and regression analysis outcomes.

4.2 Response Rate

The study sought to examine the response rate of 120 service-oriented respondents working in the service industry in Nairobi targeting top level, mid-level and junior level management. Out of the 120 questionnaires that were distributed to respondents, 101 questionnaires were successfully selected for analysis. This represented 84.17 % of the target sample. A response rate considered excellent for research is of 70% and above (Saunders et al., 2009)

4.3 Demographic Information

This section shows the gender, age, marital status and service company of the respondents. For this study, the target population was employees of banking sector, aviation sector and private hospital sectors.

4.3.1 Gender of the Respondents

The below section represents the gender of the respondents

Table 4:1 Gender of the respondents

		Frequency	Percent	Valid Percent
Valid	Male	40	19.9	39.6
	Female	61	30.3	60.4
	Total	101	50.2	100.0
Missing	System	100	49.8	
Total		201	100.0	

Source: Primary Data (2019)

The data in Table 4.1 shows that females were the largest number of respondents at 61% while male respondents were at 40%. This implies that there are more women oriented towards the service industry than there are men and differs with the findings of Babin and Boles (1998) whose study suggests that roles that are considered high stress roles affects female service

providers' job performance more negatively than it does males', however it also suggests that job satisfaction is related more highly to quitting intent among males. A conclusion can be drawn that the service industry is a high stress environment that would lead to high level of male leaving the service sector and seeking employment in another sector. However, Muia (2018) disagrees with these findings as he indicated that men were sought employment in the Kenyan economy at a higher rate of 79.2% than women who were rated at 75.6%.

4.3.2 Age of the respondents

The study sought to find out the age of the respondents.

Table 4.2 Age Profile of the respondents

		Frequency	Percent	Valid Percent
Valid	18-25 years	15	7.5	14.9
	26-35 years	47	23.4	46.5
	36-45 years	26	12.9	25.7
	above 45 years	13	6.5	12.9
	Total	101	50.2	100.0
Missing	System	100	49.8	
Total		201	100.0	

SOURCE: PRIMARY DATA (2019)

The age of the respondents was required for the study. From the table 4.3 above, the age group between 26 to 35 represented the highest percentage at 23.4% of the respondents while 6.5% respondents represented respondents above 45 years of age. This shows implies that the service industry is attractive to the youth and encourages job promotion and job retention for the youth in this sector.

4.3.3 Marital Status of the respondents

The marital status of the respondents was sought for the study.

Table 4.3 Marital Status of the Respondents

		Frequency	Percent	Valid Percent
Valid	single	44	21.9	43.6
	married	50	24.9	49.5
	separated	7	3.5	6.9
	Total	101	50.2	100.0
Missing	System	100	49.8	
Total		201	100.0	

SOURCE: PRIMARY DATA (2019)

The marital status of the respondents was required for the study. From the table 4.4 the highest percentage of the respondents were married at 24.9% while those separated represented 3.5% These findings are not surprising as this is the age group that most individuals start families.

4.1.1 Service Company

The organization of the respondents was captured in Table 4.4 below

Table 4.4 Service company of the respondents

		Frequency	Percent	Valid Percent
Valid	Bank	59	29.4	58.4
	Aviation	32	15.8	31.7
	Hotel	10	5.0	9.9
	Total	101	50.2	100.0
Missing	System	100	49.8	
Total		201	100.0	

SOURCE: PRIMARY DATA (2019)

The Table 4.4 above indicates the service sector of the respondents. The data indicates that the highest number of 24.4% of the respondent's worked in the banking industry, while the lowest number of respondents, represented by 5%, worked in the hotel sector. This implies that the respondents in Nairobi County seem to have higher preference to working in the banking sector than the hotel sector. According to Mokaya and Kipyegon (2014) the scholars noted that the through adequate remuneration, the banking sector has managed to build a distinctive corporate culture that encourages hard work and attracts retains its employees unlike other industries.

4.4 Strategic Planning Practices

The study measured the independent variables of strategic planning personnel training, pre-set guidelines and contingency fund. The descriptive statistics are presented next.

4.4.1 Personnel Training

A set of eight questions representing different aspects were presented to the respondents, and they were, in turn, requested to express their degree of agreement on a Likert scale where 1 was strongly disagree, 2 was disagree, 3 was somewhat agree, 4 was agree, and 5 was strongly agreed. The respondents indicated their level of agreement with the 6 questions. The results were first described using descriptive statistics where mean and standard deviation was computed.

Table 4.5 Personnel Training

Descriptive Statistics			
Personnel Training	N	Mean	Std. Deviation
As an employee of the organization I have undergone introductory crisis training sessions relevant to my position in the company.	101	3.03	1.330
Our organization ensures that I am updated in any training sessions related to crisis management.	101	2.71	1.283
Our organization ensures that in-house training sessions are available in my department in regard to crisis management situations.	101	2.76	1.266
Our organization ensures that the communication channels between management and myself is clear.	101	3.58	1.143
Our organization ensures that I undergo periodic assessments and evaluation when dealing with crisis situations.	101	2.84	1.263
Our organization ensures that there is quick disbursement of information when its preparing for any crisis situation within the company.	100	3.09	1.248
Our organization encourages me to attend training sessions	101	3.22	1.213
Our organization funds training sessions to ensure I am updated on the relevant crisis management tools	101	2.76	1.250
OVERALL SCORE	101	3.00	1.25

Source: Primary Data (2019)

As shown in Table 4.5 above, the overall mean of the 3.00 with a standard deviation of 1.25. The respondents agree that they have undergone introductory crisis management training with a mean score of 3.03 and a standard deviation of 1.330 however a majority did not agree that they had any updated training sessions as the mean indicated a score of 2.71 and a standard

deviation of 1.283. Furthermore, the slightly more than half of the respondent did not agree that there were any in-house training sessions in regard to crisis management as the mean was 2.76 and the standard deviation was 1.266. However, the respondents did agree that there were clear communication channels between management and the employees as indicated by the mean score of 3.58 and the standard deviation score of 1.143. The respondents further acknowledged that there was quick disbursement of information when preparing for any crisis with a mean of 3.09 and standard deviation of 1.248 however a majority of the respondents did not agree that they underwent any periodic assessments and evaluations when dealing with crisis as the mean score was 2.84 and a standard deviation of 1.263.

4.4.2 Pre- set guidelines and Controls

A set of six questions representing different aspects pre-set guidelines were presented to the respondents, and they were, in turn, requested to express their degree of agreement on a Likert scale where 1 was strongly disagree, 2 was disagree, 3 was somewhat agree, 4 was agree, and 5 was strongly agreed. The respondents indicated their level of agreement with the 6 questions. The results were first described using descriptive statistics where mean and standard deviation was computed.

The Table 4.6 below captures the questionnaire information regarding pre-set guidelines and controls



Table 4.6 Pre- set guidelines

Descriptive Statistics			
Pre-set guidelines and controls	N	Mean	Std. Deviation
The organization has a set of guidelines that as an employee I adhere to	101	3.86	1.140
As an employee of the organization I am aware of the general standard guiding procedures of the industry in dealing with matters of crisis management	101	3.47	1.180
The organization has internal standard guidelines when dealing with matters relating to crisis situations that I am aware of.	101	3.26	1.246
As an employee of the organization I am aware that the other individuals in my department are conscious of the guidelines in crisis management.	101	3.05	1.161
As an employee of the organization I am aware that the organization has identified a team of the individuals who are tasked with initiating or amending the pre-set guidelines and controls in relation to crisis management	101	3.16	1.271
As an employee of the organization I have easy access of the standard controls and guidelines through hard or soft copy	101	3.44	1.260
OVERALL SCORE	101	3.37	1.21

Source: Primary Data (2019)

The respondents acknowledged that their organization had a set of guidelines that they adhered to with a mean of 3.86 and a standard deviation of 1.140. Furthermore, a majority of the respondents were also aware of the general standard guiding procedures of the industry in matters of crisis matters with a mean of 3.47 and a standard deviation of 1.180. The respondents agreed that they are aware of the internal standard guidelines run by their organization in matters of crisis management with a mean of 3.26 and a standard deviation of 1.246 and that as employees of the organization, they are cognizant of the fact that the other individuals in their department were conscious of the guidelines in crisis management with a mean of 3.0 and standard deviation of 1.161. The respondents further acknowledged that their organizations had identified a team of individuals who were tasked with initiating or amending the pre- set guidelines and controls in relation to crisis management with a mean of 3.16 and a standard deviation of 1.271 and that there was a deliberate effort by the organization to ensure the respondents had access to standard controls and guidelines through hard and soft copies with a mean of 3.44 and standard deviation of 1.260.

4.4.3 Contingency Fund

A set of five questions representing different aspects pre-set contingency were presented to the respondents, and they were, in turn, requested to express their degree of agreement on a Likert scale where 1 was strongly disagree, 2 was disagree, 3 was somewhat agree, 4 was agree, and 5 was strongly agreed. The respondents indicated their level of agreement with the 5 questions.

The results were first described using descriptive statistics where mean and standard deviation was computed. As shown in Table 4.7 below, the overall mean was 2.654 while the median is 3 and the standard deviation was 1.2008 indicating that most of respondents are not aware of a contingency fund that the company would have in cases of crisis.

Table 4.7 Contingency fund

Descriptive Statistics			
Contingency fund	N	Mean	Std. Deviation
As an employee of the organization I am aware that management has increased awareness to the employees regarding the merits and demerits in establishing a contingency fund	101	2.43	1.178
As an employee of the organization I am aware that our organization has put in place a contingency fund for emergencies.	101	2.69	1.155
As an employee of the organization I am aware that our organization has established guidelines on how the contingency fund will be disbursed to avoid wastage	101	2.77	1.121
As an employee of the organization I am aware that the top management has identified financial institutions that are able to manage the fund and process it to the organization in cases of emergency.	101	2.86	1.265
As an employee of the organization I am aware that management provides a periodic report concerning the utilization of the contingency fund to its Board of Directors	101	2.78	1.285
OVERALL SCORE	101	2.71	1.20

Source: Primary Data (2019)

From the findings, the respondents were not aware of a contingency fund in their organization that would aid in crisis management with an overall mean score of 2.71 and a standard deviation of 1.20. Furthermore, the respondents disagreed that they were aware that management had increased awareness to its employees regarding establishing a contingency fund with as illustrated with a mean score of 2.43 and a standard deviation of 1.178. In addition to this, the respondents disagreed that the organization had established guidelines on how the contingency fund would be managed to avoid and reduce wastage as illustrated by the mean of 2.77 and standard deviation of 1.121. A majority of the respondents did not agree that they were aware that top management had identified financial institutions that were able to manage the contingency fund and process it in cases of emergency as demonstrated by the mean of 2.86 and standard deviation of 1.265.

4.4.4 Crisis Management

A set of eight questions representing different aspects were presented to the respondents, and they were, in turn, requested to express their degree of agreement on a Likert scale where 1 was strongly disagree, 2 was disagree, 3 was somewhat agree, 4 was agree, and 5 was strongly agreed. The results were first described using descriptive statistics where mean and standard deviation was computed.

Table 4.8 Crisis Management

Descriptive Statistics			
Crisis Management	N	Mean	Std. Deviation
As an employee of the organization I am aware that the organization has successfully managed one of more crisis situations.	101	3.44	1.260
As an employee of the organization I am aware that the organization has identified weaknesses in its management of crisis situations.	101	3.16	1.271
As an employee of the organization I am aware that the organization has put in place measures that will enable it to better handle future crisis situations.	101	3.26	1.246
As an employee of the organization I can speculate that the crisis situation experienced by the company was handled correctly to reduce any negative impact to the continued operations of the organization	101	3.03	1.330
As an employee of the organization I concur that proper personnel training reduced the effect of the crisis situation in your organization.	101	2.84	1.263
As an employee of the organization I agree that clear communication channels enabled fast distribution of information to reduce the impact of the crisis.	100	3.09	1.248
As an employee of the organization I confirm that the organization is well equipped with qualified personnel to train fellow employees on crisis management practices.	101	3.86	1.140
As an employee of the organization I am aware that the contingency fund has enabled the organization to go through the crisis.	101	2.76	1.266
OVERALL SCORE	101	3.18	1.25

Source: Primary Data (2019)

The respondents agreed that their organizations had successfully managed one or more crisis situations as illustrated by a mean score of 3.44 and a standard deviation of 1.260. The respondents further acknowledged that their organizations had identified weaknesses in its management of crisis situations as indicated by the mean of 3.16 and the standard deviation of 1.271. Furthermore, the respondents agreed that the organizations had put measures in place

that would enable it to handle crisis situations as noted by the mean score of 3.26 and a standard deviation of 1.246. The respondent however did not agree that the personnel training put in place by the organization reduced crisis situation in their organization as noted by the mean of 2.84 and standard deviation of 1.263. The respondents agreed that there were clear communication channels as indicated by the mean of 3.09 and standard deviation of 1.248 and were well equipped with qualified personnel to train fellow employees in crisis management practices as indicated by the mean of 3.86 and standard deviation of 1.140. However, the respondents did not agree that the contingency fund had enabled them to get through a crisis situation as shown by the mean of 2.76 and standard deviation of 1.266.

4.5 Strategic Planning Practices and Crisis Management

The study objective was to determine the influence of strategic planning practices in crisis management by service organizations in Nairobi County. First a correlation was done to establish the nature of the relationship between the variables. Once a relationship between the dependent and independent variables was established, multiple regression analysis was utilized to establish the effect of each of independent variable to dependent variables. The overall significance of the model was also established using analysis of variance (ANOVA).

4.5.1 Test for Auto Correlation

Autocorrelation refers to a situation where the residuals in the model are correlated which would have a negative influence on the model that is correct inference cannot be made. Durbin Watson statistic was used to test for autocorrelation. If the calculated Durbin Watson statistics is closer two, there is no autocorrelation (Cohen, 2000). The Table 4.9 below shows that the Durbin Watson statistic is 1.538 hence it implies that there is no auto correlation.

The Table 4.9 below captures information on the Durbin – Watson Statistic

Table 4.9 Durbin-Watson Statistic

Model	Durbin-Watson
1	1.719
2	1.673
3	1.560
Overall	1.538

- a. Predictors: (Constant), personnel training, pre-set guidelines and controls and contingency fund
- b. Dependent Variable: Crisis Management

Source: Primary Data (2019)

4.5.2 Pearson's Correlation Analysis

A Parametric method (Pearson's) was used to determine the correlation between two variables as shown in Table 4.10 below

Table 4.10 Person's Correlations

		Personnel Training	Pre-set guidelines and controls	Contingency Fund	Crisis Management
Personnel Training	R	1	.753**	.402**	.671**
	P value		0.000	0.000	0.000
Pre-set guidelines and controls	R	.753**	1	.466**	.687**
	P value	0.000		0.000	0.000
Contingency Fund	R	.402**	.466**	1	.655**
	P value	0.000	0.000		0.000
Crisis Management	R	.671**	.687**	.655**	1
	P value	0.000	0.000	0.000	

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

Source: Primary Data (2019)

In Table 4.10 above, the outcomes of this study show that the correlation at the 0.01 level between variables is shown by two asterisks (**). Pearson's rank correlation was used to check if there was an association between each of the independent variables and the dependent variable. Pearson's correlation coefficient (Rs) ranges from -1 to 1. 00- .19 shows very weak relationship, .20-.39 shows weak relationship, .40-.59 shows moderate relationship, .60-.79 shows strong relationship and .80 -1.0 shows very strong relationship.

The result in the Table 4.10 above shows that there was a strong positive relationship between crisis management and personnel training. The relationship was positive and statistically significant at 1% significance level (R = 0.671, p value = 0.000 < 0.01). Pre-set guidelines and controls and crisis management had a strong positive relationship. The relationship was positive and statistically significant at 1% significance level (R = 0.687, p value = 0.000 < 0.01).

There was a strong positive relationship between crisis management and Contingency fund. The relationship was positive and statistically significant at 1% significance level (R = 0.655, p value = 0.000 < 0.01).

4.5.3 Regression Analysis

The main objective of this study was to establish the influence of strategic planning processes when handling crisis management by selected service organizations in Nairobi County. Once the study had established a presence of a relationship between the independent and the dependent variable multiple linear regression analysis was used to establish the effect of each of independent variable to dependent variables. Thereafter the influence of independent variables on the dependent variables was investigated using overall model. Coefficient of determination (R squared) and analysis of variance (ANOVA) was used to examine the overall significance of the model.

Table 4.11 Model Summary

A summary model is presented in Table 4.11

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.810 ^a	0.655	0.645	0.55515

a. Predictors: (Constant), Contingency Fund, Personnel Training, Pre-set guidelines and controls

b. Dependent Variable: Crisis Management

Source: Primary Data (2019)

The model summary results in Table 4.11 show that a considerable proportion of the variance in crisis management can be attributed personnel training, pre-set guidelines and controls and contingency fund. The study found that personnel training, pre-set guidelines and controls and Contingency fund explains 65.5% of the variance in crisis management. This is as shown by the R squared of 0.655.(1- 0.655) 34.5% represents other factors not considered in the model represent.

From Table 4.11, 65.5% of the model is explained by the independent variable. Analysis of variance (ANOVA) was used to test whether the percentage explained by the independent variables is statistically significant that is the overall significance of the model. From our hypothesis,

H₀: The model is not significant

H₁: The model is significant

The research examined the model’s significance through application of variance (ANOVA method). The outcomes are illustrated below.

Table 4.12 ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	56.844	3	18.948	61.481	.000 ^b
	Residual	29.895	97	0.308		
	Total	86.739	100			

a. Dependent Variable: Crisis Management

b. Predictors: (Constant), Contingency Fund, Personnel Training, Pre-set guidelines and controls

Source: Primary Data

The study findings in Table 4.12 show that the model used in this study was significant and that we reject the null hypothesis and conclude that the model is statistically significant at 1% significance level (F value = 61.481, p value = 0.000 < 0.01).

The regression coefficients as displayed in Table 4.13 were analyzed in order to establish the influence of the individual independent variables in the model and whether they are statistically significant. The t statistics and associated p value were examined and the decision rule was that, for a variable to be significant in explaining a dependent variable, the associated p value should be less than the critical p value which is set at 0.05 in this study.

Table 4.13 Regression Coefficients

Coefficients ^a							
Model		Unstandardized Coefficients		t	Sig.	Collinearity Statistics	
		B	Std. Error			Tolerance	VIF
1	(Constant)	0.346	0.223	1.549	0.125		
	Personnel Training	0.305	0.090	3.372	0.001	0.430	2.326
	Pre-set guidelines and controls	0.269	0.095	2.833	0.006	0.401	2.492
	Contingency Fund	0.388	0.064	6.020	0.000	0.777	1.287

a. Dependent Variable: Crisis Management

Source: Primary Data (2019)

As shown in Table 4.13, Personnel Training had a strong positive and significant influence on crisis management as given by ($\beta = 0.305$, $t = 3.372$, $p = .001 < 0.01$). The implication of this findings is that a unit increase in personnel training would lead to increased crisis management by 0.305. The study also found that pre-set guidelines and controls has a positive and significant influence to crisis management as shown by ($\beta = 0.269$, $t = 2.833$, $p = .006 < 0.01$). Hence, increase in pre-set guidelines and controls among the respondents by a unit would result to an

increase in the crisis management by 0.269 units. It was further found that contingency fund has a positive significant influence in crisis management ($\beta = 0.388$, $t = 6.02$, $p = .000 < 0.01$). This means that a unit increase in contingency fund among respondents would lead to increase crisis management by 0.388 units.

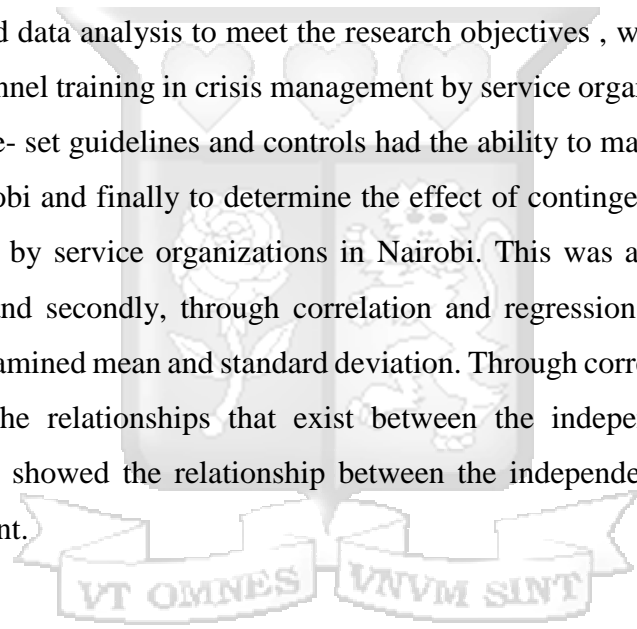
Hence, the following model was fitted;

$$Y = 0.346 + 0.305x_1 + 0.269x_2 + 0.388x_3$$

Crisis Management = $0.346 + 0.305 * \text{personnel training} + 0.269 * \text{Pre-set guidelines and controls} + 0.388 * \text{contingency fund}$.

4.6 Conclusion

This chapter discussed data analysis to meet the research objectives , which were to establish the influence of personnel training in crisis management by service organizations in Nairobi to determine whether pre- set guidelines and controls had the ability to manage crises by service organizations in Nairobi and finally to determine the effect of contingency funds in planning of crisis management by service organizations in Nairobi. This was achieved, first through descriptive analysis and secondly, through correlation and regression. Through descriptive statistics, the study examined mean and standard deviation. Through correlation and regression, the study analyzed the relationships that exist between the independent and dependent variables. The results showed the relationship between the independent and the dependent variable was significant.



CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The objective of this study was to determine the influence of strategic planning practices in crisis management in service organizations in Nairobi. This chapter outlines a discussion, conclusions and recommendations emanating from this study as well as existing literature, and ends with a presentation of possible areas for further study.

5.2 Discussion of the Findings

This section discusses the findings of the study under each study objective.

5.5.1 Personnel Training and Crisis Management

Personnel training was found to have a strong, positive and significant relationship with to crisis management. These findings agree with the previous studies of Ghazi (2017) and Withers, Corley and Hillman (2012), where personnel training influenced crisis management. Dubrovski (2007) posits that companies often make things worse for themselves, not because they mean to, but because of top management controls. He further acknowledges that although the state of the crisis in the company can be affected by various interrelated external and internal causes, the essence of the causes arguably lies in the management of the company which can be reduced through proper personnel training programs.

The findings of the study contend with the above scholars who agree that the service industry is vulnerable to crisis unless it highlights the importance that personnel training has on reducing crisis situations within the organizations. It is a matter of prudence that organizations should engage in crisis management training programs with their not only with their top-level employees but also with their mid-level and junior level employees to increase awareness to ensure that any future disasters would not deter them from attaining their desired objectives.

5.5.2 Pre- set guidelines and controls and Crisis Management

Pre- set guidelines and controls was found to have a strong positive and significant relationship with crisis management. These findings agree with the studies of Aljuhmani, and Emeagwali (2017) who argue that the survival of the organizations can be attributed to how it follows its pre-set guidelines when handling a financial crisis. A majority of the respondents of the above scholar's study were in the banking industry and the analysis show that a majority of the respondents were not aware of any guidelines that the bank would follow in a crisis. These

findings also agree with Githaiya (2017) who drew the same conclusion after evaluating issues affecting the three collapsed banks in Kenya from the year 2015 – 2016, namely Dubai Bank, Chase Bank and Imperial Bank. The researcher quantified and analyzed issues affecting the collapsed banks and concluded that the one of the factors that led to the collapse was lack of observance by the said local banks to the pre-set guidelines by Central Bank of Kenya.

The benefit that pre- set guidelines in crisis management has to organizations is of vital importance as it provides a clear roadmap of action to take in times of crisis. This should therefore not be a taken lightly by organizations as it reduces chances or error or ambiguities in the organizational guidelines and enables them to act quickly in times of crisis. Organizations should therefore provide clear guidelines to its employees in establishing and following the guidelines of the company to lessen any forthcoming organizational crisis.

5.5.3 Contingency Fund and Crisis Management

Contingency fund was found to be a strong positive and significant relationship relating to crisis management. On further analysis, only top-level and few mid-level managements were aware of the contingency fund within the organization. The respondents did not have information as to whether the company would have a contingency fund to enable them to handle a crisis. It was evident through the questionnaire, that this was information that was only privy to top-level management and this represented a small population of the respondents.

Due to the sensitivity of financial information, management would not be comfortable to disbursing this to its junior members. However, the service industry is prone to crisis and in an economy where companies collapse due to lack to guidance, employees need to be assured that there is an emergency fund to sustain the company through its crisis. While this information would not be privy to the junior level employees, such information should be watered and passed down to its mid-level employees who would synthesis this information to its junior employees.

5.3 Conclusion

Strategic planning is a way to help an organization be more productive by guiding the allocation of resources in order to achieve its goals and organizational objectives resulting in an organizational guide to its growth.

The study sought determine the influence of strategic planning processes in crisis management by selected organizations in the service industry in Nairobi. The initial objective was the influence of personnel training in crisis management by service organizations in Nairobi. The

outcomes indicate a strong positive and significant relationship to crisis management, thus showing that currently, organizations consider the application of personnel training as an important strategic planning practice tool in crisis management. This study implies that the service organizations are taking the necessary precautions in training their employees before a crisis occurs.

The second objective was the establishments of the pre-set guidelines of the organizations in crisis management. The results show a strong positive and significant relationship to crisis management. This implies that organizations have organizational guidelines that they adhere to in crisis management. This does not leave the organization vulnerable to external threats and furthermore it empowers its employees in dealing with crisis management as it ensures they know what to do in times of crisis.

The third was the establishment of a contingency fund in crisis management by service organizations in Nairobi. The results show a strong positive and significant relationship to crisis management. The study concluded that while this information was held only by top-level management and not given to mid-level managers this directive by management should be reconsidered. Information should be given to ensure that employees are aware of the going concern of the company and reduce instance of panic during a crisis.

5.4 Recommendations

Apart from the banking respondents who were the majority of the respondents, all the other respondents were not properly trained once incorporated into the company. It was also noted that while the respondents had an idea of what to do from the older members of the company, most companies followed guidelines that needed to be updated to fit to current times. It is a recommendation to the policy makers that proper training methods be set as a priority in service-oriented organizations as it is an important tool in strategic planning and updated to fit the current times.

Practitioners should evaluate ways of incorporating the strategic planning processes identified by the study into their strategic planning forums as the outcomes of the study have proved that organizations are not able to maintain sustainable competitive advantage in if the internal processes are weak

5.5 Limitations of the Study

One of the limitations of the research was the ability to get top level management to participate for the study. It became clear that the top-level management had access to more information

that would assist the research however few were able to participate for the research.

Another limitation was the swiftness of data collection because of the pressure of financial resources and time. It was not easy to conduct personal interviews by the researcher of all the respondents; thus, respondents were asked to fill questionnaires.

5.6 Areas for further study

The study can be directed at examining the influence of the external factors of strategic planning processes in crisis management. Furthermore, the research concentrated on the service industry in Nairobi. Other researchers can concentrate on other industries as such the health industry to further this research.



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APPENDICES

APPENDIX I: INTRODUCTORY LETTER

The role of strategic planning processes in crisis management by selected organizations in the service industry in Kenya.

Dear Sir/Madam,

I am a Master of Commerce (MCOM) student at Strathmore University. As a requirement of this master degree, I am supposed to carry out a research intended to solve a problem within

my area of specialization. I intend to conduct a research towards to determining the role of strategic planning processes in crisis management by selected organizations in the service industry in Kenya.

There is no personal risk involved as a result of your participation in this survey. The data collected from this survey will be used for education and research purposes only. The information will be CONFIDENTIAL. Your participation is to be completely NONCOMPULSORY and ANONYMOUS. Non-participation will not result in penalty or loss of any kind.

Once you complete the questionnaire, please return it to the person who provided the questionnaire or to the person at the counter.

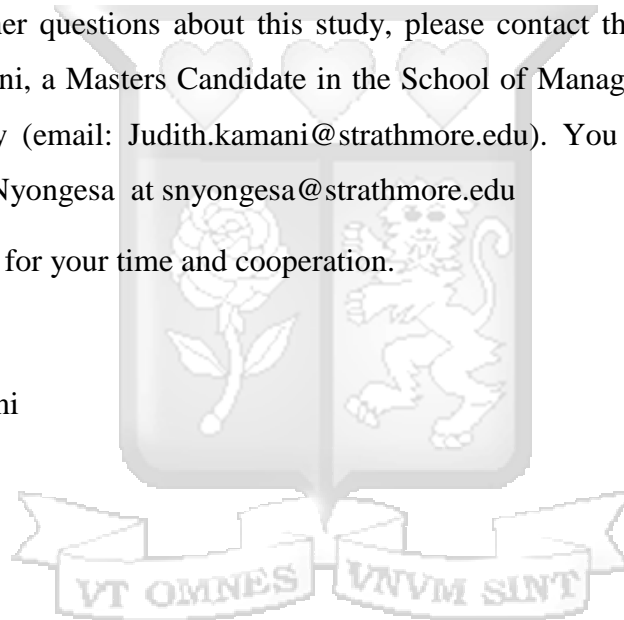
If you have any further questions about this study, please contact the principal researcher, Judith Mukami Kamani, a Masters Candidate in the School of Management and Commerce, Strathmore University (email: Judith.kamani@strathmore.edu). You may also contact my supervisor Dr. Stella Nyongesa at snyongesa@strathmore.edu

Thank you very much for your time and cooperation.

Sincerely,

Judith Mukami Kamani

Masters Student.



Serial No:

Organization:

APPENDIX II:

QUESTIONNAIRE FOR EMPLOYEES

Dear respondent, this is a questionnaire investigating the influence of Strategic Planning practices in dealing with crisis management by organizations in the selected service industry companies in Nairobi.

PART A: GENERAL INFORMATION

Kindly tick (✓) where appropriate

1. Please indicate your gender

Male () Female ()

2. What is your age bracket?

18 – 25 ()

26 – 35 ()

36 – 45 ()

Above 45 ()

3. Please indicate your marital status

Single () Married () Separated ()

4. Please confirm your level of education

Diploma () Graduate () Post- Graduate ()

5. How long have you worked in this organization?

0 – 2 Years ()

3 – 5 Years ()

6 – 10 Years ()

Above 10 years ()

6. What is your position in the organization?

- Top- Level Management ()
- Mid – Level Management ()
- Junior Level Management ()

PART B: STRATEGIC PLANNING PRACTICES

7. This section aims to establish the extent to which training of personnel is carried in your organization. Please indicate the extent to which you agree with the statements below using a Likert Scale of 1 – 5 where: - 1 = Strongly disagree, 2 = Disagree, 3 = Undecided; 4 = Agree, 5 = strongly agree

Personnel Training

	Statement	Strongly Disagree (1)	Disagree (2)	Undecided (3)	Agree (4)	Strongly Agree (5)
i)	As an employee of the organization I have undergone introductory crisis training sessions relevant to my position in the company.					
ii)	Our organization ensures that I am updated in any training sessions related to crisis management.					
iii)	Our organization ensures that in-house training sessions are available in my department in regard to crisis management situations.					
iv)	Our organization ensures that the communication channels between management and myself is clear.					
v)	Our organization ensures that I undergo periodic assessments and evaluation when dealing with crisis situations.					
vi)	Our organization ensures that there is quick disbursement of information when its preparing for any crisis situation within the company.					
vii)	Our organization encourages me to attend training sessions					

viii)	Our organization funds training sessions to ensure I am updated on the relevant crisis management tools					
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Pre-set guidelines and controls

8. This section aims to establish the extent to which preset guidelines and controls are enforced in your organization. Please indicate the extent to which you agree with the statements below using a Likert Scale of 1 – 5 where: - 1 = Strongly disagree, 2 = Disagree, 3 = Undecided; 4 = Agree, 5 = strongly agree

	Statement	Strongly Disagree (1)	Disagree (2)	Undecided (3)	Agree (4)	Strongly Agree (5)
i)	The organization has a set of guidelines that as an employee I adhere to.					
ii)	As an employee of the organization I am aware of the general standard guiding procedures of the industry in dealing with matters of crisis management.					
iii)	The organization has internal standard guidelines when dealing with matters relating to crisis situations that I am aware of.					
iv)	As an employee of the organization I am aware that the other individuals in my department are conscious of the guidelines in crisis management.					
v)	As an employee of the organization I am aware that the organization has identified a team of the individuals who are tasked with initiating or amending the pre-set guidelines and controls in relation to crisis management					
vi)	As an employee of the organization I have easy access of the standard					

	controls and guidelines through hard or soft copy					
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Contingency Fund

9. This section aims to establish the benefits of establishing a contingency fund within the organization when dealing with crisis management situations in the organizations. Please indicate the extent to which you agree with the statements below using a Likert Scale of 1 – 5 where: 1 = Strongly disagree, 2 = Disagree, 3 = Undecided; 4 = Agree, 5 = strongly agree

	Statement	Strongly Disagree (1)	Disagree (2)	Undecided (3)	Agree (4)	Strongly Agree (5)
i)	As an employee of the organization I am aware that management has increased awareness to the employees regarding the merits and demerits in establishing a contingency fund					
ii)	As an employee of the organization I am aware that our organization has put in place a contingency fund for emergencies.					
iii)	As an employee of the organization I am aware that our organization has established guidelines on how the contingency fund will be disbursed to avoid wastage					
iv)	As an employee of the organization I am aware that the top management has identified financial institutions that are able to manage the fund and process it to the organization in cases of emergency.					
v)	As an employee of the organization I am aware that management provides a periodic report concerning the utilization of the contingency fund to its Board of Directors					

PART C: CRISIS MANAGEMENT

10. This section aims to establish the extent to which crisis management is handled in your organization. Please indicate the extent to which you agree with the statements below using a Likert Scale of 1 – 5 where: - 1 = Strongly disagree, 2 = Disagree, 3 = Undecided; 4 = Agree, 5 = strongly agree

	Statement	Strongly Disagree (1)	Disagree (2)	Undecided (3)	Agree (4)	Strongly Agree (5)
i)	As an employee of the organization I am aware that the organization has successfully managed one of more crisis situations.					
ii)	As an employee of the organization I am aware that the organization has identified weaknesses in its management of crisis situations.					
iii)	As an employee of the organization I am aware that the organization has put in place measures that will enable it to better handle future crisis situations.					
iv)	As an employee of the organization I can speculate that the crisis situation experienced by the company was handled correctly to reduce any negative impact to the continued operations of the organization					
v)	As an employee of the organization I concur that proper personnel training reduced the effect of the crisis situation in your organization.					
vi)	As an employee of the organization I agree that clear communication channels enabled fast distribution of information to reduce the impact of the crisis.					
vii)	As an employee of the organization I confirm that the organization is well equipped with qualified personnel to train fellow employees on crisis management practices.					

viii)	As an employee of the organization I am aware that the contingency fund has enabled the organization to go through the crisis.					
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THANK YOU FOR YOUR RESPONSE



APPENDIX III

**APPROVAL LETTER FROM STRATHMORE UNIVERSITY INSTITUTIONAL
ETHICS REVIEW COMMITTEE**



