

Strategic Planning Practices and Performance of Supermarkets in Nairobi City County, Kenya

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Abstract: Supermarkets in Nairobi City County have faced serious performance challenges, including the collapse of several large chains, yet the contribution of strategic planning to their performance remains under-researched. This study determined the relationship between strategic planning practices and the performance of supermarkets in Nairobi City County, Kenya. A descriptive cross-sectional survey was conducted as a census of the 147 registered supermarkets, guided by the Resource-Based View. Data were collected from branch managers, departmental supervisors and senior operational leads using a pre-tested five-point Likert questionnaire (Cronbach's alpha above .70). In total, 118 usable questionnaires were returned, an 80.27% response rate. Data were analyzed in SPSS version 29 using descriptive statistics, Pearson correlation and regression analysis. Strategic planning practices were applied to a high extent (mean = 3.91, SD = 0.84); a clear vision and mission was the most established practice and staff involvement the weakest (mean = 3.24). Strategic planning practices were positively and significantly related to performance ($r = .584, p < .001; \beta = 0.245, p = .001$). The study concludes that formal, participative planning enhances supermarket performance and recommends that managers involve operational staff in planning and review plans regularly.

Keywords: Nairobi City County, Organizational performance, Retail management, Strategic planning practices, Supermarkets

I. Introduction

1.1 Background

Supermarkets are a central feature of urban food retailing in Kenya. They supply households with groceries and everyday goods, create employment and link suppliers to consumers. Nairobi City County hosts the greatest concentration of supermarkets in the country, ranging from large national chains to small neighborhood outlets. The sector has, however, proved unstable. The collapse of established chains such as Nakumatt, Tuskys and Uchumi led to job losses and loss of consumer confidence, and has been linked to strategic and operational mismatches within the firms concerned [1].

Strategic planning is the systematic process through which an organization determines its long-term direction, sets objectives, allocates resources and establishes mechanisms for monitoring performance [2]. Supermarkets operate on thin margins and face changing consumer habits, economic fluctuations and intense competition, so planning offers a means of anticipating environmental change rather than merely reacting to it. Pearce and Robinson [2] argue that firms with explicit planning systems outperform firms that rely on ad hoc and reactive strategies because they are better able to predict change.

Kenyan evidence points in a similar direction. Gekonge [3] reported that supermarkets with structured plans, clear performance targets and regular plan reviews achieved higher revenue growth than those without such plans. Planning is not automatically beneficial, however. Njuguna [4] found that many Nairobi supermarkets prepared strategic plans to satisfy compliance requirements or reassure investors, but implemented them poorly because of weak managerial commitment, limited financial resources and little employee involvement. A study of Carrefour outlets in Nairobi likewise reported a strong association between strategic planning and outlet performance [5].

1.2 Problem Statement

Despite the apparent importance of planning, the Nairobi supermarket sector has continued to struggle. Research on the sector has concentrated mainly on generic competitive strategies, which account for about 68% of the variation in supermarket performance but leave the contribution of formal planning processes comparatively unexplored [6]. The literature has also been dominated by large chains, while the small and medium-sized outlets that make up a significant part of the Nairobi market have received little attention [7]. In addition, there is limited quantitative evidence linking planning practices to measurable outcomes such as financial performance, customer satisfaction and market share, particularly after recent economic shocks such as the post-COVID-19 recovery and inflation. Managers and policy makers therefore lack evidence on whether, and how strongly, strategic planning practices are associated with performance across supermarket formats.

1.3 Objective, Hypothesis and Contribution

The objective of this study was to determine the relation between strategic planning practices and the performance of supermarkets in Nairobi City County, Kenya. The study answered the question: what is the effect of strategic planning practices on the performance of supermarkets in Nairobi City County? It tested the null hypothesis H_0 : strategic planning practices have no significant relationship with the performance of supermarkets in Nairobi City County, Kenya.

The study contributes in three ways. It provides survey evidence from supermarkets of different sizes rather than from large chains alone. It examines planning through goal setting, plan review and staff involvement, which allows the participative side of planning to be assessed alongside its formal side. It also offers practical guidance to supermarket managers, owners and policy makers on the planning practices most in need of strengthening.

II. Literature Review

2.1 Theoretical Foundation: The Resource-Based View

The study is anchored on the Resource-Based View (RBV), developed by scholars such as Barney [8] and Wernerfelt [9]. The RBV holds that firms achieve and sustain a competitive advantage when they identify, build and exploit resources that are valuable, rare, hard to imitate and non-substitutable. Resources include tangible and intangible assets such as brand reputation, customer loyalty, skilled personnel and managerial capabilities [8].

The RBV turns attention from market conditions that a firm cannot control to the internal strengths that it can build [10]. Strategic planning can be treated as one such capability. The ability to set clear goals, to review plans as conditions change and to mobilize staff around a common direction is embedded in a firm's routines and managerial know-how, which makes it difficult for competitors to copy. The RBV also argues that the advantage derived from resources depends on how they are combined rather than on any single resource [11]. Planning is the process through which a supermarket's financial, human and physical resources are deliberately combined and aligned with its market. On this view, supermarkets with well-developed planning capabilities are expected to outperform those without them, which provides the basis for the hypothesis tested in this study.

2.2 Strategic Planning and Supermarket Performance

Empirical work generally associates structured planning with better organizational outcomes. Pearce and Robinson [2] observe that firms with explicit planning systems outperform those with reactive strategies. In Kenya, Gekonge [3] showed that supermarkets with structured plans, performance targets and regular reviews achieved stronger revenue growth, and the study of Carrefour outlets in Nairobi found strategic planning and expansion to be strongly associated with outlet performance [5]. These findings suggest that planning improves coordination and clarity of objectives, which in turn improves results.

Evidence also shows that having a plan does not guarantee better performance. Njuguna [4] reported that many Nairobi supermarkets treated planning as a compliance exercise and failed to implement their plans because of weak managerial commitment, scarce financial resources and limited employee involvement. This gap between formulation and execution can weaken the effect of planning on sales growth and customer expansion.

Scholars have also debated the form that planning should take. Mintzberg [12] criticized overly rigid planning systems and stressed flexibility and adaptive strategies in fast-changing markets, a concern relevant to supermarkets that must adjust their plans to inflationary pressure, supply-chain disruption and shifting consumer trends. Akinyele and Fasogbon [13] found that participatory planning raises employee motivation and operational efficiency, and thereby improves firm performance. Together, these studies point to goal setting, regular plan review and staff involvement as the central features of effective planning.

2.3 Research Gap and Conceptual Framework

Few studies have examined how supermarket planning practices in Nairobi relate to measurable performance outcomes, especially across large, medium-sized and small outlets and in the period following recent economic shocks. Fig. 1 presents the conceptual framework that guided the study. Strategic planning practices, measured through goal setting, plan review and staff involvement, are the independent variable. Supermarket performance, assessed through financial performance, customer satisfaction and market share, is the dependent variable.

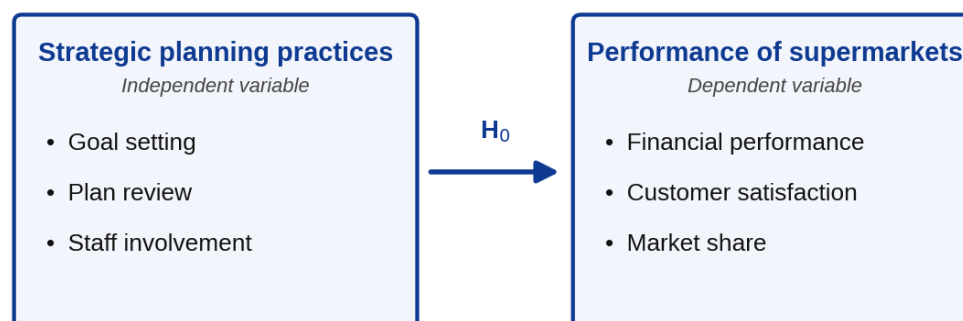


Fig. 1: conceptual framework showing the hypothesized relationship between strategic planning practices and supermarket performance

III. Research Methodology

3.1 Research Design

The study adopted a descriptive cross-sectional survey design with a quantitative approach. The design allowed data to be collected from many supermarkets at one point in time, described the current state of strategic planning practices and permitted the relationship between those practices and performance to be tested statistically. A structured questionnaire ensured that the same items were administered to every respondent, which supports comparison and statistical analysis.

3.2 Study Area and Target Population

The study was conducted in Nairobi City County, the national economic hub of Kenya, which has a dense concentration of supermarkets of different sizes, from large retail chains to small neighborhood outlets. The target population comprised all 147 registered supermarkets in the county, as recorded in the Nairobi City County Business Register [14]. The supermarket outlet was the unit of analysis. The unit of observation was the key informant at each outlet, namely branch or store managers, departmental supervisors and senior operational leads who are directly involved in strategic decision making and operations. In small independent stores without formal management structures, the owner-manager or lead supervisor served as the informant.

3.3 Sampling Design

A census was used instead of sampling, because the population was small ($N < 200$) and could be reached within the available time and resources [15]. Surveying all 147 outlets removes sampling error and strengthens the statistical validity of the results.

3.4 Data Collection

Primary data were collected with a structured questionnaire using five-point Likert items (1 = strongly disagree, 5 = strongly agree). Strategic planning practices were measured with five items covering a clear vision and mission, regular review and updating of strategic goals, alignment of long-term plans with market trends and customer needs, staff involvement in planning, and the use of performance metrics to evaluate plans. Supermarket performance was measured with five items covering sales growth, customer satisfaction, market share, profitability and employee productivity. The instrument was pre-tested and showed acceptable internal consistency (Cronbach's alpha above .70).

Questionnaires were delivered by trained research assistants and collected later (drop-and-pick-later) over four weeks to improve the response rate. A research permit was obtained from the National Commission for Science, Technology and Innovation (NACOSTI) and an introduction letter was issued by The Co-operative University of Kenya. Participation was voluntary and based on written informed consent, and respondents' anonymity and the confidentiality of operational information were guaranteed.

3.5 Data Analysis

Data were analyzed using the Statistical Package for the Social Sciences (SPSS) version 29. Respondent characteristics and the planning items were summarized with frequencies, percentages, means and standard deviations [16]. The strength and direction of the relationship between strategic planning practices and performance were assessed with Pearson's correlation coefficient, and its effect was estimated with regression analysis [17], specified as:

$$Y = \beta_0 + \beta_1 X_1 + \sum \beta_j Z_j + \varepsilon \quad (1)$$

where Y is supermarket performance, X_1 is strategic planning practices, β_0 is the intercept, β_1 is the coefficient of interest, Z_j are the other explanatory variables retained in the model as controls and ε is the error term. Equation (1) was estimated at the 5% level of significance ($\alpha = .05$), so the null hypothesis would be rejected where $p < .05$.

IV. Results and Discussion

4.1 Response Rate and Respondent Profile

Of the 147 registered supermarkets targeted, 118 usable questionnaires were returned, giving a response rate of 80.27%. A response rate of 50% is considered adequate, 60% good and 70% or more excellent [16], so the rate obtained provides a sound basis for statistical inference. Table 1 summarizes the respondent profile. Managers and department heads made up more than 87% of respondents, so most informants were well placed to comment on planning. By outlet size, medium-sized supermarkets accounted for 49.15% of responses, small outlets for 33.05% and large chains for 17.80%.

Table 1: Respondent profile (N = 118)

Characteristic	Category	Frequency	Percentage (%)
Position of respondent	Manager	61	51.69
	Department head	42	35.59
	Other (supervisor / operations lead)	15	12.72
Number of employees	Less than 10	32	27.12
	10–50	56	47.46
	51–100	18	15.25
	More than 100	12	10.17
Years in operation	Less than 5 years	23	19.49
	5–10 years	54	45.76
	11–20 years	28	23.73
	More than 20 years	13	11.02

Source: field data (2026).

Almost half of the outlets (47.46%) employed between 10 and 50 people, which is typical of medium-scale retail operations, and 45.76% had operated for five to ten years. The respondents therefore reflect established firms of varied size, which supports the generalizability of the findings across the Nairobi supermarket sector.

4.2 Extent of Strategic Planning Practices

Table 2 and Fig. 2 present the extent to which supermarkets apply strategic planning practices. The composite mean of 3.91 (SD = 0.84) shows that planning practices were applied to a high extent. A clear vision and mission statement (mean = 4.32, SD = 0.74) and the alignment of long-term plans with market trends and customer needs (mean = 4.12, SD = 0.69) were the most established practices. Regular review of strategic goals (mean = 3.98) and the use of performance metrics to evaluate plans (mean = 3.89) were also rated high.

Table 2: Descriptive statistics for strategic planning practices

Item statement	Mean	Std. deviation	Extent
Our supermarket has a clear vision and mission statement.	4.32	0.74	Very high
Strategic goals are regularly reviewed and updated.	3.98	0.81	High

Item statement	Mean	Std. deviation	Extent
Long-term planning is aligned with market trends and customer needs.	4.12	0.69	High
Staff are involved in the strategic planning process.	3.24	1.12	Moderate
Performance metrics are used to evaluate strategic plans.	3.89	0.85	High
Composite score	3.91	0.84	High

Note: five-point Likert scale (1 = strongly disagree, 5 = strongly agree). Source: field data (2026).

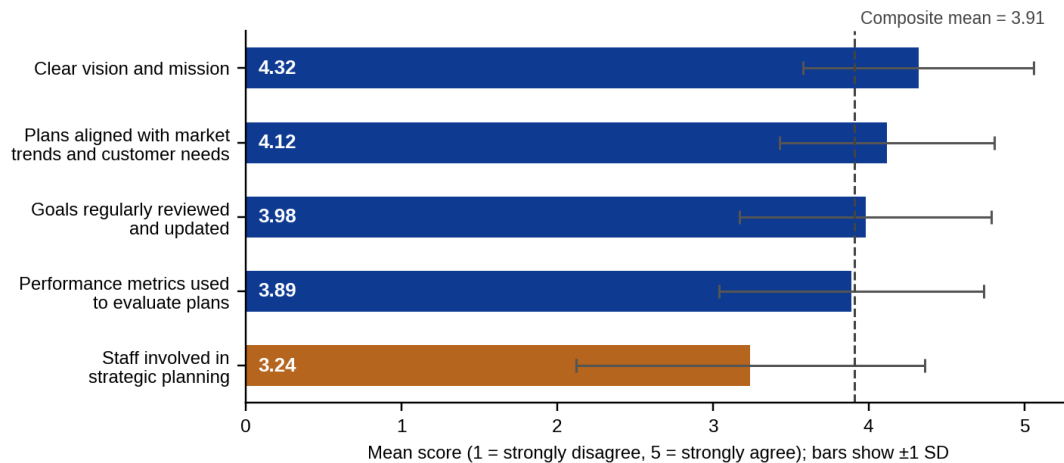


Fig. 2: mean scores for the strategic planning practices items (orange bar marks the weakest practice)

Staff involvement in the planning process recorded the lowest mean (3.24, SD = 1.12) and the widest dispersion, which indicates that experience of participation differs considerably between supermarkets. The pattern suggests that planning is strong in its formal elements, such as stating direction and aligning plans to the market, but remains largely concentrated at senior management level. This is consistent with Njuguna's [4] finding that limited employee involvement undermines the implementation of strategic plans in Nairobi supermarkets, and with the argument of Akinyele and Fasogbon [13] that participation strengthens motivation and operational efficiency.

4.3 Relationship between Strategic Planning Practices and Supermarket Performance

Table 3 presents the inferential results. Strategic planning practices had a positive and statistically significant correlation with supermarket performance ($r = .584$, $p < .001$). The coefficient of determination derived from this correlation ($r^2 = .34$) indicates that about 34% of the variation in performance is shared with variation in planning practices. In the regression model, the coefficient for strategic planning practices was positive and significant ($\beta_1 = 0.245$, $SE = 0.072$, $t = 3.402$, $p = .001$; standardized $\beta = 0.251$), with a 95% confidence interval of 0.102 to 0.388 that does not include zero.

Table 3: Correlation and regression results for strategic planning practices

Test	Statistic	t-value	p-value	Decision ($\alpha = .05$)
Pearson correlation (r)	.584	—	< .001	Significant
Unstandardized coefficient (β_1)	0.245	3.402	.001	Significant
Standard error of β_1	0.072	—	—	—
Standardized coefficient (β)	0.251	—	.001	Significant
95% confidence interval for β_1	[0.102, 0.388]	—	—	Excludes zero

Note: dependent variable is supermarket performance. The regression coefficient is estimated with the other explanatory variables in the model held constant. Source: field data (2026).

Because the p-value for the regression coefficient ($p = .001$) is below the .05 threshold, the null hypothesis that strategic planning practices have no significant relationship with supermarket performance was rejected. The result means that a one-unit improvement in the application of strategic planning practices is associated with a 0.245-unit increase in supermarket performance, and that planning retains a meaningful association with performance even when other explanatory variables are held constant.

The finding agrees with Pearce and Robinson [2], who argue that explicit planning improves performance, and with Gekonge [3] and Aganze [5], who linked structured plans and strategic planning to revenue growth and outlet performance in Kenyan supermarkets. It is also consistent with the RBV [8], which treats well-developed managerial capabilities as a source of advantage that rivals find hard to copy. The moderate size of the coefficient is in keeping with the cautions of Mintzberg [12] and Njuguna [4] that planning yields results only when plans are flexible and effectively implemented. The comparatively weak score on staff involvement therefore points to where supermarkets may be forfeiting part of the benefit that planning can deliver.

V. Conclusion

5.1 Conclusions and Advantages of Strategic Planning

The study set out to determine the relation between strategic planning practices and the performance of supermarkets in Nairobi City County. It concludes that strategic planning practices have a positive and statistically significant relationship with supermarket performance. Supermarkets that set clear long-term goals, review them periodically and adjust day-to-day plans to changes in the market tend to perform better. The advantage of planning is therefore practical: it gives managers a shared direction, a basis for allocating scarce resources and a yardstick for assessing results. The study also shows that planning is led mainly from the top, with staff involvement the weakest practice, so the full benefit of planning is probably not yet being realized.

5.2 Limitations

The findings should be read with several limitations in mind. The cross-sectional design captures a single point in time, so the results show association and cannot prove causation. Performance was measured through the perceptions of one key informant per outlet rather than audited financial records, which may introduce response bias. The study covered only Nairobi City County, and 118 of the 147 outlets responded, so generalization to other counties or to non-responding outlets should be cautious.

5.3 Applications and Recommendations

Supermarket managers should make strategic planning more participative by involving department heads, supervisors and frontline leads in setting goals and reviewing plans. They should also review plans at regular intervals, for example quarterly, using clear performance metrics so that plans remain flexible and are implemented rather than shelved. Owners of small and medium-sized outlets, which often lack formal planning structures, can adopt simple planning templates covering vision, measurable goals and periodic review. County authorities, retail associations and business support institutions can support these outlets through training in planning and performance monitoring.

Future research could use longitudinal designs and objective financial data to confirm the direction of the relationship, extend the study to other counties, and examine other organizational and environmental factors, such as supply-chain agility, regulation and inflation, that may influence how strongly planning translates into performance.

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