STRATEGIC MANAGEMENT PRACTICES AND CHALLENGES AT THE YOUTH ENTERPRISE DEVELOPMENT FUND (YEDF) OF KENYA

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION (MBA) DEGREE, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI.

November, 2017
DECLARATION

I hereby declare that this Research Project is my original work and has not been submitted for examination to any other institution.

Signature: …………………………… Date: …………………………

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This Research Project has been submitted for examination with my approval as the University Supervisor.

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DEDICATION

I dedicate this research to my parents for the good education foundation they laid for me, my brothers and sisters for their unwavering support and to my dear wife and children for the encouragement and support throughout this exercise. I will forever be indebted to you.
ACKNOWLEDGEMENT

It is with heartfelt gratitude that I humbly acknowledge the Almighty God for the gift of life, guidance, wisdom and intellect that has brought me this far. Indeed it is through God’s favor and mercies that I have been able to complete this study.

My appreciation goes to my family especially my wife and children for their unwavering support and encouragement during the entire process of my studies. Without their support I would not have achieved this success.

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The purpose of this study was to determine the strategic management practices adopted and establish the challenges encountered in managing Youth Enterprise Development Fund (YEDF) of Kenya. This was a case study and an interview guide was used to collect primary data from management and staff of the organization. Secondary data was mined from YEDF’s website and strategic plan. Data collected was analyzed using content analysis. The study revealed that YEDF has implemented strategic management practices in order to enhance performance. These practices include restructure of products to make them more attractive and relevant to the youth, outsourcing some services such as cleaning, provision of medical to staff and security, strategic alliances with accredited employment agencies, county governments and financial institutions such as banks and savings and credit cooperatives societies (Sacco’s), turnaround strategy, top management responsibility and monitoring and evaluation of progress. The study also established that YEDF faces various challenges in its operations and they include limited budget, dynamic nature of technology, competition from financial institutions and other government Funds, slow growth of the economy, unfavorable business environment and rising inflation rate, political environment as well as low employees’ performance. The study determined that the strategic management practices have to be implemented and regularly monitored, and challenges dealt with for the organization to achieve its mandate and objectives. The study recommends that, in order to improve performance, an organization has to develop, implement and monitor relevant strategic management practices and design ways of overcoming challenges encountered in its operations.
CHAPTER ONE
INTRODUCTION

1.1 Background of the study.

Organizations exist to achieve the purpose or objectives that they were set for. They are formed with the sole purpose of achieving both the short and long term objectives of their stakeholders (Bradmore, 1996). These organizations are complex, making their management even more complicated. There are various challenges that are experienced in managing these organizations. The challenges include attracting and retaining competent workforce, managing the ever evolving information technology, compliance with legal requirements, continually satisfying customers and increased competition. With these varied challenges, there is a need for proper strategic management practices in order to overcome them and help organizations achieve their objectives.

There are a number of theories in management. Porter (1985) advanced the theory of competitive advantage. He argued that an organization can gain and sustain competitive advantage through least cost leadership where it sources for input materials at low cost, processes them at low cost and are able to sell the finished products at a low price. Secondly, competitive advantage can be achieved through product differentiation where the organization ensures that their products have unique features to have an edge over competitors’. Competitive advantage can also be gained through focused market where an organization concentrates on a specific or niche market where its products perform well. Taylor (1911) advanced the scientific theory of management where work process is
broken down into smallest possible units in an effort to determine the most efficient method for completing a certain task or job. This makes it possible to have division of labour and specialization in areas that employees are competent in.

The Youth Enterprise Development Fund (YEDF) was conceived by the Government of Kenya in June 2006 as one of the strategies for addressing youth unemployment. It was later transformed into a State Corporation under the State Corporations Act on 11th May 2007 through Legal Notice No. 63 of 2007. YEDF formulated its strategic plan for the period 2013-2017 with expansion and restructure of product portfolio being the major objective. This restructure is yet to be fully achieved. Other issues facing the organization include increase in operation costs, limited sources of funding, separation with key personnel, unfavorable fees and charges and failure to adopt business approach in operations. This has made it necessary to look at the strategic management practices adopted and challenges encountered in managing YEDF.

1.1.1 Concept of Strategic Management

Strategic management refers to all the managerial decisions and actions aimed at achieving a stated objective. It is a process that involves formulation, implementation and evaluation of cross functional decisions that enable an organization to achieve its objectives. It can also be described as the formal process used to determine the strategies for the organization (Thompson et al., 2012). Pearse & Robinson (2007) define strategic management as a set of decisions and activities that result in the formulation and
implementation of plans designed to achieve an organization’s objectives. In formulation, a vision is developed followed by the mission statement, then defining the core competences and identifying the desired future position, assessing the organization strengths and weaknesses, scanning the environment for opportunities and threats as well as identifying key success factors. The next phase is implementation which involves having policies and objectives in place, allocation of appropriate resources, motivating staff and executing the strategy. This is where the strategy is put into action or operationalized. After implementation, there is need for evaluation which involves reviewing and measuring performance then taking corrective actions where need be.

Strategic management practices are set of decisions and actions adopted by organizations to improve on performance. These include innovation of new products, services or new ways of operations, turnaround strategy to restore profitability or expected performance, outsourcing of non core activities to allow an organization to concentrate on its main business, strategic alliances for mutual benefit, diversification of products or markets to create more sales and restructuring which may involve retrenchment of staff. The practice adopted depends on the current state of the organization and the intended future. Strategic management is very important to organizations in a number of ways. According to Drucker (1954), management is the dynamic life giving element of every business. Without strategy, an organization is like a ship without a rudder, going around in circles. Strategic management leads to vision and foresight hence unity of purpose, direction, commitment and logical choice of actions. This will ensure that there is accomplishment of goals. Both internal and external communication is enhanced as the stakeholders are
all geared towards a specific goal. Decision making is improved in the organization as objectives form a good basis to guide management. Strategic management enables effective and optimum allocation of resources thus reducing costs. It ensures that the organization’s success is enhanced since all efforts are geared towards attainment of a specific goal. Coordination of different processes and staff is improved as well since the organization knows where it is going and how to get there.

1.1.2 Challenges in managing organizations

Organizations face different challenges in their pursuit of performance or success. These include managing the dynamic information and communications technology (ICT). Rapid changes in ICT pose a great challenge to organizations especially those not able to cope with the pace because of huge investments involved. Dealing with increased competition is also a challenge. An organization faces competition from other organizations serving the same customers and supplying the same products. The balance.com website lists employee performance as a challenge. The ability to attract and retain competent workforce as employees have different interests especially the young adults who desire to change jobs often, thus attracting, retaining and getting great performance from them for long is a challenge. Team and peer conflicts as well as willingness by employees to learn something new is a challenge that management faces today. Globalization, ethics and governance issues as well as ensuring compliance with changes in the regulatory environment poses a challenge to organizations in the 21st century.
With these myriad of challenges, there is a need for better understanding of the challenges in order to overcome them and help organizations achieve their objectives. With deeper understanding, the organization is able to develop strategies or plans geared towards overcoming them as well as avoiding them in future. Without proper understanding, then the organization will be impeded from operating at the expected level. Once the challenges are adequately addressed, then the organization is able to perform as envisaged and attain its objectives.

1.1.3 The Public Sector in Kenya

YEDF is a national government revolving Fund thus a public sector organization. It is operating in the business sector, empowering the Kenyan youth. YEDF achieves this purpose through enterprise development i.e from training the potential beneficiaries on entrepreneurial skills, funding them and monitoring their performance while supporting them in any way to make them successful. This business sector has a number of players who include micro finance institutions, banks and non-governmental organizations.

Players in this sector face a number of challenges. These include the fact that most youth are not entrepreneurial in nature thus engage in business activities as a last resort. This makes them not to be fully committed in business thus affecting their success. Stiff competition exists in this sector as many organizations including financial institutions are targeting the same clientele to offer them business solutions. Default on loans or poor loan repayment is a challenge as beneficiaries default on loans given to them. Those who
pay have low repayment rates affecting the funds available for further lending. The nature of youth who are impatient and want immediate returns and gratification affects this sector. These prompt returns may not be possible with businesses. When this fails, the youth become discouraged and abandon the businesses leading to default. These organizations face the challenge of inadequate capacity i.e they lack management and technical skills to effectively and efficiently manage their operations. There are cases of political interference where the political class influences the starting and operating of businesses in their localities for their political gain. The sector also suffers from inadequate funding that will enable it to serve a wide range of clients. Insufficient infrastructure continues to affect this sector. There is insufficient information technology and service points to be able to cover a wide area and serve a wide population.

1.1.4 Youth Enterprise Development Fund (YEDF) of Kenya.

The Youth Enterprise Development Fund (YEDF) was conceived by the Government of Kenya in June 2006 as one of the strategies for addressing youth unemployment. The Fund gained its legal status on 8th December 2006 through Legal Notice No. 167 of 2006 and was officially launched by the President on 1st February 2007. The Fund was later transformed into a State Corporation under the State Corporations Act on 11th May 2007 through Legal Notice No. 63 of 2007. YEDF has six mandates that are aimed at helping the youth with a signature call of ‘unleashing potential’. These are facilitating easy access to credit for youth entrepreneurs, equipping the youth with business development and entrepreneurship skills to enable them actively participate in enterprise development in
the country linking youth enterprises with large well established enterprises, facilitating the youth to access employment opportunities abroad, enabling youth enterprises to access markets for their goods and services and providing youth oriented Commercial Infrastructure for youth enterprises. YEDF is a key sector in the social pillar of Vision 2030 aimed at improving the lives of Kenyans. The organization is operating under the ministry of Public Service, Youth and Gender Affairs. It is managed by the CEO who is appointed by the Board. The members of the Board are appointed by the Cabinet Secretary in charge of the ministry.

YEDF was formed with the sole purpose of addressing the increasing youth unemployment in Kenya. As at March 2017, according to data published by tradingeconomics.com, it is estimated that 40% of youth are unemployed in Kenya compared to Japan which has an unemployment rate of 2.80%. The white collar jobs are scarce in the country as most organizations adopt information technology (IT) based solutions to increase their efficiency and reduce staff costs. It is thus paramount that YEDF engages in programs that capture this market by offering business solutions to enable youth be self employed and also employ other youth in those enterprises thus creating employment opportunities. Once the youth are meaningfully engaged, crime, drug abuse and other social evils are minimized and economic activities are enhanced hence improving the welfare of the whole society. From its inception, YEDF has tried to address the youth unemployment issue but a huge chunk still remains disengaged in any meaningful activity. Universities and colleges continue to churn out graduates every year into the labour market. The Kenyan economy is not growing at the double digit figure
from year 2010 as envisaged by the Vision 2030 blue print to create employment opportunities. Having this in mind, the National Government has continued to provide funding to YEDF to enable it continue serving the youth of Kenya and create employment for them. The Government has also come up with other initiatives to help the youth like the creation of Uwezo Fund to compliment the efforts of YEDF and setting aside 30% of government procurement through Access to Government Procurement Opportunities (AGPO) program, to women, youth and persons with disabilities.

In an effort to achieve its objectives, YEDF formulated a strategic plan for the period 2013-2017 with the major objective being expansion and restructure of its product portfolio. This restructure is yet to be fully achieved and bear meaningful fruits. Other challenges affecting YEDF include increase in operation costs, limited sources of funding, separation with key personnel, stiff competition from other players in the sector, unfavorable fees and charges and failure to adopt business approach in operations. This has made it necessary to look at the strategic management practices adopted and challenges encountered in managing YEDF.

1.2 Research problem

Drucker (1954) describes management as the dynamic life giving element of every business. Strategic management is a key component of an organization. Without strategy, an organization is like a ship without a rudder, going around in circles. Strategic management leads to vision and foresight hence unity of purpose, direction, commitment
and logical choice of actions. Strategic management practices adopted by organizations include innovation of new products, services or new ways of operations, turnaround strategy to restore profitability or expected performance, outsourcing of non-core activities to allow an organization to concentrate on its main business, strategic alliances for mutual benefit, diversification of products or markets to create more sales and restructuring. Challenges also exist and they impede an organization from operating at the expected level. They limit the attainment of objectives. These challenges include rapid changes in information technology, increased competition, employee performance which is below expectation, ability to attract and retain competent staff as well as globalization, ethics and governance issues. It is therefore crucial that these challenges be adequately addressed, to enable an organization to perform as envisaged and attain its objectives.

Youth Enterprise Development Fund was formed to address youth unemployment in Kenya. It has an active strategic plan for the period 2013-2017 which has expansion and restructure of its product portfolio as the guiding objective. This objective is yet to be fully achieved and bear meaningful fruits as majority of youth remain un-served and thus their unemployment rate remains high. There are other issues affecting YEDF which make it not achieve its objectives. These include increase in operation costs, limited sources of funding, separation with key personnel, stiff competition from other players in the sector, unfavorable fees and charges and failure to adopt business approach in operations. This has necessitated the study of the strategic management practices adopted and challenges encountered in managing YEDF.
Strategic management in Government institutions is important to help them achieve the purpose for which they were created for. Mwando & Muturi (2008) in a journal published in paper publications organization looked at strategic management in Kenyan government ministries. Mangi (2009) researched on strategic management practices by local authorities in Kenya. Masita (2013) researched on strategic management in Kenyan road construction industry. Mutoro (2015) looked at strategic management in Kenya Forest Service. The general conclusion is that strategic management is practiced in the respective sectors of government and they face challenges in their management. However, there is no information available on strategic management practices and challenges which are specific to government institutions that handle revolving funds. The researcher intends to bridge this information gap by establishing the strategic management practices employed and challenges encountered by YEDF in empowering the Kenyan youth. This will be guided by the research questions: what strategic management practices have been employed and what challenges have been encountered by YEDF?

1.3 Research objectives

This study will address these objectives:-

i. To determine the strategic management practices adopted by Youth Enterprise Development Fund (YEDF) of Kenya.

ii. To establish the challenges encountered in managing YEDF.
1.4 Value of the study

This study will provide information that enriches the already exiting literature. It will add material to existing theories. Recommendations and conclusions derived from this study will form reference material for future studies. Academicians will therefore benefit from the results of this study.

This study will also provide useful information which will promote understanding of strategic management practices and challenges encountered in managing organizations. It will give insights that will facilitate better application of strategic management practices and better ways of dealing with challenges experienced in managing YEDF and related organizations in the sector. Information generated will enable managers to leverage on good practices and at the same time deal appropriately with the challenges encountered to reap the benefits of strategic management.

Results of this study will definitely influence managerial policy in a positive way. It will make managers think strategically and improve their analytical, forecasting and decision making skills. This will then guide managerial policies on strategic management practices to adopt and proper ways of managing challenges, all aimed at improving performance of YEDF and similar organizations in the sector.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter will review the available literature in management. It will highlight the theoretical foundation of management which in turn form the foundation for strategic management. Two theories will be considered i.e competitive advantage theory and scientific management theory. Strategic management practices and challenges in management will be highlighted in this chapter.

2.2 Theoretical foundation

There are various theories that form the basis for strategic management. Two of them will be highlighted in this study. These are competitive advantage theory and scientific management theory.

2.2.1 Competitive Advantage Theory.

The theory of competitive advantage was advanced by Michael Porter in the book competitive advantages published by Free Press in 1985. The theory states that for an organization to have sustainable competitive advantage, it has to have an edge over its rivals in attracting customers. To maintain and satisfy these customers, the organization
must aim at providing value that the customers perceive to be superior. This can be achieved through provision of products at prices that are lower to competitors but for equivalent benefit, product differentiations where the products have unique features or serving a focussed or niche market only. This competitive advantage leads to improved organizational performance.

Other authors have contributed to this theory by bringing in other dimensions to improved organizational performance. Richard et al. (2008) states that organizational performance encompasses three specific areas which are: financial performance (profits, return on assets, return on investment); market performance (sales, market share); and shareholder return (total shareholder return, economic value added). Roper (1998) advanced that the entrepreneur is the development lever that determines whether any business venture will succeed or fail. The Resource Based View (RBV) argues that competitive advantage can arise when firms accumulate resources that are rare, valuable, non-substitutable and inimitateble (Dyer & Singh 1998). Proposition of the RBV of strategy is through recognition and exploitation of the firm's core competences (Prahalad & Hamel, 1990). The balanced score card (Kaplan & Norton, 1990) advanced that the success of an organization is viewed from financial, customer, business process and learning and growth perspectives.

The strengths of competitive advantage theory include enhanced product quality, uniqueness and brand name through differentiation; increased sales, customer loyalty and market share through low cost and niche market strategies. All these strategies lead to an
organization having an edge over the other players in the industry and hence improving its performance. The theory has limitations like the fact that it’s difficult to balance between low cost, production of quality products and remain profitable. It is complex, expensive and time consuming to keep on analyzing competitors’ performance in order to keep an edge over them. An organization has little time to look into the future as it is preoccupied by competitors. When an organization has an edge over the others in the industry, it suffers from an illusion that it is performing optimally thus limiting innovation and growth. This makes it necessary to conduct further studies to supplement this theory.

### 2.2.2 Scientific Management Theory.

The scientific theory of management was advanced by Fredrick W. Taylor in 1911 in the book ‘principles of management’ published by Norton Library in 1967. The theory states that to enhance efficiency of work and labour productivity, work process is broken down into smallest possible units in an effort to determine the most efficient method for completing a certain task or job. The units are then allocated to specific people to perform them. There is a specific task, specific method and a specific person of performing it. It is a mechanistic way of performing tasks. This leads to specialization in the organization.

Some authors have come up with improvements that challenge this mechanistic way of performing tasks. Lain & Lee (1996) looks at adaptive management where an organization incorporates knowledge from multiple sources, uses multiple system models
and support of cooperation among stakeholders. Neumann & Morgenstern (1944) advocate game theory where an organization selects a decision or path from a set of alternatives. Hines proposes a value chain which emphasizes on integration of functions and collaboration of activities. The ultimate goal is to satisfy a customer thus all functions and activities are geared towards that. Chandler (1962) emphasises the importance of coordination in an organization to improve performance. These proponents argue that for an organization to be successful, there are other factors to consider other than what is proposed by scientific theory of management.

Scientific method of management leads to enhanced production, ability to control activities and employees, decreases inaccuracies and wastage, reduces cost of production and enables payment of wages on piecework. It facilitates better use of resources and increases efficiency because of existence of standard techniques and tools for work performance. However, this method involves huge capital outlay, inhibits creativity, demotivates employees because of inflexibility, makes people work like machines and leads to unemployment because of standardized techniques and tools. It is thus critical to supplement this theory with further studies.

2.3 Strategic management practices

Researchers have identified initiatives used by organizations to include emphasis on product quality (differentiation), product and service innovations, development of new operating technologies and discovery of new markets (Robinson & Pearce, 1998). High
performing firms are implementing new production technologies, emphasizing cost effectiveness and concerned with employee productivity to compete with competitors within the industry, more so than the low performing firms (Vickery et al; 2003).

Diversification is the process by which an organization operates more than one business line, product or market. Diversification is done to help an organization maintain and improve their market share, improve profitability, spread risk, continue satisfying their customers and to remain relevant in the market. Organizations diversify either through acquisition of another existing entity, creating a new entity or forming a joint venture.

Crafting a strategy in a diversified organization is more difficult than in a single business one. A diversified organization requires multi business strategies to cater for the diverse industry environments. A coherent and consistent corporate strategy which creates value is necessary in addition to the respective business strategies. This corporate strategy is aimed at achieving the organization’s mission through aligning its objectives, organization structure, systems, processes and strategies which in turn facilitates the building and leveraging on unique resources to attain a competitive corporate advantage.

Outsourcing is another strategic management practice. Here, an organization referred to as a client, procures services or products from external suppliers, that it ordinarily used to or can provide in-house. This practice is basically an improvement of subcontracting. Outsourcing arrangement enables an organization to concentrate on its core business or its area of competence leading to specialization and allows the external supplier to offer other services and products which are not core. Outsourcing also helps an organization to reduce its costs, gain outside experience and improve on operations and service delivery.
However, if the outsourcing arrangement is not properly planned and executed, it is bound to fail. It also leads to loss of control by the client. Organizations outsource information technology services, call centre services, cleaning services, security services or components of a product.

Turn-around strategy. This strategy is necessitated by among other factors large losses, bad economic conditions, non performing businesses or excessive debts. The practice focuses on restoring to profitability a money losing business instead of divesting it or getting the business back to profitability by curing the problems that led to poor performance. The strategy is most appropriate where the ailing business is in an attractive industry, reasons for poor performance are short term and divesting does not make long term strategic sense.

Mergers and acquisitions. Merger refers to the coming together or joining of two organizations to form one. Acquisition happens when one organization takes over another. Mergers and acquisitions happen to develop the competences and resources of the organizations involved. This helps the merged organizations compete in new areas or markets. It makes it easier to enter some markets through merger and acquisition. Organizations with bright prospects but limited capital, financially distressed firms or firms with undervalued assets provide attractive candidates for merger and acquisition. Some of the pitfalls of this practice are divergent corporate cultures and failure to realise the anticipated additional value from this arrangement.
Strategic alliance is a strategic management practice where two or more organizations collaborate or cooperate by sharing resources and competences to pursue a common strategy. This helps to overcome individual incapacities. The alliance can be within the same or different markets. This practice enables an organization to easily enter a new market as well as have faster and cheaper access to input resources.

2.4 Strategic management challenges

Organizations operate in an environment which has a variety of challenges. Managers have a task of understanding and dealing with these challenges for their organizations to operate and survive. Tulgan (2016) looks at current challenges in management. Technological advancement poses a challenge to organizations. Information technology plays a key role in providing a cutting edge for development, with acquisition and adaptation to suit the local conditions necessary (Nikaido, 2004). Enterprises have to evolve their own technology management practices according to their line of activity, nature of research and development pursued, culture and funding pattern (Jain & Kiran, 2012). Organizations have to keep pace with the changes in technology to remain productive and competitive.

Competition is one of the challenges that organizations face. Organizations compete for the same customers in the market. Rivalry among industry players affects the attractiveness of the industry (Porter, 1985). Competition limits the amount of goods or services to be rendered thus affecting performance and eventually profitability. It is
therefore imperative that an organization establishes its own advantage over the others in the industry to remain in operations.

Employee performance is key to organizational success. Lack of qualified and competent staff is a challenge to some organizations. Ability to attract, retain, motivate, reward and receive great performance from employees is a difficult task to achieve. Employees especially the youth are very dynamic and tend not to stick to one organization for long. Separation of already trained and competent staff is therefore a challenge to many organizations. This leads to increased costs of recruitment and training of new staff.

Economic environment influences the performance of organizations. The factors in this environment include inflation which reduces the purchasing power of money, fiscal and monetary policy which affect the amount of money in circulation and interest rates which affect the cost of borrowing money for business. A favorable economic environment encourages business performance whereas an unfavorable one impedes performance.

Political activities happening in a country as well as in other countries affect organizations. Functions of parliament, legislation process, relationship between government and opposition, regional and global political activities influence business operations. In Kenya, the general elections which will be held in August 2017, is already affecting business operations. Some organizations will cut on production so as to have lean stock, because of uncertainty in political stability before, during and after elections.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter deals with research design and methodology that was used in carrying out the study. Data collection and analysis method has also been discussed.

3.2 Research design

Research design is a plan or structure of investigation to get answers to research question. It is a structure of any scientific work. Various research designs exist and the choice a researcher uses depends on the nature of the study. The designs include descriptive research design, survey and case study.

A case study has been used to determine the strategic management practices adopted by YEDF and the challenges encountered in managing the organization. A case study is an in depth investigation of an individual, group, institution or phenomenon (Mugenda & Mugenda, 2003). This method is appropriate because it gives focussed and detailed information about YEDF. The method is preferred because of its low cost and easily accessible information.
3.3 Data collection

This study involved collection of data from both secondary and primary sources. Secondary data was reviewed from available sources such as the YEDF website, the organization’s strategic plan and performance contract document. Primary data was obtained from the management and staff of the YEDF.

An interview guide (Appendix) is the tool that I used to obtain primary data. This interview guide consisted of three (3) sections. Section one covered personal and YEDF data which gave information on the organization and the respondents’. Respondents were the heads of departments which include Lending, Public Relations, Finance, Supply Chain Management, Monitoring and Evaluation and Human Resource Management as well as members of staff from across the organization. Section two covers strategic management practices adopted by YEDF and section three covers challenges encountered in managing the organization.

3.4 Data analysis

Data collected has been thoroughly analyzed to ensure that all facts are captured as they are. The technique the researcher has used is content analysis. This involves the process of systematically describing and interpreting texts which can be in written form, spoken word or in graphic form. The researcher has summarized and analyzed the information gathered from the study in line with the research objectives.
The report is based on the actual findings of the study as collected using the interview guide. This report is presented in an unambiguous manner to enable readers to easily comprehend it. Conclusions derived from the study as well as the recommendations made are included in the report.
CHAPTER FOUR
DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter will look at research findings or results as collected using the interview guide. The chapter will also present the analysis of the collected data as well as discussion based on these findings. The data collected is on strategic management practices adopted and challenges faced in managing Youth Enterprise Development Fund of Kenya. Content analysis is the research technique used to analyze this data.

4.2 Interviewees profile

This study targeted heads of departments as well as staff working at YEDF. Heads of departments interviewed include Human Resource Management, Lending and Investment, Information Communication and Technology, Monitoring and Evaluation, Legal Affairs, Finance and Public Relations. Staffs in these departments were also interviewed. Most of the interviewees have worked at YEDF for more than five years hence have the knowledge and information about the organization as well as the strategic plan that has been implemented.
4.3 Strategic Management practices at YEDF.

Interviews carried out reveal the number and extent to which strategic management practices have been employed at YEDF. Those interviewed stated that some strategic management practices have been fully implemented while some are partially fulfilled. The interviewees agree that there is room for additional strategic management practices that can be employed so as to ensure that YEDF achieves its objectives.

4.3.1 Restructure of products

On asking whether restructure of products has been done, the interviewees responded that this has been effected to make the products and services more attractive and relevant to the target clients who are the youth of Kenya. I interrogated them further to find out how this was achieved and their response was that this was done through involvement of the youth in group meetings to ensure that the products and services are demand or user driven. Those interviewed stated that through this process, there has been an increase in the number of loan applications received and marked interest in the products and services offered by YEDF.

4.3.2 Outsourcing of services

Those interviewed said that cleaning, provision of medical to staff and security are services that have been outsourced by YEDF. They stated that these are services which
are necessary but not core to the mandate of YEDF. They argued that this arrangement has enabled members of staff to concentrate and focus on delivery of YEDF’s mandate and objectives. They said outsourcing has also helped YEDF to benefit from the expertise and experience of firms which specialize on these services.

4.3.3 Strategic alliances

I asked the heads of departments and staff of YEDF on whether there are any strategic alliances in place. Their response was that there are a number of alliances that exist. These areas of partnerships or collaboration include employment of youth abroad using accredited employment agencies through a program referred to as Youth Employment Scheme Abroad (YESA), provision of commercial infrastructure and business to youth entrepreneurs by county governments and provision of credit facilities to youth by financial institutions such as banks and savings and credit co-operatives societies (Sacco’s). The interviewees further said that other collaborations are in progress to help fund or support the organization’s programs such as youth sensitizations. They emphasized that these alliances have helped YEDF to leverage on the strengths of the partners resulting in reaching and serving more youth.

4.3.4 Turnaround strategy

On my question of whether YEDF has employed any turnaround strategy, the interviewees responded in the affirmative, saying that consolidation of head office
departments in one place, merging similar activities under one department, combination of trainings for various youth groups instead of holding them separately as well as carrying out activities in collaboration with other government agencies such as Uwezo and Women Fund’s are some of the ways that YEDF is engaged in, in an effort to turnaround its performance. Further, they said that resource mobilization strategy has been put in place to harness resources to supplement the available scarce resources. This, they hope, will be able to bridge the resource gap and ensure that more programs are undertaken to achieve the organization’s objectives.

4.3.5 Management responsibility

Top management has taken its responsibility seriously by giving the strategic management process the push it deserves, through resource provision and periodic reviews. This was the response by some interviewees to my question on management responsibility. Some interviewees argued that more is required from management to show their commitment to strategy to eventually ensure that the process flows smoothly for the achievement of objectives. Staff interviewed stated that they are involved throughout the entire process from formulation, implementation and review of the strategic plan. This they say has made them to feel part of the process and hence commit to its successful implementation. On interrogating them on stakeholders’ involvement, the interviewees stated that they are also involved through meetings or forums to get their views which are incorporated in the strategic plan.
4.3.6 Monitoring and Evaluation

YEDF monitors and evaluates its strategic management practices through regular periodic reviews; this was the response to the question of monitoring and evaluation of strategy. The interviewees specified that there is a dedicated monitoring and evaluation unit, which regularly monitors progress of strategic plan. They added that the research unit is also tasked with the responsibility of carrying out reviews of the strategic plan and works hand in hand with the monitoring and evaluation unit. They emphasized that meetings are periodically held with the staff so as to get feedback and suggestions on how to improve performance.

Lastly, I asked the staff and management of YEDF on their suggestions regarding strategic management practices. They both agreed that the organization needs to improve on the implementation and monitoring aspects of strategic management practices to help the organization to achieve its objectives. Some of them suggested that the organization should conduct peer reviews to benchmark its processes with the other players in the industry. Others suggested that the organization should enter into more and beneficial strategic alliances which will impact positively on the performance of YEDF.

4.4 Challenges in managing YEDF.

This study has revealed a number of challenges encountered in managing YEDF as highlighted by the staff and management of the organization through the interview guide.
The interviewees say that some of these challenges are easy to manage while some are difficult and pose a significant danger to the organization.

4.4.1 Insufficient budget

The staff and management were asked about sufficiency of budget to run the affairs of YEDF. Their response was that there is insufficient budget and this has hampered the organization’s ability to undertake the envisaged activities that will ensure achievement of objectives. They stated that the money allocated by the national treasury and the internally generated funds are not sufficient to effectively carry out. On interrogating them on what has been put in place to rectify the situation, the interviewees said that resource mobilization strategy has been put in place to source for additional funds from partners. Others said that cost cutting measures have been effected to ensure that more resources are allocated to core mandates of the organization.

4.4.2 Technological advancement

The interviewees were emphatic that technological changes are a challenge to YEDF in response to my question on technological changes. They further said that the organization has failed to keep pace with the dynamic nature of technology thus impeding the successful achievement of its objectives. On asking them how technology has affected the organization, they stated that failure to upgrade systems in time has led to delays in service delivery to the clients. I asked the interviewees on what would be the way
forward and they said that the organization has acquired a robust enterprise resource planning (ERP) system which is at the implementation stage. They hope that this will help in overcoming this challenge.

4.4.3 Competition

The interviewees responded that YEDF faces competition from financial institutions as well as other government funds in response to the question on competition. I asked them how this competition came about and they said that these institutions target the same clients with similar products and services, leading to poor uptake of YEDF products and services as the youth have alternatives in the market. I questioned them on what the organization has done to counter this and some stated that the organization has had to incur costs to sensitize youth on its products and services. Some said that the organization has had to review the charges and fees charged to clients, while some said that restructure of products to make them more attractive had to be done.

4.4.4 State of the economy

Those interviewed argued that the slow growth of the economy, unfavorable business environment and rising inflation rate has affected the uptake of YEDF loans. Further, they said that this has affected loan repayments leading to high default rates. In turn, this has reduced the amount available for on-lending to other deserving youth. To remedy this, the interviewees said that the organization has enhanced its sensitization of youth on
the benefits of repaying their loans, training youth on alternative income generating ventures and restructuring of loans in an effort to counter this challenge posed by the economic environment.

4.4.5 Political environment

The interviewees were asked about political environment influence and they stated that the year 2017 electioneering period as well as previous ones has contributed negatively to the uptake and performance of YEDF products and services. I sought further information and the interviewees clarified that political leaders’ pronouncements incite the youth not to repay the loans they have taken from the organization. These leaders also seek favoritism in YEDF’s activities to be carried out in their regions. The organization is thus put in a precarious situation and is not able to efficiently and effectively carry out its mandate. On how the organization is overcoming this challenge, the interviewees stated that there is enhanced sensitization of youth through forums and the media and engagement of political leaders to encourage them to support the efforts of YEDF in empowering the Kenyan youth.

4.4.6 Employees performance

On the question of whether employees’ performance affects YEDF, those interviewed asserted that YEDF recognizes that employees are core in achievement of its objectives. On seeking more details, the interviewees said that failure in employee performance leads
to failure of the organization. Great organizational performance requires commitment of all employees which currently is not up to the required standards. Employees who are not fully committed have made the organization to fail in meeting its objectives. I asked on the way forward, and they said that the organization has come up with a reward and sanctions policy which will help to motivate staff to improve on their performance and impose sanctions to those that are not performing as expected.

As a conclusion, I asked the interviewees to state other challenges that hamper YEDF’s performance. They concluded by saying that other challenges exist and they include lack of legal framework which has hindered realization of YEDF’s full potential. Separation with key personnel and failure to substantively fill their positions in time has also affected service delivery. On suggestions of the way forward, those interviewed suggest a scheme of service to attract, retain and motivate staff to improve their performance, anchoring of the organization in law to give it a stable legal entity as well as a stronger board of directors and management responsibility and commitment.

4.5 Discussion of findings

The data collected using the interview guide reveals that Youth Enterprise Development Fund (YEDF) has implemented strategic management practices to improve its performance. Wheelan and Hunger (2001) define implementation as the process where policies and strategies are put into action. Having the strategic management practices but failing to implement them would have resulted in no improvement, and this is consistent
with the findings of Okumu & Roper (1999) who stated that strategies are worth nothing if they are not implemented.

The interviewees agree that YEDF has established a five year strategic plan where long term objectives and strategies are specified and their implementation is improving performance. This conforms to Armstrong (1982) findings which stated that precise objectives provide guidance to staff and this helps in improving productivity. For YEDF to remain in business, it has had to restructure its products to make them attractive. This is in agreement with what Prahalad & Hamel (1990) advanced by stating that a company has to regenerate its strategies to continue being in business. Management commitment is required to ensure that strategies are employed. YEDF has ensured involvement and commitment of management and staff in the process to make it a success. The organization has engaged in decisions and activities that have resulted in outsourcing of some services, strategic alliances and turnaround activities, with the aim of achieving organization’s objectives. This is consistent with Pearse & Robinson (2007) view of strategic management as a set of decisions and activities that result in the formulation and implementation of plans designed to achieve an organization’s objectives. Monitoring and evaluation is key in YEDF’s strategic management process, just as Johnson & Scholes (2002) stated that evaluations are important to determine whether deadlines have been met, processes are moving on well and intended results are being achieved.

The organization continues to face a number of challenges in its quest of meeting its objectives and concerted efforts are being made to overcome them. According to Okumu
(2003), an organization requires resources to use in order for it to achieve desired objectives. YEDF lacks sufficient budget allocation to fully carry out its mandate. Employee performance is expected to be at a high level to ensure objectives are met, just as Thompson & Strickland (2003) noted that an organization needs staffs who are experienced, have the technical know-how and intellectual ensures successful implementation of strategy. Competition is also a challenge that the organization is dealing with. This is consistent with Vickery et al; (2003) finding that high performing firms are emphasizing cost effectiveness to compete with competitors in the industry. Tulgan (2016) looked at current challenges in management which include technological advancement, this has also affected YEDF. Nyariki (2013) found out that political and economic factors affect organization’s performance and contributes to the adoption of strategies for the organization to remain relevant. The findings of this study confirm that YEDF faces similar challenges.
CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter discusses the summary of the research project, conclusions made and recommendations. The recommendations will highlight the implications on management policy, managerial practice, theory and to academicians. Limitations of the study will also be highlighted. The chapter will close with suggestions for further research.

5.2 Summary

This study has established that Youth Enterprise Development Fund (YEDF) has various strategic management practices in place. The interviewees confirmed that the organization has a five year strategic plan that is being implemented. The organization recognizes the need for implementation of strategies to improve performance. To this end, restructure of products has been done to make the products and services more attractive and relevant to the target clients who are the youth of Kenya. This was made possible by involving the youth in group meetings to ensure that the products and services are demand or user driven.

Cleaning, provision of medical to staff and security are services that the organization has outsourced. These services are necessary but not core to the mandate of YEDF, and
outsourcing them has enabled members of staff to concentrate and focus on delivery of YEDF’s mandate and objectives. YEDF has also partnered or collaborated in areas of employment of youth abroad using accredited employment agencies through a program referred to as Youth Employment Scheme Abroad (YESA), provision of commercial infrastructure and business to youth entrepreneurs by county governments and provision of credit facilities to youth by financial institutions such as banks and savings and credit co-operatives societies (Sacco’s).

The study has also revealed that consolidation of head office departments in one place, merging similar activities under one department, combination of trainings for various youth groups as well as carrying out activities in collaboration with other government agencies such as Uwezo and Women Fund’s are some of the ways that YEDF is engaged in, in an effort to turnaround its performance. Top management has also taken its responsibility seriously by giving the strategic management process the push it deserves, through resource provision and periodic reviews. On monitoring and evaluation of strategic management practices, YEDF does this through regular periodic reviews spearheaded by the monitoring and evaluation and research units.

The study also revealed that YEDF faces various challenges in its operations. Limited budget has hampered the organization’s ability to undertake all the envisaged activities which would ensure achievement of objectives. Money allocated by the national treasury and the internally generated funds are not sufficient to effectively carry out all the intended activities. Technological changes also pose a challenge to YEDF as the
organization is unable to keep pace with the dynamic nature of technology thus impeding the successful achievement of its objectives. Competition from financial institutions and other government Funds has led to poor uptake of YEDF products and services as the youth have alternatives in the market.

The study revealed that the slow growth of the economy, unfavorable business environment and rising inflation rate has affected the uptake of YEDF loans. This has further affected the loan repayments leading to high default rates. In turn, this has reduced the amount available for on lending to other youth. Political environment also influences YEDF especially year 2017 electioneering period as well as previous elections have contributed negatively to the uptake and performance of YEDF products and services. Another challenge that faces YEDF is its employees’ performance which is not up to the required standards. The finding is that failure in employee performance leads to failure of the organization. Thus for the organization to achieve great performance, it requires commitment of all employees.

5.3 Conclusion

The results of the study have enabled the researcher to draw various conclusions. It is evident that YEDF has employed a number of strategic management practices in order to enhance performance. Restructure of products has been key to make them more attractive and relevant to the youth of Kenya. To make the process successful, youth were consulted on the features they wanted in the products and services so as to make them
demand or user driven. It is concluded that outsourcing some services such as cleaning, provision of medical to staff and security has enabled members of staff to concentrate and focus on delivery of YEDF’s mandate and objectives. YEDF has also established strategic alliances with some organizations such as accredited employment agencies, county governments and financial institutions such as banks and savings and credit co-operatives societies (Sacco’s).

The study concludes that consolidation of head office departments in one place, merging similar activities, combination of trainings for various youth groups as well as carrying out activities in collaboration with other government agencies such as Uwezo and Women Fund’s have borne fruits in turning around the performance of YEDF. Top management has also taken its responsibility through resource provision and periodic reviews of strategies. It is also concluded that YEDF undertakes monitoring and evaluation of strategic management practices through periodic reviews to ensure proper implementation and control.

The study has concluded that YEDF faces various challenges in its operations. These include limited budget which has hampered the organization’s ability to undertake all the envisaged activities to meet objectives, the dynamic nature of technology which has impeded the successful achievement of its mandate and competition from financial institutions and other government Funds which has led to poor uptake of YEDF products and services as the youth have alternatives in the market. The study has also concluded that the slow growth of the economy, unfavorable business environment and rising
inflation rate has affected the uptake of YEDF loans. This has further affected the loan repayments leading to high default rates. Political environment has also influenced YEDF, especially the year 2017 elections as well as the previous ones which have contributed negatively to the uptake and performance of YEDF products and services. Another challenge that faces YEDF is its employees’ performance which is not up to the required standards. The conclusion is that failure in employee performance leads to failure of the organization while great employees’ performance leads to improved organization performance.

5.4 Recommendations

This section makes recommendations for managerial policy, management practice, theory development and for academicians.

5.4.1 Recommendation for managerial policy

The study findings reveal that management of YEDF have been made to think strategically, improve their analytical and decision making skills through the process of strategic management. The management has adopted the policy of involving stakeholders in the strategic management process as they understand that their involvement ensures that the strategies adopted are supported by all to make them successful. It is therefore recommended that YEDF and other similar institutions should adopt or improve on such policies that enhance successful implementation of strategic management practices.
The study has also revealed that YEDF has adopted the policy of deriving ways of overcoming challenges and not letting them dictate the operations of the organization. The management has to be flexible enough and proactive to be able to deal with any challenges encountered. This study recommends that YEDF and other similar institutions should be proactive and flexible in overcoming challenges.

5.4.2 Recommendation for management practice

The findings of the study reveal that for strategic management practices to be effective, sufficient resources should be allocated to them. These resources should include knowledgeable staff, equipment and time. It is recommended that management of YEDF and similar institutions should take responsibility of ensuring that required resources are allocated to the strategic management process.

The study has revealed that alternative ways have to be found out to help achieve objectives. When finances are not readily available, management can consolidate operations and activities to enhance effectiveness. It is therefore recommended that management should be able to have an alternative management practice to ensure objectives are met.
5.4.3 Recommendation for theory development

Various studies exist about strategic management practices. The findings of this study, which include practices that have been implemented and subsequently enhanced an organization’s performance, provide complementary information to existing theory. These findings are recommended for theory development.

The findings on challenges faced in managing organizations and ways of overcoming them have provided relevant information that enriches the already exiting literature. These study findings are recommended for theory development as they add material to existing theories.

5.4.4 Recommendation for academicians

Conclusions derived from this study that development, implementation and monitoring of strategic management practices enhances organization’s performance are worthy materials for academicians. Academicians are therefore encouraged to use this study findings as reference material.

The study has found out that having flexible management is paramount to enable YEDF deal with challenges encountered like unexpected low staff performance which affects the entire organization’s performance. It is therefore recommended to academicians to use the results of this study as a basis for their academic work.
5.5 Limitations of the study

The study focused on Youth Enterprise Development Fund (YEDF) and thus the results are specific to that organization. The generalization of the findings to other institutions may not be advisable as the results may not be wholly applicable to them. The scope of the study was limited to the strategic management practices and challenges in managing YEDF and not any other aspects.

An interview guide was used to collect data from the interviewees. This being a one on one interaction, not all interviewees were responsive as some were busy while some were away from their offices. Time constraint was also experienced during the collection of data as the researcher had to carry out the interviews himself.

5.6 Suggestions for further research

This study focused on YEDF’s strategic management practices and challenges. Further research can be done on each management practice and challenge to get more insight on them. Further research can also be done on other aspects of the organization not covered.

Further research should also be carried out on other similar organizations operating in the industry to determine whether they employ any strategic management practices and how they implement them. Challenges encountered and ways of overcoming them should also be studied.
REFERENCES


Youth Fund website:  www.youthfund.go.ke

Vision 2030 website:  www.vision2030.go.ke
APPENDIX I

INTERVIEW GUIDE

Strategic management practices and challenges at the Youth Enterprise Development Fund (YEDF) of Kenya

Section One: General Information

Name of the institution

What is its vision?

What are the key objectives of the institution?

Name of the employee

Job title and department

Date of survey
Section Two: Strategic Management Practices

YEDF has a 5 year strategic plan for the period 2013-2017. A number of strategies were required to be implemented.

Restructure of products.
How has this practice been implemented?
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How effective is the process?
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Outsourcing of some services or products.
What services or products have been outsourced?
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How has this helped YEDF in meeting its objectives?
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Strategic alliance.
Which strategic alliances has YEDF entered into?
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How are these alliances beneficial to YEDF?

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Turnaround strategy.

What measures has YEDF undertaken to reduce its operations costs?

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What has been put in place to improve on income?

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How has this improved YEDF’s performance?

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Top management responsibility.

How does the top management take responsibility for the strategic management process?

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How has this facilitated the process?

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Involvement of staff.

In what aspects have members of staff been involved in strategic management?

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How has this impacted on the process?

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Stakeholders’ involvement

How are stakeholders like the customers, community and other Government institutions involved?

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How has this involvement impacted on the strategic management process?

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Monitoring and evaluation.

How does YEDF monitor the progress of strategic management practices?

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What reviews have been done to these practices?

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What other strategic management practices would you suggest be implemented by YEDF?

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Section Three: Challenges of managing YEDF.

Technological changes
What makes this a challenge to YEDF?
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How has it affected operations?
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In what ways has YEDF overcome it?
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Competition
What form of competition does YEDF encounter?
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How has this affected YEDF’s performance?
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How does YEDF deal with it?
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Economic environment

In what ways does the state of the economy affect YEDF?
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How is the state of economy a challenge to YEDF?
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How has YEDF dealt with this?
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Political influence

How has political landscape influenced YEDF’s operations?
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What makes politics a challenge?
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What has the institution done to deal with this influence?
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Employees’ performance

How does employees’ performance affect YEDF’s performance?
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How does this become a challenge?

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What does YEDF do to attract, retain and obtain great performance from its employees?

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What other challenges does YEDF face?

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What are your suggestions of how to overcome these challenges?

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Thank you for your time and input.