

**CHALLENGES OF STRATEGIC MANAGEMENT PRACTICES  
AT KENYA NATIONAL HIGHWAYS AUTHORITY**

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**DECEMBER, 2018**

**DECLARATION**

**Student Declaration**

This research project is my original work and has not been submitted for a degree in any other university.

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**Supervisors' Declaration**

This research project has been submitted for review with my approval as University Supervisor.

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## **DEDICATION**

This project is dedicated to my family that I respect for their love and support during my time as a student at the University of Nairobi.

## **ACKNOWLEDGEMENT**

First and foremost I wish to acknowledge God the almighty for giving me the grace to undertake this research process successfully. I'm also delighted to recognize the commitment and tireless effort put in by my supervisor Ms. Mary Kimonye. Through her guidance my academic journey has been a success.

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## **ABBREVIATIONS AND ACRONYMS**

|       |   |   |
|-------|---|---|
| KENHA | - | Kenya National Highways Authority               |
| SWOT  | - | Strength, Weaknesses, Opportunities and Threats |
| ICT   | - | Information Communication Technology            |
| RBV   | - | Resource Based View Theory                      |
| ROA   | - | Return of Assets                                |
| ROS   | - | Return on Sales                                 |
| ROE   | - | Return on Equity                                |
| CSR   | - | Corporate Social Responsibility                 |
| PCK   | - | Postal Corporation of Kenya                     |



## ABSTRACT

Strategic management practices are fundamental to the achievement of any long-term objectives of a firm. The three basic elements of strategic management practices involve strategy formulation, strategy implementation and strategy evaluation. However, the adoption of strategic management practices is compromised by a number of challenges. This study therefore sought to determine the challenges of strategic management practices at KeNHA as its objectives. Different challenges were established in the study that included; globalization, leadership, inadequate resource allocation, technology changes, change management, organization culture, corruption among others. The study was a case study of Kenya National Highways Authority. The study involved departmental heads at management level in the organization. Data was collected using the interview guide and analyzed through content analysis. The study findings established government of Kenya and World Bank Affiliates were the main source of funding for the Authority. Furthermore, the participants established that top managers were more involved in strategy formulation, implementation and evaluation. The study findings also established that dynamic technology, inadequate resource allocation, leadership, organizational culture, corruption, change management were the challenges experienced at KeNHA. In this study, the study findings revealed that strategy implementation was adopted in the Authority at a high extent. However, there were challenges that affected its management. The study also established that different challenges such as corruption, dynamic nature of technology, inadequate resource allocation, leadership, change management, globalization were affected by adoption of strategic management practices at KeNHA. In conclusion. The study should put more emphasis in the adoption of new technology to minimize issue of redundancy in its operations as well as involving all stakeholders in the implementation process. Strategies should be tailor-made to match the needs of the Authority so as to gain competitive advantage in the public domain in terms of service delivery. The study recommends that KeNHA should establish more measures to curb corruption so as to achieve its optimal goal as per its mandate. Reducing or eliminating corruption in the Authority will go a long way in proper resource utilization for the benefit of the general public. The Authority should adopt new technological advancement in the execution of its tasks as well as general construction and rehabilitation of roads in Kenya. The new technology will help the Authority to increase its efficiency and effectiveness in task execution. Furthermore, the study recommends that the Authority should establish a research and development department in order for it to be proactive in its mandate. Through R & D, the Authority will be able to have surveillance systems and earning warning systems that will minimize the effects of Mother Nature during natural calamities. The study also recommends that the corporation should create ways of generating revenues within its scope so as to supplement its existing sources of finances as well as reducing chances of overlying on external donors or strategic partners such as World Bank and its affiliate organization such as MGA.

## CHAPTER ONE: INTRODUCTION

### 1.1 Background of Study

Strategic management practices as a concept involve strategy formulation, strategy implementation, evaluation and control that are considered as basic elements for the prosperity of an organization. Wheelmen & Hunger (2008). Strategic management practices adapted in an organization plays a big role in the determination of its performance. To achieve these, organizations are determined in improving their performances continuously such that costs are reduced, customers are satisfied and efficiency in the market as well as products are produced as per the customer needs. Strategic management practices are a continuous process that requires self-assessment and control of external environment concerns that will eventually led to the attainment of goals and long-term objectives of a firm. Implementation of strategic management practices should address concerns from the external environment such as technology change, economic instability, political instability, competition as well as financial shortcomings. (Certo & Peter, 2001).

The study of strategic management is established under different theories. This study will involve the resource based theory and dynamic capability theory. Resource Based Theory plays a significant role in strategic change management as well as the resources of the firm that aids it in achieving the required changes (Collins & Motgomery, 1995). The dynamic capability theory holds that organizations have strategies that enable them gain competitive advantage over others This theory therefore links the capabilities that a firm possesses and the overall performances that results from interlinking this capabilities through application of strategies that are well formulated and implemented by the competent and skilled personnel (Zahra et al., 2006).

According to Carolina & Angel, (2011) the external environment is ever changing based on different factors. For firms to remain relevant in their respective industries they must as well conform to such changes. Therefore KeNHA is not an exception in this case, as State Corporation it has implemented part of the 2013-2017 strategic plan however there are bottlenecks experienced in the entire process. Organizations devise strategies when their objectives can no longer be adequately met within the scope of their present operating environment.

The business environment is very unpredictable given the changes experienced in such circumstances. The Corporation is faced with some challenges that include lack of sufficient funding to implement projects, resistance from employees, changes in legislation with regard to road transport, changes in technology and insufficient skilled manpower among others (Schwartz, 1991).

### **1.1.1 Strategic Management Practices**

Strategic Management Practices are fundamental to the achievement of any long-term objectives of a firm. There are four basic elements of strategic management practices namely; strategy formulation, strategy implementation and strategy evaluation. The four elements also informs the strategic management process in different firms. Strategy formulation involves long-term plans that are to be achieved through different approaches especially by conducting a SWOT (Strength, Weaknesses, Opportunities and Threats) analysis about the external environment. It basically deals with identifying corporate mission, vision, goals, objectives, policies and strategies that are achievable within a specified time period (Wheelen& Hunger, 2008).

Strategy implementation is defined as a process putting strategies into real action by deriving short-term objectives of the firm from long-term objectives through functional operations by competent employees. This stage involves management through identification of specific tasks that are achievable in the functional area at a specified time period thus achieving the business strategy demands (Pearce & Robinson, 2008).

Strategy evaluation and control involves the high level of comparison of actual performance against the desired performance level of a given task. The control process depicts continuous review procedures that allows for feedback from other stakeholders with regard to the implementation process. It reveals the levels of goals achieved and if not, it provides the way forward of improving performance (Hill& Jones, 2001: Steiner, 1997).

### **1.1.2 Challenges of Strategic Management Practices**

Globalization is a challenge. The world now is deemed to be a global village so as the business environment. All organizational business practices are expected to be global in nature so as to sustain their existence. Multi-national Corporations utilize global business operations that are acceptable to all. Due to globalization of business operations, there are new concerns of that nature that emerge more often than not. This includes International Human Resource Management as well, international as well as Global Strategic Management are required to adopt to this global trends in their operations in order for them to remain competitive in the respective industries thus a challenge when it comes to implementation (Hajara, 2011).

Dynamic Nature of Technology and Culture of Internet use in Operations. The use of internet is the order of the day in the new era of technological advancement in business operations. Some companies have adapted e-commerce in their operations such as electronic procurement, online advertising and e-selling (Hajara, 2011). However, it is challenging to keep up the pace in new technological innovations but it is a necessity for strategic management team to embrace it for the sake of their sustainability in businesses (Chapman, 2004).

Inadequate Commitment of Organizational Leadership. Leadership is considered as a fundamental aspect of strategy execution to achieve organizational results. The implementation process requires focused leadership that influences employees to play their roles as expected of them. This enables it achieve the long-term objectives as intended Commitment from skilled leadership is needed to guarantee employees easy strategy implementation process. Although sometimes there exists instances where lack of co-ordination and clear guidelines among the leadership takes center stage in strategy implementation phrase thus causing challenges of executing leadership mandate for the benefit of the firm. This challenge can be solved using a strategic map that helps in linking strategy execution plan with the organizational performance (Chapman, 2004).

Inadequate Resource Allocation. Strategic management practices execution is a cost that needs both financial and non-financial resources to be achieved. An organization is required to have enough resources at their disposal to implement strategies for the benefit of its stakeholders. However, there are restrictions that are attached to resources in that in many occasions the resources are limited thus a challenge. (Olsen, 2005).

### **1.1.3 Kenya National Highways Authority**

KeNHA is a state corporation that was established by an act of parliament in 2007 the Kenya Roads Act 2007. The organization has major responsibilities such as rehabilitation and maintenance of international track roads linking to international boards, management of highways, and development of highways.

The corporation has the general mandate of managing Class A, B and C Roads in the country. Through its mandate, the corporation spearheads the chances of Kenya achieving vision 2030 through its flagship infrastructural projects(KeNHA, 2016).As currently constituted, KeNHA is managed by a Board of Directors and run by the Director General as the Chief Executive Officer. The administration is structured around a number of departments. General Administration, Planning and Environment, Design and Construction, Maintenance, Special Projects, Finance, Internal Audit, Legal and Corporate Affairs, Human Resource Development and Management, Quality Assurance, Procurement and Information Communication Technology. Each department has a vision and mission (KeNHA, 2016).

KeNHA still faces a myriad of challenges that include political and global. The most serious ones include the political instability in Kenya in the wake of KeNHA's formation in 2007/8, or the environmental degradation that has devastated Kenya forcing KeNHA to play more of corporate social responsibility in arid and semi-arid areas, hence distracting it from its core mandate. This study therefore seeks to determine the challenges of strategic management practices on performance of Kenya National Highways Authority (KeNHA, 2016).

## **1.2 Research Problem**

There are different circumstances under which organization operate from, key among them is the frequent changes in the external business environment. Therefore due to the numerous changes that occur in the external environment many organizations are also affected despite them having a strategic plans. There different challenges that affect organizations. This challenges includes inadequate resource allocation to different functions, globalization, dynamic nature technology, natural calamities, inadequate commitment of organization leadership, resistance among employees to adopt to new ways of executing duties, unethical conduct among the employees in the organization In Kenya, we have organizations such as Uchumi Supermarket and Kenya Airways that have struggled to adequately adapt to the changes in their business environment through appropriate strategies to improve on their performance. However, this study will consider the challenges of strategic management practices on performance of KeNHA. The corporation has the general mandate of managing Class A, B and C Roads in the country(Carolina & Angel 2011).

Through its mandate, the corporation spearheads the chances of Kenya achieving vision 2030 through its flagship infrastructural projects. (KeNHA, 2016).Other researchers have conducted similar studies in different jurisdiction both locally and internationally. In Kenya, Ofunya (2013 studied on the influence of strategic management practices on post bank performance. The study established how different strategies utilized by the bank enable it to excel in its day to day activities. The strategies involved improvement in general service delivery through efficiency in operations, proper services to customers as well as reduced costs of operations. The study did not cover the aspect of challenges affecting is performance therefore leaving a gap to be filled by this study.

Mwangi (2013) conducted a study about strategic management practices and how it impacts on pharmaceutical firm's performance in Kenya. The findings revealed that the organizations that employed the practices were risk takers, proactive and innovative in their activities. As such they were able to outweigh their competitors by exhibiting a high performance in the industry. However this study was only based on pharmaceutical firms as a study context and also it only focused on strategic management practices being applied in the firms, thus leaving a gap of investigating challenges of strategic management practices on organizational performance that will be filled by this study.

At international level, Muogbo (2013) carried out a study on the management of strategies and how they impacted on the growth and development of manufacturing firms in Anabara state. The findings established that strategic management was not practiced enough in such manufacturing firms. However its effectiveness after implementation was realized the firm's high level of competitiveness in general. However the study did not capture the element of challenges of strategic management practices on organization performance in the public service sector. Also the study was conducted in a different context in Nigeria as opposed to Kenya hence leaving a gap to be filled by this study.

Singh (2005) conducted a study on the impact of strategic planning process differentiation and how it affects performance of nonprofit human service firms that provide menthol health services. The result of the study established that strategic planning correlated more with the performance of such firms. Despite that this study was only focused on strategic planning process as opposed to strategic management practices, it also did not highlighting on the element of challenges being experienced thus leaving out a knowledge gap to be filled by this study.



However, none of these studies focused on the challenges of strategic management practices on performance of Kenya National Highways Authority, thus a gap to be filled by this study. The study seeks to address the research question. What are the challenges experienced in adopting the strategic management practices at KeNHA?

### **1.3 Research Objective**

To determine the challenges experienced in adopting the strategic management practices at Kenya National Highways Authority.

### **1.4 Value of the Study**

In practice, the study findings would contribute to prudent strategic management execution by top management at Kenya National Highways Authority. The research study would be very useful in analyzing the need to diversify. Practitioners and managers at KeNHA would be able to put into practice the output of the study to make future decisions and to learn the areas that they have not dealt with properly in the past. Kenya National Highways Authority would be in a position to restructure their performance in such a way as to enhance their strategy formulation, implementation, monitoring, reviewing their strategic plans when need arises as well as mitigate challenges experienced for the sustainability of the corporation.

This study would contribute to two main theories of employed in the study. These theories include the Resource Based View theory and Dynamic capabilities theory. Generally, the research would offer complete in-depth analysis on strategic management practices and performance while supporting hypotheses fronted by the above mentioned theories. The study would contribute to strategic management as a body of knowledge by showing how the strategic management theories come into play in organizational management.

Policy makers both from the Public and Private sector would be able to make use of the findings of this study. Research-based policy making is increasingly becoming popular and research findings are an important input for policy makers. Governments are particularly interested in research studies that relate to governmental activities. Well informed policies in terms of research data are more likely to achieve the desired goals than policies that lack any research backing. This study would be important government agencies and Authority in achieving their objectives and respond to challenges experienced in adopting strategic management practices.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter focused on the theoretical framework of the study, strategic management practices, organizational performance, challenges as well as the empirical literature relating to strategic management practices and the conceptual framework to the study.

Strategic management practices adapted in an organization plays a big role in the determination of its performance. To achieve these, organizations are determined in improving their performances continuously such that costs are reduced, customers are satisfied and efficiency in the market as well as products are produced as per the customer needs. Strategic management practices are a continuous process that requires self-assessment and control of external environment concerns that will eventually led to the attainment of goals and long-term objectives of a firm (Hajara, 2011).The business environment is more uncertain in every sphere. Also there are more risks associated with growth and diversification into new markets. However, organizations still face new challenges related to diversification that emanate from competitors in new markets. Also, some organizations fail to implement such strategies as expected due to competition in the new market and therefore leading to losses and lost or market share (Hajara, 2011).

### **2.2 Theoretical Foundation of the Study**

The study of strategic management practices is founded on the theories underpinning strategic management in general. This study focused on Resource based view theory and Dynamic Capability Theory.

The Resource Based View Theory is considered to be among the contemporary theories that give significant understanding on strategic management. A Resource Based View (RBV) theory elaborates on how organizations make use of their cumulative resources to increase organizational performance in their respective jurisdictions. R.B.V. has been viewed as a way of giving insights on organizational performance as well as competitive advantage of the same. The competitive advantage is sustainable in nature given its ability to withstand the external forces from the external environment (Bharaduj et al, 1993).

According to Barney (1991), an organization is determined to achieve its optimal performance when it is implementing change management strategies that are not simultaneously being implemented by other competitors in the same external environment. Furthermore, the theory affirms that there are different resources within and without the Organization that enables it to develop competitive advantage as well as achieving optimum organizational performances. Moreover, the R.B.V. Theory plays a significant role in strategic change management as well as the resources of the firm that aids it in achieving the required changes. It further asserts that resources in an organization must pass tests as to their inimitability, competitive superiority, appropriate ability, durability, sustainability and suitability so as to qualify for an efficient role in strategic change management of a firm (Collins and Motgomery, 1995).

The theory further holds that competitive advantage and organizational performance can be achieved prudently if the resources being utilized are not easily duplicated by other competitors in the external environment, An organization represents an entity that entails a unique collection of resources and capabilities that have different features for its sustainability.

The RBV theory asserts that the presence of vital resources in a firm and their timely and efficient allocation and reallocation allows for a unique synthesis of elements that give an organization competitive advantage as well as sustainable optimal performance. Resources involved include physical and financial assets, patents, organizational social processes as well as skilled human capital (Barnely, 1991).

Dynamic Capability Theory. The theory dominates other theories in strategic management by explaining how different firms achieve sustainable competitive advantage over other similar competitors operating in the same external environment it allows the organization to configure the necessary competitive strategies that aid in growth of the firm. The theory further establishes existence of fundamental relationship of firm capabilities to its core performance expectations. It highlights on a broader link of organizational capabilities to its core performance expectations It also focuses on the existence of skilled human capital and technological advances that are in line with the corporate mission, objectives and long term goals of the firm. The nonprofit firms have a different bearing of cost reduction in the organization (Zahra et al., 2006).. The capabilities with the firm are interlinked with costs and business process to yield the intended efficiency in operations. With regard to this study, the theory establishes key issues of capabilities within the organisation that affects the general strategy formulation process that are used with regard to the objectives of the firm. Implementation of such capabilities is in line with the external environment that is ever changing (Teece et al.1997).

### **2.3 Strategic Management Practices**

Strategic Management Practices are fundamental to the achievement of any long-term objectives of a firm.

There are four basic elements of strategic management practices namely; strategy formulation, strategy implementation and strategy evaluation. The four elements also inform the strategic management process in different organizations. Strategy formulation involves long-term plans that are to be achieved through different approaches especially by conducting a SWOT analysis about the external environment. It basically deals with identifying corporate mission, vision, goals, objectives, policies and strategies that are achievable within a specified time period of a given firm (Wheelen & Hunger, 2008).

Formulation of strategies is conducted through three stages, which involves the corporate stage, business stage and the functional stage (Macmillan & Tainpoe, 2000). The company's vision and mission. Vision is more of how and where the company would like to be in the future while the mission is a firm's intent of existence and its objectives or goal to all stakeholders involved be it the investor, the customer, the employees, the suppliers among others. At this stage. This stage is more about setting goals, objectives, policies and procedures for the future of the company (Fred,2011).

In the wake of dynamic changes to technology strategic management practices have been embraced in many firms business operations because they go a long way in determining organizational performance (Mintzberg, 2004).Mission and vision are considered as key drivers that describe the future prospects of a firm and emphasizes on long-term objectives of a firm (Wheelen & Hunger, 2006).A mission statement depict an organizations unique way of establishment and it differentiates the firm from other competitors since it describes its specific unique purpose of existence in terms of the products and services offered to the market at a particular time (Wheelen & Hunger, 2006).

According to (Quinn & Goshal, 1999), organizational objectives provides a guide on what needs to be accomplished and when results are to be achieved, whenever it does not describe how the prices will be arrived at. Organizations are at liberty to have several specific objectives of their businesses at a specified time period. Goals are established as open ended statements that elaborate what a firm wants to achieve and does not specify the time period of such.

An organization creates its goals and objectives through its various functions and organizational performance in terms of customer satisfaction, profitability, market share, shareholder real maximization, and corporate social responsibility among others (Wheeln and Hunger, 2006).

Taiwo and Idunnu (2010) established that strategic planning on organizational performance is a real concern for many firms. The study reviewed the influence of planning on organizational performance at the First Bank of Nigeria. The findings indicated that planning helps in improving organizations performance then it enhances growth and sustainability. Strategy implementation is about putting the strategies into action. Organizations are required to create new objectives, establish policies, reward the staff and allocate enough resources in order for them to execute the formulated strategies. Furthermore, without proper implementation of a sound strategy many firms find it difficult to achieve their objectives as expected. Strategies at this point have to be broken down into short-term activities. Driving the implementation process requires leadership and a lot of commitment to implement strategies for the benefit of key stakeholders (Bakar, et al, 2011).

A program is set of activities that informs of accomplishing a single plan and therefore highlights more on strategy orientation. Budgeting allocation refers to key organization a statement that reveals how the money available will be utilized to actualize the implementation process. A budget gives a detailed breakdown of the entire program and procedures. Additionally, a procedure refers to a series of steps and techniques that elaborate details of how specific tasks are to be handled in a firm (Wheelen & Hunger, 2006).

According to Mintzberg & Quins (2004), it is established that 90% of strategies that are formulated by different organizations fail to take effect at the implementation stage and that only 10% of them are well executed as expected. The successful implementation of strategy is highly dependent on all key stakeholders that are deeply involved in it. Communication during the implementation phase is also important (Piece and Robinson, 2008).

Njagi & Kombo (2014) studied the effect of strategy implementation on the general performance of commercial banks in Kenya. The findings of the study indicated that there was a significant relationship between strategy implementation and performance of an organization regardless of the circumstances involved. The evaluation process is a set of activities that include timeliness being adhered to, working procedures and processes, consistency of results with the actual goal of the firm. Key stakeholders such as management and other employees in a firm the ones responsible for strategy evaluation given the fact that they have different opinions about their entire process challenging metrics and timeliness are always included in the evaluation process (Wheelen & Hunges, 2006).



Strategic evaluation and control is about ensuring that the strategy is going as planned and if there are any unexpected plans, the same is managed accordingly. It is a phase that requires information on performance so as to adjust activities as well as organizational goals. The evaluation of strategy is significant in the sense that it configures a review of the entire process in a continuous manner and provides feedback with regard to the fact that strategies are being implemented as expected. (Bakar et al. (2011).

Odera, (2013) examined strategic management practices at a public hospital known as Mbagathi District Hospital in Nairobi. The study findings revealed that the hospital formulates implements and evaluates the work plan by involving all staff working at the institution and that the management allocated funds based on the work plan.

The changes in the external environment has an influence on the strategies adopted in a firm and as such organizations are always expected to reach to this changes by developing and redesigning of new strategies through the evaluation process (Coulter, 2005).

#### **2.4 The Challenges Experienced in the Adoption of Strategic Management Practices**

Diversification Constraint. The business environment is more uncertain in every sphere. Also there are more risks associated with growth and diversification into new markets. However, organizations still face new challenges related to diversification that emanate from competitors in new markets. Also, some organizations fail to implement such strategies as expected due to competition in the new market and therefore leading to losses and lost or market share (Hajara, 2011).

Dynamic pressure groups. The modern society is embedded with different external pressures that exist in the external environment. The external active pressure involves environmental activism as well as consumer protectionism among others. Therefore, strategic management teams are required to identify these external pressures concerns in advance and understand their needs so that in their interests can be addressed accordingly when need arises (Hajara, 2011).

Concerns for Corporate Social Responsibility (CSR) and Ethical Conduct. Many organizations are exercising CSR in their day to day operations with the expectations of reaching out to societal needs.

That notwithstanding strategic management teams are required to conduct enough researches for realistic CSR activities that are key to the society that should be addressed effectively (Hajara, 2011). Globalization challenges. The world now is deemed to be a global village so as the business environment. All organizational business practices are expected to be global in passive so as to sustain their existence. Multi-national Corporations utilize global business operations that are acceptable to all (Hajara, 2011).

Moreover, due to globalization of business operations, there are new concerns of that nature that emerge more often than not. This includes International Human Resource Management as well, international as well as Global Strategic Management are required to adopt to this global trends in their operations in order for them to remain competitive in the respective industries thus a challenge when it comes to implementation (Hajara, 2011).

Dynamic Nature of Technology and Culture of Internet use in Operations. The use of internet is the order of the day in the new era of technological advancement in business operations. Some companies have adapted e-commerce in their operations such as e-procurement, online advertising and e-selling (Hajara, 2011).

Inadequate Commitment of Organizational Leadership. The implementation process requires focused leadership that influences employees to play their roles as expected of them. Engaging other stakeholders in driving strategic implementation process is key to the general performance of a firm. Commitment from skilled leadership is needed to guarantee employees easy strategy implementation process. This challenge can be solved using a strategic map that helps in linking strategy execution plan with the organizational performance (Chapman, 2004).

Inadequate Resource Allocation. Strategic management practices execution is a cost that needs both financial and non-financial resources to be achieved. An organization is required to have enough resources at their disposal to implement strategies for the benefit of its stakeholders. The resources involve technological, good will, financial, physical and human capital. However, there are restrictions that are attached to resources in that in many occasions the resources are limited (Olsen, 2005).

## **2.5 Empirical Studies and Knowledge Gaps**

The effect of an organizations strategic management practices has been discussed in detail both in the literature as well as from the empirical studies done on the subject area. Strategic management process in an organization or institutions operating environment is an inevitable stage in the day-to-day operating operations of an organization. Several studies have looked at the role that strategic management plays on general performance of an organization.

At international level, Hamrick and Mason, (1984) argued that a management team that can be able to transform the effects of changes in the external environment on firms performance as opposed to team members that create unnecessary divisions through debates on alternative strategies to implement in a firm. Arogyaswamyetal. (1995) argued that successful turnaround strategies must be prudent enough to handle decline and recovery through implementation of new strategies and corporate structure in a firm. However this analogy was unclear whether governance arrangements have any detriment compared to other strategic management practices thus a knowledge gap.

Muogbo (2013) carried out a study on the management of strategies and how they impacted on the growth and development of manufacturing firms in Anabara state.

The findings established that strategic management was not practiced enough in such manufacturing firms. However its effectiveness after implementation was realized the firm's high level of competitiveness in general. Also the study was conducted in a different context in Nigeria as opposed to Kenya hence leaving a gap to be filled by this study.

Singh (2005) conducted a study on the impact of strategic planning process differentiation and how it affects performance of nonprofit human service firms that provide menthol health services. The result of the study established that strategic planning correlated more with the performance of such firms .Despite that this study was only focused on strategic planning process as opposed to strategic management practices, it also did not highlighting on the element of challenges being experienced thus leaving out a knowledge gap to be filled by this study.

In Kenya, Kimani (2009), studied on the strategies adopted by Postal Corporation of Kenya to gain competitive advantage in the mail sub sector in Kenya light due to increased competition. The study found that though PCK has adopted various strategies to gain competitive advantage, they are slow in bearing fruit and hence indicating challenges in strategy planning and implementation. The above studies sight that business environment for PCK has changed over the years and the firm no longer enjoys the monopoly that it used to hence the need for strategizing for its sustainable development thus agap to be filled by this study.

Wataka (2013) researched on managing strategic change at PACT Kenya. The study found out that as part of the Pact global family had encountered challenges in trying to manage strategic change initiated at the organization's headquarters. The management of such processes are in consistent with the changes in the environment. It was found that a lack of team work, arrogant attitudes, and lack of leadership in middle management and the general fear of the unknown are

Some of the challenges affecting a successful implementation of a change process in an organization. An organization should take positively a change process because effective implementation of a change process in a firm acts as a strategic tool and positively contributes to the goals, objectives and the portfolio of almost all its activities.

Kambara (2013) also indicates the need for PCK to strategize in order for it to perform effectively and out beat competition. This has necessitated it to formulate and adopt strategies that should result in superior performance for the firm and ensure survival in an environment that is constantly changing due to different competitive factors.

The study also indicates the liberalization of the Postal market to allow the entry of new competition into the market as the main reason as to why PCK ought to reinvent itself. In response to the changes in the market, PCK has had to focus on its capabilities and core competencies in order to achieve competitive advantage and its ultimate survival. Muteti (2013) researched management of strategic change at the Telkom Kenya Limited and found out that management of strategic change practices adopted includes change of leadership, change of structure, training of employees and change of programs. In summary, the literature review supports a positive influence of strategic management practices on the performance of firms. Strategic management facilitates organization to take a different course of action to ensure achievement of organization goal.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter focused on research design, data collection method and data analysis method that were used to carry out the research project. It discusses the research design especially with respect to the choice of the design. The study entailed key information about the research objective and the context in general such as how the respondents were involved in providing information sought by this study.

The study involved, managers in the organization. These officials were considered because strategic management practices and organizational performance is the domain of top management in any institution who have wide experience, ideas, and conceptualize all general organizational performance tenets as required.

The study involved a case study of Kenya National Highways Authority that of key insightful analysis of KeNHA through the challenges experienced in adopting strategic management practices at KeNHA. This highlighted on the broad perspective of the authority and how improvements are intended in their performance.

### **3.2 Research Design**

Kerlinger (2006), established that research design is the plan, structure and strategy that is employed to carry out investigations on fundamental issues based on the research questions and to control relevance. The research will be done through a case study of Kenya National Highways Authority. A case study is regarded as an in depth study of a particular situation. The approach is able to generate questions ‘why’ as well as ‘how where and ‘what’ (Kalbasi, 2007).

Kenya National Highways Authority will purposively be selected as the study case because it is a major construction public corporation in Kenya that is chiefly tasked with the construction and management of national roads network in the country. As a state entity and it has been doing well so far. At the onset of its operations. Kenya National Highways Authority formulated Strategic Plan - 2013-2017 that is still in the implementation phase to date. The study will try to determine the strategic management practices employed during this period at KeNHA.

### **3.3 Data Collection**

The study utilized primary data through the interview guide. The data was collected from managers in the various departments in the organization. The departments involved General Administration, Planning and Environment. Design and Construction. Maintenance, Special Projects, Finance, Internal Audit, Legal and Corporate Affairs. Human Resource Development and Management, Quality Assurance. Procurement and information Communication Technology.

Each department work towards achieving the Authority's mandate of enhanced connectivity. Mobility, efficiency and accelerated socio-economic development. These officials were considered because strategic management practices and organizational performance is the domain of top management in any institution who have wide experience, ideas, and conceptualize all general organizational performance tenets as required. In this regard the researcher interviewed the respondents. The interview guide was divided into three sections, section one focused on the general information about the respondents. Section two focused on strategic management practices adopted at KeNHA. Section three involved the challenges experienced in the adoption of strategic management practices adopted at KeNHA.



### **3.4 Data Analysis**

Data analysis involves a search for patterns in data. Once a pattern is identified, it is interpreted in terms of a social theory or the setting in which it occurred. The data collected was analyzed for completeness and clarity. Analysis was conducted using content analysis. Content analysis revolves around recorded human narratives through coding and transformation of raw data into a simple and standard information as envisaged in the findings (Babbie 2001).

Data analysis is the application of reasoning to understand and interpret the data that has been collected. Content analysis is a technique of making conclusions by systematically and objectively identifying different messages as feedback. Content analysis is deemed the most appropriate in analyzing participants responses as it provided an in depth analysis of the open-ended answers provided in a study (Zikmund, 2003).

The quantitative data was analyzed by the use of descriptive statistics. Tables and figures were used to summarize the data and enhance clarity. The researcher used the data within aim of presenting the research findings in respect the challenges experienced in adopting the strategic management practices at Kenya National Highways Authority. The analysis of data guided the researcher to make various conclusions and recommendations.

## **CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION**

### **4.1 Introduction**

This chapter entails an analysis of the findings of the study as depicted in the research methodology. The study findings were presented based on the structure of the interview guide. The participants in the study involved managers of respective departments that included General Administration, Planning Environment, Design & Construction, Maintenance, Special Projects, Finance, Internal Audit, Legal, Corporate Affairs, Human Resource Development and Management, Quality Assurance, Procurement and ICT Department. The study targeted two respondents from each department; that is 14 departments from the study findings, 20 respondents participated in the study from the respective departments.

### **4.2 Strategic Management Practices**

#### **4.2.1 Department**

The study sought to establish the department which the participants were working from in the organization. The discussion with the participants emerged from Procurement, Human Resource Management, Quality Assurance, Finance, ICT, Special Projects, Internal Audit, Corporate Affairs, Planning and Environmental Departments. However, there were no participants from the General Administration Department, Maintenance and Legal Departments. This therefore indicated that the response rate was 79 percent for the participants in the study.

#### **4.2.2 Sourced of Finding**

The study sought to determine the source of funding of KeNHA as a state entity mandated with managing and building highways in the county. The participants in the study were required to give information on the source of funding of the KeNHA Projects.

The discussion from the participants revealed that there were various sources of funding for KeNHA operations and more importantly for the road construction and rehabilitation projects. Majority of the participants cited that the Government of Kenya in collaboration with other strategic partners were the main source of funding for KeNHA. Some participants however noted that International Bank for Reconstruction and Development (IBRD) a World Bank Group founded several projects for KeNHA. The participants acknowledged that IBRD was the largest development bank in the world such that it supports the World Bank's Mission by providing loans, guarantees, risk management products and advisory services to middle income and credit worth low-income countries.

Other participants reported that International Development Association (IDA) provided funds to KeNHA Development Projects. IDA is part of the World Bank Group that helps the world poorest countries overseen by 173 countries. IDA complements the World Bank's original lending arm the International Bank for Reconstruction and Development. Some of the projects cited by the participants to be funded by IDA included Nakuru-Loruk-Marich pass in Nakuru/Baringo Counties. Mombasa Northern Bypass in Mombasa County, Malindi-Hola-Madogo Roads in Kilifi County, Likoni Road-James Gichuru Road in Nairobi County among others.

Other participants in the study established that International Finance Corporation (IFC), and Multilateral Investment Guarantee Agency (MIGA) provided funding for KeNHA Projects. MIGA is a World Bank Group Member. MIGA has issued more than \$ 28 billion in political Risk Insurance for projects in a wide range of sectors globally. One participant in the study noted that International Center for Settlement of Investment Disputes (ICSID).

The ICSID provides for settlement for disputes by reconciliation, arbitration of fact findings. The ICSID helps in maintaining a careful characteristics of international investment disputes and parties involved such as interest of investors and host countries such as Kenya. Moreover, from the participants indicated that Saudi Fund for Development (SFD), Kuwait Fund for Arab Economic Development (KFAED), OPEC Fund for Arab Development (OFID) and Abu Dhabi Fund for Development (ADFD). The participants noted that these sources of funding at KeNHA were channeled through Arab Bank for Economic Development in Africa (BADEA). The funds enabled to construct different roads such as Nuno-Modogashe (C81) Merille River-Marsabit (A2) in Garissa and Isiolo Counties respectively.

On the other hand, one respondent confirmed that Japan International Corporation Agency (JICA) was another source of funding for KeNHA Projects. JICA funded the construction of several road projects through KeNHA such as Mombasa Southern Bypass Road and Kipevu-Dongo-Kundu Mombasa County. Other participants noted that African Development Bank provided funding for KeNHA. This helped in the construction of several roads in the country such as Mwatate-Taveta Road Project (A23) in TaitaTaveta County.

#### **4.2.3 Strategy Formulation, Implementation and Evaluation**

The study sought to find out who were involved in strategy formulation, implementation and evaluation at KeNHA. The participants gave divergent views on the subject matter. With regard to the strategy formulation at KeNHA, some participants cited that the top management team at KeNHA were involved in strategy implementation. The top management team included; Director General, Director Corporate Services, Director Quality Assurance, Director Road and Corridor Management, Director Roads, Highway Planning, Designs, Director Development, Director Human Resource Management, Director Audit Services, Deputy Director ICT, Director Supply Chain Services, Director Corporate Commission among others.

Four participants in the study asserted that the executive board of directors were involved in strategy formulation at KeNHA through establishment of policies guidelines and operational strategies for KeNHA. This was done through the establishment of mission and vision of the organization and core functions that included construction, upgrading, rehabilitating and maintaining roads under its control, ensuring that quality road works are met, collecting and collating data related to the use of National trunk roads. Other participants noted that the board of directors and top management were involved in strategy formulation by adhering to the mandate of KeNHA that deals with managing, developing, rehabilitating and maintaining national roads.

With regard to strategy implementation, the participants reported that the implementation process at KeNHA is a total collective responsibility for all the employees in the organization. On the other hand, some respondents indicated that departmental heads were tasked with the responsibility of strategy implementation at KeNHA.

Other participants in the study indicated that top management commitment was paramount to effective strategy implementation. The participants went further to explain how the authority top management was committed to strategy implementation. They revealed that the strategy of outsourcing in KeNHA was among the most adapted in their quest for service delivery. Services such as design work and supervision of construction works were outsourced for easy implementation; however this was reported to be a hindrance to innovation and optimal use of human resource at their disposal.

Two respondents indicated that strategy implementation at KeNHA was handled by the departmental heads such as managers of different functions. They asserted that departmental heads allocate and assign responsibilities to employees in their respective departments that ensures sufficient strategy implementation in the authority.

With respect to strategy evaluation at KeNHA, the participants had divergent view on who was involved in this process. Strategy and evaluation was strategic management process that determines the effectiveness of strategy implementation process. It measures the levels of performance through feedback from customers and other employees in the Authority. Some respondents asserted that strategy evaluation was handled by top managers in the organization that included directors and managers. They went ahead and illustrated that the evaluation process at KeNHA is determined through instantly returns that are filled by various operational managers from different departments. When monthly returns are filled it enables the top management to review their operation entirely.

Other participants reported that strategy evaluation at KeNHA is handled by the board of directors through a review of annual reports. The participants asserted that the annual reports on financial statements are evaluated by the board of directors to determine the general performance of the authority. Moreover, three respondents indicated that strategy evaluation at KeNHA was done by the customers or members of the public. They lamented that public opinion on how KeNHA performance reveals the general outlook of the organization to the public.

The participants further confirmed that KeNHA has a redress mechanism whereby customers/clients who have a complaint, remark or suggestion to make can seek redress through making formal complaint to the head of the station where the service was rendered, make formal complaints to regional manager or director general through physical address, post, telephone, fax, short messages or email-provided.

Also, there were situations where the use of suggestion and corruption reporting boxes were utilized at the headquarters and regional offices of KeNHA. These therefore indicated some of the way evaluation was done by customers and clients at KeNHA.

The respondents also noted that KeNHA was committed to provision of safe, quality and adequate national road network (class A, B&S) for sustainable socio-economic development and therefore KeNHA's top management regularly reviews the policies and establishes quality objectives on annual basis to ensure continuity sustainability hence strategy evaluation.

#### **4.2.4 Extent of Adoption of Strategic Management Practice**

The participants in the study were required to respond to the issue of extent of adoption of strategic management practices at KeNHA. From the findings of the study, majority of the participants indicated that strategy implementation was adopted in the authority at a high extent. They went ahead to give illustrations. The participants noted that KeNHA has different strategies such as outsourcing, partnership, collaboration, corruption prevention initiatives among others. The authority has established a corruption prevention committee that helps in overseeing corruption related cases in the authority.

In addition, the participants reported that KeNHA has established a public complaints committee that deals with all internal and external complaints from different stakeholders that are dealt with swiftly at least within 15 days. Moreover, the authority has developed a code of conduct for all employees that address the behavioral issues of staff in the authority. The strategies and general service delivery at KeNHA was based on Quality Management System. KeNHA is ISO 9001: 2008 certified, the participants indicated that the training of Quality Auditors was also done and internal quality audits conducted to enhance quality service delivery.

They further indicated that the authority continuously pursued the purpose of improving its procedures and processes and engages with both internal and external audits in the organization. The findings of the study were consistent with the existing literature. A program is set of activities that informs of accomplishing a single plan and therefore highlights more on strategy orientation. Budgeting allocation refers to key organization a statement that reveals how the money available will be utilized to actualize the implementation process. A budget gives a detailed breakdown of the entire program and procedures.



Additionally, a procedure refers to a series of steps and techniques that elaborate details of how specific tasks are to be handled in a firm (Wheelen & Hunger, 2006). According to Mintzberg & Quins (2004), it is established that 90% of strategies that are formulated by different organizations fail to take effect at the implementation stage and that only 10% of them are well executed as expected. The successful implementation of strategy is highly dependent on all key stakeholders that are deeply involved in it. Communication during the implementation phase is also important (Piece and Robinson, 2008).

The study findings indicated that five participants intimated that strategy evaluation was adopted at a moderate extent at KeNHA. The practices that were adopted by KeNHA in the implementation of its strategy include coordinated activities through meetings with Board, Director General, Head of Departments as well as Regional Managers. The head of sections were encouraged to hold regular meetings to monitor progress of their sections operation that allowed division of the strategies into short-term and medium-term strategies.

Two respondents in the study further revealed that there was indeed a monitoring and evaluation committee who monitors the progress and performance of the Authority and report to the top management accordingly. They further established that KeNHA had an external relationship with other line ministries such as Roads, Finance, Transport; Devolution as well as other road agencies such as Kenya Roads Board, Kenya Rural Roads Authority and Kenya Urban Roads Authority. The findings are consistent with the existing literature. Strategy evaluation and control involves the high level of comparison of actual performance against the desired performance level of a given task. The control process depicts continuous review procedures that allow for feedback from other stakeholders with regard to the implementation process.

It reveals the levels of goals achieved and if not, it provides the way forward of improving performance (Hill& Jones, 2001: Steiner, 1997). With regard to the extent of adoption strategy formulation, all the participants were in agreement that strategic formulation as a practice at KeNHA was adopted at a low extent. The participants lamented that organization has a 5 year strategic plan that was formal; participating top down and consultative. However the participants noted that the strategic plan formulation was purely outsourced from consultants. Although the top management and board of directors were involved in the process.

The participants established that the reason why the strategy formulation was adopted at a moderate extent was because the implementers were not involved in the formulation process. This fact was further established by the respondents who noted that one of the ways to motivate the employees was to work to the best of their ability in the implementation process through their involvement in strategy formulation and strategy implementation. That notwithstanding, the participants asserted that the formulation process did not involve all the implementers since the middle-level managers and lower-level managers were not fully involved in strategy formulation at KeNHA. They felt that although they were represented in most cases, representation was partial and that their input was not sought during strategy formulation.

#### **4.2.5 Other Strategic Management Practices Employed at KeNHA**

The study sought to establish the other or additional strategic management practices that KeNHA employees in its daily activities. The participants concurred with each other in their feedback that the authority had different strategies that are utilized in their day today activities. These strategies included professionalism, KeNHA was established on premise of actions and interactions that maintains ethical behaviour, professional etiquette, honesty and timeliness.

Good corporate governance and teamwork and partnership were other strategies utilized at KeNHA as reported by the participants. KeNHA ensures processes and procedures were marked with efficiency, effectiveness and transparency. The participants noted that innovativeness, equity and fairness were other strategies employed by KeNHA. They noted that creativity was the hallmark of KeNHA operations.

The participants also noted that the authority ensured fairness and equity in employment and service delivery at all times. Other respondents established that KeNHA utilizes environmental stewardship to manage, rehabilitate and maintain national trunk roads taking into consideration environmental safeguards. This ensures the environmental conservation.

#### **4.2.6 Monitoring Strategies for Successful Implementation**

The respondents further noted that yes, their organization (KeNHA) monitors strategies to ensure successful implementation. The participants in the study noted that for successful implementation practice, clear rules and procedures of decision making and work performance schedules specifying timelines and lateral communication manifested in such forms as a liaison rules, committees taskforces, project and management teams were put in place. Some years back, they further asserted that there was indeed a monitoring and evaluation committee who monitor the progress and performance of the organization and report accordingly. Further, monitoring and evaluation was established through quarterly and annual progress reports as well as determination of key performance indicators on contracts and work plans of the authority.

#### **4.2.7 Employee Training on Strategic Management Practices**

With regard to employees training on strategic management practices, majority of the participants in the study noted that there was no adequate training for all employees on strategic management practices. Instead, there were partial training programs that were exhibited on departmental heads on strategic management. The participants also revealed that general employees were not trained and therefore took time to understand the process during implementation of strategies in the Authority. The participants also noted that the Authority has well qualified engineers in their midst but the Authority outsources services that could be done by them, therefore limiting their chances of more training. This has however led to low employee morale and motivation in general.

Other participants asserted that the top management team was adequately trained on strategy management practices leaving out other managers. The respondents established that since the top management team were the ones concerned with the strategy formulation, they were the only ones who received necessary training on the same. This therefore posed as a threat to full strategy implementation in the authority.

#### **4.2.8 Strategic Management Challenges**

The participants indicated that there were challenges with the organization structure and pressure groups. The structure of the organization followed the parent ministry approach on the onset of its formation. The structure of the Authority is designed to breakdown how work is to be carried out in business units and functional departments. The respondents indicated that the structure of the Authority was aligned to some extent with the strategies being implemented as each department and heads of departments have specific mandate to perform.

The compartmentalization has sometimes hindered communications and sharing pertinent information on cross cutting issues affecting strategy implementation across the departments. Some respondents also pointed out that some technical departments have dominance over the support departments which are responsible for delivering their core departmental functions.

In order to re-align the structure, the respondents indicated that proposals and discussions are being undertaken to restructure the organization to fit the changing market environment. Job evaluations have been undertaken to re-align and distribute tasks accordingly. It was noted that at the tactical levels some officers have huge tasks to carry out on a day to day basis. The same applied to the strategic level.

It was found out that the Authority can effectively respond to pressure to change from the environment. The finding indicates that the structure of the Authority is a bit flexible though much needs to be done. The structure of the organization was able to deal with changes in strategy through the implementation processes however they noted that more needs to be done to improve the process of service delivery.

Dynamic pressure groups. The limitation to the success of the strategy is beyond the Authority since external factors affect the Authority. These include overreliance of funding from other sectors and public sector environment that is characterized by corruption and political interference. The success of the Authority in the last four years in delivering its service was as a result of the support from the management team. The development projects have positively impacted on the socio-economic development of the country. Mobility has increased with majority of Kenyans using road transport.

The findings are consistent with the dynamic capability theory. The theory establishes that strategic management is key in determining organizational competitive advantages over other players in the similar external business environment it allows the company to collaborate with existing competitive strategies for growth. The theory further diversifies the organizational capabilities that influence of the firm that eventually leads to achievement of long term goals. The capabilities can be propelled through organizational objectives that are consistent with the vision, mission and long term goals of the firm.

The political interference was noted to be one of the greatest challenges faced by the leadership especially in prioritization of road projects. The Kenyan politics influences decisions made by the Authority. Secondly the historical negative public perception of road construction process is also a challenge to the leadership of the Authority in strategy implementation process.

Over reliance of donor funding and foreign consultants and construction companies was noted by the respondent as another challenge on leadership. High expectation from the public is also another challenge to the leadership of the

Organizational culture. With regard to organizational culture and corporate social responsibility. The respondents agreed that the culture in their organization hindered implementation of its strategy. Other department like in the procurement indicated that the culture of teamwork within the department was good. The culture factors that were identified by the respondents varied and included the following: resistance to change, fear of the unknown, lack of commitment, lack of staff development leading to low motivation of staff, lack of team work especially interdepartmental and poor communication between employees and the management team.

Organizational culture is crucial in strategy implementation processes. The leadership is in the forefront in creating a culture of winning and achieving the set objectives. The drive should start from the managers since the employees follow what their managers do. The respondent noted that the culture of the organization was not fully optimized and well-integrated in the process of strategy implementation.

The core values that the Authority upholds include quality service, good corporate governance, professionalism, teamwork and partnership, equity and fairness, innovativeness and environmental stewardship. The respondents noted that the same values have not been incorporated into the day to day operations of the organization thus being on paper only and not practiced by the employees. This could be as a result of being driven by the short-term goals of daily operations and lack of forums that the employees are sensitized to uphold the core values of the organization.

Inadequate resource allocation. All the respondents agreed that there was indeed resource constraint in the Authority that hindered strategy implementation processes. The resources include physical such as limited space, human, technological such as software needed in various departments, working tools like survey equipment and financials. The main source of funding for the Authority comes from the Government of Kenya through budgetary process and development partners that is used for administration expenditures and maintenance of roads. The findings were consistent with the existing literature Inadequate Resource Allocation. Strategic management practices execution is a cost that needs both financial and non-financial resources to be achieved. An organization is required to have enough resources at their disposal to implement strategies for the benefit of its stakeholders. However, there are restrictions that are attached to resources in that in many occasions the resources are limited thus a challenge. (Olsen, 2005).

For any successful strategy implementation there has to be enough resources available to carry out all the planned activities. The Authority relies heavily on funds from the government. This has hindered its mandate in managing, constructing, maintaining and rehabilitating the over 14,000 Km road network. The Authority is looking for ways that it can generate income so as to manage their resource constraints.

On the human resource, the respondents noted that the Authority is not fully staffed. There are some areas that are critical and yet are under staffed. The human resource department has recently carried out job evaluation and proposed to the Board on areas of improvement. The current staff also must be motivated so as they work hard at their various stations. The respondents indicated that that the Authority lack staff development procedures due to lack of well-established training programs which is self - implementing, that is once appointed; officers know when they will benefit from training schemes.

The respondents agreed that the term of employment for the Authority is not competitive enough to attract and retain staff from private sector. It is important to set aside enough finances for projects while ensuring that staff are motivated and recognized i.e. through reward and appreciation schemes. Staff with adequate training in their roles in strategy implementation is the nerve center in boosting the Authority's competence in handling demanding tasks. In order to address the issue of resource limitation, the respondents indicated that the Authority has lobbied Treasury to increase the allocation for development projects, reviewed work plans based on available resources, external resource mobilization, prioritizing activities, partnership with private sector and other stakeholders, adopting work station concept to avail more office spaces and optimal utilization of the scarce resources.



With financial resources, proper planning and prioritizing on the policies is a key factor. As a result, the respondents noted that when the organization is setting strategies, it ought to incorporate adequate resources to ensure the realization of the set goals and putting in place mechanism of addressing the issue of resource limitation in their role.

Inadequate commitment of organizational leadership .All the participants in the study noted that as currently constituted, KeNHA headed by a Board of Directors and run by the Director General as the Chief Executive Officer. The Director General is assisted by General Managers, Managers / Head of Sections and Regional Managers in ten regions covering the country. The respondents noted that the Authority has an excellent management team who are supportive to the strategy implementation process.

The limitation to the success of the strategy is beyond the Authority. Over reliance on donor funding, foreign consultants and construction companies was noted by the respondent as another challenge on leadership. Other participants asserted that High expectation from the public is also another challenge to the leadership of the Authority. Road construction is a long term venture, taking over two to five years to complete a rehabilitation project. The public eye views this lengthy period of time as lack of proper leadership and mismanagement of funds.

However, the participants noted that for the Authority to streamline its leadership mandate and responsibility, The Authority was trying to identify new sources of funding such as public partnership or infrastructure bonds to be able to finance its projects especially for maintenance.

The policy that is guiding the operations of the Authority is being reviewed by KeNHA and other stakeholders and the Ministry of Roads to ensure that strong leadership is in place. Enforcement of KeNHA's legal mandate and adhering to its core values will prevent the organization from political interference through forward planning of all its projects.

Finally other respondents established that the Authority has embarked on public awareness through publicity and sensitization process to educate the public on the process of road construction works and challenges that faces the Authority that is beyond it like climate change and natural disasters. Reward and Sanctions. The execution of a strategy depends on individual members of organization especially key managers. The respondents noted that reward system in the Authority is poor limiting strategy implementation process. There is no clear policy framework of promotion or any other form of reward to the employees.

The respondents indicated that the Authority has remained under staffed mainly due to the slow vesting of assets, and the employment terms. Hiring and retaining staff is a challenge to the Authority. In some cases, persons given employment have declined to take up the offered services due to terms and conditions of service. The human resource department did a job evaluation and its recommendations forwarded to the board. They proposed measures like promotion to be based on performance appraisal systems and performance targets being set based on strategic objectives and when targets are achieved, the employees are rewarded, best performance being evaluated against strategies set targets and cascaded to work plans and performance contracts.

Moreover, Natural calamities such as floods Mother Nature were reported to affect the operations of KeNHA during road construction projects. The respondents reported that the heavy rains posed a great challenge in service delivery for the corporation. The participants noted that other challenges affecting the authority include corruption, dynamic nature of technology, globalization and change management among others. The findings are consistent with the existing literature. Due to globalization, there are new concerns of that nature that emerge more often than not.

This includes International Human Resource Management as well, international as well as Global Strategic Management are required to adopt to this global trends in their operations in order for them to remain competitive in the respective industries thus a challenge when it comes to implementation Dynamic Nature of Technology and Culture of Internet use in Operations. The use of internet is the order of the day in the new era of technological advancement in business operations. Some companies have adapted e-commerce in their operations such as electronic procurement, online advertising and e-selling (Hajara, 2011). However, it is challenging to keep up the pace in new technological innovations but it is a necessity for strategic management team to embrace it for the sake of their sustainability in businesses (Chapman, 2004).

## **CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATION**

### **5.1 Introduction**

This chapter focuses on a summary, conclusion and recommendation for the research in line with the research objectives as well as the research questions in the interview guide. It also covers limitation of study as well as suggestions for further study.

### **5.2 Summary of the Findings**

The study established that participants emerged from different departments of the Authority and there was a 79% of response rate to that effect. The study findings revealed that the Authority had different sources of funding that included Government of Kenya, The African Development Bank Group (AfDB), Japan International Corporation (JICA), Saudi Fund for Development (SFD) among others.

This shows that the corporation heavily relied on external sources of funds to finance its activities and major projects. The study also established that the participants noted how the top management team was more involved in strategy formulation including Board of Directors and Departmental Heads. The findings were consistent with existing literature Formulation of strategies is conducted through three stages, which involves the corporate stage, business stage and the functional stage (Macmillan & Tainpoe, 2000).

The company's vision and mission. Vision is more of how and where the company would like to be in the future while the mission is a firm's intent of existence and its objectives or goal to all stakeholders involved be it the investor, the customer, the employees, the suppliers among others. At this stage. This stage is more about setting goals, objectives, policies and procedures for the future of the company (Fred,2011).

With regard to strategy implementation, the participants agreed that implementation of the strategies in the Authority was a responsibility of all employees however in reality, the departmental heads had an upper hand in the entire process. With regard to strategy evaluation, the study findings indicated that there were divergent views on how evaluation was done in the corporation, some participants reported that it was done by the top management team through monitoring and evaluation committee while other respondents indicated that it was done by customers through their public opinion or feedback based on service delivery across the board.

Furthermore, the study findings revealed that strategy implementation at KeNHA was adopted at a high extent while strategy evaluation was conducted in the Authority at a moderate extent. With respect to strategic management challenges experienced at KeNHA, the study findings as reported by the participants revealed that there were different major challenges that affected the Authority in its adoption of strategic management practices.

The challenges included; corruption, change management, globalization, dynamic pressure groups, organization structure, dynamic technology, leadership, inadequate resource allocation among others. Moreover, the study findings revealed on the future plan as well as the measures put in place by the Authority to manage the challenges.

This included the construction of dual carriageway in strategic points across the country, establishment of corruption management committees as well as adopting to new technological advancement managing projects and strategy implementation. This was consistent with the existing literature Inadequate Commitment of Organizational Leadership. Leadership is considered as a fundamental aspect of strategy execution to achieve organizational results.

The implementation process requires focused leadership that influences employees to play their roles as expected of them. This enables it achieve the long-term objectives as intended Commitment from skilled leadership is needed to guarantee employees easy strategy implementation process. Although sometimes there exists instances where lack of co-ordination and clear guidelines among the leadership takes center stage in strategy implementation phrase thus causing challenges of executing leadership mandate for the benefit of the firm. This challenge can be solved using a strategic map that helps in linking strategy execution plan with the organizational performance (Chapman, 2004).

### **5.3 Conclusion**

Strategic management practices involve strategy formulation, implementation and evaluation. However, during its inception in an organization, there are a number of challenges that emerge in the process thereby hindering its full implementation. In this study, the study findings revealed that strategy implementation was adopted in the Authority at a high extent. However, there were challenges that affected its management. The study also established that different challenges such as corruption, dynamic nature of technology, inadequate resource allocation, leadership, change management, globalization were affected by adoption of strategic management practices at KeNHA.

In conclusion, the study should put more emphasis in the adoption of new technology to minimize issue of redundancy in its operations as well as involving all stakeholders in the implementation process. Strategies should be tailor-made to match the needs of the Authority so as to gain competitive advantage in the public domain in terms of service delivery.

#### **5.4 Recommendation**

The study recommends that KeNHA should establish more measures to curb corruption so as to achieve its optimal goal as per its mandate. Reducing or eliminating corruption in the Authority will go a long way in proper resource utilization for the benefit of the general public. The Authority should adopt new technological advancement in the execution of its tasks as well as general construction and rehabilitation of roads in Kenya. The new technology will help the Authority to increase its efficiency and effectiveness in task execution.

Furthermore, the study recommends that the Authority should establish a research and development department in order for it to be proactive in its mandate. Through R & D, the Authority will be able to have surveillance systems and earning warning systems that will minimize the effects of Mother Nature during natural calamities. The study also recommends that the corporation should create ways of generating revenues within its scope so as to supplement its existing sources of finances as well as reducing chances of overlying on external donors or strategic partners such as World Bank and its affiliate organization such as MGA.

#### **5.5 Limitation of the Study**

The study was limited to KeNHA head office only. This therefore limited the findings of the study to the Authority Headquarters as opposed to the countrywide branches. Also, access to information needed for this study was challenging. This was attributed to the fact that the participants who were departmental heads and managers in the Authority had very busy schedules and had limited time to be interviewed. Moreover, the participants in the study had the fear of unknown about the information being sought. They were very reluctant to give information and therefore causing delays in completion of the scheduled interviews for the study.

## **5.6 Suggestion for Further Research**

Further studies should be done in other state agencies such as Kenya Rural Roads Authority (KeRRA) to determine the relationship of the study findings with regard to strategic management practices in such contexts in Kenya. Also, the same topic can be replicated in devolved units of infrastructure development within counties so as to establish the findings and draw a conclusion through comparison of study findings.

Moreover, the researcher urges other studies to be done in other KeNHA branches that are established in other parts of the country other than Nairobi so as to have a very clear picture of how strategic management challenges are established in those areas and therefore comparisons will be made with this study to confirm the similarities and differences and areas of improvement. This will be used in enriching the knowledge gap that exists with respect to strategic management challenges in different contexts of Kenyan Public Sector.



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## **APPENDIX II: INTERVIEW GUIDE**

### **SECTION A: STRATEGIC MANAGEMENT PRACTICES**

1. Which department do you work from?
2. What is the source of funding for your organization?
3. Who are involved in strategy formulation, implementation and Evaluation in your organization?
4. What is the extent of adoption strategic management practices (strategy formulation, strategy implementation and strategy evaluation) in your organization?
5. Which other strategic management practices does KeNHA employ in its daily activities?
6. Does your organization monitor strategies to ensure successful implementation? If yes, how?
7. Are employees adequately trained on the strategic management practices within the organization?

### **SECTION B: STRATEGIC MANAGEMENT CHALLENGES**

1. What are the challenges experienced in your organization with regard strategic management practices?
2. What are the measures put in place to manage such challenges in your organization?
3. What are the future plans for your organization?

*Thank you for participating in the study.*