INFLUENCE OF STRATEGY EVALUATION APPROACHES ON
PERFORMANCE OF MILK PROCESSING FIRMS IN KIAMBU COUNTY

THIONG’O RACHEL WANJIRU

A RESEARCH PROJECT PRESENTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTER OF
BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF
NAIROBI.

2018
DECLARATION

I Thiong’o Rachel Wanjiru hereby declare that this research project entitled **INFLUENCE OF STRATEGY EVALUATION APPROACHES ON PERFORMANCE OF MILK PROCESSING FIRMS IN KIAMBU COUNTY** is my original work and has not been presented for any degree in any other university.

Signature……………… Date……………………..

THIONG’O RACHEL WANJIRU
REG No. D61/74175/2014
MBA PROGRAMME

SUPERVISOR’S APPROVAL

This MBA research project prepared by Thiong’o Rachel Wanjiru has been submitted for examination with my approval as the university supervisor.

Signature…………………… Date……………………

DR. JAMES GATHUNGU, PhD, CPS (K)
SENIOR LECTURER
DEPARTMENT OF BUSINESS ADMINISTRATION
SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI
ACKNOWLEDGEMENT

I thank God for bringing me this far and for making this research project a reality. Special thanks goes to my parents, brothers and sister for their patience and understanding during the time of writing this project, their financial and moral support.

I grateful to Dr James Gathungu my Supervisor for his continuous support during my research project, for the patience, motivation and guidance on how to go about writing this research project. I have learnt a lot and hope to continue learning more in the future.

My sincere gratitude to University of Nairobi Library staff for availing current books and reference material throughout the period of study.
DEDICATION

I dedicate this project my parents, Mr. & Mrs. Joseph Thion’o Gitau for their unceasing support and encouragement throughout my study. I also dedicate this project to all upcoming strategic managers/ officer in the industry and encourage them to utilize this research.
# TABLE OF CONTENTS

DECLARATION............................................................................................................................... ii
ACKNOWLEDGEMENT.................................................................................................................. iii
DEDICATION...................................................................................................................................... iv
LIST OF TABLES .................................................................................................................................. viii
LIST OF FIGURES ........................................................................................................................... ix
LIST OF ABBREVIATIONS ............................................................................................................... x
ABSTRACT ........................................................................................................................................ xi

CHAPTER ONE: INTRODUCTION ................................................................................................. 1
1.1 Background of the Study ............................................................................................................. 1
   1.1.1 Concept of Strategy ............................................................................................................. 2
   1.1.2 Strategy Evaluation .......................................................................................................... 4
   1.1.3 Organization Performance ............................................................................................... 5
   1.1.4 Milk Processors in Kenya ............................................................................................... 5
   1.1.5 Milk Processors in Kiambu County .................................................................................. 7
1.2 Research Problem .................................................................................................................... 8
1.3 Research Objectives ............................................................................................................... 9
1.4 Value of the Study .................................................................................................................. 10

CHAPTER TWO: LITERATURE REVIEW .................................................................................... 11
2.1 Introduction ............................................................................................................................ 11
2.2 Theoretical Foundation ......................................................................................................... 11
   2.2.1 Open System Theory ..................................................................................................... 11
   2.2.2 Goal Setting theory ...................................................................................................... 13
2.3. Strategy Evaluation and performance ............................................................................... 14
2.4 Summary of Empirical Studies and Knowledge Gaps ......................................................... 19
2.5 Conceptual Framework ...................................................................................................... 21
Appendix II: Milk Processing Firms in Kiambu County ........................................52
Appendix III: Research Questionnaire ..................................................................52
LIST OF TABLES

Table 2.1: Previous studies and research gaps.................................................................20

Table 4.1: Age of the respondents......................................................................................26

Table 4.2: Respondent’s highest level of education..........................................................27

Table 4.3: Period of employment.......................................................................................27

Table 4.4: Evaluation of their strategic plans.....................................................................28

Table 4.5: Descriptive statistics for evaluation approaches ..............................................30

Table 4.6: Challenges face when evaluating strategic plans.............................................31

Table 4.7: Strategy evaluation influence performance.......................................................31

Table 4.8: Influence of strategic evaluation approaches on the performance ...............32

Table 4.9: Regression analysis Model summary...............................................................36

Table 4.10: ANOVA Analysis ............................................................................................36

Table 4.11: Coefficients ....................................................................................................37
LIST OF FIGURES

Figure 2.1: Conceptual Model ........................................................................................................211

Figure 4.1: Gender of respondents .................................................................................................25

Figure 4.2: Strategy Evaluation Period ...........................................................................................29
<table>
<thead>
<tr>
<th>Abbr.</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPR</td>
<td>Business Process Reengineering</td>
</tr>
<tr>
<td>BSC</td>
<td>Balanced Score Card</td>
</tr>
<tr>
<td>EAC</td>
<td>East African Community</td>
</tr>
<tr>
<td>EPC</td>
<td>Export Promotion Council</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>KMC</td>
<td>Kenya Meat Commission</td>
</tr>
<tr>
<td>KPRL</td>
<td>Kenya Petroleum Refineries Limited</td>
</tr>
<tr>
<td>NKCC</td>
<td>New Kenya Cooperative Creameries</td>
</tr>
<tr>
<td>RBM</td>
<td>Results Based Management</td>
</tr>
</tbody>
</table>
ABSTRACT

This study sought to determine the strategy evaluation approaches embraced by milk processing firms as well as the influence of strategy evaluation approaches on the performance of milk processing firms in Kiambu County. Organizations in Dairy industry are supposed to direct their strategic objectives and ways to refer their strategic intent and importance. Strategy evaluation is the last stage in the strategic planning process, it initiates a new beginning. Information obtained in this process is used to make decisions about the appropriateness of the firm’s goals, strategy and execution plan. Strategy evaluation results in refusal, changing or ratification of the available strategies and plans. It influences the ability of the firm to efficiently transform and utilize it scarce resources with the purpose of achieving its goals. This study utilized the census survey design. The population contained 17 Milk processing firms in Kiambu County. Close-ended questionnaires were employed in collecting data. Descriptive statistics was used in analyzing the quantitative data gathered. The data was presented in forms of means, standard deviation, frequencies, and percentages. The data was split down into different aspects to offer a systematic and qualitative answer to the study objectives. This research found that the strategic evaluation approaches used by milk processing firms are; Benchmarking, outcome based and process-oriented evaluation, Business Process Redesign and Balanced Scorecard approach. The study also found that the challenges faced by the firm in the strategy evaluation process include; inadequate resources, unclear strategy evaluation process, inadequate and trained personnel and resistance from the employees. From the research, we concluded that Balanced Scorecard is the greatest approach used by the firms to evaluate their strategy. Many firms use this method to drive the unique strategy into the company. This is because the method combines the financial measurement that tells the results of the actions already taken with the operation measurements. The research recommends that the firms should come up with the clear evaluation of strategies. The firm should also involve all employees from the earliest stage of strategy evaluation. This reduces the employees’ resistance in the firm. Finally, the research also recommends proper training of the personnel to oversee the successful strategy evaluation processes. In future, same research can be conducted in other counties or the same county but focus be placed on other firms other than milk processing firms in the county.
CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The evaluation of strategy is essential in modern days because external and internal factors often change dramatically and fast. The important elements should be scrutinized in the practices of evaluating strategies. Well-formulated and adopted strategies become outdated as the external and internal environment of the firm is altered (Wang & Kuo, 2017). Therefore, it is imperative that strategists logically review, control, and analyze the strategic implementation. The process of strategic management leads to choices that lasting and huge impact. Wrong strategic choices can cause serious penalties and can be irreversible. The cornerstone to effective evaluation of strategy is adequate and timely feedback. Evaluations that are time-based can inform management on the possible problems before the situation turns sour. Evaluation of strategy enables the firm to assume a proactive stand in shaping its future (Ehie & Muogboh, 2016).

The study was anchored open systems theory supported by Goal setting theory. Open systems theory holds that firms do not function in a void but rather in a society and are thus affected by the happenings in the society in equal measure that they affect that particular environment. The open type of system reflects the idea that all firms are very distinctive in part. For this reason the environment of operation as well as the structure should accommodate the unique opportunities as well as problems (Scot, 2003). Goal setting theory stresses the importance of feedback on performance to the better attainment of goals, the theory stresses importance of goals as a chief motivator for people (Cole, 1995). The
theory advocates for goals that are relatively hard to attain but quite specific as this kind of goals will stimulate much higher performance from the employees in an attempt to achieve them (Jones & George, 2011).

The dairy industry in Kenya is one of the most sophisticated sectors in East Africa. Julie kariuki, a regional business manager of East Africa Dairy Development, reports that the industry is very competitive in Kenya, with majority of emerging entrants doing business in the region and locally. According to KDB (2016), there were 54 (Fifty four) authorized drain handling firms in Kenya as at 31st January 2016. Out of these, 34 (Thirty four) are authorized as drain processors and 20 (Twenty) as Mini Dairies. The business is nonetheless commanded by 5 processors to be specific: Brookside Dairy Ltd, Buzeki dairy Ltd (Molo milk), NKCC, Sameer Agriculture and livestock Ltd, and Githunguri Dairy Farmers Cooperative Society (Fresha). These drain processors right now deliver an extensive variety of items in particular new drain, yogurt, mala, frozen yogurt, cheddar, UHT, powder drain, spread and ghee. Drain creation in Kenya is at present ruled by little scale makers found for the most part in the Rift Valley, Central and Eastern regions. Different creation frameworks chiefly depend on rain-sustained horticulture and the present dairy cows populace is evaluated at 3.8 million (Kenya Dairy Board, 2016).

1.1.1 Concept of Strategy

According to Chandler (1962), strategy refers to the fortitude of the fundamental lasting objectives and goals of a venture as well as embracing of the courses of action and provision of capital for carrying out its mandate. He establishes that the emergence of the strategy emanated from the opportunity awareness and needs to be created by change of
population, income as well as technology to be able to employ existing or expansion resources much more profitable. Ansoff and McDonnell (1990) defines strategy as a bundle of rules for making decision that guide firm’s conduct. He further makes an explanation it to be very delusive and concept of abstract. Its formulation leads to production of action in the company hence it is very expensive process both in money terms and the managerial time.

Strategy and strategic management are critical elements of organizational survival in a turbulent environment. Strategic management refers to a collection of actions and decisions that lead to the creation and execution of plans tailored to achieve organizational goals (Pearce & Robinson, 2004). Strategy permits a firm to place itself well in its milieu to achieve its greatest potential, at the same time continuously supervising the atmosphere for forces that influence it so as to put together changes in its strategic plan. All strategies are subject to future changes because they end of no use afterwards, since the environment is dynamic.

Competition brings about the organization’s success or failure. Competition determines the aptness of an organization’s actions that affects its performance, such as innovations, a good execution, or unified culture. The main aim of competitive strategy is to institute a money-making as well as sustainability against factors that influence rivalry in the sector. Strategy is creating fit among company activities. Strategy success relies on many activities as well, integration of all the activities. Lack of fit among activities, translates to lack of a sustainable and distinctive strategy (Porter, 1985).
1.1.2 Strategy Evaluation

Strategy evaluation is that stage of the strategic planning process in which the senior management determines whether their strategic choice as implemented is attaining firm’s objectives. Whereas evaluation is the final stage in the process of strategic planning, it initiates a new beginning. Information obtained in this process is used to make decisions about the appropriateness of the firm’s goals, strategy and execution plan (Glueck and Snyder, 1982). Strategy evaluation results in refusal, changing or ratification of the available strategies and plans (Mintzeberg, 1979). It concerns majorly the analysis and examination of interventions at the level of strategic objectives. Thompson and Strickland (1995) propose that the evaluation of strategy and management process should act as an instrument used to identify and act on any opportunity to advance the firm’s overall success by improving administration systems and processes.

Strategy assessment process is of great importance because it aids management modify strategy through quality checks. In addition, the assessment procedure itself will propose strategic alternatives. Strategy of a company is best evaluated by assessing it through different lenses. The different lenses will give different perspective and likely distinct answers. The combined perspective originates from viewing at the past outcomes, future plans, and the inherent risk in an organization’s strategy that an expert can examine the general quality of the organization’s strategic thrust. Hill and Jones (1999) points out that, strategic evaluation is special focus and disconnect between obvious existing operating outcome as well as the forces that inspire failure or prosperity in the selected area of activity.
1.1.3 Organization Performance

Organizational performance is the ability of the firm to efficiently transform and utilize its scarce resources with the purpose of achieving its goals. A firm’s performance can be categorized in three areas; the organizational, individual and the group (Richard et al, 2009). Richard et al (2009) show that there is no general consensus regarding the common definition of performance, however, he explains that different features should be considered to align for effective management. According to Alchian and Demsetz (1972), customer satisfaction, market share growth, revenue growth, productivity and profitability are indicators of performance. McKee et al (2006), the performance of a firm is a intricate interrelationship of seven performance criterion; profitability, quality of work, efficiency, innovation, productivity, effectiveness, service/product quality.

The theory of corporate performance is founded on the notion that a firm is voluntary relation of productive resources incorporating capital, human and physical assets in order to obtain a shared goal (Barney, 2001; Alchian&Demsetz, 1972; Jensen &Meckling, 2006). Those that provide productive resources to the company will only surrender them if they are assured of getting returns that is equal to the uses of the resources. Consequently, the heart of corporate performance is value creation. The providers of company resources will keep availing the assets to the company if the benefits they receive equal or surpasses the value expected from the contributing the assets.

1.1.4 Milk Processors in Kenya

The economy of Kenya mainly relies upon agriculture. An estimated, 75 percent of Kenyan citizens earn their living from agriculture either indirectly or directly. Agriculture
contributes to over 6 percent of earnings from international trade and is the main source of raw materials for agriculture based industries in Kenya. This constitute to around 70 percent of all its sector production. In sub-Saharan Africa, Kenya owns one of the biggest dairy industries. Growth in dairy industry has taken place within 90 years and it has gone through a series of evolution. During the first 60 years, the sector was subject to large scale white settlers, whereas the final 30 years has been dominated by small-scale famers that constitute about 70 percent of all its industrial production. Kenya has one of the biggest dairy industries in sub-Saharan Africa. Developments in the industry span over a period of 90 years and have undergone a variety of evolutionary stages. The first 60 years it was subject to large-scale white farmers, while in the last 30 years small-scale famers have more and more dominated the industry, constituting over 80 percent of the total milk production (Export Promotion Council (EPC), 2012).

According to KDB (2016), there were 54 (Fifty four) authorized drain handling firms in Kenya as at 31st January 2016. Out of these, 34 (Thirty four) are authorized as drain processors and 20 (Twenty) as Mini Dairies. The milk processors currently produce a wide variety of foodstuffs including Cheese, Ice Cream, Fresh Milk, Mala, Yoghurt, UHT, Ghee, Butter, and Powder Milk. Kenya sales good amount of milk and milk processed goods within the geographical coverage. EAC Regional trade in dairy products has gained momentum and benefited the Kenyan dairy sector. The milk products being imported to Kenya have reduced over time given that the milk production in the country has gone up thus sustaining the market demand. However, some specialized dairy products are imported majorly from the E.U. and New Zealand (Kenya Dairy Board, 2010).
1.1.5 Milk Processors in Kiambu County

Kiambu County situated in the former Central province. It borders Murang’a, Nakuru, Kajiado, and Nairobi to the North, South, West, and East respectively. The county of Kiambu used to be an administrative district of the then Central Province with a total area of 2543.4 Km2 and a population of 744,010. The county’s dense population is an indicator of its potential in terms of large labor force. It is for the most part rural, but the influx of its urban populace is increasing due to the close proximity and rapid growth of Nairobi. Kiambu County has five administrative divisions, namely Githunguri, Lari, Limuru, Kiambaa and Kikuyu. Kiambu County has attractive climate and landscape with temperatures ranging from 12.8°C to 24.6°C with a mean of 18.7°C. The mean annual rainfall is 989 mm. The county is surrounded by hilly farmlands, which are suitable for agricultural production. The rich upland soils, together with very good climatic condition, have made sure that agriculture is still an essential element of the country’s economy. Agriculture activities provide incomes for many households.

According to Ministry of Livestock Development (2008), before the finish of 2007, there were 13 authorized dairy processors of which 7 were dynamic. The dairy processors as of now deliver an extensive variety of items to be specific Mala, Yogurt, Fresh Milk, Ice Cream, UHT, Powder Milk, Cheese, Ghee, and Butter. Drain creation in Kiambu County is at present commanded by little scale makers. Different generation frameworks which mostly depend on rain-sustained agribusiness, are utilized and the present dairy cows’ populace is assessed at 0.6 million (Kenya Dairy Board 2010).
1.2 Research Problem

Strategy evaluation and control just like any other step in the strategic management is important (Arasa and K’Obonyo, 2012) e.g. they wonder how the achievements and successes of a business strategy can be measured if there is no critical evaluation of the implementation plan put in place? Gomes (2010) recognizes that strategy evaluation is of much use to the success of affirm; evaluations done at the right time can inform the management to problems or potential problems earlier before things become worse. Through control process and evaluation, commercial activities and performance outcome are supervised so as to compare real performance with expected performance. Gomes (2010) note that the goals that were introduced in the policy formulation part of the strategic management course must be used to evaluate company’s or overall performance once the strategies have been implemented. The information must be relevant to what is being supervised. Gomes (2010) observes that evaluation and control are uneasy tasks.

Companies in the dairy sector are obligated to bring into line their mission, strategic objectives, values, vision, and ways to refer their strategic objective and importance. The strategies that can be adopted include integrated communication, benefit, maximization, total quality control, cost rationalization and business process re-engineering. The above strategies can be successfully implemented by organizations adopting viable and sustainable strategic evaluation practices. Different researchers have carried out research on strategic evaluation processes but none has focused on the strategic evaluation practices adopted by milk processors in Kenya. Kariuki (2008) notes that unsuccessful implementation of strategies and lack of strategy evaluation mechanisms leads to
underperformance of companies. Aosa, (1992) carried a research on elements of strategy formulation and implementation with big, Private Production Firms in Kenya.

A research carried out by Ronga (2008) investigated the Challenges to strategy implementation at Madison Insurance Company (K) Limited. She found that some of the challenges to strategy implementation in Madison Insurance Company (K) Limited includes; organizational culture, structure, high degree of staff turnover, ineffective communication, inadequate resources, resistance to change, lack of teamwork, and a very competitive business environment. Kariuki (2008) carried a study on Strategy evaluation and control among dairy processing firms in Kenya. Though strategic management is the same all over the world, the context in which it is practiced vary from culture, religion, companies, and industry. This investigation therefore attempted to bridge variation in knowledge on influence of strategy evaluation approaches on performance at milk processing firms in Kiambu County. What’s the impact of strategy evaluation approaches on functioning of milk processing firms in Kiambu County?

1.3 Research Objectives

The study sought to:

i) To determine the strategy evaluation approaches adopted milk processing firms in Kiambu County

ii) To determine the influence of strategy evaluation approaches on the operation of milk processing firms in Kiambu County
1.4 Value of the Study

This examination may profit various scholars and academia since it helps add to the academic research area (Nordsjo E. Anders, 1997) within the dairy industry in Kiambu county and Kenya as a whole and the general body of knowledge at large.

This study may also be useful to the Government of Kiambu and Kenya in that its findings can be used to improve the sector and update future policies in the dairy industry and may be other processing firms; especially those with regard to increasing industrial competitiveness of Milk processing firms in Kiambu county and in Kenya (Vontris, 2012).

The milk processing firms in Kiambu County and in Kenya may find this research important and useful since there may be increased knowledge on the different strategy evaluation approaches and how they impact firm performance. The findings of this study may assist the organization in effective assessment of their strategies in order to achieve their mission, vision and values. Milk processing firms in Kiambu County Managers of may draw applicable lessons from this report, while managers of other organizations may find this report useful in understanding how well they undertake their strategy evaluation and the best course of action.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Presented is in this chapter is a review of the theories underpinning the research work and scientific research of all the parameters. This chapter outlines different strategy evaluation approaches and the influence on performance for the different companies.

2.2 Theoretical Foundation

This research was based on two philosophies: goal setting theory as well as open systems theory. The theory of goal setting informs us that people who have more complex but realistic goals perform better than those with less complex goals (Locke & Latham, 2006). Setting of objectives entails the conscious process of coming up with standards of performance in order to achieve the required results. The open systems hypothesis encourages the scrutiny of the association involving the company and ecosystem. The association involves the movement of persons, resources, goods and services. Organizations influence and are influenced by the environment. Kreitner (2007) argued that all organizations are evolving, dynamic and change in reaction to the environment. In today’s unstable environment, open systems approach is important in attaining competitiveness.

2.2.1 Open System Theory

The open systems theory supports the perspective of the communication linking the association and condition. The connections comprise of development of individuals, capital, merchandise and enterprises. Firms influence and are influenced by the earth.
Kreitner (2007) contended that all organizations are dynamic, developing and changing in light of the earth. In the present turbulent condition, open frameworks approach is important and significant in accomplishing aggressiveness. Associations work as open frameworks and collaborate with condition through porous limits (Luthans, 2008). The motivation behind the Open Systems approach is to structure elements of a business in such a way, to the point that, through unmistakably characterized lines of coordination and reliance, with the end goal that associations seek after the general business targets altogether. The accentuation is on accomplishing all-encompassing cooperative energy, as opposed to on streamlining the execution of any one individual part (Mullins, 1989).

Theory of Open Systems suggests basically to the likelihood that affiliations are inflexibly determined by their environmental forces. On earth exists diverse affiliations that apply distinctive forces of capital, social nature, or political. Nature moreover provides key resources which keep up the affiliation hence incite survival and change. Open systems hypothesis was created after the Second World War in light of previous hypotheses of relationship, for instance, Henri Fayol’s administrative theories and Elton Mayo’s perspective of the human associations, which respected the relationship, as it were, as an autonomous component (Scott & Davis, 2015).

The open framework hypothesis considers associations to be made out of various interconnected sub-frameworks (Burnes, 2004). It takes after that any change to one a player in the framework will affect unlike parts of the framework, hence, on its general execution (Scott, 1987). The open framework hypothesis does not simply consider associations to be frameworks in segregation, in any case; they are 'open' frameworks.
Associations are viewed as open frameworks in that they are interested in, communicate with, their outside condition and that they are open inside: the different sub-frameworks cooperate with each other. In this way, changes inside in one are influence different regions, and thusly affect the outer condition and the other way around (Buckley, 1968).

### 2.2.2 Goal Setting theory

The open system theory is supported by goal setting theory which began with initial work on degrees of objective constructed by Lewin (1967) and since then it has been essentially developed by Locke (1990). The theory test revealed an inductive connection amid enhanced generation execution and goal setting. American clinician Locke (1990) from the University of Maryland contemplated the energy of objective setting since the late 1960s. He initially placed that workers were spurred by objectives and input in his Lewin (1968) article & quot. toward a hypothesis of errand inspiration and motivators. &quot; He later adjusted his point of view to incorporate that the trouble and specificity of the undertaking likewise was a decent indicator of execution. As it were, if the objective was too simple, the inspiration wasn’t as convincing. An objective is the position of an activity or assignment that a man purposely wants to achieve or get (Locke and Latham, 2002; Locke and Latham, 2006).

The objective setting hypothesis makes a suspicion that an individual is completely devoted to the objective and that the individual will not the slightest bit be content with not accomplishing the objective. To build the odds of accomplishing the said objectives it is critical to impart the objectives to others. The hypothesis expect that when individuals have the opportunity to set individual objectives they will perform better when contrasted with
when they have objectives set for themselves. In spite of the fact that there is no indisputable proof to demonstrate “predominance of participative over appointed objectives”, in situations where individuals have the chance to take an interest in the defining of individual objectives, individuals have invested more energy to accomplish the objectives as they promptly acknowledge objectives they set without anyone else input (Robbins, Judge, and Campbell, 2010).

2.3. Strategy Evaluation and performance

Coulter (2005) posits that strategy evaluation entail an examination of the way the strategy has been adopted and the outcomes of this strategy. It involves establishing whether deadlines have been attained, if the process and steps of implementation are functional, and if the anticipated outcome has been met. Strategy can be modified if the processes are not operational, time limits are not being met, or outcomes are parallel to actual objective.

Failure to achieve company objectives leads to strategy execution gaps (Mankins and Steel, 2005). A strategy gap confirms that existing strategic plans are not being operationalised effectively and efficiently. On the other hand, a compounding problem occurs when it cannot be determined whether the root cause of the strategy gap is due to "poor strategy, poor implementation, poor evaluation" or a combination of all (Mankins, 2005, pg 2). Failure to establish the origin cause of a strategy-execution gap to a great extent reduces the organization’s likelihood of closing it and the chances of developing better strategies in the future. Persistent strategy-execution gap results in an organizational culture that readily accepts underperformance (Mankins and Steel, 2005). This observation implies that formulating a strong network of strategy control and evaluation is a crucial strategic
management component which can help companies to know whether they are achieving their strategies, how big or how small is the strategy execution gap, what changes need to be put in place to close these gaps and what needs to be done to achieve high levels of strategic performance.

Theories indicate that organizations that have successfully implemented strategic analysis, achieve good performance as opposed to those that do not have. Following different stages in the process of evaluating strategies should promote the attainment of company effectiveness. The relationship between performance and strategic evaluations should be analyzed so as to gain knowledge on the manner in which strategic evaluations are used practically and how it will enhance company performance. The problems faced during the implementation stage are the root cause of failure in strategic evaluations.

Wairimu, (2015), aimed at examining variables that influence the adoption of implementation results-based management in governmental organizations in Kenya. The study findings revealed that organization support mechanisms greatly affect the implementation of Results Based Management (RBM) in governmental organizations. These include new institutional policies and procedures, proper guidelines, organized central databases that are easily accessible, learning culture, staff training and making available information on RBM to staff. Regarding the impact of firm culture on the adoption and performance of Result Based Management, the study found that a strong organizational culture is essential for the effective implementation of RBM. Finally, on the effect of implementation strategy performance of Result Based Management, the study
established that the implementation strategy chosen by an organization determines the success of RBM.

Kiruja, (2015) conducted a research to examine the position of scrutinizing and examination on operations of public institutions: a case study of Kenya Meat Commission. The study findings indicated that the entire independent parameters influenced the performance of KMC projects in a positive and significant manner. Further, the study suggest that elements if human resource including staff assigned the role of evaluation and monitoring ought to possess technical know-how and remain committed to company operations. Duties as well as responsibilities of evaluating and monitoring personnel should be clearly determined at the initial stage of the projects.

Wanyama (2012) did a study on how benchmarking influence organizational performance. Evidence gathered from Kenyan freight forwarding companies, discovered that factors that lead to the success of benchmarking in Freight and Forwarding firms are: management dedication, employee involvement, role of quality unit, benchmarking limitation, as well as internal assessment. Wanyama further contends that practices of benchmarking should be clear to the constraints and setting of the firm if the adoption of the activities established by these practices is result in better performance and success. A strong positive relation amid the improved company performance and benchmarking exists (Voss et al., 2007). Voss proposed that benchmarking can inspire improved performance by determining the best environment and practices opposing performance objectives. Also, it assists the companies to comprehend their weakness and strengths compared to its rivals.
Kerandi, Nyaoga, Bosire, & Nyambega, (2014) did a study to investigate an improvement in performance via benchmarking in Kenyan commercial banks through concentrating on the level to which banks have applied benchmarking, the interrelatedness between organizational performance and benchmarking, as well as factors hindering the formulation and implementation of benchmarking. The findings showed that benchmarking was a well-known technique for improving performance that confirmed to be useful in the Kenyan banking sector for long time. The surveyor suggests that the programs for benchmarking ought to include varied opinions of all workers because at the end the workers will require the information to enhance the process.

Elsewhere, Nadeem and Ahmad (2016) carried out a study on the impact of business process re-engineering on the performance of banks in Pakistan. The study revealed that Pakistan’s commercial banks are adopting the business re-engineering process in various functions and the outcomes are reasonable. The effectiveness, performance, and attitude of most banks in Pakistan have been raised through management change, innovation, and use of information technology. The implementation of business re-engineering process has led to increased performance and efficiency of banks. This study can be explored further in other Pakistan industries in future. A study was carried out in Kenya Petroleum Refineries Limited by Momanyi, (2012) on BPR for improving performance. The study found out that by implementing BPR in asset management, KPRL drastically improved its materials approval process time by achieving a ten times reduction resulting in an eleven times reduction in cost too as the two were noted to move in tandem. The biggest challenge experienced by KPRL was on communication of the project importance within the organization which was rated high. Generally for any BPR undertaking, reasonable
Improvement levels can only be achieved when all challenges are managed to the desired level.

Magu, (2013) did a study on the BSC a tool for measuring performance in Kenyan firms. The survey discovered that the available tool for performance measurement was effective and comprehensive in gauging performance. Also, the research established that the client perspective aspect of BSC properly gauged customer gratification in their companies. Again it was determined that the element of business process of BSC efficiently gauged the operation of internal organizational process. Another strong point unearthed by the study was that learning and innovation perspective of BSC measures firm’s strength to adopt and innovate the environs. The financial aspects of BSC as discovered by the study, gauges the effectiveness of the operations in attaining the strategic goals.

Nzuve and Nyaega (2013) did a study on the use of BSC in performance measurement at Essar Telecom limited, Kenya. The data was gathered through conducting personal interviews with departmental heads chiefly the customer experience, finance, sales and marketing, technical, and information technology. It was found out that the firm chiefly applies the balanced scorecard for implementing strategy and as a tool for measuring performance and suggests the firm ought to offer adequate resources particularly for supporting a more complete enlightenment on the imperative of BSC in line with implementation of strategies. Also, there is demand for thorough capacity building initiatives to enhance the acknowledgement and application of BSC to increase the benefits already reaped.
2.4 Summary of Empirical Studies and Knowledge Gaps

Strategic evaluation practice has become famous globally and throughout private and public businesses. Many authors have suggested that evaluation of strategies promotes effective corporate performance. The research determined the association between corporate performance and strategic evaluation focusing so much to certain tool in the process of strategic evaluation. A prescriptive literature on strategic management shows that a positive association amid strategic evaluation and corporate performance exists. Companies need strategic evaluation to improve managerial efficiency, impact as well as deliver organizational outcomes.
### Table 2.1: Summary of Empirical Studies and Knowledge Gaps

<table>
<thead>
<tr>
<th>Study</th>
<th>Methodology</th>
<th>Main Findings</th>
<th>Knowledge Gaps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factors influencing formulation of strategic plans in Embu, Kenya</td>
<td>Exploratory survey</td>
<td>The study findings showed that there is a strong positive relation between corporate performance and strategic planning</td>
<td>Findings focused on formulation of strategic plans only and could not be generalized to strategic evaluation</td>
</tr>
<tr>
<td>Njeru, Stephen and Wambui (2013)</td>
<td></td>
<td>The study revealed that in order to stay competitive and achieve their goals and objectives, banks are periodically re-evaluating their strategies</td>
<td>The study was restricted to manufacturing firms in Anambra State in Nigeria only</td>
</tr>
<tr>
<td>Effect of strategic management on corporate development and growth of few manufacturing companies in Anambra, Nigeria</td>
<td>Descriptive research design</td>
<td>The results of the hypotheses revealed that there was a significant positive correlation between strategic planning and corporate performance</td>
<td>Findings focused on Babcock University and thus cannot be generalized to other milk processing companies.</td>
</tr>
<tr>
<td>Muogbo (2013)</td>
<td></td>
<td>He found out that competition affect implementation of formal strategic management. It was noted that companies with formal strategic management outshined those with informal strategic</td>
<td>Findings focused only on information content of strategic management thus little information regarding relationship between strategy evaluation and performance could be retrieved</td>
</tr>
<tr>
<td>The influence of strategic arrangement on firm’s operation; a case study of Babcock University</td>
<td>Exploratory survey</td>
<td>The study outcomes showed that practices for strategic management improves company market share and profitability</td>
<td>The study failed to show an explicit relationship between strategy evaluation and performance of firms</td>
</tr>
<tr>
<td>Makinde &amp; Owolabi (2012)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impact of strategic management on corporate performance of average sized manufacturing companies in Nairobi</td>
<td>Descriptive research design &amp; Multiple regression</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gichunge (2011)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impact of strategic management on organizational performance in chosen SSE in Lagos</td>
<td>Stratified and purposive sampling techniques</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dauda et al., (2010)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2.5 Conceptual Framework

Conceptual framework constitutes both the independent factors as well as the dependent factors in a diagrammatical connection in the study. The Milk processing firms in Kiambu County performance forms the dependent variables in the study. The independent variable on the other hand was strategy evaluation approaches. The theoretical expectation is that these strategy evaluation approaches influences the firm’s performance positively. The study endeavored to establish the connection amid the two concepts dependent and predictor forces as illustrated in Figure 2.1.

Figure 2.1: Conceptual Model

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Dependent Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evaluation Approaches</td>
<td>Firm Performance</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Outcome based results</td>
<td>(a) Financial</td>
</tr>
<tr>
<td>Business process</td>
<td>Profitability</td>
</tr>
<tr>
<td>Benchmark</td>
<td>Market share</td>
</tr>
<tr>
<td>Balance scorecard</td>
<td>(b) Operational</td>
</tr>
<tr>
<td></td>
<td>Efficiency</td>
</tr>
<tr>
<td></td>
<td>Effectiveness</td>
</tr>
<tr>
<td></td>
<td>Goals attainability</td>
</tr>
<tr>
<td></td>
<td>Uniqueness of strategy</td>
</tr>
</tbody>
</table>

Source: (Researcher 2018)
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section discusses the study methodology employed in carrying out the investigation. In specific, the chapter outlines the study research design, techniques of gathering data, population on interest, and analyzing procedures utilized in this study.

3.2 Research Design

Study design specifies a structure for the study. This study utilized the census survey design. Though surveys have been criticized for being costly and time consuming as compared to a case study, this method has been considered to be beneficial when investigating more than one study unit due to comparisons within the sample and generalization with the entire population (Mugenda and Mugenda, 2003). According to Glesne and Alan (1992) survey research is almost certainly the best technique for social scientists involved in obtaining data for the purposes of explaining a populace which is too big to scrutinize. Other researchers in similar studies have used the survey method. According Moore et al (1986), a survey design focuses on responding to the “how”, “what”, and “why” questions of the study concept. Kothari (2004) expounded that a descriptive research seeks to explain the state of matters as it exists at the present and he also explained that surveys are conducted in cases of descriptive studies.

3.3 Population of the Study

A populace can be defined as the whole group of people or set of substance and events the researcher desires to study (Collins et al., 2000). The population contains all the variables
of importance to the researcher. Populace is a collection of objects or individual cases with shared observable distinctiveness (Mugenda and Mugenda, 2003). According to Kenya Dairy Board (2016), Kiamu County has 17 Milk processing firms. The researcher intended to carry out a census survey where by all the seventeen milk processing firms were the subject for the study, this way there was total representation, reliability and accuracy (Kothari, 2004).

3.4 Data Collection

The study used first-hand information. Close-ended questionnaires were employed in collecting data. Naturally, closed-ended questions are conclusive because they are fashioned to formulate data that can be quantified easily. Pen warden (2013) affirms that these kinds of questions can be coded easily thus making them appropriate when attempting to validate the statistical significance of the study’s findings. The questionnaire had three sections: section (i) dealt with general information on the Milk processing firms; section (ii) sought information on the various strategy evaluation approaches used by milk processing firms in Kiambu County; section (iii) sought information on strategy evaluation approaches and performance measurements.

The respondents to the questionnaires were strategic managers, strategic officers (or their equivalents) at the various Milk processing companies. The question statements were administered on “drop and pick later” basis and also through e-mail. Follow up and reminders were done through telephone calls and e-mails.
3.5 Data Analysis

The data collected was analyzed and summarized by use of descriptive statistics. It involved frequencies and percentages; and where factors need to be grouped and ranked; a Likert scale analysis was employed. For ease of indulgent and analysis, tables were applied to present the analyzed data. Measures of central tendency including percentages, mean, and standard deviation were used for quantitative data.

The filled feedback forms (questionnaires) were first edited for consistency and completeness. Descriptive statistics were use in analyzing the collected quantitative data. The data was presented in form of percentage, frequencies, mean, and standard deviations. The data was split down into different aspects to offer a systematic and qualitative answer to the study objectives. To help generalize the findings the collected data was grouped using percentages and measures of central tendency.
CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The section sums up the study results, provides data analysis and discussion basing on the data obtained during the study. The analysis is done using descriptive and inferential analysis techniques. Tables and graphs were used to present data as per the study objectives.

The inquiry was a census survey of 17 milk processing firms in Kiambu County; however, the response was 15 firms out of the 17 firms making a response rate of 88.2% which was adequate to make conclusions and inferences from the data.

4.2 Background Information

4.2.1 Gender of respondents

Figure 4.1: Gender of respondents

Source: Field data (2018)
Figure 4.1 presents the finding on the sexual category of the respondents. The study revealed that 40% of the participants were female whereas 53.3% were male. This is an implication that there were more male strategic managers, strategic officers in the milk processing companies that female.

4.2.2 Age of respondents

Table 4.1: Age of respondents

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>21-30 years</td>
<td>2</td>
<td>13.3</td>
</tr>
<tr>
<td>31-40 years</td>
<td>7</td>
<td>46.7</td>
</tr>
<tr>
<td>41-50 years</td>
<td>5</td>
<td>33.3</td>
</tr>
<tr>
<td>Above 50 years</td>
<td>1</td>
<td>6.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: Field data (2018)

Table 4.1 presents the findings on the respondents’ age. The results revealed that majority of the participants were between 31 and 40 years as indicated by 46.7%. Those aged 41-50 years came second at 33.3%, and then followed by 21-30 years at 13.3%. A small number of respondents were above 50 years (6.7%).
4.2.3 Highest level of education

Table 4.2: Respondent’s highest level of education

<table>
<thead>
<tr>
<th>level of education</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>College certificate</td>
<td>1</td>
<td>6.7</td>
</tr>
<tr>
<td>College Diploma</td>
<td>4</td>
<td>26.7</td>
</tr>
<tr>
<td>University Graduate</td>
<td>10</td>
<td>66.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: Field data (2018)

Table 4.2 presents the respondents’ highest educational level. The result shows that popular of the respondents (66.7% were university graduates, 26.7% had college diplomas while 6.7% had college certificates. This implies that respondents were educated.

4.2.4 Period of employment

Table 4.3: Period of employment

<table>
<thead>
<tr>
<th>Year</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1- 2 years</td>
<td>2</td>
<td>13.3</td>
</tr>
<tr>
<td>3 – 4 years</td>
<td>4</td>
<td>26.7</td>
</tr>
<tr>
<td>Over 5 years</td>
<td>9</td>
<td>60.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: Field data (2018)
Table 4.3 presents respondents’ period of employment to their respective firms. Majority respondents (60%) had been in the organization for over five years, 26.7% for 3-4 years while 13.3 were employees in the organization for 1-2 years.

4.3 Descriptive Analysis

The study purposed to determine the strategic evaluation approaches adopted milk processing firms in Kiambu County and to assess the cause of strategic evaluation approaches on the operation of milk processing companies in Kiambu County.

4.3.1 Strategic evaluation approaches adopted

Table 4.4: Evaluation of their strategic plans

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>15</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field data (2018)

Table 4.4 presents the finding on strategy evaluation rate for all the firms. The findings obtained in the study shows that all the 15 firms (100%) conduct evaluation of their strategic plans.
Figure 4.2: Strategy Evaluation Period

Source: Field data (2018)

Figure 4.2 presents the findings on the period after which the firm’s strategic plans are evaluated. The findings revealed that 46.7% of the firms evaluate their strategic plans within 12 Months, 26.7% within 9 months, 20% within 6 months while only 6.7% of the firms evaluate their strategic plans within 3 months.
Table 4.5: Descriptive statistics for evaluation approaches

<table>
<thead>
<tr>
<th>Tool</th>
<th>Very great extent</th>
<th>great extent</th>
<th>moderate extent</th>
<th>little extent</th>
<th>Very little extent</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outcome Based and Process Oriented Evaluation</td>
<td>2</td>
<td>9</td>
<td>3</td>
<td>1</td>
<td>0</td>
<td>3.80</td>
<td>0.23</td>
</tr>
<tr>
<td>Benchmarking Approach</td>
<td>1</td>
<td>10</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>3.67</td>
<td>0.26</td>
</tr>
<tr>
<td>Business Process Redesign (BPR)</td>
<td>2</td>
<td>11</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>3.93</td>
<td>0.30</td>
</tr>
<tr>
<td>The balanced Scorecard</td>
<td>2</td>
<td>12</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>4.07</td>
<td>0.34</td>
</tr>
</tbody>
</table>

Source: Field data (2018)

Table 4.5 presents descriptive statistics for evaluation approaches. The study requested the respondents to rate the degree to which the following strategic evaluation approaches have been adopted in their organization. The respondents indicated that the following evaluation approaches have been adopted in their firms to a great extent; the balanced Scorecard (M=4.07, SD= 0.340); Business Process Redesign (BPR) (M=3.93, SD= 0.303); Outcome Based and Process Oriented Evaluation (M=3.80, SD= 0.236) and Benchmarking Approach (M=3.67, SD=0.267).
Table 4.6: Challenges face when evaluating strategic plans

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee resistance</td>
<td>4</td>
<td>26.7</td>
</tr>
<tr>
<td>Inadequate and trained personnel</td>
<td>5</td>
<td>33.3</td>
</tr>
<tr>
<td>Unclear Strategy evaluation Process</td>
<td>10</td>
<td>66.7</td>
</tr>
<tr>
<td>Lack of resources</td>
<td>7</td>
<td>46.7</td>
</tr>
</tbody>
</table>

Source: Field data (2018)

Table 4.6 presents the findings on the challenges faced by the firms when evaluating strategic plans. The findings determined that unclear Strategy evaluation Process was a major challenge as indicated by 66.7% of the respondents. 46.7% indicated lack of resources as challenge in face when evaluating strategic plans, 33.3% indicated inadequate and trained personnel while 26.7% indicated employee resistance.

4.3.2 Descriptive statistics on the influence of strategic evaluation approaches on performance

Table 4.7: Strategy evaluation influence performance

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>15</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Field data (2018)
Table 4.7 presents the findings on whether strategy evaluation influence performance. All the respondents (100%) indicated that strategy evaluation influence performance.

Table 4.8: Influence of strategic evaluation approaches on the performance

<table>
<thead>
<tr>
<th>Outcome Based and Process Oriented Evaluation</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
<th>Mean</th>
<th>Sd. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outcome Based and Process Oriented Evaluation enhances organizational profitability</td>
<td>3</td>
<td>9</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>3.93</td>
<td>0.236</td>
</tr>
<tr>
<td>Outcome Based and Process Oriented Evaluation enhances company market share</td>
<td>1</td>
<td>10</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>3.60</td>
<td>0.262</td>
</tr>
<tr>
<td>Outcomes measurement/ Outcome-based evaluation is a logical way to ascertain if a plan has met its objective</td>
<td>3</td>
<td>10</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>4.00</td>
<td>0.271</td>
</tr>
<tr>
<td>Outcome Based and Process Oriented Evaluation assists companies identify ways of measuring program benefits (indicators), convey and create definite program benefits (outcomes)</td>
<td>1</td>
<td>11</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>3.80</td>
<td>0.302</td>
</tr>
<tr>
<td>The point of outcome-based assessment is to determine the effectiveness of the project</td>
<td>3</td>
<td>8</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>3.73</td>
<td>0.594</td>
</tr>
</tbody>
</table>

**Benchmarking Tool**

<p>| Strategy evaluation has been used as tool at our firm for comparing performance to our peers | 2 | 9 | 2 | 1 | 1 | 3.67 | 0.226 |</p>
<table>
<thead>
<tr>
<th>Description</th>
<th>Weight</th>
<th>Importance</th>
<th>P-value</th>
<th>Score</th>
<th>Confidence</th>
<th>Average Score</th>
<th>Confidence Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy evaluation has been used as tool at our firm for comparing performance to industry standards</td>
<td>1</td>
<td>10</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>3.60</td>
<td>0.262</td>
</tr>
<tr>
<td>Strategy evaluation has been used as tool at our firm for comparing performance among the various departments</td>
<td>1</td>
<td>11</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>3.80</td>
<td>0.302</td>
</tr>
<tr>
<td>Strategy evaluation has been used as tool at our firm for comparing performance between strategies</td>
<td>2</td>
<td>11</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>4.00</td>
<td>0.306</td>
</tr>
<tr>
<td><strong>Business Process Redesign (BPR)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategy evaluation results inspires me to work better by enabling me measure my performance goals</td>
<td>3</td>
<td>10</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>4.00</td>
<td>0.271</td>
</tr>
<tr>
<td>Strategy evaluation results helps me determine the nature of adjustments needed on my performance</td>
<td>2</td>
<td>10</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>3.87</td>
<td>0.267</td>
</tr>
<tr>
<td>Information on good performance inspires me to work harder</td>
<td>1</td>
<td>10</td>
<td>3</td>
<td>1</td>
<td>0</td>
<td>3.73</td>
<td>0.271</td>
</tr>
<tr>
<td>Strategy evaluation results allow me relate my work to the organizational objectives and be inspired to do more</td>
<td>1</td>
<td>11</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3.67</td>
<td>0.298</td>
</tr>
<tr>
<td><strong>The balanced Scorecard</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>balanced scorecard selects performance measures that will drive a unique organizational strategy</td>
<td>2</td>
<td>12</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>4.07</td>
<td>0.340</td>
</tr>
<tr>
<td>The balanced scorecard merge operational and financial measures that speak of the outcomes of actions already performed</td>
<td>3</td>
<td>10</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>4.00</td>
<td>0.271</td>
</tr>
<tr>
<td>A scorecard is only effective if it is clearly understood throughout an organization</td>
<td>2</td>
<td>11</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>4.00</td>
<td>0.306</td>
</tr>
</tbody>
</table>
Table 4.8 presents the findings on the degree to which participants come into agreement with the following reports with regard to the impact of strategic evaluation approaches on the performance. A scale of 1-5 where 5= strongly agree, 4=agree, 3=neutral, 2=disagree, and 1=strongly agree. On the Outcome Based and Process Oriented Evaluation the respondents agreed that outcomes measurement/outcome-based assessment is a logical way to ascertain if a program met its objective. (M=4.00, SD=0.271); Outcome Based and Process Oriented Evaluation enhances organizational profitability (M=3.93, SD=0.236); Outcome Based and Process Oriented Evaluation enhances assists organizations to identify ways to measure program benefits (indicators), articulate and formulate definite program benefits (outcomes)(M=3.80, SD=0.302); The point of outcome-based evaluation is to establish a project’s effectiveness (M=3.73, SD=0.504) and outcome Based and Process Oriented Evaluation enhances company market share(M=2.60, SD= 262).

On the influence of Benchmarking Tool approach, the respondents agreed that strategy evaluation has been used as tool at our firm for comparing performance between strategies (M= 4.00, SD= 0.306), strategy evaluation has been used as tool at our firm for comparing performance among the various departments (M=3.80, SD= 0.302), strategy evaluation has been used as tool at our firm for comparing performance to our peers (M=3.67, SD= 0.226) and that strategy evaluation has been used as tool at our firm for comparing performance to industry standards (M=3.60, SD= 0.262).
On the influence of Business Process Redesign (BPR) evaluation approach, the respondents agreed that Strategy evaluation results inspires me to work better by enabling me measure my performance goals (M= 4.00, SD= 0.271) strategy evaluation results helps me determine the nature of adjustments needed on my performance (M=3.87, SD= 0.267) information on good performance inspires me to work harder (M= 3.73, SD= 0.271) and that strategy evaluation results allow me relate my work to the organizational objectives and be inspired to do more (M= 3.67, SD= 0.298).

The study sought the influence of the balanced Scorecard on the performance of milk processing firms. The respondents agreed that balanced scorecard selects performance measures that will drive a unique organizational strategy (M=4.07, SD= 0.340), the balanced scorecard merges both operational and financial measures-informs of the outcomes of actions already performed (M= 4.00, SD= 0.271) a scorecard is only effective if it is clearly understood throughout an organization (M= 4.00, SD= 0.306) and that the balanced scorecard become out-dated as internal and external environment of the firm changes (M= 3.87, SD= 0.337).
4.4 Inferential analysis

Model Summary

Table 4.9: Regression analysis Model summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.638&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.407</td>
<td>.376</td>
<td>.3011</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Outcome Based and Process Oriented Evaluation, Benchmarking Approach, Business Process Redesign (BPR), the balanced Scorecard.

Table 4.9 presents regression analysis model.

The results indicate that a variation in Adjusted R<sup>2</sup>=0.376 in dependent parameter can be explained by changes in predictors components as a 37.6% change in the performance can be attributed to changes in strategic evaluation approaches. The results showed that a positive association amid the study parameters exists as indicated by a factor of 0.638.
ANOVA Analysis

Table 4.10: ANOVA Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>45.808</td>
<td>4</td>
<td>11.452</td>
<td>9.295</td>
<td>.001b</td>
</tr>
<tr>
<td>Residual</td>
<td>12.32</td>
<td>10</td>
<td>1.232</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>58.128</td>
<td>14</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Field data (2018)

Table 4.10 presents ANOVA analysis. The findings reveal that the model was a good fit as the significance level was 0.001%. This indicates that the data was ideal for making inferences on the parameters of desired population because the p-value (significance) is below 5%. The F calculated at a significance level of 5% was 9.295 whereas the F critical, 4 d.f, 10 d.f was 3.478. The overall model was significant since F critical is less than the F calculated ($F_{cal}=9.295>F_{cr}=3.478$).

Coefficients

Table 4.21: Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.544</td>
<td>0.378</td>
<td>6.730</td>
<td>0.001</td>
</tr>
<tr>
<td>Outcome Based and Process Oriented Evaluation</td>
<td>0.613</td>
<td>0.162</td>
<td>0.583</td>
<td>3.784</td>
</tr>
<tr>
<td>Benchmarking Approach</td>
<td>0.569</td>
<td>0.163</td>
<td>0.54</td>
<td>3.491</td>
</tr>
<tr>
<td>Business Process Redesign (BPR),</td>
<td>0.659</td>
<td>0.155</td>
<td>0.624</td>
<td>4.252</td>
</tr>
<tr>
<td>The balanced Scorecard</td>
<td>0.682</td>
<td>0.151</td>
<td>0.661</td>
<td>4.517</td>
</tr>
</tbody>
</table>

Source: Field data (2018)
\[ Y_i = 2.544 + 0.613X_1 + 0.569X_2 + 0.659X_3 + 0.682X_4 \]

Table 4.11 presents Regression coefficient. From the equation it was found that maintain Outcome Based and Process Oriented Evaluation, Benchmarking Approach, Business Process Redesign (BPR), the balanced Scorecard to a constant zero, performance would be at 2.544. A unit rise in Outcome Based and Process Oriented Evaluation would cause performance to increase by a factor of 0.569 units. A unit rise in Business Process Redesign (BPR) would result in 0.659 increases in performance and a rise in balanced Scorecard by one unit would cause performance to rise by a factor of 0.682. all variables were significant at 95% confidence level and 5% level of significance (p<0.05).

4.5 Discussion of Results

Objective One: To determine the strategy evaluation approaches adopted milk processing firms in Kiambu County. According to Thompson and Strickland (1995) evaluation of strategy and control process is aimed at acting as a tool for identifying as well as executing opportunities to enhance organizational efficiency through the improvement of management processes and systems. It is also the basic element in the organization learning process. The study findings revealed that the milk processing firms in Kiambu County firms conducts evaluation of their strategic plans. The firms have adopted the balanced Scorecard, Business Process Redesign, Outcome Based and Process Oriented Evaluation and Benchmarking Approaches for the evaluation of their strategic plans. The motivation behind the open systems approach is to structure elements of a business in such a way, to the point that, through unmistakably characterized lines of coordination and reliance, with the end goal that associations seek after the general business targets altogether. The main reason milk processing firms in Kiambu County conduct strategy evaluation. The
accentuation is on accomplishing all-encompassing cooperative energy, as opposed to on streamlining the execution of any one individual part (Mullins, 1989).

**Objective Two:** To assess the influence of strategy evaluation approaches on the performance of milk processing firms in Kiambu County. The strategy evaluation approaches adopted have been found to have an influence on performance of milk processing firms in Kiambu County. Consistently Gomes (2010) acknowledge that strategy evaluation influences the success of a firm. The study revealed that outcomes measurement is a logical way to ascertain whether a program has met its objective. It enhances organizational profitability and assists companies articulate and establishes definite program outcomes. Benchmarking Tool approach has been used as tool at the firms for comparing performance to their peers, to industry standards and comparing performance between strategies. Similarly Voss et al., (2007) established that a strong direct association amid the improved company performance and benchmarking approach.

The sue Business Process Redesign (BPR) evaluation approach inspires the firms to work better by enabling them measure their performance goals as well as helps in determining the nature of adjustments needed on their performance. Overall the balanced Scorecard had the greatest effect on performance of milk processing firms. The balanced scorecard selects performance measures that will drive a unique organizational strategy. It merges both operation and financial measures which shows the outcomes of the actions already performed. This is consistent with the research conducted by Nzuve and Nyaga (2013) where they established a relationship between balance score card and firm performance.
Goal setting theory stresses the importance of feedback on performance to the better attainment of goals, the theory stresses importance of goals as a chief motivator for people (Cole, 1995). The theory advocates for goals that are relatively hard to attain but quite specific as this kind of goals will stimulate much higher performance from the employees in an attempt to achieve them (Jones & George, 2011).
CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section sums up the fundamental findings and thereafter draws inference from the research work. The study sought: to determine the strategic evaluation approaches adopted by the milk processing firms in Kiambu County; and to access the impact of the strategic evaluation approaches on the performance of milk processing firms in Kiambu County.

5.2 The summary of the study

In this research, the main purpose was to determine the strategic evaluation approaches adopted by milk processing firms in Kiambu County and access the impact of those strategic evaluation approaches on the performance of milk processing companies in Kiambu County. The research made use of census survey design as it is more beneficial when investigating more than one study unit as well as generalization of the entire population (Mugenda & Mugenda, 2003). The population of the research is made up of seventeen milk processing companies in Kiambu County. The researcher did the census to obtain firsthand information. Closed ended questionnaire were used and only two out of seventeen firms did not respond to the questionnaire hence the conclusion was made by using data obtained from fifteen milk processing companies. From the research, it was found that firms conduct strategic evaluation of their plans. The firms adopted balanced Scorecard method, Benchmarking approaches, Business Process Design approach, Process Oriented Evaluation approach and outcome base approach to evaluate their strategy. These strategic plans have also been discovered to pose an effect on the firms’ performance.
The study revealed that outcome-based evaluation system was used to determine whether the program has been able to achieve its objective or not. The method led to enhancement of the profitability of the organization hence it helps the firm to articulate and establish the clear program benefits. Benchmarking tool was majorly used for comparison with the peers hence this makes the company to establish its performance in relation to the other related firm. The business process redesign approach was used to make firms work better and enable the company to determine the nature of adjustment that is required. Generally, the Balanced Scorecard has the greatest impact on the performance of milk processing firms as it measures performance that will drive into the unique organization strategy.

The research also discovered that the firms face challenges during the process of strategy evaluation. Unclear strategy evaluation process was the biggest problem followed by, followed by inadequate resources, inadequate and trained personnel and finally numerous employees’ resistance. These challenges have led to slowed process of strategy evaluation in many milk processing firms in Kiambu County.

5.3 Conclusion of the Study

This inquiry deduces that the strategic evaluation approaches used by milk processing firms are; Benchmarking, outcome based and process-oriented evaluation, Business Process Redesign and Balanced Scorecard approach. The study also concludes that the challenges faced by the firm in the strategy evaluation process include; inadequate resources, unclear strategy evaluation process, inadequate and trained personnel and resistance from the employees. From the research, we concluded that Balanced Scorecard is the greatest approach used by the firms to evaluate their strategy. Many firms use this
method to drive the unique strategy into the company. This is because the method combines
the operational and financial measures which show the outcomes of the decision already
taken.

5.4 Limitations of the Study

During the analysis of the research, some constraints were considered. The research used
the census survey research which is very costly and time consuming. Due to financial
constraints encountered during the research process, qualitative method would have been
used as it is cheaper with regard to time taken and cost incurred for the research. The study
was only conducted in fifteen firms out of seventeen, the results would have been even
more accurate if all seventeen firms participated in the research work.

Another limitation of the research was the difficulty in accessing the information in the
firms as most of the respondents were not available throughout the data collection period
hence much time was wasted in the process of finding the respondents to answer the
questionnaires

5.5 Recommendations of the Study

This research recommends that the firms should come up with the clear evaluation of
strategy. This can be achieved by setting clear strategic goals, clearly setting criteria for
measurement of performance as well as providing clear way of measuring how the
company has achieved those goals. The firm should also involve all employees from the
earliest stage of strategy evaluation. This reduces the employees’ resistance in the firm.
Finally, the research also recommends proper training of the personnel to oversee the
successful strategy evaluation processes.
5.6 Suggested areas for further Research

The future research basing on the current research is highly recommended to unearth the factors that can drive the strategic evaluation choices in different firms including milk firms in the other companies. This will enable good comparisons to be done with the objectives of coming up with the best strategic practices.

First, since the research was done on the strategic evaluation approaches adopted by milk processing firms in Kiambu County, the study suggest that the research should be done in different location but within the similar context. For example, the research can be done in Bungoma, Kitui, Turkana, Bomet among other counties. The same research can be conducted in the same county but focus be placed on other firms other than milk processing firms in the county.
REFERENCES


APPENDICES

Appendix I: Introduction Letter

DATE: 31.10.1.2018

TO WHOM IT MAY CONCERN

The bearer of this letter Rachel Wangui Thiongo

Registration No: 0511724176517514

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

PROF. JAMES M. NJIHIA
DEAN, SCHOOL OF BUSINESS

31 AUG 2018
## Appendix II: Milk Processing Firms in Kiambu County

<table>
<thead>
<tr>
<th>NO.</th>
<th>Name of Firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>KIAMBAA DAIRY</td>
</tr>
<tr>
<td>2</td>
<td>NDUMBERI DAIRY</td>
</tr>
<tr>
<td>3</td>
<td>GITHUNGURI DAIRY</td>
</tr>
<tr>
<td>4</td>
<td>GATAMAITYU DAIRY</td>
</tr>
<tr>
<td>5</td>
<td>KAMAIYU DAIRY</td>
</tr>
<tr>
<td>6</td>
<td>KOMOTHAI DAIRY</td>
</tr>
<tr>
<td>7</td>
<td>KEREITA DAIRY</td>
</tr>
<tr>
<td>8</td>
<td>LARI DAIRY</td>
</tr>
<tr>
<td>9</td>
<td>LIMURU DAIRY</td>
</tr>
<tr>
<td>10</td>
<td>KIKUYU DAIRY</td>
</tr>
<tr>
<td>11</td>
<td>KABETE DAIRY</td>
</tr>
<tr>
<td>12</td>
<td>GIKAMBURA DAIRY</td>
</tr>
<tr>
<td>13</td>
<td>SIGONA DAIRY</td>
</tr>
<tr>
<td>14</td>
<td>KINARE DAIRY</td>
</tr>
<tr>
<td>15</td>
<td>NDERI DAIRY</td>
</tr>
<tr>
<td>16</td>
<td>GATANGA DAIRY</td>
</tr>
<tr>
<td>17</td>
<td>KIGANJO DAIRY</td>
</tr>
</tbody>
</table>

Source: Kenya Dairy Board (2016)
Appendix III: Research Questionnaire

Section A: Background Information

1. Indicate the name of your firm

………………………………………………………………………………………………………………

2. Indicate your position

………………………………………………………………………………………………………………

3. Indicate you gender

Male [ ]

Female [ ]

4. Please indicate your age

21-30 years [ ]

31-40 years [ ]

41-50 years [ ]

Above 50 years [ ]

5. Indicate your highest level of education

College certificate [ ]

College Diploma [ ]

University Graduate [ ]

Others (specify)…………………………………………………………………………………………...
6. How long have you been in employment with this firm?

1- 2 years [ ]

3 – 4 years [ ]

Over 5 years [ ]

Section B: Strategic evaluation approaches adopted

7. Does your firm conduct an evaluation of its strategic plans:

Yes [ ]

No [ ]

8. Indicate the period after which your firm’s strategic plans are evaluated

Within 3 months [ ]

Within 6 months [ ]

Within 9 Months [ ]

Within 12 Months [ ]

9. Rate the extent to which the following strategic evaluation approaches have been adopted in your firm

<table>
<thead>
<tr>
<th>Benchmarking Tool</th>
<th>Very great extent</th>
<th>great extent</th>
<th>moderate extent</th>
<th>little extent</th>
<th>Very little extent</th>
</tr>
</thead>
</table>

53
10. What are some of the challenges does your firm face when evaluating strategic plans (you can tick more than 1 option)

Employee resistance [ ]

Inadequate and trained personnel [ ]

Unclear Strategy evaluation Process [ ]

Lack of resources [ ]

Others (please specify)………………………………………………………………………………

Section C: influence of strategic evaluation approaches on the performance

11. Does strategy evaluation influence performance?

Yes [ ]

No [ ]

No idea [ ]
12. To what extent do you agree with the following statements with regard to the influence of strategic evaluation approaches on the performance? Use a scale of 1-5 where 1=Strongly disagree, 2=agree, 3= neutral, 4= disagree, while 5= Strongly disagree

<table>
<thead>
<tr>
<th>Outcome Based and Process Oriented Evaluation</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outcome Based and Process Oriented Evaluation enhances organizational profitability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outcome Based and Process Oriented Evaluation enhances company market share</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outcome-based evaluation, sometimes called outcomes measurement, is a systemic way to determine if a program has achieved its goal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outcome Based and Process Oriented Evaluation enhances helps institutions articulate and establish clear program benefits (outcomes), identify ways to measure those program benefits (indicators),</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The point of outcome-based evaluation is to establish a project’s effectiveness</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Benchmarking Tool**

Strategy evaluation has been used as tool at our firm for comparing performance to our peers
Strategy evaluation has been used as tool at our firm for comparing performance to industry standards

Strategy evaluation has been used as tool at our firm for comparing performance among the various departments

Strategy evaluation has been used as tool at our firm for comparing performance between strategies

**Business Process Redesign (BPR)**

Strategy evaluation results inspires me to work better by enabling me measure my performance goals

Strategy evaluation results helps me determine the nature of adjustments needed on my performance

Information on good performance inspires me to work harder

Strategy evaluation results allow me relate my work to the organizational objectives and be inspired to do more

**The balanced Scorecard**

balanced scorecard selects performance measures that will drive a unique organizational strategy
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The balanced scorecard combines financial measures that tell the results of actions already taken with operational measures</td>
<td></td>
</tr>
<tr>
<td>A scorecard is only effective if it is clearly understood throughout an organization</td>
<td></td>
</tr>
<tr>
<td>The balanced scorecard become obsolete as a firm’s external and internal environments change</td>
<td></td>
</tr>
</tbody>
</table>