

**STRATEGY MONITORING AND EVALUATION AT NATIONAL OIL  
CORPORATION OF KENYA**

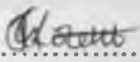
**KOLETIT JELIMO GLADYS**

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

**NOVEMBER, 2012**

## DECLARATION

This research project is my original work and has not been presented for the award of degree in any other university or institution for any other purpose.

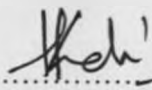
Signature ..... 

Date ..... 12/11/2012

Koletit Jelimo Gladys

D61/70296/2009

This research project has been submitted for examination with my approval as University supervisor.

Signature ..... 

Date ..... 12/11/2012

Florence Muindi

Lecturer

Department of Business Administration

School of Business

University of Nairobi

## **DEDICATION**

I dedicate this project to my family for unfailing encouragement and love. To the strong man in my life; who surround me as a family and friend, for walking this journey with me, for picking me up when I fell; for burning the mid night oil with me.

To my loving daughter Ivanna and my unborn baby Jeremy/Samara, may this accomplishment be an inspiration to you in your pursuit of knowledge and excellence. Always keep in mind that anything is possible and you can do it.

## ACKNOWLEDGEMENT

I owe the successful completion of this research to the exceptional support of many people. Firstly, my most profound gratitude goes to my supervisor Florence Muindi of the University of Nairobi, School of Business who agreed to supervise this research paper and have guided me through this journey. Thank you for your guidance, encouragement and timely feedback.

Secondly, I deeply acknowledge the unwavering love and care I got from my family, who supported me through the rough waters. A special place in my heart is reserved for my sister Jero who became the mother of my daughter in my absence. To her, I say May God bless you abundantly. Thirdly, I recognize with deepest gratitude the moral and spiritual support I got from my husband Jack and my daughter Ivanna whose lives got disrupted during this journey. Fourthly, my sincere thanks to my parents for instilling hard work in me which has enabled me successfully complete this course.

Last but not least I thank Almighty God as my source of all inspiration in allowing me to undertake this project that is too involving in terms of time and resources.

## ABSTRACT

In today's highly competitive business environment, budget oriented planning and forecast-based planning methods are insufficient for a large organization to survive and prosper. The firm must engage in strategic planning that clearly defines objectives and assess both the internal and external situation to formulate strategy, implement it, evaluate the progress, and make necessary adjustment necessary to stay in track. Effective strategy and monitoring enables managers and other stakeholders with regular feedback on project implementation and early indication of progress and problems in the achievement of planned results in order to facilitate timely adjustments of strategies in the operation of projects.

The objective of the study was to determine strategy monitoring and evaluation at National Oil Corporation of Kenya. The research design was a case study of National Oil Corporation of Kenya. The study used primary data which was collected using an interview guide. Content analysis technique was used to analyze the data.

The findings of the study was that strategy monitoring and evaluation is done quarterly through review of the implementation status of the developmental business plans and these helps the corporation in tracking corporate performance against strategic achievement, establish alignment of individual tasks and departmental initiative with the overall objectives of the company and supports the corporate performance management agenda of the corporation. Monitoring and evaluation has helped the corporation to track down performance against objectives/ targets which ensure accountability by establishing clear bench mark by which to measure performance while also allowing for early signals to detect when performance deviates. It has also enabled the corporation to increase productivity through overhead costs management. The corporation uses

management by objectives for its strategy monitoring and evaluation. This was realized through development of the departments, business plans that are aligned to the overall strategic objectives of the corporation. The resources necessary to support effective monitoring and evaluation was not sufficient as the strategic planning office is not adequately equipped in terms of staff, financial and technical resources to undertake comprehensive monitoring and evaluation across the organization.

## TABLE OF CONTENTS

Declaration.....	ii
Dedication.....	iii
Acknowledgement .....	iv
Abstract.....	v
Table of contents.....	vii
<b>CHAPTER ONE: INTRODUCTION .....</b>	<b>1</b>
1.1 Background of the Study .....	1
1.1.1 Concept of Strategy .....	2
1.1.2 Strategic Management Process .....	3
1.1.3 Strategy monitoring and evaluation .....	4
1.1.4 Oil Industry in Kenya.....	5
1.1.5 National Oil Corporation .....	6
1.2 Research Problem.....	8
1.3 Research Objectives .....	11
1.4 Value of the Study.....	11
<b>CHAPTER TWO: LITERATURE REVIEW .....</b>	<b>13</b>
2.1 Introduction.....	13
2.2 Monitoring and Evaluation Concept.....	13
2.3 Strategy Monitoring and Evaluation .....	15
2.4 Strategy Monitoring and Evaluation Approaches .....	18
2.5 Strategy Monitoring and Evaluation Tools .....	20
<b>CHAPTER THREE: RESEARCH METHODOLOGY .....</b>	<b>22</b>
3.1 Introduction.....	22
3.2 Research Design.....	22
3.3 Data Collection .....	23
3.4 Data Analysis .....	23

**CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION ..... 25**

4.1 Introduction ..... 25

4.2Demographic Information ..... 25

4.3Strategy at NOCK ..... 26

4.4Strategy Monitoring and Evaluation at NOCK ..... 27

4.5Strategy Monitoring and Evaluation Approaches at NOCK ..... 31

**CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS ..... 33**

5.1 Introduction ..... 33

5.2 Summary of the Findings ..... 33

5.3 Conclusion ..... 35

5.4 Recommendation..... 35

    5.4.1 Recommendations for further research ..... 36

REFERENCES ..... 37

**APPENDICES ..... 1**

**APPENDIX: INTERVIEW GUIDE ..... 1**



## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of the Study**

In today's business environment, competition is the order of the day. The local and international environment consists of all those factors that operate at the transactional, cross-cultural and across the border level which have an impact on the business of an organization (Kazmi, 2008). Strategy monitoring and evaluation is essential in generating skills in people since it enables them to both learn and unlearn skills – in other words, to acquire new skills and change inappropriate skills regarding efficiency, effectiveness and impact. To be useful in the daily operations of the company, a business plan has to be tied to a budget that is used to monitor the progress towards meeting strategic goals. Harborne (2009) suggests that a company needs a set of defined activities, which allows for measures to be set and reported against to monitor progress. The control measures should be used when a process needs to be kept within predetermined levels. Providing responsible parties with immediate feedback allows for early warning signals so that problems can be identified and resolved quickly.

While current public policy models have certainly started to reflect a shift away from traditional thinking about organizational design and public management, a systematic process for creating and sustaining improved performance that reflects changes in the environment is clearly absent (Karami, 2005). The competition and regulation of the oil industry in Kenya has changed the way in which oil companies operate as it has brought challenges of laying a foundation for success in the future while meeting today's challenges and National Oil Corporation is not an exception in these challenges and these has led to adoption of strategy monitoring and evaluation. This is informed by the fact that strategy monitoring and evaluation allows the firm

to act quickly, take advantage of opportunities before competitors do and respond to environmental threats before significant damage is done, this will allow the organization to survive, sustain the environment hardship. However, the challenge lies with the implementation of the strategy as it needs correct data to be collected from the outset and contemporaneously.

### **1.1.1 Concept of Strategy**

A strategy is the direction and scope of an organization over a long term period; which gives advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets in order to fulfill owners' expectation (Biggadike, 1976). Andrews (1971) argues that with respect to corporate strategy, strategists address what the firm might and can do as well as what the firm wants to do. However, he also argues that strategists must address what the firm ought to do. Mintzberg (1988) proposes five formal definitions of strategy as plan, ploy, pattern, position and perspective. Strategy is a plan, some sort of consciously intended course of action, a guideline (or a set of them) to deal with a situation. Strategy can be a ploy, just a specific 'maneuver' intended to outwit an opponent or competitor. Strategy is a pattern, specifically a pattern in a stream of actions. Strategy is a perspective; its content consists of not just a chosen position but an ingrained way of perceiving the world.

Thomson and Strickerland (2003) observe that strategies are at ends and these ends concern the purpose and objectives of the organization. They are the things that organizations do, the paths they follow and the decisions they take in order to reach certain points or level of success. Mintzberg and Quinn (1998) identify four interrelated definitions of strategy as a plan, perspective, pattern and position. As a plan, it is some sort of consciously intended course of action, a guideline to deal with a situation. As a pattern it integrates an organization's major

goals, policies and actions sequences into a cohesive whole. Strategy as a position becomes a mediating force or match between the organizations and its external and internal environments. Strategy as a perspective looks at the organization. In this respect it is a concept and a perspective shared by the members through their intentions and actions.

### **1.1.2 Strategic Management Process**

Strategic management is fundamentally about setting the underpinning aims of an organization, choosing the most appropriate goals towards those aims and fulfilling both over time. Rantakyro (2000) posits that strategic management can be defined as the art and science of formulating, implementing and evaluating cross functional decisions that enable an organization to achieve its objectives. Karami (2005) hold that this definition implies that strategic management focuses on integrating managerial abilities and techniques to achieve organizational success. Pearce II *et al* (2003) advance a simple strategic management model that includes steps as: analysis, direction setting, developing strategies, implementation and control. The strategic management process is an ongoing circular process. Strategy management is the set of decisions and actions that result in formulation and implementation of plans designed to achieve a company's objectives. Pearce and Robinson (1994) hold that even after the grand strategies have been determined and the long term objectives set, the strategic management process is far from complete. The strategic managers now move into a critical new phase of translating strategic thought into organizational action. That is, strategy implementation stage.

Johnson and Scholes (2002) underscore that understanding the strategic position of an organization and considering the strategic choices available is of little value unless the strategy managers wish to follow what is turned into organizational action. Components key in carrying

out strategy development revolve around the following strategic management tools namely; situation analysis, mission statements, external analysis, internal analysis, development of objectives, development of strategies, development of appropriate budgets, reward systems, information systems and policies and procedures. Corporate planning looks at strategic development in terms of the corporate mission, strategic audit, corporate objectives and corporate strategies (Bateman and Zeithaml, 1993).

### **1.1.3 Strategy monitoring and evaluation**

Monitoring and evaluation is increasingly becoming an essential program management tool. Ademala and Lanvin (2005) stated that monitoring keeps track of the implementation schedule by focusing on the efficiency of resource use towards generating desired outputs. It is the systematic collection and analysis of information as a project progresses. It is aimed at improving the efficiency and effectiveness of a project or organization. It is based on targets set and activities planned during the planning phases of work. Strategy monitoring helps to keep strategy implementation on track, and let management know when things are going wrong. If done properly, it is an invaluable tool for good management, and it provides a useful base for evaluation. It helps in the determination of whether the resources available are sufficient and are being well used, whether the capacity is sufficient and appropriate, and whether work planned is being done. Evaluation on the other hand addresses effectiveness of outputs in delivering the planned purposes and goals. It is the comparison of actual project impacts against the agreed strategy plans. It looks at the set targets vis-a-vis the accomplished. It can be formative (taking place during the life of a project or organization, with the intention of improving the strategy or way of functioning of the project or organization). It can also be summative (drawing learning

from a completed project or an organization that is no longer functioning). Thus, it is difficult to conceptualize monitoring in the absence of evaluation.

Strategy monitoring and evaluation is geared towards learning from what is done and how is being done, by focusing on efficiency, effectiveness and impact (Ademala and Lanvin, 2005)). Efficiency deals with the input into the work being appropriate in terms of the output. This could be input in terms of money, time, staff, equipment and so on. Effectiveness on the other hand measures the extent to which a development programme or project achieves the specific objectives it set while impact deals with whether what was done made a difference to the problem situation it was being addressed (Jreisat, 2007). However, monitoring and evaluation are best done when there has been proper planning against which to assess progress and achievements. There are two important linkages between evaluation and monitoring. According to Ademala and Lanvin (2005) evaluators need initially to familiarize themselves with the operation of the programme and to consider the efficiency, effectiveness and efficacy contribution of programme management to concrete outputs, outcomes and impacts.

#### **1.1.4 Oil Industry in Kenya**

The oil industry in Kenya is being regulated by the Ministry of Energy. At 21% consumption, petroleum is currently the single most important form of modern primary energy consumed in the country. Traditional forms such as biomass account for the bulk (68%) of energy consumed in the country. Globally, petroleum accounts for 40% of the average world primary energy usage. Thus as the Kenyan economy grows and increases in complexity in line with the Vision 2030, it is expected that the consumption of petroleum will rise towards the world average. Indeed it has been estimated that by 2030, petroleum consumption will have risen from

approximately 4 million metric tons currently to 10 million metric tons. Thus petroleum will remain core to powering the realization of the Vision 2030.

Kenya deregulated its oil industry in 1994 with a view to enhancing operational efficiency of the industry and also attracting private capital. The 1994 reforms also included the liberalization of transportation modes and attendant tariffs. Since liberalization, the oil industry has attracted a number of operators (ERC, 2008). However, the reforms yielded mixed results, particularly with regard to competitive pricing and improvements in quality of products. This is largely reflected by growing public discontent about unrealistic fuel prices and escalating electricity tariffs and how these directly affect consumers. Liberalization of the industry also had the effect of allowing more players into the market (Indetie, 2003).

Kenya has no known oil or natural gas reserves and therefore relies on imported crude oil, although there are prospects of oil being found in Turkana. The oil refinery in Mombasa, built in 1959 and half-owned by the government, and major oil companies, typically operates at around 65% of its total capacity (averaging 95,000 barrels per day) and is supposed to serve Kenya, Tanzania, Uganda, the DRC, Rwanda, Burundi, and offshore islands. Refinery products include gasoline, jet/turbo fuel, light diesel oil and fuel oil.

### **1.1.5 National Oil Corporation**

National Oil was incorporated in April 1981 under the companies Act, Cap 486 and charged with participation in all aspects of the petroleum industry. The company has 100% Kenya Government shareholding. The formation of National Oil was predicated by the Oil crisis of the 1970's (1973/74) and 1979/80) and the correspondent supply disruption and price hike which

resulted in the country's oil bill comprising of almost one third of the total value of imports and therefore making petroleum the largest single drain of Kenya foreign exchange earnings. In the national interest, it was therefore felt necessary to have greater control of this crucial factor of the performance of the economy by having a company, which would act as an instrument of Government policy in matters related to oil.

From 1984, when National oil became operational, one of the major activities has been the upstream operation which is spearheading of petroleum exploration on behalf of the Kenya Government. The role of National oil in petroleum exploration includes; overseeing the fulfillment of petroleum exploration companies' obligations in accordance with contracts signed with the Kenya government, providing and disseminating exploration data from various exploration activities in form of reports and promoting the same oil companies in order to attract them to do exploration in Kenya. Undertaking various exploration works in various basins in accordance with available capital outlay, technical expertise and equipment available, to manage on behave of the government storage and disposal of government's share of oil after discovery.

National oil started downstream activities in March 1988 with the importation of the first crude oil cargo. This was the fulfillment of the Government mandate for National Oil to supply 30% of the country's petroleum requirements. Since October 1994 when the Oil industry was deregulated, the mandate to import 30% of the country's crude oil requirement ceased and national oil has been marketing petroleum products to the final consumers. In 1997, after the first three petroleum stations were completed, National Oil moved on to retail sales. Currently the company has a Ninety One service stations spread across the country. National Oil has a truck loading facility in Nairobi to serve and its environments markets which comprise of 60% of the

domestic demand for petroleum products in Kenya. National Oil has also entered into the market segments which include Liquefied petroleum gas LPG and lubricants.

The oil sector plays a key role in the country's socio economic development. In fact all other sectors depend on this sector for them to function. At present the competition in the sector has become intense and this necessitates efficiency and effectiveness of the strategies adopted by the National Oil Corporation so as to maintain and increase its market share in the market. The Corporation developed its first 2005-2008 Strategic Plan which set the stage for transformation of the Corporation. This strategic plan sought to ensure that the Corporation was restored back to the path of profitability, enhance professionalism, and grow its retail network as well as market share. Subsequently in July 2008, the Corporation rolled out the 2008-2013 Strategic Plan whose focus is to position National Oil as a market leader and ensure that the Corporation actively participates in oil and gas exploration. Effective strategy monitoring and evaluation therefore will enable the company to keep the work on track, to ensure that it achieves the desired results and will let management know when things are going wrong.

## **1.2 Research Problem**

In today's highly competitive business environment, budget oriented planning and forecast-based planning methods are insufficient for a large organization to survive and prosper. The firm must engage in strategic planning that clearly defines objectives and assess both the internal and external situation to formulate strategy, implement it, evaluate the progress, and make necessary adjustment necessary to stay in track (Thompson and Strickland, 2003). History reveals that human beings strive to find the right way, system, style, principle, culture and so on. Companies are becoming progressively more dependent on service providers to deliver performance at a



competitive level according to stakeholders and market demands. However, to be able to achieve this, the service delivery process need to be carefully defined, negotiated, and agreed upon considering involved parties' needs, wants and preferences. Moreover, a monitoring and evaluation strategy needs to be defined on how to implement and thereafter execute the agreed on strategy. One needs to assure that there is no force that can influence the process in such a way that it threatens to become critical and/or a stopper (Grundy, 2008). Effective strategy and monitoring enables managers and other stakeholders with regular feedback on project implementation and early indication of progress and problems in the achievement of planned results in order to facilitate timely adjustments of strategies in the operation of projects.

The oil sector plays a key role in the country's socio economic development. In fact all other sectors depend on this sector for them to function. The regulation of the oil industry has changed the way the oil companies operate as the companies no longer determine the prices they charge for the products on their own. To survive, petroleum companies must be agile enough to respond to the pressures to compete on levels unrivalled in the past. Focus has now shifted to internal processes in order to offer the company the best opportunity to take up the unique challenges facing the company today. In order for NOCK to know if it is competitive in an industry with a lot of competition, effective strategy monitoring and evaluation is important. An effective strategy monitoring and evaluation will enable NOCK to know whether all the strategies and mechanisms it has put in place will enable the organization to compete effectively in the market place. Effective strategy monitoring and implementation will also enable NOCK to identify any loopholes in its strategy implementation and correct any deviations from the planned strategies which if not corrected could render the entire cycle of strategy planning ineffective.

Several studies have been done on strategy monitoring and evaluation. Ogwenno (2010) studied monitoring and evaluation comparison between donor funded and non-donor funded projects in Kenya and found out that in donor funded projects managing research projects for impact implies that strategy monitoring and evaluation must be linked to overall project operations, as well as with outputs, outcomes, and impact normally summarized in the project. With regard to non-donor funded projects he found out that for a strategy monitoring and evaluation to be successful it is important to clearly identify, prior to starting developing a strategy monitoring and evaluation, each stakeholder's stakes as well as the roles resulting from them. Kimonyi (2010) researched on the relationship between monitoring and evaluation and the success of projects of NGO-funded projects in Kenya and established that all funded activities (projects) should be subject to review every year. Githiomi (2010) studied the strategy monitoring and evaluation at K-REP bank and the findings were that an effective strategy monitoring and evaluation is more than a statistical task or an external obligation. Thus, it must be planned, managed, and provided with adequate resources.

Kimaiyo (2011) researched on the effectiveness of monitoring and evaluation of constituency development funds in Eldoret East Constituency and established that community participation, review of projects, use of board constitution and use of financial system were used for monitoring and evaluation. Ngugi (2011) researched on evaluation of strategic planning at Kenya Wildlife Services and established that strategic planning is carried out to some degree with reliance on short term planning and over reliance on financial data in the industry. That strategic planning existed where top management developed the plans and the horizon was for short periods due to the turbulence in the environment. Oriko (2010) studied an evaluation of strategic planning at Kenya Revenue Authority and established that evaluation looked at both the

organizational and departmental level objective to ensure corrective actions are taken to avoid any deviations from the standards and that performance measures have been expressed in a manner that is as measurable as possible. The studies above have not dealt on strategy monitoring and evaluation at National Oil Corporation and it is for this reason that the study will seek to establish strategy monitoring and evaluation at National Oil Corporation. This study will therefore aim to answer the question; how is strategy monitoring and evaluation done at National Oil Corporation of Kenya?

### **1.3 Research Objectives**

To establish strategy monitoring and evaluation at National Oil Corporation of Kenya.

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

This study will be of value to the management of National oil as they plan on how to utilize the limited resources which they have as they need to be cost effective in the delivery of expected outputs and also assist the institution as they need to be sure that expected outputs are delivered on a timely basis. The study will also will enable National Oil to evaluate the effectiveness of its strategy monitoring and evaluation tools. Other oil companies will benefit from the findings of the study as they will be able to understand the benefits of strategy monitoring and evaluation and apply it in their respective organizations in order to achieve competitive advantage over its competitors.

This study will also benefit the government especially the Ministry of Energy and Finance in making policy decisions whose overall objectives are to accelerate the rate of growth in the oil sector and take advantage of the growing world markets. Future scholars may use the results of

this study as a source of reference. The findings of this study can be compared with efficiency of strategy monitoring and evaluation in other sectors to draw conclusions on the effectiveness of strategy monitoring and evaluation in those sectors. The study will also benefit consultants who endeavor to provide assistance on successful running of organizations in developing and sustaining a competitive edge in their environment.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter summarizes the information from other researchers who have carried out their research in the same field of study. The specific areas covered include the concept of monitoring and evaluation, strategy monitoring and evaluation, strategy monitoring and evaluation approaches and strategy monitoring and evaluation tools.

### **2.2 Monitoring and Evaluation Concept**

Monitoring and evaluation (M&E) allows people to learn from past experiences, improve service delivery, plan and allocate resources and demonstrate results as part of accountability to stakeholders (Arens *et al.*, 2006). Depending on the context, stakeholders can include everyone from end-users to government agencies. M&E program performance achieves this because it enables the improved management of the outputs and outcomes while encouraging the allocation of resources where it will have the greatest impact. M&E also assists in keeping projects on track, providing a basis for reassessing priorities and creating an evidence base for current and future projects (Henry, 2006).

Monitoring and Evaluation is a powerful project management tool that can be used to improve the way governments and organizations achieve results. Governments need financial, human resource, accountability systems and good performance feedback system. M&E takes decision makers one step further in assessing whether and how goals are being achieved over time. These systems help to respond to stakeholders growing demand for results. According to Klastorin (2003) monitoring and evaluation are an integral part of each phase/step of the project life cycle.

There must be measurable goals when the project is defined and measurable milestone in the project plan. Milosevic *et al.*, (2003) alludes that few organizations have integrated M&E programmes, and many invest time and resources in collecting data that are never used. Monitoring of single variables or tracking of implementation through mechanisms such as manual reports, financial accounting and project reviews, are important but cannot alone show whether the organization objectives are being met.

Effective monitoring and evaluation of projects is usually one of the ingredients of good project performance. It provides means of accountability, demonstrating transparency to the stakeholders and facilitates organizational learning through documenting lessons learned in the implementation of the project and incorporating the same in the subsequent project planning and implementation or through sharing experiences with other implementers (Crawford and Bryce, 2003). Monitoring and evaluating the performance of public programs and institutions can help increase their effectiveness, providing more accountability and transparency in how public monies are used, informing the budgetary process and the allocation of public resources, and assessing their effectiveness in attaining their desired objective such as improving welfare or enhancing the equality of opportunities.

Effective monitoring and evaluation should be an integral part of stabilization interventions. It is essential to track and evaluate the outcomes of activities, to maximize positive impacts, and to minimize unintended consequences (Gupta and Thomson, 2006). This is particularly important in unstable environments, because they are often complex, unpredictable and characterized by a lack of information, which can lead to plans quickly going off track. Moreover, effective monitoring enables real-time evaluation during an intervention, and allows plans to be adapted

accordingly. This helps to ensure that stabilization is achieving the desired impact, and that unintended consequences are minimized. In the longer term, evaluation is also important in supporting accountability and in identifying lessons that can help improve future efforts at strategic, operational and tactical levels (Hatry, 2009). Sufficient resources must be allocated to monitoring and evaluation, though the framework must also be designed to be proportionate to the plan and resources available. Furthermore, appropriate measures of effect (both quantitative and qualitative) must be identified at the planning stage, and modified as necessary, to enable real-time evaluation of outcomes and impact.

## **2.3 Strategy Monitoring and Evaluation**

Strategy monitoring and evaluation is regarded as an instrument for rational, effective and efficient strategy formulation and implementation. Here, monitoring the progress toward a strategy, learning from evaluation results, and adapting accordingly, constitute the necessary feedback loop that closes the cycle of strategic management of sustainability strategies (Gupta and Thomson, 2006). Thereby, monitoring and evaluation may take place in two different forms, tracking the process of strategy formulation and implementation (process monitoring) or evaluating the actual outcome of the measures taken (outcome monitoring). Monitoring and evaluation strategy are not only seen as stimuli for policy change but are also perceived as symbols of acceptability, indicating transparency and administrative willingness to learn and, thus, being central to the legitimation of state and non-state actors. In this sense, evaluations may rather be done to vindicate individual and organizational behaviour than to support efficient and rational decision making. Unfortunately, M&E activities can hinder rather than improve

organizations when they fail to alert management to problems or when resources spent on M&E divert scarce resources from critical management priorities (Sheil, 2001).

To support an organization's strategic shift towards results, monitoring and evaluation must provide a strong and coherent system of learning and performance measurement (Hatry, 2009). An organization is expected to monitor progress toward achievement of results systematically; to report on those results annually; and to integrate lessons learned into management decisions and future programming initiatives. The role of the management becomes more important – in terms of strategic planning and choice of monitoring and evaluation approaches and follow-up. In particular, the senior managers will be expected to provide active leadership to the process of change towards better monitoring, learning and evaluation for results.

The skills and capacities needed for monitoring and evaluation are the same as those expected for other key office functions - principally strategic planning, teamwork, analytical abilities, learning and advisory skills and good formulation skills (Bhola, 2003). The new framework, however, requires a change in mindset and behaviors of staff and partners. One consequence is less focus on inputs and implementation tasks and greater focus on results (outcomes and outputs). Organizations that find it necessary to continue to monitor inputs and detailed implementation should ensure that this is not done to the detriment of addressing the results. The M&E system helps key groups (senior office management; programme managers and project management) to assess performance at all levels of programming.



It is imperative to note that managers in any organization is obligated to re-evaluate strategy regularly, refining and recasting it as often as possible in order to align to the organization's changing external and internal environment. Strategy monitoring and evaluation is necessary to ascertain whether strategy implementation will achieve the desired objectives or not. If there is any doubt as to whether the targets will not be attained, then the course of events must be changed to divert to the routes that can take the company to the intended end results (Yabs, 2007). Strategy evaluation involves examining how the strategy has been implemented and also the outcomes of strategy implementation. If it is determined that deadlines are not being met, processes are not working, or results are not in line with the actual goal, the strategy can and should be modified or reformulated (Coulter, 2005).

According to Yabs (2007) strategy evaluation monitors the results of formulation and implementation activities and includes measuring individual organization performance and taking corrective action when necessary. Kunwar and Nyandemo (2004) argues that evaluation is a process which attempts to determine as systematically and objectively as possible the relevant effectiveness, efficiency and impact of activities in light of specific objectives. Monitoring generates and collect data needed for evaluation. Monitoring will therefore help in identifying any short falls in the achievement of objectives and therefore helping in coming up with measures to eliminate the shortcomings in good time.

Rumelt (1980) argues that corporate strategy evaluation involves seeking answers to three questions. First is whether the current objectives of the business are appropriate, secondly is whether the major policies and plans are appropriate and lastly, is whether the results obtained

confirm to date or refute critical assumptions on which the strategy rests. He further stated that strategy evaluation is an appraisal of how well a business performs how it grows, and whether the profit rate is normal or better. If the answers to these questions are affirmative, it is argued that the firm's strategy is sound. Strategy monitoring and evaluation therefore involves managers in an organization addressing the question whether strategy is valid, and whether it is valid in the dynamic environment in which it is operating in.

## **2.4 Strategy Monitoring and Evaluation Approaches**

Strategy monitoring and evaluation techniques encompass two approaches, frameworks and data collecting methods. The different approaches to monitoring and evaluation include participatory and traditional/conventional. No matter which approach is used, there are different data collecting methods for the purposes of monitoring and evaluation but they can be divided into qualitative and quantitative (Shapiro, 2004).

Quantitative measures include, net profit, return on capital, return on investment and gross profit. Qualitative measures include, level of absenteeism of workers, job satisfaction and teamwork and cooperation of workers among others. According to Mintzberg et al (1998), strategy evaluation should initiate managerial questioning of expectations and assumptions trigger a review of objectives, targets, and values and stimulate creativity in generating alternatives and formulating criteria of evaluation. According to Kunwar and Nyandemo (2004) monitoring generates and collects data needed for evaluation. Yabs (2007) observes that strategy monitors the results of formulation and implementation activities and includes measuring individual

organization performance and taking corrective measures using the above mentioned qualitative and quantitative parameters to measure the performance of strategies.

Participatory monitoring and evaluation approach involves stakeholders such as the project beneficiaries, staff, and donors and community in the design and implementation of the project monitoring and evaluation as opposed to the conventional approach (McCoy *et al.* 2005). Ideally all the stakeholders in the participatory monitoring and evaluation are involved in identifying the project, the objectives and goals and identification of the indicators that will be used in monitoring and evaluation. The stakeholders are also involved in collection and analysis of the data and capturing the lessons while the role of the managers of the project is to facilitate the monitoring and evaluation process. Participatory M&E approach provides the stakeholders with an opportunity to build their own capacity to reflect and analyze their program's progress and the action that might be required to take corrective action. These are essential ingredients to helping stakeholders to establish, own and implement their own monitoring and evaluation systems.

The traditional approach to monitoring and evaluation is very prevalent whereby donors dictate how monitoring and evaluation will be done. The donors provide a preset monitoring and evaluation reporting format that the implementing agency has to adhere to. All that the implementing staff has to do is collect data that goes into filling this report for passing over to the donor ((Durham, 2008). The most emphasis is on the monitoring and evaluation needs of the donor as opposed to other stakeholders. Evaluations are usually done by an external individual at the end of the project.

## 2.5 Strategy Monitoring and Evaluation Tools

In strategy monitoring and evaluation, it is important to use the right tools in order to achieve the desired results. It is therefore far more important to know how to select and use the right tool to reach the set goals than to know about many different tools (Andersen, 1999). There are a number of tools used in strategy monitoring and evaluation, key among them include, use of Balanced Scorecard, Business Process Re-Engineering (BPR), Total Quality Management (TQM), Management By Objectives (MBO) and Benchmarking.

Balanced Scorecard is a technique used to measure business performance at departmental or corporate level. The scorecard use financial, customer, business processes and innovation perspectives in assessing organizational performance. The balanced scorecard translates a business unit mission and strategy into tangible objective measures. The measures represent a balance between external measures for stakeholders and consumers and internal measures of critical business processes, innovation, learning and growth.

BPR aims to achieve step improvements in performance by redesigning the processes through which an organization operates, maximizing their value added content and minimizing everything else (Peppard & Rowland, 1993). Hammer and Campy (1993) defined re-engineering as the fundamental rethinking and radical redesign of business process to achieve dramatic improvements in critical contemporary measures of performance such as quality, cost, service and speed. According to Hummer (1990) BPR approach involves discontinuous thinking since it requires recognizing, challenging, and breakthrough away from, the rules and assumptions that underlie the existing work operations of an organization.

Total Quality Management (TQM) is an approach that seeks to improve quality and performance which will meet or exceed customer expectations. TQM involves an unending process for improvement and setting and achieving of ever higher goals. Management has the power to change systems which are responsible for 85% of all defects of the system. It means that an organization cannot rest after any achievement. The organization will appreciate that customer needs and expectations are dynamic and must be monitored continuously. No matter how well things are going, the organization can do better (Plunkett, Attner and Allen, 2008).

MBO involves the conversion of organization's objectives into personal objectives. It assumes that establishing personal objectives elicits employee commitment, which leads to improved performance (Drucker, 1954). MBO involves setting objectives from top to bottom. This approach creates an integrated hierarchy of objectives throughout the entire organization. The objectives are set based on key results areas which should be monitored in order to determine whether the organization is doing good, average or poor. The performance of each employee will thereafter be evaluated based of the individual objectives set. Benchmarking is comparing products, processes, methods and services with the best practices found in other organizations and adapting or adopting them as quality improvement projects. According to Reider (2000) benchmarking can be defined as a process for analyzing internal operations and activities to identify areas for positive improvement in a program of continuous improvement. Benchmarking is the practice of comparing the performance of an operation with that so similar operation in another location (Barness, 2008). This helps to develop a performance standard that can be used as a target for performance improvement.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter presents the research methodology that was applied in carrying out the study. It describes the research design, data collection and the techniques for data analysis that were used.

### **3.2 Research Design**

The research design was a case study. The study used a case study as a strategy research in order to understand or explain the phenomena, which is strategy monitoring and evaluation in NOCK, by placing them in their wider context, which is the specific company within the oil industry. The reason for this choice is based on the knowledge that case studies are the most appropriate for examining the processes by which events unfold, as well as exploring causal relationships and also they provide a holistic understanding of the phenomena (Kitay and Callus, 1998). Also, According to Cooper and Schindler (2005), case studies place more emphasis on a full contextual analysis of fewer events or conditions and their interrelations.

A case study is an in-depth study of a particular research problem rather than a sweeping statistical survey as it narrows down a very broad field of research into one or a few easily researchable examples. It allows for testing whether a specific theory and model actually applies to phenomena in the real world. It is a useful design when not much is known about a phenomenon as it allows a researcher to use one or more of the several research methods depending on the circumstances.

### 3.3 Data Collection

The study used primary data which was collected using an interview guide. An interview guide is a set of questions that the interviewer asks when interviewing. The respondents interviewed were those involved with formulation, implementation, monitoring and evaluation of the company's strategies who are the senior managers. These are the Quality Manager, Finance manager, the supply planning manager, the internal audit manager, the operations manager and the strategic planning officer who heads the strategic planning department.

The choice of the respondents is very important, as the respondents are involved in the running of the company. Additionally, managers of all levels have a holistic view of the organization and of the implementation of strategies. Furthermore, they may provide access to more significant and useful secondary data as documents, and other valuable information. The interviews were semi-structured so that some questions can be omitted or added if some new and useful information come up through the whole procedure, which was a "face to face" interview. The order of the questions may also be varied depending on the flow of the conversation (Saunders *et al.*, 2000).

### 3.4 Data Analysis

A content analysis technique was used to generate and categorize items for comparison with the interview results from the managers. Content analysis is the systematic qualitative description of the composition of the objects or materials of the study (Hsieh and Shannon, 2005). It is a technique of making inferences by systematically and objectively identifying specific

characteristics of messages and using the same to relate to trends. It involves observation and detailed description of objects, items or things that comprise the object of study.

The data obtained from the interview guide was analyzed qualitatively. Qualitative data analysis makes general statements on how categories or themes of data are related. The qualitative analysis was adopted in this study because the researcher was able to describe, interpret and at the same time criticize the subject matter of the research since it was difficult to do so numerically. The qualitative analysis was done using content analysis.



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

### **4.1 Introduction**

The research objective was to establish the strategy monitoring and evaluation at National Oil Corporation of Kenya. This chapter presents the analysis and findings with regard to the objective and discussion of the same.

### **4.2 Demographic Information**

This section of the interview guide wished to establish the targeted respondent's academic as well as professional qualifications. In addition, their work experiences were also to be established. The respondents comprised of senior managers in National Oil Corporation of Kenya (NOCK). In total, the researcher interviewed all the six targeted respondents who were Strategic Planning Officer, Finance Manager, Supply Planning Manager, Acting Internal Audit Manager, Operation Manager and Safety Health Environment and Quality Manager. Incorporating the senior managers from different functional in the study ensured that all the functional units are represented. The senior management champion strategy monitoring in their functional units as they drive the shared vision of the organization and the organization marshals all resources towards achievement of a common goal.

The respondents indicated that they have worked in NOCK for a period ranging between two and six years with majority having worked in the company for more than four years. On the duration holding the current position the respondents indicated that they have been holding the current position for a period ranging from one month to five years and thus having worked in the company for such a period, the respondents have firsthand experience on strategy monitoring and

evaluation. All the respondents interviewed had university degrees with four of them having a Master's degree as well.

#### **4.3 Strategy at NOCK**

It was noted that the vision of NOCK was to be a world class petroleum company, serving energy needs today and tomorrow. The corporation is meant to provide stability in the supply and pricing of petroleum products in Kenya while providing a fair return to shareholders. The respondents noted that other functions of the corporation were to act as the country's agent for all exploration data, Government agent for exploration and exploitation of petroleum resources. In order to achieve its objectives the company has established its strategic intent which is to be the premier energy company in Africa, providing a full range of downstream services and supporting an active exploration programme in Kenya and Africa.

Strategic planning in the company is a structured elaborate process as it involves managers at various levels. The strategic plan in the company covers a period of five years and the current plan runs from 2008 to 2013. The strategic plans are then broken down into yearly objectives within the five year period and the senior management prioritizes objectives based on the objectives which must be achieved. Budgets, performance standards and targets and performance measurement indicators are agreed upon by the senior management. On whether the company has changed its plan in the last five years, the respondents were unanimous that the plan was reviewed in order to take into consideration the changes in the petroleum industry that were going to impact directly on the company's strategic objectives, changes in business model and expansion growth of the company.

Strategy alone does not result in the achievement or implementation of objectives and these necessitates, monitoring and evaluation which provides the needed backup to ensure that the objectives are achieved. The respondents indicated that the company carries out strategy monitoring and evaluation which is revised on quarterly basis through financial, operational and marketing analysis to be used to update the board. Strategy monitoring and evaluation is done at operational, functional and corporate levels. Managers at operational level monitor their sub units target on monthly basis to determine how far they have achieved their targets. Functional heads on the other hand present the performance of their functional units. The respondents indicated that the role they played include provision of financial data and analysis to indicate the corporation performance and analysis of budgetary expenses over actual achievement, provision of performance update, monitoring goals achievement, provision of update the progress in the achievement of strategic goals that touch on the internal and audit department, and provision of quarterly report of business plan which is linked to the strategy.

#### **4.4 Strategy Monitoring and Evaluation at NOCK**

This section of the interview guide aimed at establishing from the management of NOCK the strategy monitoring and evaluation in the organization .Strategy monitoring and evaluation is done quarterly through review of the implementation status of the developmental business plans. The reports include the progress made against the plan, causes of deviation from the plan and areas of difficulties and alternative solutions that may adversely affect implementation. This forms the primary strategy evaluation within the corporation. Strategy monitoring and evaluation is important to the corporation as it helps in tracking corporate performance against strategic achievement, establish alignment of individual tasks and departmental initiative with the overall

objectives of the company and supports the corporate performance management agenda of the corporation.

The results of monitoring and evaluation in the corporation are communicated to the management team on quarterly and annual basis, corporate performance is also communicated to staff while board of directors is also kept abreast on implementation of the key strategic objectives ministry of energy and performance contracting department. The annual strategy implementation report is also submitted at the annual general meeting. The annual report gives managers the chance to present their annual reports on actual performance. It shows their achievements, failures and obstacles experienced in the implementation process and performance is measured against the performance indicators agreed upon in the strategic plans. The information is also used by the government as a basis for annual performance evaluation. Every year the corporation holds a conference where the main aim is to review the strategy for the past year. The conference is an open forum where the boards together with senior management give reviews on the overall performance of the corporation and ways to improve. Other forms of disseminating the reports were highlighted to include the monitoring and evaluation reports, circulated by either by emails or a hard copy while the quarterly power point presentation particularly on corporate performances are made both to the board and staff, staff forum, implementation matrices and implementation scores.

Monitoring and evaluation has been critical to the corporation as it help in tracking performance against objectives/ targets which ensure accountability by establishing clear bench mark by which to measure performance while also allowing for early signals to detect when performance deviates. Deviation could be as a result of internal factors which are within the control of the organization. If the causes are internal factors then the management team discusses ways on how

to improve on the issues identified and if the deviations are external factors which the corporation has no control over, then the targets of the next year can be lowered or raised based on actual performance of the corporation. However in some cases deviations are not identified early enough or other times remedial measures may not be instituted promptly leading to further deviations and when they are detected they are used for continuous improvement. In addition to the monitoring and evaluation, monitoring of budget as well as key operational performance indicators such as sales volumes, unit cost per liter sold, sales margin, station and depots throughout volumes are key to increasing productivity while managing overhead costs.

In order to ensure that the corporation achieves its objectives through the monitoring and evaluation it has taken the necessary steps of coming up with a reward and sanction system as part of the monitoring and evaluation system. This is done either at supervisor level, head of department levels or at the human resource department level. The skills and capacities needed for monitoring and evaluation are the same as those expected for other key office functions - principally strategic planning, teamwork, analytical abilities, learning and advisory skills and good formulation skills. The corporation trained its employees on strategy monitoring and evaluation through the various strategic planning and leadership development sessions, conducted by the corporation (in house training), through management retreat and also external trainings provide for this opportunity. The reward scheme available in the corporation recognizes good achievement through bonus and performance based merit, staff recognition awards. However more can be done to reward employees particularly on a project by project basis.

Strategy monitoring and evaluation is essential in generating skills in people since it enables them to both learn and unlearn skills. To be useful in the daily operations of the corporation, a business plan has to be tied to a budget that is used to monitor the progress towards meeting

strategic goals. The respondents established that the corporation has not been achieving its objectives on time and within budget. The silo based approach by the departments is often the biggest cause of these variations. In addition the lengthy public procurement cycle does hamper timeliness of achieving objectives. On the other hand as a state corporation, consensus building is often a prerequisite for major initiatives to ensure public interest is seen to be taken on board which often can result in delays of execution and the business environment being so dynamic that it becomes difficult to get the desired level like the acquisition of Land for retail expansion which depends purely on availability and cost has hampered achievement of objectives although through close monitoring and focused leadership, the corporation has been able to meet part of its strategic objectives and short term goals being pegged on expected time frame as a way of ensuring they are met.

It was established that the resources which were needed to support monitoring and evaluation in the company was not adequate. The strategic planning office is not adequately equipped in terms of staff, financial and technical resources to undertake comprehensive monitoring and evaluation across the organization. It was also noted that human resources capacity requires enhancement to not only monitor and evaluate but also execute strategy effectively while political interference was also cited as contributing factor to the inefficiency in monitoring and evaluation. In order to improve monitoring and evaluation in the corporation, the corporation needs to ensure that there is ownership of the monitoring and evaluation across all levels in the organization, increase usage of technology like performance dashboards for real time monitoring and evaluation, more capacity building on monitoring and evaluation, adequate staffing in the strategic planning office, more collaboration and engagement across department to ensure synergized approach to undertaking strategic objectives. Strategy monitoring and evaluation should involve other staff

members and stakeholders, monitoring tools should be made simpler, embrace strategic planning tools like total quality management , balance score card and align annual budgets to the overall strategic plan.

#### **4.5 Strategy Monitoring and Evaluation Approaches at NOCK**

Strategy monitoring and evaluation at the corporation was presented in form of reports. The corporation uses Management By Objectives (MBO) for its strategy monitoring and evaluation. This is realized through development of the departmental business plans that are aligned to the overall strategic objectives of the company as outlined in the strategic plan. Departmental business plans then form the basis of individual targets. The corporation had no tools to use in the past in monitoring and evaluation exercise, however the implementation of balanced score card is underway, however cascading of corporations objectives/ targets to employees is employed as a form of management by objectives based on key areas. In strategy monitoring and evaluation, it is important to use the right tools in order to achieve the desired results. It is therefore far more important to know how to select and use the right tool to reach the set goals than to know about many different tools. Strategy monitoring and evaluation tools are developed by the strategic planning office and respective head of departments although at times facilitator or consultants are involved.

Strategy monitoring and evaluation is necessary to ascertain whether strategy implementation will achieve the desired objectives or not. If there is any doubt as to whether the targets will not be attained, then the course of events must be changed to divert to the routes that can take the company to the intended end results. The respondents indicated that the corporation has an implementation plan that incorporates budget, timeliness, deliverables/milestones, which forms

the basis of monitoring and evaluation for project implementation. Involvement of all managers at all levels in strategy making brings about ownership of strategy during implementation. Managers become committed to ensure that the strategy succeeds as they consider as their own. Involvement further helps to clarify the objectives down the organizational hierarchical levels. The corporation however involves stakeholders in monitoring and evaluation particularly for projects that are of significant public interest such as the construction of strategic petroleum reserves and offshore jetty.

The custodian of the strategy is tasked with the responsibility of monitoring the progress of overall strategy of the corporation. The custodian provides monthly, quarterly or semi-annually report to the management on the progress on strategy implementation. The report of the custodian is on whether the corporation is on track that is if the corporation is within the expectations or if the corporation is off track when the expectations are not as expected. The success of monitoring and evaluation needs the development, sharing of goals and marshaling of all resources towards the achievement of the common goal. The corporation has a separate budget that was set aside for monitoring and evaluation which is approximately two percent of the total budget. The respondents noted that the approach used by the corporation to aid in monitoring and evaluation was fairly effective. The organization is planning to use balance score card approach in monitoring and evaluation in the new plan. Good progress has been made in scaling up profile of M&E activities in National oil but more can be done. The corporation is set to develop its new strategic plan for the period of 2-3 years on the platform of the balance score card, which focuses on the four perspectives of customer, internal processes, financials and people.



## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter entails the summary, conclusion and recommendations based on the overall findings from chapter four. The objective of the study was to establish strategy monitoring and evaluation at National Oil Corporation of Kenya.

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

The study found out that the strategic development was a product of numerous personnel of the corporation. The strategic life cycle of the corporation covers a period of five years, however the plan was changed midway in the current strategic plan to accommodate the changes in the petroleum industry that were going to impact directly on the company's strategic objectives, business model and expansion growth of the company. Monitoring and evaluation was done at operational, functional and corporate levels. Strategy monitoring and evaluation is done quarterly through review of the implementation status of the departmental business plans and these helps the corporation in tracking corporate performance against strategic achievement, establishing alignment of individual tasks and departmental initiative with the overall objectives of the company and supports the corporate performance management agenda of the corporation.

Monitoring and evaluation results are communicated to the management team quarterly while the annual report is submitted to the board and the annual general meeting with the presentation on the actual performance of the corporation on the planned objectives, causes of deviations, areas of difficulties and alternative solutions to problems that may adversely affect implementation. Monitoring and evaluation has helped the corporation to track down performance against

objectives/ targets which ensure accountability by establishing clear bench mark by which to measure performance while also allowing for early signals to detect when performance deviates. It has also enabled the corporation to increase productivity through overhead costs management.

The corporation has a reward and sanctions system in place and trains its personnel in order to ensure that it achieves its objectives through monitoring and evaluation. The study showed that the corporation has not been achieving its objectives in time and within the two percent of the total budget as a result of the silo based approach by the departments, lengthy public procurement cycle which hampers timeliness of achieving objectives, mandatory consensus building which results in delays of execution and thus the difficulty in getting the desired level like the acquisition of land for retail expansion which depends purely on availability and cost. The resources necessary to support effective monitoring and evaluation was not sufficient as the strategic planning office is not adequately equipped in terms of staff, financial and technical resources to undertake comprehensive monitoring and evaluation across the organization.

The study established that the corporation was using management by objectives for its strategy monitoring and evaluation. This was realized through development of the departmental business plans that are aligned to the overall strategic objectives of the corporation. Strategy monitoring and evaluation tools are developed by the strategic planning office and respective head of departments although at times a facilitator or consultants are involved. The corporation involves stakeholders in monitoring and evaluation particularly for projects that are of significant public interest such as strategic petroleum reserves and offshore jetty.

### 5.3 Conclusion

Effective monitoring and evaluation would enable the corporation to achieve its strategic plans and compete effectively with other competitors in the industry. The corporation adopted monitoring and evaluation in order to ensure that they strategic plans which they have put in place were achieved. The success of monitoring and evaluation in the corporation was found to be dependent on the involvement of all the stakeholders and availability of resources.

The strategic plans designed and adopted by the corporation will in the long run determine its survival in the industry as monitoring the progress in strategy implementation, learning from evaluation results, and adapting accordingly, constitute the necessary feedback loop that closes the cycle of strategic management of sustainable strategies. Monitoring and evaluation enabled the corporation to keep track of the implementation schedule by focusing on the efficiency of resource use towards generating desired outputs and it improves efficiency and effectiveness of a project or organization. Strategy monitoring helps to keep strategy implementation on track, and let management know when things are going wrong. If done properly, it is an invaluable tool for good management, and it provides a useful base for evaluation.

### 5.4 Recommendation

The study found out that monitoring and evaluation in the corporation encountered deviations in the process of implementation and it is therefore recommended that the management of the corporation takes a leading role in the formulation and implementation of strategic objectives and short term goals being pegged on expected time frame as a way of ensuring they are met.

The study established that the corporation did not have strategy monitoring and evaluation tools and since monitoring and evaluation is information based therefore the accuracy of the review process is based on accuracy of monitoring process. It is recommended that the corporation invest in information technology in order to improve on the whole process of strategy monitoring and evaluation.

It was found out that the corporation involves stakeholders in monitoring and evaluation particularly for projects that are of significant public interest such as strategic petroleum reserves and offshore jetty. It is therefore recommended that the corporation involves all the stakeholders at all times so that there are concerted efforts of all towards the achievement of the set plans.

#### **5.4.1 Recommendations for further research**

The study confined itself to National Oil Corporation of Kenya. It is therefore recommended that the study is replicated in other oil companies and the results be compared to establish strategy monitoring and evaluation.

## REFERENCES

- Ademala, A., and Lanvin, B., (2005) *e-Strategy Monitoring and Evaluation Toolkit*, The World Bank INF/GICT v 6. (Jan 2005)
- Andrews, K.R. (1971), *The Concept of Corporate Strategy*, Dow-Jones Irwin, Homewood, IL
- Andersen, B. (1999). *BP Improvement: Toolbox*. ASQ Quality Press. Milwaukee, Wisconsin USA.
- Barnes, D. (2008). *Operations Management: An International Perspective*. Thomson Learning.
- Bhola, H.S. (2003). *Monitoring and Evaluation of Adult Education and Adult Learning*. Paper prepared for use at the Thematic Workshop on Monitoring and Evaluation of Adult Learning, September 7, 2003.
- Bhola, H.S. (2000). "A discourse on impact evaluation": A model and its application to a literacy intervention in Ghana. *Evaluation: The International Journal of Theory, Research and Practice*, 6(2):161-177.
- Coulter, M. (2005). *Strategic Management in Action* (3<sup>rd</sup> ed.). Prentice Hall.
- Crawford P and Bryce P. (2003): Project monitoring and evaluation: A method of enhancing the efficiency and effectiveness of aid project implementation. *International Journal of Project Management*, 21(5): 363-373.
- Davidson E. (2000): Ascertaining causality in theory-based evaluation, in *Program Theory in Evaluation: Challenges and Opportunities*.
- Drucker, P. (1954). *The Practice of Management*. Harper, New York.
- Durham, M. G. (2008). *On the relevance of standpoint epistemology to the practice of journalism: The case of "strong objectivity"*. *Communication Theory*, 8 (2):117-140.
- ERC (2008) Energy Regulatory Commission Strategic Plan 2008 – 2012. Nairobi.

- Githiomi, L.G., (2010), *Strategy monitoring and evaluation at K-REP Bank Ltd*, Unpublished MBA Project: University of Nairobi.
- Harborne, K. (2009), "Management control system and strategy: *a critical review*", *Accounting, Organizations and Society*, Vol. 22 No.2, pp.207-32.
- Hammer, M. and Champy J. (1993). *Reengineering the Corporation*. New York Harper Business,32-33.
- Hatry, H. P. (2009). *Performance measurement: getting results*. Urban Institute Press, Washington, D.C.
- Henry, G. T. (2006), "Evaluation: *an integrated framework for understanding, guiding, and improving policies and programs*". Jossey-Bass, San Francisco. Millennium Ecosystem Assessment Secretariat.
- Indetie L (2003) '*Emergence of Independent Petroleum Dealers in Kenya*'. IPRA Special Report Series. Special Report No. 04/2003.
- Johnson, G. and Scholes, K., (2002). *Exploring Corporate Strategy*, 6<sup>th</sup> edition, Prentice- Hall, Europe.
- Jreisat, J. (2007), *Public Organization Management: The Development of Theory and Process*, Quorum Books, Westport, CT, .
- Karami, N., (2005). *The Strategy Concept and Process: A Pragmatic Approach*. Prentice-Hall International, Inc.
- Kazmi , A. (2008) *Strategic Management and Business Policy* 3rd ed, New Delhi, Tata McGraw-Hill Publishing Company Limited.
- Kimaiyo, K.E., (2011), *Effectiveness of monitoring and evaluation of constituency development funds in Eldoret East Constituency*. Unpublished MBA Project: University of Nairobi.

- Kimonyi, A.W., (2010), *The relationship between monitoring and evaluation and the success of projects: A case of NGO-funded projects in Kenya*. Unpublished MBA Project: University of Nairobi.
- Kunwar, S. and Nyandemo, S. (2004). *Aspects of Project Planning, Monitoring, Evaluation and Improvement*. Bishen Singh Mahendra, Pal Singh Dehra Dun.
- McCoy L, Ngari P and Krumpe E. (2005): *Building Monitoring, Evaluations and Reporting Systems for HIV/AIDS programmes*. Washington DC. USAID.
- Mintzberg, H., Quinn, B. and Ghoshal, S. (1998). *The Strategy Process*. Revised European Edition, Prentice Hall Europe.
- Ngugi, C.G., (2011), *Evaluation of strategic planning at Kenya Wildlife Services*. Unpublished MBA Project: University of Nairobi.
- Ogweno, S., (2010), *Monitoring and evaluation: a comparison between donor funded and Non-donor funded projects in Kenya*. Unpublished MBA Project: University of Nairobi.
- Oriko, N.D., (2010), *Evaluation of strategies planning at Kenya Revenue Authority*. Unpublished MBA Project: University of Nairobi.
- Pearce, J.A., (II) and Robinson, R.B. (Jr.), (1994), *Formulation, Implementation and Control of Competitive Strategy*, 5th edition, Richard D. Irwin, Inc.
- Peppard, J. and Rowland, P.(1995). *The Essence of Business Process Re-engineering*. Prentice HALL, Hemel Hempstead England.
- Plunket, R., Attner, F. and Allen, S.(2008). *Meeting and Exceeding Customer Expectations* (9<sup>th</sup> ed.). South Western.Cengage .Learning.
- Reider, R. (2000). *Benchmarking Strategies: A Tool for Profit Improvement*. John Wiley & Sons, Inc.

- Rigby, D., Howlett, D. and Woodhouse, P. (2000). *Sustainability indicators for natural resource management and policy: a review of indicators of agricultural and rural livelihood sustainability*. University of Manchester, Manchester, United Kingdom.
- Rogers P, Hasci T, Petrosino A, and Huebner T. W. (2002): World Bank: 17-26 Deim K.: Using Research Methods to Evaluate Your Extension Program. *Journal of Extension*, 40(6) 412-415
- Room, D. A., Day, B., James, T., Kozma, R. B., Miller, J., and Unwin, T. (2010). *Monitoring and Evaluation of ICT in Education Projects: A Handbook for Developing Countries*. ICT and Education Series. Washington, DC: infoDev / World Bank.
- Rumelt, R. (1980). *The Evaluation of Business Strategy* (ed. WF Glueck). McGraw Hill.
- Salzer, D., and N. Salafsky. (2003). *Allocating resources between taking action, assessing status, and measuring effectiveness*. Working paper. The Nature Conservancy and Foundations of Success, Arlington, Virginia.
- Shapiro J. (2004): *Monitoring and Evaluation*. Johannesburg: CIVICUS
- Thompson, A and Strickland, A. (2003), *Strategic Management Concepts and Cases*, 11<sup>th</sup> ed., McGraw-Hill/Irwin, Boston MA.
- Uitto J.A. (2004): Multi-country co-operation around shared waters: Role of Monitoring and Evaluation. *Global environmental change*, 14(1): 5-14
- Yabs, J. (2007). *Strategic Management Practices in Kenya Applications and Cases* (1<sup>st</sup> ed.). Lelax Global Ltd.



## **APPENDICES**

### **APPENDIX: INTERVIEW GUIDE**

The interview guide will seek to achieve the following objective;

1. Determine strategy monitoring and evaluation at National Oil Corporation of Kenya.

#### **Part A: Background Information on the interviewees**

1. What current position do you hold NOCK?
2. For how long have you been holding the current position?
3. How many years have you worked in Nock?
4. What is the highest level of education you have received?

#### **Part B: Strategy Monitoring and Evaluation**

1. Can you explain NOCK'S vision, mission, purpose and strategic intent?
2. Does NOCK have a strategic plan and what time does it cover?
3. Has the plan been changed or reviewed in last five years? What necessitated the changes?
4. Does NOCK carry out Strategy monitoring and Evaluation?
5. Who carries out Strategy monitoring and Evaluation in NOCK and what is your role in Strategy monitoring and Evaluation exercise?
6. How often is Strategy monitoring and Evaluation done and how important is Strategy monitoring and Evaluation in NOCK?
7. What do you do with the findings of Strategy monitoring and Evaluation (to whom are the results communicated)?
8. How does NOCK disseminate M&E findings?
9. Has monitoring and evaluation ensured accountability in NOCK by allowing the institution to evaluate performance and to respond to the results accordingly?
10. Does the organization monitor and evaluate results to increased productivity and reduced operational costs?
11. Does the organization punish the employees on the results of these reviews?

12. Have you been trained on Strategy monitoring and Evaluation
13. Has NOCK identified any deviations or loop holes in its strategy implementation?
14. How do you deal with corrective action when deviations are detected
15. Does the organization reward employees depending on the results of these reviews?
16. In your opinion, has NOCK been achieving its set objectives/ strategies on time and within budget? Explain.
17. In your opinion, were the available resources (physical, financial, technological and human) adequate for Strategy monitoring and Evaluation? Please explain.
18. What suggestions do you propose to improve the Strategy monitoring and Evaluation in NOCK?

### **Part C: Strategy Monitoring and Evaluation Approaches**

1. What approaches and tools does NOCK use in the Strategy monitoring and Evaluation exercise?
2. Who develops the Strategy monitoring and Evaluation tools?
3. Does the organization normally have a plan that guides monitoring and evaluation when implementing projects they carry out?
4. Does NOCK involve all the stakeholders in strategy monitoring and evaluation of its projects?
5. Does NOCK specify the data to be collected, frequency of data collection, an individual in charge of M&E, schedule of M &E activities, plan for dissemination of findings and individuals for specific M&E activities in the plan that guides M&E?
6. Has NOCK allocated a separate budget with a special vote to Monitoring and evaluation activities? What percentage of the total project budget is it?
7. How effective is the approach used by the organization to aid the M&E of projects they undertake?



**UNIVERSITY OF NAIROBI**  
**SCHOOL OF BUSINESS**  
**MBA PROGRAMME**

Telephone 020-2059162  
Telegrams "Varsity", Nairobi  
Telex 22095 Varsity

P.O. Box 30197  
Nairobi, Kenya

DATE.....5/10/12.....

**TO WHOM IT MAY CONCERN**

The bearer of this letter .....GLADYS JELIMO KOLETIT.....

Registration No.....DG1/70296/2009.....

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.



**IMMACULATE OMANO**  
**MBA ADMINISTRATOR**  
**MBA OFFICE, AMBANK HOUSE**