STRATEGIC MANAGEMENT PRACTICES BY KENYA BUREAU OF STANDARDS

BY

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DECLARATION

I declare that this Project is my original work and has not been presented in any other university for academic purposes.

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This project has been submitted for examination with my approval as the student supervisor.

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May God bless you all abundantly!

DEDICATION

I dedicate this project to my family and in particular my son James, for their support and understanding throughout the period I have been pursuing this course. They have been inspirational to my academics.

ABSTRACT

Strategic management encompasses the development and management of strategic agenda of a company. It is the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives (Pearce & Robinson 2007). Just like private enterprises, public sector organizations also engage in strategic management as reflected in a variety of policy making and administrative activities (Wechsler & Backoff 1986). Although a number of studies have been done on strategic management practices by public sector organizations in Kenya, none has focused on how changes in management and public sector reforms and modernization programmes have influenced the strategic management practices by such organization, the case being Kenya Bureau of Standards. There was need therefore for a study to be carried out focusing on establishing the strategic management practices by Kenya Bureau of Standards (KEBS). From the findings, it can be concluded that KEBS has adopted a planning mode of strategy formulation and has documented its vision and mission statements. It can also be concluded that KEBS's strategic stance and actions are greatly influenced by the regulatory frameworks and policies put in place by the government. The regulatory instruments such as performance contracting which the Kenya government introduced were found to be instrumental in strategy evaluation at KEBS. However, KEBS should consider using other tools such as balance scorecard for effective implementation and evaluation of its strategic plan. Further research is recommended on how strategic management practices adopted by KEBS have contributed to performance and customer satisfaction.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Strategic management encompasses the development and management of strategic agenda of a company. It is the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives (Pearce & Robinson 2007). Mbogo (2003) defines strategic management as the art of mobilizing resources and the science of formulating, implementing and evaluating decisions that enables an organization to realize its objectives.

A strategy is the link between an organization and the external environment thus enabling the organization to position itself in a chosen market, compete successfully, please customers and realize good business performance. Strategic management therefore encompasses strategic planning, direction setting for the organization as a whole, and the formulation, implementation and evaluation of specific organization strategies. The organizational strategies reflect the actual pattern of choices and actions made in guiding the organization through time.

Wechsler and Backoff (1986) argues that just like private enterprises, public sector organizations also engage in strategic management as reflected in a variety of policy making and administrative activities. Public sector organizations regularly engage in planning and goal-setting activities, adopt and implement new programs, restructure and continuously seek new sources of funding due to dwindling support from governments.

1.1.1 Strategic management practices

Strategic management can be considered as a set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company or organization's objectives. It consists of the analysis of decisions and actions an organization undertakes in order to create and sustain competitive advantages. Thompson and Strickland (2007) opined that strategic management focuses on the total enterprise as well as the environment in which it operates, the direction management intends it to head, management's strategic plan for getting the enterprise moving in that direction and the managerial task of implementing and executing the chosen plan successfully.

Management practices involves a set of processes that are employed to ensure that significant changes are implemented in an orderly, controlled and systematic fashion to effect organizational change (Mullins, 1999). Balancing strategic management's outward-, inward-, and forward-looking functions helps develop a vision and a strategy for where and how to move organization reform forward. Balancing these different perspectives is the essence of managing strategically (Kerzner, 1989).

Strategic management therefore involves identifying of long-range targets, scanning of the organization's operating environments, evaluating the organization's structures and resources, matching these to the challenges the organization face, identifying stakeholders and building alliances, prioritizing and putting in place plan of actions, and making adjustments to fulfill performance objectives over time. Brinkerhoff (1994) characterizes strategic management practices as looking out, looking in, and looking ahead. "Looking out" means exploring beyond the boundaries of your organization to set feasible objectives, identify key stakeholders, and build constituencies for change. “Looking in” implies critically assessing and strengthening your systems and structures for managing personnel, finances, and other essential resources. Finally, “looking ahead” entails welding strategy with structures and resources to reach policy goals, while monitoring your progress and adjusting your approach as needed.

An organization’s strategy must be appropriate for its resources, circumstances and objectives. The process involves matching the companies' strategic advantages to the business environment the organization faces. One objective of an overall corporate strategy is to put the organization into a position to carry out its mission effectively and efficiently. A good corporate strategy should integrate an organization’s goals, policies, and action sequences (tactics) into a cohesive whole. Organizations employ strategic planning as a way of moving towards their desired future state. Strategic planning, more than anything else, is what gives direction to an organization (Mintzberg, Quinn & Ghoshal, 2009).

1.1.2 Public Sector organizations in Kenya

Public sector organizations; also referred to as state corporations; are established by the governments to meet both commercial and social goals. They exist for the following reasons: to correct market failure, to exploit social and political objectives, provide education, health, redistribute income or develop marginal areas. In Kenya, state corporations are established within the provisions of state corporation Act, Chapter 446 of the Laws of Kenya.

The Act makes provision for the establishment of state corporations as well as control and regulation of the same. In the Act, a state Corporation is defined as a corporate body established by or under an Act of Parliament or other written law. Although the Act provides for a Board of Directors to oversee the operations, the corporations operate within the general supervision of respective ministries under which they are created.

Kenya's goals are to make its government institutions and its Public Sector more effective in achieving results and delivering services to its citizens, to take maximum advantage of new technologies and models of Public Service organization, and to make Government and Public Service more open and accountable to an increasingly informed and engaged citizenry. Various efforts at reform that stretched back more than a decade did provide a foundation for the reform agenda the Government launched in 2005 dubbed "Results for Kenyans" and conceived to embed Results Based Management in the culture of the Public Sector. The Key component of Result Based Management system is the Performance contracting which commits each public sector organization to specific performance targets every financial year. This has necessitated the need for strategic planning in all public sector organizations.

1.1.3 Kenya Bureau of Standards

Kenya Bureau of Standards (KEBS) is a state corporation established in 1974 through an Act of parliament, the Standards Act Cap 496 Laws of Kenya, to promote standardization in commerce and industry, to provide testing and calibration facilities, to assist in the implementation and practical application of standards and to maintain and disseminate International System of units (SI). It is also mandated to undertake educational work in standardization and control the use of standardization marks and distinct marks.

At the apex of its governance structure is the board of Directors known as the National Standards Council (NSC). The NSC is composed of a Chairman appointed by the President of the Republic of Kenya and members appointed by the Minister for industrialization. The Managing Director, appointed by the NSC, is responsible for the day-to-day administration of KEBS within the broad policy guidelines formulated by the NSC.

KEBS functions are divided into four divisions namely; Standards Development Division, Quality Assurance and Inspection Division, Metrology and Testing Division, and Support Services Division. In addition to these Divisions, KEBS also has a National Quality Institute and Certification unit as subdivisions responsible for training in quality related aspects and certification of systems based on international standards respectively. The national coverage of KEBS activities is zoned into six geographical regions namely; Headquarter (Nairobi), Coast region (Mombasa), Rift Valley Region (Nakuru), North Eastern Region (Garissa), Lake Region (Kisumu) and Mount Kenya Region (Nyeri)- (KEBS, 2007).

1.2 Research Problem

Strategic management emphasizes formal techniques for setting an organization's long-term course, developing plans in the light of internal and external circumstances, and undertaking appropriate action to reach those goals (Goldsmith, 1997). Strategic management makes considerable contribution in recognizing and responding to market changes; new opportunities and threatening developments and also provides the rationale for management in evaluating competing requests for investment, capital and new staff thus giving an organization proactive rather than reactive posture.

Public sector organizations in Kenya have gone through rapid and profound changes, since the introduction of Result Based Management system by the government of Kenya in 2005, of which strategic management practices are important. Kenya Bureau of Standards (KEBS), like any other public sector organizations, is required to operate under the Results Based Management System of which Performance Contracts are a key component. The KEBS operating environment has greatly changed since 1974 when it was established. Some of these changes such as growing globalization, trade liberalization, technological advancement, expanding role of Micro Small Medium Enterprises (MSME) in the Kenya economy and the need for standardization of MSME products have brought into focus KEBS strategic management practices. KEBS has also faced stiff competition from private enterprises in the area of quality system certification. How has KEBS responded to these challenges?

Since the introduction of performance contracting in 2005 by the Kenya Government, KEBS has never been ranked amongst the top 10 best performing State Corporations. In 2010- 2011 financial year results, KEBS was ranked number ninety nine out of one hundred and seventy six state corporations evaluated by the Public Sector Reform and Performance Contracting Department. Is KEBS strategic management practice at fault?

A number of studies on strategic management practices in various organizations in Kenya have been carried out in the past. Bett (1995) found out that due to economic reforms in the country, firms in the dairy industry made substantial changes in their change management in order to survive in the turbulent environment. Njau (2000) who noted that change is needed when environmental conditions change, supported these findings. A study by Kandie (2001) concluded that whereas Telkom Kenya Limited realized the need to change their strategy due to change in the competitive environment, they lacked finances and managerial empowerment to do so.

Although further studies by Njanja (2002), Mbogo (2003), Ogwora (2003) and Kathuku (2004) noted that more Kenyan organizations have responded to the changing environmental conditions; they did not focus on how changes in management and public sector reforms and modernization programmes have influenced the strategic management practices by such organizations. This study therefore focused on the strategic management practices adopted by Kenya Bureau of Standards (KEBS): What strategic management practices has KEBS adopted? What are the challenges relating to the various strategic practices adopted by KEBS?

1.3 Research Objectives

The following were the objectives of the study:-

i. To establish the strategic management practices by Kenya Bureau of Standards (KEBS).

ii. To determine challenges relating to various strategic management practices adopted by KEBS.

1.4 The value of the Study

This study is of benefit to the practitioners and academicians both in the private and in public sector by having contributed to the existing body of knowledge in the area of strategic management in general. Academicians may use findings for further research, while practitioners may apply lessons in planning and implementing future changes.

The study will also benefit the government by reviewing the reports based on Public sector reforms through effective strategic management practices as a new concept for efficient and effective service delivery for public sector organization. Finally KEBS management will benefit from the study by understanding the challenges arising from the strategic management practices currently in use and thereby be able to discern good management practices which can enable the organization survive in turmoil business environment of competitiveness.

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 in this chapter are concept of strategy, strategic management process, strategic management practices and challenges of strategic management.

2.2 The Concept of Strategy

The crafting of a strategy represents a managerial commitment to pursue a particular set of actions in growing the business, attracting and pleasing customers, competing successfully, conducting operations and improving the company's financial and market performance (Johnson & Scholes, 2008). A Firm's strategy is managements' action plan for running the business and conducting operations (Thompson et al, 2007). Strategy can be defined as the balance of actions and choices between internal capabilities and external environment of an organization. Accordingly, strategy can be seen as a plan, play, pattern, position and perspective (Mintzberg et al, 2009).

According to Bateman and Zeithman (1993), a strategy is a pattern of actions and resource allocations designed to achieve the goals of the organization. The strategy an organization implements should be directed towards building strengths in areas that satisfy the wants and needs of consumers and other key actors in the organizations' external environment. It therefore forms a comprehensive modern plan that states how the organization will achieve its mission and objectives, maximizes competitive advantage and minimizes competitive disadvantage.

There are different forms of strategy (Johnson et al., 2008). Corporate level strategy is concerned with the overall scope of an organization and how value will be added to the different parts (business units) of the organization. This could include issues of geographical coverage, diversity of products/services of business units, and how resources are to be allocated between different parts of the organizations.

The second level is the business level strategy, which is about how to compete successfully in particular markets or how to provide best value services in the public services. This concerns which products or services should be developed in which markets and how advantage over competitors can be achieved in order to realize the objectives of the organization. The third level of strategy is at the operating end of the organization. These strategies are called operational strategies, which are concerned with how the component parts of an organization deliver effectively the corporate and business level strategies in terms of resources, processes and people.

Wechsler et al (1986) reporting on Ohio state agencies revealed four distinct public sector strategies: Developmental, Transformational, Protective and Political strategy. Developmental strategy is exhibited by public sector organizations in the developing mode striving to enhance organizational status, capacity and resources with a view creating a new and different organizational future. Transformational strategies are conditioned by commitment to fundamental change, either internal or external. Due to high level of external control, an organization with a transformational strategy usually has a policy or political orientation.

On the other hand, a hostile and potentially threatening environment combined with limited organization capacity produces the protective strategy. The strategy therefore seeks to accommodate a strong external influence, while maintaining the organization status quo. In this scenario, strategic decisions and actions are formed in reaction to and controlled by external factors, which may cause internal stakeholders to question the capacity and commitment of the organization's top management to the vision and purpose of the organization.

Finally, the political strategy is designed to accommodate new balance of power among the external forces and limit pressure for organizational change. The execution of this strategy entails substantial changes in organization arrangements including staffing and structure.

2.3 Strategic Management Process

The strategic management process can be divided into three main areas of activity: strategic formulation, strategic implementation and strategic evaluation (Thompson & Martin, 2005). Strategic formulation includes the setting of the mission, goals and objectives of the organization, the analysis of the external environment as it affects the organization, together with its internal resources and the choice of strategic alternatives. Assessment of stakeholder power and the impact of the organization's culture on strategic decision-making are also important areas for analysis. Strategic choice is based on factors such as what is desirable for the organization, what is feasible for it to achieve with the available resources and competences and the desirability of potential strategies.

The first step in the strategy formulation is the crafting of the mission and vision statements to provide the framework within which the business's strategies are formulated (Hill & Jones, 2008). The mission statement sets out the purpose of the organization and provides a basis for strategic objective setting and decision-making. This is followed by specifying achievable objectives to provide guidance on how the business should fulfill and reach the goals specified in the vision and mission statements (Dess, Lumpkin & Eisner, 2010). According to Analoui and Karami (2003), the final step in strategy formulation is developing operational strategies based on techniques such as SWOT (Strength, Weakness, Opportunities and Threats), Industry and Resource Analysis; taking into account the business strategic objectives.

Strategic implementation is concerned with carrying out of the chosen strategy for the organization or putting the strategy into practice. Strategic implementation always involves a degree of change and the effective management of change can significantly affect the successful implementation of the desired strategy (Alexander, 1985). It involves converting strategic statements or goals into specific objectives and initiatives.

Strategy implementation includes consideration of who will be responsible for strategy implementation; the most suitable organizational structure that will support the implementation of the strategy; and the need to adapt the systems used to manage the organizations (Johnson et al., 2008). In addition, in include the key tasks to be carried out and desirable changes in the resource mix of the organization as well as the mandate of each department in the organization and the information systems to be put in place to monitor progress and resource planning (Pearce et al., 2007).

Implementation may also take into account the need for retraining the workforce and management of change (Johnson et al., 2008).

Strategy implementation is a more complex and difficult task owing to the challenges of converting strategic statements into specific objectives and initiatives. Implementation is successful if the company achieves its strategic objectives and targeted levels of financial performance. What makes it too demanding is the wide sweep of managerial activities that have to be attended to, the many ways managers can tackle each activity, the skill that it takes to get a variety of initiatives launched and moving and the resistance to change that has to be overcome (Thompson et al, 2007).

According to Okumus (2001), the key variables that are important for the success of strategy implementation are strategy formulation, environmental uncertainty, organizational structure, organizational culture, operational planning, communication, resource allocation, people, control and outcome. Pettigrew and Whipp (1991) suggest that there should be continuous monitoring of both the internal and external environment of the organization. He further argues that there should be effective leadership within the organization that creates the right climate for change by coordinating activities, steering and setting the agenda for the right vision and values.

Strategic evaluation is vital in assessing the level of success of the chosen strategy. It is not only concerned with performance and performance measures but also helps to signal when the strategy requires adjustment in light of experience and in the context of a rapidly changing external environment, as strategy is a continuous process rather than a single event (Hill & Jones, 2005). Strategy evaluation therefore answers the questions: Are the objectives of the business appropriate? Are the major policies and plans appropriate? Do the results obtained to date confirm or refute critical assumptions on which the strategy rests?

2.4 Strategic Management Practices

Strategic management practices involve the art and science of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its objectives. It is the formal process, or set of processes, used to determine the strategies (actions) for the organization. It focuses on many areas, including the integration of management; marketing; finance/accounting; production/operations; research and development; and computer information systems (McKernian, 2006).

Strategic management as a practice involves behaviors and actions that are determined by both individual human agency and structural/institutional forces. Individuals and groups who are embedded in social structures that are reproduced and shaped by individual and group actions make strategic choices (Jarzabkowski, Balogun & Seidl 2007). According to Vinzant and Vinzant (1996), strategic management is a process carried out at the top of the organization, which provides guidance, direction and boundaries for all aspects of operational management.

According to Mintzberg (1978) there are three theoretical groupings or modes of strategy formulation: the planning mode that depicts the process as a highly ordered, neatly integrated one; Adaptive mode that depicts the process as one in which many decision makers with conflicting goals bargain among themselves to produce a stream of incremental, disjointed decisions and finally; Entrepreneurial mode where a powerful leader takes bold , risky decisions toward his vision of the organization's future.

In the planning mode, there exists a more comprehensive system of formal strategic planning with written strategic and operating plans. Goals are articulated as clearly as possible and the execution is planned in detail. However, in the adaptive mode, clear goals do not exist and strategy is developed through small steps and incremental decisions. Finally, in the entrepreneurial mode, the primary goal is growth and organizations applying this mode are always in active search of new of opportunities. The strategy made from an entrepreneurial mode emanates from a single, integrated vision that is sold downward by the Leader of the organization.

Strategic management involves a number of critical steps including scanning the environment for information, selecting relevant data and interpreting it, building a strategic model, testing it and putting into action. A better understanding of the environment of an organization helps in identifying key issues and ways of coping with complexity and change. A traditional approach to such analysis is the SWOT framework, which enquires into the strength, weaknesses, opportunities and threats of an organization. The organization's strengths and weakness include internal organizational factors to address, whereas the opportunities and threats represent external environmental factors in the organization's periphery.

The internal factors, which include personnel, finance, manufacturing capabilities and so on, may be analyzed based on functional approach, value chain approach or resource based view approach. The external factors may include macroeconomic matters, technological change, legislation, and socio-cultural changes, as well as changes in the marketplace or competitive position (Regner, 2003). The analysis of external factors therefore encompasses looking at political and regulatory influences, economic factors and influences, societal and cultural influences, and technological innovations (PEST Analysis). An organization also needs to analyze the competitive environment and identify rivalry between competing sellers, companies offering substitute products, suppliers of resource inputs, buyers, and potential new entrants. The analysis of the concerns of the stakeholders, employees, customers, suppliers and the society in general is crucial in order to develop objectives that stakeholders would support.

Based on the above analysis, an organization identifies and chooses appropriate strategy for implementation. Porter (1985) identifies three main types of competitive strategies: Cost leadership; Differentiation and Focus. Organizations without coherent strategy are considered 'stuck in the middle' pursuing a muddling strategy. The strategy choices may be made through rational portfolios such as Boston Consulting Group (BCG), the General Electric (GE) grid and Ansoff's Product Market Mix. The leader of an organization may also choose strategy intuitively.

According to Mintzberg (1994), the strategy implementation phase of the strategic process represents programming whereby strategic statements are converted into activities or steps needed to accomplish a single plan (i.e. developing programs). Strategic programming provides support for documenting, scheduling, budgeting, and integrating strategies and transforms decisions into specific action patterns for implementation. Johnson et al (2008) argues that strategy implementation involves organizational structure, resource planning and management of strategic change through introduction of appropriate culture. The resource planning may be conducted through appropriate budgets and recruitment or maintenance of skilled labour or work force through adoption of appropriate human resource practices such as analysis of labour market, effective recruitment and selection process, appropriate training and development and succession planning and reward systems.

The strategist need to synthesize and organize the information gathered during the programming phase into an integrated and comprehensive set of tactics that can be implemented and measured throughout the strategy execution phase (Mintzberg, 1994). This execution phase of the strategic process represents the orchestration component of the organization's strategy. It is the process of monitoring corporate activities and performance results so that actual performance can be compared with desired performance. In practice, this can be actualized through balanced scorecard (Kaplan & Norton, 2001), scheduled strategy review meetings etc.

2.5 Challenges of strategic management

There are challenges associated with strategic management. According to Alexander (1985), the most frequently occurring strategy implementation problems include deficiency of resources, underestimating the time needed for implementation, poor communication systems and resistance to change.

Deficiency of resources is a common strategy implementation challenge. David and Sabine (2006) argue that a number of factors commonly prohibiting effective resource allocation include overprotection of resources, great emphasis on short-run financial criteria, organizational policies, vague strategy targets, reluctance to take risks and lack of sufficient knowledge. Kandie (2001) concluded that whereas Telkom Kenya

Limited realized the need to change strategy due to change in the competitive environment, they lacked adequate resources and managerial empowerment to do so.

Changes do not implement themselves; it is people who make them happen (Bryson and Roeing 1995). Selecting people for key positions by putting a strong management team with the right mix of skills is one of the first strategy implementation steps (Thompson et al, 2007). Strategy implementation must determine the kind of core management team they need to execute the strategy and then find the right people to fill each slot. Bryson and Roeing (1995) observe that people's intellect, creativity, skills, experience and commitment are necessary towards effective implementation.

Lack of sufficient communication is a major challenge experienced in the implementation of strategic initiatives in many cases. Aaltonen and Ikavaiko (2002) stated that the amount of strategic communication in most organizations is large. Both written and oral communication is used in the form of top down communication. However, a great amount of information does not guarantee understanding and there is still much to be done. To improve understanding and responsibility, communication should be two-way. It should also be an ongoing activity throughout the implementation process. According to Analoui et al (2003), an organization's mission statement should be understandable and clearly make sense to stakeholders, in order to avoid confusing stakeholders about the purpose of the organization.

Before any strategic initiative can be implemented, it must be clearly understood. Lack of understanding of a strategy is another obstacle of strategy implementation (Aaltonen et al, 2001). They point out that many organizational members typically recognize strategic issues as important and understand their context in generic terms.

However, the problem in understanding arises when it comes to applying strategic issues in the day-to-day decision-making.

Change may result to conflict and resistance. The behavior of individuals ultimately determines the success or failure of organizational endeavors, the top management concerned with strategy, and its implementation must take note of this. Organizational politics remains another key challenge in strategy implementation. Organization politics are tactics that strategic managers engage in to obtain and use power to influence organizational goals and change strategy to further their own interest.

Top-level managers constantly come into conflict over what correct policy decisions should be. According to them, the challenge organizations face is that the internal structure of power always lags behind changes in the environment because in general, the environment changes faster than the organization can respond. Resistance to change can exist at the organizational level; indeed, it is argued that organizational change is inherently resisted as the organization tries to neutralize the impact of attempts at change (Kavanagh & Ashkanasy, 2006).

Resistance at the organizational level can be caused by the organizational culture and reluctance to change, particularly in the bureaucratic or mechanistic culture that predominate some organizations. Armenakis & Beideian (1999) state that change begins at the individual level and therefore resistance or support of any organisational change are in the end individual decisions and behaviours. Thus it is imperative that there is a more person-centred investigation of organisational change (Armenakis, Harris & Field, 1999).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter details the methodology employed in the study. It discusses the research design, data collection and analysis and why they were the most preferred ones for the study.

3.2 Research Design

The study was conducted as a case study of Kenya Bureau of Standards (KEBS).The main benefit of a case study is that an entire organization or entity can be investigated in depth and with meticulous attention to detail. This highly focused attention enabled the researcher to have a careful study about events as they occurred with concentration on identifying the relationships among functions, individuals or entities.

Case studies place more emphasis on a full contextual analysis of fewer events or condition, and their inter relations (Cooper & Schindler 2006). According to Mugenda and Mugenda (1999), human behavior is best explained by using qualitative research. Case studies provide focused and valuable insights to phenomena that may otherwise be vaguely known or understood. Other research studies that have used this design include Ochanda (2005) Mwangi (2006), Odero (2006), and Njenga (2006).

3.3 Data Collection

Primary data were collected and used for the study. Primary data was collected via personal interview with an interview guide (see appendix) consisting of open-ended questions. The interviewees in this study included the Managing Director who is the chief strategist charged with the responsibility of facilitating the implementation of various policies approved by the Board. Other interviewees were; Head of Quality Process department which is charged with the responsibility of monitoring and evaluating KEBS process, performance and reporting on the same to the top management; Heads of finance and human resource to try and establish how the budgeting process and human resource aspects are anchored in the strategic management processes. Interview was adopted because the study sought to establish practices and the underlying factors for the same. Odero (2006), Mwangi (2006), Njenga (2006) and Ochanda (2005) have also previously employed this method of data collection.

3.4 Data Analysis

The nature of data collected was qualitative and was analyzed using content analysis technique. Content analysis is a tool for measuring the content of communication. Its objective is to obtain a qualitative description that manifests content of communication. In content analysis, the responses from different respondents are compared and summarized according to the objectives of the study.

Content analysis is the best method of analyzing the open-ended questions. It is suitable because of its flexibility and allows for objective, systematic and quantitative description of the content of communication (Cooper et al, 2006). Some of the research studies that have employed this technique include Khamis (2006), Njenga (2006) Ochanda (2005), and Odero (2006).

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents data analysis, findings and discussions. The study had two objectives namely; to establish the strategic management practices adopted by Kenya Bureau of Standards (KEBS); and to determine challenges relating to various strategic management practices adopted by KEBS. Primary data was collected through in-depth interviews with Managing Director, Head of Quality Process department, Head of Finance and Investment and Head of Human Resource and Administration. The data was analyzed in relation to the study's objectives and the findings are presented in the various categories below.

4.2 Strategy Formulation

This section presents data analysis and findings on strategy management practices adopted by KEBS in relation to strategy formulation. It also presents the challenges experienced by KEBS during strategy formulation.

4.2.1 Vision and Mission

The interviewees were asked if KEBS have vision and mission statements. The interviewees confirmed that KEBS have vision and mission statements, which are documented. The Organization's vision is "To be a global leader in standards based solution that delivers quality and confidence". Its mission is "To provide internationally recognized standards, measurements and conformity assessment solutions that meet Kenya's evolving economic, social and environmental needs"

4.2.2 Policy Documents for Strategy Formulation

The interviewees were asked to cite the policy documents that guide the organization's strategy formulation. They cited a number of policy documents, the main one being the Kenya Government Vision 2030. The Kenya Government Vision 2030 specifies the country's strategic agenda based on Economic, Social and Political pillars.

The other policy documents cited by the interviewees were; the Ministry of Industrialization Strategic Plan; the Standards Act Cap 496 Laws of Kenya which specify KEBS mandates and functions; and the East Africa Community Standards, Quality Assurance, Metrology & Testing (SQMT) Act. International Organization for Standardization (ISO) Strategic plan was also cited as one of the relevant document relied upon during strategy formulation as a yardstick for international best practice in the standardization field.

4.2.3 Process of Developing Vision And Mission Statements

The interviewees were asked to describe the process of developing vision and mission statements. They reported that a select strategic planning committee having representatives drawn from all the business units develops the organization vision and mission statements. The development of the vision and mission statements and subsequent reviews are done alongside the strategic plan.

The select committee prepares draft vision and mission statements for discussion, with the help of a consultant, by the senior management team. The drafts by the senior management team are then forwarded to the National Standards Council, the KEBS board of Directors, by the Managing Director for final consideration and approval.

4.2.4 Communication of vision and mission to employees

The interviewees were asked to describe how vision and mission statements are communicated to employees. The interviews reported that vision and mission statements are communicated to employees through strategic workshops, which are regularly convened to explain the organization's strategic plan.

The statements are also communicated through promotional materials such as Diaries, Calendars and business cards (the vision and mission statements are printed on the back of the staff's business cards). The Vision and Mission statements are also displayed on Notice Boards throughout the organization.

4.2.5 Objectives: Preparation and Communication Process in KEBS

The interviewees were asked to confirm whether there are objectives set for the organization and describe the preparation and communication process of such objectives in the organization. The interviewees affirmed that there are objectives set for the organization. These objectives are set both at corporate and business or functional levels. The functional objectives are aligned to the corporate ones.

They reported that the process of setting these objectives is similar to that of developing the vision and mission statements. A select committee, composed of representatives from various functional units, prepares draft objectives based on the vision and mission statements as well as information gathered from all business units for discussion by the senior management team. The objectives are finally presented to the National Standards Council for consideration and approval. The interviewees also reported that once approved, the objectives are incorporated in the strategic plan and communicated to employees through the functional heads and workshops organized to explain the overall organization's strategic plan to the rest of the employees.

4.2.6 Preparation and Development of Strategic Plans in KEBS

The interviewees were asked to confirm whether the organization prepares and document strategic plans. They affirmed that the organization prepares and document its strategic plan. The first documented strategic plan for organization was for the period 2003 to 2007.

The interviewees were thereafter asked to explain the process of developing the strategic plans. They were also asked to mention the tools and techniques used by the organization in carrying out situational analysis during the planning process. The interviewees explained that the process of developing strategic plans, just like for vision and mission statements, involves preparation of draft plan by the select committee after conducting situational analysis of the entire organization and the relevant stakeholders. The interviewees cited SWOT, PESTEL and Stakeholder Analysis as some of the tools and techniques used in the situational analysis.

The interviewees further explained that the draft strategic plan prepared by the select committee is discussed, with aid of a consultant as a moderator, by the senior management team before forwarding to the National Standards Council for consideration and final approval.

4.2.7 Factors affecting strategy formulation in KEBS

The interviewees were asked to cite factors in the internal and external environment that has impacted on strategy formulation in KEBS. The interviewees cited inadequate knowledge of strategy amongst staff and instability due to frequent changes at the top level of the organization (i.e. senior management and NSC level) as some of the internal factors that has impacted on strategy formulation in the organization.

The interviewees also cited misunderstanding of KEBS role by different stakeholders as the dominant external factor that has impacted on strategy formulation in KEBS. For example, whereas manufacturers expect KEBS to protect them against unfair competition, especially from imported products, they themselves do not expect KEBS to act tough on them when they flout the Standards Act. The public also thinks that counterfeits goods are substandard and hence KEBS should be involved in the fighting against counterfeit goods even though the mandate to fight counterfeit goods rests with a different government agency.

4.2.8 Preparation of strategies for operations in KEBS

The interviewees were asked to explain how strategies for operations are developed in the organization. The interviewees reported that strategies for operations in KEBS are developed at functional levels by the respective heads in consultation with the members of the function or business unit. This is done through SWOT analysis and benchmarking with competitors and institutions offering similar services taking into account the available budget and the need to improve on service delivery to the public at a realistic cost.

4.2.9 Challenges faced by KEBS in Response to Internal and External Environment

The interviewees were asked to cite challenges KEBS face while responding to changes in its internal and external environment. Resistance from staff; challenges in staff recruitment (where management and board members wants to fill available positions with cronies); high staff turnover at the top of the organization; skill obsolescence due to lack of skill upgrade by staff in line with technological development were cited by the interviewees as some of the challenges faced by KEBS while responding to changes in the environment.

Additional challenges cited by the interviewees were; political pressure; bureaucratic red tapes in getting approvals from the government Ministries (e.g. approval of organizational structure, approval for additional staff); lack of readymade replacement or skills in the market for KEBS; and inadequate resources.

4.3 Strategy Implementation

This section presents data analysis and findings on strategy management practices adopted by KEBS in relation to strategy implementation. It also presents the challenges experienced by KEBS during strategy implementation.

4.3.1 Process of implementing strategies at KEBS

The interviewees were asked to explain the process of implementing strategies at KEBS. The interviewees explained that strategy implementation at KEBS involves the use of strategy implementation matrix prepared by the management and cascaded to all functions or business units. The matrix gives strategic objectives, the corresponding strategies, the activities to be carried out by each function or unit and timelines for carrying out such activities within the five-year period of the strategic plan.

In addition, KEBS extract its yearly performance contract with the government from the implementation matrix. Thus, the Annual Performance Contract with the government helps the organization in implementing the chosen strategies.

4.3.2 Communicating Strategies and Employees empowerment

The interviewees were asked to explain how strategies are communicated to employees and how they are empowered to implement chosen strategies. They explained that the strategies are communicated to the staff through the implementation matrix, annual performance contract with the Government of Kenya as well as through work plans.

The interviewees cited several ways through which employees are empowered to implement chosen strategies. Some of the ways through which employees are empowered were; breaking down the strategy into activities and work plans for ease of implementation; provision of employees with necessary resources to execute the chosen strategies; training of employees based on needs assessment conducted by Human Resource department; rewards and differentiation based on performance; and job descriptions.

4.3.3 Measures to Recruit and Retain Employees in KEBS

The interviewees were asked to explain the measures put in place by KEBS to recruit and retain best employees. The interviewees reported that KEBS recruits through advertisement in the print and electronic media (newspapers and on KEBS website) to attract from a wide perspective and carries out selection for non- managerial and managerial positions through a committee appointed by the Managing Director and the Board respectively.

The interviewees further reported that KEBS endeavors to retain best employees through good induction program for new staff, competitive remuneration, efficient work place policies that encourages gender parity devoid of sexual harassment, appropriate succession planning, rewards, good pension package, training programs for all staff and good medical cover.

4.3.4 Challenges in implementation of strategies at KEBS

The interviewees were asked to cite the challenges that have been encountered in implementation of strategies at KEBS and explain how such challenges have been dealt with. The interviewees cited a number of challenges, among them, employees' ignorance on relationship between the chosen organization strategies and their day-to-day activities or duties. The interviewees reported that KEBS is tackling this particular challenge through training of middle level managers and supervisory staff in strategic management.

The organization was also reported to be in the process of introducing balance score card to align every employee's activities to the organizational objectives. The interviewees also cited inadequate integration of various systems or businesses due to the multifaceted nature of the organization as another challenge. To counter this, the interviewees reported that the Standards Act, Cap 496 Laws of Kenya, is being reviewed in line with international best practice to create semi-autonomous units for better service delivery.

The interviewees also cited resistance to change by employees who were hitherto not accustomed to performance based culture as another challenge encountered in strategy implementation. The interviewees reported that to make employees accountable for their work and reduce resistance, each employee now has an individual job description specifying the tasks and deliverables. This will further be reinforced with the introduction of balance scorecards. The interviewees also reported that KEBS circulates official documents such strategic plan to staff through the intranet platform.

The interviewees also cited lack of adequate human skills as a challenge in the implementation of strategies at KEBS. The interviewees noted that lack adequate human skills arose from the fact that most training undertaken by staff were geared towards personal goal or ambitions and not necessarily to mitigate organizational skill gaps. The interviewees noted that the Human Resource department have introduced training needs assessment matrix to guide future training programs.

4.4 Strategy Evaluation

This section presents data analysis and findings on strategy management practices adopted by KEBS in relation to strategy evaluation. It also presents the challenges experienced by KEBS during strategy evaluation.

4.4.1 Monitoring Success and Review of Strategic Plan in KEBS

The interviewees were asked to explain how success of KEBS strategic plan is monitored and affirm if KEBS is involved in continuous review of its strategic plan.

The interviewees reported that the success of KEBS's strategic plan is monitored through annual review of performance based on the Performance Contract signed with the Government.

The interviewees also confirmed that KEBS strategic plan is reviewed annually to monitor progress and at the end of the five year period to evaluate fulfillment of the plan. In addition, the performance contract signed between the government and KEBS greatly influence the review of the strategic plan.

4.4.2 Corrective measures in strategic management process in KEBS

The interviewees were asked to affirm if corrective measures and procedures in strategic management process are institutionalized. The interviews affirmed that corrective measures and procedures in the strategic management process are institutionalized. The Quality Processes Department (QPD) was reported to be in charge of strategy implementation and evaluation.

It was further reported that QPD prepares quarterly strategy implementation progress reports, highlighting variances (if any), for the Managing Director's attention. The overall progress report is then presented to the Board for deliberation and direction. The interviews also affirmed that the employees are empowered to take corrective actions while all the functional heads are involved in strategy evaluation though the overall responsibility rests with the head of QPD.

4.4.3 Challenges facing strategy evaluation in KEBS

The interviewees were asked to cite challenges facing strategy evaluation at KEBS. They cited a number of challenges, among them, lack of appropriate monitoring and evaluation tool.

The strategy implementation matrix, which provides the basis for evaluation, was cited to be too broad to be used to monitor and evaluate strategy execution at all levels. The interviewees also mentioned difficulties in obtaining factual performance reports from various functional units as another challenge in strategy evaluation.

4.5 Discussions

From the findings, KEBS has vision and mission statements that are documented and which have been communicated to employees and other stakeholders in both written and spoken form. This is in line with Thompson et al, (2007) who stated that a clearly articulated strategic vision communicates management's aspirations to stakeholders and helps steer the energies of company personnel in a common direction.

However, the misunderstanding of KEBS role by different stakeholders point to the fact that the vision and mission statements have not been clearly understood by all stakeholders. Analoui and Karami (2003) argues that to avoid confusing stakeholders about the purpose of the firm, it is important that mission statement be communicated and made clear to all internal and external stakeholders of the business. KEBS therefore needs to improve communication of its mission to all its external stakeholders to avoid the current misunderstanding of its role by external stakeholders.

The process of developing vision and mission statements in KEBS involves strategic planning committee having representatives drawn from all the business units. The select committee prepares draft vision and mission statements for discussion by the senior management team. The same approach applies for formulation of the overall strategic plan for the organization. The strategy formulation is therefore participative, formal, highly ordered and neatly integrated process depicting a planning mode as presented by Mintzberg (1978).

The Kenya Government Vision 2030 largely guides strategy formulation at KEBS. KEBS is therefore in a developing mode striving to enhance its organizational status, capacity and resources as required by the Vision 2030. KEBS therefore exhibits a developmental strategy as revealed by in the study of Ohio State agencies by Wechsler et al (1986).

From the findings, strategy implementation at KEBS involves the use of strategy implementation matrix prepared by the management and cascaded to all functions or business units. The matrix gives strategic objectives, the corresponding strategies, the activities to be carried out by each function and the timelines for carrying out such activities. This agrees with Pearce et al (2006) who argued that strategy implementation includes specifying the key tasks to be carried out and the desirable changes in the resource mix of the organization as well as the mandate of each department in the organization and the information systems to be put in place to monitor progress and resource planning.

In strategy evaluation, the interviewees reported that the success of KEBS's strategic plan is monitored through annual review of performance based on the Performance

Contract with the Government. The interviewees also confirmed that KEBS strategic plan is reviewed annually to monitor progress and at the end of the five year period to evaluate fulfillment of the plan. This agrees with Hill and Jones (2005) who argued that strategy evaluation not only concerns with performance and performance measures but also helps to signal when as strategy requires adjustment in the light of experience and in the context of a rapid changing external environment, as strategy is a continuous process rather than a single event. However, it was noted that lack of appropriate monitoring and evaluation tool is posing a challenge to strategy evaluation at KEBS.

From the findings, a number of challenges relating to various strategic management practices were reported. The budgetary constraints, inadequate knowledge of strategy amongst staff and instability due to frequent changes at the top level of the organization were reported as some of the factors negatively influencing strategy formulation at KEBS. This agrees with the findings of a study of Telkom Kenya Limited by Kandie (2004) which established that lack of finances and management empowerment hinders change in strategy even when such changes may have been necessitated by change in competitive environment.

Resistance from staff; challenges in recruitment; skill obsolescence due to lack of skill upgrade by staff in line with technological development were cited by the interviewees as some of the challenges faced by KEBS while responding to changes in the environment. According to Kavanagh and Ashkanasy (2006), resistance to change can exist at the organizational level; indeed, it is argued that organizational change is inherently resisted as the organization tries to neutralize the impact of attempts at change.

The interviewees cited challenges in implementation of strategies at KEBS, among them, employees' ignorance of the relationship between chosen organizational strategies and their day-to-day activities or duties. This agrees with Aaltonen and IKavalko (2002) who argued that challenges in strategy implementation are cultural and behavioral in nature, including the impact of poor integration of activities, lack of understanding of a strategy and diminished feelings of ownership and commitment.

The interviewees reported that KEBS is tackling these challenges through training of middle managers and supervisory staff in strategic management. This agrees with Bryson and Roeing (1995) who argued that people's intellect, creativity, skills, experience and commitment are necessary towards effective strategy implementation. By training staff, KEBS is improving skills of its staff for better strategy implementation in the end. The adoption of balance scorecard will also institutionalize strategy evaluation and ensure involvement of all employees in strategy implementation (Kaplan & Norton, 2001). Therefore, the strategy management practices adopted at KEBS are directed towards overcoming these challenges.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary, conclusions and recommendations of the study. The objectives of the study were to establish the strategic management practices employed by Kenya Bureau of Standards (KEBS) and to determine challenges relating to various strategic management practices.

5.2 Summary of Findings

From the findings, KEBS have vision and mission statements, which are documented. In addition, Kenya Government Vision 2030, Ministry of Industrialization Strategic Plan, The Standards Act Cap 496 Laws of Kenya, East Africa Community Standards, Quality Assurance, Metrology & Testing (SQMT) Act and the International Organization for Standardization (ISO) policy documents enhance strategy formulation in KEBS.

From the findings, the development of the vision and mission statements, which is done alongside the strategic plan, is developed after extensive consultations by the management through a select strategic planning committee having representatives drawn from all the business units. The drafts are then forwarded to the National Standards Council, KEBS' Board of Directors, for final approval. The strategy formulation is therefore a participative, formal, highly ordered and neatly integrated process.

From the findings, strategic objectives and business units/ functional strategic objectives are set for the organization. The preparation, development and analysis of strategic plans in KEBS are also done through a consultative process. From the findings, KEBS conducts situational analysis during the planning process using SWOT, PESTEL, and Stakeholder Analysis techniques.

From the findings, inadequate knowledge of strategy amongst staff, instability due to frequent changes at the top level of the organization and misunderstanding of KEBS' role by different stakeholders affect strategy formulation in KEBS. In addition, staff resistance, political pressure, recruitment challenges, high staff turnover, skill obsolescence among staffs, inadequate resources (both human and equipment), as well, as lack of readymade replacement or skills are some of the challenges that face KEBS while responding to changes in both internal and external environment.

Strategy implementation at KEBS involves a matrix, which gives strategic objectives, the corresponding strategies, the activities to be carried out by each function or unit and timelines for carrying out those activities within the five-year period of the strategic plan. Strategies are communicated to the staff through the implementation matrix, annual performance contract with the Government of Kenya as well as the work plans.

From the findings KEBS ensures recruitment and employee retention, through jobs advertisement in the print and electronic media (newspapers and on KEBS website) to attract from a wide perspective as well as having recruitment and selection done by an independent committee with a view to making the process transparent. From the findings, staff ignorance, resistance to change among the staffs, lack of performance-based culture, are some of the challenges encountered in implementation of strategies at KEBS.

From the findings, success of KEBS's strategic plan is monitored through annual review of KEBS performance based on the Performance Contract with the Government. In addition, corrective measures and procedures in the strategic management process are institutionalized within the organization. The Quality Processes Department (QPD) in KEBS is in charge of strategy implementation and evaluation.

5.3 Conclusion of the Study

This study sought to establish the strategic management practices adopted by KEBS. The study further sought to determine challenges relating to various strategic management practices adopted by KEBS. Firstly, the study established that KEBS has a vision and mission statements that communicates management's aspirations to stakeholders and helps steer the energies of the organizational personnel in a common direction. However, the study established that KEBS vision and mission statements are not well understood by external stakeholders. This was evidenced by misunderstanding of KEBS's role by various external stakeholders.

Secondly, the study established that KEBS strategic stance and actions, just like any other public sector organization, are greatly influenced by policies and regulatory frameworks put in place by the government. This was evidenced by the heavy reliance on policy documents such as the Kenya government Vision 2030 and the Standards Act, Cap 496 Laws of Kenya, amongst other documents, in strategy formulation. The regulatory instruments such as performance contracting which the Kenya government introduced were found to be instrumental in strategy evaluation at KEBS.

Thirdly, the study established that strategy implementation needs an environment for efficient development. As noted in KEBS, an efficient environment gives strategic objectives, the corresponding strategies, the activities to be carried out by each function or unit and timelines for carrying out those activities within the five-year period of the strategic plan. This also goes hand in hand with efficient communication to the staff through the implementation matrix, annual performance contract with the Government of Kenya as well as the work plans.

Fourthly, the study established that success of KEBS's strategic plan is examined through yearly review of performance based on the Performance Contract with the Government. In addition, corrective measures and procedures in the strategic management process are institutionalized. The Quality Processes Department (QPD) in KEBS is in charge of strategy implementation and evaluation.

Finally, the studied established that KEBS is faced with a number of challenges relating to the strategic management it has adopted: inadequate knowledge of strategy amongst staff; instability due to frequent changes at the top level of the organization; staff resistance; external political pressure; inadequate resources due to budgetary constraints and lastly poor monitoring and evaluation tool.

5.4 Limitations of the Study

The limitations in the research study sprout from procedural undertakings involved. Numerous approvals had to be made for approval to conduct the study. The respondents also had demanding schedules thus challenging data collection exercise. This was especially because the primary manner of collection was through open ended interview hence the need to keep adjusting interview dates.

Another limitation, of the study was that the study did not consider the traits of those responsible for strategic management activities in KEBS. The traits (Age, experience and the nature of their studies) could influence strategic management and organization performance.

Lastly , due to the varied nature of the responses from open ended interviews, content analysis was used in data analysis, this technique was time consuming. However, the researcher did look out for contraindications in the information given and no inconsistencies were found.

5.5 Suggestions for further Research

The study focused on strategic management practices employed by Kenya Bureau of Standards (KEBS). The study recommends more research on factors affecting strategic management at KEBS. This will permit detection of critical success factors that can aid in enhancing strategic management in the organization.

The study also did not look into the how the strategic management practices adopted by KEBS have contributed to the overall organizational performance and customer satisfaction. Further research is therefore recommended on how strategic management practices adopted by KEBS have contributed to performance and customer satisfaction.

5.6 Recommendations for Policy and Practice

The findings of the study indicate that there are a number of challenges relating to various strategic management practices adopted by KEBS. The following challenges need to be addressed by KEBS and the government: inadequate knowledge of strategy amongst staff; instability due to frequent changes at the top level of the organization; staff resistance; external political pressure; inadequate resources due to budgetary constraints and communication with external stakeholders. These challenges are likely to slow efforts of achieving KEBS strategy.

The study established that there was so much focus given to the process of strategy formulation at the expense of implementation. Although implementation is usually considered after strategy has been formulated, implementation is a key part of strategic management. Strategy formulation and strategy implementation should thus be considered as two sides of the same coin. Poor implementation has been blamed on a number of strategic failures.

Organizing a company's activities and people to implement strategy involves more than simply redesigning a corporate overall structure, it also involves redesigning the way in which jobs are done. Implementation of new strategies calls for new human resource management priorities and a different use of personnel. Such staffing issues can involve hiring new people with new skills, firing people with inappropriate or substandard skills and or training existing employees to learn new skills. Promotions should be based not only on current job performance but on also whether a person has the skills and abilities to do what is needed to implement the new strategy.

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APPENDIX: INTERVIEW GUIDE

STRATEGIC MANAGEMENT PRACTICES AT KEBS

STRATEGY FORMULATION

1. Does KEBS have vision and mission statements?
2. What are the policy documents for strategy formulation?
3. Describe the process of developing the vision and mission statements
4. Describe how vision and mission is communicated to employees
5. Are there objectives set for your organization?
6. Describe the process of setting objectives in your organization?
7. How do you communicate these objectives?
8. Does your organization prepare and document strategic plans?
9. What is the process of developing these plans?
10. Do you carry out situational analysis during the planning process? If yes, which tool and techniques do you use?
11. Which factors in the internal and external environment have had an impact on strategy formulation in the organization?
12. How do you develop strategies for operations? What tools and techniques do you use?

13. What challenges does KEBS face while responding to changes internal and external environment?

STRATEGY IMPLEMENTATION

1. What is the process of implementing strategies at KEBS?
2. How are the strategies communicated to employees?
3. In which ways are the employees empowered to implement chosen strategies?
4. What measures are in place to recruit and retain best employees?
5. What challenges have been encountered in implementation of strategies at KEBS and how have they been dealt with?

STRATEGY EVALUATION

1. How do you monitor success of KEBS's strategic plan?
2. Is KEBS involved in continuous review of its strategic plan?
3. What influences review of the strategic plan and how often do you review the strategic plan?
4. Are corrective measures and procedures in the strategic management process institutionalized? If yes, which measures and procedures are in place?
5. Are employees empowered to take corrective actions?
6. Who is involved in strategy evaluation?
7. What are the challenges facing strategy evaluation?