

**STRATEGY EVALUATION AND CONTROL PRACTICES AT
NATIONAL SOCIAL SECURITY FUND KENYA**

BY

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**A Management Research Project submitted in Partial fulfillment of the
requirements of the degree of Master of Business Administration
(MBA) School of Business, University of Nairobi**

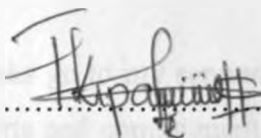
OCTOBER, 2010

DECLARATION

This Research study is my original work and has not been presented for award of master of business administration in any other institution of higher learning. No part of this research should be produced without my consent or that of University of Nairobi.

FELIX KIPRUTO CHELIMO- D61/71327/2008

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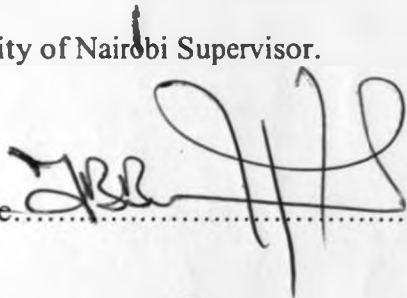


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This management project has been submitted for examination with my approval as the University of Nairobi Supervisor.

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I must thank our almighty God for his gift of life, kindness, mercies and grace from which I got my courage and strength every day while pursuing the course. I also wish to register my deep gratitude and appreciation to NSSF management for having allowed me to pursue the course and to all those staff who accepted my request and granted me time and opportunity to interview them, my friend Nelson Tonui who encouraged me during difficult times and shared useful information. I am equally indebted to my fiancée Joanne Maina for her encouragement and support.

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APPENDIX DEDICATION

This research project is dedicated to my fiancée Joanne Maina for her moral support, patience and understanding without which this project and course could not have succeeded.

ABBREVIATIONS AND ACRONYMS

COTU	Central Organization Trade Union
ILO	International Labour Organization
NSSF	National Social Security Fund
ICT	Information Communication Technology
ISO	International Standardization Organization
ISSA	International Social Security Association
ECASSA	East and Central Africa Social Security Association
FKE	Federation of Kenya Employers
SWOT	Strengths, Weaknesses, Opportunities and Threats

ABSTRACT

Strategy is a plan of action designed to achieve a particular goal. In the past few years, most of the organizations did not embrace strategic planning. However, in the current business environment, it has become necessary to have a strategy that will lead the organization in attaining its mission and vision. Strategic planning has three components which are strategy formulation, strategy implementation and evaluation and control. Evaluation and control is a systematic effort to set performance standards with planning objectives, design information feedback systems, compare actual performance with these predetermined standards, determine whether there are any deviations, measure their significance and to take corrective measures required to ensure that all corporate resources are used in the most effective and efficient manner. Strategy evaluation and control defines when and what order the functions of a strategy are evaluated, substituted and what form the substitution takes. Organizations strategies have ended up failing entirely because of poor or no evaluation and control practices. The objective of this study therefore, is to establish the practices put in place by organizations to evaluate and control the strategy. The study further highlights the variable of strategy evaluation and control. The National Social Security Fund (NSSF) was established in 1965 through an Act of Parliament Cap 258 Laws of Kenya. NSSF is the largest social security provider in Kenya with over forty thousand beneficiaries every year. Primary data was collected using an interview guide administered to Research & Development departments, Human resource & administration, finance and Information Technology. Content analysis was used to analyze the data which confirmed practices used by NSSF in strategy evaluation and control as benchmarking, International standardization organization processes, information communication technology, strategic audit, strategy monitoring, performance appraisal and customer surveys. Finally, recommendations made in the study will be valuable to the organization under study, scholars, academicians and any other organization or individual who may want to use the study.

Key words: Strategy, Evaluation, Control, Practices, NSSF, Kenya

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CHAPTER ONE

Introduction

This chapter is devoted to define the general area under study that calls for a need to investigate in order to determine the solution. The chapter is organized in to sub headings, which includes background of the study, strategy evaluation and control practices, historical background of social security fund, statement of the problem, research objectives and value of the study.

1.1 Background of the Study

According to Ansoff (1988), strategic management is concerned with the broad, long term future of an organization and the way it will prepare for change to the extent that change is perceived as necessary prerequisite of future continued success. Strategic decisions and plans are thus subject to greater uncertainty than either administrative or operations decisions. Ansoff asserted that these decisions are primarily concerned with external rather than internal aspects of the firm. Other scholars in the same discipline asserted that the internal situation is at least as important as the external one when considering strategy because, the essential of the development of strategy is the matching of the organization's internal capabilities with the external possibilities.

According to Johnson and Scholes (2001), Strategy is the direction and scope of an organization over the long-term which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations. This has necessitated organizations to come up with strategies for better management and allocation of resources. Strategies exist at several levels in any organization, ranging from the overall business or group of businesses through to individuals working in it. Measuring the effectiveness of the organizational strategy, it is extremely important to conduct an evaluation and control to figure out the success of the strategy implemented.

According to Pearce & Robinson (2007) strategic management is a set of decisions and actions that result in the formulation and implementation of plans designed to achieve an organization's objective via formulating the mission, developing the profile, assessing the external environment, analyzing the options, selecting the most appropriate option, developing the long range objectives, implementing the strategic choices by means of budgeted resource allocations and evaluating the success of the strategic process as an input for future decision making. David (1997) on the other hand defined strategic management as "the art and science of formulating, implementing and evaluating cross-functional decisions that enables an organization to achieve its objectives".

Several psychologists have conducted studies to determine the psychological patterns involved in strategic management. Typically senior managers have been asked how they go about making strategic decisions. A 1938 treatise by Chester Barnard was based on his own experience as a business executive, saw the process as informal, intuitive, non-routinized and involving. The process is the sensing of the organization as a whole and the total situation relevant to it. It transcends the capacity of merely intellectual methods and the techniques of discriminating the factors of the situation. The terms pertinent to it are feeling, judgement, sense, proportion, balance and appropriateness. It is a matter of art rather than science."

According to Mintzberg (1980), He found that senior managers typically deal with unpredictable situations so they strategize in ad hoc, flexible, dynamic, and implicit ways. The job breeds adaptive information-manipulators who prefer the live concrete situation. The manager works in an environment of stimulus-response and he develops in his work a clear preference for live action. Kotte(1982), studied the daily activities of 15 executives and concluded that they spent most of their time developing and working a network of relationships from which they gained general insights and specific details to be used in making strategic decisions. They tended to use "mental road maps" rather than systematic planning techniques. In 1984, Isenberg established that a study of senior managers found that their decisions were highly intuitive. Executives often sensed what they were going to do before they could explain why.

Zaleznik (1977) identified a difference between leaders and managers. He describes leaders as visionaries who inspire. They care about substance. Whereas managers are claimed to care about process, plans, and form. He also claimed that the rise of the manager was the main factor that caused the decline of American business in the 1970s and 80s. The main difference between leader and manager is that, leader has followers and manager has subordinates. In capitalistic society leaders make decisions and managers usually follow or execute. Lack of leadership is most damaging at the level of strategic management where it can paralyze an entire organization. According to Corner et al (1994), strategic decision making in organizations occurs at two levels, individual and aggregate. They have developed a model of parallel strategic decision making. The model identifies two parallel processes both of which involve getting attention, encoding information, storage and retrieval of information, strategic choice, strategic outcome, and feedback. The individual and organizational processes are not independent and interact at each stage of the process.

1.1.1 Strategy Evaluation and Control Practices

Evaluation and control is a systematic determination of merit, worth, and significance of something or someone using criteria against a set of standards. Evaluation and control is often used to characterize and apprise subjects of interest in a wide range of human enterprises, including organizations and companies. Evaluation and control practices involve the collection of routine data that measures progress towards achieving strategy objectives. It is used to track changes in strategy performance over time. Its purpose is to permit stakeholders to make informed decisions regarding the effectiveness of strategies and the efficient use of resources. Evaluation and control can at times be referred to as process evaluation because it focuses on the appraisal process. The quality of strategic management is also strongly influenced by the kind of objectives that are set. The issue here is not the traditional one of whether objectives should be "hard" or "easy" but the question of what variables are made into objectives in the first place.

Most management control practices have evolved out of statement of accounts and provide little, if any, help in evaluating the strategic position of the business. If, however, management is able to devise measures that relate directly to the firm's basis of advantage or position, a much clearer separation of long and short-run phenomena takes place.

House (1980) explains “unless evaluation and control provides an explanation for a particular audience and enhances the understanding of that audience by the content and form of the arguments it presents, it is not an adequate evaluation for that audience, even though the facts on which it is based are verifiable by other procedures”. However, potter (2006) postulates that the strict adherence to a set of methodological assumptions may make the field of evaluation and control more acceptable to a mainstream audience but this adherence will work towards preventing organizations from developing new strategies for dealing with the myriad of problems that strategies face. Stake and Schwandt (2006) argue that “the main purpose of a program evaluation is to determine the quality of a program by formulating a judgment”.

House (1980) states that from an often huge body of relevant evaluations and control reports, only about 10% of these reports or less, are used by the organization. He comments that, “when evaluation findings are challenged or utilization has failed, it was because stakeholders and clients found the inferences weak or the warrants unconvincing”. Some reasons for this situation may be the failure of the organization to establish a set of shared aims with the strategy monitors and evaluators, or creating overly ambitious aims, as well as failing to compromise and incorporate the cultural differences of individuals and strategies within the evaluation and control aims and process.

According to Rossi et al (2004), evaluation and control is a systematic, rigorous, and meticulous application of scientific methods to assess the design, implement and improve outcomes of a strategy. It is a resource-intensive process, frequently requiring resources, expertise, labour, time and a sizeable budget. Stufflebeam & Webster (1980) defines

evaluation and control as ‘a study designed to assist organizations to assess a strategy’s merit and worth.’ In this definition the focus is on facts as well as value laden judgments of the programs outcomes and worth. Reeve &Peerbhoy (2007), argue that “projects, evaluators and other stakeholders will all have potentially different ideas about how best to evaluate a project since each may have a different definition of ‘merit’. The core of the problem is thus about defining what is of value.” He further states that evaluation is a contested term as the organization use the term evaluation and control to describe an assessment or investigation of a strategy whilst others simply understand evaluation and control as being synonymous with applied research.

The above definitions outline some facets of evaluation and control whilst excluding other functions and goals of evaluation and control. Not all evaluation and controls serve the same purpose. Some evaluations serve a monitoring function rather than focusing solely on measurable program outcomes or evaluation findings, and it would be a tremendous feat to define the numerous types of evaluations and controls that can be conducted. Potter (2006) contends that “evaluation is an eclectic and diverse field”. He argues that the central reason for the poor utilization of evaluation and controls is arguably due to the lack of tailoring of evaluation and controls to suit the needs of the organization. Evaluation and control draws on a number of disciplines, which include management and organizational theory, policy analysis, education, sociology, social anthropology and social change. These arguments capture an important facet of evaluation and control, namely, that evaluation and control is a theoretically informed approach. Consequently, a definition of the same would have been tailored to the theory, approach, needs, purpose and methodology of the evaluation and control itself.

1.1.2 The National Social Security Fund

The International Labour Organization (ILO) convention defines social security as, “The protection by society to its members through a series of public measures against economic and social distress that would otherwise be caused by the loss or substantial reduction of earning resulting from sickness, maternity, employment injury, loss of

employment, disability, old age and death, provision of medical care and provision of subsidies to families with children". According to the international labour organization (ILO), about 80% of the world's populations have no access to formal social security beyond possibilities presented by informal networks such as family, kingship groups or communities. In other words four out of every five people in the world live in conditions of social insecurity. This proportion is even higher in countries of sub-Saharan Africa where more than 90% of the population is generally not covered under any social security scheme. In Kenya existing pension schemes are limited to formal sector workers. ILO estimates that about 84% of the labour force is excluded while those covered receive benefits that fall short of their basic needs.

The National Social Security Fund (NSSF) was established in 1965 by an Act of Parliament (CAP 258 of the Laws of Kenya) in order to administer a provident fund scheme for all workers in Kenya. Initially the fund operated as a government department under the Ministry of Labour but as its membership grew and its operations became complex, the NSSF Act was amended in 1987 to transform it into an autonomous State Corporation. Since 1988, the Fund has been operating under a Board of Trustees, which is constituted by representatives of 3 key stakeholders: the government, workers, and employers.

In recent years NSSF has embarked on an ambitious reform programme intended to convert it from a National Provident Fund Scheme to a Social Insurance Pension Scheme. As a converted scheme, the new NSSF will operate as a mandatory National Social Insurance Pension Scheme, serving as workers 1st pillar of social protection. Everyone with an income except those excluded by national and international law should be registered as a contributing member. Sadly, the history of NSSF has been marred by scandals and ill-conceived investment policies. Indeed, some regrettable investment decisions were made by the Fund in the early and mid 1990s. However, in recent times, aggressive reform policies have been implemented to prevent the errors of the past from recurring.

The NSSF operations are now conducted in an atmosphere of transparency, accountability and with a renewed commitment to efficient delivery of social security services in Kenya. Membership has grown steadily over the years and by the end of 2007, the Fund had a cumulative registered membership of about 3 million. The average current membership accounts range from 900, 000 to 1.2 million. Today, NSSF continues to work on enhancing its organizational performance and improving the quality of services it provides to its members.

The NSSF Act requires all employers including employers of one to four employees to register with the Fund and remit statutory contributions on a monthly basis. Prior to a Legal Notice No. 159 of 30th October, 2009 only employers with five and above employees were required to register with the Fund. It provides social security protection to workers in the formal and informal sectors. The organization registers members, receives their contributions, manages funds of the scheme, processes and ultimately pays out benefits to eligible members or dependants. Provident funds such as NSSF are compulsory saving schemes where members contribute a proportion of their monthly salary and when they eventually qualify under any of the specified contingencies they are paid in lump-sum. Such benefits are the total sum of their contributions and percentage of returns earned from investments during the period in which contributions are held by the fund. The Fund has an active membership of approximately one million with over 40,000 beneficiaries every year. It is a vast entity whose operations cover Kenya as a whole and hence has a large scope of client base. With the functions stated above, the implemented plans and strategies set forth should be adequately evaluated and monitored to ensure proper management of stakeholder funds and service delivery.

1.2 Statement of the Problem

Hurteau et al (2009) appreciates that within the last three decades there has been tremendous theoretical and methodological developments within the field of evaluation and control. Despite this progress there are still many fundamental problems faced in this field. They further observed that the lack of a clear definition may underline why program evaluation is periodically called into question as an original process. Davidson (2005) argues “unlike medicine, evaluation is not a discipline that has been developed by practicing professionals over thousands of years, so we are not yet at the stage where we have huge encyclopedias that will walk us through any evaluation step-by-step”.

Strategy evaluation and control is gaining importance in many companies and organizations around the world. Its importance has been singled out by the successful companies who have a well established strategy evaluation and control system. Studies have shown that a proper and established strategy evaluation and control system assists companies to be able to achieve its goals, objectives and further take corrective measures at early stages. Evaluation and Control has started getting attention from a number of companies leading to a number of research studies being carried out over the years which include, strategy evaluation and control among the dairy processing firms in Kenya (Kariuki 2008), Evaluation Of Performance Of Forex Bureaus In Kenya (Kapanat 2008), An evaluation of the successful implementation of enterprise resource planning system at Haco Industries (Kangethe 2007) challenges of evaluation and control at Blueshield Insurance (Buluma 2005). There is no known study that has been conducted on evaluation and control practices in the Kenyan pension industry and specifically National Social Security Fund. The study therefore seeks to bridge the existing gap by establishing strategy evaluation and control practices at National Social Security Fund.

1.3 Objective of the Study

The study seeks to determine strategy evaluation and controls practices that enable NSSF to evaluate and control strategy at the operational, business and corporate levels.

1.4 Value of the Study

Strategy Evaluation and control practices are important aspect of strategy in any organization. This study will add into the existing knowledge on strategy evaluation and control practices. Evaluation and control practices can be applied to a strategy in any organization. Therefore, the study will benefit the management of NSSF and any other organization which may want to apply the evaluation and control practices to their strategy. Moreover, NSSF may consider the recommendations made to better the strategy evaluation and control practices. Scholars, academicians and researchers can use the study as a reference point in examining strategy evaluation and control practices.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter is devoted to review literature related to the development of strategic management, overview of strategic management concept, strategy evaluation and control. The chapter will highlight the studies done by other scholars and writers.

2.2 Development of strategic management

It is commonly believed that concept of strategy has been passed down from the ancient Greeks. Bracker (1980) argued that the word strategy comes from the Greek word stratego, meaning 'to plan the destruction of one's enemies through the effective use of resources'. The concept remained a military one until the 19th century, when it began to be applied to the business world and because the actual process by which this took place is untraceable, formal strategic management as a discipline is believed to have its origins in United States of America in the 1950s and 1960s. Although there were numerous early contributors to the literature on issues of strategy development the most influential pioneers included Drucker (1954), Chandler (1962) and Ansoff (1965) among others. Writings by these authors triggered the adoption of strategic planning by companies.

Chandler (1962) recognized the importance of coordinating the various aspects of management under one all-encompassing strategy. Prior to this time the various functions of management were separate with little overall coordination or strategy. In his 1962 ground breaking work strategy and structure he showed that long-term coordinated strategy was necessary to give a company structure, direction and focus. Selznick (1957) introduced the idea of matching organization's internal factors with external environmental circumstances which was later developed in to what is now called SWOT. Ansoff (1988) built on Chandler's work by adding a range of strategic concepts and inventing to develop a strategy grid that compared market penetration strategies, product

and market development strategies, horizontal and vertical integration and diversification strategies. Strategic management is an ongoing process that evaluates and controls the business and the industries in which the company is involved assesses its competitors and sets goals and strategies to meet all existing and potential competitors and then reassesses each strategy annually or quarterly to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment or a new social, financial or political environment.” (Lamb, 1984).

In the period 1973-1985 when the world's relatively stable environmental conditions in which strategic planning was developed could not cope with challenges brought about by changes in the macro environment, when the world experienced oil crisis, there was widespread dissatisfaction with strategic management because of increased external environmental turbulence, reduced business opportunities and increased competition. Strategic planning was criticized as putting too much emphasis on planning at the expense of implementation and evaluation being highly rational, analytical and ignoring other aspects of strategy by writers Porter (2006) and Mintzberg (1980). They all believed that it could be re-discovered for it to be beneficial to companies. This could be done by focusing on implementation, flexibility, adaptability, developing and sustaining competitive edge.

Porter (2006) pointed out that the key task of strategic management is thinking through the overall mission and vision of the business. This leads to the setting of objectives, development of strategies and making of today's decisions for tomorrow's results. This must be done by those in the organization who can see the entire business that can allocate human and financial resources to key results. Isenberg (1986) defines strategic management as a stream of decisions and actions, which leads to the development of effective strategies to help achieve corporate objectives. Strategic management is a level of managerial activity under setting goals and over Tactics. Strategic management provides overall direction to the enterprise and is closely related to the field of Organization Studies. In the field of business administration it is useful to talk about

"strategic alignment" between the organization and its environment or "strategic consistency". There is strategic consistency when the actions of an organization are consistent with the expectations of management and these in turn are with the market and the context. Strategic management includes not only the management team but can also include the Board of Directors and other stakeholders of the organization. It depends on the organizational structure.

2.3 Strategic Management Concept

According to Hax & Majluf (1996), strategic management focuses more closely on winning market share from competitors rather than assuming that organizations can rely solely on expansion of markets for their growth. Business policy and strategic management is a process that involves four basic elements, environmental scanning, strategy formulation, strategy implementation and strategy evaluation and control (Wheelen & Hunger 1986). Unlike long-range planning, strategic management focuses on the environmental assumptions that underlie market trends and incorporates the possibility that changes in trends can and do take place.

Strategic management is a process of developing a vision and mission, setting objectives, crafting a strategy, implementing the strategy and evaluating performance by reviewing the situation (Thompson & Strickland 1993). Byars (1987) defines strategic management as that management which is concerned with decisions about an organization's future direction and implementing those decisions. He explained that these decisions can be broken down into two phases, strategy planning and strategy implementation. Strategy planning is concerned with defining the philosophy and the mission of the organization, establishing long and short range objectives to achieve the stated objectives. Strategy implementation is concerned with making decisions with regard to structure, activity and effectiveness of the organization in view of the mission and the stated objectives.

Johnson & Scholes (2001) recognize that strategic management is different from other aspects of management and considers it to be comprised of the process of strategic analysis, strategic choice, strategy implementation and evaluation. While this is a theoretical model of strategic management approach, the authors caution managers to avoid considering strategic management as an orderly sequence of steps that happen in a linear manner. The primary tasks of strategic management are to understand the environment, define organizational goals, identify options, implement decisions and evaluate actual performance. Strategic management techniques can be viewed as bottom-up, top-down or collaborative processes. In the bottom-up approach, employees submit proposals to their managers who, in turn, funnel the best ideas further up the organization. This is often accomplished by a capital budgeting process. Proposals are assessed using financial criteria such as return on investment or cost-benefit analysis. Cost underestimation and benefit overestimation are major sources of error. The proposals that are approved form the substance of a new strategy, all of which is done without a grand strategic design or a strategic architect. The top-down approach is the most common by far. In it, the Chief Executive Officer, possibly with the assistance of a strategic planning team, decides on the overall direction the company should take. Some organizations are starting to experiment with collaborative strategic planning techniques that recognize the emergent nature of strategic decisions.

Strategic decisions should focus on outcome, time remaining and current priority. The outcome comprises both the desired ending goal and the plan designed to reach that goal. Managing strategically requires paying attention to the time remaining to reach a particular level or goal, adjusting the pace and options accordingly. Strategic decisions should be based on the understanding that the value-add of whatever you are managing is a constantly changing reference point. An objective that begins with a high level of value-add may change due to influence of internal and external factors. Strategic management by definition is managing with a heads-up approach to outcome, time and relative value and actively making course corrections as needed.(Johnson & Scholes, 2001)

According to Mintzberg et al (1998 b), there are five main interrelated meaning of Strategic management. Strategy as a plan, a “how”, according to this view strategy is a means of getting from here to there or some form of consciously and purposefully intended course of action which is created a head of events or actions to which they apply. If the strategy is specific it constitutes a ploy where strategy is to manoeuvre to outwit an opponent. Strategy as a pattern is where an organization has acted in a consistent manner over time whether consciously or not the organization exhibits a consistent pattern of behaviour whether intended or not intended. Strategy as a position is about positioning the organization in order to achieve or maintain a sustainable competitive advantage. Mintzberg et al argue that most organization avoid head on competition but seek to achieve a position where their competitors cannot or will not challenge them. Strategy as perspective is its content consisting not just of a chosen position but of an ingrained way of perceiving the world. What is important is that everyone in the organization shares a common view of its purpose and direction which, whether people are aware of it or not, informs and guides decision making actions. Mintzberg argues that strategy emerges over time as intentions collide with and accommodate a changing reality.

2.4 Strategy Evaluation and Control

According to Sveiby (1997) evaluation and control is a systematic effort to set performance standards with planning objectives, design information feedback systems, compare actual performance with these predetermined standards, determine whether there are any deviations, measure their significance and to take any action required to assure that all corporate resources are being used in the most effective and efficient way possible in achieving corporate objectives. Strategy evaluation and Control is the appraisal of plans and the results of plans that centrally concern or affect the basic mission of an enterprise. Its special focus is the separation between obvious current operating results and the factors that underlie success or failure in the chosen domain of activity. Its result is the rejection, modification or ratification of existing strategies and plans. Strategic formulation is a combination of three main processes which start with Performing a situation analysis,

self-evaluation and competitor analysis both internal and external. Concurrent with this assessment, objectives are set. These objectives should be parallel to a time-line where some are in the short-term and others in the long-term. This involves crafting vision statements, mission statements, overall corporate objectives, strategic business unit objectives and tactical objectives. These objectives should, in the light of the situation analysis and suggest a strategic plan. The plan provides the details of how to achieve these objectives. Strategy evaluation measures the effectiveness of the organizational strategy, it is extremely important to conduct a SWOT analysis to figure out the strengths, weaknesses, opportunities and threats both internal and external of the entity in question. This may require to take certain precautionary measures or even to change the entire strategy.

According to Mintzberg (1998), one of the foremost theorists in the area of strategic management, tells us that no matter how well the organization plans its strategy, a different strategy may emerge. Strategy evaluation and control is the outcome of activities and events that are strongly shaped by the firm's control and reward systems, its information and planning systems, its structure, and its history and particular culture. Thus, performance in practice is tied more directly to the quality of the firm's strategic management than to any particular analytical scheme. In particular, organizing major units around the primary strategic tasks and making the extra effort required to incorporate measures of strategic success in the control system may play vital roles in facilitating strategy evaluation and control within the firm. Strategy evaluation and control is simply an appraisal of how well a business performs, grown and whether profits are normal or better. If the answers to these questions are affirmative, then it's argued that the firm's strategy must be sound. Despite its unassailable simplicity, this line of reasoning misses the whole point of strategy. The critical factors determining the quality of long-term results are often not directly observable or simply measured, and that by the time strategic opportunities or threats do directly affect operating results, it may well be too late for an effective response. Thus, strategy evaluation and control is an attempt to look beyond the obvious facts regarding the short-term health of a business.

It is usual to view strategy evaluation and control as an intellectual task, problem in data analysis and interpretation that requires both imagination and intelligence. In most medium to large-size firms, strategy evaluation and control is not a purely intellectual task. The issues involved are too important and too closely associated with the distribution of power and authority for either strategy formulation or evaluation to take place in an ivory tower environment. In fact, most firms rarely engage in explicit formal strategy evaluation and control. Rather, the evaluation and control of current strategy is a continuing process and one that is difficult to separate from the normal planning, reporting and reward systems of the firm. From this point of view, strategy evaluation and control is not so much an intellectual task as it is an organizational process.

- Strategies are subject to future modification because internal and external factors are constantly changing. In the strategy evaluation and control process managers determine whether the chosen strategy is achieving the organization's objectives. The fundamental strategy evaluation and control activities are reviewing internal and external factors that are the bases for current strategies, measuring performance and taking corrective actions. Strategy can neither be formulated nor adjusted to changing circumstances without a process of strategy evaluation and control. Whether performed by an individual or as part of an organizational review procedure, strategy evaluation and control forms an essential step in the process of guiding an enterprise.

2.5 Strategy Evaluation and Control Practices

According to Ashby (1954) all feedback systems require more than single-loop error control for stability. They also need a way of evaluating and controlling certain critical variables and changing the system "goals" when old control methods are no longer working. These viewpoints help to remind us that the real strategic processes in any organization are not found by looking at those things that happen to be labeled "strategic" or "long range." Rather, the real components of the strategic process are, by

definition, those activities which most strongly affect the selection and modification of objectives and which influence the irreversible commitment of important resources. They also suggest that appropriate methods of strategy evaluation and control cannot be specified in abstract terms. Instead, an organization's approach to evaluation and control must fit its strategic posture and work in conjunction with its methods of planning and control.

Argyris & Schon (1978) distinguished between single loop and double-loop learning. They argue that normal organizational learning is of the feedback control type deviations between expected and actual performance lead to problem solving that brings the system back under control. They note that Single-loop learning is concerned primarily with effectiveness. How best to achieve existing 'goals and objectives and how best to keep organizational performance within the range specified by existing norms. In some cases, however, error correction requires a learning cycle in which organizational norms themselves are modified. We call this sort of learning "double-loop."

There is a double feedback loop which connects the detection of error not only to strategies and assumptions for effective performance but to the very norms which define effective performance. Strategy evaluation and control can take place as an abstract analytic task, perhaps performed by consultants. But most often it is an integral part of an organization's processes of planning, review and control. In some organizations, evaluation and control is informal, only occasional, brief and cursory. Others have created elaborate systems containing formal periodic strategy review sessions. In either case, the quality of strategy evaluation and control mainly the quality of corporate performance will be determined more by the organization's capacity for self-appraisal and learning than by the particular analytic technique employed. These practices are discussed under various sub-heading below.

2.5.1 Benchmarking

The term benchmarking was first used by cobblers to measure people's feet for shoes. They would place someone's foot on a "bench" and mark it out to make the pattern for the shoes. According to Camp(1989), Benchmarking is most used to measure performance using a specific indicator for example the cost per unit of measure, productivity per unit of measure, cycle time per unit of measure or defects per unit of measure resulting in a metric of performance that is then compared to others. According to Boxwell (1994), Benchmarking is the process of comparing one's business processes and performance metrics to industry bests or best practices from other industries. Dimensions typically measured are quality, time and cost. Improvements from learning mean doing things better, faster and cheaper. Benchmarking involves management identifying the best firms in their industry or any other industry where similar processes exist and comparing the results and processes of those firms to one's own results and processes to learn how well the targets perform and more importantly, how they do it.

There are many case studies focusing on the success gained through benchmarking alone in organizations. The best known of these are perhaps the experiences at Xerox and Chrysler. In the late 70's and early 80's where, faced with ruin due to more efficient Japanese competitors, benchmarking turned the giant Xerox organization around and put it back at the top of the market. At Chrysler Corporation the benchmarking of Japanese new product development techniques prior to the development of the Viper sports car is credited with saving three billion dollars from development costs and one year of development time. Payback, from a financial perspective, is likely to vary dependent on the specific aims of the project. If projects are carefully selected, planned and managed, there is no reason why major benefits financial and non-financial should not be obtained.

According to Thompson et al (2006) Benchmarking is one the effective tools that widely used for measuring company success in implementing its strategy. "Best practice benchmarking" or "process benchmarking", is a process used in management and particularly strategic management, in which organizations evaluate and control various aspects of their processes in relation to best practice. This allows organizations to develop

plans on how to make improvements or adapt specific best practices, usually with the aim of increasing some aspect of performance. Benchmarking may be a one-off event, but is often treated as a continuous process in which organizations continually seek to improve their practices. Because benchmarking is so closely linked to business excellence, many of the benefits attributed to one can also be attributed to the other. For organizations to reach performance levels judged as "world-class" the various business excellence models indicate clearly, through their scoring systems, the importance of benchmarks and the process of benchmarking. Thompson through considering the scoring table concluded that over half the points available were related to benchmarking activities.

According to Camp (1989), there are various benchmarking types used by organizations depending on the strategy. In Process benchmarking the initiating firm focuses its observation and investigation on business processes with a goal of identifying and observing the best practices from one or more benchmark firms. Activity analysis will be required where the objective is to benchmark cost and efficiency is increasingly applied to back office processes where outsourcing may be a consideration. Financial benchmarking is performing a financial analysis and comparing the results in an effort to assess your overall competitiveness and productivity. Benchmarking from an investor perspective extends the benchmarking universe to also compare to peer companies that can be considered alternative investment opportunities. Performance benchmarking allows the initiator firm to assess their competitive position by comparing products and services with those of target firms.

Product benchmarking is the process of designing new products or upgrades to current ones. This process can sometimes involve reverse engineering which is taking apart competitors products to find strengths and weaknesses within the organization. Strategic benchmarking involves observing how others compete. This type is usually not industry specific, meaning it is best to look at other industries. In Functional benchmarking a company focuses on benchmarking on a single function to improve the operation of that particular function. Complex functions such as Human Resources, Finance, Accounting, Information and Communication Technology are unlikely to be directly comparable in

cost and efficiency terms and may need to be disaggregated into processes to make valid comparison. Another approach to making comparisons involves using more aggregative cost or production information to identify strong and weak performing units. The two most common forms of quantitative analysis used in metric benchmarking are data envelop analysis and regression analysis.

Data envelop analysis estimates the cost level an efficient firm should be able to achieve in a particular market. In infrastructure regulation, data envelop analysis can be used to reward organization whose costs are near the efficient frontier with additional profits. Regression analysis estimates what the average firm should be able to achieve the stated targets. Firms that performed better than average can be rewarded while firms that performed worse than average can be penalized. Such benchmarking studies are used to create yardstick comparisons, allowing outsiders to evaluate the performance of operators in an industry. A variety of advanced statistical techniques, including stochastic frontier analysis, have been utilized to identify high performers and weak performers in a number of industries, including applications to schools, hospitals, water utilities and electric utilities.

2.5.2 International Organization for Standardization

The organization which today is known as ISO began in 1926 as the International Federation of the National Standardizing Associations (IFNSA). This organization focused heavily on mechanical engineering. It was disbanded in 1942 during the Second World War but was re-organized under the current name, ISO, in 1946. It has its headquarters in Geneva, Switzerland. While ISO defines itself as a non-governmental organization, its ability to set standards that often become law, either through treaties or national standards, makes it more powerful than most non-governmental organizations. In practice, ISO acts as a consortium with strong links to governments. Until recently, any company that wished to do business outside of Canada needed ISO 9001:2008 certification.. Firms in environmentally sensitive areas of the marketplace are requiring that their suppliers be ISO 14001 certified in both the international and domestic marketplaces.

Standards are important in international trade because incongruent standards can be barriers to trade, giving some organizations advantages in certain areas of the world. Standards provide clear identifiable references that are recognized internationally and encourage fair competition in free market economies. Standards facilitate trade through enhanced product quality and reliability, greater interoperability and compatibility, greater ease of maintenance and reduced costs. ISO covers a wide variety of standards with the exception of electrical and electronic engineering standards and telecommunication standards. ISO is a voluntary organization whose members are recognized standard authorities, each one representing one country. The bulk of the work of ISO is done by the 2700 technical committees, subcommittees and working groups. Each committee and subcommittee is headed by a Secretariat from one of the member organizations.

ISO Certification is earned only after an intensive audit by third party Registrars following assessment called Gap Analysis, by a qualified consultant and the preparation of documentation outlining new quality system procedures by that consultant. This assures stakeholders that a common quality level is present and that it will meet or exceed their own internal quality assurance programs. ISO certification provides an edge so often needed in today's competitive marketplace. ISO certification is a commitment to excellence, be it at the quality management or environmental management system level. An ISO certified company also reaps direct internal benefits. Improved efficiency is achieved since the ISO process includes constant examination and review of all operational methods and techniques used in the process. The formal and published documentation that outlines methods and practices naturally leads to better consistency in production.

2.5.3 Information Communication Technology and Systems

According to Zuboff (1988), information technology is widening the divide between senior managers who typically make strategic decisions and operational level managers who typically make routine decisions. She claims that prior to the widespread use of computer systems, managers, even at the most senior level, engaged in both strategic decisions and routine administration, but as computers facilitated. She called it “deskilled” routine processes. These activities were moved further down the hierarchy, leaving senior management free for strategic decision making.

Public service is an important component in the pension industry. Expectations and demand for service quality continue to increase. Citizens and businesses expect the same levels of access and personalization from the sector. They expect to be able to access services from multiple locations and in ways that suit them rather than the providers. Most public organizations in Kenya are generally considered to be conservative. However, they have begun investing enormous sums in the extension of internet and IT activities. The concept of Social Security is still evolving in Kenya. The impact of technology has led to improvement of social security to citizens in various countries. The Government of Haryana, for example, provides economical assistance to the old, aged, widows and handicapped of the State, in the form of monthly pension. There are more records of various types of welfare pensioners and other beneficiaries in the state. Haryana Unit has developed “Haryana Pension Processing and Information System” and an interactive website, which keeps the data of all the beneficiaries of the state and information about all activities of the department. The system has helped in checking the reports of non-disbursement of pension, disbursement to wrong persons, errors in beneficiaries’ list and delayed availability of requisite data as and when required. Thus with the help of technology the Government of Haryana is able to deliver to its citizens a social security system which is more transparent. Most initiatives are focused on one time effort and are not capacity building initiatives. The ICT projects should focus on building Human Resources for the success of a project and knowledge transfer should be a key determinant.

Organizational performance depends on how well the routine activities are carried out. The efficiency and effectiveness of the routine activities reinforce evaluation and control of strategy. Good information and support systems is integral to the managerial task of effective strategy evaluation and control. Well conceived state of the art information support and operating systems not only enable better strategy evaluation and control but also strengthen organizational capabilities. Accurate and timely information about daily operations is essential if managers are to gauge how well the strategy implemented is giving the desired output. Information systems need to cover customer data, operational data, employee data, supplier, partner data and financial data. Real time information systems allow management to stay on top of evaluation and control operations and to intervene if things seem to be drifting off course. Tracking key performance indicators, gathering information from operating personnel, quickly identifying and diagnosing problems and taking corrective actions are all important in the process of strategy evaluation and control.

2.5.4 Strategic Audit

An important part of business strategy is concerned with ensuring that these resources and competencies are evaluated and controlled in a process referred as a Strategic Audit. According to David (1997), internal auditing is a profession and activity involved in helping organizations achieve their stated objectives. It does this by using a systematic methodology for analyzing business processes, procedures and activities with the goal of highlighting organizational problems and recommending solutions. Professionals called internal auditors are employed by organizations to perform the internal auditing activity. The scope of strategy auditing within an organization is broad and may involve topics such as the efficacy of operations, the reliability of financial reporting, deterring and investigating fraud, safeguarding assets and compliance with laws and regulations (Johnson & Scholes 2001).

In Camp (1989), Strategy auditing frequently involves measuring compliance with the organizations policies and procedures. However, strategy auditors are not responsible for the execution of company activities. They advise management and the Board of Directors

or similar oversight body regarding how to better execute their responsibilities in evaluation and control of strategy. As a result of their broad scope of involvement, strategy auditors may have a variety of higher educational and professional backgrounds. According to Thomson & Strickland (1993), strategy auditing activity is primarily directed at improving internal control. Strategy auditing is broadly defined as a process, effected by an firms board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of effectiveness and efficiency of operations, reliability of financial reporting and compliance with laws and regulations.

According to House (1980), Managers establish policies and processes to help the organization achieve specific objectives in each of these categories. Strategy auditors perform audits to evaluate whether the policies and processes are designed and operating effectively and provide recommendations for improvement. The Strategy auditing profession evolved steadily with the progress of management science after World War II. According to Camp (1989), it is conceptually similar in many ways to financial auditing by public accounting firms, quality assurance and banking compliance activities. Much of the theory underlying internal auditing is derived from management consulting and public accounting professions. With the implementation in the United States of the Sarbanes-Oxley Act of 2002, the profession's growth accelerated, as many strategy auditors possess the skills required to help companies meet the requirement of the law.

The resource audit identifies the resources available to a business. These can be owned for example plant and machinery, trademarks, retail outlets whereas other resources can be obtained through partnerships, joint ventures or simply supplier arrangements with other businesses. Value Chain Analysis describes the activities that take place in a business and relates them to an analysis of the competitive strength of the business. Influential work by Michael Porter suggested that the activities of a business could be grouped under primary activities which are directly concerned with creating and delivering a product and support activities, which whilst they are not directly involved in production, may increase effectiveness or efficiency. It is rare for a business to undertake all primary and support activities. Value Chain Analysis is one way of identifying which

activities are best undertaken by a business and which are best provided by others. Core competencies are those capabilities that are critical to a business achieving competitive advantage. The starting point for analyzing core competencies is recognizing that competition between businesses is as much a race for competence mastery as it is for market position and market power. Senior management cannot focus on all activities of a business and the competencies required undertaking them. So the goal is for management to focus attention on competencies that really affect competitive advantage. Performance Analysis includes the resource audit, value chain analysis and core competence analysis which help to define the strategic capabilities of a business. After completing such analysis, questions that can be asked that evaluate the overall performance of the business.

Portfolio Analysis analyses the overall balance of the strategic business units of an organization. Large businesses have operations in more than one market segment and often in different geographical markets. Larger, diversified groups often have several divisions operating in quite distinct industries. An important objective of a strategic audit is to ensure that the business portfolio is strong and that business units requiring investment and management attention are highlighted. This is important because a business should always consider which markets are most attractive and which business units have the potential to achieve advantage in the most attractive markets.

2.5.5 Strategy Monitoring

According to Pearson & Robinson (2007), monitoring is a fundamental component of all programs. It involves collecting key data related to program objectives and operations and analyzing these data to guide policy, programs and practices. Strategy monitoring collects data at a number of points during program implementation to ensure that the program is running smoothly and achieving its objectives according to plan. By tracking changes in performance, managers can fine-tune program operations to reach desired outcomes most efficiently and effectively. Monitoring generally involves more rigorous research methods than the other aspects. The purpose of monitoring is often to determine the degree to which changes are seen as a result of program activities. Monitoring

typically include measures both at the beginning and the end of a program and when possible, include a control and comparison group to help determine whether changes in outcomes result from program activities themselves and not from other influences outside the program (Stufflebeam and Webster 1980).

According to Hurteau et al (2009), managers should develop a plan for monitoring during the design phase of a program to ensure strong commitment to and adequate resources for carrying it out. The plan should describe the goals and objectives of the program and include a framework that shows how program components will work together to reach the intended outcomes. The plan then should set forth the indicators that will measure these key components. Data about these indicators are collected and analyzed. Managers can use the data to monitor trends and adjust the program as needed. Developing a the data strong monitoring design requires specialized technical skills that some programs may not have. If resources allow, a monitoring expert can be brought in to provide assistance. In contrast, program monitoring usually can be carried out by program managers themselves.

2.5.6 Performance Appraisal

According to Kravchuk & Schack (1996), to evaluate and control performance, managers need to determine what the strategy is supposed to accomplish. Managers should then formulate a clear and coherent mission, objectives and strategy. Based on this information the manager should then choose how to measure those activities. Evaluation and control process consists of two variables which are organizational performance data and a benchmark that creates framework for analyzing the data (Bannister & Balkin 1990). A performance appraisal is a method by which the strategy of an organization is evaluated generally in terms of quality, quantity, cost and time. Performance appraisal is a part of guiding and managing strategic plan. It is the process of obtaining, analyzing and recording information about the relative worth of plan being implemented by the organization. Performance appraisal is an analysis of a strategic plans recent successes and failures.

According to Gamble et al (2007), today managers do not control their workforce mechanically, which entails measurement of time-and-motion for control. However managers still use measures to control, while allowing some space for freedom in the workforce. Performance appraisal is a method by which the strategy performance of an organization is evaluated and controlled in the general terms of quality, quantity, cost, and time. A performance appraisal is a part of guiding and managing strategy development. It is the process of obtaining, analyzing and recording information about the relative worth of a strategy to the organization. Performance appraisal is an analysis of a strategy's recent successes and failures, strengths, weaknesses and suitability. Several performance measurement systems are in use today, and each has its own group of supporters.

According to Kaplan & Norton (1992), the Balanced Scorecard, Performance Prism and the Cambridge Performance Measurement Process are designed for business wide implementation. Continued research efforts and the test of time, the best-of-breed theories that help organizations although the Balanced Scorecard has become very popular, there is no single version of the model that has been universally accepted. The diversity and unique requirements of different enterprises suggest that no one-size-fits-all approach will ever do the job. Traditional measurement system sprung from finance function, the system has a control bias. Fundamental purpose behind measures is to improve performance numbers of measures that are not directly connected to improving performance are measures that are means to achieving that ultimate purpose. As a distinct and formal management procedure used in the evaluation of work performance, appraisal really dates from the time of the Second World War not more than 60 years ago. Yet in a broader sense, the practice of appraisal is a very ancient art. In the scale of things historical, it might well lay claim to being the world's second oldest profession. There is a basic human tendency to make judgments about those one is working with, as well as about oneself, in Gamble et al (2007), Appraisal, it seems, is both inevitable and universal. In the absence of a carefully structured system of appraisal, people will tend to judge the work performance of others, including subordinates, naturally, informally and arbitrarily.

The human inclination to judgment can create serious motivational, ethical and legal problems in the workplace. Without a structured appraisal system, there is little chance of ensuring that the judgments made will be lawful, fair, defensible and accurate. Performance appraisal may be defined as a structured formal interaction between a subordinate and supervisor that usually takes the form of a periodic interview in which the work performance of the subordinate is examined and discussed with a view to identifying weaknesses and strengths as well as opportunities for improvement and skills development. In many organizations appraisal results are used, either directly or indirectly, to help determine reward outcomes.

Appraisal results are used to identify the better performing employees who should get the majority of available merit pay increases, bonuses, and promotions. By the same token, appraisal results are used to identify the poorer performers who may require some form of counseling, or in extreme cases, demotion, dismissal or decreases in pay. The Organizations need to be aware of laws in their country that might restrict their capacity to dismiss employees or decrease pay.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter deals with the research design and methodology used in the study. The chapter has been organized into research design, data collection procedures and data analysis techniques.

3.2 Research Design

According to Young (1960) case study is “a comprehensive study of a social unit be it that unit of a person, a group, a social institution, a district or community.” Case study method is a fairly exhaustive study by which an institution or group is analyzed in its relationship to any other in the group (Odum & Jocher, 1929).

This being a case study strategy evaluation and control at NSSF, case study design is appropriate because the researcher will be able to carry out comprehensive and thorough examination of evaluation and control practices that this particular organization is experiencing. Case study method is a technique in depth rather than breadth, places more emphasis on full analysis of limited number of events and conditions and their interrelationship. It is essentially an intensive investigation of the particular unit under consideration. The object of the case study method is to locate the factors that account for the behaviour patterns of the given unit as an integrated totality (Kothari, 2004). Other researchers who have used case study method in the past are strategy evaluation and control among the dairy processing firms in Kenya (Kariuki 2008), Evaluation Of Performance Of Forex Bureaus In Kenya (Kapanat 2008), An evaluation of the successful implementation of enterprise resource planning system at Haco Industries (Kangethe 2007) challenges of evaluation and control at Blueshield Insurance (Buluma 2005), (Githui, 2006) challenges of strategy implementation in the scripture union of Kenya, and (Oyugi, 2007), Challenges faced by the University of Nairobi in implementing competitive strategies.

3.3 Data collection

Primary data source was utilized to collect the relevant data for the study through an interview guide. The interview guide was structured in to two parts, section A was personal information, section B covered evaluation and control practices. Interview guide has been used previously in other studies (Kariuki 2008, Oyugi 2007, Buluma 2005 and Kapanat 2008). Objective of the study required that departmental heads in strategic planning department, research and development department, information technology department and human resource department be interviewed in order to get broader view of problem under study.

3.4 Data Analysis

Content analysis was applied to the study. Data derived from interview guides was put on note cards for organization. The first step was to edit raw data to detect, correct errors and omissions where possible. The data was studied thoroughly and understood clearly. It was further evaluated and analyzed to determine the adequacy, consistency and usefulness of the information. This process was guided by the objective of the study. Content analysis is a process of inspecting, cleaning, transforming and modeling data with the goal of highlighting useful information, suggesting conclusions and supporting decision making. This allowed analytical understanding of meaning from respondents' information and other documented materials on strategy evaluation and control. Content analysis has multiple facets and approaches, encompassing diverse techniques under a variety of names, in different business, science and social science domains (Kothari 2004).

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction

This chapter outlines the analysis of data obtained and the findings of the study. The data collected through interviews were summarized and analyzed using content analysis as presented in this chapter. The interviewer managed to carry out all scheduled interviews. All the people interviewed had worked with the NSSF for more than five years hence their experience and views reflected the real position of strategy evaluation and control. The study had one objective to determine strategy evaluation and control practices at NSSF. Data was analyzed as they appear in the interview guide for clear interpretation and understanding of the results. The content of the data collected was examined critically to help in drawing conclusions. These conclusions were generalizations on the subject of the study and drew heavily from information on strategy evaluation and control practices at NSSF.

4.2 Evaluation and Control Practices

The researcher managed to carry out all scheduled interviews. Four key departmental heads which are instrumental in strategy monitoring, evaluation and control were identified for interviews to avoid duplication of data had more interviews being conducted making the finding of the study unrealistic. All the people interviewed had worked with the NSSF for more than ten years therefore had overseen more than one strategic plan. Hence their experience and views reflected the realistic position of strategy evaluation and control practices in the organization. Data was analyzed as they appear in the interview guide for clear interpretation and understanding of the results. The content of the data collected was examined critically to help in drawing conclusions.

4.2.1 Benchmarking

The organization sends its senior management to other countries, for example, Singapore, Botswana and Ghana for training and practical observation in the area of benchmarking. Best practices are also replicated from other organizations through staff exchange programs. The employees come and suggest any best practice they deem useful to the organization. Locally, best practices have been replicated from companies in the pension sector. NSSF is a member of International Social Security Association (ISSA) that organizes various forums for the member states from time to time. The organization participates in seminars and workshops organized by ISSA in order to exchange ideas with other member countries. Plans are at advanced stage to set up a fully pledged ISSA secretariat to serve the eastern central Africa (ECASA) regions with its headquarters in Nairobi. Moreover, policies by the organization are compared with those of other local and international organizations before being fully adopted.

4.2.2 International standardization organization

ISO standardization process of evaluation and control has been used by the organization to a lesser extent. NSSF is undergoing the ISO certification training and has put in place measures and procedures that are prerequisite before being awarded the certification. Employees at different levels of management have undergone basic ISO training on organization processes and train the rest through regular trainings. The organization has a training program on ISO certification where the processes in the organization are recorded and desired procedures, timelines and approach is recommended. The same is implemented co-currently with the existing procedure. Upon attainment of this goal, the organization shall fully integrate ISO processes in its operations including strategy evaluation and control practices.

4.2.3 Information Communication Technology Systems

An information communication technology system is a vital tool in evaluation and control for any strategy to succeed. ICT systems used in the organization are partly outsourced and others are inbuilt within. Generally these systems are not adequate in the provision of timely reports hence impact negatively on the evaluation and control process. ICT systems are not fully linked and integrated country wide to enable prompt evaluation and control of strategy performance. The organization has many systems that are used by the departments. The systems lack a common link that is able to produce timely reports for evaluation and control purposes. Lack system integration cause slow decision making and more time is taken in verifying the accuracy of the reports produced.

4.2.4 Strategic Audit

There is an ad hoc committee consisting of research and development department, finance, information technology, human resource and customer service department, which regularly reviews and advises the management and the board of trustees on the progress of the strategic plan on quarterly basis. The committee prepares the necessary reports that are used to gauge the progress of the strategic plan. The committee has a unit that carries out strategic audits from time to time and presents the report to the entire committee during their meeting for deliberation. The necessary recommendations are made and forwarded to the board of trustees. Research and development also oversees the implementation of performance contracting in various departments which is included to the overall strategy plan. The targets are prepared in line with the strategic plan. The organization uses its strengths in terms of manpower, core and distinct competencies to attain maximum results in its strategic plan.

4.2.5 Strategy Monitoring

The organization has a strategy monitoring committee which meets bi-annually during the entire period of the strategic plan to review the performance and achievements. This is the team that continuously monitors the strategy. Experts are invited occasionally to give their view on the progress of the strategy. This committee makes deliberations on whether the strategic plan is well on track and achieves the desired deliverables. Timelines are also set every financial year on what ought to have been achieved and any other activity to be given more effort depending on institutional changes. Occasionally performance reports are prepared that are used to assess the success of the strategy in place. These reports determine what the strategy has achieved and what more are expected. The committee makes recommendation to the board of trustees and the management.

4.2.6 Performance Appraisal

Performance appraisal is used by the organization to measure business unit and departmental performance. Reports on the performance of each department are analyzed to determine the performance of each business unit. This is carried out on a yearly basis. In case the reports indicate a discrepancy corrective measures are rolled out to avoid a repeat in the subsequent financial year. During performance appraisal, availability of resources equipment, human resource or financial are compared with desired outcomes. The study revealed that NSSF ensures that staffs sign performance contracts in line with the organization's strategy. It further revealed that performance appraisal determines the direction that the strategy is leading the organization. The organization is able to measure the variance between the targets and the actual. NSSF determines the activities that are attainable within the strategy and those that are not through performance appraisal.

4.2.7 Customer Satisfaction Survey

This is an important tool that tests whether the needs of the customer are met and services delivered by the strategic plan. Customer satisfaction surveys are usually carried out bi-annually to determine client perception on services offered in relation to the strategic plan. The finding from the survey enables the organization to improve its efficiency and effectiveness in service delivery. NSSF undertakes the survey with a view to taking corrective measures that enable the organization to better its services from time to time. The outcome of the survey is taken seriously and areas that need corrections are concentrated on.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the major findings of the study, conclusion and recommendations.

5.2 Summary and Discussions

This section summarizes the key evaluation and control practices in NSSF as best practices learned from benchmarking, strategic audits, implementation and use of International Standardization procedures, information technology and systems, strategy monitoring and performance appraisal.

5.3 Conclusions

The study has identified seven evaluation and control practices used by NSSF. A properly structured information system is crucial in ensuring support to the evaluation process. Strategic audits should be an integral part of the organizational structure in measuring performance of the organization. Best practices replicated from other organizations have proved to be very important in benchmarking with similar organizations. It will be a big milestone when the organization achieves the ISO certification as this will enable it to fully apply the same in its evaluation and control practices. Attainment of unit and departmental targets has been used as one the performance appraisal elements in achieving results set for the period. The strategy monitoring committee has played a big role in ensuring that the desired deliverables are achieved. The organization also uses customer satisfaction surveys as a tool to measure the level of customer satisfaction with the services given.

5.4 Recommendations

It is recommended that NSSF should prioritize the attainment of the ISO certification, as this is an important tool for ensuring that proper processes and procedures are put in place. Progress reports from monitoring should be issued on a regular basis and its recommendation implemented within a specified period by the various departments. The information systems should be better linked with the wider organization to ensure that information is transmitted in a uniform and consistent manner. It should further be upgraded and integrated to enhance quality, reliability, and accuracy of information and improve efficiency in service delivery and decision making. Strategic audit reports should form a basis of planning for the next cycle as these reports identify shortcomings and areas for improvement. Best practices should span beyond organizations in the same sector to ensure a diversity of practices to strengthen the current practices in place.

5.5 Limitation of the Study

Strategy evaluation and control is a new area in most organizations, the partial realization of the same at the organization of study hindered sufficient answers from the respondents. The respondents did not give the information to the best of their knowledge due to the secrecy act signed by employees working for the government and government agencies. They were further careful in answering the questions not to give more than what was asked. On the other hand, the respondents kept rescheduling the interviews, in the long run, giving the interview short durations hence not providing detailed response.

5.6 Area for Further Research

There is certainly need to undertake further research on emerging areas in the field of evaluation and control to ensure the organization's objectives and goals are achieved by putting in place the necessary changes, required tools and instruments for evaluation and control. More research needs to be done to determine the evaluation and control practices that are applied by organizations in strategy evaluation and control.

5.7 Implication of Policy and Practice

The management of National Social Security Fund should consider setting up a permanent evaluation and control committee to audit and provide guidance on the process. The committee should comprise of personnel with both technical and conceptual skills from all departments for the evaluation and control process to be acceptable across the board and minimize resistance. The committee should be empowered to rationalize the activities of the organization which are not compatible with processes. Leadership and management training on courses on evaluation and control should be prioritized and emphasized.

The organization must develop an integrated information system and include a reports feature that provides performance status on a regular basis. A steering committee should be formed to ensure proper implementation and operationalization of the system. The team's mandate, duties and responsibility should be to coordinate and implement activities that relate to the development of an integrated information system, attainment of ISO certification and to bring about changes in performance appraisal techniques. All these activities and programmes require adequate funding, transparency and accountability for successful strategy evaluation and control.

Organization's management should put more efforts in identifying and adopting best practices as a powerful tool for improving service delivery and better strategy evaluation and control. Managers can significantly push for competent strategy evaluation and control by supporting functional departments and human resource in pointing out practices for performing related activities and further insisting on continuous improvement of its evaluation and control practices. Benchmarking should be employed to measure company success in strategy evaluation and control.

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APPENDICES

APPENDIX 1- LETTER FOR AUTHORITY TO COLLECT DATA

Felix K. Chelimo,
P O Box 50397-00200,

Nairobi.

21-08-2010.

The Managing Trustee,
National Social Security Fund,
P.O Box 30599-00100,
NAIROBI.

THRU

Deputy Manager
Research and Development

Dear Sir,

RE: AUTHORITY TO COLLECT DATA

I am currently pursuing Master of Business Administration (Strategic Management option) at University of Nairobi. One of the requirements to be awarded the above Degree is to carry out a research project on your area of specialization. I have chosen to research on Evaluation and Control Practices at NSSF. I therefore wish to seek your permission to collect relevant data through interview method.

Attached is an introduction letter from the University of Nairobi for ease of reference.

Yours faithfully

FELIX K. CHELIMO

BOARD OF TRUSTEES

Telegrams "AKIBA", Nairobi
Telephone: Nairobi 2729911/2729977/2710552
Fax 2710957
E-mail: mt@nssfkenya.co.ke
info@nssfkenya.co.ke
When replying please quote



NATIONAL SOCIAL SECURITY FUND
SOCIAL SECURITY HOUSE
P. O. BOX 30599
NAIROBI, KENYA

SF/EST/VOL. III/52

3rd September 2010

Felix K. Chelimo,
NSSF,
City Centre Branch

Dear Sir,

RE: AUTHORITY TO COLLECT RESEARCH DATA

We are in receipt of your letter requesting us to allow you collect data on strategy evaluation and control practices at NSSF as per University of Nairobi MBA requirements.

This is to inform you that permission has been granted. However, on completion of your research, you are required to provide a copy of the research project to our library.

Yours Faithfully,



PATRICK KITEMA
For: MANAGING TRUSTEE

CC

Dr. Iraki,
Coordinator, MBA program
School of business management
University of Nairobi

APPENDIX III: INTERVIEW GUIDE

PART A

Respondents Personal Information

Name	
Department	
Designation	
Level of Education	
Number of years in the organization	

PART B

Strategy evaluation and control practices

I. Benchmarking

1. In your opinion is benchmarking one of the tools used by your organization in strategy evaluation and control? If so explain briefly.

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2. Most Managers regard strategy evaluation and control process as something below them and should be left to lower cadre employees. A. (Yes) B. (No). If yes explain.....

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II. International Standardization Organization

3. Are ISO standardization procedures used in the processes of evaluation and control of strategy in the organization? A. (Yes) B. (No). If yes, elaborate your answer.

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III. Information communication technology and system

4. In your opinion are the current information technology and support systems supportive of strategy evaluation and control processes in the organization?

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IV. Strategic audit

5. Is strategic audit an integral part of strategy evaluation and control at NSSF? If yes, how has this impacted the overall strategy evaluation and control?

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V. Strategy monitoring

6. Is there any strategy monitoring practice at NSSF? If yes, explain.....

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VI. Performance appraisal

7. Does NSSF have a performance appraisal mechanism for achieved targets and strategic objectives? If yes explain.

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VII. Other Practices

8. In your opinion is there any other evaluation and control practice at NSSF?

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APPENDIX IV: UNIVERSITY LETTER



UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAM - LOWER KABETE CAMPUS

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

P.O. Box 30197
Nairobi, Kenya

DATE 2ND MARCH 2010

TO WHOM IT MAY CONCERN

The bearer of this letter Felix KIPRUTO CHELIMO

Registration No: D61/71327/2008

is a Master of Business Administration (MBA) student of the University of Nairobi.

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 if you assist him/her by allowing him/her to collect data in your organization for the research.

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

DR. W.N. IRAKI
CO-ORDINATOR, MBA PROGRAM

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA OFFICE
P. O. Box 30197
NAIROBI