

**A SURVEY OF STRATEGY CONTROL PRACTICES OF  
PARASTATALS IN KENYA**

**BY**

**JOSEPH K KAGURU**

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## DECLARATION

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

Signed..... Date .....

NAME OF STUDENT

JOSEPH K. K AGURU

D61/7961/04

## SUPERVISORS APPROVAL

This Research project has been submitted for examination with my approval as the university supervisor

Signed.....Date.....

**Jackson K Maalu**

Lecturer Department of Business Administration

School of Business

University of Nairobi

## **DEDICATION**

To my wonderful wife Becky Kaguru for her love, care and encouragement

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## ABSTRACT

Strategic planning in both the private sector and the public sector is currently a hot issue and almost all organizations are dedicating a lot of resources formulating strategies, and having endless meetings discussing the implementation process and receiving monitoring and evaluation reports.

The purpose of this research is to provide empirical evidence of the strategy control practices and determine factors that influence strategy control in Parastatals. Second, the purpose of this study is to enable a more profound understanding of how different strategic practices may influence effectiveness of Parastatals in their operations. The study was carried out as a survey and data was collected through a questionnaire which was dropped and picked from the Parastatals. The data was then analyzed from a sample of sixty six Parastatals that responded

In the first chapter, the researcher defined what strategy control is the characteristics of a good strategy control system and an introduction of parastatals in Kenya

Chapter two was a review of literature from secondary sources which was relevant to the study.

Chapter three outlined the methodology that was used in carrying out the study. It gives details of research design, study population, sampling techniques, data collection and analysis.

The objectives of the research were to establish strategy control practices and determine factors that influence the same in Parastatals.

Chapter four presents the analysis and findings and a discussion of the same. The data was collected from a sample of forty four Parastatals and the respondents were top managers and supervisors. The findings are presented in percentages, frequency distributions, mean and standard deviation.

This chapter provides the summary, discussions and draws conclusions of the study. The limitations of the study are also identified and recommendations for further research are

made. The findings of the study are summarized discussed and conclusions presented in-order of the objectives of the study.

The first objective of the study sought to establish the strategy control practices in Parastatals while the second objective was supposed to determine the tools used in controlling strategy by Parastatals.

The researcher had challenges in get previous similar studies on which this study was based. The state of strategic management in Kenyan public sector organizations has not been extensively researched on. Therefore information was limited and some strategic planning practices may not have been adequately covered.

# CHAPTER ONE: INTRODUCTION

## 1.1 Background to the Study

Organisations across the world are exposed to a dynamic and competitive environment characterised by globalisation, mergers, acquisitions and consolidations. Challenges of globalisation and environmental turbulence have inevitably required companies to change their growth strategies to suit the business environment. According to Chandler (1962), changes in an organisation's strategy lead to new administrative problems and economic inefficiencies which require new or refashioned structures for the successful implementation of the new strategy. He argues that organisational structure follows and reflects the growth strategy of the firm in order to most effectively administer the allocation of resources necessary to achieve its long-term goals. Not surprisingly, the chances that an organisation's strategy will succeed are far greater when its structure matches its strategy. By the same token, as its basic strategy changes over time, so must its structure (Galbraith et al, 1986).

According to Wrigley (1970), the more diversified the growth strategy, the more likely a firm has a multidivisional structure. This form of structure is characterised by expansion into different industries and products, defined by both business unit and corporate levels of strategy. Since successful strategy implementation depends in part on the organisation's structure fit, corporate strategy must grow out of and reinforce competitive strategy, preferably in a way that focuses resources to convert distinctive competence into competitive advantage (Andrews, 1987). A corporate strategy based

on shared activities clearly meets the better-off test because business units gain ongoing tangible advantages from others within the corporation. The ability to share activities is a potent basis for corporate strategy because sharing often enhances competitive advantage by offering the best avenues for value creation through economies of scope of related diversification (Porter, 1987).

### **1.1.1 Strategy Control**

Control systems are traditionally seen as tools for exploiting current resources. This perspective is evident in the first published definition of management control as, "the process of assuring that resources are obtained and used effectively and efficiently in the accomplishment of the organization's objectives" Anthony, (1965). Newer tools of management control systems, such as the balanced scorecard, adopt a similar perspective. According to Kaplan and Norton, (1996) Performance management systems are top-down tools for deploying resources in the execution of top management's intended goals, plans, and strategies.

Control systems for strategies are very important because Strategies are formulated and implemented in complex and uncertain circumstances. Ignored or misinterpreted information may invalidate the premises underlying strategic initiatives, and that future events may render even the best strategies obsolete. To deal with the inherent ambiguity of strategic decision making, executives rely upon formal and informal control processes to generate feedback about the interim consequences of strategy so that mid-course corrective actions can steer the firm toward long-term objectives (Lorange, 1980).

Strategic control is a fundamental organizational activity, a necessary adjunct to strategic decision making. Mintzberg (1975) notes that, traditional management activities, such as planning and controlling, may seem conceptually distinct, but they all blend together in the day-to-day life of the organization. Similarly, most strategic controls are embedded within other management activities that perform different organizational functions. For example, a capital budgeting process that requires unit managers to justify the strategic merits of their capital requests, and thereby enforces consistency with the corporation's strategic plan, is performing a strategic control function in addition to a capital budgeting function. The systems that scan internal and external environments to uncover emerging issues that may disrupt the strategies in the future are other examples of strategic control (Lorange et al., 1986; Schreyogg Strategic control involves the monitoring and evaluation of plans, activities, and results with a view toward future action and it provides a "warning bell" through diagnosis of data (Goold & Quinn, 1990; Preble. 1992). The clear intent of strategic control is the triggering of appropriate changes in strategy, be they either tactical adjustments or strategic reorientations (Lorange, et al., 1986; Lorange, 1988).

Strategy control systems seek to regulate behavior and guide it into paths acceptable to the organization .These control systems may include measuring systems which are used to benchmark and monitor performance, reward systems which link up with these measures to reward the desired behavior and provide incentives to guide behavior in the desired direction are also put in place White (2004).

Strategic control systems ensure that “the immense effort put into preparing lengthy and detailed strategic plans are translated into action (Bungay and Goold, 1991). Strategic control systems provide the short-term targets that deliver long-term goals. Controls are especially required to provide a balance between longer-term organizational goals and shorter-term operational demands (Bungay and Goold,1991). Furthermore, controls incorporate both “feedback” and “feed forward” information, thus enabling managers to know if they are “on track” while also providing opportunities to adapt and revise strategies when required (Goold and Quinn,1990)

According to Mintzberg, (1994) and Eisenhardt, (2002), strategic control systems assist in dealing with increasingly unpredictable and dynamic competitive environments and the tension between the rigor necessary for effective strategy implementation and the flexibility required for timely strategy adjustment.

The real sources of competitive advantage are found in the management’s ability to implement the strategy. As companies extend their presence across borders, it becomes increasingly uneconomical to maintain duplicate processes and infrastructure within each country of operation. Challenges characterised by growing business complexities have been met by companies setting up shared services centres (Fahy et al, 2002).

Companies respond to environmental factors and one of the environmental influences to a business arises from competition. They have to respond strategically to environmental factors in order to be sustainable. Increased competition threatens the attractiveness of an industry and reduces the profitability of the players (Hamel and

Prahalad, 1993). It exerts pressure on firms to be proactive and to formulate successful strategies that facilitate proactive response to anticipated and actual changes in the environment

Porter (1985) defines strategy as the process of positioning a business to maximize the value of capabilities that distinguishes it from competitors. Since strategy influences the way organisations respond to their environment, strategy is a fundamental planning process. Strategy determines the businesses the organisation will engage in and reveals the organizational purpose in terms of long-term objectives, action programs and resource allocation priorities, and attempts to achieve long-term sustainable advantage in each of its businesses by responding properly to the opportunities and threats in the firm's environment, strengths and weaknesses of the organisation.

The need for institutionalizing strategy control as a strategic tool can hardly be ignored. In the journey of organizational transformation, the critical challenge lies in evolving a performing organization so that the business deliverables can contribute to the operative efficiency of the organization (Meyer, 2002). Measuring organizational success and implementing effective strategies for future success represent continuous challenges for managers, researchers and consultants (Chan, 2004).

The concept of strategy in the public sector has also been explored by Scholes (2002); where they have largely differentiated strategy in the public sector from commercial organizations due to the fact that they are owned and controlled largely by the government. Parastatals exist in an environment which is characterized by critical factors that can impact negatively (or positively) on decisions made, their planning



horizons are determined more by political than by market conditions. Managers are limited to investment Capital, finances, and on the flexibility to change strategies. In theory, Parastatals are supposed to be managed independently and without government interference, but in practice government interference is pervasive, and comes from different government ministries and other statutory bodies Aseto and Okello, (1997). Kimenyi (1995) asserts that where the head of state usually appoints the top management makes it difficult for those heads to be answerable to the permanent secretary, the minister in-charge and other stakeholders.

The organizations are also subject to internal factors within their operational setups that can inhibit the achievement of strategic goals. These include inadequate financial resources, overly elaborate organization structures, unclear operational policies, and poor internal communication channels among others.

### **1.1.2 Kenya Government Parastatals**

Managerial autonomy of Parastatals has been a focal point of public debate, in any country. Autonomy, to an extent, is explicitly or implicitly recognized when creating Parastatals as independent legal body's .They are expected to relieve government of some of the burden of decision making and overload with technical and specialized issues. Placing enterprise decisions outside politics and ministerial bureaucracy is assumed to promote the efficiency of both enterprises and government. Some government direction and control, on the other hand is inevitable, for government is ultimately responsible for Parastatals performance. It is not at all certain that the many public policy aims pursued by government through Parastatals can be secured by enterprise management alone without some direction and control from the state

and its organs Aharoni 1986, Garner (1983), Hafsi et al., (1987), Monsen and Walters (1983), Sexty (1980),and Zif (1981).

Parastatals in Kenya are established under the state corporation act (cap446), which gives them autonomy; their objectives are usually wider concerning both the organization and the country. According to Grosh (1991) Parastatals are accountable to many stakeholders. Parastatals in Kenya were first established by the colonial government to provide essential services to the white settlers.

Indigenous Africans participation in economic activities such as trade and cash crop farming was, generally, discouraged. Following independence in 1963, therefore, the independent Kenya government devised strategies to achieve three goals that were considered imperative for development: a fast overall economic growth rate, equitable distribution of development benefits and Kenyanization of the economy.

The public sector has not been left behind by the global sea of change and turbulence as a variety of internal and external forces have converged to make governments more accountable to their stakeholders Jody and Ray, (2004). They further state that Governments are being called upon to demonstrate results since stakeholders are not interested in activities and outputs but they are more interested in actual outcomes. In the African economies Parastatals have been used by governments as vehicles of development and their importance can not be underestimated (Beyene and Otobo 1994). According to Wambua (2005), The Parastatals sector's share of GDP was 11% between 1986 and 1990 and provides thousands of jobs.

Governments have adopted strategic planning the earliest publication on this issue being Barry (1986), the use of strategic planning in public sector also continues to be expanded Bryson (1995) indicates that experience has also demonstrated that strategy can be used successfully by public agencies.

Johnson and Scholes (2002) state that apart from the labour market, money market, suppliers and customers, a government agency also has a political market that approves budgets and provides subsidies. The implication here is that horizons of decisions may change and the analysis of strategies would require the norms of political dogma to be considered explicitly. Strategic decisions may take the form of striving for more and more efficiency so as to retain or improve service on limited budgets. Here careful deployment and appropriate development of resources is important. Competition in the public sector takes the form of competing for resource inputs, typically within a political arena. The Parastatals are under pressure to demonstrate best value in outputs. Developments in management practice in the public sector such as performance indicators and competitive tendering were attempts to introduce elements of competition in order to encourage improvements in value for money. The criterion of acceptability to stakeholders of strategic choices is of greater significance in the public sector.

Within the African context, organizing and controlling seem to be performed first, followed by planning and leading. Some factors leading to this include: the fact that the firms in developing countries acquire ready technology rather than develop it, turbulence of the local environment; paucity of information; and hostile government activity Aosa (1996).

One major problem with African public enterprises is that they failed to internally generate a sufficient amount of working capital, and demonstrated a limited ability to finance new or replacement investments or even maintain existing ones (Beyene and Otobo, 1994). This trend of poor performance led to the calls for privatization of public enterprises. In the energy sector, for example, Kenya Power and Lighting company (KPLC) created KenGen, a public power generator. This move maintained KPLC as a public/private concern and broke its monopoly of power generation and distribution. It was hoped that the split would improve efficiency and effectiveness in the Kenyan energy sector.

Approaches to management in the public sector are imperative as governments enter the new millennium. Market dynamics have created challenges for public organizations, with the emergence of the global economy, advances in technology, increased societal demands, and the need to provide more social services with fewer resources. As well, a widespread desire for increased organizational scrutiny has increased the pressure for change, given more accessible globalized information systems and heightened media attention critical of government inefficiencies in service delivery. Response mechanisms have emerged within the private market to meet these recent challenges but government organizations have been slower to respond. This is understandable, given fiscal constraints and the bureaucratic process axiomatic to governments.

## **1.2 Statement of the Research Problem**

Strategy control has emerged as an important activity during the strategic management process, since it provides information to organizations which they can

use to validate the ongoing chosen strategic plan. This information enables organizations to respond in a timely manner to planning failures and unexpected developments.

Control of strategy in the public sector has been characterized by a lot of difficulties. This is due to the fact that most Enterprises in Africa are experiencing financial distress and many are seeking financial assistance (Kobia, 2006). Their problems stem from unclear and conflicting objectives, and a lack of autonomy and accountability. Strategic control is a fundamental organizational activity, a necessary adjunct to strategic decision making. The systems that scan internal and external environments to uncover emerging issues that may disrupt the strategies in the future are other examples of strategic control (Lorange et al., 1986; Schreyogg Strategic control involves the monitoring and evaluation of plans, activities, and results with a view toward future action and it provides a "warning bell" through diagnosis of data (Goold & Quinn, 1990; Preble. 1992). The clear intent of strategic control is the triggering of appropriate changes in strategy, be they either tactical adjustments or strategic reorientations (Lorange, et al., 1986; Lorange, 1988).

Performance of Parastatals continues to be of great concern to Kenyans due to their poor performance; according to GOK (2003) there was inordinate level of funding which was transferred from core government services to cover the debt incurred by loss making parastatals. Wambua et. al. (2005) continues to say that the scale of government involvement in the economy through Parastatals has not, in the generation since independence, been matched by performance commensurate with expectations and the volume of investment made in these enterprises.

This dismal performance can partly be attributed to time pressures and information shortages which make strategic mistakes more likely and implementation tasks more difficult, and soon make obsolete even well designed and implemented strategies. To manage the risks of mistakes, mis-implementation, and strategic obsolescence, executives develop other systems that enable them to gauge the effectiveness of strategy, and make corrective adjustments when needed Schreyogg and Steinmann, (1987). Thus, to understand executive decision making behavior in dynamic environments, it is also important to look at how executives use strategic control processes. Recent studies have explored the important role of strategy control processes play in the success of Organizations, for example Goold and Quinn, (1990); Lorange and Murphy, (1984); Schreyogg and Steinmann, 1987),

There has been comparatively little empirical research to investigate whether and how companies use strategic control systems (Goold and Quinn, 1990; Lorange and Murphy, 1984). Moreover, research suggests that despite the arguments in favor of the concept of a strategic control system in practice few companies have yet made much progress with the development and use of formal or explicit control systems of this sort. According to Horovitz (1979) in his analysis of fifty two companies in Europe, he reached the conclusion that strategic planning existed in those companies, however when one looks at chief executive control, empirical evidence suggested that there was no control system to match such planning. In Kenya, no known study has been done on strategy control in Parastatals but related studies have been done, Karanja (2004), studied on strategic planning and performance in public corporations in Kenya, Atebe (2006) researched on strategy development process in government

of Kenya departments, Malusi(2006) studied on strategy development and challenges in state corporations.

Other previous research on various aspects of strategy related to control by Kenyan companies have been undertaken, for example, Abdullahi (2000, Njau, 2000; Kandie, 2001; Thiga, 2002; Goro, 2003; Kiptugen, 2003; Mugunde, 2003; Mugambi, 2003). None of the studies have tackled the issue of strategy control in parastatals. This study intends to close the gap by answering the question. What techniques and tools does management in Parastatals apply to control strategy?

### **1.3 Objectives of the Study**

The objectives of the study were to:

- a) Establish the strategy control practices in Parastatals.
- b) To determine factors that influence strategy control in Parastatals.

### **1.4 Importance of the Study**

The policy makers will obtain knowledge on strategy control and understand the whole process of strategic management. They will obtain guidance from this study during strategy implementation and in designing appropriate policies to guide the strategy process.

The study will provide information to potential and current scholars on strategic management in the public sector and this will expand their knowledge on strategy control in the Parastatals

Future researchers and scholars will use it as a point of reference. This will expand their knowledge on strategy control applied by public institutions and also identify areas of further study.



## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

The word strategy originates from the Greek word strategies, which initially referred to the general in command of an army. Quinn, Mintzberg and James (1988) noted that there is no single universally accepted definition of strategy. Different authors and managers use the term differently, some including goals and objectives as part of strategy, while others make firm distinctions between them.

Strategy has been defined by various scholars differently. The several definitions of strategy include: strategy as a game plan, commercial logic, competitive battle, and direction and scope. The definition of strategy by Johnson & Scholes (2002) as “The direction and scope of an organization over the long term, which achieves advantage for the organization through its configuration of resources within a changing environment to meet the needs of markets and fulfill stakeholder expectation”, offers a more complete version which includes the key aspects of strategy, i.e. direction, long term nature and business objectives. Mintzberg (1987) on the hand has defined strategy as a plan, ploy, pattern, position and perspective.

Porter (1985) defines strategy as the process of positioning a business to maximize the value of capabilities that distinguishes it from competitors. Since strategic influence the way organisations respond to their environment, strategy is a fundamental planning process. Strategy determines the businesses the organisation

will engage in and reveals the organizational purpose in terms of long-term objectives, action programs and resource allocation priorities, and attempts to achieve long-term sustainable advantage in each of its businesses by responding properly to the opportunities and threats in the firm's environment, strengths and weaknesses of the organisation.

Thus, strategy is a unifying theme that gives coherence and direction to the actions and decisions of an organization, guiding the organization to superior performance by establishing competitive advantage. Strategy must match the external environment and internal capability of the organization thus the need for performance measurement (Porter, 1985; Mintzberg, 1987).

## **2.2 Strategic Management**

Strategic Management is designed to ensure that the basic objectives of the Organization are achieved. It is the forging of company missions, setting objectives for the organization in light of external and internal forces, formulating specific policies and strategies to achieve objectives and assuring their proper implementation so that the basic purposes and objectives of the organization will be met. The concept of strategy has to do with "developing a broad formula for how a business is going to compete, what its goals should be, and what policies will be needed to carry out those policies."

Hence an effective strategy will usually describe the present and planned scope and domain of action the skills and resources, sometimes referred to as the distinctive

competencies and the synergies that will result from the ways the organization deploys its skills and resources.

Drawing on (Nutt and Backoff 1987),and (Bozeman and Straussman,1990) out line six steps for putting strategic management to work. These steps amount to a basic framework for strategic management: An analysis of the history of the organization, its mission and its Mandate. Clarification of the mission, objectives, and strategies is fundamental to initiation of the strategic process. It amounts to a statement of where the organization is, what it does and how it goes about its business. It should also help clarify which policies or demands can be facilitated by the organization and which will be impeded; Evaluation of the organization's current internal financial, organizational, and human resources. One way to examine these is to look at the organization's resource base (skill base, capital or financial resources, etc.) Does the organization have the wherewithal to achieve its stated objectives or to put into motion its strategies? What are the levels of internal resources possessed by the organization? How available are they? Identification of the significant issues that will affect the performance or capacity of the organization. Analysis of resources by itself is not sufficient; the organization must also look at its task performance.

What tasks does it do well, which does it not? This will give a better idea of how the organization's resources are organized and how effectively those resources are put to use. An organization may well have excellent research skills, but if its primary tasks are in service delivery, then such skills may be more a weakness than strength.

Development of strategic alternatives to respond to and manage the issues identified. Assessing Feasibility by evaluation of the capacity of the organization to carry out the strategic alternative within the context. Finally Implementation of the actual carrying out of the strategy selected.

While Bozeman and Straussman (1990) ends with implementation of strategy as the last step in the process others like Louise G. White (1990) concludes her model of strategic management with suggestions for the development of mechanisms for monitoring to feed the ongoing process of adjustment and corrections. This last step is a vital one, and deserves emphasis. Strategic management assumes continual change. Therefore mechanisms must be developed for monitoring and analyzing the performance of the organization with respect to achieving the goals and objectives set in the action plan. As the environment undergoes changes, as minister's change, elections occur, or budgets go up or down, priorities will also change. Resource flows may be uneven. All of these elements can alter performance, priorities, and the desirability of certain policies. If the organization wants to maintain a good "fit" with the environment, it must first be able to track these changes in order to adjust.

The monitoring process should be continuous, regular, and capable of feeding into the decision-making process. The manager should develop control mechanisms to gauge the efficiency of resources used and impact mechanisms to gauge the effectiveness of its actions. Finally, it is vital that the monitoring process be timely and usable. Figure I below illustrates the strategy evaluation stage in the strategic management process.



### **2.3 Strategy Control**

Strategies are forward looking designed to be accomplished several years into the future, and based on management assumptions about numerous events that have not occurred Pearce and Robinson (2008). They have continued to say that strategy control is concerned with tracking a strategy as it is being implemented.

The four types of strategy control according to them are: premise control, special alert control strategic surveillance implementation control. Premise control is designed to check systematically and continuously whether the premises on which the strategy is based are still valid, these premises are based on environmental like inflation, technology, interest rates regulation and social changes and industry factors which include competition, supplier's product substitutes and barriers to entry. Special alert control involves the thorough and often rapid reconsideration of a firm's strategy because of a sudden unexpected event such as events of September 11, 2001 in America. Strategic surveillance is designed to monitor a broad range of events inside and outside the firm that are likely to affect the course of strategy, it should be unfocused and provide an ongoing vigilance in all daily operations that may uncover information relevant to the firm's strategy. Implementation control is designed to assess whether the overall strategy should be changed in light of the results associated with the incremental actions that implement the overall strategy the two basic types of controls here being monitoring and Evaluation.

## **2.4 Role of Monitoring in Strategy Control**

According to (White, 2004) Monitoring is the act of reviewing the appropriateness of a strategy and overseeing the way in which it is implemented .There is no doubt that it is necessary to evaluate both the effectiveness of the general strategy and the efficiency with which the specific targets of a strategy are being implemented. From the very beginning, it is necessary to build monitoring of effectiveness and efficiency into the system of strategy making, from the attainment of a general agreement on strategic intent and the setting of the original objectives to the setting up of appropriate systems of governance and control.

Effectiveness refers to the general appropriateness for the organization of the areas chosen or peaks scaled the competitive differentiators which are part of the generic strategy, the vehicles for strategy achievement and the staging and pacing of any strategy.

Effectiveness concentrates on the big issues of choice of product or market, and therefore on the appropriate positioning of the enterprise.

According to White, (2004), monitoring involves selection of Key performance indicators because Control systems must be put in place to promote the achievement of targets. Performance must be continuously appraised, in the context of the strategy as a whole, not just from a narrow perspective. The strategy must be adjusted where necessary. A key aspect of success is the degree to which new ways of meeting the broader aims are thrown up by the strategy process itself.

Measuring what is being monitored because For complex issues to be monitored ,what is being monitored must be reduced to quantifiable quantitative indicators since it is much easier to compare what is measurable, whether the comparison is with past performance or the performance of competitors.

## **2.5 Strategy Control Tools**

Parastatals, as other organizations are trying to improve their performance in the face of diminishing resources and increased public demands, the rate of change affecting organizations through technological and economic influences is likely to increase rather than slow down .Strategy control will provide a mechanism to help efficient utilization of resources and provide key to better planning and design for the future. Strategy control will advocate that Parastatals take a more progressive commercial approach to resource allocation more than ever before.

It is therefore suggested that strategy control which will help in enhancing performance in parastatals will not only help to inform resource allocation but it can also lead to development of new resource based approaches for commercial competitive advantage.

Embracing strategy control enables the Organization to establish position, through carefully and consistently measuring performance, communicating direction, through targeting what is to be achieved by when, stimulate action through identifying who should act and what should be done.



Although, many studies have found that different companies in different countries tend to emphasize on different performance measurement, the literature suggests financial profitability and growth to be the most common measures of organizational performance. Nash (1993) claimed that profitability is the best indicator to identify whether an organization is doing things right and hence profitability can be used as the primary measure of organization success. Furthermore, Doyle (1994) pointed profitability as the most common measure of performance in western companies. Profit margin, return on assets, return on equity, return on sales are considered to be the common measures of financial profitability (Robinson, 1982; Galbraith and Schendel, 1983). (Abu Kassim ET. al., 1989) found sales growth; net profit and gross profit were among the financial measures preferred by the manufacturing firms.

However, as can be seen below success of strategy implementation can't be limited to financial control tools alone and other models like the balance score card which embraces both financial and non financial measures have been developed and are widely being used by many organizations in addition to other tools .

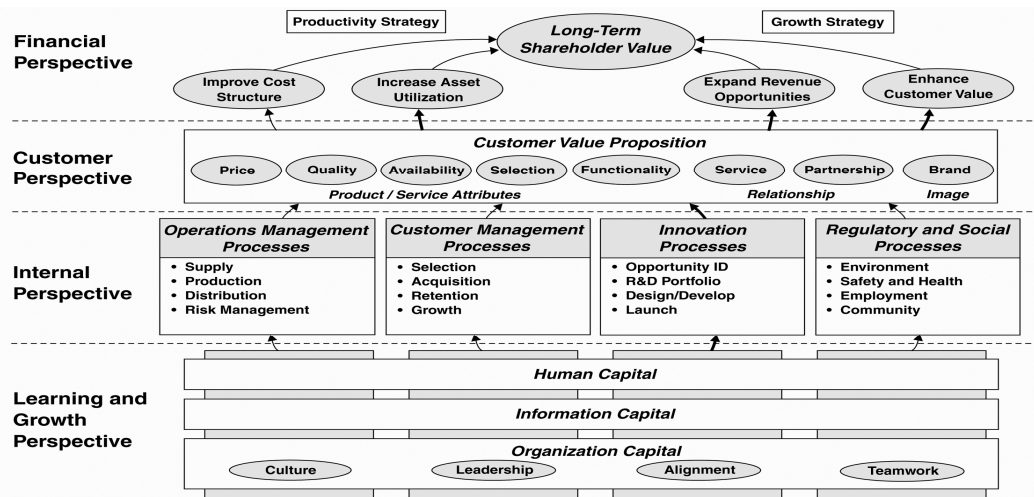
### **2.5.1 The Balance Scored Card**

The balance score card which is a popular and prevalent management system that considers financial as well as non-financial measures is a new approach to strategy control which provides a functionality to translate a company's strategic objectives into a coherent set of performance measures Kaplan and Norton, (1993). When it comes to meeting the criteria of a strategy implementation instrument, there is an excellent fit. The individual character of each balanced scorecard assures that the

company's strategic objectives are linked to adequate operative measures. As a consequence, it provides even more than a controlling instrument for the implementation process. It is a comprehensive management system, which can support the steering of the implementation process.

The balance score card aims to extend the scope of management information from financial measures to include other measures linked to the organization. The system measures the achievements of the various components of the strategic plan and act as a strategic management system (Kaplan and Norton 2001). The different perspectives such as financial, customer internal, innovation and learning help managers to focus more on long term objectives.

**Figure 2.2: Balance score Card model**



Source Kaplan R. S *The Strategy Focused Organization*

### 2.5.2 Economic Value Added (EVA) Tool

Economic value model was developed by a New York consulting firm, Stern steward company to promote value maximizing behavior in corporate managers. It is a single

value based measure that was intended to evaluate business strategies, capital projects and to maximize long term shareholders wealth. Value destroyed by the firm during the period can be measured by comparing profits with the cost of capital used to produce them .Therefore managers can decide to withdraw value destructive activities and invest in projects that are critical to shareholders wealth enhancement (Kurniwa, 2001).

Economic value added sets managerial performance target and links it to reward systems, rewards will be given to managers that are able to turn investor's money and capital into profits efficiently.

However, application of this tool is limited in the sense that it is a financial measure based on accounting data and hence historical in nature and managers can benefit in terms of rewards or be punished by the past history of the organization (Otley, 1987).

### **2.5.3 Activity Based Costing (ABC)**

This was developed by Kaplan and Johnston in the late 1980s as an attempt to resolve some of the fundamental inadequacies of traditional cost accounting (Kaplan, 1992) activity based costing is concerned with the cost of activities within a company and their relationship to the manufacture of specific products rather than to a functional base .The basic technique of this system is to analyze the indirect costs within a company and to discover the activities that caused these costs ,such activities are called cost drivers and can be used to apply overheads to specific products .Several practical cases indicate that ABC can be of practical value for product pricing, production decision making overhead cost reduction and continuous improvement.

## **2.6 Role of Evaluation in strategy control**

Strategy evaluation is vital to an organizations well being, timely evaluation can alert management to problems or potential problems before a situation becomes critical. Evaluation includes examining the underlying bases of a firms strategy, Comparing expected results with actual results and Taking corrective action to ensure that performance conforms to plans

According to David (1990) in his book strategic management concepts and cases Strategy evaluation is important because organizations face dynamic environments in which key external and internal factors often change quickly and dramatically .success today is no guarantee of success tomorrow!

## **2.7 Preparing Organizations for Strategic Control**

Careful preparation is needed to make strategic control work. Behavioral and organizational design aspects are of major importance here. With regard to behavioral aspects one has to recall that the logic of strategic control is to continuously question the validity of the established strategy. In other words, organizations must be prepared to systematically and chronically doubt the main strategic course of the company. This is, of course, a challenging demand for both the individual and the whole system.

To meet these requirements the individual must show exceptional independence and a high tolerance for frustration. While each strategy requires strong commitment for successful implementation, this commitment also must be rigorously questioned

(Kirsch, Esser, & Gabele, 1979) to question the prevailing strategy is a particular challenge because people are known to stick closely to their acquired cognitive structures and do not like to face their own errors (Hedberg, 1981; Nystrom & Starbuck, 1984). Moreover, to question the strategy as an organizational member implies a profound deviation from the commonly shared interpretation of the strategic situation. This requires one to be courageous enough to voice the doubts even in face of invisible pressures like groupthink and coalition loyalty (Janis, 1972). We have to consider the general systemic processes through which strategic orientation and commitment are generated and sustained within an organization (Pettigrew, 1979). From a systems-level point of view, strategic control implies questioning long standing operating procedures, traditional values, and norms, and even violating dogmas and taboos (Bate, 1984). In short. Organizations must be prepared to doubt their own culture. To put it in terms of organizational learning, organizations should be ready to unlearn” (Fiol & Lyles, 1985; Nystrom & Starbuck 1984). In essence, the proposals emphasize the importance of creating and maintaining an open climate which facilitates communication and experimentation, for instance, one which does not silence dissenters. These systemic processes do not work, of course unless the organizational members themselves learn to unlearn. What seems to be of utmost importance here is to unfreeze decision makers from their many blinders (Lyles, 1981) and to train them to perceive situations in different terms (Watzlawlk, Weakland & Fisch, 1974).

Organizing for strategic control, the said aspect must account for the different characteristics of the three proposed types of control and their information handling requirements. The discussion here is restricted to the two basic features of organizational design, formalization and (de-)centralization. Figure 3 contains the major lectures of the organizational aspect for the three types of control.

In general, strategic control is resistant to extensive formalization and centralization. This follows from the very nature of the tasks and its two basic processes of data acquisition and data handling. The information flow which is to be monitored is irregular and discontinuous. The data to be interpreted are often highly ambiguous.

**Table 2.1: Organization Design of Strategic Control**

		Implementation control	Premise control	Strategic surveillance
Data Acquisition	Formalization	High	Medium	low
	Centralization	medium	low	low
Data Handling	Formalization		Medium	
	Centralization		high	

**Source Ouichi (1979)**

### **2.7.1 Data Acquisition**

For implementation control, data acquisition can be formalized to a comparatively high degree. The milestones as control objects are predetermined and rather well-defined. Therefore, rules can be assigned to determine who should measure which results to those persons/departments performing the operational control procedures, both on projects and current strategies.

As a result a moderate degree of centralization seems useful here. Acquiring data by premise control and strategic surveillance is far less easily formalized. A small number of rules can be used for guiding premise control listing of crucial assumptions. Defining critical thresholds, etc,( Lorange, 1984) No such provisions, however, can be made for strategic surveillance. Centralization of information gathering is in both cases dysfunctionnal because it is unforeseeable from where and when useful information may come in. Different individuals have access to various data. Thus, a broad scattering of observational activities and a general attitude of strategic awareness is required. A special department for information gathering does not seem particularly useful here except perhaps for purposes of filing (Engledow & Lenz. 1985 Stubbart, 1982). Performing strategic premise control and strategic surveillance must not be viewed as passive receptive desk research. The point rather is to provide for an ongoing vigilance in all daily operations (Daft & Macintosh: 1978: Engledow & Lenz. 1985).

### **2.7.2 Data Handling**

Data handling is, roughly speaking, the process of bringing together and validating the information coming in from the monitoring units (Dalt & Weick, 1984). The aim is to reach a conclusion for the whole system by questioning whether or not the registered information points to strategic threats. The process is the same for all three control types as shown in Figure3. Diagnosing strategic threats in organizations is normally done through group processes and not by one person (Dutton, Fahey & Narayanan 1963). Consequently, the problem arises as to how individual interpretations should be validated and how to arrive at a commonly agreed upon

reading. To facilitate coordination, a number of assembly rules” (Weick 1979 and Arisaff 1980). To arrive at a final decision whether or not data are signaling strategic threats is a top level management activity. Once again, selection is needed in order to create a workable scheme for further action.

### **2.7.3 Filtering Effects**

It is likely that data acquisition and handling will be troubled by salient empirical phenomena filtering processes which must not be neglected when organizing for these activities. In the social sciences filters in organizations have been found to operate in many areas individual preferences, habits, dynamics of social perception, group norms, power structures, corporate cultures and so on (e.g. Anaoff 1984, Lyles, 1981). All filters potentially distort information and interfere with strategic control. Strategic control is likely to suffer from filtering because identifying strategic threats normally has serious consequences for organizational members (reallocation of resources, changes of power structures, changes of motion, etc). Strategic threats question the status quo of the organization and the balance of interests achieved in the past (Dulton, Fahey, & Narayanan, 1983; Lorange & Murphy, 1984). Consequently, provisions must be made to limit these filtering effects. Suggestions for improvement mainly emphasize the need to increase awareness of filtering processes and to provide for more organizational flexibility (Ungson, Braunstein, & Hall, 1981). It is likely that social filtering will have a greater impact during the early stages of the monitoring process. Later, as a crisis makes itself increasingly felt, there is less and less scope left for filtering.



The practical implications drawn here highlight some issues which seem to be important. Implementing the proposed system of strategic control deserves of course, a far more detailed analysis than that presented in this paper which is mainly concerned with the conceptual foundations of strategic control.

## **2.8 Role of Leadership in Strategy Control**

Providing strategic leadership is key to the success of strategic management process in any Organization.

A review of the literature reveals that strategy implementation is an important component of the strategic management process (Fourie, 2009). Research indicates that the ability to implement a strategy is viewed as considerably more important than strategy formulation, and that strategy implementation, rather than strategy formulation, is the key to superior organizational performance. However, the high failure rate of strategy implementation efforts is well documented, and many barriers to effective strategy implementation exist. A lack of leadership, and specifically strategic leadership, at the top of the organization has been identified as one of the major barriers to effective strategy implementation. In turn, strategic leadership is also viewed as a key driver to effective strategy implementation.

Strategic management is viewed as the set of decisions and actions that result in the formulation, implementation and control of plans designed to achieve an organization's vision, mission, strategy and strategic objectives within the business environment in which it operates (Pearce & Robinson 2007). Strategy implementation is an integral component of the strategic management process and is viewed as the

process that turns the formulated strategy into a series of actions and then results to ensure that the vision, mission, strategy and strategic objectives of the organization are successfully achieved as planned (Thompson & Strickland 2003).

For the past two decades, strategy formulation has been widely regarded as the most important component of the strategic management process – more important than strategy implementation or strategic control. However, recent research indicates that strategy implementation, rather than strategy formulation alone, is a key requirement for superior business performance (Holman 1999; Flood, Dromgoole, Carroll & Gordon 2000; Kaplan & Norton 2000: 1). In addition, there is growing recognition that the most important problems in the field of strategic management are not related to strategy formulation, but rather to strategy implementation (Flood et al. 2000), and that the high failure rate of organisational initiatives in a dynamic business environment is primarily due to poor implementation of new strategies.

Leadership, and specifically strategic leadership, is widely described as one of the key drivers of effective strategy implementation (Lynch 1997; Noble 1999; Ulrich, Zenger & Smallwood 1999; Collins 2001; Bossidy & Charan 2002; Thompson & Strickland 2003; Freedman & Tregoe 2003; Kaplan & Norton 2004; Pearce & Robinson 2007; Hrebiniak 2005) However, a lack of leadership, and specifically strategic leadership by the top management of the organisation, has been identified as one of the major barriers to effective strategy implementation (Alexander 1985; *Business Day* 1999; Beer & Eisenstat 2000; Kaplan & Norton 2004; Hrebiniak 2005:).

Strategic leadership is defined as “the leader’s ability to anticipate, envision, and maintain flexibility and to empower others to create strategic change as necessary” (Hitt, Ireland, & Hockessin 2007: ). Strategic leadership is multifunctional, involves managing through others, and helps organizations cope with change that seems to be increasing exponentially in today’s globalize business environment (Huey,1994). Strategic leadership requires the ability to accommodate and integrate both the internal and external business environment of the organization, and to manage and engage in complex information processing.

Several identifiable actions characterize strategic leadership that positively contributes to effective strategy implementation, namely, determining strategic direction, establishing balanced organizational controls, effectively managing the organization’s resource portfolio, sustaining an effective organizational culture and Emphasizing ethical practices.

Strategic leaders have a role to play in each of the above-mentioned strategic leadership actions. In turn, each of these strategic leadership actions positively contributes to effective strategy implementation (Hitt et al. 2007: 384). In the light of the importance of strategy implementation as a component of the strategic management process, the high failure rate of change initiatives due to poor implementation of new strategies and the fact that a lack of strategic leadership has been identified as one of the major barriers to effective strategy implementation.

Researchers have attempted to explain the effectiveness of management control systems by examining designs that best suit the nature of the environment,

technology, structure, strategy and national culture. In recent years, contingency-based research has maintained its popularity with studies including these variables but refining them in contemporary terms. The identification of contextual variables potentially implicated in the design of effective management control systems can be traced to the original structural contingency frameworks developed within organizational theory”. (Chenhall 2003).

The fit between different organizational constructs is assumed to be associated with organizational performance. The matching of these constructs leads to better organizational performance. The appropriateness of different control systems depends on the business setting. Earlier studies have linked management control systems to environment, technology, structure and size (Chenhall 2003). Environment has received attention since 1970s. The most widely studied element of environment is uncertainty. There are studies linking environmental uncertainty for example to the type of information, strategic planning or type of performance evaluation (e.g. Brownell 1985, 1987, Chenhall & Morris 1986, Govindarajan 1986). It is proposed, for example, that the more uncertain the external environment, the more open and externally focused the management control system is (e.g. Govindarajan 1984, Mia 1993, Gul & Chia 1994, Chong & Chong 1997, Baines & Langfield-Smith 2003), or that the more hostile and turbulent the external environment, the greater the reliance on formal control and an emphasis on traditional budgets (e.g. Khandwalla 1972, Otley 1978, Imoisili 1989). Given the continuing changes in the environment, the research in this area will be an important area of study also in the future (Tymon *et al.* 1998).

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This Chapter outlined the methodology that was used in carrying out the study. It gives details of research design, study population, sampling techniques, data collection and analysis.

### **3.2 Research Design**

A survey approach with reference to the Parastatals was adopted. The study used a descriptive survey which was aimed at determining strategy control practices and factors that influence strategy control among Parastatals in Kenya

A descriptive study is concerned with description of the phenomena discovery of association among different variables and characteristics associated with subject population (Cooper and schidler,2003)Descriptive studies are undertaken inorder to ascertain and be able to describe characteristics of the variables of interest in a situation and also to understand the characteristic of organizations that follow certain common practices(Sekaran 2006)

### **3.3 Study Population**

This consisted of one hundred and sixty six Parastatals which operate under the State Corporations Act and operationally administered by the office of the Prime Minister (Department of personnel management) as contained in the latest Information Booklet On guidelines terms and conditions of service for state corporations staff (GOK,2004).

### **3.4 Sampling**

Simple random sampling was used to pick a study sample from the population. A desired sample size of sixty Parastatals was picked. The Organizations to study was picked at random from a list of numbers that was assigned to the population; ensured that all the Organizations in the population had an equal probability of being chosen.

### **3.5 Data Collection**

A structured questionnaire was used to collect the primary data .The questionnaire consisted of two sections A and B .Section A collected Biodata of the respondents and information on the background of the Organization, while section B collected strategy control practices, factors that influence strategy control in Parastatals and the tools used to control strategy.

The questionnaire was administered through “drop and pick latter” method and consisted of both close-ended and open-ended questions. Closed-ended questions ensured that the respondents gave straight answers which were easily coded. Open-ended questions were also important because there were no limitation and respondents who wished to explain themselves further freely did so. The respondents came from different departments in the different Parastatals.

### **3.6 Data Analysis**

The data collected was edited for accuracy, uniformity, consistency, completeness and arranged to enable coding and tabulation before final analysis (Cooper and Emory, 1998).The descriptive statistics such as percentages, arithmetic Mean scores , standard deviations were used to summarize the data.

## **CHAPTER 4: DATA ANALYSIS, AND ANALYSIS OF RESULTS**

### **4.1 Introduction**

The objectives of the research were to establish strategy control practices and determine factors that influence the same in Parastatals.

This chapter presents the analysis findings and the discussion of the same. The data was collected from a sample of forty four Parastatals and the respondents were top managers and supervisors. The findings are presented in percentages, frequency distributions, mean and standard deviation.

### **4.2 Characteristics of the Parastatals**

A total of sixty six questionnaires were issued out, the completed questionnaires were edited for completeness and consistency .of the sixty six questionnaires forty four were returned and this represented a response rate of 66.6% which the study considered adequate for analysis.

#### **4.2.1 Profiles of the Parastatals**

To be able to understand the type of Parastatals which are covered by the study it was found necessary to classify them using the purpose for which they exist or the business they are involved in

As shown in table 4.2.1 below: 38.63% of the Parastatals from which responses were received were involved in regulatory work and this shows that the Government has realizes the need to give autonomy to some of its activities for efficient delivery of services. The frequency of one for the majority of others is expected because the

Parastatals are created by the Government to perform a specific task hence the need for the Government to avoid duplication and wastage of resources.

**Table 4.2.1: Types of Parastatals**

<b>Purpose for existence</b>	<b>Frequency</b>	<b>Percentage</b>
Regulatory	17	38.63
Training	7	27.2
Banking	2	4.5
Telecommunication	1	2.2
Manufacturing and marketing	2	4.5
Research	2	6.81
Energy Generation	1	2.2
Venue hiring	1	2.2
Pension fund management	1	2.2
Insurance	1	2.2
Distribution and retail selling	1	2.2
Tourism	1	2.2
Publishing	1	2.2
Promotion of Local Products	1	2.2
<b>Total</b>	<b>44</b>	<b>99.56%</b>

**source: Interviews**

#### **4.2.2: Age of Parastatals**

Strategic planning looks into the future of the Organization and in most cases the shortest strategic plans are normally three years, it was therefore necessary to establish the age of Parastatals in the sample because for the very young ones strategic plans may not have been available.

The respondents were asked to state the period of existence of the Parastatals in which they worked

Table two below is a frequency table showing the number of parastatals in the different age segments



**Table 4.2.2: Age of Parastatals**

Number of years in existence	Frequency	Percentage
Below 5 years	0	Nil
5_10 years	7	16
Over 10 years	37	84

Of the 44 respondents which were 84% of the respondents they stated that their Parastatals are over ten years old and sixteen Percent are between five to ten years none of the Organizations that we received a response from was below five years old. This is good considering that strategic planning is suitable for old Organizations.

#### **4.2.3 Organization size in terms of staff**

The purpose of strategy control is to ensure that the success of well thought strategies is not compromised by adverse factors in both the external and internal environment of the Organization.

The aim of establishing the size of staff was necessary in-order to know the nature of strategies and the degree of complexity of those strategies, the bigger the Organization the more complex the strategies and hence the need to control them

As can be seen in table3 below 48% of parastatals that were involved in the study had a big population of between 500-1000 hence the demand for strategic control in the institutions for proper management. Most organizations with the population of below 500 were mainly those involved in regulatory work.

In addition to the above questions the respondents were asked to indicate whether their Organizations have offices outside Nairobi

**Table 4.2.3: organization size in terms of staff**

Size of Organization	Frequency	Percentage Response (%)
Below 500	7	16
Between 500-1000	21	48
Above 1000	16	36
Totals	44	100

Source: Interviews

#### **4.2.4: Organization Spread of Parastatals in the Country**

Parastatals which have offices in one location will face different challenges from those that are spread through out the country. Strategy control measures put in place will therefore be different especially in dealing with the physical environment issues and the social issues.

**Table 4.2.4: Organization Spread of Parastatals in the Country**

Organization Spread	Frequency	Percentage
Offices within Nairobi	10	21%
Offices within and outside Nairobi	34	79%

Source: Interviews

From table 6 above, 69% of the results show that their Organizations have offices both in Nairobi and out of Nairobi while 21% of the respondents (10) have offices within Nairobi. Regulatory authorities are mostly found in Nairobi.

#### **4.2.5: Rating of Government Involvement in Parastatals**

The Government creates Parastatals with the hope that enterprise decisions can be made outside politics and ministerial bureaucracy in-order to promote efficiency for

the benefit of its citizens. Government direction and control, on the other hand is inevitable, for government is ultimately responsible for Parastatals performance. It is not at all certain that the many public policy aims pursued by government through Parastatals can be secured by enterprise management alone without some direction and control from the state and its organs

According to table 8 below the overall mean score of 2.35 means that respondents rate government involvement in parastatals area of operation as significant. Government involvement in shareholding was rated as very significant with a mean score of 1.48 meaning that most parastatals are government owned and where they are not owned by the government fully it is the major shareholder. The standard deviation of 0.567 shows that the responses were not far from each other and they concentrated around the mean response. The respondents were moderate in the appointment of chief executives and the appointment of heads of departments with a mean score of 3.23 and 2.65 respectively; both responses had high standard deviations of 1.002 and 1.321 meaning that some of the responses were far away from the mean response. The appointment of board members was rated as significant with a mean score of 2.05 and a Std. deviation of 0.576 meaning that most respondents agreed that the appointments of board of governors is handled by the government; the Std. deviation of 0.576 shows that there was slight difference in responses given. Strategic plan achieved through positive government involvement can be very helpful when it comes to achieving good management in any organization as explained by Karemu (1993) in its findings of managerial skills and implementation of strategic control in government institutions

**Table 4.2.5: Rating of Government Involvement in Parastatals Area of Operation**

Rating of Government involvement in Parastatals	N	Mean	Std. deviation
Shareholding	44	1.48	0.567
Appointment of chief executive	44	3.23	1.002
Appointment of heads of department	44	2.65	1.321
Appointment of board members	44	2.05	.576
Overall mean		2.35	

Source: Interviews

NB: (1-Very significant, 2-Significant, 3-Moderate, 4-Insignificant and 5-Very insignificant)

#### **4.2.6 Objectives in the current Strategic Plan**

Some of the objectives that were widely mentioned in the current strategic plans of include improving performance at public institutions through training; Accountability and delivery of quality products to citizens, reducing corruption and meeting set revenue targets.

#### **4.2.7 Strategy Implementation Committee**

The best practice in the strategy management process is to have a strategy implementation committee which will be responsible for the coordination of strategy formulation, implementation, monitoring evaluation and control. According to table 4.2.7: below 87% of the Parastatals studied had implementation committees.

**Table 4.2.7: Strategy Implementation Committee**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	39	87%
No	5	13%
Totals	44	100

Source: Interviewer

#### **4.2.8 Achievement of the Strategic Implementation Committee**

The strategy implementation committee is expected to put in place a strategy control system in place so that the internal and external environment changes do not affect the strategy, Table 10 below shows control measures put in the external environment factors which are outside the management control and hence can be very destructive to the Organization in case they are not well managed.

**Table 4.2.8: Control measures put by monitoring committee**

	<b>N</b>	<b>Mean</b>	<b>Std. deviation</b>
Economic trends	44	1.87	.679
Technology changes	44	2.31	.854
Legal issues	44	3.41	1.786
Organization culture	44	2.15	.954
Implementation capacity	44	1.12	.342
Political issues	44	1.28	.120
Overall mean		2.02	

Source: Interviews

The overall mean of 2.02 shows that strategy implementation committee has helped put enough control measures in the organization since most of the respondents agreed with the strategy implementation committee. The standard deviations of less than one show that the responses were around the mean values meaning that there is a positive impact of strategy implementation committee. Economic trends and technology

changes had a mean score of 1.87 and 2.31 each meaning that strategy implementation monitoring committee has put adequate measures since most of the people agreed with it according to the response. Implementation capacity and political issues recorded a mean of 1.12 and 1.28 respectively meaning that the respondents were very much agreed with the control measures put by strategy implementation committee; however, this was an important consideration among the service –oriented parastatals that faced competition from the provide sector. Johnson and Scholes (2002) state that such control measures allow the various assumptions to be questioned and challenged, which is important if feasible strategies are to be selected.

#### **4.2.9 Action Plan**

An action plan assists the organization in achieving the strategic plan within a given period of time; some organizations had no action plan while others had action plans as established in the study. Table 11 shows the number of organizations with action plans as illustrated below:

**Table 4.2.9 : Action Plan**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	41	93%
No	3	7%
Totals	44	100

Source: Interviewer

From table 4.2.9 above, 93% of the respondents had action plan in their institutions while 3% of the respondents had no action pan in their institutions. This is in line to the findings of McMillan (1992) that setting up an action plan is the best way to

implement strategic control measures in the organization since it sets guidelines for the control and ensures that strategic objectives are met by the institution.

#### 4.2.10 The Results of Strategy Control

The purpose of strategy control is optimize organization performance which is directly related to staff performance. Effective strategy control should lead to improve staff performance.

**Table 4.2.10: The extent to which staff performance have improved due to strategy control.**

	N	mean	Std. deviation
Dedicated staff who offer services efficiently	44	1.02	.764
Dedicated staff who utilize resources appropriately	44	1.62	.543
Reduction of corruption	44	1.85	.568
Embraced modernized technology	44	2.98	1.001
Overall mean		1.87	

Source: Interviews

NB: (Rate using the scale 1=very great extent, 2=great extent, 3=moderate extent, 4=little extent, 5=very little extent, 6=not at all)

The overall mean of 1.87 shows that strategic control gives a good result to a great extent in the management of organization resources from formulation, implementation and the evaluation stages of the strategic planning process.. Strategic control helps promote dedicated staff offer services efficiently to a very great extent as indicated by a mean of 1.02 as shown in table 12 above. Strategic control helps promote dedicated staffs who utilize resources appropriately and it also reduces corruption as shown by the mean of 1.85 respectively; this shows ‘great extent’ level of satisfaction with the given factors. The study gave very good response meaning that there is great impact after implementation of strategic control measures due to

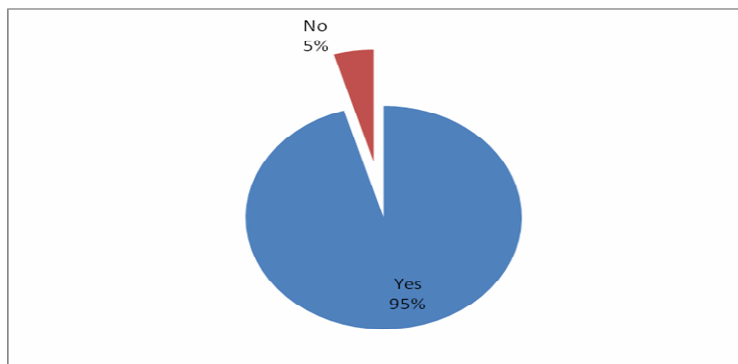
proper experience and good managerial skills. These findings are supported by Thompson and Strickland (2001), who stated that there is a great impact that is achieved by a well implemented strategic control in any organization.

#### **4.2.11: Creation of Clarity of Direction by Strategy Control**

Clarity of direction is important in any Organization and it is critical when it comes to strategy control because strategic plans are long term and people should not loose focus.

Out of 43 responses on the creation of clarity of control by strategic control, there were 41 responses supporting strategic implementation as a tool for creation of strategic control while only 2 respondents objected the creation of clarity of control by strategic management practices in the organization. The results are as shown in pie chart below.

**Figure 4.2.1: Creation of Clarity of Direction by Strategy Control**



Source: Researcher

The results in figure 2 above shows that 95% of the respondents agree that strategic control creates clarity of direction while 5% of the respondents do not agree with strategic control measures as a tool for creation of clarity of direction.

#### **4.2.12: Factors Influencing Strategic Control in the Organization**

When it came to recognizing the shortcomings of the particular strategic planning framework used, most organizations (19%) were concerned about environmental



variations (turbulence), which could render the strategies developed redundant in future as shown in table 10 below.

**Table 4.2.11: Factors Influencing Strategic Control**

<b>Key Factors</b>	<b>Number of Parastatals</b>	<b>Percentage</b>
Data/model weaknesses	5	11%
Environmental variations	8	19%
Financial constraints	4	9%
Lack of Training	9	20%
Organization weaknesses	6	14%
Time constraints	5	11%
Unsure / no of weaknesses identified	7	16%
Totals	44	100%

Source: Interviews

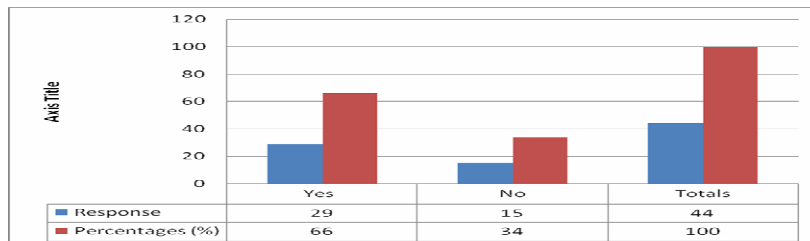
Despite environmental variations being recognized as a serious shortcoming that would affect the strategic planning framework, most of the organizations (16%) were not aware or sure of the weaknesses concerned with the same. This meant that a majority of the organizations were exposed to the risks inherent in the strategic planning framework used. However, lack of proper training in the government parastatals were mentioned as one of the major factors influencing strategic control and planning in the government institutions as indicated by 20% of the respondents. Time constraints were among the factors that were mentioned as factors influencing strategic control among other factors such as organizations weakness, financial constraint and the model weakness that is used in the strategic control in various institutions. According to Johnson and Scholars (2002), lack of enough training and

environmental variations are major factors influencing strategic control implementation in the organization

#### 4.2.13: Competition and Customer Choice on Service Quality

According to Porter (1985), competitors are viewed by most firms as a threat. Attention is centered on how a firm can gain share against them and how their entry can be prevented in the first place. While competitors can surely be threats, the right competitors can strengthen rather than weaken a firm’s competitive position in many industries. Competitors can serve a variety of strategic purposes that increase a firm’s sustainable competitive advantage and improve the structure of the industry. Accordingly, it is often desirable for a firm to have one or more good competitors, and even to deliberately forgo market share rather than to attempt to increase it. More market share can frequently be worse than less. At the same time, a firm should concentrate its effort on attacking “bad” competitors while maintaining relative position vis-à-vis good ones. These principles apply to market leaders and followers to induce competition and offer customer choice while emphasizing service quality in the organization as given by the responses in figure 3 below:

**Figure 4.2.2: Response on Induction of Competition and offer of Customer Choice**



Source: interviews

From figure 4.13.1 above, there was high positive response on induction of competition and offer of customer choice as shown by 66% of ‘Yes’ response while ‘No’ was 34% meaning that completion is very vital when it comes to emphasis on service quality; the other vital instrument is attention given to customers choice.

#### 4.2.14: Strategy Control Tools Used

Some of the strategy control tools that are used by various parastals are Activity Based Costing, Balance Score Card, and Economic Value Added. Some institutions use two strategy control tools while others only use one of them as shown in the table 14 below:

**Table 4.2.12: Strategy Control Tools Used**

<b>Strategy Control Tools</b>	<b>Frequency</b>	<b>percentage Response</b>
Balance Score Card	29	66%
Economic Value Added	7	15%
Activity Based Costing	6	14%
Other tools	2	5%
<b>Totals</b>	<b>44</b>	<b>100</b>

Source: Interviews

Of forty-four respondents, sixty six (66%) used Balance Score Card methods in controlling strategy , while fifteen percent (15%) used Economic Value Added tool for strategic control, fourteen percent (14) used Activity Based Costing methods and two percent used other tools for strategic control. Balance Score Card is the method that is widely used as a tool for strategic control since it combines both Economic Value Added and Activity Based Costing method. However, a large number of parastatals did not know how to identify all the possible eventualities, indicating that

strategic choices were not adequately analyzed for possible consequences, contrary to the prescription for rational decision making as argued by Geisler (1962) and McMillan (1992).

#### **4.2.15: Challenges Encountered During Strategy Implementation**

The study identified some of the challenges encountered by the strategy implementation during strategic implementation periods as major factors limiting development of strategic department in the region. The identified challenges covered four main areas in Market penetration, Product development, Diversification and Downsizing as shown in the table 15 below:

**Table 4.2.13: Challenges Encountered During Strategy Implementation**

	Challenges Identified	Number of Parastatals	Percentage
Market Penetration	Structural rigidity	3	15%
	Market resistance	4	21%
	Competition	6	32%
	High costs	4	21%
	Adverse external threats	2	11%
Total		19	100%
Product Development	Data Weaknesses	3	13%
	Product failure	2	8%
	Environmental changes	7	29%
	Social resistance	2	8%
	High costs	1	4%
	Time constraints	4	17%
	Market resistance	2	8%
	Inadequate resources	3	13%
Total		24	100%
Diversification	Market Resistance	4	9%
	Restrictive Government influence	7	16%
	Unknown market challenges	9	21%
	High costs	2	5%
	Political resistance	21	49%
Total		43	100%
Downsizing	Short-term effect	2	5%
	De-motivation of staff	5	12%
	Business losses	9	22%
	Weakened organization capacity	10	24%
	Staff resistance	8	20%
	Political resistance	7	17%
	Total		41

Source: Interviews

From the findings in table 12 on challenges encountered during strategy implementation as shown above, they support the argument by Thompson and Strickland (2001) that different kinds of strategies encounter different challenges. Of importance is the fact that planners were aware of the high costs associated with the challenge from various strategies, especially diversification, and also the inherent weaknesses within their organizations that impacted on implementation capacity. Also, it is evident that most challenges emanate from external sources and the environment, which is unknown or unpredictable. Competition and environmental changes are among the factors that are top at imposing challenges on strategic planning as shown by their high frequency of 29% and 32% as the top in their category. Other factors like unknown market challenges and weakened organization ranked top on their category of challenges affecting strategic control in various institutions as shown by their high frequency of 21% and 24% respectively.

#### **4.16: Progress of Implementation Plan**

Many Organizations use strategy implementation committees in order to successfully go through the strategic management process

**Table 4.2.14: Strategy Implementation progress achieved due to strategy control**

Progress	Response	Frequency
Poorly not meeting target at all	1	2%
Has partially met target	41	93%
Met all targets set	2	5%
Totals	44	100%

**Source: Interviews**

According to table 13 above there is an indication that implementation plan achieves partially its targets as shown by 93% of the responses; most of the targets are not met due to challenges such as financial constraint, political interference and time constraints. There are various challenges that must be met and reduced through proper managerial skills for strategy planning to succeed

### **4.3 Discussion of Findings**

Control systems for strategies are very important because Strategies are formulated and implemented in complex and uncertain circumstances. Ignored or misinterpreted information may invalidate the premises underlying strategic initiatives, and that future events may render even the best strategies obsolete. To deal with the inherent ambiguity of strategic decision making, executives rely upon formal and informal control processes to generate feedback about the interim consequences of strategy so that mid-course corrective actions can steer the firm toward long-term objectives (Lorange, 1980).

Various studies ranging from Bateman and Zeitham (1993) and Johnson and Scholes (1993) have also reinforced the importance of a firm having a strategy in cognizance of the importance it plays in the current competitive business environment. This is because a firm's strategy will give it the direction over the long term and attempts to match the organization resources to its changing environment and in particular its markets, customers or clients so as to meet stakeholder expectations. With Parastatals, the need of having a strategy is of great importance considering the huge number of stakeholders and the demands from the citizens to deliver..

The findings of this research reinforce the importance of strategy control in an organization. In the research, it was found out that Parastatals recognize the value of an all inclusive strategy control system where all employees are involved in order to

reduce on the incidences of resistance to the strategies control measures put in place . This finding is similar to the one made by Kemei (2009) where he observed that the success of an organizational strategy will depend on the level of inclusiveness that was put in place during its development stage. In addition, the need of a strategic plan to have a short feedback analysis period was further reinforced by Mwanzia (2009) when he observed that for proper control of the activities based on the strategic plan, there is need for more frequent analysis.

The research found out that senior managers of the Parastatals researched on are in most cases involved in the preparation of strategic plans and control of the same.. Kitangita (2009) noted that most of the lower and middle level staff in the labour intensive firms is not well educated to participate competently in preparation of these strategic plans. As a result, the exercise is left mostly with senior managers. The findings therefore in this research will be in line with the observation made by the researcher.

## **CHAPTER 5: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter represents the summary, conclusions, recommendations, limitations and suggestions for further areas of future research. The chapter summarizes the findings of the study in relation to the objectives of the study. The objective were to establish the strategy control practices and to determine factors that influence strategy control in the Government Parastatals in Kenya.

### **5.2 Summary**

The summary follows from the data analysis and conclusions are based on the research objectives. The study revealed that strategy control has to some extent influence on strategy implementation and performance among Parastatals. Strategies are forward looking designed to be accomplished several years into the future, and based on management assumptions about numerous events that have not occurred Pearce and Robinson (2008).They have continued to say that strategy control is concerned with tracking a strategy as it is being implemented and hence they should be comprehensive and cover the strategy management process entirely.

This study confirms the above observation that strategy control should be comprehensive and cover all stages of the strategic management process.

This study also found out that strategy control can only succeed if all staff are involved since they are the source of the data needed to control strategy.

The respondents observed that both internal and external control environmental factors are controlled. By the organizations where responses were received from.



### **5.3 Conclusion**

This chapter provides the summary, discussions and draws conclusions of the study. The limitations of the study are also identified and recommendations for further research are made. The findings of the study are summarized discussed and conclusions presented in-order of the objectives of the study.

The first objective of the study sought to establish the strategy control practices in Parastatals while the second objective was supposed to determine the tools used in controlling strategy by Parastatals.

#### **5.3.4 Limitations of the Study**

As with other empirical studies, this study is subject to some limitations. First, we acknowledge the difficulties involved in operationalizing strategy control systems and effectiveness. The tools organizations are using to control strategy like the balance score card are foreign based and they were actually developed for a business organization in the developed world and not for the public sector and least of all in a third world economy, hence applying it in the public sector poses serious challenges and the measures used may be relatively crude and may not achieve the depth and intensity of control and effectiveness. Second, the data was obtained at a single point in time, and so it is difficult to infer causality. Third, our study suffers from the usual limitations associated with the questionnaire survey method ([Oppenheim, 1966](#)). However, these limitations indicate significant challenges for future research. Future research can add to our understanding of the research problem by exploring the role of additional relevant, and perhaps conflicting, contingency characteristics.

Scarcity of previous similar studies on which this study was based. The state of strategic management in Kenyan public sector organizations has not been extensively researched on. Therefore information was limited and some strategic planning practices may not have been adequately covered.

Respondent apprehension was quite high, and it was difficult to get adequate representation of all Parastatals as initially intended by the researcher.

In using survey, data collected could be having some weaknesses like some information may not have been got from the right person in the organization, Some respondents misunderstood the questions, thereby giving irrelevant or insufficient data, Self reporting is not always accurate and true and resource constraints, which affected the number of organizations visited. In some instances, follow up took longer than expected.

#### **5.4 Implication of Strategy control on Policy and Practice**

In summary the results show that all the respondents appreciate strategic planning and its benefits to their Organizations, the results indicate a significant use of the strategic plan in the organizations studied. Specifically, the results indicate that Parastatals have embraced the practice of strategic planning and resources have been dedicated to the same. Majority of the respondents indicated that strategy control has helped their organizations to, remain focused, utilized resources efficiently and are able to achieve their set objectives.

This study also has important implications for management practices. It shows the need for managers to be aware of the drivers of the effectiveness of the strategy control practices and the relationships essential to drive effectiveness, especially when operating in public sector context.

Overall, the study contributes to the understanding of the strategy control structures and its effectiveness in a public sector organizational context. The study combined with earlier similar works suggests the need for both researchers and practitioners to examine the interactions within strategy control systems and how they impact on the effectiveness of the Organization as a whole.

Strategy control practices were also highlighted in the findings of the study under environmental, organizational and planning aspects. Also highlighted were the various factors that influenced strategy control.

#### **5.4.1 Strategy control tools being used by Parastatals**

In summary it was established that sixty six percent of the organizations respondents used the balance score card as the strategy control tool. Some few were found to use the economic value added and a few were using the activity based costing.

Many Organizations appreciate the benefits of the balance score card which looks at both quantitative and qualitative issues.

However, there were reservations from majority of them on the implementation of the balance score card majority indicated that they were not sure if they were doing the right thing.

Strategic planning is inherently a process of making informed assumptions about the organization and its operating environment; hence strategy control is necessary and should be considered, measured and managed. Parastatals operate under varied Government policy guidelines that may render some strategies sub-optimal, as was the case with downsizing.

#### **5.4.2 Factors That Influence Strategy Control in Parastatals**

The second objective sought to determine the factors that influence strategy control in Parastatals.

Majority of the respondents stated that strategic leadership played a key role in determining the success of strategic control. Strategic leadership being the leader's ability to anticipate, envision, and maintain flexibility and to empower others to create strategic change as necessary. It is also multifunctional and involves managing through others, and helps organizations cope with change that seems to be increasing exponentially in today's globalize business environment. Strategic leadership requires the ability to accommodate and integrate both the internal and external business environment of the organization, and to manage and engage in complex information processing.

Several identifiable actions characterize strategic leadership that positively contributes to effective strategy control, namely, determining strategic direction, establishing balanced organizational controls, effectively managing the organization's resource portfolio, sustaining an effective organizational culture and Emphasizing ethical practices.

Organizational culture also played a key role where people were not willing to change and this has affected strategy control.

Most of the organizations did not recognize strategy control as an important aspect of the organization and hence was not linked to the appraisal system and most staff did not take seriously. Most Respondents also observed that there were always Inadequate resources for strategy management process and since in the Organization structure there was no department charged with strategy work, the committees depended on the goodwill of other departments for their operations

### **5.5 Recommendations**

It is recommended from this study that the strategy control system and practices in the Parastatals should be designed in consultation by both the employer (top management) and the employees. This will give both the employer and employees a sense of responsibility and accountability thus own the strategy control system.

The staff from all levels should be trained on the important aspects of strategy control. This will enable them provide more accurate information and take the whole strategy process seriously after understanding its importance. At times top management are given some training on strategy control but this is not cascaded down to all the employees. All employees should therefore be trained at their levels on all aspects of strategy control.

Strategy control reports should be submitted quarterly. This will be tied to quarterly work plans which will be at the same time when Public Service's Quarterly budgetary release and plans are done. This will enable measurement of work done, results achieved against time and finances spent.

Work plans, actual targets, performance standards, organizational and individual results should be set. This will enable measurement of both organizational and individual results against the strategy control set standards. This will be further used to determine and affect promotions; rewards and motivation of employees at all levels. The performance appraisal should be tied to strategy control and be used to advise and give instructions to employees especially low performers and reward high performers with various pre determined incentives thus motivate them.

There is also need for employer to provide coaching since strategy control is a technical area.

Technical committees to oversee all aspect of strategic planning should be established and this committee should be given a budget and preferably report directly to the chief executive of the Organization.

Parastatals should adopt best practices in strategy control and preferably use the balance score card as the key tool for the same. This is necessary because the balance score card looks at both quantitative and qualitative measures.

Staff should be provided with feedback on the performance of strategy control measures put in place and this should come with remedial measures to be adopted by them. This will encourage transparency of the system and make adoption of recommendations and results easier and possible at all employment levels.

The strategy control system should be computerized and tied to other staff performance attributes and staff appraisal reports .This will make the whole exercise less tedious, less bulky and enable saving of paper, time and finances while adding value and relevance to staff performance.

Evaluation of strategy control systems should be carried and staff given an opportunity to comment of weaknesses and ways of improving the system for the benefit of the Organization.

### **5.6 Recommendations for Future Research**

There is adequate opportunity for further research in the public sector and it is recommended that other aspects of strategic management be studied.

Strategic planning being a new concept in the public sector has not been tested and future studies should be done to establish the effectiveness of the same. Similar studies should also be done in other East African countries results are the same across the region and to determine whether the results found in this study still hold.

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## **APPENDICES**

### **APPENDIX I: Introduction Letter**

Dear Sir / Madam,

The purpose of this questionnaire is to establish strategy control practices in Parastatals and to assess the success of strategic plan implementation.

My sincere request is to urge you respond to the questions sincerely. The research is carried out purely for academic purposes and all the information obtained from you will be treated with the confidentiality it deserves. It is only the researcher and the project supervisor who will have access to the information given. Upon request, the summary of the results will be made to you after the information collected is duly analyzed.

Thank you very much for your valuable time and co-operation. .

Yours sincerely,

**Appendix II: Research Questionnaire**

The following questionnaire is meant to collect information on the factors affecting strategy control in Parastatals during the strategy implementation stage.

Kindly give as much unbiased information as you can.

**SECTION A: Biodata of Respondents and Background of Firm**

Please fill in the spaces provided with the information that is accurate as is practicable, please tick where appropriate

1) What is the name of your organization? .....

2) Which department do you work? .....

3) What is your position in the Organization?

Senior Manager [ ]

Middle level manger [ ]

Supervisor [ ]

Operational staff [ ]

4) How long has the organization been in existence?

1 - 5 years [ ]

5 - 10 years [ ]

Over 10 years [ ]

5) Does your organization have a strategic plan?

Yes [ ]

No [ ]

6) If yes, what period does it cover? .....

7) What is the size of your organization in terms of staff?

- Below 500
- Between 500-1000
- Above 1000

8) Does your organization have offices outside Nairobi?

Yes

No

9) What is your Organization core Business? Tick the appropriate box

- Training
- Revenue collection
- Energy
- Intelligence gathering
- Telecommunication
- Mail delivery
- Enforcement

▪ State here any other core business if not among the ones above  
 .....  
 .....  
 ...

10) How would you rate government involvement in the following areas, on a scale of 1 to 5

Very significant .....very insignificant

	1	2	3	4	5
shareholding					
Appointment of chief executive					
Appointment of heads of department					
Appointment of board members					



**Section B-Establish Strategy Control Practices, Factors That Influence Strategy Control in Parastatals and the Tools Used To Control Strategy.**

11) State the objectives in your current strategic plan.....  
 .....  
 .....  
 .....  
 .....

12) Does your organization have a strategy implementation committee?

Yes   
 No

13) Has the strategy implementation monitoring committee put control measures in the following areas?

	1	2	3	4	5
Economic trends					
Technology changes					
Legal issues					
Organization culture					
Implementation capacity					
Political issues					

14) Has the monitoring committee set up an action plan? YES-----NO-----

15) To what extent has each of the following been realized as a result of strategy control?

Rate using the scale 5=very great extent 4=great extent3=moderate extent2=little extent1=not at all

	1	2	3	4	5	6
Dedicated staff who offer services efficiently						
Dedicated staff who utilize resources appropriately						
Reduction of corruption						
Embraced modernized technology						

16)Has strategy control helped to create clarity of direction eliminating functions that no longer serve core purposes clarify roles separating policy making and regulatory roles from service delivery? YES--- NO----

17) Does your Organization Use oriented rewards as incentives...YES....NO....

18) Does your Organization Induce competition and offer customers choice while emphasizing service quality? YES.....NO.....

19) Which of the strategy control tools stated below does your organization use?

- Activity Based Costing
- Balance Score Card
- Economic Value Added (EVA)
- State other tools being used if none of the above  
 .....  
 .....

20) Has strategy implementation encountered any challenges? If yes state the challenges:

.....  
.....  
.....  
.....  
.....  
.....

21) How is your implementation plan progressing? Tick appropriate response

- Poorly not meeting target at all
- Has partially met target.
- Met all targets set

## Appendix III-List of Parastatals

### **LIST OF STATE CORPORATIONS**

Agricultural Development Corporation  
Agricultural Finance Corporation  
Agro-Chemical & Food Company Ltd  
Athi Water Services Board  
Bomas of Kenya Ltd  
Capital Markets Authority  
Catchments Area Advisory Committee  
Catering Tourism and Training Development Levy Trustees  
Central Water Services Board  
Chemilil Sugar Company Limited  
Coast Development Authority  
Coast Water Services Board  
Coffee Board Of Kenya  
Coffee Research Foundation  
Commission for Higher Education  
Communication Commission of Kenya  
Consolidated Bank of Kenya  
Cooperative College of Kenya  
Council for Legal Education  
Deposit Protection Fund Board  
East African Portland Cement Co.  
Egerton University  
Ewaso Ng'iro South Development Authority  
Export Processing Zone Authority  
Export Promotion Council  
Gilgil Telecommunications industries  
Higher Education Loans Board  
Horticultural Crops Development Authority  
Horticulture Crops Development Authority  
Industrial and Commercial Development Corporation  
Industrial Development Bank  
Investment Promotion Centre  
Jomo Kenyatta University of Agriculture and Technology  
KASNEB  
Kenya Agricultural Research Institute  
Kenya Airports Authority  
Kenya Anti-Corruption Commission

Kenya Broadcasting Corporation  
Kenya Bureau of Standards  
Kenya Bureau of Standards (KEBS)  
Kenya Civil Aviation Authority  
Kenya College of Communication & Technology  
Kenya College of Communications Technology  
Kenya Dairy Board  
Kenya Electricity Generating Company  
Kenya Ferry Services Limited  
Kenya Forestry Research Institute  
Kenya Industrial Estates  
Kenya Industrial Property Institute  
Kenya Industrial Research & Development Institute  
Kenya Institute Of Administration  
Kenya Institute of Public Policy Research and Analysis  
Kenya Literature Bureau  
Kenya Marine & Fisheries Research Institute  
Kenya Maritime Authority  
Kenya Meat Commission  
Kenya National Assurance Company  
Kenya National Examination Council  
Kenya National Library Service  
Kenya National Shipping Line  
Kenya National Trading Corporation Limited  
Kenya Ordinance Factories Corporation  
Kenya Pipeline Company Ltd  
Kenya Plant Health Inspectorate Services  
Kenya Ports Authority  
Kenya Post Office Savings Bank  
Kenya Railways Corporation  
Kenya Re-insurance Corporation  
Kenya Revenue Authority  
Kenya Roads Board  
Kenya Safari Lodges & Hotels  
Kenya Seed Company Ltd  
Kenya Sisal Board  
Kenya Sugar Board  
Kenya Sugar Research Foundation  
Kenya Tourist Board  
Kenya Tourist Development Corporation  
Kenya Utalii College  
Kenya Water Institute

Kenya Wildlife Service  
Kenya Wine Agencies Limited  
Kenyatta International Conference Centre  
Kenyatta University  
Kerio Valley Development Authority  
Lake Basin Development Authority  
Lake Victoria South Water Service Board  
Lake Victoria South Water Service Board  
Local Authority Provident Fund  
Maseno university  
Moi University  
National Aids Control Council  
National Bank of Kenya  
National Cereals and Produce Board  
National Council for Law Reporting  
National Environmental Management Authority  
National Hospital Insurance Fund  
National Housing Corporation  
National Irrigation Board  
National Museums of Kenya  
National Oil Corporation of Kenya Ltd  
National Social Security Fund(NSSF)  
National Water Conservation and Pipeline Corporation  
Natonal Co-ordinating Agency for Population and Development  
New K.C.C  
NGO's Co-ordination Bureau  
Numerical Machining Complex  
Numerical Machining Complex  
Nyayo Tea Zones Development Corporation  
Nzoia Sugar Company  
Pest Control Products Board  
Postal Corporation of Kenya  
Prethrum Board of Kenya  
Retirement Benefits Authority  
Rift Valley Water Services Board  
School Equipment Production Unit  
South Nyanza Sugar Company  
Sports Stadia Management Board  
Tana and Athi Rivers Development Authority  
Tea Board Of Kenya  
Tea Research Foundation Of Kenya  
Teachers Service Commission

Telkom (k) Ltd  
University of Nairobi  
University of Nairobi Enterprises & Services Ltd  
Water Resources Management Authority  
Water Services Regulatory Board  
Western University College of Science and Technology

Source: GOK (2004)