STRATEGY DEVELOPMENT IN THE SELECTED STATE CORPORATIONS THAT OFFER FINANCIAL SERVICES IN KENYA

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DECLARATION

This research project is my original work and has not been submitted for a degree course in this, or any other University.

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

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DEDICATION

To my family, your continuous support in the duration of this course has not been taken for granted. To Agnes, my dear wife, your contribution was immense. To my children Ruby and Crystal, your presence on earth has inspired me deeply. To all my family members, for your immense contribution in wealth and health.

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ABBREVIATIONS AND ACRONYMS

CEO   Chief Executive Officer

DFI   Development Finance Institution

ICDC   Industrial & Commercial Development Corporation

IDB   Industrial Development Bank

KTDC   Kenya Tourist Development Corporation

SACCO   Savings and Credit Cooperative Society

SWOT   Strengths, Weaknesses, Opportunities and Threats

WEF   Women Enterprise Fund

YEDF   Youth Enterprise Development Fund

ABSTRACT

This study focused on the strategy development process and the challenges faced in the process in selected state corporations that offer financial services in Kenya. Data was collected using questionnaires distributed to five selected state corporations. The respondents constituted senior managers drawn from five state corporations. The response rate was 80% and non response rate was 20%. The response rate was thus considered good and the data collected was considered reliable. Data was analyzed based on the interpretation of the responses from the questionnaires and implications as per the respondents' accounts from the interview process. Data was analyzed using descriptive statistics methodology which led to establishing the mean score for each question from all the respondents. Content analysis was used to identify and extract key themes and arguments particularly on how organizations develop their strategic objectives. The institutions provided an insight into the steps followed in strategy formulation process key among them were: enlisting of consultants to guide the process; developing the vision and mission and statement; environmental scanning; development of strategic objectives; stakeholder participation and communication of strategies selected. The study also brought to the fore the time and challenges frame work to be considered during strategy development process in addition to pointing out the most critical factors that may pose challenges in the strategy development process. The most critical factors are environmental turbulence/ uncertainty and availability of resources. The least critical factors are resistance to change and organizational culture. The other factors are government influence, politics, stakeholder expectations, organizational structure and leadership. It is recommended that in the interest of prudent management the strategy development process be hinged upon realistic budget for the resources of time, money and personnel.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Organizations operate in competitive business environments in which strategy development plays a critical role in enabling the organizations meet their goals and objectives. Kitangita (2009) observes that strategy development enables an organization to think about the big picture and future plans and thus aligns stakeholder needs with a plan that can be put into operation. Ngumo (2006) noted that strategy development minimizes chances of an organization missing out on opportunities, wasting resources and generally drifting away from its objectives. The statement alludes that in the absence of a strategy development process for a firm, the end result is confusion, misapplication of resources, lack of clear objectives, no timescales and no accountability.

Various views exist in explaining the concept of strategy. The resource based view of strategy advances the idea that strategy of a firm is a function of the complement of the resources held. Thus a firm that exclusively owns certain resources will create competitive advantage which will form the basis of developing its unique competencies. The other view is the dynamic capability theory of strategy. The key assumptions of this theory is that core competencies should be used to modify short term competitive positions that can be used to build longer term competitive advantage.

State Corporations are government entities formed by either an Act of Parliament or an executive order issued by the President. State corporations are formed to meet various governance issues of either economic or regulatory nature. Depending on its mandate, any given state corporation will either play a monopoly role or operate in an industry that has players from the private sector. In Kenya we have state corporations whose mandate falls within the financial services industry and as such they are in direct competition with a variety of financial institutions (commercial banks), which are widely believed to be strategically managed.

1.1.1 Concept of Strategy

Whereas strategy may have no single definition, it is a multi-faceted concept which touches on every key aspect of an organization. The various definitions of strategy advanced by various scholars appear to carry along certain themes. A central theme in defining strategy has been the matching of resources and activities to the environment in which an organization operates. Strategy may be defined along the theme of competitive moves and business approaches employed in the running of an organization. Strategy may also be defined along the theme of a plan for the organization on what it will do and how it will do it.

1.1.2 Strategy Development

Strategy development is a critical component of strategic management process. Malusi (2006) observes that without proper strategy development, there is no established course to follow, no road map to manage by and no comprehensive action plans to achieve the intended results.

Strategy formulation is described as the identification of the purpose of the organization and the plans and actions to achieve that purpose (Lynch, 2006). It then follows that in developing a corporate strategy, the purpose and scope of the organization needs to be established which are translated into the long term goals. Strategic objectives are then drawn from the long-term goals and measurable short term plans (work plans) are recast from the Strategic objectives. David (2002) described strategy formulation as including developing a vision and mission, identifying an organization's external opportunities and threats, determining internal strengths and weaknesses (SWOT Analysis), establishing long-term objectives, generating alternative strategies, and choosing particular strategies to pursue.

1.1.3 State Corporations of the Republic of Kenya

According to the Report of the Commission of Inquiry (Public Service Structure and Remuneration Commission), 1971, commonly referred to as the 'Ndegwa report', the establishment of public enterprises in Kenya was part of a deliberate government policy to participate directly in the productive activities of its economy in order to decolonize the latter and to promote development and regional economic balance in the country. The purpose was also to increase citizens' participation in the economy and ensure greater public control in the economy. These objectives are outlined in the Session Paper Number 10 of 1965 on African Socialism and its application to planning in Kenya.

The State Corporation Act, chapter 446 of the Laws of Kenya defines a State Corporation as a body corporate established by or under an Act of parliament. This act specifies that the president of the Republic of Kenya has a mandate to establish a state corporation which will have perpetual succession; can sue and be sued; be capable of holding and alienating movable and immovable property; assign ministerial responsibilities; and appoint a board of directors. Okiro (2006) notes that the concept of state corporations is often used to refer to corporate bodies in which the government holds at least 50% of the equity and those enterprises whose operations are otherwise controlled by the state.

Njiru (2008), notes that state corporations have all the power necessary or expedient for the performance of their respective functions, managed by Boards of directors, a chairman appointed by the president who is not executive unless the President otherwise directs, the chief executive, the Permanent Secretary(PS) of the parent Ministry, the PS to the Treasury, not more than seven other members not being employees of the State Corporation, of whom not more than three should be public officers appointed by the Minister. The Kenya Government forms state corporations to meet both commercial and social goals. Such goals include; correcting market failure, exploiting social and political objectives, providing education and health, redistributing income or developing marginal areas (Njiru, 2008).

It is noted that over time the commercial goals of state corporations were not given the expected professional management skills. Guzeh (2011) observes that the financial performance of state corporations in Kenya has continuously been unimpressive to the public, which to a larger extent are its majority shareholders. The dismal performance can be largely attributed to lack of discipline in expenditure pattern, mismanagement, wastage, poor governance and lack of adequate supervision both by management and regulatory bodies. These mismanagement and poor governance practices have led to state corporations not achieving their objectives, rather most have lagged in the delivery of the required services, failed to meet the demands of the consuming public, while most services provided were poor and unreliable, thereby making the public to lack confidence in the performance of state-owned enterprises. Consequently, the state corporations became a liability to national government instead of being a profit-driven investment vehicle.

In order to introduce prudent management and promote accountability and transparency in state corporations and all state departments, the government through the Economic Recovery Strategy For Wealth Creation (2003- 2005) introduced the signing of performance contracts by permanent secretaries and chief executives of state corporations. The performance contracts typically commit the management of state corporations and other state departments to certain targets, objectives and courses of actions within a stipulated time frame. The contracts are expected to improve efficiency and raise the level of accountability and transparency in the management of public resources (Malusi, 2006).This structured way of doing things has been the driving force behind the introduction and adoption strategic management in state corporations.

1.1.4 State Corporations in the Financial Services Sector in Kenya

The research will focus on five state corporations that offer financial services in Kenya. A brief background of each of the state corporations is as follows: Industrial & Commercial Development Corporation (ICDC) is the pioneer Development Finance Institution (DFI) established in 1964, to facilitate economic development of Kenya through provision of medium and long-term financial solutions. They offer equity products and loan products. They also offer management and advisory services.

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Kenya Tourist Development Corporation (KTDC) is a corporate body established in 1965 through an Act of Parliament, Cap 382 of the Laws of Kenya. The Corporation is a specialized Development Financial Institution (DFI) with the mandate of facilitating and providing affordable development funding and advisory services for long-term investment in Kenya's tourism industry. In fulfillment of this mandate, the Corporation has continued to provide project and loan funding to prospective investors besides offering business advisory services, in the form of consultancy services, market valuations, business plans and feasibility studies.

Industrial Development Bank was established as a Development Finance Institution by the Government of Kenya in 1973. Industrial Development Bank which has since rebranded to IDB Capital Limited was established with a mandate to further the economic development of Kenya by assisting in the promotion, establishment, expansion and modernization of medium and large scale industrial enterprises. It has a range of products which include project finance, asset finance, working capital finance, contract finance, bridging finance, hire purchase facility, trade finance and guarantees.

The Youth Enterprise Development Fund came into being in December 2006 through a legal notice. In 2007 the Fund was transformed into a state corporation providing it with greater autonomy to play its part in economic development. Today, the Fund is one of the flagship projects of the Social Pillar of Vision 2030. The target of the fund is young people within the age bracket of 18 to 35 years and its strategic focus is on enterprise development. The Fund was established with the overall purpose of creating employment for the youth of Kenya through enterprise development and structured labor export. The Fund was designed to address the challenges of youth owned enterprises such as inaccessibility to capital; lack of decent youth focused commercial infrastructure; barriers to marketing of youth products and market linkages with large enterprises.

Women Enterprise Fund is a Semi-Autonomous Government Agency in the former Ministry of Gender, Children & Social Development established in August 2007.The Fund is currently domiciled in the Ministry of Sports, Culture and Arts. It was established to provide accessible and affordable credit to support women start ups and / or to expand

business for wealth and employment creation. The Women Enterprise Fund also provides business support services such as capacity building, marketing, promotion of linkages and infrastructure support. It is a flagship project under the social pillar in Vision 2030.

1.2   Research Problem

According to Ice (2007), strategic intent is the key to development of strategy for a business and the challenge lies in building a sustainable strategy for long-term growth. Sirorei (2012) asserts that analysis and evaluation of the strategic position of an organization is concerned with identifying the impact of the external environment, the organizations strategic capability (resources and competence) and the expectations and influence of stake holders on strategy.

The financial services industry, in which the selected state corporations' mandates fall under, can be classified as being engaged in strategy-intensive developments. For such organizations, exploitation of the ever changing client needs is a central strategic issue, which results to the various products that the organizations launch from time to time. The selected state corporations are public sector organizations tasked with the economic empowerment in various sectors of the economy on behalf of the Government of Kenya. In the past few years, there has been an increased reliance on state corporations by the Government of Kenya in meeting a large percentage of job creation among the youth and amongst other targets in realization of vision 2030 and the millennium development goals. Increased reliance coupled with aggressive competitors in the financial services industry has raised the performance bar for the respective state corporations serving in the various sectors of the economy.

To meet the increased expectations of stakeholders, it is necessary to review the organization's strategies and align them to the changed environment. Goro (2003) indicated that in response to substitute products; large commercial banks in the market were reviewing their product offerings and were providing products that were competing on the same level with MFIs and other financial firms. The YEDF and the WEF as part of their tactics in addressing the challenge of inaccessibility to capital, advanced money to

financial institutions for on ward lending to youth and women focused applications. The commercial banks as a counter strategy have developed their own products focusing on the youth and women. Kitangita (2009) notes that studies carried out on strategy development in state corporations in Kenya have mostly been critical of what they term poor management in the corporations. Ogeto (1994) observes that State Corporations have not been making as much profits compared to private sector companies for a given amount of investment. Okiro (2006) dismisses the management for state corporations arguing it presents opportunities for planting political party supporters as a reward to them when a political party assumes power. This state of affairs they argue led to the collapse of various state corporations in the past. While ICDC, KTDC and IDB Capital were established over forty years ago, the YEDF and WEF are relatively new institutions and do not fall within the categories described above.

Strategy development in state corporations has been previously studied by Malusi (2006); Kitangita (2009); Okiro (2006) covering National Hospital Insurance Fund, Kenyatta International Conference Centre and Kenya Pipeline Company respectively. The findings were that strategy development was fairly structured and the challenges in strategy development were largely similar being poor communication, a not very inclusive process, organizational structure, inadequate resources to support the process and national politics including government decisions. There arises a knowledge gap on how strategy development is done at the selected state corporations, which being government institutions, they compete with main stream financial institutions in the private sector. It means that the selected state corporations' sensitivity to the external environment is complex as it has both a commercial purpose of making profit at a very low return and a social purpose of creating employment to the mass market which has been shunned by the industry players. There is therefore need to add to the existing knowledge on strategy development in Kenya due to the contextual and conceptual differences. This study will therefore seek to address this knowledge gap and the research will seek to answer two questions; how is strategy developed at the selected state corporations? What are the challenges of the process?

1.3 Research Objective

The study aims to achieve the following objectives;

(i)   To determine how strategy is developed at state corporations offering financial services in Kenya.

(ii)   To determine challenges faced in the process of strategy development at state corporations offering financial services in Kenya.

1.4 Value of the Study

The findings of this study will enable the Government to understand the extent to which its direct actions, inactions or influence impedes or facilitates the process of strategy development and whether as a result the prevailing policy position(s) needs amendment.

The study will add to the body of knowledge on strategy development process in state corporations as academicians and scholars will use the findings of this study as a source for future reference. The findings of this study will add to existing theories in the field of strategy development as it will form part of the body of knowledge in that field.

The findings of this study will also add value to the practice of strategic management as management teams in state corporations in the financial services sector are expected to benefit on how to develop strategies in the light of cut throat industry competition. The findings will also provide other stakeholders with information to make informed decisions on their organizations.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter highlights the theoretical perspective of the study and the concept of strategy. The chapter also briefly presents the history of strategic management, its definition and relevance to the environment. The theories and the process of strategy development are also covered in this chapter. The chapter concludes by reviewing the theories explaining the challenges faced in strategy development.

2.2 Theoretical Perspective

This study is anchored on the existing theories of strategy development. One such theory is the resource based view. The resource based view theory advances the idea that strategy of a firm is a function of the complement of the resources held. Thus a firm that exclusively owns certain resources will create competitive advantage which will form the basis of developing its unique competencies. Resource based view theory of strategy concentrates in recognizing and utilizing the organizations resources. It is an important, essential and an inside out management concept that is useful in developing a successful strategy. The company evaluates the environment on the basis of available resources at its expense.

The other view is the dynamic capability theory of strategy. The key assumptions of this theory is that core competencies should be used to modify short term competitive positions that can be used to build longer term competitive advantage. As a result, dynamic capabilities theory is also referred to as the capacity of an organization to purposefully create, extend, or modify its resource base. The frame work for dynamic capability theory focuses on the firm's ability to quickly orchestrate and reconfigure externally sourced competences while leveraging internal resources such as platforms, know-how, user communities and digital, social and mobile networks. From the above it is appreciated that while the resource based view focuses on internal resources, the dynamic capability theory focuses on external resources not in isolation, but leveraging on the internal resources. This study will explore this relationship.

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2.3 The Concept of Strategy

Various scholars have defined strategy differently lending credence to the assertion that strategy is a multi-faceted concept which touches on every key aspect of an organization. Aosa (1992) observes that lack of a single definition points to the selective attention given to the various aspects of strategy by different authors.

In defining strategy, a central theme has been the matching of resources and activities to the environment in which an organization operates. Johnson et al (2008) defines strategy as the direction and scope of an organization over the long-term which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations. Aosa (1992) argues that strategy is the creation of a fit between the external characteristics and the internal conditions of an organization. Porter (1998) asserts that strategy is creating a fit among company's activities. The success of a strategy depends on doing many things well not just a few and integrating them. If there is no fit among activities there is not distinctive strategy and little sustainability. The company's activities include its effective interaction with the environment, in that these activities are geared towards serving external environment.

Strategy may be defined along the issues of competitive moves and business approaches employed in the running of an organization. According to Thompson and Strickland (2003), a strategy entails managerial choices among alternatives and signals organizational commitment to specific markets, competitive approaches and ways of operating. Their view is that strategy is an operational roadmap and as a game plan through which an organization gains sustainable competitive advantage. Like wise, Porter (1996) argues that strategy is about achieving competitive advantage through being different and that it is the deliberate choice of a different set of activities to deliver a unique mix of value to customers. A firm achieves competitive advantage through competitively positioning itself, differentiating itself in the eyes of the customer and adding value through activities different from those of competitors.

Strategy may also be defined along the theme of a plan for the organization on what it will do and how it will do it. Pearce & Robinson (1997) agrees by defining strategy as large scale future oriented plans for interacting with the competitive environment to achieve company objectives. They further argue that it is the company's 'game plan'. While it does not detail all future development of resources, it provides the framework for managerial decisions. A strategy reflects a company's awareness of how, where and when it should compete and for what purposes it should compete. Mintzberg (1994) defines strategy as a plan that specifies a consciously intended course of action of an organization. What is emerging is that organizations plan for their future and specify what they want to do in a given time frame and in doing so they asses their internal capabilities against the environment in which they are operating while continually evaluating their performance over time against set objectives, all these constitutes strategic management with key emphasis on strategy.

From the above different definitions, it can be argued that strategy is having a plan to guide an organization. The plan will carefully consider the competition (external environment) and how best the organization will align its range of internal abilities to survive the competition, all these seeking to fulfill its mandates to its various stakeholders.

2.4 Strategic Management

Formal strategic planning began in the 1950's in the United States of America but it was not until 1960's that strategic management emerged as an academic and a professional field. Porter (1996) observes that strategic management has grown in importance over the last 30 years largely on account of the increasing complexity of modern business organizations. Kitangita (2009) notes that over time it has come to the realization of many organizations that they operate in competitive business environments that consist of various forces including hyper competition, globalization, the internet revolution and a demanding customer thus a strong need to embrace strategic management.

Thompson and Strickland (1989) are of the opinion that strategic management focuses on the total enterprise as well as the environment in which it operates, the direction

management intends it to head and Management's strategic plan for getting the enterprise moving in that direction. It is the managerial task of implementing and executing the chosen plan successfully. Odongo (2008) notes that the guiding principles in any strategic management process, whether in the public or private sector, are about understanding what changes are needed, how to implement and manage these changes, and how to create a roadmap for sustaining improvements that lead to better performance. Pearce and Robinson (2002) observe that strategic management is the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives. Koske (2003) agrees that the process of strategic management does not end when the organization makes a decision as to what strategy to pursue.

2.5 Strategy Development

Pearce and Robinson (2002) observe that strategic management is the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives. It can therefore be concluded that formulation of plans referred to is what constitutes strategy development process and that strategy development process is an integral part of strategic management.

While appreciating that strategy development includes formulation of different plans it is important to examine the different levels of strategy development. There are generally three levels at which strategy is developed in an organization. These are the corporate level, the business level and the operational level strategy. This threefold distinction of strategy is clearly discernible in large companies that are involved in several businesses (Aosa, 1992).

Johnson et al (2008) states that corporate level strategy is concerned with the overall scope of an organization and how value will be added to the different parts of the organization. It prescribes the general direction the organization wants to take, from which all other functions in the organization will draw its operations. According to Grant (1998) corporate strategy defines the scope of the firm in terms of the industries and markets in which it competes. This level is also referred to as the top level strategy.

In describing business level strategy, Johnson et al (2008) state that this is about how the various businesses included in the corporate strategy should compete in their particular markets. Kitangita (2009) concludes that the business level strategy helps bridge decisions at the corporate and functional levels and that the two levels of strategy are concerned with achieving effectiveness. Business level strategy is also known as second level strategy.

Johnson et al (2008) assert that operational strategies are concerned with how the component parts of an organization deliver effectively the corporate and business level strategies in terms of resources, processes and people. In implies that this is the point at which objectives are broken down to specific deliverables the sum total of which encompasses the corporate level and operational level strategies. It is also known as the third level strategy.

Johnson and Scholes (1999) states that strategic management involves strategic analysis, strategic choice, strategic implementation and strategic evaluation and control. From this, it is important to note that strategic analysis and strategic choice constitute the strategy development process. But the analysis and choice is preceded by the stage of generation of various strategic options. For an organization to reach the point of generating various strategic options to choose from, it will have gone through the following logical steps; Determining the Vision and Mission of the firm; Situation Analysis; Setting strategic objectives and Strategic analysis and choice. These are the key ingredients for generation of various strategic options. When you add the stage of strategic evaluation and choice then together they form the elements of strategy development process.

In order to logically follow the process of strategy development we will look at what constitutes the steps outlined above. Johnson *et al* (2008) define a vision as the desired future state or aspiration of the organization. This definition suggests that the first question to be asked in strategic planning process is what is the vision of the firm or where do we want to be. The vision of the firm refers to what the firm is trying to do or to be, what the firm aspires to be in the future. The vision is futuristic in outlook. The vision is therefore a dream reflecting the best of an organization and incorporating a level or standard of performance. Johnson *et al* (2008) define a mission as a general expression of

the overall purpose of the organization, which is in line with the values or expectations of stakeholders. Mission of a firm is concerned with the present and refers to how what the firm is trying to do will be done. A mission statement should address the business of the firm, core values of the firm, the firm's relation to its major stakeholders and major corporate policies of the firm.

The second question to be asked in strategic planning process is where are we now? This question is answered by conducting a situational analysis which is geared to understanding the organization's present situation and to some extent its background. To understand present situation will require identifying the strengths and weaknesses of the firm (internal analysis) as well as the opportunities and threats facing the firm (external analysis).This process is called SWOT analysis or environmental analysis. Johnson *et al* (2008) observes that SWOT summarizes the key issues from the business environment and the strategic capability of an organization that are most likely to impact on strategy development. They however caution that a SWOT exercise can generate very long lists of apparent strengths, weaknesses, opportunities and threats, whereas what matters is to be clear about what is really important and not what is less important.

Objectives are statements of specific outcomes that are to be achieved. Objectives both at the corporate and business unit level are often expressed in financial terms, but organizations may also have market based objectives many of which are quantified as targets such as market share ,customer service, repeat business an so on (Johnson *et al,* 2008). A strategic objective is an objective of medium or long term nature that aims either at exploiting an opportunity or strength, or deals with a threat or weakness facing the organization. These objectives are based on factors identified in environmental analysis and take advantage of favorable factors and deal with unfavorable factors. Strategic objectives setting need to be more of a top down than bottom up process so that it can provide guidance to lower level managers and units and support company wide interests. Strategic objectives need to be in line with the SWOT analysis and in harmony with the Vision and Mission statement of the organization.

Strategic analysis and choice are done at two levels, corporate level and business level. Strategic analysis aims at identifying and generating strategic options for corporate

strategic objectives and business strategic objectives (corporate level strategy and business level strategy). This is where the organization will come up with an exhaustive list of various options that may in one way or the other achieve the strategic objective(s). Strategic choice is concerned with the evaluation of strategic options and selection of the most appropriate options for achieving the strategic objective(s).

The various strategy options for achieving an objective should be evaluated in order to choose the best one(s). After evaluation, the strategic option(s) with highest score can be chosen for implementation. The organization can also choose to implement the best two or three strategic options depending on their needs. It is the evaluation of the various strategy options and choosing the best that constitute strategic evaluation and choice.

The process of strategy development is therefore one that allows an organization to determine where it wants to be after carefully and systematically assessing its current situation. The strategy development process should there fore result to a conviction by the organization to pursue a given line of business firmly positioning in the market within an agreed time frame within a resource base available to the organization. All this should be done with full involvement of all stakeholders who serve to legitimize the process especially when it comes to implementation of the strategy. Such an all inclusive outcome will serve to focus the organization to performing its core functions thus leading to effectiveness.

2.6 Challenges of Strategy Development

Strategy development process has been said to be an integral part of strategic management. Like any other process in strategic management, strategy development process has been faced with challenges. One such challenge is environmental turbulence and uncertainty. According to Johnson and Scholes (2002), a changing and predictable environment will demand varied responses from organizations. We can therefore deduce that it is such responses that may negatively affect the strategy development process of a given organization.

The resource purse controlled by the organization will dictate the extent to which an organization will go in its strategy development process. Porter (1985) cautions that too

little resources will tend to stifle the ability of the company to carry out the strategic plan, too much funding wastes company resources and impairs financial performance. Malusi (2006) observes that resources available to an organization underpin its strategic capability since it is resources that are deployed into the various stages of strategy development. It is thus deduced that resource availability is a key challenge to strategy development as it may limit the choices of strategy available to the organization.

Strategy development process entails introducing new concepts and planning for a different way of doing things. This essentially means bringing change for improvement in the organization and thus the thrust of strategic management. Generally in a work place people tend to resist change which impacts negatively to strategy development. According to Johnson and Scholes (2002), education and effective communication which involves the explanation of the reasons for strategic change can play a key role to overcome the resistance.

Values are the beliefs which are widely held to be crucial for the success of a given organization. Such believes substantially drive the behavior of people in an organization and are often the basis of an organization's culture. Organizational culture and its influences may act as a challenge in the development of strategy development. Thompson and Strickland (1996) are of the opinion that management team has a responsibility of realizing the challenge of striking a balance between the formulation process and the organization's culture. It can then be summed up that it is important to recognize the significance of organizational culture in strategy development.

Kiuna (2007) notes that in many organizations, amongst many challenges encountered in strategy formulation process include politics, problems related to governance and resource management, declining support from development partners, delays in availing of funds on time and increasing conditions from development partners. Johnson and Scholes (2002), observe that Government regulations, taxation policies, foreign trade regulations, social welfare policies and expectations will play a role in an organization's choice of strategy. Following this observation it can be stated that Government influence also challenges the process of strategy development in that it may coerce an organization into a strategy which was not in its original pursuit.

Stakeholders are those individuals or groups who depend on an organization to fulfill their own goals and on whom, in turn, the organization depends (Johnson *et al,* 2008).The strategy development of an organization is affected by the values and expectations of those who have power in and around the organization. It is therefore imperative that the organization undertakes to understand the expectations of different stakeholders' and the extent to which such expectations are likely to influence the organization's strategy development process. Any thing short of this will hinder a smooth strategy development process.

Organizational structure is defined as the interaction between people, responsibilities and tasks in an organization. It is often represented by a chart which shows titles and roles in a cascading fashion (Pearce, Robinson & Mital, 2007). An inconsistency between structure and strategy will lead to a disorder, friction and mal performance within the organization. Management must thus incorporate regular job evaluation exercises as a means to ensure a strategy- structure fit to avoid discordance, (Kitangita, 2009). It is important to note that the structure must be one that complements as opposed to hindering the strategy development process.

Leadership is fundamental in the strategy development process. According to Pearce, Robinson and Mital, (2007) leading a company is difficult and it is even becoming more challenging due to the dynamic nature of the global market. The organization depends more on the skills of the chief executive officer and the top management in leading, coordination and making timely decisions in order to gain competitive advantage. Pearce and Robinson (2002) observe that the role of the Chief Executive Officer (CEO) and the assignment of key managers are critical to the success of strategy formulation. The CEO represents an important source of clarification, guidance and adjustment during formulation. It is therefore a fair conclusion to state that the leadership is critical to focus the organization towards strategy development. It is leadership that will play the central role in how the above enumerated challenges will be overcome in the process of strategy development.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter covered the methodology that the researcher employed in the study. The methodology includes the research design, the target population, the sample design, the data collection instruments and also the data analysis techniques that were used to analyze data.

3.2 Research Design

This study was carried out as a cross-sectional survey. Cooper & Schindler (2003) recommends this design for studies carried at one point in time. They further assert that for studies carried out at once and representing the same variables at that particular time, then cross sectional survey is appropriate.

The cross sectional survey used a guided questionnaire that had been developed for this purpose. The questionnaire used the Likert Scale that is commonly utilized to scale responses in research. A psychologist by the name of Rensis Likert invented the Likert Scale.

3.3 Population of the study

The total number of state corporations in Kenya which currently offer financial services are ten. There are generally two main categories of services offered by the state corporations. These are advancing of loans to specific target groups and offering the conventional banking services.

In this study, the selection was drawn from state corporations whose products target a unique and specific sector of the economy such as the youth, women, promotion of tourism and development of hospitality structures and development of industrial concerns.

3.4 Sample Design

The research was designed from purposive sampling of five selected state corporations as obtained from the population of state corporations that offer financial services in Kenya. The study focused on the five state corporations because of their unique and specific market targets. The unique market target comprise of the youth and women who are key in the informal business sector. The specific market target of tourism promotion, hospitality development and development of industrial concerns are part of the economic pillar of Kenya's vision 2030. The study sought to collect data by having the respondents give a score to each question asked. Part of the questionnaire also required direct response from the respondents. The study measured the collected data using mean score of the responses and analysis of the direct responses to extract the key themes.

3.5 Data Collection

The instrument used was a questionnaire which comprised of three sections. Section one covered general information of the respondent. Section two covered the strategy development process at the respective state corporations, while section three covered the challenges encountered during strategy development.

This research utilized both primary and secondary data. Primary data was collected from heads of departments or their deputies who are the decision makers in the strategy development process in the five selected state corporations. The secondary data was drawn from the respective websites, annual status reports, strategic plans and articles touching on the state corporations. The questionnaire was deemed appropriate as it captures the independent views of each respondent. The questionnaires was administered using the drop and pick method.

3.6 Data Analysis

Data was analyzed based on the interpretation of the responses from the questionnaires and implications as per the respondents' accounts from the interview process. Responses from section two of the questionnaire (with the exception of question eleven) and section three of the questionnaire was analyzed using descriptive statistics. The descriptive statistics methodology was used in establishing the mean score for each question from all the respondents. In section two, question eleven of the questionnaire, content analysis was used to identify and extract key themes and arguments particularly on how organizations develop their strategic objectives. According to Mobisa (2007) content analysis as a set of procedures for collecting and organizing non structured information into a standardized format that allows one to make inferences about the research objective(s). The presentation of the findings has been done in qualitative forms.

The data analysis sought to establish the process of strategy development and the challenges encountered in the course of strategy development at the selected state corporations. This involved comparing the collected information on strategy development process with the theoretical approaches of determining the vision and mission of the firm; situation analysis; setting strategic objectives; strategic analysis and strategic evaluation and choice cited in part 2.5 of the literature review. This also involved comparing the collected information on challenges of strategy development process with the theoretical approaches of environmental turbulence and uncertainty; resource allocation; resistance to change; organizational culture; government influence and politics; stakeholders expectations; organization structure and leadership as cited in part 2.6 of the literature review.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents data analysis, findings and discussions of the study in line with the research questions and the objectives.

4.2 Data Analysis

In this study, the researcher obtained the opinions of the informants through personal interviews using a questionnaire based on the Likert scale method. The researcher used the questionnaire as a guide to measure the level of importance of certain factors to the respondents ranging from 5 (strongly agree or very high) to 1 (strongly disagree or vey low). The researcher also used the probing technique to guide the respondents to provide additional information that the questionnaire had not covered so as to seek their opinion on how the organizations develop strategic objectives which is an integral part of strategy development process.

Data collected was analyzed using frequency distribution methodology, descriptive statistics methodology and content analysis methodology. The raw data was tabulated and an average rate was computed for scores on all the factors. The average rate was compared to the research objectives. It was then vetted for consistency, validity and reliability after which comparison was made to the theoretical underpinnings outlined in the literature review. The data is summarized and presented as a feed back report from the informants.

The respondents constituted thirty senior managers drawn from five state corporations. In each institution, between five and eight individuals were identified to take part in the interview process and the selection was based on the fact that these are the key decision makers who participated in the process of development of the strategic direction that the institution is currently pursuing. Of the thirty respondents, only twenty four were able to participate in the study. The response rate was 80% and non response rate was 20%. The response rate was thus considered good and the data collected was considered reliable.

Table 4.1: Analysis of distribution of Questionnaires

Number of Questionnaires Distributed	30
Number of Questionnaires Not Returned	6
Number of Questionnaires Returned	24
Number of Questionnaires Rejected	0
Number of Questionnaires Analyzed	24

The table above gives an analysis of the total number of questionnaires distributed based on the targeted respondents from the selected state corporations. The table also indicates the number of questionnaires not returned and reveals that of the returned questionnaires none was rejected and all the twenty four were processed. Below is a figurative analysis of the questionnaires.
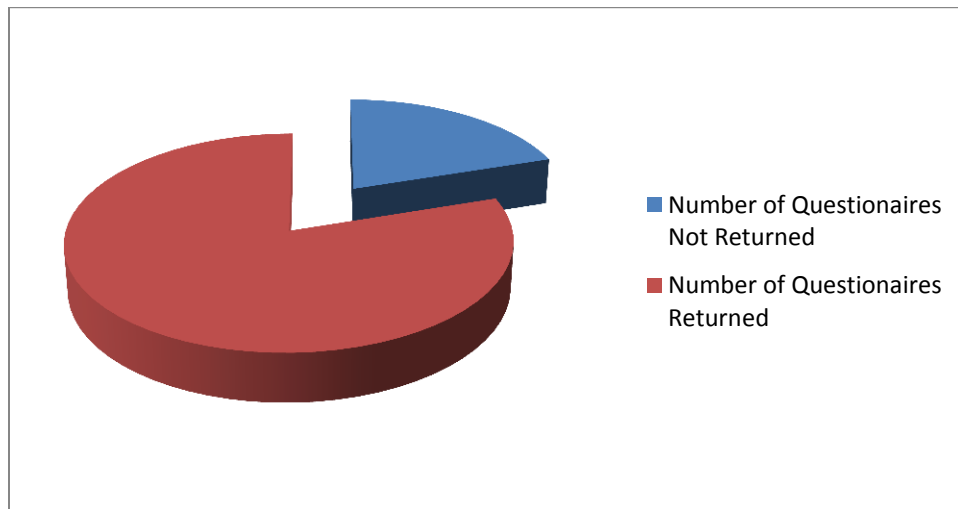
Fig 4.1: Analysis of response rate

4.3 Strategy Development in State Corporations in Financial Services Sector in Kenya

The first objective of the study was to determine how strategy is developed at state corporations offering financial services in Kenya. The results reflected below are an

average rate of responses on the process of strategy development. The importance of the steps constituting the process ranged from 5 (strongly agree) to 1 (strongly disagree).

Table 4.2: Mean Score of Key factors in Strategy Development Process

Key Factors in Strategy Development Process	Mean Score
Enlisting consultants	3.96
Participation in Vision Formulation	2.63
Participation in Mission Formulation	2.63
Identified & Documented Threats	4.29
Identified & Documented Opportunities	4.33
Identified & Documented Internal Strengths & Weaknesses	4.29
Seeking staff views before choosing	3.46
Stakeholder involvement	3.71
Strategy Development is a reaction to Environmental pressure	2.71
Is Strategy Development a result of Proactive Management as opposed to reaction to Environmental pressure	3.67
Strategy Communicated to all Employees	3.93

The table above shows the average score of key factors in strategy development process. Below is a figurative analysis of the average score of the key factors in strategy development process.

Fig 4.2: Key Factors in Strategy Development Process

The respondents agreed that as a first step in the process of strategy development, a consultant who will guide the process is enlisted. The study revealed that less than half of the respondents participated in the development of the vision and mission statements of their respective organizations. This was attributed to the fact that some of the vision and mission statements were crafted before they joined the institutions.

It was strongly agreed amongst the respondents that their organizations have performed environmental scanning which resulted to a SWOT analysis. From this the respondents have conducted an external analysis and identified and documented the threats facing it and opportunities available for exploring. They have also conducted an internal analysis and identified and documented the internal strengths and weaknesses facing it.

The respondents stated that they do not know whether staff views are sought before a strategy is chosen, however the respondents agree that stakeholders are involved in the process of strategy development. The respondents disagreed that strategy formulation is a reaction to the environmental pressure and agreed that they are proactive as opposed to being reactive to environmental pressure. The respondents agreed that strategies have been communicated to all employees.

The respondents commented on how they develop their strategic objectives. They stated that they use a variety of means to derive and agree on their strategic objectives. This includes assessment of departmental needs; review of parent ministry strategic plan; review of government mid term plan and vision 2030; holding workshops between management and stakeholders; conducting SWOT analysis and PESTEL analysis.

4.4 Challenges of Strategy Development in the State Corporations

The second objective of the study was to determine challenges faced in the process of strategy development at state corporations offering financial services in Kenya. The results reflected below are an average rate of responses on the chall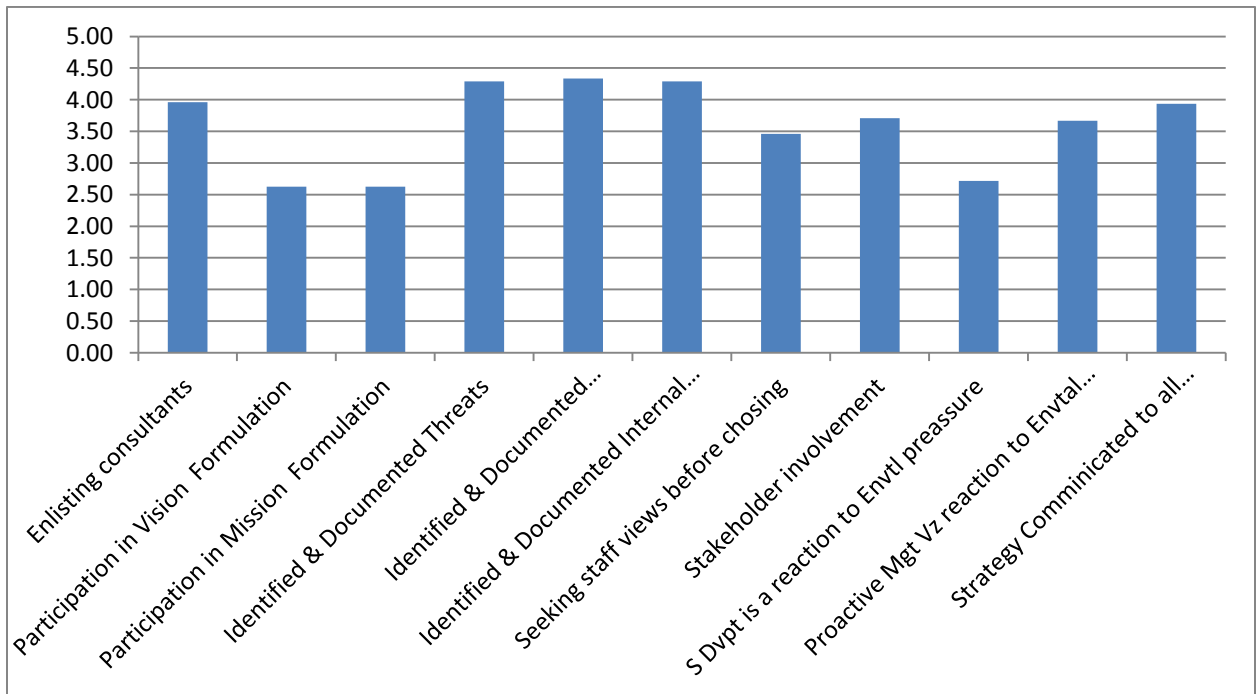enges faced in the process of strategy development. The importance of the steps constituting the process ranged from 5 (strongly agree or very high) to 1 (strongly disagree or very low).

Table 4.3: Mean Score of Time and Challenge Framework

Time and Challenge Frame work	Mean Score
Time Frame set at inception of Strategy Development process	3.88
Strategy Development process completed in set time frame	3.13
Challenges have been encountered in the process of Strategy Development	3.67
Satisfactory response to challenges by the Organization	3.33

The table above shows the average score of time and challenge frame work within the state corporations in the strategy development process. Below is a figurative analysis of the average score of time and challenge frame work within the state corporations in the strategy development process.
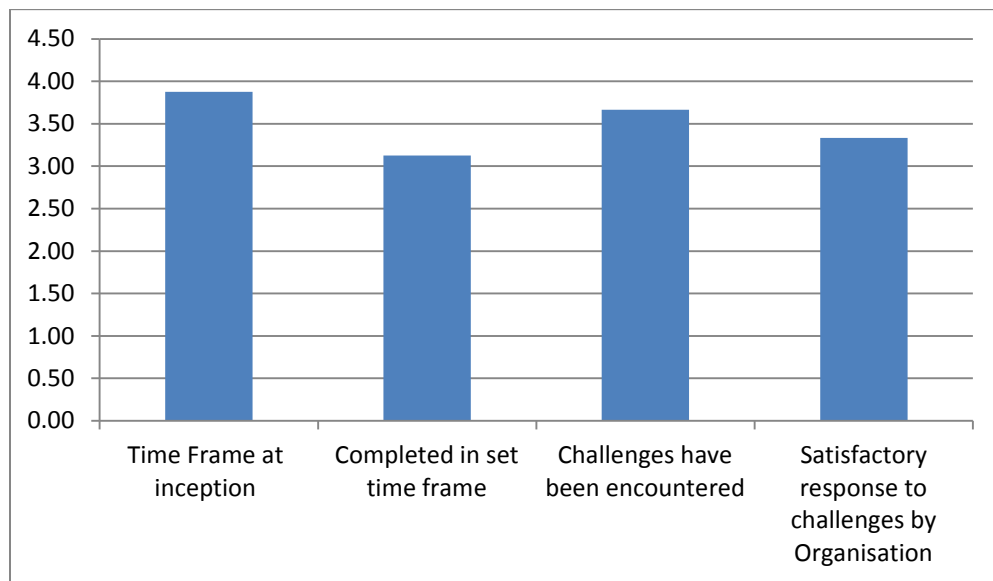
Fig 4.3: Time and challenge framework

The respondents agreed that at the inception of strategy development process, there was a plan and time frame assigned for guiding them through various steps, up to completion of the exercise. However the respondents stated that even though there was a set time frame, they do not know whether the process of strategy development was completed within the set time fame. From the study, the respondents agree that they have encountered problems or challenges in the process of strategy development. The respondents though noting there were challenges, they state that they do not know whether the challenges have been satisfactorily addressed.

Table 4.4: Mean Score of Key Challenge Factors in Strategy Development Process

Key Challenge Factors in Strategy Development Process	Mean Score
Environmental turbulence & Uncertainty	4.13
Availability of Resources	4.04
Resistance to change	3.04
Organizational Culture	3.00
Government influence	3.92
Politics	3.33
Stakeholder expectations	3.75
Organizational Structure	3.38
Leadership	3.67

The table above shows the average score of key challenge factors in strategy development process within the selected state corporations. Below is a figurative analysis of the average score of key challenge factors in strategy development process within the selected state corporations.
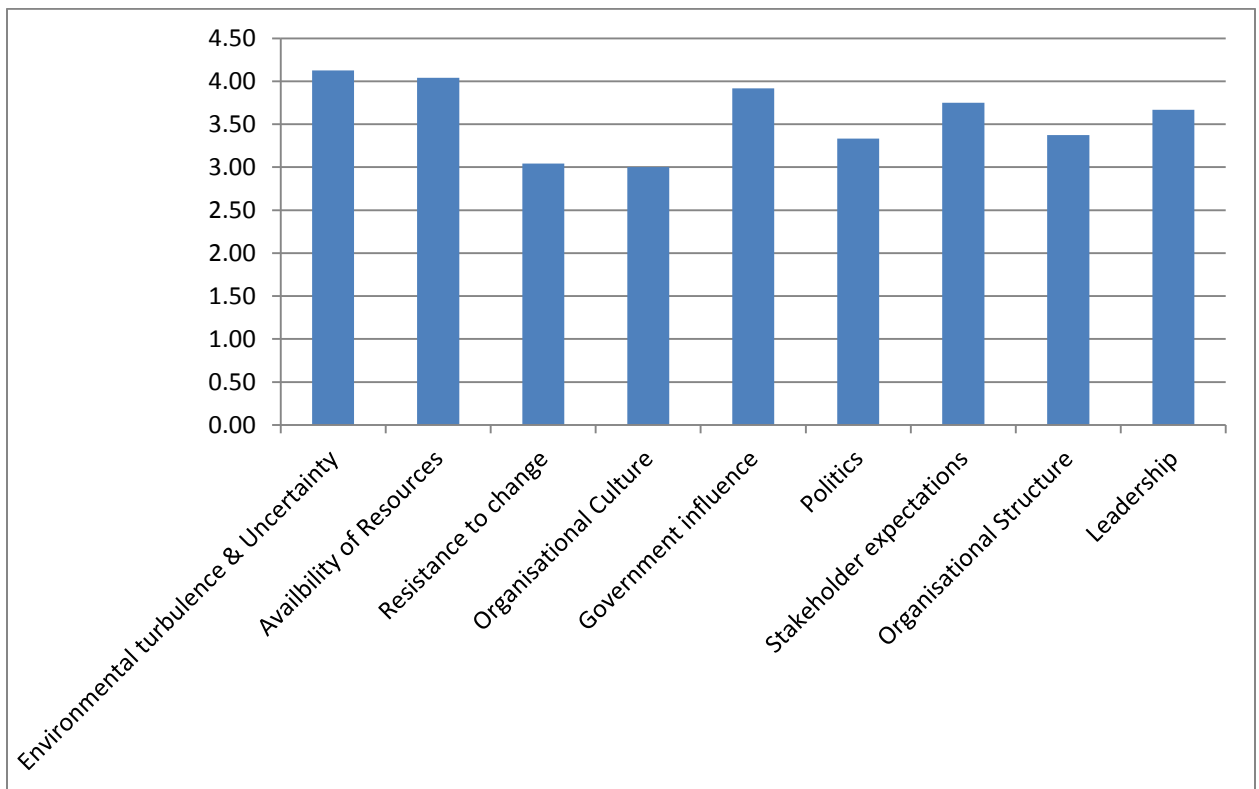
Fig 4.4: Key Challenge Factors in Strategy Development Process

The respondents stated that the most important factor that poses a challenge in the strategy development process is environmental turbulence and uncertainty as it scored the highest at 4.13. Since the institutions are in direct competition with banks, Saccos and other financial institutions, the products developed by these competitors will cause environmental turbulence and the general micro economic trends dictated by fiscal policy will cause uncertainty.

The respondents agreed that the second most important challenge in the strategy development process was availability of resources as it scored a mean of 4.04. Resource availability will dictate the extent to which an organization will go in its strategy development process. Insufficient resources will limit the strategic options for an organization.

The factors that were ranked least in terms of their importance in posing challenge in strategy development process were organizational culture and resistance to change as they scored a mean of 3.00 and 3.04 respectively. Organizational culture is a reflection of the unique way of doing things in an on organization and in most instances it is argued that no matter the culture it will be used to enrich the strategy development process. Resistance to change was argued to be likely to be found amongst low cadre staff as opposed to senior management who are the tasked with strategy development.

The respondents stated that direct government influence perhaps through the parent ministry is highly likely to pose a challenge to strategy development process as compared to politics of the day which will pose a challenge only on an average rate. State corporations are accountable to parent ministries which issue policy guidelines from time that are binding upon the state corporations. In so doing the parent ministry's directive will be a reflection of the manifesto of the government of the day. Whereas politics of the

day may not have direct bearing on the government and by extension may not affect the government ministries. With the high rating given to Government influence, the respondents further agreed that stakeholder expectations of which the government is part of, was a key factor of challenges that may be experienced in strategy development process.

The respondents noted that leadership will be a higher factor of possible challenges to strategy development as compared to organizational structure. Leadership is the ability to give direction to a team whether in persuasive manner or in a coercive way. When a team can look forward to a certain focal point for direction or advice then it said that there is leadership. In strategy development process when there is no leadership then the participants are bound not to take the process seriously and thus the desired objectives will not be achieved. Organizational structure may not be as important as long as there is leadership.

4.5 Discussion

All State Corporations in Kenya are required to sign annual performance contracts which have specific targets set to be achieved by the end of a given period. The performance of all state corporations is reviewed annually by the results office and weighted scores are awarded on every aspect that had been targeted. For this reason, all state corporations have running strategic plans and in most cases they enlisted the services of consultants to guide them in the process of strategy development. The study established that amongst all the respondents, a consultant was enlisted to guide the process of strategy development. Kitangita (2009) asserts that the engagement of an external consultant brings in an independent view and professionalism in the process of strategy development.

David (2002) described strategy formulation as including developing a vision and mission, identifying an organization's external opportunities and threats, determining internal strengths and weaknesses (SWOT Analysis), establishing long-term objectives, generating alternative strategies, and choosing particular strategies to pursue. The study revealed that less than half of the respondents participated in the development of the

vision and mission statements of their respective organizations. This was attributed to the fact that some of the vision and mission statements were crafted before they joined the institutions. This study has established that all the respondents have conducted a SWOT analysis that has lead to the identification and documentation of the internal strengths and weaknesses facing it and the external threats facing it and opportunities available for exploring.

In this study, it has been noted that strategic objectives are developed using different approaches. This includes assessment of departmental needs; review of parent ministry strategic plan; review of government mid term plan and vision 2030; holding workshops between management and stakeholders; conducting SWOT analysis and PESTEL analysis. Even with the above varying approaches of developing strategic objectives, the respondents stated that they do not know whether staff views are sought before a strategy is chosen.

Johnson et al (2008) defines strategy as the direction and scope of an organization over the long-term which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations. In this study, the respondents agree that while stakeholders are involved in the process of strategy development, the strategy formulation process is not necessarily a reaction to the environmental pressure. The study found out that contrary to the much taunted environmental pressure, strategy formulation is actually as a result of proactive management exercise which sees to it that strategy is well communicated to all employees.

Strategy development process is a management activity which is expected to be accounted for in terms of resources of time, money and personnel. And it is also prudent management to anticipate challenges in any management activity. In this study, the respondents agreed that at the inception of strategy development process, there was a plan and time frame assigned for guiding them through various steps, up to completion of the exercise. However the respondents stated that even though there was a set time frame,

they do not know whether the process of strategy development was completed within the set time fame. In respect to anticipated challenges, this study established that there were problems or challenges encountered in the process of strategy development. The respondents though noting there were challenges, they state that they do not know whether the challenges have been satisfactorily addressed.

Like any other process in strategic management, strategy development process has been faced with challenges. In this study, it has been established that the single most important factor that poses a challenge in the strategy development process is environmental turbulence and uncertainty. It has also been established in this study that second single most important challenge in the strategy development process was availability of resources. The factors that were ranked least in terms of their importance in posing challenge in strategy development process were organizational culture and resistance to change.

Because of the ownership structure of state corporations, this study established that government influence is highly likely to pose a challenge in the strategy development process. Government influence in this case is exercised through the parent ministry. Politics of the day was however not found to pose a high challenge except to an average rate. With the high rating given to Government influence, the study further established that stakeholder expectations of which the government is part of, was a key factor of challenges that may be experienced in strategy development process. The study noted that leadership will be a higher factor of possible challenges to strategy development as compared to organizational structure.

CHAPTER FIVE
SUMMARY OF FINDINGS, CONCLUSION AND RECOMENDATION

5.1 Summary of Findings

This study focused on the strategy development process and the challenges faced in the process in four state corporations. The four institutions provided an insight into the steps followed in strategy formulation process key among them were: Enlisting of consultants to guide the process; developing the vision and mission and statement; environmental scanning; development of strategic objectives; stakeholder participation and communication of strategies selected.

The study also brought to the fore the time and challenges frame work to be considered during strategy development process in addition to pointing out the most critical factors that may pose challenges in the strategy development process. The most critical factors are environmental turbulence/ uncertainty and availability of resources. The least critical factors are resistance to change and organizational culture. The other factors are government influence, politics, stakeholder expectations, organizational structure and leadership.

5.2 Conclusion

It is in the interest of prudent management that strategy development process be hinged upon realistic budget for the resources of time, money and personnel. The state corporations have followed the expected steps of strategy development particularly environmental scanning, stakeholder involvement and communication of strategies selected.

Strategy development process in state corporations encounters challenges, key among them being environmental turbulence/ uncertainty, availability of resources and government influence. The implication of these findings is that state corporations are

exposed to risks associated with environmental turbulence and uncertainty. State corporations are equally exposed to strategic risks arising out of government influence often cascaded through the parent ministry. The other implication is that state corporations do not avail the necessary resources to support the process of strategy development.

5.3 Recommendations

This study makes recommendations that will improve the strategy development process and counter the challenges arising in the strategy development process for state corporations. State corporations should engage in deliberate and frequent environmental scanning to mitigate the risk associated with environmental uncertainty. It should be a performance benchmark and key priority area for state corporations to have frequent environmental analysis reports and reviews in an effort to mitigate the risks associated with environmental turbulence.

In order to curb the challenge of unproductive Government influence, state corporations should ensure that they operate on promptly signed performance contracts with clear deliverables and timely reviews. This will give little room for any maneuvers that were not intended and will discourage the age old tendency of interference through the parent ministry.

State corporations should ensure that they dedicate adequate resources to the process of strategy development. The resources here do not just refer to monetary resources only. It also includes personnel with the right skills and attitudes and given latitude to deliver on their work. The other resources that should be availed include the tools necessary for achievement of the various goals and objectives.

5.4 Limitations of the Study

Difficulties were experienced in securing a face-to-face interview with some of the targeted respondents because of their busy schedule. Unwillingness of some of the respondents to participate in the research also affected the response rate. Slow response was further caused by excessive bureaucracy in certain respondent organizations, preventing the collection of questionnaires within the set time frame.

5.5 Area for further research

The contribution of this research is limited and thus here are suggestions for further research: Research on why strategy development process is never completed within the said time frame; Research on strategy implementation in the four state corporations; Research on strategy development process in the other state corporations that offer financial services.

5.6 Implication on policy, theory and practice

Government through the parent ministries should practice transparency such that policy issues are well known for all government agencies which rely on that policy position for planning purposes.

Even as management is in charge of day to day running of the state corporations, they should be well aware of what the vision and mission statements are and should participate in reviewing the same. This can be done through mid term review of strategy performance or during the end term review of a strategic plan. Senior management should ensure that a system is put in place for ensuring communication of strategic objectives and work plans to all staff. Management should ensure that measurable targets including time delivery are set for all activities and such targets are strictly adhered to.

State corporations should have a system of monitoring its industry and environment for threats that will affect its operations. This will avoid environmental turbulence and uncertainty. State corporations should avail sufficient resources in strategy development process so that they do not end up with inferior strategic options as a result of insufficient funds.

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APPENDIX 1: LETTER OF INTRODUCTION

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
DEPARTMENT OF BUSINESS ADMINISTRATION
MBA PROGRAMME-LOWER KABETE CUMPUS

TEL:

P.O BOX 30197

NAIROBI, KENYA

DATE……………….

TO WHOM IT MAY CONCERN

The bearer of this letter……………………………………………………

Registration No……………………………………………………………

Is a Master of Business Administration student at the University of Nairobi. He is conducting a cross sectional survey on selected State Corporations titled 'STRATEGY DEVELOPMENT AT SELECTED STATE CORPORATIONS THAT OFFER FINANCIAL SERVICES, IN KENYA'

This information is purely for academic purposes and a copy of the findings will be availed to you upon request. Any information received will be treated with strict confidentiality and at no point will your name be mentioned in the final report.

Your cooperation will be highly appreciated.

Thank you

Prof. E. Aosa

APPENDIX II: QUESTIONAIRE ON STRATEGY DEVELOPMENT AT SELECTED STATE CORPORATIONS THAT OFFER FINANCIAL SERVICES, IN KENYA

Serial No……………

SECTION 1: GENERAL INFORMATION

1. Which state corporation do you work for?

   ICDC (   )   KTDC (   )   IDB (   )   YEDF (   )   WEF (   )

2. What is your position in the Organization?...

3. How long have you been with the Organization?

   Less than 1 year (   )   1-3 years (   )   4-7 years (   )   8-10 years (   )   Over 10 years (   )

4. What is the number of Staff in your organization?

   1-20 ( ) 20-50 ( ) 50-100 ( ) 100-200 ( ) Over 200 ( )

5. Do you have any branches in the country? YES (   )   NO (   )

   If yes, how many? 1-5 (   )   5-10 (   )   Over 10 (   )

6. What is the target group/ main clients of your organization?

   Industrial concerns ( ) Hospitality concerns ( ) Groups* ( ) Women ( ) Youth ( )

   Individuals ( )

   *Groups include chamas, saccos or societies formed by more than one individual

Questions

To what extent do you agree with the following statements on the strategy formulation process as observed in your organization? Please indicate so by marking an X or a check mark (√) in the column that appropriately fits your organization

SECTION 2: STRATEGY FORMULATION PROCESS

Key: 5 strongly agree; 4 agree; 3 do not know; 2 disagree; 1 strongly disagree

		5	4	3	2	1
7	Your organization enlisted consultants to advice on strategy formulation.					

8	I participated in the coming up with the Vision statement of my Organization.					
9	I participated in the coming up with the Mission statement of my Organization.					
10	My Organization has identified and documented;					
(i)	The threats facing it					
(ii)	Opportunities available to it for exploring					
(iii)	The internal strengths and weaknesses facing it					

11. How does your organization develop its strategic objectives?.....................................……………………………………………………

………………………………………………………………………………………………

………………………………………………………………………………………………

………………………………………………………………………………………………

………………………………………………………………………………………………

12	Staff views are sought before a strategy is chosen in my Organization.					
13	Stake holders are involved in the process of strategy development in my organization.					
14	Strategy formulation in my organization is a reaction to the environmental pressure.					
15	In my Organization, management is proactive as opposed to reactive to environmental pressure.					
16	Strategies have been communicated to all employees in my Organization					

SECTION 3: CHALLENGES FACED IN THE PROCESS OF STRATEGY DEVELOPMENT

Key: 5 strongly agree; 4 agree; 3 do not know; 2 disagree; 1 strongly disagree

		5	4	3	2	1
17	At the inception of strategy development process in my organization, we had a time frame for completing the exercise.					
18	We completed the exercise in the set time frame.					
19	We have encountered challenges in the strategy development process in my organization.					
20	The Organization has responded satisfactorily to the challenges.					

21. Below are possible challenges that may be faced in the process of strategy formulation. How do you rank them in the case of strategy development in your organization? {(Rank them in order of importance. Use the following scale to guide you in rating your answers:

Key: 5 very high; 4 high; 3 average; 2 low; 1 very low

Factors	Ratings				
	1	2	3	4	5
(a) Environmental turbulence & Uncertainty					
(b) Availability of resources					
(c) Resistance to change					
(d) Organizational Culture					
(e) Government influence					
(f) Politics					
(g) Stake holders expectations					
(h) Organizational structure					
(i) Leadership					

THANK YOU FOR YOUR COOPERATION!

APPENDIX III:
List of State corporations in Kenya

1.   Agricultural Development Corporation
2.   Agricultural Finance Corporation
3.   Agro-Chemical & Food Company Ltd
4.   Athi Water Services Board
5.   Bomas of Kenya Ltd
6.   Capital Markets Authority
7.   Catchment Area Advisory Committee
8.   Catering Tourism and Training Development Levy Trustees
9.   Central Water Services Board
10.   Chemilil Sugar Company Limited
11.   Coast Development Authority
12.   Coast Water Services Board
13.   Coffee Board of Kenya
14.   Coffee Research Foundation
15.   Commission for Higher Education
16.   Communication Commission of Kenya
17.   Consolidated Bank of Kenya
18.   Cooperative College of Kenya
19.   Council for Legal Education
20.   Deposit Protection Fund Board
21.   East African Portland Cement Co.
22.   Egerton University
23.   Ewaso Ng'iro South Development Authority
24.   Export Processing Zone Authority
25.   Export Promotion Council
26.   Gilgil Telecommunications Industries
27.   Higher Education Loans Board
28.   Horticultural Crops Development Authority
29.   Industrial and Commercial Development Corporation
30.   Industrial Development Bank
31.   Investment Promotion Centre
32.   Jomo Kenyatta University of Agriculture and Technology
33.   KASNEB
34.   Kenya Agricultural Research Institute
35.   Kenya Airports Authority
36.   Kenya Anti-Corruption Commission
37.   Kenya Broadcasting Corporation
38.   Kenya Bureau of Standards (KEBS)
39.   Kenya Civil Aviation Authority
40.   Kenya College of Communication & Technology
41.   Kenya Dairy Board
42.   Kenya Electricity Generating Company
43.   Kenya Ferry Services Limited

44.   Kenya Forestry Research Institute
45.   Kenya Industrial Estates
46.   Kenya Industrial Property Institute
47.   Kenya Industrial Research & Development Institute
48.   Kenya Institute Of Administration
49.   Kenya Institute of Public Policy Research and Analysis
50.   Kenya Literature Bureau
51.   Kenya Marine & Fisheries Research Institute
52.   Kenya Maritime Authority
53.   Kenya Meat Commission
54.   Kenya National Assurance Company
55.   Kenya National Examination Council
56.   Kenya National Library Service
57.   Kenya National Shipping Line
58.   Kenya National Trading Corporation Limited
59.   Kenya Ordinance Factories Corporation
60.   Kenya Pipeline Company Ltd
61.   Kenya Plant Health Inspectorate Services
62.   Kenya Ports Authority
63.   Kenya Post Office Savings Bank
64.   Kenya Railways Corporation
65.   Kenya Re-insurance Corporation
66.   Kenya Revenue Authority
67.   Kenya Roads Board
68.   Kenya Safari Lodges & Hotels
69.   Kenya Seed Company Ltd
70.   Kenya Sisal Board
71.   Kenya Sugar Board
72.   Kenya Sugar Research Foundation
73.   Kenya Tourist Board
74.   Kenya Tourist Development Corporation
75.   Kenya Utalii College
76.   Kenya Water Institute
77.   Kenya Wildlife Service
78.   Kenya Wine Agencies Limited
79.   Kenyatta International Conference Centre
80.   Kenyatta University
81.   Kerio Valley Development Authority
82.   Lake Basin Development Authority
83.   Lake Victoria South Water Service Board
84.   Local Authority Provident Fund
85.   Maseno University
86.   Masinde Muliro University
87.   Moi University
88.   National Aids Control Council
89.   National Bank of Kenya

90.   National Cereals and Produce Board
91.   National Council for Law Reporting
92.   National Environmental Management Authority
93.   National Hospital Insurance Fund
94.   National Housing Corporation
95.   National Irrigation Board
96.   National Museums of Kenya
97.   National Oil Corporation of Kenya Ltd
98.   National Social Security Fund(NSSF)
99.   National Water Conservation and Pipeline Corporation
100.   National Co-ordinating Agency for Population and Development
101.   New K.C.C
102.   NGO's Co-ordination Bureau
103.   Numerical Machining Complex
104.   Nyayo Tea Zones Development Corporation
105.   Nzoia Sugar Company
106.   Pest Control Products Board
107.   Postal Corporation of Kenya
108.   Pyrethrum Board of Kenya
109.   Retirement Benefits Authority
110.   Rift Valley Water Services Board
111.   School Equipment Production Unit
112.   South Nyanza Sugar Company
113.   Sports Stadia Management Board
114.   Tana and Athi Rivers Development Authority
115.   Tea Board of Kenya
116.   Tea Research Foundation Of Kenya
117.   Teachers Service Commission
118.   Telkom (k) Ltd
119.   University of Nairobi
120.   University of Nairobi Enterprises & Services Ltd
121.   Water Resources Management Authority
122.   Water Services Regulatory Board
123.   Women Enterprise Fund
124.   Youth Enterprise Development Fund

Office of the Government Spokesman, Government of Kenya, May 2013.

Source: http://www.communications.go.ke 05th May, 2013.

APPENDIX IV:
List of selected state corporations

Industrial and Commercial Development Corporation

Industrial Development Bank

Kenya Tourist Development Corporation

Women Enterprise Fund

Youth Enterprise Development Fund

Extracted from Office of the Government Spokesman, Government of Kenya, May 2013

Source: http://www.communications.go.ke 05th May, 2013.