STRATEGIC MANAGEMENT PRACTICES BY GOVERNMENT AGENCIES IN THE ROAD CONSTRUCTION INDUSTRY IN KENYA

BY

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DECLARATION

I declare that this research project report is my original work and has not been presented for an award of any degree or any other certificate in any other institution of higher learning other than the University of Nairobi.

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

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LIST OF ABBREVIATIONS AND ACRONYMS

INTP - Integrated National Transport Policy

KeNHA - Kenya National Highways Authority

KeRRA - Kenya Rural Roads Authority

KRB - Kenya Roads Board

KURA - Kenya Urban Roads Authority

KWS - Kenya Wildlife Service

RBV - Resource Based Value

RMLF - Road Maintenance Levy Fund

SWOT - Strength weakness opportunity threats

TCE - Transaction Cost Economics

UK - United Kingdom

ABSTRACT

This research sought to analyse the strategic management practices by Government agencies in the road construction industry in Kenya. The research focused on the six agencies that manage the road construction and maintenance in the country. The practices studied included goal setting, strategic analysis, strategy formulation, strategy implementation and evaluation and monitoring. The study applied descriptive research design. The data set comprised of both secondary and primary data. Primary data on strategic management practices was collected using a tailor made questionnaire. Secondary data was obtained from websites and internal documents of the six government agencies in the road construction industry in Kenya. Through this study, it was established that all the six agencies in the road construction industry in Kenya follow strategic management practices. Despite there being no uniform process adhered to, all the agencies exhibited all the components of the strategic management process. The research carried out on this study led to identification of the crucial aspects of strategic management practices that will facilitate better management and therefore enhance achievement of the mandates of the agencies.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Strategic management can be thought of as a thorough formalized process encompassing great effort at all levels of an organization to come up with and implement essential short and long term decisions and policies to direct a business towards a stated vision, goal and objective which may include shareholder appreciation and employee satisfaction while encompassing financial objectives, moral and ethical considerations in the decision making process (Bryson 2010).

The field of strategic management has grown in the last thirty five years developing into a discipline in its own right. Borrowing extensively from economics and social sciences, it is still fragmented by the presence of a number of distinct schools of thought, diversity in underlying theoretical dimensions and lack of disciplined methodology. The fragmentation is due to high degree of task uncertainty and lack of coordination in research — as a result of lack of uniformity and focus between the strategy field, its base disciplines and practitioners (Elfring and Voelberda, 2001). Strategy as a field of enquiry developed from a practical need to understand reasons for success and failure among organizations. This led to a focus on overall performance and on the top management. The work of Chandler (1962) created a view that strategy is made at the top and executed at the bottom, further reinforcing the fields focus on the top management while implementation was seen as secondary.

Road transport infrastructure represents a significant portion of the Kenyan government’s total financial investment in fixed assets. The scope of road transport infrastructure comprises the entire road network in Kenya and includes all road facilities upon which road transport operates. Some of the challenges inhibiting the transport sector from performing its facilitative role in respect of national and regional economies include; lack of fully integrated transport system, institutional deficiencies, inadequate human resource capacity and low capacity of local contractors. Therefore, there is need for adoption of effective strategic management practices by the six Government agencies involved in the road construction industry in Kenya (Economic Recovery Strategy for Wealth and Employment Creation (2003-2007), 2003).

1.1.1 Strategic Management Practices

In practice, strategic management follows various stages in a logical order. First stage is determination of the vision and mission of the firm (De Wit and Meryer, 1998). Vision and mission provide direction and scope for the firm's activities. Vision and mission also provide guidance for the firm's strategic objectives and strategies.

Situation Analysis follows which includes environmental analysis externally and internally. External analysis aims at identifying opportunities and threats in the external environment. Internal analysis, on the other hand, aims at identifying strengths and weaknesses in a firm's resources.

Thirdly, setting of strategic objectives follows. These should take into account factors identified in environmental analysis and should be in harmony with the firm's vision and mission. Strategic objectives should address environmental opportunities and threats, as well as, the strengths and weaknesses of the firm.

Strategic analysis and choice is the fourth stage. Strategy is aimed at achieving a firm's strategic objectives. Strategic analysis and choice occurs at two major levels, namely: corporate level and /or business level. At corporate level, the analysis and choice is mainly concerned with determining the appropriate business portfolio while at business level the chief concern is how to compete in a business i.e., competitive strategy. Furthermore, strategy implementation takes effect where strategy is operationalized. Development of functional plans and tactics, sometimes known as operational plans and tactics is the first step in strategy implementation. These translate a strategy into plans and tactics which are implementable. Each functional area develops plans and tactics necessary for implementing a strategy.

Evaluation and control of the strategy finalizes the process which requires continuous monitoring and taking corrective action at various phases of strategy implementation. Implementation should be monitored carefully to detect or identify problems requiring corrective action. Corrective action should be proactive rather than reactive.

1.1.2 The Road Construction Industry in Kenya

Road transport infrastructure represents a significant portion of the Government's total financial investment in fixed assets. The scope of road transport infrastructure comprises the entire road network in Kenya and includes all road facilities upon which road transport operates. In May 2009, the Integrated National Transport Policy (INTP) was developed to clarify the roles of the various players in the delivery and management of transport infrastructure and services. The INTP seeks to address the challenges in the transport sector through integration of transport infrastructure and operations as well as responding to market needs of transport (Integrated National Transport Policy, 2009).

Prior to the 2013 General Election, roads were under the management of the Ministry of Roads. Subsequently, the government allocated the roads subsector to be under the Ministry of Transport & Infrastructure. In the period up to 2007, the Ministry was directly in charge of roads. In January 2008, this structure was reviewed to create three new semi-autonomous roads agencies i.e., Kenya National Highways Authority (KeNHA), Kenya Rural Roads Authority (KeRRA) and Kenya Urban Roads Authority (KURA) (Kenya Roads Act, 2007).

The Kenya Roads Act 2007 identifies the roles of the six agencies. Ministry of Roads (Currently the Ministry of Transport & Infrastructure) is responsible for Policy formulation & coordination, setting of standards, advisory to roads sub-sector, land use management and implementation and reviewing/updating of the road sector master plan. Kenya Roads Board (KRB) funds maintenance of all roads through the Road Maintenance Levy Fund (RMLF). This fund is generated through a levy on fuel consumption by road users. The collection of the levy is outsourced to Kenya Revenue Authority (KRA). KeNHA is responsible for the management, development, rehabilitation and maintenance of national roads classified as classes A, B, and C Roads. The control of axle loads is included in this mandate. KeRRA is responsible for the management, development, rehabilitation and maintenance of rural roads classified as classes D, E, and unclassified rural Roads. KURA is responsible for management, development, rehabilitation and maintenance of all public roads in cities and municipalities except where those roads are national roads. Kenya Wildlife Service (KWS) is responsible for roads in National Parks and National Reserves as well as access roads allocated to it by the Ministry of Roads. KWS, just like the three

Roads Authorities will reports to the Ministry of Roads on road development projects while KRB approves its maintenance works.

1.2 Research Problem

Strategic management is about organizational performance where the management of a firm finds out why some companies do better than others and how to create sustainable competitive advantage through formulation and implementation of strategies to achieve corporate success. The strategic position involves three major things i.e., the environment, strategic capability and expectations and purposes hence strategic choices are either corporate, business, functional, international or centered on developmental directions and methods.

The demand for better roads and change in the environment and the needs of all stakeholders including road users, investors and financiers has also influenced organizational practices in the roads agencies in relation to costing, quality and speed. This shows the need for adoption of strategic management practices. In the year 2010, the Kenyan government, East Africa's largest economy, embarked on its most ambitious infrastructure investment programme ever, entailing construction of new roads, upgrading of some facilities and the rehabilitation of others. The magnitude of the investment necessitated the need for adoption of strategic management practices by the roads agencies in order to successfully deliver the programmes. This has seen a major improvement in the condition of roads throughout the country.

Since the 1980s, the field of strategic management has advanced dramatically in both the theoretical domain and empirical research. It is now considered as an important field not only in business, but also in other disciplines. Ansoff (1965) is believed to develop the term “strategic management” (Mason, 1986), but the term was actually coined at a conference at Pittsburgh University in 1977 (Lyles, 1990; Pettigrew, 2006). A firm must develop competence on its industry’s key success factors if it has to remain successful. Key success factors are few in each industry and vary across industries therefore; a sound strategy incorporates efforts to be competent on all key industry success factors and to excel on at least one factor.

Kihara (2010) studying the Kenya Road Authorities found among other factors that influenced operations in the Kenya Road Authorities was the adoption of change management practices to a level of staff involvement in the process, technological advancement and training of the employees as strategic choices.

Mokaya (2010) studying on strategic response by the Ministry of Roads to the challenges in the roads sub-sector in Kenya found out various strategic responses the Ministry employed in dealing with the challenges in the Roads sub sector. The enactment of the Roads Act 2007 shifted responsibility for the management of roads in Kenya from the Ministry of roads to the five other players in the road construction industry. The policy was left with the mandate to provide policy direction. However, the study was only limited to one of the six Government agencies in the roads subsector, i.e., the Ministry of Roads. Therefore, this study seeks to address strategic management practices among the six Government Agencies in the road construction industry, putting into consideration the enactment of the Roads Act 2007. Subsequent to the transfer of management of roads, there has been tremendous improvement in the condition of roads in the country. There is need therefore to find out the strategic management practices that have been adopted by the roads agencies in road construction, maintenance and funding.

This research study addresses the central question in strategic management practices by the six Government agencies in the road construction industry. It has explored the strategic management practices adopted by the six Government agencies in the road construction industry in Kenya.

1.3 Research Objectives

The objective of this research was to identify strategic management practices by the six Government agencies in the road construction industry in Kenya.

1.4 Value of the Study

The study provides information to facilitate better management by enhancing the knowledge of strategic management practices. Specifically, the six Government agencies in the road construction industry will have a reference point to refer to in order to enhance their management practices for better delivery of their mandates.

Regulators in the road construction industry also benefit from this study. This study provides information to help regulators in the road construction industry establish a more informed basis of coming up with guidelines on policies.

Finally, this study adds knowledge to existing studies on strategic management practices. Academicians will benefit greatly from the conclusions derived through this study and enrich the field of strategic management.

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction

This chapter reviews the theoretical frame work on strategic management. Two theories are stated, the resource-based view and dynamic capabilities. The strategic management process is highlighted. Finally, the chapter reviews strategic management practices in the construction Industry.

2.1 The Theoretical Framework

This study is guided by two theories namely, resource-based view and dynamic capabilities framework. The two are discussed below.

The resource-based view is a management device used to assess the available amount of a business' strategic assets. In essence, the resource-based view is based on the idea that the effective and efficient application of all useful resources that the company can muster helps determine its competitive advantage.

Today, the resource-based view (RBV) is considered to be one of the most widely accepted theories of strategic management (Powell, 2001). The resource based view operates on two assumptions. First, resources are assumed to be heterogeneously distributed among firms (Barney, 2001b). Such a condition allows for the existence of differences in firm resource endowments. Second, resources are assumed to be imperfectly mobile (Barney, 2001b). This condition allows for these differences to persist over time. Barney (2001b) argues that only resources which are simultaneously valuable and rare can generate competitive advantage. However, the assumed heterogeneity and immobility are not sufficient conditions for sustained competitive advantage. Barney (2001b) suggests that a firm resource must have the following attributes: it must be valuable; it must be rare: it must be inimitable; and must be non-substitutable in order to be source of a sustained competitive advantage. Porter (1980) suggests that firms should analyze their competitive environment, choose their strategies, and then acquire the resources needed to implement their strategies. Firms are assumed to have the same resources to implement these strategies or to have the same access to these resources.

A firm’s resources includes all assets, capabilities, organizational processes, firm attributes, information, knowledge etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness (Daft, 1983). Firm resources are strengths that firms can use to conceive of and implement their strategies (Porter, 1980). The list of firm attributes that may enable firms to conceive and implement value-creating strategies can be categorized into three: Physical capital resources (Williamson, 1975), human capital resources (Becker, 1964), and organizational capital resources (Tomer, 1987). Physical capital resources include the physical technology used in a firm, a firm’s plant and equipment, its geographical location, and its access to raw materials. Human capital resources include the training, experience, judgement, intelligence, relationships, and insights of individual managers and workers in a firm. Organizational capital resources include a firm’s formal reporting structure, its formal and informal planning, controlling and coordinating systems, as well as informal relations among groups within a firm and between a firm and those in its environment.

Of course, not all aspects of a firm's physical capital, human capital and organizational capital are strategically relevant resources. Some of these firm attributes may prevent a firm from conceiving and implementing strategies (Barney, 2001b). Others may lead a firm to conceive of and implement strategies that reduce its effectiveness and efficiency. Still others may have no impact on a firm's strategizing processes. However, those attributes of a firm's physical, human and organizational capital that do enable a firm to conceive of and implement strategies that improve its efficiency and effectiveness are firm resources (Wernerfelt, 1984).

Dynamic capabilities refers to the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments (Teece et al., 1997). Helfat et al. (2007) define dynamic capability as the capacity of an organization to purposefully create, extend, or modify its resource base. The dynamic capabilities paradigm is perhaps best represented by Teece's (Teece et al. 1997; Teece, 2007) dynamic capabilities framework. According to Teece et al. (1997), the term actual "dynamic capabilities" highlights two key aspects that were previously oversimplified. First, the term dynamic refers to changing business environment that requires the capacity to renew competences and innovative responses. Secondly, the term capabilities are seen as the manner in which firms appropriately adapt, integrate, and reconfigure their internal and external skills, resources and competences in order to respond to a changing environment.

The basic strategic process that any firm goes through begins with a vision statement, and continues on through objectives, internal and external analysis, strategic choices (both business-level and corporate-level), and strategic implementation. This approach is an evolutionary version of the RBV, where it shares similar assumptions (Barney 2001b). However, it also incorporates external factors such as institutional and market position. Teece and Pisano (1994) suggested that it is necessary to consider the shifting character of the external environment and hence the key role of strategic management, which is predominantly about adapting, integrating and reconfiguring internal and external organizational skills, resources and functional competencies toward the changing environment.

2.2 Strategic Management Process

The concept of strategic management has a long history of theoretical analysis and practical application, coupled with conflict in the best interpretation of what constitutes the correct approach, methods, process to make decisions, complexity, organizational factors, strategies to employ, and commitment, sometimes in contrast, compliment, and conflict with each other (Datta, 1993). However, there is no single strategic plan or decision making strategy that seems to fit for every situation (Bryson, 2010).

Strategy is 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 (Johnson Scholes and Whittington, 2008). Research reflects that a formal strategic management process is a key factor in the success of the plan implementation and being a formal process contributes to the overall satisfaction of those involved in the process (Dye and Sibony, 2007).

While this is an important process in any organization, developing a strategic plan is only part of the process. Strategic planning can be classified into two major categories including the content and research of the strategic process itself, but also the way in which a strategic process should be implemented (Datta, et. al., 1993). To be successful an organization must implement a process of implementation that includes monitoring of key objectives and perceptions of the plan through measurable means that can be readily reviewed and discussed (Antheil and Spinelli, 2011). The process is meant to encourage and groom strategic thinking processes while working towards key company goals and visions by encouraging effective strategic management (Bryson, 2010). Strategic planning and management can help a business move towards achieving its goals and objectives by developing a strategy specific to the company, that takes into consideration the important factors of the company such as customer satisfaction, market share, financial considerations for shareholders and stakeholders, while helping to improve the decision making capabilities of those involved in the process (Patten, 2010).

The process can be complicated but it can be broken down into some key components i.e., goal setting, analysis, strategy formulation, strategy implementation, and evaluation and control.

2.2.1 Goal Setting

This component is considered one of the most important aspects of strategic planning. Strategic decisions are highly complex and with this complexity there are numerous variables that can impact the process (Harrison, 1996). With that in mind, the objectives should be challenging, and clearly articulated with some form of measurable objectives in place as part of the checks and balances to be sure the process is on track. Explicit objectives provide excellent guidance for staff and research shows that there is an improvement to productivity when objectives are clearly articulated (Armstrong, 1982).

In order to achieve the objectives specified above, comprehensive strategies should be developed with adequate resources available to accomplish the objectives given the uncertainty in executing strategies. By working through a comprehensive strategic process it is highly likely that alternative strategies could arise that may be more credible than the original hypothesis which allows for changes to the plan and considers external mitigating factors that may have impacted the original strategy (Armstrong, 1982).

2.2.2 Strategic Analysis and Strategy Formulation

This involves evaluation of alternative strategies. Analysis should look at economic as well as the feasibility of success of the alternative strategy. It is suggested that the role of “devil’s advocate” be used to elicit challenges and solutions to strategies which may result in a revised strategy or abandoning it all together. Research shows that the use of this technique has resulted in a more suitable strategy being selected when comparing alternatives (Armstrong, 1982; Cosier, 1978).

According to Alkhafaji (2003), strategy formulation consists of a continuous effort to develop a set of directions, draft a blue print and draw a road map. This involves the following: evaluating the internal and external organization; establishing the predetermined mission and goals of the organization; setting the organization’s strategic policies or guidelines; and assessing the needs, values and skills possessed by those who develop the strategy.

2.2.3 Strategy Implementation

Great strategies are worth nothing if they cannot be implemented (Okumus and Roper 1999). Less than 50% of formulated strategies get implemented (Mintzberg 1994). Every failure of implementation is a failure of formulation. The utility of any tool lies in its effective usage and so is the case with strategy. Strategy is the instrument through which a firm attempts to exploit opportunities available in the business environment. The performance of a firm is a function of how effective it is in converting a plan into action and executing it. Thus implementation is the key to performance, given an appropriate strategy.

In literature, implementation has been defined as "the process by which strategies and policies are put into action through the development of programs, budgets and procedures" (Wheelan and Hunger, 2001). This involves the design or adjustment of the organisation through which the administration of the enterprise occurs. This includes changes to existing roles of people, their reporting relationships, their evaluation and control mechanisms and the actual flow of data and information through the communication channels which support the enterprise (Chandler 1962; Hrebiniak and Joyce 2005).

2.2.4 Evaluation and Monitoring

One of the failings of strategy implementation is the failure to adequately monitor the changes of the staff, perceptions, direction change is moving, and provide feedback as part of the overall strategic plan. Failure to do so can result in failure of the objectives and alienation of the team. To combat this issue, a facilitator should be identified that can monitor progress, collect data from various sources related to change and perceptions, gather feedback, and propose additional actions or ideas to support the plan or alternatively suggest changes to the plan or organization as a whole (Anthell and Spinelli, 2011). Another issue that arises is the fact that evaluation of the strategic process tends to only occur annually. This does not allow management to make necessary changes or respond quickly to a changing internal or external environment. Further, strategic plans tend to focus on specific departments within a company with some groups taking action while others not following the plan or circumventing the process by making unplanned or off-the-cuff decisions purely based on gut instinct versus the compilation of qualified data for analysis (Mankins and Steele, 1994). These plans are also time consuming and require extensive effort to complete including significant use of company resources, sapping infrastructure (Patten, 2010).

Without the “buy in” or commitment to the plan it is doomed to fail. Plans can be ignored at all levels so there needs to be a formalized procedure for gaining commitment through the use of meetings, as research shows that contribution and commitment to the plan was higher when there was a feeling of camaraderie with opportunity to voice opinions, suggestions, and concerns (Armstrong, 1982). Within this commitment is the necessity for feedback and monitoring to ensure the plan remains on course and there are no dissenting opinions or issues that have not been recognized and discussed.

2.3 Strategic Management in Construction

Numerous studies have been developed to explore the concept of strategic management and practice in the construction industry. According to Brown (2004), the UK construction and engineering industry has shown a high commitment to strategic management development. Despite this, Chinowsky and Meredith (2000) and Betts, Clark, and Ofori (1999) noted that strategic management application to the construction context remains limited and lags behind that in other industries.

Cheah and Garvin (2004) found that operational strategy has dominated strategic management research in the construction industry. Indeed, strategic management capabilities are being broadly developed by many large construction firms, however, there are considerable limitations which need to be addressed (Price et al., 2003). After identifying all eight schools of thoughts in business management, Huovinen (2004) concluded that there is no established tradition in construction-related business management research.

Betts and Ofori (1999) introduced the idea of strategic planning and a five-framework level of strategic management in construction. Male and Stocks (1991) developed an organisation model for the construction company and Langford and Male (2001) developed a basic framework for the contingency model of strategic management in construction. These authors provide a systematic way of thinking on how construction organisations should develop and sustain their competitive advantage. However, Lansley (1987) and Hillebrandt and Cannon (2000) remain as foundation-stone scholars for corporate strategy in the construction context. Lansley (1994) and Hillebrandt (2000) introduced Williamson's (1975) transaction cost approach as a strategic perspective in construction. This is the first momentous work in relation to economic ideas.

Betts and Ofori (1992; 1999) made an important contribution with their linkage of Porter's framework of five competitive forces (Porter, 1980), and generic strategies (Porter, 1980) in a construction business environment. They suggested a five-level framework at which strategic management may be applied in the construction context: national construction industry, professional institution, construction enterprise, construction project, and construction product. While recognizing the importance of professional institution and trade associations, they argue that the corporate or enterprise level is a most significant example of strategic management and business process analysis.

Langford and Male (2001) identify organizational structure; reputation and innovation as primary sources of distinctive capabilities framework – sensing, seizing and transformational/ reconfiguration capabilities (Teece, 2007). These capabilities may lead to a competitive advantage. Male and Stocks (1991) noted that innovation is one of specific-firm advantage for construction enterprise. In presenting their contingency model of strategic management for construction, Langford and Male (2001) described the importance of the human capital for strategic flexibility under a given set of environmental evolutions.

From 2000 onward, strategy research in construction started to spread with some researchers explicitly addressing the endogenous view of strategy, with a focus on internal structure, resources, and capabilities of the construction firm. However, prior to that period, Junnonen (1998) and Winch (1998) had pointed out that the resource based view (RBV) and Transaction Cost Economics (TCE) were appropriate for analyzing construction companies, both in terms of their operations and strategy formation.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This part outlines methodology that was used in the study. It comprises of research design, population of the study, data collection, and data analysis.

3.2 Research Design

Cross-sectional survey design was used in this study. This type of research design depicts the state of affairs as it exists. The researcher has no control over the variables and can only report what had happened or what is happening. Therefore, this research design is appropriate for gathering information, summarizing, presenting and interpreting it for the purpose of clarification. The design helps the researcher to produce statistically significant information on issues related to the study.

3.3 Population of the Study

Population is the group of elements that are of interest to the researcher i.e., the group to which the researcher would like the results of the study to be generalizable. The target population for this study consisted of all the six Government agencies in the road construction industry in Kenya i.e., Ministry of Transport and Infrastructure, KeRRA, KeNHA, KURA, KRB and KWS.

3.4 Data Collection

The research used both primary and secondary data. Primary data refers to the data collected fast hand by the researcher in the population of study while secondary data is collected from external sources other than the population of the study.

Primary data was collected using a structured questionnaire. Secondary data was obtained from websites and internal documents of the six Government agencies in the road construction industry in Kenya.

Respondents were from the board, top management, middle management and supervisory levels of the six Government agencies in the road construction subsector. This cluster responded to the questionnaire satisfactorily and therefore provided the required survey data necessary to draw conclusions for this study.

A questionnaire was used as a method of primary data collection. In addition, content analysis was used to select the secondary data.

The questionnaires were administered by the researcher himself. This is because the target population was small and not geographically dispersed to warrant engagement of research assistants.

3.5 Data Analysis

Data collected was both qualitative and quantitative in nature. Qualitative data was analyzed by arranging responses according to the research questions and objectives. Descriptive statistics including percentages and frequency counts were used to analyze the quantitative data obtained. Data collected from the field was coded and keyed into the computer for analysis using the Statistical Package for Social Sciences (SPSS version 19).

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents findings for strategic management practices among government agencies in the road construction industry in Kenya. Primary data from six road construction agencies was collected by form of questionnaires, analyzed and statistical findings presented in tables. Brief inference interpretations of the findings are also captured in this chapter.

4.2 Profile of Respondents

Seven respondents were interviewed from each agency. This composed of two Board members, three top management level staff, one middle management level staff and one supervisory level staff for each of the agencies. However, since the Ministry of Transport and Infrastructure does not have a Board of Directors, no staff at this level were interviewed for this agency and therefore only five respondents were surveyed. Therefore, from all these agencies, forty respondents were surveyed (**Tables 1)**

Table 1: Profile of Respondents

	Frequency	Percent	Cumulative Percent
Number of years since establishment			
Less than 5 years	3	50.00	50.00
5 – 10 years	0	0.00	50.00
Over 10 years	3	50.00	100.00
Period of respondents with the Agency			
Less than 5 years	18	45.00	45.00
5 – 10 years	5	12.50	57.50
Over 10 years	19	47.50	100.00

	Frequency	Percent	Cumulative Percent
Position in the Agencies			
Board Level	10	25.00	25.00
Top Management Level	18	45.00	70.00
Middle Management Level	6	15.00	85.00
Supervisory Level	6	15.00	100.00

As shown in **Table 1**, half of the agencies had been in existence for less than five years while the other half had been in existence for more than ten years. This explains the response that, approximately, an equal proportion of respondents had been with their respective agencies either for more than ten years or for less than five years. The persons who had been with the agencies for a period ranging between five and ten years were board members of the older agencies (more than ten years in existence) given that their term of service is limited to a maximum duration of six years.

4.3 Strategic Management Practices

4.3.1 Goal Setting

All the agencies had articulated a vision, mission and value statements. Half of them updated their visions lastly 4 years ago while the other half had done so in ten years or more ago. All the agencies, confirm that their vision statements are relevant to their activities and mandate **(Table 2)**. As shown in **Table 3**, all respondents indicated that their agencies had established long term objectives and that it was important to do so.

Table 2: Formulation and Relevance of Vision, Mission and Value Statements

	Frequency	Percent	Cumulative Percent
Has your agency developed vision, mission and value statements?			
Yes	40	100.00	100.00
No	0	0.00	100.00
When was your agency's vision, mission and value statements last updated?			

Less than 5 years	20	50.00	50.00
5 – 10 years	0	0.00	50.00
Over 10 years	20	50.00	100.00
Are these statements compatible with your agency's activities?			
Yes	40	100.00	100.00
No	0	0.00	100.00

Table 3: Setting Longterm Objectives

	Frequency	Percent	Cumulative Percent
Has your agency established longterm objectives?			
Yes	40	100.00	100.00
No	0	0.00	100.00
Not Sure	0	0.00	100.00
How important is it to establish longterm objectives for your Agency?			
Important	40	100.00	100.00
Average Importance	0	0.00	100.00
Not Important	0	0.00	100.00
Not Sure	0	0.00	100.00

4.3.2 Strategic Analysis and Strategy Formulation

As indicated in **Table 4**, all the agencies confirm to have conducted a SWOT analysis and place high priority on the process and its effectiveness in strategy implementation.

Table 4: SWOT Analysis

	Frequency	Percent	Cumulative Percent
Has your agency conducted a SWOT analysis?			
Yes	40	100.00	100.00
No	0	0.00	100.00
Not Sure	0	0.00	100.00
How would you rate the competencies of your Agency in conducting SWOT analysis?			
Competent	8	20.00	20.00
Average competency	19	47.50	67.50
Low competence	10	25.00	92.50
Not Sure	3	7.50	100.00
How would you rate the importance of the SWOT analysis process to the effective			

operation of your Agency?			
High	38	95.00	95.00
Average	2	5.00	100.00
Low	0	0.00	100.00
Not Sure	0	0.00	100.00
Is SWOT analysis employed when dealing with significant issues outside of strategic planning?			
Yes	14	35.00	35.00
No	26	65.00	100.00
Not Sure	0	0.00	100.00
How would you rate the priority your Agency places on the SWOT analysis process?			
High	34	85.00	85.00
Average	6	15.00	100.00
Low	0	0.00	100.00
Not Sure	0	0.00	100.00

4.3.3 Strategy Implementation

The respondents surveyed confirmed that all agencies have documented their procedures and policies in the form of manuals and that the documents were relevant to organizational activities. However, these manuals had largely not been revised or updated since inception. Only 25% of the respondents indicated that these manuals had been updated (**Table 5**). However, even though the respondents agreed that it was important for their agencies to formulate strategies to deal with issues, the success at doing this was not impressive (**Table 6**).

Table 5: Documentation of Procedures and Policies

	Frequency	Percent	Cumulative Percent
Does your Agency maintain policy manuals?			
Yes	40	100.00	100.00
No	0	0.00	100.00
Not Sure	0	0.00	100.00
Are Agency policies updated on a regular basis?			
Yes	10	25.00	25.00
No	30	75.00	100.00

Not Sure	0	0.00	100.00
Rate the relevance of your Agency's policies to current organizational activities			
Relevant	38	95.00	95.00
Average Relevance	2	5.00	100.00
Irrelevant	0	0.00	100.00
Not Sure	0	0.00	100.00

Table 6: Relevance of Formulated Strategies

	Frequency	Percent	Cumulative Percent
How important is it to generate strategies to deal with issues for your Agency?			
Important	40	100.00	100.00
Average Importance	0	0.00	100.00
Not Important	0	0.00	100.00
Not Sure	0	0.00	100.00
Rate your Agency's success of generating strategies to deal with issues			
Successful	6	15.00	15.00
Average Success	18	45.00	60.00
Not Successful	14	35.00	95.00
Not Sure	2	5.00	100.00

4.3.4 Strategy Evaluation and Monitoring

Table 7 indicates that all the agencies have developed some form of criteria for measuring achievement of strategic objectives. A majority of the respondents also indicated that their agencies' evaluation practices were effective. However, identification of corrective action when strategic initiatives were failing was not effective. In addition, it took long for management to acknowledge that strategic initiatives were failing.

Table 7: Evaluation and Monitoring of Strategic Initiatives

	Frequency	Percent	Cumulative Percent
Has your Agency developed a set of key performance indicators or some other form of accountability to track the success of strategic initiatives			
Yes	40	100.00	100.00
No	0	0.00	100.00

	Frequency	Percent	Cumulative Percent
Not Sure	0	0.00	100.00
Rate your Agency's ongoing evaluation practices as it relates to strategic initiatives			
Effective	32	80.00	80.00
Average effectiveness	8	20.00	100.00
Not effective	0	0.00	100.00
Not Sure	0	0.00	100.00
Rate your Agency's success at identifying corrective action when strategic initiatives are failing or could be improved			
Effective	7	17.50	17.50
Average effectiveness	33	82.50	100.00
Not effective	0	0	100.00
Not Sure	0	0	100.00
Rate your Agency's response time after they acknowledge that a strategic initiative is failing			
Effective	10	25.00	25.00
Average effectiveness	15	37.50	62.50
Not effective	15	37.50	100.00
Not Sure	0	0.00	100.00
Rate your agency's effectiveness at evaluating the impact of changes subsequent to initial strategy formulation			
Effective	7	17.50	16.67
Average effectiveness	33	82.50	100.00
Not effective	0	0.00	100.00
Not Sure	0	0.00	100.00
Rate the level of participation of the Board in strategy evaluation			
High	40	100.00	100.00
Average	0	0.00	100.00
Low	0	0.00	100.00
Not Sure	0	0.00	100.00
Rate the level of participation of top management in strategy evaluation			
High	40	100.00	100.00
Average	0	0.00	100.00
Low	0	0.00	100.00
Not Sure	0	0.00	100.00
Rate the level of participation middle management in strategy evaluation			

	Frequency	Percent	Cumulative Percent
High	8	20.00	20.00
Average	20	50.00	70.00
Low	12	30.00	100.00
Not Sure	0	100.00	100.00
Rate the level of participation the supervisors in strategy evaluation			
High	0	0.00	0.00
Average	4	10.00	10.00
Low	36	90.00	100.00
Not Sure	0	0.00	100.00

4.4 Discussion

All agencies surveyed confirm to be having vision, mission, value statements and that the same were relevant to the agencies' activities. It is evident that government agencies in the road construction sector are waking to the strategic management practices as evidenced by the findings of all having articulated vision and mission statements in conformity with earlier findings of De Wit and Meryer (1998) who stated that the first stage in the strategic management process is the determination of the vision and mission of the firm. As shown in **Table 3**, all respondents stated that it was important for their agencies to establish longterm objectives and strategies and that this had already been done. This agrees with the earlier work of Armstrong (1982) who stated that explicit objectives provide excellent guidance for staff and that there is improvement in productivity when objectives are clearly defined.

All the agencies surveyed were performing strategic analysis. This was done through SWOT analysis (**Table 4**). The respondents also stated that their agencies placed a high priority on the SWOT analysis process. Strategic analysis has been accepted as it results in more suitable strategy being selected when comparing alternatives (Cosier, 1978).

As evidenced from research findings, some of the planned strategies were not implemented. Most respondents were of the view that their agencies are not good at generating strategies to deal with issues. This implies that the strategies in place were not effectively dealing with issues and therefore implementation was put to question. This is in agreement with Okumus and Roper (1999) who stated that strategies are worth nothing if they cannot be implemented. Mintsberg (1994) added that less than 50% of formulated strategies get implemented. Despite the disconnect between strategic planning and implementation, these agencies had put in place policy manuals to assist in strategy implementation. Wheelan and Hunger (2001) define implementation as the process by which strategies and policies are put into action through the development of programmes, budgets and procedures.

Table 8 reveals that all agencies had developed criteria for measuring achievement of strategic initiatives and that the evaluation practices were effective. This was in form of key performance indicators and other forms of accountability that would track the success of strategic initiatives. However, the findings suggest laxity in responding to failing strategic initiatives. Further, most of the respondents were of the view that effectiveness at evaluating the impact of changes subsequent to initial strategy formulation was not very effective. According to Anthell and Spinelli (2001) there should be effective feedback and additional actions to support the plan or alternative changes to the plan.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter discusses summary of findings and gives conclusions and recommendations of the research. Limitations of the study and recommendations for future research are also discussed.

5.2 Summary of Findings

Findings from this research depict a trend of following the strategic management process by the Government agencies in the road construction industry in Kenya. Save for the lower level of implementation of formulated strategies, these agencies generally follow the strategic management process. They agencies have embraced strategic practices and the importance that they lay on these practices. As depicted from the discussion in Chapter Four, the findings generally agree with available literature on the strategic management process.

5.3 Conclusion

The study concludes that all the six Government agencies in the road construction industry in Kenya have adopted strategic management practices in delivering their mandate. However, in adoption of these practices, no specific order in the strategic management process was followed. Each agency adopted its own model of the strategic management process. However, all the key components of the strategic management practices were adopted in execution of strategy by all these agencies.

5.4 Recommendations for Policy and Practice

The organization structure should be aligned to what the strategy is calling for in order to enhance effectiveness of communication and coordination during implementation processes. The role of organization structure in the implementation of strategy should be clarified. Coordination between the various levels of staff and the board needs to be sufficiently effective. There is need to appoint cross-functional and multi-level teams for implementation purposes. Further, there should be there should be higher involvement of lower level employees in strategic planning input and feedback. Management has to be involved and maintain focus during the implementation process.

Departmental performance should be linked to strategy implementation and effective feedback mechanisms. In addition, employee performance during implementation phase needs to be linked with the overall reward and compensation system in the agency. Incentive and reward systems should be tied to success in implementation of formulated strategies. Management should ensure that there is a supportive structure in place to provide employees with the needed training and instructions during planning and implementation.

The agencies were not regularly reviewing and updating their vision, mission, value statements and policy manuals to conform with the rapidly changing business environment. The time the respondents indicated as having updated their vision, mission and value statements was actually when the same were articulated.

Strategic analysis is a key step in the strategic management process. From this research, it was revealed that a majority of the respondents were not competent at performing strategic analysis for their respective agencies. It was apparent that these agencies had performed SWOT analysis through use of consultants. Therefore, the capabilities of employees involved in strategic planning and implementation were insufficient. It also could be that training and instructions given to lower level employees were inadequate. This explains the finding that SWOT analysis was hardly employed in dealing with significant issues outside of strategic planning. Lack of a thorough situation analysis may imply that these agencies may not anticipate problems that would surface during the execution period. Major problems may surface that had not been identified earlier. There is need therefore to spend more time and analysis on identification of problems in implementation. Capabilities of employees involved should be enhanced through training in strategic planning and implementation skills.

The turnaround time for identifying corrective action when strategies are detected to be failing should be improved. There is need to develop and evaluate strategies that expedite implementation of key strategic issues. Key implementation tasks and activities should be sufficiently defined and responsibilities allocated. Information on key implementation tasks and activities should be clarified and prioritized. Further, information on implementation of major tasks and activities should be tracked and disseminated.

The research suggests that planners should place more emphasis on implementation issues while they are drafting their plans. Most of the obstacles are avoidable if they have been accounted during the formulation stage. It is obvious that many strategic plans fail to realize the anticipated benefits due to problems and difficulties faced during implementation.

5.5 Limitations of the Study

The research suffers from the quality of the composition of the sample. By virtue of the small number of respondents from each agency, their characteristics were not sufficiently heterogeneous. The limited heterogeneity in respondents' demographic characteristics could have affected both the nature and the extent of the responses obtained.

The objective of this study was to generally deal with adoption of strategic management practices by these agencies. During the study, it was noted that these agencies experienced varying challenges in adoption of strategic management practices. This is an area that could not be covered due to the specific nature of the research objectives for this study.

5.6 Suggestions for Further Research

The findings of this study, it is hoped, will contribute to the existing body of knowledge and form basis for future researchers. Specifically, there is need to widen the number of respondents so that more specific findings could be derived. The specific problems that the agencies encounter in the adoption of strategic management practices also need to be studied.

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Appendix 1: Questionnaire

STRATEGIC MANAGEMENT PRACTICES AMONG GOVERNMENT AGENCIES IN THE ROAD CONSTRUCTION INDUSTRY IN KENYA

SECTION ONE: DEMOGRAPHIC INFORMATION

A. RESPONDENTS

1. Please indicate your position in the Agency**...**

2. For how long have you worked with the Agency?

   Less than 5 years ☐ 5-10 years ☐ above 10 years ☐

B. AGENCY

1. Name of the Road Agency……………………………………………………….

2. What is the age of the Agency?

   Less than 5 years 5-10 years ☐ above 10 years ☐

SECTION TWO: STRATEGIC MANAGEMENT PROCESS

1) Goal Setting

a) Vision

i) Has your Agency articulated a vision for the Agency?

   Yes ☐ No ☐ Not Sure ☐

ii) When was it last updated? (Circle the relevant year after formulation)

   Less than 5 Years ☐ Between 5 and 10 Years ☐ More than 10 Years ☐

iii) Is the vision statement relevant to the Agency's activities and mandate?

   Yes ☐ No ☐ Not Sure ☐

b) Mission

i) Has your Agency developed a mission statement?

Yes ☐ No ☐ Not Sure ☐

ii) When was it last updated? (Circle the relevant year after formulation)

Less than 5 Years ☐ Between 5 and 10 Years ☐ More than 10 Years ☐

iii) Do you feel that your current mission statement is compatible with the activities being carried on by the Agency?

Yes ☐ No ☐ Not Sure ☐

iv) How would you rate participation in developing the mission statement (circle the relevant level of involvement)

High	
Average	
Low	
Not Sure	

c) Value Statements

i) Has your Agency defined a set of value statements?

Yes ☐ No ☐ Not Sure ☐

ii) When were they last updated or discussed formally?

Less than 5 Years ☐ Between 5 and 10 Years ☐ More than 10 Years ☐

2) Strategic Analysis: SWOT Analysis

a) Has your Agency conducted a SWOT analysis?

Yes ☐ No ☐ Not ☐

Sure

b) How would you rate the competencies of your Agency to conduct a SWOT analysis?

Competent	
Average Competence	
Incompetent	
Not Sure	

c) How would you rate the priority that your Agency places on the SWOT analysis process?

High	
Average	
Low	
Not Sure	

d) How would you rate the importance of the SWOT analysis process to the effective operation of your Agency?

High	
Average	
Low	
Not Sure	

e) Is a SWOT analysis employed when dealing with significant issues outside of strategic planning?

Yes ☐ No ☐ Not ☐

Sure

3) Strategy Formulation & Implementation

a) Has your Agency established long term objectives?

Yes ☐ No ☐ Not Sure ☐

b) How important is it to establish long-term objectives for your Agency?

Important	
Average Importance	
Not Important	
Not Sure	

c) Rate your Agency's success/practice of generating strategies to deal with issues.

Successful	
Average Success	
Not Successful	
Not Sure	

d) How important is it to generate strategies to deal with issues for your Agency?

Important	
Average Importance	
Not Important	
Not Sure	

e) Does your Agency maintain policy manuals?

Yes ☐ No ☐ Not Sure ☐

f) Are Agency policies updated on a regular basis?

Yes ☐ No ☐ Not Sure ☐

g) Rate the relevance of your Agency's policies to current organizational activities

Relevant	
Average Relevance	
Irrelevant	
Not Sure	

h) Rate your board's commitment and support to the implementation of strategic initiatives.

Committed	
Average Commitment	
Not Committed	
Not Sure	

i) Rate the performance of your Board as it relates to the delivery of support to strategic initiatives. (as opposed to "talking the talk")

Supportive	
Average Support	
No Support	
Not Sure	

j) Rate how appropriate the current structure of your Agency is to support the implementation of strategic initiatives.

Appropriate	
Average Appropriateness	
Inappropriate	
Not Sure	

k) Rate the effectiveness of your current governance model as it relates to the implementation of strategic initiatives.

Effective	
Average Effectiveness	
Not Effective	
Not Sure	

l) Rate your Agency's readiness for organizational change.

Prepared	
Average Preparedness	
Not Prepared	
Not Sure	

4) Evaluation and Monitoring

a) Has your Agency developed a set of key performance indicators or some other form of accountability to track the success of strategic initiatives?

Yes ☐ No ☐ Not Sure ☐

b) Rate your Agency's ongoing evaluation practices as it relates to strategic initiatives.

Effective	
Average Effectiveness	
Not Effective	
Not Sure	

c) Rate your Agency's success at identifying corrective action when strategic initiatives are failing or could be improved.

Effective	

Average Effectiveness	
Not Effective	
Not Sure	

d) Rate your Agency's response time, after they acknowledge that a strategic initiative is failing.

Effective	
Average Effectiveness	
Not Effective	
Not Sure	

e) Rate your Agency's effectiveness at evaluating the impact of changes subsequent to initial strategy formulation.

Effective	
Average Effectiveness	
Not Effective	
Not Sure	

f) Rate the level of participation in strategy evaluation for the following groups

	Board	**Top Management**	**Middle Management**
High			
Average			
Low			
Not Sure			