STAKEHOLDER INVOLVEMENT AS A STRATEGY IN ENHANCING ORGANIZATIONAL PERFORMANCE IN THE MINISTRY OF LAND, HOUSING AND URBAN DEVELOPMENT OF KENYA

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DECLARATION

This research project is my original work and has not been presented for a degree in any
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God bless you all.

DEDICATION

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ABSTRACT

Stakeholder involvement is considered an integral part of an organization stepwise process of decision making aimed at ensuring there is a broad support for the organizations policy and activities, to avoid conflicts and to generate as much support as possible for the success of the plan over time. The need for a broad consensus in the strategic process is necessary especially in the present day business environment where the society plays a great role in the success of an organizations strategy. It becomes imperative therefore that an organization comes up with a strategy that will not be resisted in totality by the society or if there is resistance, then the level of resistance should not curtail in total the implementation of the same organization objectives. study sought to establish and to identify the extent of stakeholder involvement in the strategic process at the Ministry of Land, Housing and Urban development and to establish the effect of external stakeholders involvement in the performance of the Ministry. Towards answering the research question, the study design adopted was a case study and involved interviewing senior management team in the Ministry. The research finding was that the stakeholder involvement in the Ministry has had positive effects on the strategic process of the Ministry such as reduction in the process time for strategy implementation, reduced resistance from the public to implemented strategies, due to the reduction of resistance by the stakeholders, the improved cooperation has influenced the legislation, service charters and requirements of the Ministry, customer care policies and information sharing.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the study

The stakeholder theory posits that an organization is a social construction made of interaction of various stakeholders and the organization is envisioned as the centre of a network of stakeholders, a complex system of exchanging services, information, influence and other resources (Mersland and Strøm 2009). The basis of stakeholder involvement in the strategic process of an organization is that an organization's value is created when it meets the needs of the firm's important stakeholders in a win-win fashion (Harrison, Bosse et al. 2007). According to Freeman (1999) successful stakeholder involvement fosters strategic development of partnership, results in collaborative problem solving in which it ultimately results in broader support for decisions. However, he cautions that in some cases, the goals of the stakeholders may be in conflict with each other and therefore may threaten business organizations. The conflicts arising among the stakeholders, if well managed, can act as a synergy factor leading to a better cooperation and participation of the stakeholders. Corporations need to satisfy stakeholders' demands as an unavoidable cost of doing business. Rowley (2009) note that the survival of the corporation depends on how well it satisfies its stakeholders. Therefore, the management of competing stakeholders has emerged as an important topic for formulating business strategies.

Langtry (1994) points out that corporations need to satisfy stakeholders' demands as an unavoidable cost of doing business. He argued that the survival of the corporation depends on how well it satisfies stakeholders since corporation operates for its well-being. He further posits that there are three criteria for deciding which category of stakeholders will need to be involved in an organizations strategy formulation and implementation. He

observes that stakeholders should have potential to influence business fortunes, impact on activities, and alignment for sharing values. In addition, Wheatley (1992) maintained that participation in decision making is an important way to respond to the ambiguous and unpredictable nature of most organizational environments and called for self-organizing networks with many participants for managing the "unknowable" parts of organizational life. He further, stressed the importance of participation when he encouraged the use of meetings as sense-making mechanisms. A common thread through all of these prescriptions is that organizations that face complex and uncertain environments are more likely to be successful when multiple approaches to decision making are pursued, when multiple sets of expertise are applied, and when multiple sensors and information processors are part of the decision-making response to strategic issues.

The Ministry of Land, Housing and Urban development is one of the key ministries that plays a critical role in the management and regulations of important natural resource, land that determines the level of wealth generation in the country. In addition, efficient urban planning will determine the extent infrastructure development in the cities will be regulated as well limiting the level of informal settlement in the country. However, for the Ministry to discharge its services effectively, it has to engage the many stakeholders that have a stake in the Ministry's strategies mandate. The housing sector in the urban areas is by a large extent fostered by the private sector and corporations investing in the real estate and the Ministry should come up with strategies that will not affect the growth of the sector but at the same time it has to regulate its growth to ensure an efficient planning of housing units is achieved.

1.1.1 Concept of Strategy

Johnson and Scholes (2000) define strategy as the direction and scope of an organization over long term, which achieves advantage for the organization through its configuration of resources within a changing environment and to fulfill stakeholder expectations. Therefore a strategy can be seen as the matching of the resources and activities of an organization to the environment in which it operates. This is sometimes known as search for strategic fit. The concept of strategy is therefore built around winning. Strategy helps to achieve success whether in business or otherwise. Success however in this context refers to the realization of objectives that are desired. Effective strategy is formulated around four factors. These are, the goals and objectives are simple, consistent and relate to the long term, there is profound understanding of the competitive environment, there is an objective appraisal of the resources available and that there is effective implementation (Hittet al., 2008).

Organizational strategy is a fundamental framework through which an organization can simultaneously assert its vital continuity and facilitate its adaptation to a changing environment (Porter, 1985). It is the direction and scope of an organization over a long term; which gives advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets to fulfill owners' expectation (Hax and Majluf, 2006). Johnson and Scholes (2000 pg. 12) further assert that a strategy is the direction and scope of an organization over the long term, which achieves advantage for the organization through its configuration of resources within a changing environment and to fulfill stakeholder expectations. The conclusion is that strategy can be seen as the matching of the resources and activities of an organization to the environment in which it operates.

1.1.2 Stakeholder Involvement

A stakeholder is any person, group, or organization that can place a claim on an organization's attention, resources, or output or is affected by that output (Bryson, 1995). The stakeholder theory embeds two distinct approaches: the organization focusing on its stakeholders in order to propose suitable managerial techniques, and the manner a stakeholder approaches the organization claiming his/her rights. Whilst one side of the coin seems to be related to how an organization behaves when dealing with its stakeholders, the other side seems to be related to how a stakeholder holds the organization accountable to himself/herself. Stakeholders are also based in terms of their location which includes internal and external stakeholders. The internal stakeholders are those groups which belong inside the organization such as managers and employees. External stakeholders are groups which are outside the organization and have effects on the survival of the organizations (Harrison, 2007). These groups consist of customers, suppliers, government agencies, local communities and unions.

Stakeholder involvement is defined as the early and ongoing process of building and maintaining relationships based on mutual trust and respect through dialogue with diverse audiences about complex issues (Shaw, Ackermann and Eden, 2003). Successful stakeholder involvement: fosters strategic development of partnerships, results in collaborative problem solving (sharing of power) and ultimately results in broader support for decisions. According to Savage et., al (2004), the basic premises of stakeholder theory are that; the organization enters into relationships with many groups that influence or are influenced by the company and the theory focuses on the nature of these relationships in

terms of processes and results for the company and for stakeholders; the interests of all legitimate stakeholder are of intrinsic value and it is assumed that there is no single prevailing set of interests as (Donaldson and Preston, 1995).

1.1.3 Organizational Performance

Hamon (2003) views Performance Measurement (PM) as a critical factor for effective management. This stems from the reality that without measuring something, it is difficult to improve it. Hence, enhancing the organizational performance needs identifying and measuring the influence of value chain on it. However, the subject of performance does not receive sufficient compensation in supply chain management research. Organizational performance can be measured by financial aims attainment or workers satisfaction. In the same manner Ho, (2008) pointed out that performance can be evaluated by efficiency and effectiveness of aim attainment.

Venkatraman et al, (1996) cited that performance can be assessed by financial performance namely, return on investment, growth of sales, profit, organization effectiveness, and business performance. Similarly, Delaney et al, (2006) assert that organization performance can be evaluated by quality service and products, satisfying customers, market performance, service innovations, and employee that organization performance can be appraised by the following "dimensions of performance: return of investment, margin on sales, capacity utilization, customer satisfaction and product quality". In the same way, Green et al, (2007) identified that return on investment, sales and market growth, and profit are important factors that be measured by organization performance. According to these researchers, there are many factors that be measured by performance such as market

shares, financial performance, efficiency and effectiveness of an organization performance, and human resource management.

According to Swanson (2000), organizational performance is the valued productive output of a system in the form of goods or services. Organizational performance can be subdivided into three categories: financial performance (profit), internal non-financial performance (productivity) and external non-financial performance (e.g., customer satisfaction). Private sector organizations strive for good financial results whereas public organizations are aimed at non-financial aims like delivering good public services to citizens (Van Loo and De Grip, 2002). To achieve performance through employees, the organization must consider them as asset and must be treated with attention so that the employees become productive. There are a number of indicators by which company performance may be judged. The balanced scorecard offers both qualitative and quantitative measures that acknowledge the expectations of different stake holders and related an assessment of performance in choice of strategy. In this way performance is linked both to short term outputs and process management. (Johnson et al. 2006).

1.1.4 The Ministry of Land, Housing and Urban Development of Kenya

The Ministry of Lands is one of the oldest Ministries in Kenya. It is located in Community Area, Ardhi House, 1st Ngong Avenue. The Ministry was formed in 1903. In 1905, survey and lands were separated to form two different departments but both under control of the Commissioner of Lands. Later in 1919 the departments were combined including Registration. The Lands Ministry is the main Government institution charged with the responsibility of ensuring proper land administration and management. It comprises of

five departments namely: Lands, Surveys, Physical Planning, Land Adjudication and Settlement and Administration and Planning. The Ministry's current staff establishment is 6,748 while the in post is 3,547 staff. This implies that the Ministry is operating at 53% staff capacity.

The core mandate of the Ministry is to manage and administer the land resource through the following functions: Development and implementation of policies on land; spatial planning and regulation; generation, maintenance and dissemination of accurate geographical data; ascertainment and recording of rights and interests on land; settlement of poor landless Kenyans; secure land tenure and property valuation for various purposes. In order to achieve, the objectives, the Ministry has developed a number of strategic areas that need to be addressed. The strategic areas include initiation of land reforms, land use planning, Institutional and Legal reforms, and security of tenure for sustainable development, improve Work Environment and process Re-engineering.

1.2 Research Problem

Stakeholder involvement is an integral part of a stepwise process of decision making aimed at broadening the support for the organizations policy and activities, to avoid conflicts and to generate as much support as possible for the success of the plan over time. In the present day business environment where the society plays a great role in the success of an organizations strategy, it becomes imperative that an organization comes up with a strategy that will not be resisted in totality by the society or if there is resistance, then the level of resistance should not curtail in total the implementation of the same project (Freeman, 1985). At different phases of organizations strategic planning, involvement may take the

form of sharing information, consulting, dialoguing, or deliberating on decisions and this process is seen as a meaningful part of formulating and implementing good policy (Lapenu and Pierret, 2005). Stakeholder involvement techniques should be viewed as convenient tool for "public relations", image-building, or winning acceptance for a decision taken behind closed doors and therefore it needs to be seen as an ongoing relationship among the different societal partners who are concerned about common issues. The consultation process should involve decision makers listening to the views of other stakeholders in order to improve project design prior to implementation, or to make necessary changes during implementation.

The Kenya government has purposed to make Kenya a middle income country by the year 2030. This objective requires that there is unity of purpose among different sectors within the government and other stakeholders. Such a blue print can only be achieved when all parties involved in the realization of the objective are part and parcel of the strategies developed and this can only be achieved through involving them in the strategic decision process. The many functions of the Ministry ranging from the development and implementation of policies on land; spatial planning and regulation; generation, maintenance and dissemination of accurate geographical data; ascertainment and recording of rights and interests on land affect many stakeholders and for the success in the attainment of these objectives the Ministry must continuously consider the stakeholder input at the strategy development and implementation stage. This will help in the reduction of resistance among both internal and external stakeholders. It is on the basis of this that this study wishes to establish the how involvement of stakeholders affects the organizational performance.

Several studies have been done on stakeholders influence on various organizations and institutions. For instance, Musau (2007) studied the extent to which various stakeholders' are involved in strategy formulation among Non-Governmental Organizations (NGOs) within Nairobi and to establish the factors influencing the extent to which the stakeholders are involved. The study found out that NGOs involve their various stakeholders to various degrees in strategy formulation, that is, listeners, observers, reviewers, advisors, originators and decision makers. Luseno (2007), objective was on factors influencing communication among stakeholders in the integration process of East African Commission. Similarly, Kisinguh (2006) carried out a study on stakeholders' involvement in the strategic change in public organizations, the case of Public Service Commission (PSC). Finally, Kimani (2006) carried out a study on Stakeholders management during the KCB Rights issue of 2004. Extensive theoretical and empirical work has been undertaken in studying stakeholders in general which involve both internal and external stakeholders. As can be evidenced from the above studies, there has been no research on stakeholders' involvement as a strategy of enhancing organizational performance and more so in a government Ministry. This gap therefore led to the following research question: what effect does stakeholders involvement have in the enhancement of performance at the Ministry of Land, Housing and Urban development?

1.3 Research Objectives

This study's objectives were,

(i) To identify the extent of stakeholder involvement in the strategic process at the Ministry of Land, Housing and Urban development.

(ii) To establish the effect of external stakeholders involvement in the performance of the Ministry.

1.4 Value of the Study

The understanding of the role that stakeholders play in the realization of organizations objective will help policy makers – governments and other stakeholders – to design targeted policies and programs that will actively stimulate creativity, innovation, growth and sustainability of the governments projects and strategies, as well as helping those policy makers to support, encourage, and promote the establishment of appropriate policies to guide the Ministries. Regulatory bodies such as National Environmental Management Authority (NEMA), Kenya Bureau of Standards (KEBS) and other Ministries can use the study findings to improve on the framework for regulation.

The study findings will enable the Ministry employees establish an appropriate working relationship with all other stakeholders in the housing sector, land and urban planning since if there is resistance from any quarter, the level of success envisaged during the strategy development process will not be achieved. This study will offer an understanding on the importance of maintaining an effective stakeholder involvement that will provide the desired results and benefit to Kenyans. Several stakeholder practices and their effects will be discussed for the managers to understand in a much in-depth way the best approach that they can adopt to suit their circumstances. As a result, public institutions in the country will derive great benefit from the study.

This study will also create a monograph which could be replicated in other sectors of the economy. Most importantly, this research will contribute to the literature on the stakeholder involvement and discuss how public-private partnership will encourage the

realization of government objectives especially in developing countries like Kenya. It is hoped that the findings will be valuable to the academicians, who may find useful research gaps that may stimulate interest in further research in future. Recommendations will be made on possible areas of future studies.

The study will also add value to the studies and practice on stakeholder relationship and more so the stakeholder theory in the sense that the study will look in more detail how this relationship will foster the realization of objective in a government Ministry. It will depart from the earlier studies which have investigated the stakeholder relationship especially in profit making instigations.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter provides information from publications on topics related to the research problem. It examines what various scholars and authors have said about implementation of strategic plans and challenges that affect strategy implementation. The chapter is divided into three main areas: theoretical review, strategy implementation and influence of stakeholder involvement on strategy implementation.

2.2 Theoretical Foundation

Freeman (1999) asserts that stakeholders are any group or individual who can affect or is affected by the achievement of the organization's objectives. In other words, it is the person or an organization that can be positively or negatively impacted by, or cause an impact on the actions of an organization. These stakeholders can be distinguished in terms of the immediacy of their effect and their location. In terms of effect, there are two categories which are primary and secondary stakeholders. Primary stakeholders are those who are directly affected either positively or negatively by organization's actions. They are those groups whose continuing participation is necessary for the survival of the organization. Jawahar and MClaughlin (2001) identify primary stakeholders as shareholders, investors, employees, customers and suppliers. Secondary stakeholders on the other hand, are those individuals, groups or organizations which can indirectly affect or be affected by the organization's actions. A number of theories have been advanced by various scholars on the stakeholders' organization relationship.

The stakeholder theory posits that an organization is a social construction made of interaction of various stakeholders. The organization is envisioned as the centre of a network of stakeholders, a complex system of exchanging services, information, influence and other resources (Mersland and Strøm 2009). Thus according to Harrison, Bosse et al. (2007) an organization's value is created when it meets the needs of the firm's important stakeholders in a win-win fashion by attending to the interests of all their stakeholders not just their shareholders. Instrumental stakeholder theory posits that certain outcomes will be obtained by the organization if certain behaviours are adopted. According to this theory, if the behaviour of the managers is in-line and accepted by the stakeholders then the organization will have certain outcomes. Freeman (1999) puts this as "if managers want to maximize shareholders' wealth, they should pay attention to their key 5 stakeholders" i.e. shareholders, investors, employees, customers and suppliers. In this theory, stakeholders are treated as both means and ends. The general proposition for this theory is that managers of organizations are employed based on mutual trust and cooperation between them and the stakeholders.

Descriptive stakeholder theory explains how organizations manage and or interact with stakeholders (Freeman, 1999). This theory purports to describe the actual behaviour. According to Jawahar and MClaughlin (2001), the descriptive stakeholder theory of an organization posits that the nature of its stakeholders, their values, their relative influence on decisions and the nature of the situation are all relevant information for predicting the organizational behaviour and performance. According Savage et al (2004), the basic premises of Stakeholder Theory include among others; the organization entering into relationships with many groups that influence or are influenced by the company. Indeed

Freeman's (1984) focused on the nature of these relationships in terms of processes and results for the company and for stakeholders; the interests of all legitimate stakeholders are of intrinsic value and it is assumed that there is no single prevailing set of interests. The stakeholder theory focuses upon management decision making; the theory explains how stakeholders try and influence organizational decision making processes so as to be consistent with their needs and priorities; and as regards organizations, these should attempt to understand and balance the interests of the various participants.

According to Jones and Wicks (1999) and Savage et al (2004), the basic premises of Stakeholder Theory include among others; the organization entering into relationships with many groups that influence or are influenced by the company. Indeed Freeman's (1984) focused on the nature of these relationships in terms of processes and results for the company and for stakeholders; the interests of all legitimate stakeholders are of intrinsic value and it is assumed that there is no single prevailing set of interests. The stakeholder theory focuses upon management decision making; the theory explains how stakeholders try and influence organizational decision making processes so as to be consistent with their needs and priorities; and as regards organizations, these should attempt to understand and balance the interests of the various participants.

Governance and network theories have strongly focused on the changing nature in modern decision making (Scharpf 1997). He stressed that many actors are involved in decision making and that these actors not only posses vital resources to realize policy goals and outcomes but also have different perceptions on the problem definition and have different information and ideas on solutions. So stakeholders' interests often collide in complex

decision making; there is much danger that stakeholders block decision making, because decisions are not in line with their interests. Achieving interesting outcomes often depends on finding attractive solutions, which encourage actors to activate their resources and knowledge for the problem and/or policy process at stake. It follows therefore that decision making is also finding ways to manage the complexity of the process, combining necessary actors and decision-making arenas, and creating interesting solutions.

The network perspective on public policy sees policy as being formed in interactions between actors with their own perceptions and strategies. These actors are tied to each other by dependency relations (Mandell 2003). So policy formation and outcomes are realized through complex interaction games between actors, which have to be managed to achieve interesting outcomes. In the literature a wide variety of strategies is mentioned as well as the importance of a process design as a starting point in complex interaction processes (Kickert, Klijn, and Koppenjan 2007). The current study takes the network perspective as a theoretical framework to direct the questions (role of stakeholder involvement in organizational performance)

2.3 Levels of External Stakeholders Involvement

Stakeholder involvement is an integral part of a stepwise process of decision making. At different phases, involvement may take the form of sharing information, consulting, dialoguing, or deliberating on decisions; it should be seen always as a meaningful part of formulating and implementing good policy (Lapenu and Pierret, 2005). Specific involvement initiatives may be seen as part of an ongoing relationship among the different societal partners who are concerned by issues. Stakeholder involvement techniques should

not be viewed as convenient tools for "public relations", image-building, or winning acceptance for a decision taken behind closed doors.

Involving relevant stakeholders throughout the strategic process is very important to broaden the support for policy and activities, to avoid conflicts and to generate as much support as possible for the success of the plan over time. The importance of participatory processes is generally well understood, but traditional administrative and political processes are reluctant to open up policy development and decision-making to a wider, but more unfamiliar (and perhaps less manageable) public (Lapenu and Pierret 2005).

According to Lapenu and Pierret (2005), the levels of Public Involvement include: Information gathering that encompasses a systematic analysis of existing social, cultural and economic conditions about directly affected groups of stakeholders and also Information dissemination that include referring to the provision of information about a project to all interested parties (stakeholders). Stakeholders cannot genuinely be consulted or participate if they are not fully informed about the objectives of a project. Consultation should involve decision makers listening to the views of other stakeholders in order to improve project design prior to implementation, or to make necessary changes during implementation. The process should involve government, affected parties, donor agencies, mass awareness organizations and NGOs (Local and/or international). Indeed any strategy implementation should by extension involve the participation where directly affected groups become joint partners in the design and implementation of projects.

Harrison and St. John (1998) categorize stakeholders into those within the organization (owners/board of directors, managers, and employees) and within the operating

environment(customers, suppliers, government agencies and administrators, unions, competitors, financial intermediaries, local communities, and activist groups), all operating within the broader environment subject to socio-cultural, global economic, and global political/legal forces and technological change. They emphasize the importance of identifying, understanding, building relationships with, and satisfying its key stakeholders, and taking these stakeholders into account in the formulation of organizational strategy.

Another distinction is in terms of their location which includes internal and external stakeholders. The internal stakeholders are those groups which belong inside the organization such as managers and employees. External stakeholders are groups which are outside the organization and have effects on the survival of the organizations (Harrison 2007). These groups consist of customers, suppliers, government agencies, local communities and unions.

Involvement in strategic decision making has been one of the important governance and strategy roles of boards. Board's involvement here refers to the overall level of participation of board members in the process of making non routine, organizational wide resource allocation decisions that affect the long term performance of an organization (Judge and Zeithaml, 1992). For the Micro Finance Organizations, the main strategic decisions made are those concerning the vision and mission in terms of the target clients and financial services to be offered, geographic outreach, growth strategy in terms of new product development, choice of directors, lending policies and interest rates to be charged (Lapenu and Pierret, 2005). With the current competition, these organization's strategic

decisions are becoming of more importance and the involvement of boards in making these decisions is important.

2.4 Role of Stakeholder Involvement in Organizational Performance

Business strategies can be formulated considering key factors such as resources or capabilities, SWOT assessments, new values, and stakeholders. Stakeholder demands play a vital role because in the current business environment, most businesses are confronted with powerful stakeholders having different goals (Lipineux, 2005). He gave an example of business sites, which may be confronted with obstinate resistance from existing off-line channel suppliers. However, buyers and suppliers can reduce their cost via electronic procurements. Therefore, these sites need to formulate business strategies based on the conflicting demands of different stakeholders.

Lapenu and Pierret (2005) contends that the advantages of an effective early stakeholder's dialogue will be mutual understanding of project goals and interests, early identification and dissolve of possible issues preventing costly incidents and juridical and regulatory conflicts leading to time and cost overruns. The establishment of shared agreement within the initiation will minimize surprises and provide a higher level of acceptance from the project team, client and stakeholders. In addition, the participation of stakeholders makes the initiative more credible and attractive for investing and financing. Consider mentoring any stakeholders who participate in your planning council or workgroups. The standard for meaningful participation will be met when well-informed stakeholders become knowledgeable observers, critics of your efforts and, eventually, positive agents of change.

Stakeholder criticism of your efforts is an opportunity to draw diverse opinions and interests into your planning process.

According to Lapenu and Pierret (2005) the current business analysis phase defines and analyzes SBUs and related stakeholders. The emphasis is on the analysis of stakeholders' demands. The strategy development phase offers strategic alternatives according to five guidelines: resolution, replacement, integration, re-aggregation, and balance. Then, it filters these alternatives through core competences and weaknesses. In the strategy evaluation phase, the alternatives are evaluated by the stakeholder relationship improvement index (SRII). SRII estimates how the strategy can improve the relationships between a business organization and its stakeholders. The strategy implementation phase makes a detailed action plan for a final strategy and implements it. Performance of this new strategy can be monitored continuously after implementation; the strategy may be adjusted if it is not satisfactory.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter describes the proposed research design that was used and include the research design, data collection instruments and procedures, and the techniques for data analysis.

3.2 Research Design

The research design was a case study. A case study is an in-depth investigation of an individual, institution or phenomenon and the primary purpose is to determine factors and relationships among the factors that have resulted in the behavior under study. A case study was adopted in this particular case since not all the potential respondents of the study are knowledgeable of the effect that stakeholders have on performance of the Ministry of Land, Housing and Urban Development. In light of this therefore, a case study design was deemed as the best design to fulfill the objective of the study as the results were expected to provide an insight in understanding how external stakeholders influence the performance of the Ministry.

3.3 Data Collection

The study used primary data which was collected using an interview guide. An interview guide is a set of questions that the interviewer asks when interviewing. The respondents that were interviewed were the Ministry of Land, Housing and Urban Development's top management staff that included staff from the rank of Under Secretaries and above. These were considered to be key informants for this research. In addition the departments in which the intended respondents work in are the key developers' and implementers of the Ministry's strategies and therefore liaise with different stakeholders. In-depth interviews

reduce the "distance" between interviewer and interviewee. This method should be considered more often by researchers since it provides more qualitative information, more depth, more representation, more efficiency, more statistics, and more value (Stokes and Bergin, 2006). The interview process involved extensive note taking, which helped the researcher to highlight the most common issues raised by the interviewees in each interview. The choice of the respondents is very important, as senior managers are the ones who can foster and influence the Ministry's performance by interacting with both internal and external stakeholders.

3.4 Data Analysis

The data obtained from the interview guide were analyzed qualitatively using content analysis. Qualitative data analysis makes general statements on how categories or themes of data are related. The qualitative analysis was adopted in this study because the researcher was able to describe, interpret and at the same time criticize the subject matter of the research since it was difficult to do so numerically.

A content analysis technique was used to generate and categorize items for comparison with the interview results from the different senior staff interviewed. Content analysis is the systematic qualitative description of the composition of the objects or materials of the study (Hsieh and Shannon, 2005). It involves observation and detailed description of objects, items or things that comprise the object of study.

CHAPTER FOUR: DATA ANALYSIS, INTERPRETATION AND DISCUSSIONS

4.1 Introduction

The research objective was to identify the extent of stakeholder involvement in the strategic process at the Ministry of Land, Housing and Urban development and also to establish the effect of external stakeholder's involvement in the performance of the Ministry. This chapter presents the analysis and findings with regard to the objective and discussion of the same.

4.2 Respondents Profile

This section of the interview guide sought to establish the targeted respondent's academic as well as professional qualifications. In addition, their work experiences were also to be established. From their academic qualification backgrounds as well as work experience, the researcher will be able to assess their capacity to answer ably questions on the effect of stakeholders on the strategic process at the Ministry of Land, Housing and Urban Development.

The respondents comprised the top and middle level managers in Ministry. In total, the researcher interviewed 8 respondents out of the intended 10 respondents. A large size of the respondents was targeted because under the new government structure several previous separate Ministries have been combined and hence forming a large Ministry combining several portfolios. From the answers from the interviewees, the researcher found that all the respondents had at least a first degree from various files such as land economics, business courses, urban planning and housing. Further one of the respondents had a PhD in

land economics while the other respondents had various professional courses certificate. With such academic and professional backgrounds, the respondents were deemed to be capable to analyze and critically identify and respond appropriately to the research questions. The work experience for the respondents ranged from 2 to twenty two years both within the Ministry and without. Having worked in various government sectors for such a period, the researcher believed that the respondents had firsthand experience on the effect of stakeholders on the strategic process and its effect on the performance at the Ministry of Land, Housing and Urban development. With this solid background, it was felt that the respondents were knowledgeable enough on the research subject matter and thus of help in the realization of the research objective.

4.3 Levels of Stakeholder Involvement in the Ministry

This section of the interview guide was intended to establish whether the Ministry has any form of engagement with any group of external stakeholders and at what levels and forms the same engagement entailed. On the question of whether the Ministry engages other stakeholders in their strategic process, all the respondents answered to the affirmative. The respondents noted that as the Ministry gears itself to effectively respond to the changes in the country, it needs to become aware of the ever emerging conditions pertaining in the local and external economy that will affect its operations. One of these conditions and partners that are important in the strategic process of the institution are external stakeholders. The common group of stakeholders that are normally involved in the strategic process include the local authorities, Land Commission, various task forces, donors and the investors.

The identified stakeholders are involved at different levels in the strategic process of the Ministry. The respondents pointed out that most of the stakeholders are involved in strategy formulation while others are involved at implementation phase. Generally, the respondents observed that the level of engagement in the strategic process in the Ministry include during, formulation of land related bills, at validation state, projects identification, budgeting and adoption, development and finalization of strategic plans. In addition, they noted that some of the stakeholders are involved during identification of customer needs/service requirements for example slum upgrading activities and low-cost housing technologies and also in seeking of policy direction especially in the participatory requirement for land bills formulation. This meant that stakeholders' involvement varies depending on the type of area that they are specialized on as well as area of need.

Another area where the stakeholders are involved in the strategic process of the Ministry was identified by the respondents to be in the participatory process in the National Land Policy formulation process and implementation of the Constitution of Kenya 2010 especially on the Chapter 5 on Land and Environment. They noted that implementation of Chapter 5 requires a broad based engagement with many different groups and individuals whose success will depend in the cooperation of the groups. They gave an example where the constitution currently gives the National Land Commission powers to manage public land on behalf of the government- a task which the Ministry had previously been entrusted with and which therefore calls for cooperation with the Ministry for the success of the same objective. In addition, they also noted that the public participates in development of legislation, rules and policy framework to be developed.

On the specific input that these stakeholders bring during Ministry's strategic process, the respondents noted that the Ministry has attained a position of leadership in managing stakeholder affairs. To this position, they lay claim to the cordial relationship existing between the Ministry and the stakeholders involved. The respondents were also to expound on whether the Ministry had a mechanism of dealing with the various groups of stakeholders. To this question, all the respondents indeed said that they have a formal mechanism of dealing with the stakeholders. The presence of such a formal mechanism will be advantageous and such position is similar to the one that was propagated by Koppenjan and Klijn (2004) who argued that for a positive relationship to be derived from such a relationship, then there is need of a formal structure.

A number of the mechanism used by the Ministry include forming technical working groups comprising of both internal and external stakeholders, holding round table meetings for both external and internal stakeholders, through public awareness campaigns, stakeholder meeting and consultative forums, road shows. On why they have adopted different mechanism of engagement with the stakeholders, the respondents noted that they have adopted the same to reach and engage as many types of stakeholders as possible. They argued that different stakeholders will be reached better using roads shows and seminars in their locality while others will be best incorporated if the same deliberations are done through formations of task force.

The other mechanisms used by the Ministry to get the inputs of its stakeholders include Stakeholder validation and consensus building during project initiation and implementation, Contractual – we have contracts that spells out the roles of stakeholders and ourselves, open and regular consultations and communication; involvement (represented in management committee, and formulation of Steering committees; thematic groups (public/private stakeholders) and public satisfaction surveys. What came out from the level of involvement of these stakeholders was that different stakeholders came in at different stages of the strategic process of the Ministry depending on their needs and expertise.

The researcher also sought to establish from the respondents whether this engagement with the stakeholders had in anyway influenced the Ministry's strategic process. The answer to the question was to the affirmative and that indeed the Ministry has benefited from the process of involving stakeholders in its strategic process. Three of the respondents noted that in the recent 3 years, the Ministry's service has improved to be customer focused as a result of their engagement and this has led to its ranking to go up the ladder. The realisation of the importance of the customer in service delivery and being made the focal point of any service delivery was similarly made by Parasuraman, Zeithaml, Berry (1991). It was also found that stakeholders were involved greatly during formulation of National Land Policy and preparation of the Ministry's strategic plan (2008-2012) where their comments were fully incorporated into the Ministry's documents. Another example in which the Ministry engaged external stakeholders and benefited from their inputs include the development of the Sessional Paper No.3 of 2009 on the National Land Policy and the

newly enacted land legislations – the Land Act 2012, Land Registration Act 2012, National Land Commission Act 2012 and the Environment and Land Court Act 2011. Similarly internal stakeholders' views have been incorporated in Ministry's strategic process during the development of budget plans, work plans and outputs.

The other area that the researcher sought to find out was how the involvement of stakeholders had affected in anyway the strategic operations of the Ministry. Majority of the respondents answered to the affirmative that indeed the Ministry's strategic process had been affected by stakeholder involvement. Several effects were identified and included reduction in the process time for strategy implementation due to the reduction of resistance by the stakeholders. The other effect in the operations of the Ministry is that it has shaped some of the reforms in the Ministry such as the Banking hall, information management and development of strategies/interventions to combat corruption & poor service delivery. It was therefore appreciated that the identification of areas that requires improvement in the Ministry will not have been known and acted upon had it not been due the involvement of various stakeholders.

The other advantages that accrue to the strategic operations of the Ministry from the cooperation with the stakeholders as identified by the respondents include being able to finance civil servants all over the country utilizing the countrywide branches of its stakeholders. Involvement of stakeholder's especially civil society has helped to ensure that public resources are only channeled towards important activities meant for public good. Scrutiny of the Ministry operations has helped in efficient utilization of resources

such that wastage through such actions as corruption and unnecessary expenditure has been continuously scaled down. Further, request for more structured involvement in Ministry policy and legislative process has been institutionalized.

4.4 Effect of Stakeholder Involvement in the Ministry's Performance

This section of the interview guide aimed at establishing the influence of stakeholders on Ministry operation. The researcher theorized that if stakeholders are engaged in the strategic process of an organization or institution, then the same will be expected to have an effect in the operation of the entity. Hence this section aimed to determine how the same involvement had affected the Ministry's operation. All the respondents pointed out that indeed the Ministry's operations have been positively affected by the action of involving stakeholders in the strategic process of the Ministry.

Some of the effects that the same engagement has had include, helping in buy-in and support of the projects by the public e.g. Kibera Slum Upgrading was possible because locals were convinced by their own representatives. In addition, the cooperation has influenced the legislation, service charters and requirements of the Ministry, customer care policies and information sharing. Three of the respondents also noted that recent policies and legislation spearheaded by the Ministry has been more acceptable to the public and example of the decentralization of services to the districts as well as the automation of the lands operations. This acceptance has also helped in marshalling resources by providing funding for moving activities by donors who now feel that the funds will be better utilized than before.

The respondents noted that stakeholder involvement has improved relationship with the stakeholders as it has led to the establishment of a secretariat dealing with policy planning and research in order to assist in coordination of policy development, monitoring and evaluation programmes and performance contracting process. The involvement has also led to establishment a gender office whose mandate is to coordinate the implementation and cascading of the national and land policies especially where land ownership has been transferred to the female members of the family in which among several tribes in the country, the same is still being resisted. Another example where stakeholder involvement has been of assistance to the Ministry is the establishment of a vibrant audit where internal audit committee has been established to compile periodic audit reports and advise the senior Ministry officials on the appropriate intervention measures, conducting regular audit inspections in the decentralized units, sensitization of heads of service areas on new audit approaches, development of the fraud prevention policy; development of the internal audit charter, review of internal audit manual; and review of the internal audit guide.

Another area in which the operations of the Ministry have been affected through stakeholder involvement is the problem solving capacity of the Ministry. The respondents noted that it makes the implementation of the strategic process easy because the stakeholders have been involved since strategic planning. In addition some of the stakeholders have been able to advise on somewhat complex scenarios which the Ministry on its own with the competency lacking will have had problems or consumed more time to accomplish the task at hand. The recent policies and legislation spearheaded by the Ministry has been more acceptable to the public since their inputs were incorporated from the beginning.

According to Porter (1985), a firm's sustenance can be attributed to its ability to continuously improve its operations. In this regard, the researcher also sought to establish from the respondents how stakeholder involvement had influenced the Ministry's level of continuous improvement. On this question, the researcher observed that indeed the operations of the lands ministry have improved as a result of this collaboration. Formulation of the Land Registration Act was cited as one of the instances where the Ministry and various agencies such as civil societies and the public was necessary and this has helped in reducing the processing of land title deeds to the public. The stages of processing titles deeds have reduced drastically meaning that the Ministry will be able to satisfy the needs of its customers faster enough than if the same collaboration with the various stakeholders had not been present.

Another instance where stakeholder involvement has helped in the organization's performance is the multi-stakeholder forum in slum upgrading department that led to the formulation of slum prevention policy that is currently on-going that has resulted on establishment of Appropriate Building Technology (ABT) centers whereby local residents identify and provide land making it possible for the Ministry to establish more areas where such a need exist. The computerization of the Ministry's operations has been possible also due the involvement of the public and other stakeholders. An example that was cited is the National Land Information Management System (NLIMS); One Information Management System; Open offices and center services systems that are currently operating, and involved the participation of various stakeholders has led to the improvements in computerization of files in the institution.

According to Rowley (2009), stakeholder involvement also comes about with challenges and the organization will need to identify the ones that will be beneficial to it and those that will affect its operations and be able to take the appropriate action. Towards this end, the researcher also sought to establish from the respondents whether, there are challenges that have been brought about by the stakeholder involvement in the strategic process of the Ministry. The respondents were able to identify several instances where stakeholder involvement has brought about a sub optimal results in the performance of the Ministry. Disagreements on the mandate of the parent Ministry and the National Land Commission has come about due to the stakeholder involvement and thus leading to competing interests among various stakeholders.

Further, it was noted that some stakeholders want to push forward strategic areas beneficial to them without necessarily considering the public good. An example given in this regard is the Kenya Land Alliance and Haki Jamii societies that have in some instances raised issues that will only be of benefit to a small group but to the detriment of the general public. Consultation with the many stakeholders was also cited as a time consuming exercise and also a drain on the limited resources available. Examples given on this is world urban forums and Habitat days sponsored by the Ministry.

Stakeholder involvement might also not lead to the desired results because there might exists a gap between the expectations of this collaboration and what actually is present in the current arrangement. The researcher also sought to find if such a gap exist in the case of the Land, Housing and Urban Development Ministry and its group of stakeholders. In

this, the respondents noted that indeed there exists a gap in the expectation of the parties in this relationship. They noted that most stakeholders from outside are unaware of the Government procedures and would want to overlook them which according to the government officials is not good. In addition, there is no structured way of engaging the stakeholders and therefore leading to implementation of ideas/comments no proper communication strategy and response to issues raised by stakeholders.

It was also observed that there is need to enhance the sharing of vital information between the Ministry and stakeholders through the process of widening the level of participation of the stakeholders. It was noted that at times participation was limited to a few stakeholders who may not represent a wider public and this at times leads to clear misunderstanding of the real land problem. It also came out that there exist a communication gap between stakeholders and the senior officers and this can be reduced through establishment of a structured communication structure.

The other area that the researcher sought to establish was whether the stakeholder involvement in the Ministry has been able to realise the intended results. On this question, the respondents' answers were varied. Majority of the respondents suggested that indeed the collaboration has improved the performance of the Ministry while a smaller group of the respondents noted that further collaboration is needed to build on what has already been achieved. This is because they pointed out that in some cases, the results have been positive and there is need of continued improvement while in some cases, there has been a pull and push relationship that has led to a sub optimal results.

4.5 Discussion

Institutions and organizations in the present day business environment are interlinked with the power of government regulations and information technology affect and is affected by other market parameters. It therefore implies that the evolvement of corporate management will depend on the new environmental requirements. The Ministry was found to be cognizant of this environmental effect and as a result it aligned its strategies with the demands of the stakeholders. This position is found to be in line with the position held by Elbanna (2006) who advocated the strategies of a firm to be in alignment with everchanging corporate goals that are increasingly dependent on business environments. The Ministry stakeholder partnership involved encouragement of collaborative problem solving and seeking of broader for decisions support before implementing a particular strategy. This consensus building on strategies was also supported by Elbana (2006).

Stakeholders are involved at different levels in the strategic process of the Ministry ranging from strategy formulation to implementation. The level of engagement in the strategic process in the Ministry include formulation of land related bills, at validation stage, projects identification, budgeting and adoption, development and finalization of strategic plan and therefore this means that the level of involvement varies depending on the type of area that the various stakeholders are specialized on as well as area of need. As Lapenu and Pierret (2005) observed, for effective results to be realized from the process, stakeholder involvement should always be viewed as an integral part of a stepwise process of decision making. Specific involvement initiatives may be seen as part of an ongoing relationship among the different societal partners who are concerned by issues and should

not be viewed as convenient tool for "public relations", image-building, or winning acceptance for a decision taken behind closed doors.

The stakeholder involvement in the Ministry has had several effects on the strategic process and these effects include reduction in the process time for strategy implementation due to the reduction of resistance by the stakeholders, shaping up the reforms in the Ministry such as the Banking hall, information management and development of strategies/interventions to combat corruption & poor service delivery. Thus as Freeman (1999) posited involvement of stakeholders in the organizations strategic process has the benefit of meeting the expectations of majority of the members of the society and will be positively embraced by the government as well as consumers of the product or service.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

In summary, the study shows that the interviewees are aware of the role of stakeholders in the strategic process of the Ministry of Land, Housing and Urban Development. The knowledge about the operations and mandate of the Ministry was exhibited by the internal respondents by virtue of all of them having worked in the institution for more than two years and also due to the fact that all of the respondents were engaged in the day-to-day management and operations of the strategic process of the Ministry. In addition, the respondents were found to be well versed with the subject matter of the study and had all solid academic background having attained a first degree. As a result of the above, the researcher felt that the results obtained from the respondents reflects the true position as in the Ministry.

The stakeholders are involved at different levels in the strategic process of the Ministry ranging from strategy formulation to implementation. The level of engagement in the strategic process in the Ministry include formulation of land related bills, at validation stage, projects identification, budgeting and adoption, development and finalization of strategic plan and therefore this means that the level of involvement varies depending on the type of area that the various stakeholders are specialized on as well as area of need. The engagement consists of a formal process and a number of formal mechanisms of dealing with the stakeholders exist. These formal mechanisms include forming technical working groups comprising of both internal and external stakeholders, holding round table

meetings for both external and internal stakeholders, through public awareness campaigns, stakeholder meeting and consultative forums as well as road shows.

The stakeholder involvement in the Ministry has had several effects on the strategic process and these include reduction in the process time for strategy implementation due to the reduction of resistance by the stakeholders, shaping up the reforms in the Ministry such as the Banking hall, information management and development of strategies/interventions to combat corruption & poor service delivery. The other consequence of the strategic process identified include helping in buy-in and support of the projects by the public e.g. Kibera slum upgrading was possible because locals were convinced by their own representatives. In addition, the cooperation has influenced the legislation, service charters and requirements of the Ministry, customer care policies and information sharing.

Recent policies and legislation spearheaded by the Ministry has been more acceptable to the public due to the involvement of all the stakeholders and some of the strategies initiated with these cooperation include formulation of the Land Registration Act which has helped in reducing the processing of land title deeds to the public. The stages of processing titles deeds have reduced drastically meaning that the Ministry will be able to satisfy the needs of its customers faster enough than if the same collaboration with the various stakeholders had not been present. Another instant where stakeholder involvement has helped in the organization performance is the multi stakeholder forum in slum upgrading department that led to the formulation of slum prevention policy that is currently on-going that has resulted on establishment of Appropriate Building Technology (ABT)

centers whereby local residents identify and provide land making it possible for the Ministry to establish more areas where such a need exist.

However, the involvement of the stakeholders has also brought about sub optimal results in the performance of the Ministry. Disagreements on the mandate of the parent Ministry and other bodies such as the National Land Commission has come about due to the stakeholder involvement and thus leading to competing interests among various stakeholders. Further, it was noted that some stakeholders want to push forward strategic areas beneficial to them without necessarily considering the public good. Stakeholder involvement might also not lead to the desired results because there might exists a gap between the expectations of this collaboration and what actually is present in the current arrangement.

The researcher also sought to find out if such a gap exist in the case of the Land, Housing and Urban Development Ministry and its group of stakeholders. In this, the respondents noted that indeed there exists a gap in the expectation of the parties in this relationship. They noted that most stakeholders from outside are unaware of the Government procedures and would want to overlook them which according to the government officials is not good. In addition, there is no structured way of engaging the stakeholders and therefore leading to implementation of ideas/comments no proper communication strategy and response to issues raised by stakeholders.

5.2 Conclusion

From the research findings, some conclusions can be made about the study: The strategic process of an organization is an important step towards the realization of the organizations objective. From the findings, it was established that the strategy formulation process in the

Ministry is an all inclusive exercise where both internal and external stakeholders are involved. An organization should take into consideration the needs, interests and influences of peoples and groups who either impact on or may be impacted by its policies and operations. Therefore stakeholder-oriented policies are justifiable based upon the supposition that they do hold legitimate interests in the organizational activities that should be taken into consideration by managers. Therefore managers should consider the interest and the influence of these stakeholders during the development and implementation of its strategies. It is expected that in the present day open society, the role of stakeholders in the implementation of an organizations strategy will grow in importance due to public interest, greater coverage by the media and also concerns about corporate governance.

Greater input from a variety of parties generates a variety of ideas and potentially enriches the strategic process of an institution substance. Greater input does not guarantee good outcomes since it is possible for good outcomes to be realized with less variety of the stakeholders. The stakeholder management emerges as the most important condition for good and satisfactory outcomes in the strategic process of an organization. Stakeholder involvement becomes increasingly more important for ensuring that a company stays in tune with concurrently changing stakeholder expectations. The stakeholder engagement becomes a moving target, making it increasingly necessary to adapt and change according to shifting stakeholder expectations, but also to influence those expectations. Managers need to improve their corporate 'stakeholder information strategy' to keep the general public better informed about their need for involvement in strategic process and to achieve legitimacy and good reputations.

5.3 Recommendation

5.3.1 Recommendations with Policy implication

This study makes three recommendations with policy implications. Foremost, the study found out that stakeholder involvement in the Ministry positively affects the performance of the Ministry in serving its customers. It is therefore recommended that the government directs more resources to the financing of the stakeholder involvement of the various Ministries due to their many beneficial effects. Currently, the government provides funds that do not meet its requirements. The important role being played by various external stakeholders need to be highlighted and the critical role they facilitate in the realization of the organizations objective need also to be clarified. The management of the Ministry needs to appreciate the importance of external stakeholders in the realization of the institutions objective.

Secondly, the study found out that it might be difficult to meet the demands of all the stakeholders. It is therefore recommended that a firm establishes the demands that it will be able to fulfill and also is in line with its strategic objectives the. Institutions should be wary of external stakeholders with excessive demands that might not be met and in such cases the management of the Ministry should be wary of such stakeholders when dealing with them. Finally, the study found out that there is less resistance by the stakeholders if they are involved in strategy formulation. It is therefore recommended that to reduce the level of resistance, institutions should consider making it a policy to incorporate the views of appropriate stakeholders where consensus is necessary.

5.3.2 Area for further research

The study confined itself to the Ministry of Land and Urban Development. This research should therefore be replicated in other Ministries so as to establish the extent to which the stakeholders' involvement influence their strategic process and the results be compared so as to make a decisive conclusion regarding the involvement of stakeholders in strategic process of an organization.

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APPENDIX:

INTERVIEW GUIDE

The interview guide will seek to achieve the following objectives;

- (i) To identify the extent of stakeholder involvement in the strategic process of the Ministry of Lands, Housing and Urban development.
- (i) To establish the effect of external stakeholders involvement in the performance of the Ministry.

Respondent Background Review

- What is the highest level of education you have received?
- How long have you worked in this Ministry or related Ministry before amalgamation?

PART A: Stakeholder Involvement

- 1.) As a Ministry, do you involve both internal and external stakeholders in your strategic process?
- 2.) If yes, at what level of strategic process do you require their input? What are some of the areas that they are involved?
- 3.) Does the Ministry have a mechanism of dealing with both internal and external stakeholders? If yes, what are some of the mechanisms?
- 4.) Have the external stakeholders influenced in anyway your strategic process as a Ministry? Please expound on your answer.
- 5.) At what levels do you involve stakeholders? Social, cultural or economic conditions that affect the stakeholder?

- 6.) How important are the views of external stakeholders in the development of strategies in the Ministry?
- 7.) Have the external stakeholders influenced the strategic operations of the Ministry? How have they made the same?

PART B: Effect of Stakeholder Involvement in the Ministries Performance

- 8.) Has stakeholder involvement in any way affected your Ministry's strategic performance? Please expound.
- 9.) How has your collaborative problem solving been influenced through involvement of stakeholders in your strategic process?
- 10.) Has a broader support been achieved in your strategy implementation process as a result of involving the stakeholders?
- 11.) How has the involvement brought about the continuous improvement in your Ministry's activities? Would you please provide some of the examples of improvement?
- 12.) What are some of strengths and weakness of the current Ministry's stakeholder's involvement its strategic process?
- 13.) What are some of positive attributes that have arisen from the stakeholder involvement in Ministry? Please identify and explain how the same has led to a positive attribute.
- 14.) What are some of the negative attributes from the same stakeholder involvement at the Ministry?
- 15.) What gap exists between the stakeholder involvement required to enhance the Ministry's performance and that perceived by senior officers and the actual situation in the Ministry?
- 16.) While implementing the stakeholder involvement process, has the results obtained after implementing the collaborative system and that required to enhance the Ministry's performance been achieved?