

**STRATEGIC CONTROL PRACTICES BY SYNGENTA POLLEN
LIMITED IN KENYA**

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DECLARATION

This research project is my original work and has not been presented for a degree in any other University.

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

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DEDICATION

This research paper is especially dedicated to my sisters, Catherine and Sarah Kamau for walking the whole journey with me. You have been there from start to finish. Secondly I dedicate this to my daughter Melissa who had to do with an absentee mother for quite a while.

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ABSTRACT

The present day competition in the market place is becoming increasingly intense with globalization. As a result the role of management control system to monitor the effectiveness of competitive strategy and to provide feedback for adjustment to strategy has therefore become more important. This study sought to establish strategic control practices employed by Syngenta Pollen Limited. In attempting to get the objective, a case study research design was adopted whereby four respondents were interviewed and gave information that helped in arriving at the research objective and conclusion. The research findings were that strategic control needs to fit to the overall strategic plan of the organization and also need to involve all the stakeholders of the organization. Further, there is need of the strategic control to be flexible enough and adapt to the changing environment. The control practices need to have a feedback mechanism to alert the managers on any deviations arising from the operations and the same deviations should be measurable.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Every organization requires plans and a mechanism by which the execution against the plans can be controlled. Whereas planning can be thought of as a statement of creating a statement of intent, control on the other hand can be defined as “assuring desired results are obtained” (Eisenhardt, 2003). The development and implementation of organizations strategy on its own is not enough in the present day unpredictable business environment where changes in the operating environment will most likely change the results from the expected ones. This therefore necessitates the control mechanism in which the organization can be able to compare the actual results against the planned and where deviation is identified, necessary corrections is done (Ketchen et.al, (2007).Therefore to be effective, decision makers need to combine an awareness of the factors and circumstances that will influence the choices made about which outcomes to pursue and how this might be pursued, with a set of skills and tools that will support the communication and implementation of the decision made.

For control to be effective, it needs to be informed about the activities and results delivered by the organization, and the organization’s prior expectation concerning both (Cobbold and Lawrie, 2005). The control activities need to be complemented by appropriate measures and targets since the measures adopted will determine the success of the strategy and should also be selected to represent the organizations outcomes. The feedback from those participating in control activities might lead to modifications to both

goals and plans adopted which is anticipated to be spearheaded by line managers who will act as the focal point for an organization's control system, and their local judgments would be subsequently incorporated into the approved plans during execution (Pansiri, 2007).

The study is guided by both the resource based theory and the institutional theory. The company has adopted strategic control practices in order to ensure that the strategy is implemented as planned and results produced are those intended by the strategy. This is consistent with the resource based theory whereby strategy implementation can be characterized as a functional competence in that it deals with distributing a firm's resources to fit the strategic alignment of the firm. Strategic initiatives need to be distributed and executed as dictated by the strategic plan. Pearce and Robinson (1991) acknowledge that because there is a time gap between the implementation of a strategy and the achievement of its intended results, during which changes occur in the organization's internal situation as well as in the environmental situation, strategic controls are necessary to steer through these periods. The guide by institutional theory in the study on the other hand is attributed to the recognition of the embedment of institutional actors in an environment of formal and informal rules. The company actions and processes are driven by their actors in order to justify and plausibly explain their actions. Mintzberg (1994) argues that the critical aspect of the emergent strategy must be taken into consideration, which is the activity of assessing whether strategies were realized, whether intended or not. Through various cognitive, normative and regulative forces organizations adopt a standardized set of practices (Scott, 2001).

As competition intensifies, many businesses continue to seek profitable ways in which to differentiate themselves from competitors. As the companies outdo each other in sourcing of markets for their flowers, strategic control practices are a key element of a successful business. This therefore calls for a change of tact by employing new strategies. Currently the horticulture industry is the fastest growing agricultural sub sector. Kenya's ideal tropical and temperate climatic condition makes it favorable for production of wide range of flowers. However, the competition in the industry has reached a higher level that necessitates the adoption of strategic control practices by Syngenta Pollen Limited to ensure that strategic plans are translated into action and ultimately concentrate upon keeping the very top-level of the business focused on the several previously agreed key success factors.

1.1.1 Strategic Evaluation and Control

Steiss (2005, p. 1), defined strategic management as the "process whereby goals and objectives are identified, policies are formulated, and strategies are selected in order to achieve the overall purposes or mission of an organization". In this more contemporary view, strategic management includes all the activities that lead to the development of plans, actions and policies to accomplish the strategic objectives of an organization. In other words, strategic management is a continuous process involving the "formulation and implementation of strategic plans, and the orchestration and carrying out of strategic activities of vital concern to the total organization" (Koteen, 1991, p. 21). Buller (2008, p. 42) argued that strategic management gained acceptance in the corporate world because it

encompassed not only strategic planning, but the implementation and control of strategy as well; moreover, it emphasized the broad, complex nature of strategic change.

The basis of strategic management is the notion that strategy creates an alignment between the enterprise's internal strengths and weaknesses on the one hand and its opportunities and threats (SWOT) in its external environment on the other (Ramachandran *et al.*, 2006). Schendel and Hofer (2009) identified the following six "major tasks" of strategic management as goal formulation, environmental analysis, formulation, evaluation, implementation and control of strategies. Strategic management deals with how enterprises develop sustainable competitive advantages resulting in the creation of value (Ramachandran *et al.*, 2006). A competitive advantage results from a long-lasting value difference in the product or service compared to those of its competitors as perceived by the customers. The possessions of valuable, rare, non-imitable and non-substitutable resources as well as a favourable market position are regarded as major sources for sustainable competitive advantages. This builds the basis for the resource-based view (RBV) of strategic management, which regards an enterprise as a bundle of resources that needs to be deployed strategically in order to add value (Barney, 1991).

The concept of strategic control has received varying definitions and what role it plays in the overall strategic management process. Levin *et al.* (2000) point out that, strategic control concerns monitoring the external environment and the organizational context in order to detect and respond to the emerging developments that may endanger the strategic

course of action. Thus strategic control aims to ensure that strategy is being implemented as planned and that the results produced by strategy are those intended. The strategic control systems are designed to ensure that strategic plans are translated into action and ultimately concentrate upon keeping the very top-level of the business focused on the several previously agreed key success factors. This is complimentary to the traditional ideas of management control that focus on all aspects of the plan but at a management rather than a strategic level (Muralidharan, 2007). Strategic Control bridges the gap between strategic planning and management control that existed between planning and the lower level control processes.

Mills (2006) posit that once an initial plan has been formulated it is the role of strategic control to continually update the plan in the light of experience and changing circumstance, thus, this diminishes the need to formally revisit the plan at planned intervals. He further adds that the function of control now becomes closely linked with planning, and it serves little purpose to conceive them as separate functions. For control to be effective, it needs to be 'informed' about both the activities and results delivered by the organization, and the organization's prior expectations concerning both. To do this, control activity needs to be complemented by "a means of comparing any state, actual or hypothetical with a standard" (Vickers, 1998). The method of selection of these measures and targets is therefore a key element to whether or not a good control system is effective.

Every organizational strategy is based on certain assumptions about environmental and organisational factors. Some of these factors are highly significant and any change in

them can affect the strategy to a large extent. In such a context therefore, Mason and Mitroff (2001) observe that premise control is necessary to identify the key assumptions and keep track of any change in them so as to assess their impact on strategy and implementation. The Premise control task involves the continuous evaluation of the premises underlying strategy. The premise identification techniques such as strategic assumption surfacing help managers uncover and understand the premises on which their strategies depend. According to Lorange et al (1986), when this control is incorporated within an ongoing monitoring process which periodically checks and updates the premises, these techniques become particularly useful for indicating when major re-conceptualizations of strategy are needed (Lorange et al., 1986).

1.1.2 Rooted and Unrooted Flower Industry in Kenya

Kenya is one of the largest suppliers of unrooted flower cuttings in the world. Cuttings are flowers used in lawn and gardens. The rooted cuttings business in Kenya is dominated by a few players such as Syngenta, Florensis, Goldsmith and Selecta. All of these companies produce the rooted and unrooted flowers for the European markets. These are sold through their parent companies which are based in Europe. The companies rely on the cost advantage of lower cost of production in Kenya and all round year weather compared to producing the flowers in Europe and America where the end consumers are.

1.1.3 Syngenta Pollen Limited in Kenya

Syngenta is a global agribusiness company with its headquarters in Basel, Switzerland. Syngenta came into being in 2000 after the merger of Novartis and AstraZeneca. The name Syngenta, has two distinct roots. "Syn" stems from Greek. It reflects synergy and synthesis, integration, and consolidating strengths. "Genta" relates to humanity and individuals. It stems from the Latin "gens," for people or community. So Syngenta means "bringing people together."

Syngenta Limited key business includes production of herbicides, insecticides and fungicides for crop protection, production of field crops, vegetables and flower seeds, production of seed care products and production of turf, garden, home care and public health products. The main production sites are in Switzerland, the United Kingdom, the United States of America, France, China, India and Brazil. All of these sites are for chemical production. The Company is listed in the Swiss Stock Exchange and the New York Stock Exchange. It has over twenty seven thousand employees in ninety countries and with an annual turnover of over fourteen billion dollars as per its 2012 annual financial report

Syngenta Pollen Limited is a subsidiary of Syngenta Limited specializing in production of rooted and un-rooted flower cuttings for sale to the Syngenta Company and is based in Ruiru, Kenya. Cuttings are flowers used in lawn and gardens. Production of the cuttings is done in environmentally controlled greenhouses. These cuttings are then transplanted into pots for balconies and or planted into flowerbeds. The key market for Syngenta flowers is the European and American consumers

1.2 Research Problem

Every business organization needs to adopt some strategies which will enable it to achieve its objectives and in the process achieve a competitive edge over the other players in the sector. These organizational strategies are intended to facilitate a firm's sustainability in the face of growing competition in which Suri (2001) observed that organizational strategies are themselves at ends and these ends concern the purpose and objectives of the organization. However, in the current unpredictable business environment, flexibility and adaptability have become key management concepts to develop the same sustainable competitive advantage (Johnson and Scholes, 2007). As a result of the same unpredictable nature of the present day business, strategic control is aimed at monitoring the external environment and the organizational context in order to detect and respond to the emerging developments that may endanger the strategic course of action and threaten the performance, or may represent opportunities that could be exploited (Levin et al., 2004).

For Syngenta Pollen Limited to flourish in their industry, effective strategic control practices are necessary for successful implementation of their strategies. When these controls are efficiently executed in an organization, a trickle-down effect to the various departments will take place so that goals and objectives can be met but if not, organizational chaos takes place instead. Syngenta Pollen Limited has been able to broaden their markets but in this harsh economic climate more can be done to keep them competitive in their chosen markets where value creation demands a complete redefinition of many traditional operations systems and strategies. This necessitates the

adoption of effective strategic control practices to counter the challenges they face in today's quickly changing business climate and especially, as they are global competitors in their industry.

A few studies in the area of organizational strategic control have been undertaken. This could be due to what Scott (2000) attributed to a lack of a comprehensive framework. Shrivistave (2004) further pointed out that in spite of the potential significance of strategic control; it has been relatively neglected area in management research. This can be evidenced through the few studies on the area that has been undertaken in Kenya. Gaithuma (2009) undertook a research on a survey of strategic control within faith based organisation in Nairobi. In her research, she found out that for a strategic control to be effective, it needs to be informed about the activities and results delivered by the organisation and the organisations prior expectation. Another attempt on the issue of strategic control was carried out by Kariuki (2011) carried out research on the strategic control practices employed by the Kenya Power and established that strategic control is practiced by the firms and the firms are able to deal with the given challenges. The above studies were either carried out in a not for profit organization or a monopolistic organization that might not fully face much competition. It is on the basis of this gap that the current study will seek to establish what strategic practices are employed by Syngenta Pollen Limited. This study will be guided by the question: what strategic control practices does Syngenta Pollen Limited use and what challenges does Syngenta Pollen Limited face in the adoption of the practices?

1.3 Research Objective

The objective of the study was to establish the strategic control practices at the Syngenta Pollen Limited.

1.4 Value of the Study

The study will aid various stakeholders. The flower industry in the country will obtain details on how they can be able to effectively control their strategies in the face of numerous challenges facing the industry both from within and outside the country. Adaptability of firm's strategies in the face of unpredictable business environment and the details of responses to the challenges will help the firms in the industry coming up with appropriate strategies.

The government and regulators in the flower industry will also find invaluable information in how control strategies can be adopted and as a result put in place policies that will guide and encourage other firms within and without the industry in implementing their strategies.

For academicians, this study will form the foundation upon which other related and replicated studies can be based on. Investors can also gain an insight on the business and its strategic position within the environment, which can assist them in determining their viability of their investments.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Certain prerequisites have to be met before the requirements for effectively controlling a strategy of empowerment and an appropriate control model can be identified. This chapter first considers strategic control. Next is strategic control system. In the final analysis, the characteristics of strategic control will also be discussed.

2.2 Theoretical Foundation

The institutional theory recognizes the embedment of institutional actors in an environment of formal and informal rules. Institutional theorists suggest that organizational actions and processes are driven by their actors in order to justify and plausibly explain their actions. According to this perspective, strategy implementation are rationally accounted for by organizational actors and rooted in the normative and social context that motivates actors to seek legitimacy (Oliver *et al.*, 2007). Through various cognitive, normative and regulative forces organizations adopt a standardized set of practices (Scott, 2001). In other words, an organization is composed of three pillars: the cultural-cognitive, normative, and regulative elements that together with associated activities and resources provide stability to social life. Companies try to fit in with the norm by adopting strategy implementation that validates them as part of the organizational field. In essence, traditional institutional theory believes that organizational fields become structured by powerful influences among organizations. The

adoption of a system such as strategy implementation is highly dependent on the extent to which it is institutionalized by legitimacy. Legitimacy concerns lead organizations to adopt practices that “conform to the mandate of the institutional environment” (Kraatz and Zajac, 2006).

The resource-based view of a firm has experienced a rapid diffusion throughout strategic management literature (Priem and Butler, 2001). Firm’s aim must be to achieve competitive advantage over its competitors, which it ideally derives from valuable resources that are superior in use, hard to imitate and difficult to substitute. Barney (1991) posits that resources can be classified into three categories: physical capital resources such as plant and equipment, human capital resources such as training relationships and experience, and organizational capital resources, for example, reporting structure, formal/informal planning and controlling. For firm resources to be the source of a sustained competitive advantage, they must pass the valuable, rare, imperfectly imitable, (non-)substitutable) test (Barney 1991). Resources can occur in different forms such as patents, relationships or processes. Barney (1991) further argues that the contrary is applicable for strategic implementation. The strategy implementation can be characterized as a functional competence in that it deals with distributing a firm’s resources to fit the strategic alignment of the firm. Strategic initiatives need to be distributed and executed as dictated by the strategic plan.

2.3 Strategic Control Practices

Strategic control practices aims to ensure that the strategy is being implemented as

planned and the results produced by the strategy are those intended (Schendel and Hoffer, 1999). They further argue that strategic control practices focuses on whether, the strategy is being implemented as planned and the results produced by the strategy are as intended. According to Lawrie and Cobbold (2001) for control to be effective, it needs to be 'informed' about both the activities and results delivered by the organisation, and the organization's prior expectations concerning both. To do this, control activity needs to be complemented by "a means of comparing any state, actual or hypothetical with a standard". Business-level strategic controls are the processes by which business unit managers adjust their strategies over time in order to pursue the larger corporate objectives, and involve "formal target-setting, monitoring, evaluation, and feedback systems that provide management with information about whether the organization's strategy and structure are meeting strategic organizational objectives" (Hill and Jones, 2009, p. 258).

Strategic Management theory argues that a firm's performance is partly determined by how well its administrative processes, such as control systems, fit and reinforce its strategies (Porter, 1980). Lorange *et al.*, (1986) argue that the "monitoring, evaluation, and feedback systems" are not sufficient for strategic control, and that additional forms of control are needed. Scott *et al.*, (1986) argues that there exist a difference between strategic control systems and financial control systems. A form of financial control system such as budgetary control system generally focus on annual or short term performance against financial yardsticks, and do not explicitly deal with the organizations progress relative to competitors, non-financial objectives that may be important to the eventual achievement of secure profitability and competitive strength, or longer term

strategic goals and objectives. Consequently, Poque (1990) posits that firms should supplement their financial controls with strategic control systems focused explicitly on monitoring strategic progress and ensuring implementation of strategic plans.

Kinlaw (2005) is of the opinion that competence is the strongest control practice mechanism for empowerment because people have a desire to become competent and show competence. If employees know the values and goals of the organisation, and if they are given the necessary competence, they will perform. Johnson and Scholes (1999) indicate that the aspects which influence an organization's decision on control lie with the extent of the perceived need for innovation and change and the extent to which the organizational design is centralized or devolved. According to Goold and Quinn (1999), the strategic control practices encompasses three elements namely; the strategic implementation system, internal monitoring, and external monitoring.

2.3.1 Implementation Control

The implementation control task requires re-assessing the firm's current strategic direction in light of its recent performance results. Implementation controls usually involve some form of milestone review process in which intermediate results of a strategic program are compared with previously defined short-term indicators of the program's eventual long-term success or failure (Schreyoggand Steinmann, 1987). These action plans provide guidelines for managerial action by establishing specific timetables for completion of implementation steps and interim milestones or performance measures for assessing progress toward long term-term goals. In order for the process to be undertaken effectively, implementation control suggests that assignment of responsibility

should be done such that accountability of accomplishing the task is established. Finally reward systems should be modified to align managers' actions with the organizational strategic objectives and avoid overemphasis on short term financial results (Shank and Govindarajan, 1993). These controls can be used to make mid-course adjustments to strategy, to decide the appropriate level of resource support, or to determine whether or not the strategic program should be terminated (Lorange, 1980).

Other forms of implementation control processes include the continuous monitoring of the programs or projects that are critical for the eventual success of a strategy and the comprehensive review of strategy after the occurrence of a major unexpected event or crisis (Pearce & Robinson, 1991). Implementation control therefore is aimed at evaluating whether the plans and programmes and projects are actually guiding the organisation towards its predetermined objectives or not. It is a review of milestone, through which critical points in strategy are implementations are identified in terms of events, substantial resources allocation or significant end time (Adams et al., 2005).

2.3.2 Premise Control

Premise control refers to planning premises as assumptions or predictions on which all strategy is based (Pearce and Robinson, 1991). Premise control checks whether the premises on which the strategy is based are still valid. The strategy may have to be changed if a premise is no longer valid, and the response time is important in order for an adjustment to be made. Premise control focuses on environmental and industrial factors. Pearce and Robinson (1991) refer to inflation, interest rates, and demographical/social changes as examples of environmental factors, noting that while

they have a big influence over the success of an organization's strategy, the organisation has little control over them. Industry factors are made up of competitors, suppliers, product substitutes, and barriers to entry, and they affect the performance of organizations. Key areas or key aspects of the strategy should be identified and assigned to those in whose section/department they fall, so that those premises can be revisited and changes initiated.

Every strategy is based on certain assumptions about environmental and organizational factors. Some of these factors highly significant and any change in them can affect the strategy to a large extent. Premise control is necessary to identify the key assumptions and keep track of any change in them so as to assess their impact on strategy and implementation. The Premise control task involves the continuous evaluation of the premises underlying strategy. The premise identification techniques such as strategic assumption surfacing (Mason & Mitroff, 1981) help managers uncover and understand the premises on which their strategies depend. According to Lorange et al (1986), when this control is incorporated within an ongoing monitoring process which periodically checks and updates the premises, these techniques become particularly useful for indicating when major reconceptualization of strategy are needed (Lorange et al., 1986).

Another form of Premise Control is the strategy acceptance processes which attempt to screen out conceptually flawed or inconsistent strategies prior to implementation. For example, several normative checklists in the strategic management literature detail the desirable specifications of a good strategy. Rumelt (1998) points out that the control

ensure that actual results is consistent with objectives and policies, is in consonance with the environmental assessment, feasibility of implementation with respect to the firm's resources, acceptability of its risk characteristics, and fit with product life cycle situation, among other criteria. Other benchmarks of good strategy drawn from case studies include, normative strategy frameworks (MacMillan, 1982), and the PIMS database (Buzzell& Gale, 1987) have also been recommended as standards against which a proposed strategy can be validated. By comparing a strategic program to specifications or benchmarks, managers can validate the program's viability and can pinpoint those strategic elements which need to be changed.

The provision of frequent on strategic results versus expectation permits timely corrective action when interim strategic objectives are not being achieved, often before the results turn down. In addition, Rumelt (1998) notes that the management monitoring of internal strategic results, through formal strategy reviews or regular meetings and discussions, ensures that the achievement of strategic objectives is elevated to the same level of importance as short term financial objectives.

2.3.3 Strategic Surveillance

The premise and implementation types of strategic controls are specified in nature. Strategic surveillance, on the other hand, is aimed at a more generalized and overarching control designed to monitor a broad range of events inside and outside the company that are likely to threaten the course of a firms strategy. Strategic surveillance can be done through a broad-based, general monitoring, on the basis of selected

information sources to uncover events that are likely to affect the course of the strategy of an organization (Hill & Jones, 1989).

According to Schreyogg and Steinmann (1987) strategic surveillance task involves scanning the firm's internal and external environments to identify emerging issues and trends which could eventually disrupt the effectiveness of existing strategies. Strategic surveillance processes try to anticipate the need to change strategy, so that action can be taken before the window of opportunity for effective response closes. From these definitions, strategic surveillance can be considered as a generalized and overarching control designed to monitor a broad range of events inside and outside the company that are likely to threaten the course of a firm's strategy.

External monitoring does not only allow assessment of strategic progress relative to pre-established goals or competitors but also allows organizations to determine whether environmental circumstances has changed enough to make current strategic plans and control strategies obsolete (Preble, 1992). Methods available for monitoring external performance include competitive benchmarking of products and process relative to competitors or other industry players, strategic audits of company position in respect to key competitive threats, and measurement of customer satisfaction with and competitor responses to strategic moves. Potential actions during the feedback process include revising organizational strategies, reassessing planning premises and action plans, or recasting managerial objectives.

2.4 Characteristics of Strategic Control Practices

In this section the administrative, social and self-control is first discussed. This is followed by a discussion on organizational culture as a medium for strategic control, the protection of financial and other data, interactive control systems/strategic surveillance and special alert control.

2.4.1 Administrative, Social and Self- control

Johnson and Scholes (1999) indicate that the correct control performance, which is in line with the organization's strategy must be allocated, and identify three broad types of control: administrative control through systems, rules and procedures; social control through the impact of culture on the behaviour of individuals and groups; and self-control which people keep over their own behaviours. Administrative control, through systems, rules and procedures, is useful where the degree of change is low, and it differentiates in centralized and devolved operations. In centralized operations the planning is usually "top-down" and standardization of work processes is in place in a professional, bureaucratic environment. Administrative control functions in devolved operations and builds around "bottom-up" plans from the divisions.

According to Johnson and Scholes (1999), one of the most important debates in both public- and private-sector organizations has been concerned with devolution. This is the extent to which the centre of an organisation releases its control of decision making to units and managers lower down in the hierarchy. Johnson and Scholes (1999:423) argue that devolution does not mean complete independence of divisions from the

centre. In the private sector such extreme forms of devolution are rarely found and for reasons of public accountability and political control are inappropriate for most public-sector organizations. Changes in the centre/division relationship are mainly concerned with a move to strategic control where the centre is the strategic shaper which is concerned with the following: the overall strategy of the organisation, the balance of activities and the role of each division, the organizational policies (on employment, market coverage), fostering innovation and learning, defining standards, and assessing the performance of the separate divisions and departments and taking action to improve performance.

While discussing the situational factors which influence the design of an organisation, Mintzberg et al. (1995) indicate that the greater the external control of an organisation, the more centralized and formalized its structure should be. This hypothesis claims that the extent to which an organisation is controlled externally, for example, by a government that dominates its external coalition, will mean that the chief executive officer of the organization is held responsible for its actions and clearly defined standards are imposed on the organisation. This influences the organization's tendency to centralize power at the corporate centre (strategic apex) and to formalize its behaviour. Simons (2005:164) believes that in order to empower employees to be creative towards customers' demands and/or to plan and implement better methods of operating the business, procedures and tasks that have been carried out in a fixed manner for a long time need to be reviewed to see whether too much standardization is not inhibiting opportunities for creativity.

Campbell (2005) argues that soft internal controls (trust, integrity, values and beliefs), defining the correct things that should be done, should be a part of the organizational, ethical environment. Campbell emphasizes that the ethical culture can only rise as high as the standard set by top management. The effectiveness of the ethical culture is reduced if the message is poorly communicated. Internal policy on fraud and dishonesty must first be implemented before reliance can be placed upon soft controls. Fraud policies are implemented for the honest employees who require a certain level of accepted and shared values and beliefs. Therefore, fraud policies should meet high legal requirements, supporting the value defining statements. According to Roth (2008), new technologies give everyone in the organisation access to critical decision-making information, and more empowered employees make more decisions on their own, with fewer control activities focusing on compliance with policies and procedures. Roth (2008) emphasizes that softer controls are more important to the success of organizations than traditional controls, and states that certain business failures are the result of weaknesses in the control environment, which is the domain of soft controls (trust, integrity, values and beliefs).

2.4.2 Organizational Culture as a Medium for Strategic Control

Collins and Porras (2007) indicate that the key factor in sustained exceptional performance is a cult-like culture which cannot be 'touched' or written down, but is pervasively influential. Culture is an important aspect for effective leaders to understand and use as one of their important levers of strategic control. Picken and Dess (2007)

indicate that implicit boundaries are set by culture in dress, in ethical matters, and in the manner in which an organisation conducts its business. Culture encourages individual identification with the organisation and its objectives by creating a framework of shared values. Depending on the organization's primary source of competitive advantage, culture could be experienced in different facets: the focus on customer service, the emphasis on product quality, a high value being placed on innovation, or the concern with operational efficiency.

McNamee (2005) maintains that one of the three key elements which some organizations who have achieved empowerment without losing control have in common is an active practice of building vision, values and ethical behaviour into a supportive and positive corporate culture. According to Rowe *et al.*, (2004) organizational culture often prevents strategic change from taking place, and people often cling to well-established beliefs about what they are willing to do, to such an extent that a strategy cannot be executed without first considering corporate culture. Rowe *et al.*, (2004) distinguish four types of cultural environments, in the form of subcultures, within which organizations function and which are produced by the various combinations of organizational values and orientations. These organizational values range from performance in a controlled system to achievement in an open system, while the organization's orientation can be technical or social. These combinations bring about a particular cultural environment.

The first of the four sub-cultures, the productive culture, concentrates on efficiency and consistency, whereas the second, the quality culture, focuses on the

growth of employees within the organisation through effective planning and problem solving. In practice, the productivity-orientated organisation tends to employ many rigid procedures and rules, whereas the quality-oriented organisation is more flexible in its approaches. The third subculture, the creative culture, tends to be innovative and entrepreneurial, inclined towards risk taking. Change is most easily made in this type of culture. Most organizations would like -or think they would like- to have a creative culture. They may even go about making changes as though they had one. But more often than not, they have some other type of culture, and the change fails. The fourth subculture, the supportive culture, produces an environment characterized by teamwork, cooperation, and reinforcement. Dynamic transformational leadership is seen as a key requirement for establishing and managing a balanced organizational culture (Rowe *et al.*, 2004).

2.4.3 Protection of Financial Data

McNamee (2005) maintains that one of the three key elements which some organizations who have achieved empowerment without losing control have in common are significant controls and barriers that protect the main financial data of the organisation from misuse. While these controls are essential in any organization, they are especially critical in organizations that put performance pressure on individuals, introduce contribution-based rewards, and at the same time, reduce standardization and procedural controls for many of the critical aspects of their jobs. Without basic internal controls, the risk of significant control failure becomes unacceptably high.

2.4.4 Interactive Control Systems/Strategic Surveillance and Special Alert Control

According to Simons (2005), strategic uncertainties are a combined function of management's vision for the future and their evaluation of the contingencies that could negatively influence that vision. Senior managers need sensing systems similar to weather-tracking systems, which enable them to stimulate opportunity-seeking, and encourage new strategic initiatives. Continuous search activities must be encouraged, and internal information networks created which report critical changes. This helps managers to participate in the decisions of subordinates and focus organizational attention and learning on key strategic issues. Interactive control systems focus attention on strategic uncertainties and help in creating strategic renewal. Strategic uncertainties are the uncertainties which negatively influence the strategy. Managers must look for external obstructions which could hinder the realization of the vision and the achievement of their goals when the organisation wants to seize new opportunities, instead of just assessing the organization's strengths. Managers take note of strategic uncertainties and use interactive control systems in order to activate a search for information.

Interactive control systems guide the bottom-up emergence of strategy in a manner that enables individuals to act on their own initiative to handle new opportunities as well as problems. The new idea that have been tested and which prove to be worthwhile will be taken up in the organization's strategies. Interactive control systems are concerned with forecasting as well as linking forecasts to action (Simons, 2005).

Simons (2005) cautions that in order to empower employees to be creative towards customers' demand or to plan and implement better methods of operating the business, procedures and tasks that have been carried out in a fixed manner for a long time need to be reviewed to see whether too much standardization is not inhibiting opportunities for creativity. This brings diagnostic control systems into play. Simons (2005) argues that empowerment changes what is controlled, but this does not imply giving up control. Empowering someone must imply that the person must be held responsible for his/her output or performance if there is no control over input or processes. This makes the measuring of results through diagnostic control systems very important. Simons (2005) adds that performance measures must be suited to the functions of the employees and create performance pressures that can stimulate innovation, and managers must be able to measure the manner in which the intended strategies have been fulfilled.

2.4.5 Boundaries and Controls

Picken and Dess (2007) argue that in order to prevent violations where the risk of error is high (for example, in banking operations), controls must be implemented to guard against improper conduct. Although an over reliance on rules may lead to indifferent performance, boundaries and controls, in combination with other techniques, they will serve a vital purpose. Thus, a balance between culture, rewards and boundaries must be established. Boundaries and constraints can help to keep the focus on an organization's priorities, providing a more targeted focus and better opportunity for competitive advantage. Picken and Dess (2007) indicate that it is difficult

but necessary to make these elements work together in order to keep the organizational engine running at peak efficiency.

With regard to the risks to be avoided, Simons (2005) notes that an organisation has risks that can be detrimental to it, and that to determine and communicate the risks that must be avoided is an important part of strategic analysis. In designing boundary systems, the risks that result from the type of industry competition as well as from the strategic choices made, must be taken into account. Simons (2005) believes that boundary systems are stated in negative terms, or as minimum standards, since people are told what not to do. People who are motivated through empowerment should not be seen as having the right to do whatever they wish. For a business in which a reputation built on trust is a key asset, boundary systems are critical. Boundaries concern standards of ethical conduct as well as focusing on ensuring that people steer clear of opportunities that will impact negatively on the business's competitive position.

Simons (2005) indicate how a beliefs system and a related boundary system work together. The beliefs system guides and motivates individual opportunity seeking in unlimited opportunity space by providing organisational purpose and momentum, and the boundary system functions within the beliefs system by communicating the acceptable area for search activity, thereby delimiting the opportunity area within which people can focus their energies. Boundary and beliefs systems working together create a dynamic tension transforming limitless opportunity into a focused domain which acts as an encouragement for employees and managers to exploit

actively. As the opportunities and the pressure for performance increase, it becomes increasingly important to have a clear beliefs system and an enforceable boundary system. While momentum and commitment is provided, the assurance is also given that people are not engaging in activities which could use up the resources or jeopardize the integrity of the business.

Blanchard *et al.*, (2009) state that the intent of declaring clear boundaries in a culture of empowerment is not to restrict action, but to create freedom to act within defined responsibility. Blanchard *et al.*, (2009) make a clear distinction between strategic decisions which will continue to be made by top management and operational decisions which will be the domain of the team members. Blanchard *et al.*, (2009) conclude that both team members and leaders must change, but that they cannot begin operating as though they were empowered before clear boundaries are declared to begin creating autonomy. Without clear boundaries being set, people will exercise the freedom which they perceive comes from empowerment which will create chaos, with leadership moving into a “fix the problem” mode, and skeptical team members operating in their old ways, deciding that empowerment is another ‘fad’ which will also end.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter introduces the design of the research and the data collection and data analysis technique.

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. Case studies allow a researcher to collect in-depth information, more depth than in cross-sectional studies with the intention of understanding situations or phenomenon. It also helps to reveal the multiplicity of factors, which have interacted to produce the unique character of the entity that is subject of study.

The case study was used to identify the strategic control practices by Syngenta Pollen Limited. The reason for this choice is based on the knowledge that case studies are the most appropriate for examining the processes by which events unfold, as well as exploring causal relationships and also they provide a holistic understanding of the phenomena. 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).

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 to be interviewed were top managers in charge of strategy implementation, finance, production, business development, human resource management and development. These are considered to be key informants for this research. Key informants are also a source of information that can assist in understanding the context of an organization, or clarifying particular issues or problems.

The choice of the respondents is very important, as senior executives are the head of the organization and the ones who can foster organizational objectives. Furthermore, they may provide access to more significant and useful secondary data as documents, and other valuable information. The interviews were semi-structured so that some questions can be omitted or added if some new and useful information come up through the whole procedure, which will be face to face interviews. The interview guide was divided into two sections with section A covering the background information on the respondents while section B covers the strategic control practices.

3.6 Data Analysis

The data obtained from the interview guide was analyzed using content analysis. 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. Content analysis, as a class of methods at the intersection of the qualitative and quantitative

traditions, is used for rigorous exploration of many important but difficult-to-study issues of interest to management researchers (Carley, 2003). This approach is more appropriate for the study because it allows for deep, sense, detailed accounts in changing conditions. Thus the qualitative method is suitable for this research because this research will be conducted within the environment where the implementation initiatives occurred.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1: Introduction

The research objective was to establish the strategic control practices at the Syngenta Pollen Limited. This chapter presents the analysis and findings with regard to the objective and discussion of the same.

4.2 Respondents Profile

This part of the interview guide was intended to assess the capacity of the respondents to answer the questions on the interview guide and also whether they are versed with the subject matter of the study. The respondents comprised the top level managers of the firm. In total; the researcher interviewed all the four respondents' out of the intended five. This represented 80% response rate. The interviewees comprised of the Business Development Manager who is also the Deputy General Manager, the Finance Manager, The Human resources Manager and the Production Manager. All the respondents interviewed had university degrees with one of them having a Master in Business administration degree, while two were pursuing the same. Their work experienced spans a total of 60 years in various departments within the organization and other manufacturing firms in the country. In addition, the views of both genders were represented in the respondents interviewed because three of the respondents were male against one woman. This meant that the views expressed by the respondents were not gender biased.

One observation made from the results of the interview was that three of the respondents, representing 75%, pointed that they were currently happy with their jobs with them having worked over 7 years in the organization. They felt the amount of work they undertake in the organisation commensurate with the level of compensation they get. They had been with the organization for a very long time and were not looking to changing their jobs soon. With their solid background in the affairs of the organisation, the respondents were found to be knowledgeable on the subject matter of the research and thus help in the realization of the research objective.

4.3 Strategic Control Practices

This section of the interview guide sought to establish the strategic control practices that are in place at Syngenta Pollen Limited. The respondents were first to be assessed on whether they understand the concept of strategic control and what the process encompasses. It was found out that all the interviewees appreciated strategic control and indicated that, the organization practices it in the day to day operations. The respondents pointed out that the at Syngenta pollen Limited, the control process involves monitoring the internal and external planning process, measuring the actual performance, identifying the past, present and future variance and directing corrective strategic planning activities. This process was found out to be the same as the one suggested by Lawrie and Cobbold (2001) except that it did not cover undertaking of the corrective strategic planning activities. It was pointed out that, for their control process to be effective, the organizations control process needed to have both the activities and results delivered by the organization.

The organizations control process was found to involve major stakeholders in the organization and also effective communication had been established to pass any relevant variances to the concerned departments. On the question of how frequent the control process of the organizations activities is carried out, it was pointed that Syngenta Pollen Limited evaluates all its operation, both financial and non financial on monthly basis. They noted that the earlier the deviation is noted by the firm, the better because the necessary corrective action is normally made before more unfavourable variances can be registered. The monthly performance reports that act as a control evaluation meeting, is usually chaired by a senior manager in the organization. This representation by the management helps in confirming the importance of the control practices in the organization.

One of the respondents pointed that the monthly meetings addresses two out of the three major types of management processes. The management control process is undertaken to ensure that the organization carries out its strategies effectively and efficiently. They noted that the management control is usually aimed at establishing whether the managers have been able to perform their duties in a manner that will ensure that leadership present will guide the firm to realization of its objectives. The organization operational control is aimed at ensuring that specific tasks are carried out effectively and efficiently. As the firm is agribusiness based and deals with the production of herbicides, fungicides and insecticides at a global level and flower cuttings specifically in Syngenta Pollen Limited, it was found that there is need to adopt effective and efficient operational process in the production of their plants due to the nature of the various markets served and the cost of

the product. The variance analysis that is undertaken includes materials, labor and overheads. The organization basically undertakes management by exception in analysis the variance in that it is only those variances that have surpassed the set limit that are investigated. What came out of the study is that the strategic control process that deals with the process of deciding on the goals of the organization is not done on monthly basis. On being asked why the same is not being done, the respondents pointed that strategic planning is a long term activity and hence its evaluation is also much longer than for effective control to be measured. In addition, the strategic objectives are set a global level and thus evaluation is also done globally

A number of operational controls were found to be undertaken by Syngenta Pollen Limited. The interviewees observed that the day to day operation of the firm forms what will determine the realisation of its objectives or not. The operations of the various department need to be evaluated to ensure that there is synergy of operations and since the departments are inter dependent, it was found that sub-optimization of the activities might result. They gave an example cross charges between various cost centers in the organization such as support services like finance and purchasing which are recharged to the flowers business. This requires transparency and cost control so as not to overcharge the growing department which would increase the prices of cuttings sold. There is need therefore to monitor closely the transfer prices quoted by the departments to avoid a situation where one department does not achieve its strategic objectives while the other one is registering higher performance. Another case of operational control that was being undertaken at Syngenta Limited was the ensuring timely delivery of products all over the globe and especially to its key customers in Europe. It was pointed that the level of

competition in the market is high and adoption of an effective distribution strategy was found to be paramount in remaining competitive.

The firm's manufacturing process was found to be centralized and hence there is a need to ensure that the firm adopts an effective mechanism of getting the products to the customers all over the world. The control process made on the operational practice was found to change periodically depending on the changes in the business environment. Hence, it was found that the standards set at the beginning of the period form the basis of analysis and does not in any way form a fixed indicator of assessing the performance of various operations. It was noted that in control the activities of the firm, the monthly management meetings also consider the changes that have occurred in the business environment. Implementation control whereby the firm considers how it has been able to implement various projects that have been set for the period was also found to be a monthly activity. The respondents noted that a number of tasks are usually set at the beginning of every period to be undertaken and it is expected it is through the same that the firm remains competitive and also manages to capture any opportunities that arise in a particular period.

An effective control process should have a feedback mechanism that will help the users identify whether any deviation is present in the actual results as compared to the plan. On this particular need, the researcher sought to find if Syngenta Limited had in place a feedback plan of communicating the deviation. They pointed that without measurement, the feedback mechanism might not give the desired results and as a result, they observed

that the organization has purposed to include appropriate measurement for every strategy being undertaken and it is from the comparison between the actual and the budgeted results the control function is achieved. The company's measurement data delivers value by triggering alterations in the organizations activity in the light of the variations between the actual and expected results. The respondents however pointed that for effective control, there is need for the section heads to have access to methods of intervention that will allow the necessary alterations in the organizational behaviour needed to respond to such variations between actual and expected results.

The need for the control process of a firm to be aligned with the firm's objectives and operational system came out strongly as another important step in the realization of the benefits of a control process. Different organizations have different operational mechanism and one control mechanism cannot be applied to all the firms. Instead, it was found that the control process should be tailor made to a particular organization. It was found that the control process adopted in the Ethiopian sister company was not adaptable in Kenya and this therefore reinforces the need for a firm to develop its own unique control tools that suits its local operations. The respondents also posited that the implementation and correction of any variance arising from a given operation can also be effected better when there is a fit between the controls and the nature of the operations being carried out. Strategic fit can also be seen in the firm's goal of focusing on a similar customer bracket and having similar goals in maintaining the level of customer service and customer reach.

On the question of whether the firm has been able to improve its performance as a result of the strategic control process, all the respondents answered to the affirmative. It was found that Syngenta Limited has been able to achieve its targets especially on cost containment and consequently profit targets as a result of the controlling the firms activities. One of the respondents noted that in the year 2012, the firm enforced the control of its operation and out of the same move, the operational cost reduced by 8% compared to the year 2011 and this led to an improvement of its profitability performance for the year for the flowers business in Syngenta by 8%. Hence this confirms that effective control process of a firm will result in positive performance.

The goal of any strategic control process is to affect the efficiency of the organization. The researcher sought to find out whether the strategic control practices adopted by Syngenta Pollen Limited has enabled the company to be efficient in its activities and what are the impacts of these activities on the businesses and the institution. It was found that at Syngenta, strategic control has had big impact in improving the operational efficiencies. The respondents noted that the major impacts of the strategic practices has been to keep cost below inflation levels in an environment where sales are flat, in a market with high elasticity of demand and highly sensitive to economic upheavals in the major European markets which the company sells all of its products and sources most of its materials. In addition, it was found that adoption of strategic control has helped in increase in the market share, reduction in wastages, improvement in the performance of the organization and increased production.

4.4 Discussion

The results seem to suggest that, as the level of competition increases, organizations seem to direct their emphasis on the usual accounting – based controls such as the use of key performance indicators and deviations from budgets and targets and at the same time adopt a top-down communication approach without realizing that changes in the competitive environment requires demand changes in strategy and in the control process as well. It is therefore necessary to the organization to consider changing its control process from being accounting based to adopting a control system that will facilitate empowerment, flexibility and flow of relevant information to monitoring and gauge performance of the critical success factors. This finding is similar to that of Chenhall (2007) who suggested that misalignment of the management control process and the level of competition present as well as the competitive strategies employed.

It was also evident from the results that with increased level of competition increasing in a particular sector, there is a higher likelihood of the sector adopting more control mechanism. This finding is partly consistent to that reported in Khandwalla (2002), who found a significant positive relationship between overall competition and the overall usage of controls with price competition having the least impact on usage of controls and product competition showing the greatest impact. He attributed that to the increasing expected net benefits from application of controls as competition intensified and the increase in expected net benefits was more evident with increasing product competition.

It was also found that the monthly meetings address two out of the three major types of management processes, namely operational and management controls. The management

control process is undertaken to ensure that the organization carries out its strategies effectively and efficiently and aimed at establishing whether the whether the managers have been able to perform their duties in a manner that will ensure that leadership present will guide the firm to realization of its objectives. This finding is consistent with that by Anthony (2005) who observed that there is need for an organization to consider the strategic controls as part of the short term performance evaluation.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The results centered on establishing the strategic control practices at the Syngenta Pollen Limited. The research therefore interviewed several respondents who facilitated the attainment of the said objective.

5.2 Summary

The strategic control in the organization is being considered as a key component of the strategic process, as strategy development, and implementation. The control process practiced involves monitoring the internal and external planning process, measuring the actual performance, identifying the past, present and future variance and directing corrective strategic planning activities. It was pointed out that, for control process to be effective, the organizations control process needed to have the activities and results be measured and communicated to those responsible in the organization. In addition, for effective control process to be carried out, it was found that the involvement of stakeholders was necessary. A control process that has the support of all the stakeholders will have greater chance of fulfilling its objective than one which only is developed and implemented by the top management of a firm.

The company's control process involves both the financial and non-financial measures and it was found that an effective communication exist which passing relevant variances to the departments concerned and a follow up to correct the any major deviation is also

made. On the question of how frequent the control process of the organizations activities is carried out, it was pointed that Syngenta Pollen Limited evaluates all its operation, both financial and non financial on monthly basis. The monthly performance reports that act as a control evaluation meeting, is usually chaired the General Manager of the organization

The monthly meetings address two out of the three major types of management processes, namely the management and operational controls. The management control process is undertaken to ensure that the organization carries out its strategies effectively and efficiently while the operational control is aimed at ensuring that specific tasks are carried out effectively and efficiently. For effective control process there should be should a feedback mechanism that will help the users identify whether any deviation is present in the actual results as compared to the plan. It was also found out that in order for the feedback system to give good results, there must be a measurement system that it will compare the actual results and the budgeted ones. The need for the control process of a firm to be aligned with the firm's objectives and operational system came out strongly as another important step in the realization of the benefits of a control process. Different organizations have different operational mechanism and one control mechanism cannot be applied to all the firms. Instead, it was found that the control process should be tailor made to a particular organization

5.3 Conclusion

With the threats of globalization and market place changes, business organizations need to be adaptive to the rapid changes in customers' needs. Competition on non-price

dimension is increasing and the product life cycle is becoming much shorter, hence increasing emphasis has to be placed on flexibility of the organization to meet the changing needs of the market place. The flexibility capacity of the firm can be enhanced by the control mechanism that it has put in place to monitor the changes in the business environment. At the same time, in order for the designers of management control systems to be able to evaluate the effectiveness of various control measures, there must be effective communications between the formulators of the new strategy and the designers of management control systems to avoid any strategic misalignment. This will be in accordance with the need for the interactive management control processes, whereby a firm's competitive strategic positioning, management control measures and process of strategy formulation influence one another as the firm evolves and adapts over time, to manage and align management controls to the emerging needs of the market. There is need also for the designed control mechanism to have an effective communication system which will facilitate monitoring of the functions of the firm.

5.4 Limitations of the Study

This study was limited by the absence of the General Manager of the business who was not interviewed. This was a key respondent of the study due to his knowledge of the overall company strategy and various controls practices across all departments.

5.5 Recommendations

This study makes several recommendations for company policy and practice and also makes suggestions for further research.

5.5.1 Recommendation for Policy and Practice

The study established that the organization considers strategic control a key component of achieving its strategic objectives. In order for strategic control to be effective, all the stakeholders must support the process as this works better than when the control is developed and implemented by top management.

Secondly, the management of firms is supposed to realize the need for a strategic fit between the organizational strategies and the management control practices. When the environment changes modification of the strategies will need to follow to stay competitive

5.5.2 Recommendation for Future Research

Future study may investigate the relationship between management control attributes and performance of a firm considering the time lag between implementation of modern management control practices and improved performance of the firm. It would be interesting to see how strategic control practices lead to improvement of performance across a wide range of companies and how long it takes to achieve this.

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APPENDIX I: INTERVIEW GUIDE

The interview guide will seek to achieve the following objective;

1. To establish the strategic control practices at the Syngenta Limited.
2. To identify the challenges faced by Syngenta in adopting strategic control practices.

Part A: Background Information on the interviewees

1. What current position do you hold at Syngenta?
2. For how long have you been holding the current position?
3. How many years have you worked in Syngenta?
4. What is the highest level of education you have attained?

Part B: Strategic Control Practices

1. Which strategic control practice does your company adopts in the competitive environment it operates in?
2. Does the adopted control practices results in improved performance?
3. Does the company align its strategic control practices with its strategic plans?
4. How frequent does management of the company gets feedback on the performance of the actual plans versus planned outcomes?
5. What corrective measures do the company takes in case of negative deviations in the implementation of annual plans?

6. Does the organization change strategies based on the results of the reviews?
7. Have strategic control practices in the company ensured accountability by allowing the institution to evaluate performance and to respond to the results accordingly?
8. Does the company change its control practices due to changes in environmental in order to be competitive?
9. Has strategic control practices enabled the company to be efficient in its activities and what are the impacts of these activities on the businesses and the institution?