THE INFLUENCE OF STRATEGY ONORGANIZATIONAL PERFORMANCE OF STATE CORPORATIONS IN KENYA

BY

IVY ZENA FAKII

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DECLARATION

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

Signed …………………………………………. Date ……………..................

IVY FAKII

D61/73130/2009

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

Signed ……………………………………… Date ……………………..

DR. JACKSON MAALU

Lecturer, University of Nairobi

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ABSTRACT

Strategic management has been widely embraced by organizations all over the world in pursuit of achieving efficiency and effectiveness that ultimately lead to competitive advantage over competitors. Organisations employ strategies that will catapult them into better organisational performance. A well implemented strategy leads to improved efficiency and effectiveness in an organisation. The purpose of this study was to determine the strategies employed by State Corporations in Kenya and the extent to which they influence organizational performance.There are diverse strategies that an organisation can adopt. The choice of strategy is dependent on a myriad of factors including organisational culture, resources, capabilities and external forces and factors. Organisation must therefore carry out analysis of all these factors to determine the best strategies to adopt. The goal of implementing the strategies is to achieve better organisational performance. In carrying out this study, the target population was 184State Corporations in Kenya out of which 100 responded giving a response rate of 54.3%. The data collection instrument was a questionnaire which was delivered to the respondents. Quantitative data collected was analysed by descriptive statistics and presented through percentages, means, standard deviations and charts. From the study it was found out that State Corporations in Kenya have vision and mission statements that are written down and communicated to all employees.The study further found out that the strategies employed by State Corporations are mainly based on cost leadership and diversification of products/services. In addition, the research concludes that measurement of organizational performance was important in the organizations and that most of the organizations balance use of both financial and non-financial performance measures. There was found to be a weak to moderate positive correlation between strategy and resulting performance with majority of the organizations concurring that their performance had improved as a result of their approaches to business. This weak correlation implies that strategy is not the only determinant of an organization's performance. Other factors internal and external to the organization affect the overall organizational performance. The study recommends thatall members of the organization be involved in the running of the business thus enhancing idea sharing and consultations thus fast decision making.In conclusion, the study determined that the strategies empoyed by State Corporations in Kenya influence performance positively.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Organizations are created as a means to an end to achieve goals, which are to create value for its stakeholders. A key goal for organizations is to achieve efficiency and effectiveness. This is mainly achieved by effective internal management, ensuring accountability for results, and monitoring the performance of different divisions within the organization in order to better benefit from their capital and workers (Haberberg and Rieple, 2008).

Strategic management has been widely embraced by organizations all over the world in pursuit of achieving efficiency and effectiveness that ultimately lead to competitive advantage over competitors.The concept of strategic management has been defined as the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives (David, 2005).

In Kenya, strategic management is a concept which until recently had been mainly adopted by private organizations. Historically, public organizations have focused on cost management rather than profit generation however this has changed. Increased environmental turbulence and competition have prompted public organizations to embracing the concept of strategic management with the aim of becoming profitable. (Aosa, 2000). Organizations operate in a highly competitive business environment that is subject to regional and global forces and fluctuations (Ansoff and McDonnnel, 1990).To maintain comparative advantage and ensure long-term success, they must constantly adapt themselves to this highly dynamic atmosphere by adopting appropriate strategies that will keep them relevant and profitable.Ansoff and McDonnel (1990) stipulate that strategy is a potentially powerful tool for coping with the conditions of change which surround the firm today and according to Wheelen and Hunger (2008), organizations that engage in strategicmanagement generally outperform those that do not.

1.1.1 Strategy and Organisational Performance

Strategies are the means by which objectives are achieved. According to Haberberg and Rieple (2008), a strategy is the set of actions through which an organization, by accident or design develops resources and uses them to deliver services and products in a way which its users find valuable, while meeting the financial and other objectives and constraints imposed by key stakeholders. Chandler (1962) defines strategy as the determination of basic long term goals of an organisation and the determination of courses of actions and the allocation of resources necessary to carry out these goals. Organizations therefore put in place strategies to achieve their goals. The strategies are about using resources to give value to customers.

At any given time an organization has a variety of choices of many strategies that it can employ to achieve its goals (David, 2009). Strategies can be deliberate or emergent. A deliberate strategy involves formal planning for intentions to be carried out while emergent strategy arises in the absence of or despite, previous intentions (David, 2005). Due to environmental turbulence, the realized strategy is a mixture of the deliberate and emergent strategies. The choice of a suitable strategy to be pursued by an organization depends on the external environment in which the organization operates and its internal environment characterized by its strengths and weaknesses. The strategy must also be consistent with the firm's vision, mission and objectives (Johnson and Scholes, 2009). Before settling on a particular strategy, the firm must analyze the advantages, disadvantages, trade-offs, costs and benefits of each alternative strategy. The ultimate success of the identified strategy depends on its implementation. According to Pearce and Robinson (1988), a well formulated and implemented strategy provides long term direction for the firm and helps the firm cope with change and enables it to focus resources and efforts in the market.

Overtime, the effectiveness of a strategy is measured to determine its success or failure which reflects on the organizations performance. Haberberg and Rieple, (2008) purport that to get a full picture of a firms strategies and how well they are succeeding, demands a very hard-headed kind of analysis, which looks at actions rather than words and results rather than intentions or opinions. What is very important of course is to be able to sustain performance and achieve performance goals over time. The measurement of performance over time together with an assessment of the factors that influence performance (internal and external environmental factors) provide evidence of the sustainability of strategies and approaches adopted by organizations. The goal of any business is not merely to achieve the performance goals which have been set but achieving them in a sustainable manner (Porter, 1985).

The measurement of performance is the cornerstone of business practice because it assists in evaluation of the achievement of fundamental business goals and sets the scope and direction of possible improvement actions. Measurement of performance is relative depending on the industry a business is in. There is no one acceptable parameter for measuring performance and therefore organizations must identify their own parameters by which to measure their performance (Pearce and Robinson, 1988). Performance assessment can be both qualitative and quantitative which involves an analysis of financial and operational performance in firm (David, 2009). The organization performance construct is probably the most widely used dependent variable in organizational research yet it remains vague and loosely defined (Shields and Shields, 1998). For effective performance measurement, a balanced presentation of both financial and non-financial measures is required since no single measure can provide a clear performance target or focus attention on critical areas of the business (Miller, 1988).

1.1.2 State Corporations in Kenya

State Corporations are businesses that are owned and managed by the government and they are formed by the government to meet both commercial and social goals. They exist for various reasons including: to correct market failure, to exploit social and political objectives, provide education, health, redistribute income or develop marginal areas. Section 2 of the State Corporations Act cap 446 of the Laws of Kenya defines a state corporation as a body that is defined that way by statute; a corporate body established by an Act of Parliament; a bank or other financial institution or other company whose shares or a majority of whose shares are owned by government or by another State Corporation, and; a subsidiary of a state corporation. The State Corporation act is an Act of parliament to make provision for the establishment of State Corporations and for control and regulation of State Corporations. State Corporations were first established in Kenya by the colonial government to provide essential services to the white settlers. At independence in 1963 parastatals were retooled into vehicles for the indigenization of the economy.

The Kenyan Government acknowledges that over the years there has been poor performance in the public sector, especially in the management of public resources which has hindered the realization of sustainable economic growth (GoK,2005). The government reiterates in the Economic Recovery Strategy (ERS) some of the factors that adversely affect the performance of the public sector to include excessive regulations and controls, frequent political interference, poor management, outright mismanagement and bloated staff establishment (GoK, 2003). To improve performance, the government has undertaken a number of reform measures. However, these measures have not provided a framework for guiding behavior towards attainment of results or ensured accountability in the use of public resources and efficiency in service delivery. The initiatives for instance lack the performance information system, comprehensive performance evaluation system and performance incentive system (GoK, 2005).

In the Economic Recovery Strategy for Wealth and Employment Creation (ERS) of 2003-07, the government of Kenya outlined its commitment towards the improvement of the general performance of state owned corporations through the introduction of performance contracts as a management tool for measuring performance against negotiated performance targets (GoK, 2003). The objectives of introducing the performance contracts were to improve service delivery to the public by ensuring that top-level managers were accountable for results; improve efficiency levels and ensure that public resources were focused on attainment of the key national policy priorities of the government; and institutionalize performance oriented culture in the public service; measure and evaluate performance among others. In a study carried out by Akaranga (2008), it was revealed that all government ministries and State Corporations in Kenya had formally implemented performance contracts. According to the study, there was clear evidence of improvement in income over expenditure as well as service delivery in the State Corporations and government ministries. State Corporations have become a strong entity in Kenya and very useful engines to promote development despite the myriad problems they face. According to the report on evaluation of the performance of public agencies for the financial year 2010/2011, there were 184 state corporations.

1.2 The Research Problem

Rapidly changing external environment has led to the need for organizations to put in place strategies that will catapult them to better organizational performance. Strategy formulation, implementation and control processes must be adequately monitored to ensure success of the strategy and timely review to keep up with changing tides (Johnson & Scholes, 2002). Performance measuring is a key aspect in determining the effectiveness of corporate strategies and the measurement parameters vary from industry to industry and organization to organization guided by the different core activities and objectives (Pearce & Robinson, 2005). The definition and measurement of organizational performance in different empirical researches also vary.

Increased competition and environmental turbulence has led to the need for public organisations to seek ways and means of becoming profitable (Porter, 1980). This is more so necessitated by competition from private sector organisations within the same industries thereby raising the bar for public organisations to perform better to match their counterparts. Various studies have been conducted to study the influence of strategy of an organization and the resulting performance. Different scholars have explored the specific strategies adopted by various organizations and industries and the resulting performance observed, both financial and non-financial.

Internationally, Liu (2011) explored the relationship between strategic orientation and organisational performance in Born Global; a business organisation seeking resources and selling products for gaining competitive advantage from multinational markets. The study determined that there was positive correlation between strategic orientation and organisational performance. Fowder et al. (2011) examine the relationship between market orientation, service quality and business performance in a survey of stock brokers in Mauritius. Some form of relationship was established in all these studies however further research into the relationships was recommended.

In a study to analyse the effect of corporate governance on performance of commercial State Corporations in Kenya, Muoria (2011) determined that well governed firms have higher firm performance. The study sought to identify the relationship between financial performance, board composition and size. It was found that a positive relationship existed between return on equity, board size and board compositions of all State Corporations. In a study on performance contracting by Akaranga (2008), it was revealed that all government State Corporations in Kenya had formally implemented performance contracts. According to the study, there was clear evidence of improvement in income over expenditure as well as service delivery in State Corporations. Yagan (2007) in a study on selected State Corporations on the relationship between organisational culture and performance established that a relationship exists.In a study of the relationship between investment in information communication technology (ICT) and corporate performance at Kenya Revenue Authority, Maringa (2008) notes that ICT has significantly influenced revenue collection and tax compliance thereby concluding that there is a positive relationship between the strategy and performance.

Wangari (2007) carried out a study on the influence of competitive strategies on the performance of hair salons in Nairobi. The study concludes that variables of differentiation strategy in the industry indicate existence of a relationship between strategy and performance. The effect of corporate governance on financial performance has also been widely explored: Kiamba (2008);local Authorities in Kenya, Wanjau (2007); micro finance institutions in Kenya, Ngugi (2007); Insurance Companies of Kenya agree that there exists a relationship between some aspects of corporate governance (board size and structure) with performance. Biyra (2009), Oimbo (2009), Omoro (2008), Riungu (2008) and Ogolla (2006) studied the Strategy – Performance relationship in the banking sector. In most of the studies, the researchers suggested further research into other industries to determine whether the relationship exists. In a study of the effect of mergers on financial performance of non-listed banks in Kenya, Marangu (2007) notes that there was significant improvement on performance after the mergers. Mwaura (2010), Mulu (2006) and Odhiambo (2006) conducted studies on the companies quoted in the Nairobi stock exchange. In these studies it was determined that a relation exists between the strategies under study and resulting organisational performance.

From the above it is noted that there exists some relationship between strategy employed and organisational performance in the various industries and public and private organizations studied. However this was not always the case. None of the studies identified sought to establish the influence of strategy on organisational performance in State Corporations in Kenya. Majority of the studies were case studies that provide in depth knowledge on the studied institutions but cannot quantify adequately the nature of the relationship between strategy and organisational performance. This survey study therefore seeks to determine the extent to which strategy influences organisational performance and seeks to answer the question: To what extent do the strategies employed by State Corporations in Kenya influence their organisational performance?

1.3 Research Objectives

The overall objective of this study is to determine the extent to which strategies employed by State Corporations in Kenya influence their organisational performance.
The specific objectives of this study were to: (i) establish the types of strategies employed the State Corporations in Kenya and (ii)determine the influence of the strategies on performance in these institutions.

1.4 Value of the Study

The purpose of thisstudy is to explore and empirically test the general notion that strategies employed by organizations have a bearing on enhanced performance of the organization.A contribution that this research makes is to link theoretically and to test empirically the influence of strategy onorganisational performance.

The experiences learnt from this research shall be useful to the researcher, the Kenyan State Corporations and scholars of strategic management. The study will sensitize the researcher on the role strategy plays in the performance realized in an organization. Through the findings State Corporations in Kenya will have more insight on how to achieve better organisational performance by adopting result oriented strategies. The findings of this study will also be beneficial to scholars of strategic management by adding to the body of knowledge into the influence of strategy on organizational performance.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter comprises literature review on the concept of strategy, the theories and types of strategies and the various measures of performance. Scholars overtime have given various definitions of strategy. Several theories regarding strategy formulation including the resource based view and industry organisation which have sought to explain the basis on which organisations make their strategies. In this chapter, several types of strategies that are adopted by organisations in various circumstances are discussed and the various measures of organisational performance.

2.2 The Concept of Strategy

Strategy has been defined differently by different scholars who have given selective attention to the various relevant issues depicting the critical dimensions of the concept of strategy. Strategy can be seen as a multi-dimensional concept that embraces all the critical activities of the firm, providing it with a sense of unity of direction and purpose as well as facilitating the changes induced by its environment.

Chandler (1962) defines strategy as a means of establishing the organisational purpose in terms of its long term objectives, action programs and resource allocation priorities. Gluek (1976) advanced the notion that strategy is a coherent, unifying, integrative blue print of the organisation as a whole. Argyris (1985) defines strategy formulation and implementation to include identifying opportunities and threats in the organisations environment, evaluating strengths and weaknesses of the organisation, designing structures, defining roles, hiring appropriate people and developing appropriate rewards to keep those people motivated to make contributions. Mintzberg (1979) argues that strategy is a mediating force between the organisation and its environment consistent patterns of streams of organisational decisions to deal with the environment. Bower and Doz (1979) view strategy as the outcome of three different processes contributing to strategy formulation; the cognitive processes of individuals on which understandings of environment of strategy are based, the social and organisational processes by which perceptions are channelled and commitments developed and the political processes by which the power to influence purpose and resources is shifted.

Strategy is a vehicle for achieving competitive advantage. Porter (1980) defines strategy as a framework for assessing the attractiveness of an industry and generic strategies for effectively positioning a firm in an industry. Porter (1985) defined competitive strategy as a search for favourable competitive position in an industry, the fundamental arena in which competition occurs. Johnson and Scholes (2002) observes that strategic capability is essentially concerned with how resources are deployed, managed and controlled to create competencies in those activities and business processes need to run the business. Johnson, Scholes and Whittington (2008), define strategy as the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations.

According to Johnson and Scholes (2009), there are different perspectives on strategy; strategy as design, as experience, ideas or as discourse. Organizations strategic issues are best seen from a variety of perspectives as suggested by the four strategy lenses. A design lens sees strategy in logical analytical ways. An experience lens sees the strategy as the product of individual experience and organizational culture. The ideas lens sees strategy as emerging from ideas within and around an organization. The discourse lens highlights the role of strategy language in shaping understandings within organizations and points to the importance of being able to talk this language effectively.

Strategy operates at different levels of an organization; corporate level, business level, and functional level (Andrews, 1980). Corporate level strategy is the highest level of strategic decision making in an organization and covers actions dealing with the determination of the objectives of the organization, acquisition and allocation of resources and coordination of strategies of various strategic business units in the organization for optimal performance. These decisions are made by top management of the organization. The nature of strategic decisions tends to be value-oriented, conceptual and less concrete than decisions at the business or functional level. The corporate strategy sets the long-term objectives of the organisation and the broad constraints and policies within which the strategic business units within the organisation operate. (Pearce & Robinson, 2005).Business-level strategy is applicable in those organizations, which have different businesses and each business is treated as strategic business unit. Functional strategy relates to a single functional operation and the activities within the organization. Decisions at this level within the organization are often described as tactical and are guided and constrained by some overall strategic considerations. Below the functional level strategy, there may be operations level strategies as each function may be divided into several sub functions.

2.3 Theories of Strategy

Getting and keeping competitive advantage is essential for long term success in an organization (Porter, 1985). The resource based view and industry organization theories of organizations present different perspectives on how best to capture and keep competitive advantage. A firm must strive to achieve sustained competitive advantage by continually adopting to changes in external trends and events and internal capabilities, competences and resources and by effectively formulating, implementing and evaluating strategies that capitalize upon those factors.

Strategies are potential actions that require top management decisions and large amounts of the firm's resources. Strategies affect an organization's long term prosperity, typically for at least five years and thus are future oriented.

The RBV gained popularity in the 1990s and is continuing to day. According to David, (2009), the RBV approach to competitive advantage contends that internal resources are more important for a firm than external factors in achieving and sustaining competitive advantage. In this view, organizational performance is primarily determined by internal resources including physical resources, human resources and organizational resources. The mix, type and amount and nature of a firm's internal resources should be considered first and foremost in devising strategies that can lead to sustainable competitive advantage. Managing strategically according to RBV involves developing and exploiting a firm's unique resources and capabilities and continually maintaining and strengthening those resources. The theory asserts that it is advantageous for a firm to pursue a strategy that is not currently being implemented by any other competing firm. Such resources must be either rare or hard to imitate or not easily substitutable.

The industry organization (I/O) approach to competitive advantage advocates that external (industry) factors are more important than internal factors in a firm achieving competitive advantage. Porter contends than organizational; performance will be primarily determined by industry forces. Porter's five forces model focus upon analyzing external factors and industry variables as a basis for getting and keeping competitive advantage. Managing strategically from this perspective, entails firms striving to compete in attractive industries, avoiding weak of faltering industries and gaining a full understanding of key external factor relationships within that industry (David, 2009).

According to Porter (1985), strategies allow organizations to gain competitive advantage from three generic strategic bases; cost leadership, differentiation and focus. Cost leadership emphasizes of providing standardized products at a very low per unit cost for consumers who are price sensitive. Cost leadership can be low cost strategy that offers products or services to a wide range of customers at the lowest price available in the market or a best value strategy that offers products of services to a wide range of customers at the best price- value available on the market. This strategy aims to offer customers a range of products or services at the lowest price available compared to rivals products with similar attributes. Porter's generic strategy in differentiation is a strategy aimed at producing products or services considered unique industry wide and directed at consumers who are relatively price insensitive. According to Porter (1985), focus alludes to producing products and services that fulfil the needs of small groups of consumers. Low cost focus strategy offers products or services to a small range of customers at the lowest price available on the market while best value focus strategy offers products or services to a small range of customers at the best price value available on the market.

Porter's five strategies imply different organizational arrangements, control procedures and incentive systems. According to Porter (1985), larger firms with greater access to resources typically compete on a cost leadership and or differentiation basis whereas smaller firms often compete on a focus basis. Porter (1989) stresses the need for firms to effectively transfer skills and expertise among autonomous business units in order to gain competitive advantage. Depending upon such factors as type of industry, size of the firm and nature of competition, various strategies could yield advantages in cost leadership, differentiation and focus.

Low cost and differentiation are the commonly accepted generic dimensions of strategy that have successfully withstood many empirical tests in the strategy literature (Robinson and Pearce, 1988, Nayyar, 1993). A low-cost strategy represents attempts by firms to generate a competitive advantage by becoming the lowest cost producer in an industry (Porter, 1980). Organisations can pursue a product differentiation strategy that emphasizes a chosen form of uniqueness that stems either from the product, process or service. Miller (1988) argues that there are at least two types of differentiation strategies: product differentiation and marketing differentiation. Unlike a product differentiation strategy, a marketing differentiation strategy is based on creating customer loyalty by uniquely meeting a particular psychological need.

2.4 Types of strategies

According to David (2009), organizations simultaneously pursue a combination of two or more strategies. However, no organization can afford to pursue all the strategies that might benefit the firm and therefore priority must be established. Organizations must therefore choose among alternate strategies. David (2009) stipulates that there are various levels of strategies namely integration strategies, intensive strategies, diversification strategies and defensive strategies.

Integration strategies include forward integration, backward integration and horizontal integration. These strategies allow a firm to gain control over distributors, suppliers and or competitors respectively. Intensive strategies include market penetration strategy which seeks to increase share market for present products or services in present markets through greater marketing efforts, market development which involves introducing present products or services into new geographical area and product development which is a strategy that seeks to increase sales by improving or modifying present products and services and entails large research and development expenditures. Diversification strategies can be related or unrelated. Businesses are related when their value chains posses competitively valuable cross-business strategic fits. Businesses are unrelated when their value chains are so dissimilar that no competitively valuable cross-business relationships exist. David (2009) notes that diversification strategies are becoming less popular as organizations are finding it more difficult to manage diverse business activities and according to Porter (1989), businesses are selling or closing less profitable divisions in order to focus on core business.

Defensive strategies that can be pursued by an organization include retrenchment, divestiture or liquidation. Retrenchment occurs when an organization regroups through cost and asset reduction to reverse declining sales and profits. Divestiture involves selling a division or part of an organization and is often used to raise capital for further strategic investment or acquisition and can be part of an overall retrenchment strategy to rid an organization of businesses that are unprofitable, require too much capital or that do not fit well with the firms other activities. This strategy has become a popular one for firms to focus on their core businesses and become less diversified. Liquidation involves selling all of a company's assets in parts, for their tangible worth. This is in recognition of defeat and consequently can be an emotionally difficult can be an emotionally difficult strategy.

2.5 Measuring Organizational Performance

The organisational performance construct is probably the most widely used dependent variable in organisational research yet it remains vague and loosely defined (Shields & Shields, 1998). The definition and measurement of organizational performance in different empirical researches vary. Scholars select concepts of different levels of performance according to the objective in empirical study, including operating performance (Jaworski and Kohli, 1993) and financial performance (Zahra and Covin, 1995) inter alia. The American Heritage Dictionary (2009) defines performance as the results of activities of an organization or investment over a given period of time. Due to the distinction on the nature of industry and mode of profit, it is difficult to set a general indicator to measure organizational performance. Measurement of performance should be based on different purposes and use different performance indicators and depends on the environment, strategies and objectives of an organisation. To measure organizational performance with a single indicator may not apply to all organizations.

According to David (2009), measuring organizational performance involves comparing expected results to actual results, investigating deviations from plans, evaluating individual performance and examining progress being made toward meeting stated objectives. David (2005) observes that strategy evaluation is vital to an organisations wellbeing and involves three basic activities; examining the underlying bases of a firms strategy, comparing expected results with actual results and taking corrective actions to ensure that performance conforms to the plans. Strategy evaluation is based on both quantitative and qualitative criteria depending on particular organizational size, industry, strategy and management philosophy. Quantitative criteria commonly used to evaluate strategies are financial ratios used to compare the firm’s performance over different time periods, comparing the firm’s performance to competitors and comparing the firm’s performance to industry averages. Some ratios include return on investment, return on equity, profit margin, market share, debt to equity, earnings per share, sales growth and asset growth.Rosen (1995) notes that measurement of performance for most industrial organisations includes profit, earnings/share, market share, sales/employee dividend rate, return on capital, productivity, sales, costs, staff turnover. Rosen further observes that most of the parameters measure the efficiency with which resources are used.

Authors from differing management disciplines tend to categorize the various performance indicators that are available including competitive advantage, flexibility, financial performance, resource utilization, Quality of service and innovation. These six generic performance dimensions either reflect the success of the chosen strategy (competitive advantage, financial performance) or determine competitive success (flexibility, resource utilization, Quality of service and innovation). According to Fitzgerald et al. (1991),these sets of indicators may also be categorised as upstream or as downstream indicators as detailed in table 1 below:

Table 2.1: Upstream Determinants and Downstream Results

Performance Dimensions	Types of Measures
Competitiveness	Relative market share and position Sales growth, Measures re customer base
Financial Performance	Profitability, Liquidity, Capital Structure, Market Rations, etc.
Quality of Service	Reliability, Responsiveness, Appearance, Cleanliness, Comfort, Friendliness, Communication, Courtesy, Competence, Access, Availability, Security etc.
Flexibility	Volume Flexibility, Specification and Speed of Delivery Flexibility
Resource Utilization	Productivity, Efficiency, etc.
Innovation	Performance of the innovation process, Performance of individual innovations, etc.

Financial performance refers to a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. This term is also used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. There are many different ways to measure financial performance, but all measures should be taken in aggregation. Line items such as revenue from operations, operating income or cash flow from operations can be used, as well as total unit sales. (www.investopedia.com)

Financial evaluation systems generally focus on annual or short-term performance against accounting yardsticks. Financial measures and accounting rations are used to evaluate financial performance of organisations. Some studies using financial measures include Mwaura (2010) return on capital employed, return on Assets and Return on investment. Wangari (2007) sales profits, cash profit, return on equity, growth, Wanjau (2007) return on assets. Marangu (2007) return on assets, profit, and total liabilities/total assets and shareholder's equity/total assets.

Ittner and Larcker (2000) suggest that financial data have limitations as a measure of company performance and note that other measures, such as quality, may be better at forecasting, but can be difficult to implement. Nonfinancial measures have a closer link to long term organizational strategies and deal with progress relative to customer requirements or competitors and other non-financial objectives that may be important in achieving profitability, competitive strength and longer-term strategic goals. According to Ittener and Larcker (2000) non-financial measures can be better indicators of future financial performance. Even when the ultimate goal is maximizing financial performance, current financial measures may not capture long-term benefits from decisions made now.

Ittner and Larker (2000) argue that despite the positive attributes of using nonfinancial measures, the costs of a system that tracks a large number of financial and non-financial measures can be greater than its benefits; evaluating performance using multiple measures that can conflict in the short term can also be time-consuming and non-financial data are measured in many ways and there is no common denominator making evaluation difficult. Non-financial measures also lack statistical reliability - whether a measure actually represents what it purports to represent, rather than random "measurement error".

Ittner and Larcker (2000) stipulate thatalthough non-financial measures are increasingly important in decision-making and performance evaluation, organisations should not simply copy measures used by others. The choice of measures must be linked to factors such as corporate strategy, value drivers, organizational objectives and the competitive environment. Performance measurement choice is a dynamic process - measures may be appropriate today, but need to be continually reassessed as strategies and competitive environments evolve.

For effective performance measurement, a balanced presentation of both financial and non-financial measures is required since no single measure can provide a clear performance target of focus attention on critical areas of the business (Buichi, 1994).

Robert Kaplan’s and David Norton’s balance scorecard approach to strategic control was intended to provide a clear prescription as to what companies should measure in order to “balance” the financial perspective in implementation (Pearce and Robinson, 2005). The balance score card provides feedback around both the internal performance and results. Balance score card combine both qualitative and quantitative measures, acknowledge the expectations of the different stakeholders and relate an assessment of performance to choice of strategy.

The balanced scorecard is a strategic planning and management system that is used extensively in business and industry, government, and non-profit organizations worldwide to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals. The balanced scorecard is a performance measurement framework that added strategic non-financial performance measures to traditional financial metrics to give managers and executives a more 'balanced' view of organizational performance. (Kaplan and Norton, 1996). The balanced scorecard suggests the organization is viewed from four perspectives, including the learning & growth perspective where Kaplan and Norton emphasize that 'learning' is more than 'training', the business process perspective, the customer perspective and the financial perspective.

According to Johnson, Scholes and Whittington (2008), balanced scorecards have been increasingly used by organizations in the past decade or so to as a way of widening the scope of performance indicators. Balanced scorecards combine both qualitative and quantitative measures, acknowledge the expectations of different stakeholders and relate an assessment of performance to choice of strategy. Importantly, performance is not linked only to short-term outputs but also to the way processes are managed.

2.6 Empirical Studies of Strategy and Organisational Performance

Various studies have been conducted to study the strategy of an organization and the resulting performance. Different scholars have explored the specific strategies adopted by various organizations and industries and the resulting performance observed, both financial and non-financial. Many studies support the notion that changes in strategic actions, can lead to higher levels of performance. Research on the private sector, case studies of public organizations, and a limited number of empirical studies of public agencies have found performance gains from changing markets or services (Damanpour and Evan 1984; Damanpour, Szabat, and Evan 1989). The balance of evidence on the determinants of public service improvement indicates there is also moderate support for the argument that extra financial resources leads to higher performance (Boyne, 2003).

Wangari (2007) in a study on the influence of competitive strategies on the performance of hair salons in Nairobi concludes that variables of differentiation strategy in the industry indicate existence of a relationship between strategy and performance. Biyra (2009), Oimbo (2009), Omoro (2008), Riungu (2008) and Ogolla (2006) conclude that a relationship exists between corporate governance and financial performance in the Banking industry in Kenya. Maringa (2008) established that investment in information communication technology (ICT) at Kenya Revenue Authority significantly influenced revenue collection and tax compliance thereby concluding that there is a positive relationship between the strategy and performance. Yagan (2007) established that a relationship exists on the relationship between organisational culture and performance in a study on selected State Corporations.

Wahid (2010) in a study on innovation-performance relationship concluded that Research and Development intensity is negatively related to firm performance taking the position that innovation alone is not a sufficient condition for better performance. The relationship he noted must be considered with other factors such as the degree of internationalization which moderates the innovation-performance relationship positively and significantly to enable organisations fully benefit from their innovations.

Despite the findings in most of the studies, the researchers have suggested further research into other organisations and industries to determine whether strategy employed by an organisation influences organisational performance positively.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Introduction

This chapter describes the projects research design, a cross sectional survey.The target population, data collection methods and data analysis used during the study are also detailed.

3.2. Research Design

A cross sectional survey was used to carry out this study. The design was descriptive in nature to provide an opportunity for the researcher to determine and understand the strategies adopted by State Corporationsin Kenya and establish the extent to which implemented strategies influence performance in these organizations. Most of the studies that have been done in Kenya have been case studies and this study provided an opportunity to study the trends in Kenya State Corporations on their strategy choices and resulting performance.

3.3. Target Population

The population for this study was all the State Corporations in Kenya. The study targeted onehundred and eighty four (184) State Corporationsas detailed in the performance contracting report for 2010/2011.Since the population of the State Corporations in Kenyawasall organisations, the study adopted a census approach. According to Panneerselvam (2004), ’census’ is the process of obtaining responses from /about each of the members of the population.

The study population encompassed all ranks ranging from CEO’S, senior managers, junior managers and other cadres of employees in the State Corporations. Both male and female employees of various organizations were given equal opportunities to participate.

3.4. Data Collection

Primary data was collected from State Corporations in Kenya. The data was all collected by use of semi-structured questionnaires administered by the researcher using the drop and pick method, e-mail and follow-up telephone calls to improve the response rate.Close ended questions were used so as to produce data to be quantitatively. The questionnaire was structured into several parts that enabled the collection of data relating to the organisation, the strategies employed, their strategy practices and the performance of the organisations. Each questionnaire response represented the whole organization, and finally the overall responses from all organizations in the country cutting across all formations were given a generalization of all the State Corporations in Kenya.
Secondary data was obtained from reports and other publications from the State Corporations. The data was used to analyze performance of the organizations.

3.5. Data Analysis

The Primary data collected through questionnaires was analysed using descriptive statistics such as measures of central tendency and measures of variation. The likert scale was used to scale the responses on the responders’ level of agreement or disagreement with the questionnaire which were analysed through the mean and standard deviation. The Likert scale was used in the questionnaire with weighting as follows:
Strongly agree (5), Agree (4), I don’t know (3), Disagree (2) Strongly Disagree (1).

Data was presented in frequency tables and charts. Correlation analysis was also used to determine the significance of the relationship between strategy and organizational performance in the State Corporations.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction

This chapter presents findings and analysis of the study as set out in the research methodology. The study findings are presentedto determine the extent to which strategies employed by State Corporationsin Kenya influence their organizational performance. The data was gathered exclusively from the questionnaire as the research instrument. The questionnaire was designed in line with the objectives of the study. The findings are presented in narrative form, tables and charts and quantitative data analysed using SPSS.

4.2 General Information on Respondents

The study targeted 184 respondents in collecting data with regard to strategies employed by State Corporations in Kenya and how they influence their organizational performance. From the target population,100 respondents filled-in and returned the questionnaires making a response rate of 54.3%. This reasonable response rate was made a reality after the researcher made personal calls and visits to request and remind the respondents to assist in the study by filling in and returning the questionnaire.

The respondent State Corporations belong to different Government ministries. As such their mandates are different and diverse. State corporations are established in the various government ministries to meet needs which may be classified in eight functional categoriesbased on mandate and core functions including Financial, Commercial/Manufacturing, Regulatory, Public Universities, Training and Research, Service, Regional Development Authorities and, Tertiary Education/Training(Performance Contracting report, 2010/2011).

The respondent corporations fall into the categories as detailed in the table below:

Table 4.1: Categorization of respondent State Corporations'according to mandate and core functions

Functional Category	No.of State Corporations
Commercial/Manufacturing	22
Financial	12
Public Universities	9
Regional Development	2
Regulatory	21
Service	22
Tertiary Education	3
Training and Research	9

4.3 Types of Strategies

4.3.1 Introduction

An organisation may choose to employ one or more strategies to enable it achieve its goals. The choice of a strategy is based on many factors and organisations must ensure that they employ those strategies that bring them competitive advantage over their competitors (David, 2009).

4.3.2 Purpose

One key purpose of this study was to establish the types of strategies employed the State Corporations in Kenya. In so doing, data on the strategy practices of state corporations was collected to determine the basis on which the organizations form their strategies and also generally establish the strategies preferred by the organisations to achieve their mandate.

4.3.3 Findings

65% of the respondents indicated that internal resources were more important for the organisations than external resources. Further it was noted that 85% of the organisations employ their unique resources and capabilities in order to achieve their objectives.
It was interesting to note that 78% of the organisations indicated that their approach to competitive advantage is determined by industry forces while 20% did not agree with this.

85% of the organisations indicated that their strategy is based on producing standardized products and services targeting a wide range of customers, while 65% indicated that their organisations strategy was based on producing unique products and services. Similarly 40% of the respondents' strategies are based on producing goods and services that fulfil small groups of customers. Cost leadership was found to be the most popular basis of strategy development compared to differentiation and focus as seen in the means and standard deviations in the table below:

Table 4.2: Strategy Basis of Respondents Based on Porter Generic Strategy Basis

Strategy Basis	**Mean**	**Standard Deviation**
Cost Leadership	4.15	0.41
Differentiation	3.62	0.35
Focus	2.66	0.33

75% of respondents indicated that their strategies allowed them to gain control over distribution, suppliers and competitors. 68% seek to increase their market share for their products/ services while 85% of respondents indicated that they sought to diversify their products and services. Reduction of costs and assets was found to be a strategy employed by 70% of the organisations and itwas interesting to note that 23% of the organisations' indicated not favouring strategies involving reduction of costs and assets. Strategies involving selling off part or all of the organisations assets were found not to be preferred. Only 10% of the respondents indicated having strategies involving selling part of their assets while interestingly none of the organisations strategies involve selling all of their company assets.The strategies employed by the organisations are summarised in the table of means and standard deviations below:

Table 4.3: Types of Strategies Employed by Respondents

Strategy	Mean	Standard Deviation
Integration strategies	3.90	0.37
Intensive(Market penetration) strategies	3.85	0.34
Diversification Strategies	4.35	0.44
Defensive Strategies	2.32	0.41

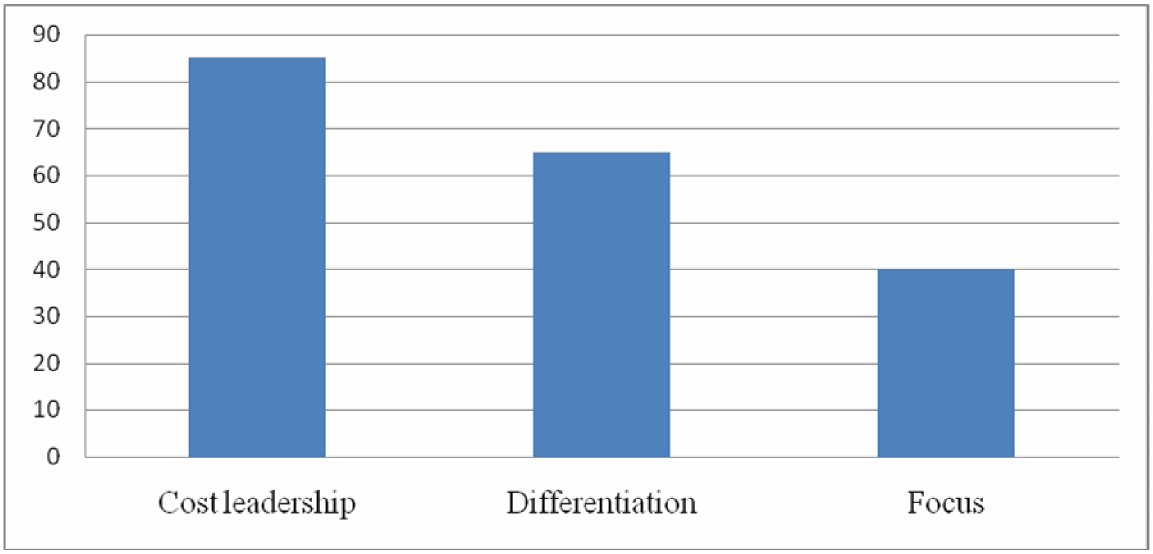
Clearly, diversification of products and services were found to be most preferred strategies.

4.3.4 Interpretation of Findings

It was interesting to note that generally for the various organisations internal resources were deemed more important than external resources and that these resources are continually maintained and strengthened so that the organisations are able to achieve their objectives driven by their capabilities. Similarly, for the organisations to achieve competitive advantage, industry forces are an important factor in determining the direction of the organisations strategies. It is clearly evident that State Corporations embrace the Resource Based View and Industry Organisation approach to achieving competitive advantage.

Based on Porter's generic strategies, cost leadership was found to be a more preferred strategy by State Corporations compared to differentiation and focus as summarised in the chart below based on the number of respondents.

Figure 4.1: Strategy Basis of Respondents Based on Porter's Generic Strategy Basis



Overall, integration and intensive strategies are employed by State Corporations with a bias on defensive strategies. The organisations indicated having strategies that enable them achieve forward or backward integration, penetration strategies to increase market share for their products and services. These organisations also engage in diversification of their products and services. Defensive strategies were however found to not be preferred by state corporations.

4.4 Strategy and Performance

4.4.1 Introduction

Strategies are means used by organisations to achieve set goals. The ultimate goal for organisations is enhanced performance.

4.4.2 Purpose

One of the objectives of the study was to determine the influence of strategies on performance in state corporations in Kenya. This was done by determining whether the respondents indeed had in place strategies and to what extent they measured their overall performance.

4.4.3. Findings

4.4.3.1 Strategy

All respondents confirmed having in place documented vision and mission statements which have been communicated to employees in all respective organisations. 88% of respondents noted that the business of their organisation is not determined by the Chief Executive Officer only while only 55% of respondents indicated that all employees in the organisation are involved.

The table below summarises the findings on the approaches to strategy employed by the respondents.

Table 4.4: Respondents' Approach to strategy

Strategy Approach	Mean	Standard Deviation
Planning	3.62	0.35
Experience	3.14	0.32
Ideas from Members	3.28	0.32
No strategy	2.70	0.32

Notably, planning is more embraced by the organisations while having no strategy is not favoured.

75% of the respondents indicated that their strategies are determined by internal analysis and further 55% noted that external forces to the organisation play a big part in determining how the business of the organisation is conducted.

4.4.3.2 Performance

93% of the respondents agreed and strongly agreed that measurement of performance is important in their organisations. 88% of the respondents indicated that they use both financial and non-financial performance measures. Independently, financial measures were found to be favoured more compared to non-financial as depicted in the table of means and standard deviations below:

Table 4.5: Preference of financial/non-financial performance measures

Performance Measure	Mean	Standard Deviation
Financial	4.18	0.41
Non-financial	3.66	0.35

Among the non-financial measures, competitiveness was found to be most common compared to innovation as summarised in the table of means and standard deviations below:

Table: 4.6: Non-Financial Measures of Performance

Performance measure	**Mean**	**Standard Deviation**
Competitiveness	4.15	0.41
Quality	3.47	0.33
Flexibility	3.57	0.34
Resource Utilization	3.50	0.34
Innovation	3.26	0.32

Interestingly, overall, 80% of the respondents indicated that their business strategies have impacted on their performance, however, 13% did not agree.

4.4.4 Interpretation of Findings

Table 4.7 below provides descriptive statistics for the mean and standard deviation for strategy and performance from the findings.

Table 4.7:Descriptive Statistics on performance and strategy

	Mean	Std. Deviation	N
Performance	3.863	.4653	100
Strategy	3.568	.4129	100

Table 4.8: Correlation between Strategy and Performance

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.516	.385		6.531	.000
	Strategy	.378	.107	.335	3.520	.001

a. Dependent Variable: Performance

Further analysis carried out to determine the influence of strategy on performance. Using the data collected the following model was generated: Y=2.516 +0.378X where Y is the dependent variable, performance and X the independent variable, Strategy.

Table 4.9: Correlation between Strategy and Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.335[a]	.112	.103	.4406

a. Predictors: (Constant), Strategy

An R^2 of 0.112 indicates that 11.2 % of the variation in performance is accounted for by the variation in strategy and the remaining 88.8% is contributed by other factors that are not within the model. This means that the regression model only accounts for 11.2% of the variability in the dependent variable and in this case therefore is not a good model of prediction.

Correlation was found to be 0.335 which demonstrates that there was weak to moderate positive correlation between strategy and performance.Strategy does not have a very significant impact on the performance of State Corporations.

4.5 Discussion of Findings

The objectives of this study were to establish the types of strategies employed by State Corporations in Kenya and to determine the influence of the strategies on performance in these institutions.This section discusses the finding of the study.

It was noted that all respondent State Corporations have in place vision and mission statements. These show the goals the organisations are aiming for and how they intend to achieve them. This is in line with the Government requirements for the public sector to become better performers by having strategic goals (GoK, 2003).From the findings, it is evident that state corporations have put in place strategies.All the State Corporations indicated having in place strategies to achieve their goals. notably in most cases, the strategy was determined by the top management with little or no input from the employees. Interestingly, the findings indicated that diversification strategies were most common among State Corporations compared to integration and market penetration strategies. Defensive strategies were least preferred. However, it was evident that the Corporations employ a mix of these strategies confirming David's (2009) position that organisations simultaneously pursue a combination of strategies at a time. Notably, for most of the State Corporations, internal resources and capabilities were deemed important and key to achieving organisational goals. In addition, the external environment also plays a big role in determining the strategies employed in the organisations.Cost Leadership was also found to be popular among the Sate Corporations indicating that they produce goods and services at low unit cost for price sensitive consumers. This is in line with the fact that these are public organisations aimed at providing affordable goods and services for the public.

Organisational performance is an indicator of whether or not an organisation is meeting its goals (David, 2009). The State corporations indicated that measurement of performance was important for their organisations. It was observed that State Corporations use both financial and non-financial measures to keep track their performance with financial measures being more preferred. Non-financial measures preferred included determining how competitive the organisation was compared to other similar ones and attention to quality. It was interesting to note that innovation was least preferred as a non-financial measure of performance.

Porter (1980) defines strategy as a vehicle for achieving competitive advantage. Strategies are employed by organisations in order to help them achieve their goals and therefore enhance their performance. From the findings, it was observed that the State Corporations deemed that the strategies they had in place had impacted positively on their performance. From computation of the finding, it was noted that there was a positive correlation between strategy and performance for the State Corporations.

The debate surrounding the type of strategy that a firm should pursue with respect to its competitors is well developed within the strategic management literature (Crant, 2000). However, both academic researchers and business practitioners continue to search for the rationale that will explain why certain strategies are successful than others. Similar to findings by Muoria (2011), Yagan (2007) and Akaranga (2008) whose research involved State Corporations, it was determined that there is a positive correlation between strategy and performance.Notably, variation of strategy from this study is only responsible for 11.2% of the variation in performance which implies that there are other factors besides having in place a strategy that contributes towards the performance of an organisation.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter provides the summary of the findings from chapter four, and it also gives the conclusions and recommendations of the study based on the objectives of the study which were to determine the types of strategies employed by State Corporations in Kenya and their influence on organizational performance.

5.2 Summary

The study aimed at investigating the extent to which strategies employed by State Corporations in Kenya influence their organizational performance. The study determined that achievement of success in State Corporations is driven by top management. The research found all State Corporations have in place documented vision and mission statements which have been communicated to all staff within the organisations. The study also determined that the execution of business of the organisations involves all employees in the organisations and is not just the mainstay of the Chief Executive Officers. It was noted that planning in the organisations is crucial in their business approaches. The study indicated that organisations approach to strategy is in logical analytical ways, experience and organisational culture do not always guide the approach to conducting business. Also, Organisations conduct internal analysis in addition to collating ideas from members within their organisations in determining their approach to business.

Organisations strive to capture and keep competitive advantage. The study found out that organisations deemed internal resources more important than external resources and employ their unique resources and capabilities and continually maintain and strengthen them to achieve competitive advantage. In addition to internal resources, industry forces were found affect the organisations businesses thereby noting that both the resource based view and industry approaches to competitive advantage are applied in State Corporations in Kenya. The study also established that the State Corporations employ strategies based on cost leadership and differentiation with majority of the organisations taking up the low cost strategy. Focus based strategies however are not favoured by State Corporations.

According to the findings of the study, diversification, integration and intensive strategies are adopted by State Corporations with diversification strategies being the most popularto allow the organisations gain control over distributors, suppliers and competitors. Defensive strategies were however the least preferred as per the findings.

The study also established thatmeasurement of organizational performance is an important construct in all organizations. It was noted that the use of financial measures of performance was preferred to use of non- financial measures however majority of the organizations indicted that they balance use of both financial and non-financial performance measures. The most preferred non-financial measures were found to be competitiveness, flexibility and resource utilization. Quality and innovation were least preferred measures but were however employed in over 50% of the respondent organizations.

In exploring the influence of strategy on performance, it was noted that there was weak to moderate correlation between strategy and performance. Only 11.2% of change in performance can be attributed to changes in strategy. Ultimately the study established that performance of the organizations is influenced positively by the strategies employed by the organizations albeit at a very low margin and that 88.8% of performance is determined by other factors.

The study established that implementation of strategies in the organizations has lead improved performance.

5.3 Conclusion

This research helps to establish a link between the strategies employed by organisations and their influence on the resulting performance. The study concludes that strategies influence organizational performance positively as found out in other studies such as

Mwaura (2010), Biyra (2009) and Wangari (2007). The study also concludes that the State Corporations employ strategies based on low cost leadership anddifferentiation**.** The choices of strategy by an organization and its implementation ultimately have a bearing on the resulting performance of the organization. Other factor such as the internal resources and capabilities and industry forces affecting the organization must be taken into consideration. In addition, the study concludes that measurement of organizational performance is important in organizations as this is an indicator of how well the organization is doing and by extension, the effectiveness of the implemented strategies.

5.4 Recommendations

This study recommends that all members of organization be involved in the running of the business as this will enhance idea sharing and consultations thus better and fast decisions are made. This will also build unity of purpose and better approaches to business and thereby enhance performance. The study further recommends the organizations identify result oriented strategies, implement them and evaluate them periodically to ensure they achieve their goals. This can be enhanced by analysing all their internal and external resources and exploiting them effectively and efficiently.

Position analysis should be carried out to determine where the organization is currently and map the favoured way forward to where they would want to be in future. To enhance the performance of the organizations, the study recommends that organizations should set up control and reporting functions to permit management to drive the organisations effectively and make necessary adjustments to the strategy or even the goal.

5.5 Limitations of the Study

This study was of an exploratory nature, and it therefore sought in essence to reveal the existence or not of inter-relationships between strategies adopted by organisations and the resulting organisational performance. The study's findings indicate that implemented strategies influence the performance of organisations positively to a very small extent and that the performance of state corporations is largely dependent on other factors.. There were several limitationsto the research. Firstly, the information obtained presents the views of State Corporations in Kenya which are public organisations, the study variables studied being strategy and performance all other factors held constant. This is a limitation in itself as the research does not capture the dynamic nature of all the factors that determine the relationship between other variables influencing organisational performance.

Secondly, the research population was all parastatals in Kenya. Logistical issues of accessing the respondents were encountered since the organisations are strewn all over the country making the exercise expensive and time consuming. Where travelling could not be done, the questionnaires were sent via email and followed up with telephone calls to ask the respondents to fill and email them back resulting in 50.5% response rate. In some instances however, no amount of prodding or reminders bore fruit.

In spite of these limitations, the empirical work done may be considered both valid and useful given the diversity of the data used and the fact that the interpretation of this data is reasonable for the population studied. As a whole, the study is a step forward in the process of articulating the influence of strategies employed by organisations on firm's performance.

5.6 Suggestions for Further Research

The notion that application of strategic management helps organisations achieve effectiveness and efficiency that ultimately results in improved performance has been advanced by many scholars of strategic management. This study sought to determine whether strategy influences performance in State Corporations in Kenya and the findings were in the affirmative. Strategy was found to influence organisational performance positively.

The findings fromthis study can be generalised for State Corporations inKenya however each parastatal is unique with different core business and therefore different performance targets and measures. There is therefore need for further research to be conducted targeting individual organisations to determine the exact strategies employed and to what extent their implementation has influenced performance. Future studies should expand the study of the influence of specific strategies employed in organisations from multiple industries. It would be valuable to see if the results found in this research would be replicated when multiple other industries are included in the analysis.

Ultimately, a relationship between strategy and performance can be established that holds true for organisations in general. This would go a long way in building the body of knowledge on strategy and performance and would also enable organisations adopt result oriented strategies guaranteed to give results.

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APPENDICES

APPENDIX 1:LETTER OF INTRODUCTION

University of Nairobi
School of Business Studies

Dear Respondent,

I'm a post graduate student in the school of business, university of Nairobi, undertaking research in the maritime industry specifically on the government institutions in the industry in Kenya.

Your organizations forms part of the population of the study. This letter is therefore to request your assistance in providing the information requested fro in the attached questionnaire.
All responses will be treated with utmost confidentiality and shall be purely for academic purposes. A copy of this research work will be available to you upon request.

Your assistance and cooperation will be highly appreciated.

Yours faithfully,

Ivy Fakii — Dr. Jackson Maalu

MBA Student — **Supervisor**

APPENDIX II: QUESTIONNAIRE

Declaration: This is an academic research project aimed at establishing whether a relationship exists between the strategy adopted by a firm and the resulting performance. There are no right or wrong answers and any information given will be held in confidence for academic use only. Thank you in advance for taking your valuable time to participate.

Part 1:Profile of the respondent

1. What position do you hold in your organization?

    CEO ☐

    SNR Manager ☐

    JNR Manager ☐

    Other (Specify) ……………………………………………..

2. How many years have you been with the present organization?

    Below12 months ☐

    Between 1 – 5 years ☐

    Between 5 – 10 years ☐

    Over 10 years ☐

3. How long have you been in your current position?

    Below 12 months ☐

    Between 1 – 5 years ☐

    Between 5 – 10 years ☐

    Over 10 years ☐

Part 2:Profile of the company

1. What is the name of your organization?

   ……………………………………………………………………………………..

2. What is the organization's core business?

   ……………………………………………………………………………………..
   ……………………………………………………………………………………..

Part 3: Evidence of strategy

Please indicate by ticking (√) the appropriate answer to what extent you agree/disagree with statements below:

No	Statements	Strongly Agree	Agree	I Don't Know	Strongly Disagree	Disagree
1.	Our approach to business is driven by our management intention to achieve success.					
2.	Our vision and mission statements have they been written down and communicated to all employees					
3.	Our Chief executive Officer / Managing Director is notthe only one who determines how we should conduct out business.					
4.	All employees are involved in determining how our business is conducted.					
5.	Our approach to business is driven by our capability to plan.					

No	Statements	Strongly Agree	Agree	I Don't Know	Strongly Disagree	Disagree
6.	We adjust our approach to business via our experience from the things we do on daily basis.					
7.	We conduct internal analysis to determine the way we do our business.					
8.	We are forced by external forces to conduct our business the way we do.					
9.	We conduct our business the way we do today because this is how we have always					
10.	We conduct our business by collating ideas from members' within the organization.					

11. What in your opinion is the level of awareness on these objectives or plans among the following categories of employees?

	Very High	High	Moderate	Low	Very Low
Top Management					
Middle Management					
Supervisory Staff					
Other Employees					

12. What in your opinion is the level of achievement of the organization's defined strategic objectives if any?

Very High [ ] High [ ] Moderate [ ] Low [ ] Very Low [ ]

Part 4: Strategy Practices

Please indicate by ticking (√) the appropriate answer to what extent you agree/disagree with statements below:

No	Statements	Strongly Agree	Agree	I Don't Know	Strongly Disagree	Disagree
1.	Internal resources are more important for our firm than external resources.					
2.	Our organization employs its unique resources and capabilities and continually maintains and strengthens those resources.					
3.	Our organizations approach to advantage is determined by industry forces.					
4.	Our competitive organization's strategy is based on producing standardized products/services targeting a wide range of customers.					
5.	Our organization's strategy is based on producing unique products/services for relatively price insensitive customers.					
6.	Our organization strategy is based producing products/services that fulfil					

No	Statements	Strongly Agree	Agree	I Don’t Know	Strongly Disagree	Disagree
	small groups of customers.					
7.	Our strategies allow us to gain control over distributors, suppliers and competitors.					
8.	Our strategies seek to increase market share of our products.					
9.	Our strategies seek to diversify our products/services.					
10.	Our strategies involve reduction of costs and assets.					
11.	Our strategies involve selling off a part of the organization’s assets.					
12.	Our strategies involve selling off all of the company assets.					

Part 5: Performance

Please indicate by ticking (√) the appropriate answer to what extent you agree/disagree with statements below:

No.	Statements	Strongly Agree	Agree	I Don’t Know	Strongly Disagree	Disagree
1.	Measurement of Organizational performance is important in our organization.					
2.	Our organization mainly uses financial measures of					

No.	Statements	Strongly Agree	Agree	I Don't Know	Strongly Disagree	Disagree
	performance.					
3.	Our organization mainly uses non-financial measures of performance.					
4.	Competitiveness is ameasure of performance in our organization.					
5.	Quality is ameasure of performance in our organization.					
6.	Innovation is ameasure of performance in our organization.					
7.	Resource utilization is ameasure of performance in our organization.					
8.	Flexibility is ameasure of performance in our organization.					
9.	Our organization balances use of both financial and non-financial performance measures.					
10.	Our business strategies have impacted positively on our performance?					

Thank you for your time and contribution.

APPENDIX III: LIST OF RESPONDENT STATE CORPORATIONS

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

37. Kenya Anti-Corruption Commission
38. Kenya Broadcasting Corporation
39. Kenya Bureau of Standards
40. Kenya Bureau of Standards (KEBS)
41. Kenya Civil Aviation Authority
42. Kenya College of Communication & Technology
43. Kenya College of Communications Technology
44. Kenya Dairy Board
45. Kenya Electricity Generating Company
46. Kenya Ferry Services Limited
47. Kenya Forestry Research Institute
48. Kenya Industrial Estates
49. Kenya Industrial Property Institute
50. Kenya Industrial Research & Development Institute
51. Kenya Institute Of Administration
52. Kenya Institute of Public Policy Research and Analysis
53. Kenya Literature Bureau
54. Kenya Marine & Fisheries Research Institute
55. Kenya Maritime Authority
56. Kenya Meat Commission
57. Kenya National Assurance Company
58. Kenya National Examination Council
59. Kenya National Library Service
60. Kenya National Shipping Line
61. Kenya National Trading Corporation Limited
62. Kenya Ordinance Factories Corporation
63. Kenya Pipeline Company Ltd
64. Kenya Plant Health Inspectorate Services
65. Kenya Ports Authority
66. Kenya Post Office Savings Bank
67. Kenya Railways Corporation
68. Kenya Re-insurance Corporation
69. Kenya Revenue Authority
70. Kenya Roads Board
71. Kenya Safari Lodges & Hotels
72. Kenya Seed Company Ltd
73. Kenya Sisal Board
74. Kenya Sugar Board
75. Kenya Sugar Research Foundation
76. Kenya Tourist Board
77. Kenya Tourist Development Corporation

78. Kenya Utalii College
79. Kenya Water Institute
80. Kenya Wildlife Service
81. Kenya Wine Agencies Limited
82. Kenyatta International Conference Centre
83. Kenyatta University
84. Kerio Valley Development Authority
85. Lake Basin Development Authority
86. Lake Victoria South Water Service Board
87. Lake Victoria South Water Service Board
88. Local Authority Provident Fund
89. Maseno university
90. Moi University
91. National Aids Control Council
92. National Bank of Kenya
93. National Cereals and Produce Board
94. National Council for Law Reporting
95. National Environmental Management Authority
96. National Hospital Insurance Fund
97. National Housing Corporation
98. National Irrigation Board
99. National Museums of Kenya
100. National Oil Corporation of Kenya Ltd
101. National Social Security Fund(NSSF)
102. National Water Conservation and Pipeline Corporation
103. National Co-ordinating Agency for Population and Development
104. New K.C.C
105. NGO's Co-ordination Bureau
106. Numerical Machining Complex
107. Numerical Machining Complex
108. Nyayo Tea Zones Development Corporation
109. Nzoia Sugar Company
110. Pest Control Products Board
111. Postal Corporation of Kenya
112. Pyrethrum Board of Kenya
113. Retirement Benefits Authority
114. Rift Valley Water Services Board
115. School Equipment Production Unit
116. South Nyanza Sugar Company
117. Sports Stadia Management Board
118. Tana and Athi Rivers Development Authority

119. Tea Board Of Kenya
120. Tea Research Foundation Of Kenya
121. Teachers Service Commission
122. Telkom (k) Ltd
123. University of Nairobi
124. University of Nairobi Enterprises & Services Ltd
125. Water Resources Management Authority
126. Water Services Regulatory Board
127. Western University College of Science and Technology

APPENDIX IV: LIST OF STATE CORPORATIONS IN KENYA

1. Agricultural Development Corporation
2. Agricultural Finance Corporation
3. Agro Chemical and Food Company Ltd.
4. Athi Water Services Board
5. Bomas of Kenya
6. Bondo University College
7. Brand Kenya Board
8. Capital Markets Authority

9. Catering Tourism and Training Development Levy Trustees
10. Centre for Mathematics
11. Chemilil Sugar Company Limited
12. Chuka University College
13. Coast Development Authority
14. Coast Water Services Board
15. Coffee Board of Kenya
16. Coffee Development Fund
17. Coffee Research Foundation
18. Commission for Higher Education
19. Communication Commission of Kenya
20. Consolidated Bank of Kenya
21. Constituency Development Fund
22. Cooperative College of Kenya
23. Cotton Development Authority
24. Council for Legal Education
25. East African Portland Cement Co.
26. Egerton University
27. Energy Regulatory Commission
28. Ewaso Ng'iro North Development Authority
29. Ewaso Ng'iro South Development Authority
30. Export Processing Zone Authority
31. Export Promotion Council
32. Geothermal development company
33. Higher Education Loans Board
34. Horticultural Crops Development Authority
35. Industrial and Commercial Development Corporation
36. Industrial Development Bank
37. Insurance Regulatory Authority
38. Jomo Kenyatta Foundation
39. Jomo Kenyatta University of Agriculture and Technology
40. Kabianga University College
41. KASNEB
42. Kenya Agricultural Research Institute
43. Kenya Airports Authority
44. Kenya Animal Genetic Resources
45. Kenya Anti-Corruption Commission
46. Kenya Broadcasting Corporation
47. Kenya Bureau of Standards (KEBS)
48. Kenya Civil Aviation Authority
49. Kenya Coconut Development Authority

50. Kenya College of Communication & Technology
51. Kenya Copyright Board
52. Kenya Dairy Board
53. Kenya Education Staff Institute
54. Kenya Electricity Generating Company
55. Kenya Electricity Transmission Company
56. Kenya Ferry Services ltd.
57. Kenya Film Classification Board
58. Kenya Film Information Commission
59. Kenya Forest Service
60. Kenya Forestry Research Institute
61. Kenya ICT Board
62. Kenya Industrial Estates
63. Kenya Industrial Research & Development Institute
64. Kenya Institute for Public Policy Research and Analysis
65. Kenya Institute Of Administration
66. Kenya Institute Of Administration
67. Kenya Institute of Education
68. Kenya Institute of Public Policy Research and Analysis
69. Kenya Institute of Special Education
70. Kenya Investment Authority
71. Kenya Literature Bureau
72. Kenya Marine & Fisheries Research Institute
73. Kenya Maritime Authority
74. Kenya Meat Commission
75. Kenya Medical Research Institute
76. Kenya Medical Supplies Agency
77. Kenya Medical Training College
78. Kenya National Assurance Company (2001) Ltd
79. Kenya National Bureau of Statistics
80. Kenya National Examination Council
81. Kenya National Highways Authority
82. Kenya National Library Service
83. Kenya National Shipping Line
84. Kenya National Trading Corporation Limited
85. Kenya Ordinance Factories Corporation
86. Kenya Pipeline Company Ltd
87. Kenya Plant Health Inspectorate Services
88. Kenya Polytechnic University College
89. Kenya Ports Authority
90. Kenya Post Office Savings Bank

91. Kenya Power and Lighting Company Limited
92. Kenya Railways Corporation
93. Kenya Re-insurance Corporation
94. Kenya Revenue Authority
95. Kenya Roads Board
96. Kenya Rural Roads Authority
97. Kenya Safari Lodges & Hotels
98. Kenya Seed Company Ltd
99. Kenya Sisal Board
100. Kenya Sugar Board
101. Kenya Sugar Research Foundation
102. Kenya Tourist Board
103. Kenya Tourist Development Corporation
104. Kenya Urban Roads Authority
105. Kenya Utalii College
106. Kenya Veterinary Vaccines Production Institute
107. Kenya Water Institute
108. Kenya Wildlife Service
109. Kenya Wine Agencies Limited
110. Kenya Yearbook Editorial
111. Kenyatta International Conference Centre
112. Kenyatta National Hospital
113. Kenyatta University
114. Kerio Valley Development
115. Kimathi University College
116. Kisii University College
117. Laikipia University College
118. Lake Basin Development Authority
119. Lake Victoria North Water Services Board
120. Lake Victoria South Water Services Board
121. Local Authority Provident Fund
122. Maseno university
123. Masinde Muliro University of Science and Technology
124. Media Council of Kenya
125. Meru University College of Science and Technology
126. Moi Teaching and Referral Hospital
127. Moi University
128. Mombasa Polytechnic University College
129. Multi-Media University College of Kenya
130. Narok University College
131. National Aids Control Council

132. National Bank of Kenya
133. National Bio-safety Authority
134. National Campaign Against Drug Abuse Authority
135. National Cereals and Produce Board
136. National Commission on Gender and Development
137. National Co-coordinating Agency for Population and Development
138. National Council for Children Services
139. National Council for Law Reporting
140. National Council for Persons with Disabilities
141. National Council for Science and Technology
142. National Crime Research Centre
143. National Environmental Management Authority
144. National Hospital Insurance Fund
145. National Housing Corporation
146. National Irrigation Board
147. National Museums of Kenya
148. National Oil Corporation of Kenya Ltd
149. National Social Security Fund
150. National Water Conservation and Pipeline Corporation
151. New K.C.C
152. NGO's Co-ordination Bureau
153. Northern Water Services Board
154. Numerical Machining Complex
155. Nyayo Tea Zones Development Corporation
156. Nzoia Sugar Company
157. Pest Control Products Board
158. Postal Corporation of Kenya
159. Privatization Commission of Kenya
160. Public Procurement Oversight Authority
161. Pwani University College
162. Pyrethrum Board of Kenya
163. Radiation Protection Board
164. Retirement Benefits Authority
165. Rift Valley Water Services Board
166. Rural Electrification Authority
167. Sacco Societies Regulatory Authority
168. School Equipment Production Unit
169. South Eastern University College
170. South Nyanza Sugar Company
171. Sports Stadia Management Board
172. Tana and Athi Rivers Development Authority

173. Tana Water Services Board
174. Tanathi Water Services Board
175. Tea Board of Kenya
176. Tea Research Foundation Of Kenya
177. Teachers Service Commission
178. University of Nairobi
179. University of Nairobi Enterprises & Services Ltd
180. Water Resources Management Authority
181. Water Services Regulatory Board
182. Water Services Trust Fund
183. Western University College of Science and Technology
184. Youth Enterprise Development Fund

Source: Report on evaluation of the performance of public agencies for the financial year 2010/2011