

**STRATEGIC MANAGEMENT PRACTICES IN THE  
AGRICULTURAL SECTOR OF KENYA: THE CASE OF  
STATUTORY BOARDS (PARASTATALS)**

**By:**

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**September ,2002**

DEDICATION

DECLARATION

I declare that this is my original work and to the best of my knowledge, it has not been presented for examination to any other University.

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Date: 22.10.2002

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This project has been forwarded for examination with my approval as the University Supervisor.

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**DEDICATION**

*To my late grandmother, sister in Christ, Susana W Jonah who introduced to me the source of unfailing strength and power, the Lord Jesus Christ*

*To my Parents, guardians and Relatives*

*To my friends, the very best*

*To Webster, Tobywayne, Mark*

*To the Sunday school children*

*To you all, I dedicate this project*

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**May God Bless you All. Thanks be to the Almighty God the omnipresent, omniscient and omnipotent One**

## ABSTRACT

This study sought to establish the strategic management practices in the parastatals of the Agricultural sector in Kenya. Parastatals were established by the government to carry out functions such as production, marketing, research, extension and others. After liberalisation, the environment changed and great uncertainty and instability set in as reported in the economic review (2002). Strategic Management enables organisations cope with dynamic environment and adopt to changes. This made the researcher embark on this study.

This study had two objectives namely:

- To establish the strategic management practices undertaken by parastatals of the Agricultural sector and
- To identify the constraints and responses that the parastatals encounter in the course of implementing their strategies.

The research was carried out by surveying 24 parastatals situated in Nairobi, Kisumu and Mombasa. Questionnaires bearing both closed and open-ended questions were administered to the organizations. Data was analysed using tables, proportions and frequencies.

The results of the study showed that strategic management practices were prevalent in the Agricultural parastatals in varying degrees. They had set and documented Visions and mission statements and objectives. Formal planning sessions and activities were carried out for over 70% of the cases. Only 25% had set strategic planning department and treated the exercise as a full time operation. At implementation stage though, there were problems of delay due to bureaucracy and lack of commitment.

The observations obtained from the second objective showed that the most popular response was cost cutting reported by 91.7% of the Organisations. Poor infrastructure and governmental controls rated highly as the constraints hindering effectiveness, efficiency and accountability in the organisations studied.



There was a general consensus that there remains lots of untapped opportunities in agriculture in this country that could increase productivity. Nevertheless marketing activities and especially penetration to the global world markets needed further redressing as the products fetched unattractive prices thus affecting producers motivation. Policies to control dumping and reduce bureaucracy in various subsectors to enhance efficiency and effectiveness should be revised.

The results obtained were general because the method used was a survey thus limiting the findings. A more or in depth study could be done to the subsectors that could possibly yield more specific results.

*Of making many books there is no end.....  
Ecclesiastes 12:12 (KJV)*

# CHAPTER I INTRODUCTION

## 1.1 BACKGROUND OF THE STUDY

Agriculture is the mainstay of Kenya's economy. The agricultural sector contributes the country's Gross Domestic Product (GDP), it provides food and cash crops for sale in foreign markets. The Economic Survey (1996) shows that the sector offers employment to about 70% of the workforce in the country. It provides the basis for development of other sectors of the economy such as the industrial sector through provision of raw materials. In fact it generates agricultural commodities about 70% of the country's total foreign exchange earnings. The main agricultural export products are tea, coffee, horticulture, pyrethrum, wheat, and maize and maize meal and meat products. Crop production is mainly done by small-scale farmers who produce about 70% of the total output.

Osborne (1974) notes that agriculture was developed in Kenya in the 19<sup>th</sup> century by the colonists. Our Of making many books there is no end..... Ecclesiastes 12:12 (KJV) industry, agriculture and crop, establishing markets and trading centres, creating market structures that paved the way towards modernisation. The aims and objectives of agricultural development and the economic structure have continually repeated the agricultural sector as a major employer in Kenya.

Osborne (1974) clearly states that the colonists developed the agricultural sector to serve their own purposes and that is why after independence it had to be restructured. In the 1980's a major policy towards the Kenya market structure is to depart from the traditional small-scale farming to agriculture that leads to a large-scale production. This is to encourage farmers to produce for export, government and industrial production. In recent years, due to the operation of the Kenya market by the farmer. The farmer as an individual does not have the bargaining power. It is the marketing boards, processing boards and the regulatory boards that determine the marketing structure for the model retaining power in the agricultural industry. Kenya has produced a large part of the world production. The country produces about 70% of the world's coffee output but only exports a quality coffee mainly used for blending other lower quality brands in the world market. After the collapse of International Coffee Agreement (ICA) in 4<sup>th</sup> July 1989, which dissolved the International Coffee Organisation (ICO) through operation of market forces, the coffee growers have gradually been down (Mwangi, 1991).

# CHAPTER 1 INTRODUCTION

## 1.1. BACKGROUND OF THE STUDY

Agriculture is the mainstay of Kenya's economy. The agricultural sector dominates the country's Gross Domestic Product (GDP), it provides food and cash crops for sale in foreign markets. The Economic Survey (1998) shows that the sector offers employment to about 70% of the workforce in the country. It provides the basis for development of other sectors of the economy such as the industrial sector through provision of raw materials. In export earnings, agriculture contributes about 70% of the country's total foreign exchange earnings. The main agricultural export products are tea, coffee, horticulture, pyrethrum, sisal, and hides and skins, meat and meat products. Crop production is mainly done by small-scale farmers who produce about 70% of the total output.

Otieno (1974), states that agriculture was developed in Kenya in the 20<sup>th</sup> century by the colonials. Our forefathers practiced subsistence farming for their domestic needs but the colonial masters introduced agriculture for economic needs. The colonials brought the benefit of introducing cash crops, establishing markets and trading centres, creating market structures thus paving the way towards modernisation. The farms and plantations also occasioned employment and the economic review has continually reported the agricultural sector as a major employee in Kenya.

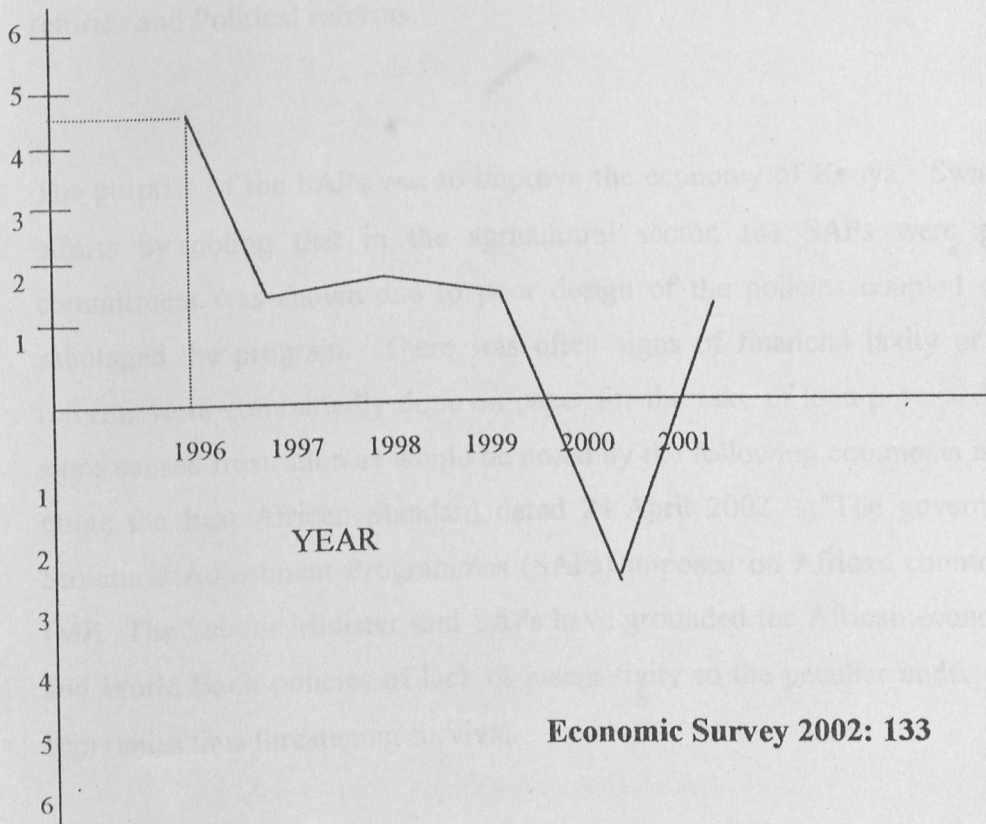
Otieno (1974) clearly states that the colonials developed the agricultural sector to serve their own purposes and that is why after independence a need for privatisation was realised. Rutto (1999), in his study contends that Kenya's market share of tea sales is dependent on the contributions of other tea exporters like India and Sri-Lanka. It is to be noted that these are competitors outside the Kenyan environment. Yet, productivity motivation, he reports pegs itself on the expectations of the economic gain by the farmers. The farmer as an individual does not have the bargaining power. It is the marketing boards, processing boards and the regulatory boards that determine the suppliers (Porters five-force model) bargaining power in the agricultural industry. Kenyan tea production is about 1% of the world production. The country produces about 3% of the world's coffee output but it is the best quality (premium) usually used for blending other lower quality brands in the world market. After the collapse of International Coffee Agreement (ICA) on 4<sup>th</sup> July 1989, which operated under the International Coffee Organization (ICO) through operation of quota system, the coffee prices have continually gone down. (Ojijo 1993).



On horticultural production the Technoserve Inc (1995) reported that there was gross inefficiency in the marketing systems thus undermining farmers ability to realize high prices and incomes in horticulture. The paper singled out infrastructure, lack of timely and reliable market information amongst others.

Economic review (2002) reports that agricultural sector GDP growth increased from -2.4 in the year 2000 to 1.2 in the year 2001 (see graph). A few factors mentioned for the poor performance of the sector in the previous years included bad weather, poor world commodity prices and poor infrastructure amongst others. The rise was due to good weather that increased productivity of commodities in the country. Generally the terms of trade deteriorated, some commodities fetched higher prices, others declined while some remained stagnant.

**Figure 1 Agricultural GDP. rate**



**Economic Survey 2002: 133**

The period from 1992 marked the advent of liberalisation in Kenya. According to Vels (1999), liberalisation is a special aspect of privatisation process and entails the removal of government interventions of all kinds such as price controls, quantity restrictions, import licensing and other barriers that may deter business activity. He argues that the process is intended to allow competition in the economy. It is intended to strengthen the market system by producing incentives to producers, subjecting prices to the forces of supply and demand and thus creating a competitive business environment that would lead to an efficient economy.

The International Monetary Fund (IMF) and the World Bank recommended the Structural Adjustment Programmes (SAPs) in Kenya thus resulting in free market (liberalisation). SAPs refers to economic reforms imposed on developing countries by the Brettonwoods Institutions as conditions for receipt of loans (World Bank Report 1994). The argument was geared to causing economic recovery to developing countries. In Kenya the process of structural adjustments was characterised by money reforms, Parastatal reforms, Price decontrols, Fiscal reforms, Civil Service reforms and Political reforms

The purpose of the SAPs was to improve the economy of Kenya. Swamy (1994) summed up the efforts by noting that in the agricultural sector, the SAPs were poorly implemented. No commitment was shown due to poor design of the policies coupled with political interests that sabotaged the program. There was often signs of financial laxity or financial stringency. The reforms were committedly done on paper for the sake of loan promised by World Bank which has since caused frustration as would be noted by the following comments made by a policy maker. To quote the East African Standard dated 24 April 2002 ... "The government termed as unrealistic Structural Adjustment Programmes (SAPs) imposed on African countries by the World Bank and IMF. The Labour Minister said SAPs have grounded the African economies. He accused the IMF and World Bank policies of lack of insensitivity to the peculiar under developed nature of diverse economies thus threatening survival.

Wagacha et al (1999) writes on the era before 1992 and notes that the policy reforms had started but implementation was inadequate. Some areas suffered because of government's sluggishness in letting off control of important functions such as production and marketing where the government

used parastatals such as Kenya Dairy Board, Kenya Tea Board, Kenya Cooperative Creameries, Tea Board of Kenya, Kenya Tea Development Authority, Coffee Board of Kenya and Kenya Planters Co-operative Union, Kenya Sugar Authority, National Cereals and Produce Board. These boards were mainly marketing the produce and were granted monopoly status.

After 1993, the effect of liberalisation was substantial in that many sectors of the economy had embraced the changes. Nevertheless, dissatisfaction has arisen from stakeholders that government still holds some controls, mainly in the export market for cash crops. The food subsector on the other hand is dissatisfied with the reduced role of public marketing agencies and the poorly developed private sector which has exploitative monopolistic tendencies. Privatisation and provision of some agricultural services to farmers at full-cost are being questioned, given that some of the services such as controls of epidemic diseases are public goods. It therefore becomes necessary to study the strategic management responses being undertaken in the sector by the relevant statutory boards.

## 1.2. STATEMENT OF THE PROBLEM

Agriculture is a major sector in Kenya's economy since independence. It contributes to the Kenyan economic development by earning foreign exchange from cash crops and by feeding the nation. The aim of liberalizing the sector was to increase efficiency and effectiveness by giving the private sector the mandate to control marketing and production previously done by the public sector. Strategic management enables organisations to cope with turbulent environment and also improve its relationship with the external environment according to Thompson (1994)

Studies have been carried out by several scholars on strategic management issues in different sectors. Aosa (1992) studies the strategic management practices in the large manufacturing firms. He notes that the agricultural sector is very important as it provides raw materials and foreign exchange to enable manufacturing to be done besides the other benefits.

Sheikh (2001) did a study on strategic responses on insurance companies after liberalisation and recommended a further research on hindrances of adjustments to change in the Kenyan business environment. Gekonge (1999) carried out a survey on companies quoted in the Nairobi Stock Exchange and concentrated on the management of strategic change practices. He recommends a



study on strategic thinking among Kenyan companies and their aggressiveness in matching internal and external characteristics. Other studies have been done in specific sectors such petroleum, Telkom (K) Ltd., E.A.B. Ltd. and others, but none has been dedicated specifically to the agricultural sector.

Wagacha et al (1999) documents a few challenges facing the sector, they also recognize need for policy options to be redesigned to ensure rapid and sustainable agricultural growth. These reform changes have been taking place in an environment that is turbulent and uncertain, because of global factors. The current liberalization era also spells out the necessity for a public sector previously in control to take up a position assures more effectiveness to the sector. Previous researchers agree that the practice of strategic management helps organisations adapt to situations of stress and crisis caused by changing environment. (Kangoro;1998,Kiggundu;1989)

It is therefore against this kind of background that the researcher finds it necessary to study the strategic management practices in the sector with the aim of getting from the field what practices are undertaken and the responses and challenges the parastatals in agricultural are encountering within the turbulent environment.

Research questions that would be asked are:

1. What strategic management practices are being adopted by the parastatals in the agricultural sector to adapt to the turbulent environment and the uncertainty therein?
2. What managerial responses are the Paraststals undertaking to cope in a changing environment?
3. Are there any constraints hindering the parastatals from achieving their goals to be effective and the same time accountable ?

### 1.3. OBJECTIVES OF THE STUDY

1. To establish the strategic management practices being undertaken by the parastatals of the agricultural sector.
2. To identify the responses and the constraints that the sector paratatal encounter in the course of implementing the strategies.

#### 1.4. SIGNIFICANCE OF THE STUDY

- **Managers in the agricultural sector:**

They will be able to identify the appropriate strategic management practices that lead to timely management to yield better responses.

- **Government**

In formulating policy and regulating the economy to ensure the agricultural sector is catered for as it implies 'growth and development' in all other sectors.

- **Stakeholders:** They will be enlightened to know the position and direction the leadership is undertaking thus being in a position to participate in decisionmaking.

- **Scholars:**

This will serve as a basis for further research into all other factors that could influence agriculture in Kenya.

#### 1.5 SCOPE OF THE STUDY

The agricultural sector is large and immense as it covers the Ministry of Agriculture, the research centres, the regulatory bodies, the marketing bodies, the cooperatives, the farmers and others. This paper seeks to study the statutory boards that deal with the farmers as they interpret government policy for the subsectors in the agricultural sector and they also spell out the span of operation the other farmers bodies. This implies that their strategic management practices directly affects the subsectors they represent.,

Aspects of strategic Management to be covered are:

- ◆ Vision, Mission, Objectives
- ◆ Strategic planning process
- ◆ Internal and External Analysis
- ◆ Implementation and evaluation
- ◆ Strategic responses and constraints

## 1.6 ORGANISATION OF STUDY

This study is divided into five main chapters. Chapter one introduces the study by giving the background and the importance of agriculture in Kenya. It also states the statement of the problem showing the need to study strategic management practices in the parastatals of Kenya. The two objectives and the significance of the study are covered in this chapter.

Chapter two reviews the theoretical literature of strategic management covering the definition, the process. The effects of the context and also the benefits of strategic management.

Chapter three gives the methodology which includes the population, of study, sampling plan, and data collection methods.

Chapter four is the most important section of this study. It gives the research findings and contains the information that policymakers, managers, students and stakeholders would find most useful.

Chapter five gives the summary and conclusions. It gives the limitations of the study and points out areas needing further research.



## **CHAPTER 2 LITERATURE REVIEW**

### **2.0 INTRODUCTION**

All organisations exist and depend on the environment for its inputs and outputs. Organisations consume resources, transform them through the various processes and then release the output to the environment. The environment is important for the success and survival of the organisations. In the recent past the global environment has been increasingly turbulent. Competition in all sectors continued to increase consumer tastes and preferences changing fast and this has increased the need for application of strategic management.

### **2.1 STRATEGIC MANAGEMENT PRACTICES AND AND DEFINITION**

In Kenya, strategic management has become important over the last 10 years or thereabout (Aosa 1999), but globally the process of strategic management has grown in importance for over 30 years due to growth of business organizations causing them to be rather complex (Porter 1996). In this light, strategic management in Kenyan agricultural sector would be expected to fall in the same era, which is the era of interest in the research. Strategic management is defined as a process for managing a firms relationship with its environment. It consists of strategic planning, capability planning and management of change (Ansoff and MacDonell 1990). What has been there for long is long range planning clearly evident in the field of Agricultural Economics. There is need to introduce strategic management.

Cole (1997), defines strategic management as a process, directed by top management but engaged in all through the Management Structure. It aims at determining the fundamental aims or goals of the organisation including those needs and ensuring the attainment of those fundamental aims and goals through the adoption of adequate decision making mechanisms and the provision of adequate resources in support of a planned direction for the organization over a given period of time. It is clear therefore that formulation, implementation and evaluation should involve all the management levels.

One therefore would wish to know in the Kenyan context, whether policy changes and decision making involve the relevant stakeholders. Pearce and Robinson (1997) noted that strategic

management is the set of decisions and actions resulting in formulation and implementation of strategies designed to achieve the objectives of an organization. It involves planning, directing, organizing and controlling of the strategy-related decisions and actions of the business. The fact that implementation of policies has been questioned by scholars (Swamy 1994) causes an interest in this area.

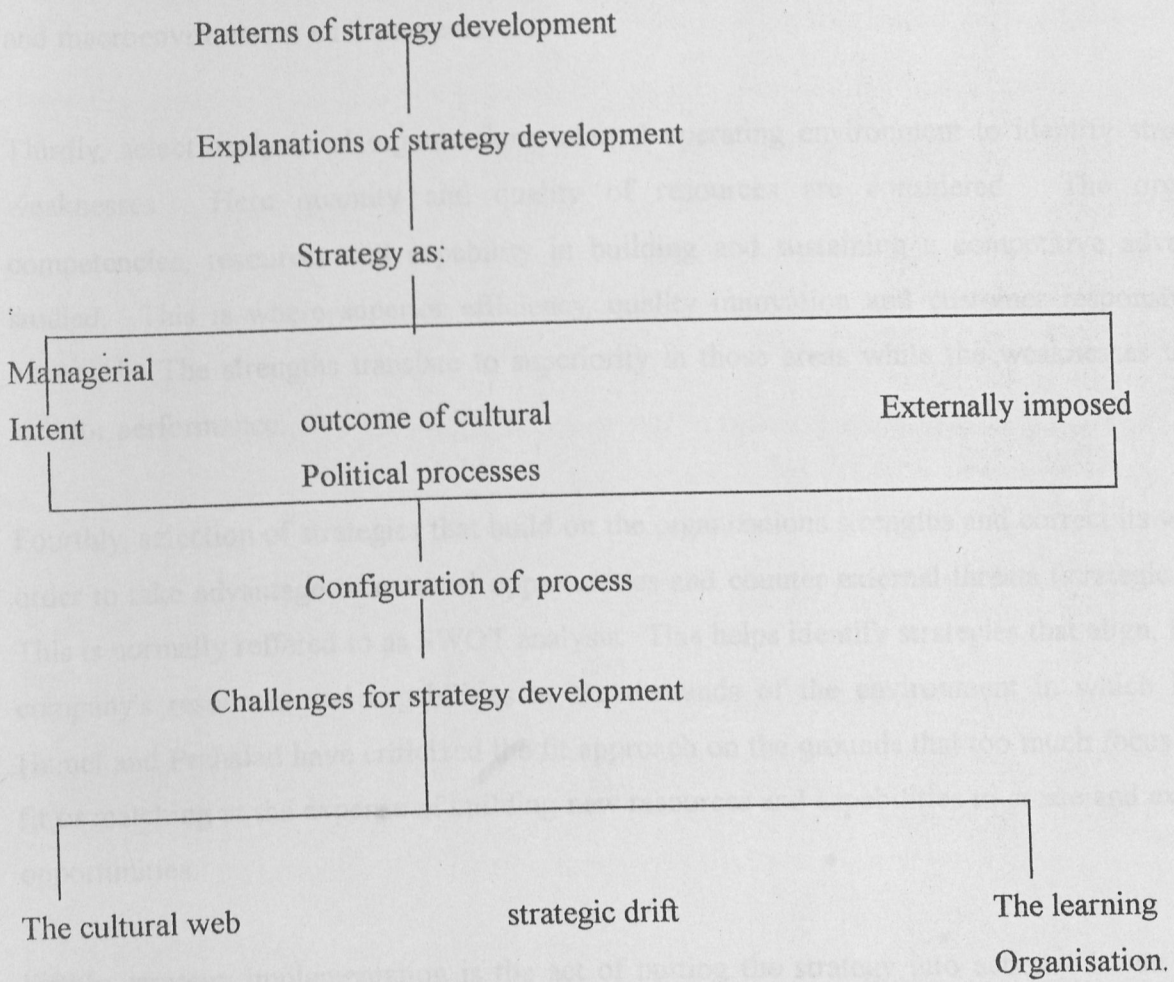
David (2001), describes the strategic management process as being dynamic and continuous. A change in any one of the major component could imply a complete change in other components. A change of competitors strategy could require a change in a firms mission. It is therefore a part of the process of strategic management to monitor internal and external events and trends so that changes can be made as needed.

All decision-makers in Kenya need to realise the dynamism and uncertainty reigning in the environment. The goal of strategic management is to build and maintain sustainable competition. This should eventually create shareholders values. Strategic management has two components which are process and content. Content is concerned with competitive strategy where sufficient internal capabilities are built up. These internal capabilities exploit the opportunities presented in the environment and also curbs the threats in the same. Process is concerned with planning and implementation of strategies. The fact that decline is reported in the Agricultural GDP despite the many changes in strategies is an issue to address and find whether the right fit is ever determined.

Strategic management interacts with all the other functions of management. It therefore does not take a certain pattern . In times of certainty, continuity of processes may be expected but at times there are small increments leading to logical incrementalism, at other times there is flux and transformational changes depending on the level of turbulence in the environment. When environmental changes are faster than transformational changes the situation is referred to as 'punctuated equilibrium'. The development of strategy can be illustrated as shown below:

Figure 2

**A framework for understanding strategic Management in practice**



(Exhibit 2.1 Johnson and Scholes 1999:44)

**2.1.1. The process of strategic management**

The process of strategic management according to Hill and Jones (2001) can be broken into five main steps as follows.

Firstly, selection of the corporate mission and major corporate goals. The mission sets out the reason for the organization existence and what is should be doing. The long term goals specify what the organization hopes to fulfil in the medium to long term. Parastatals are established by statutory Acts which specify their activities and expected performance.



Secondly, analysis of the organizations external competitive environment to identify opportunities and threats. These environments are important because they interrelate. These are industry, national and macroenvironment environments.

Thirdly, select analysis of organisations internal operating environment to identify strengths and weaknesses. Here quantity and quality of resources are considered. The organizations competencies, resources and capability in building and sustaining a competitive advantage are studied. This is where superior efficiency, quality innovation and customer responsiveness are observed. The strengths translate to superiority in those areas while the weaknesses translate to inferior performance.

Fourthly, selection of strategies that build on the organizations strengths and correct its weakness in order to take advantage of external opportunities and counter external threats (strategic windows). This is normally referred to as SWOT analysis. This helps identify strategies that align, fit or match company's resources and capabilities to the demands of the environment in which it operates. Hamel and Prahalad have criticized the fit approach on the grounds that too much focus is spent on fit or matching at the expense of building new resources and capabilities to create and exploit future opportunities.

Fifthly, strategy implementation is the act of putting the strategy into action. It can be done by designing appropriate organizational structures, designing control systems, matching strategy, structure and controls and managing conflict politics and change.

The execution of strategy requires monitoring to determine the extent to which strategic objectives are actually being achieved

### 2.1.2 Implementation of strategy

The implementation of strategies requires several issues to be considered. Pearce and Robinson(1998) states the following as the process of implementation;

- ◆ Setting measurable and mutually determined annual objectives

- ◆ Developing specific functional strategies
- ◆ Developing concise policies to guide decisions
- ◆ Allocating resources

Strategic change is a transition that results from implementation of an organization strategy. It moves the organizations from its present state to some desired future state to increase its competitive advantage. Hill and Jones (2001) state that the most successful companies are those in which change is regarded as the norm and managers are constantly seeking to improve organizational strengths and eliminate weaknesses so that they can maximize future profitability.

Peters (1994) claims that stable sensible organizations make no sense. He calls for organizations to go 'crazy' and operate beyond change, decentralization, beyond loyalty, beyond disintegration, beyond re-engineering, beyond learning, beyond total management quality (TQM) and beyond change.

Drucker (1990) asserts that every organization has to prepare for the abandonment of everything it does. Kathleen et al (1998) say's that when transitions are poor, businesses lose position, stumble and fall behind. They did a research and were surprised to find that managers did not devote extra attention to the organizations during transition thus causing them to stumble.

### 2.1.3 Problems of implementation of strategy

These problems or constraints affect are brought about by

- ◆ the kind of congruence existing between structure and process

This means that the structure affects strategy ,so the configuration should be compatible with chosen structure Aosa (1992).

- ◆ issues of availability of resources do affect implementation of strategy.

- ◆ the process includes leadership, culture, resources and other administrative procedures. The organisation paradigm is an important issue during this point.

Problems between strategy development and implementation must be minimised in order to achieve intended results.

Johnson and Scholes (1999) stated that strategy and strategic management are just as important in the public sector as in commercial firms. This is so because the Government agencies have labour

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markets, money markets, suppliers and customers. These public sector organisations compete for resources and inputs within a political arena. This scenario makes change in the sector rather complex because of the issue of stakeholders in a country that moral hazards and adverse selection are rampant.

In the agricultural sector several functions have needed intervention in the past. These are agricultural research, agricultural extension, seed supply, rural finance livestock services, fertilizer supply and agricultural marketing. Carnery (1998) found out that privatising and decentralising these subsectors often resulted in increased efficiency.

#### **2.1.4 Strategy, decision making process and environment**

According to Ansoff and Macdonnell (1990), strategy aligns organizations with its external environment. Strategy seeks to bridge the gap between current position of the organization to its future intended direction using a set of decision making rules to guide such behaviour. Porter (1985) asserts that strategy is what a company does, how it actually positions itself commercially and conducts competitive battle.

Aosa (1998) defines strategy as solving a strategic problem, which is, a mismatch between internal characteristics of an organization and its external environment. Mintzberg and Quin (1991) observes that strategy is about continuity not change. But noted that to management strategy is frequently to manage change, to recognize when a shift of strategic nature is possible, desirable, necessary and then to act.

The concept of strategy is therefore key to strategic management process. Burnes (1998) observes that the unstable and unpredictable conditions in which organizations operate today means that the ability to think strategically and to manage strategic change successfully are key competitive strengths for sustainable advantage.

Strategic decisions therefore deserve strategic management attention according to Pearce and Robinson (1997). Firstly, some of the dimensions prevalent in the strategic decisions are that the involvement of top management is required. The top management have the perspective needed to

understand the broad implications of the decisions the power to authorize the necessary resource allocations.

Secondly, strategic issues require large amounts of a firm resources which implies substantial allocations of people, physical assets or moneys that must be rediverted from internal sources or from outside the firm. Thirdly, strategic issues often last long for about 5 years. The impact of the decision also last a lot longer which mean having enduring effects for better or for worse in terms of their markets, products or technologies.

Fourthly, strategic issues are future oriented being based on forecasts. Emphasis is placed on development of projections that enable the firm to select the most promising strategic options. In turbulent and competitive free enterprise environment, a firm will succeed only if it takes a proactive (anticipatory) stance towards change.

Fifthly, strategic issues have complex implications for most organizations. This is when customer mix competitive emphasis or organizational structure are affected by allocations of responsibilities and resources.

The sixth point is that strategic issue require considering a firms external environment. This is because every firm exist in an open system and therefore external conditions beyond their control often result. The issues of stakeholders and significant others must be considered such as competitors, customers, suppliers, creditors, government and labor.

Strategic decision making in Kenyan Agricultural parastatals takes the three modes given by Mintzberg (1973) which are either entrepreneurial, adaptive and planning. This is because the parastatals have had to undertake numerous responsibilities that include intervention, marketing, production and others. To relax the rigidities prevalent in the sector decisions concerning marketing and pricing, investment policy in extension, research, annual health, irrigation and infrastructure, macro economic and implementation of these policies is necessary.

In the process of reforms in agricultural sector, there is need to establish that the right strategies are formulated and adopted. Is the sector merely reactive or are there proactive measures being undertaken because that is the only way to ensure proper coping with a competitive environment.

### 2.1.5 Benefits and risks of strategic management practices

Pearce and Robinson (1997) state that in strategic management approach, all managers at all levels interact in planning and implementing. This means that the process is similar to participative decision making where benefits are not only financial but also social.

Strategic management improves the firms welfare in that:-

- ◆ Strategic formulation activities enhance the firms ability to prevent problems during the firms ability to prevent problems during monitoring and implementation.
- ◆ Group interaction generates a greater variety of strategies and the ability to screen the options.
- ◆ The employees involvement in formulation, improves their understanding of the productivity - reward relationship thus increasing their motivation.
- ◆ Gaps and overlaps in activities among individuals and groups are reduced as participation in strategy formulation clarifies differences in roles.
- ◆ Resistance to change is reduced because the participants' awareness of the parameters that hint the other options makes them accept those decisions more readily.

There are three types of unintended risks in formulation of strategy. First, the time spent on the process of strategic management can reflect negatively on operational responsibilities. Training for decision makers is necessary to help minimise the impact by scheduling of duties to allow the necessary time for strategic activities.

Secondly, if formulators are not also involved in implementations, they may shrink the responsibility of the decisions made. Thirdly, strategic managers must be trained to anticipate and respond to the disappointment of participating subordinates over unattained expectations, who may be expecting rewards and involvement in all areas unnecessarily.

All the same, strategic management has been associated with high performance evolutionary and revolutionary growth, action oriented and cost effective.



## 2.2 STRATEGIC MANAGEMENT AND ITS CONTEXTS

Strategic management is sensitive to the context in which it is practiced due to environmental factors and organizational factors. These two impact on managerial processes. In trying to understand the practice of strategic management, the contextual variations must therefore be taken into account. Most of the written literature is from business circumstances in the developed countries. Little has been written on less developed countries. Nevertheless, a few writers have concluded that managerial work was similar all over the world but the context contributed to differences and special challenges facing the managers (Austin 1991, Aosa 1988).

If environmental factors are widely valid (dissimilar) then differences in management practices will be recorded. These refer to socio-cultural, economics, technological and political factors.

In Kenya, a developing country these factors are definitely unique in that the politics of the country is tending towards democracy, the constitution is undergoing review and several other changes are in process. There has been Lanina's and El Nino's which the technology in the country was not well adapted to. The socio-cultural impact in Kenya has many factors that need a closer look. Issues of ethnicity, nepotism, corruption all tends to interfere with management and implementation of strategies.

Osborne and Gabler (1992) suggests that levels of efficiency effectiveness and accountability differ depending on the kind of goods and service being offered. They give three sectors and the kind of functions performed best by each.

Public sectors are best at policy management, regulation, ensuring equity, preventing descrimination or exploitation, ensuring continuity and stability of services and ensuring social cohesion. The private sector tend to be suited for economic tasks, investment tasks, profit generation and promotion of efficiency where rapid delivery, diversity and obsolesce is to be prevented. A third sector was said to be good at social tasks, tasks requiring volunteer labor and little profit, promotion of community, individuals and commitment to welfare of others and have ability to generate trust. They suggest that tasks should be thus divided and dealt in order to optimize the results. Issues raised against parastatals in agricultural sector are similar to those mentioned which implies the need for these bodies to redefine their functions and disseminate the other options to the right non-publics.

The context in which strategy is being practiced has a bearing on the responses and constraints likely to be experienced. Capacity building which has been tackled by Grindle et al (1997) can be a constraint. They tackle issues of developing countries which affect internal management of public sectors. The responses and constraints encountered in strategic management process is either internal, emanating from within or external due to the nature industry and the environment.

### 2.3 SUMMARY OF LITERATURE REVIEW

The literature review has looked at the strategic management process. The process has three steps namely formulation, choice and implementation. In the past parastatals (public sector agencies) were the major providers of goods and services in the agricultural sector but with reforms pluralism is emerging.

It is apparent from observation in the country that efficiency has been lacking and mechanisms to achieve it require change in the status of the parastatals. There is fear that the private sector might replace the monopolistic parastatals with private monopolies which could be worse in terms of exploiting the 'poor farmers' who dominate the sector. It is apparent that the public sector has the scope and authority to enforce the necessary regulation and therefore cannot be completely discarded. Governments have to find ways to balance off the level of the necessary regulation, the efficiency required and better profitable services to the poor farmers. Donors tend to favor decentralization and structural adjustments as the way to enhance effectiveness and efficiency.

Decentralization would therefore leave the governments with the breadth of commitments, they are best at performing. This implies that better governments will have increased regulation responsibilities in addition to the rest of the government business. In Kenya, population growth is already an issue, education and illiteracy levels are demanding infrastructure and other services. It is therefore not easy to measure the levels of involvement required the correct levels of decentralisation but it is certainly necessary to have changes in the right direction. Resources in most developing countries is also an issue and this is a necessary ingredient in carrying out the changes towards the right policies (Carney 1998).

The issue of the Kenyan situation in regards to the kind of strategies its undertaking the responses and the constraints therefore remains a question needing attention.



## **CHAPTER 3 RESEARCH METHODOLOGY**

### **3.0. INTRODUCTION**

Nachmias and Nachmias (1981) have grouped primary data collection methods into three broad categories; observation methods, surveys and unobstructive measures. The nature of data to be collected largely determines the choice taken. For the purpose of this research the survey design was selected. This was selected because the variables cannot be observed nor can they be measured. Other researchers in similar studies had used it. (Aosa 1992, Kangoro! 998).

### **3.1. RESEARCH DESIGN**

The research problem posed can be studied using survey design. The survey design has three modes namely personal interview, telephone interview and mail interview. Each of these has pros and cons. The Personal interview is cheaper (in terms of time and money) depending on the geographical location of the interviewer and respondent and also the number of respondents being interviewed. Mail interview is best at controlling the effect of interviewer on the respondent, it also cost very low comparatively; it permits a wide coverage and much more. The telephone interview is best for very few questions and also for taking the least time possible.

The survey design was selected as it was best in investigation of strategic management practices prevalent in the parastatals of the agricultural sector. This gave the required observations of the kind of strategies prevalent.

### **3.2. POPULATION AND SAMPLE**

The population for study consisted of 41 parastatals listed under the Ministry of agriculture. The list consists of six groups of parastatals. There are parastatals dealing with regional development, financial commercial and farming, research and training institutions, regulatory boards, Sugar corporations, and others outside the ministry. All were greatly affected by the changes in the environment as mentioned earlier.. Due to the aforementioned changes, some of the organisations were found to be under very difficult situations such as receivership and were therefore unwilling to offer any information about them. The researcher found it convenient to take a sample consisting of all those statutory boards in the cities of Nairobi, Kisumu and Mombasa. This was done because of ease of accessibility and reduction of time and costs. The sample size is 24 parastatals (Appendix B).



### 3.3. DATA COLLECTION

Data was collected using a questionnaire(Appendix A). This was chosen because it is quite efficient. The questions were both open ended and closed questions. The open-ended questions give the respondents room to give more information and properly express themselves while the closed ended questions produced the kind of answers expected to enable the researcher form an opinion and a conclusion. These questionnaires were presented and personally administered to the organizations.

The telephone mode was used to make appointments. The researcher was flexible, allowing the respondent to choose either to discuss the questions in the process of filling or when the questionnaire was being collected. This was expected to reduce bias as well as allow some room for probing for more information. The questions were directed to top managers, Managing Directors and General Managers, Planning Managers, Departmental Heads. A letter of introduction was administered and also a letter from the ministry to avoid any suspicion and assure the respondent the exercise was strictly for academic purposes (Appendix C).

### 3.4 DATA ANALYSIS

The questionnaires were edited for completion and consistency and then data coded. The content analysis was used to analyze the open-ended questions. These kind of questions had been included because they gave the respondents a wide room expressing themselves and the researcher got an opportunity to probe thus generating more information. For the closed ended questions descriptive analyses was preferred.

The results were presented in tables, frequencies, proportions and percentages

## CHAPTER 4 DATA ANALYSIS AND FINDINGS

### 4.1 DISTRIBUTION

Out of 24 questionnaires distributed, 29.2% were filled by Managing Directors/Chief Executive Officer, Human Resources and development managers filled 16.6% of the cases, Public Relation Manager/ Personal Assistant to Managing Directors filled 12.5% and 41.7% were delegated to planning manager, Human Resources Manager, Communication and outreach, Chief Agricultural Officer and the Marketing Managers.

### 4.2. ORGANIZATION AND RESPONDENT PROFILE

Most of the parastatals were established as a result of government legislation this was reported by 83.3% or 20 cases. 16.7% of the cases being due to farmers pressure or other reasons.

**Table A Organisation establishment** **n=24**

Purpose of establishment	frequency	percent
Government legislation	20	83.3
Farmers pressure	1	4.2
others	3	12.5
Total	24	100

Source: survey data

The respondents profile showed all the respondents were top management and about 71.4% of them were in the sector for over 10 years. The sub sectors were evenly distributed within a range of 4.8% to 9.5%. The core business with the highest percentage was regulation scoring 16.7%.

**Table B Respondents years of experience** **n=21**

No of years	frequency	percent
2	2	9.5
3	2	9.5
4	2	9.5
Over 10	15	71.4

Source: survey data

### 4.3. VISION, MISSION AND OBJECTIVES

All the 24 (100%) organizations reported having vision and mission statements and 91.7 had set objectives. 87.5% of the vision statements were written 8.3% were implied while 4.2% were both written and also implied. The mission statement was written by 70.8% of the parastatals, was in symbols by 8.3% implied by 16.7% and other methods were reported by 29.2%.

Table 1 vision, mission and objectives

	VISION		MISSION		OBJECTIVES	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Written	21	87.5	17	70.8	23	95.8
Implied	2	8.3	4	16.7		
Both	1	4.2				
others			2	8.3		
Written					18	75
Symbols					1	4.2
Meetings					11	45.8
Others					6	25

(source:survey data)

Table 1 shows that the presentation mode for objectives 18 or 75% are presented in writing. 11 or 45.8% are presented in meetings. Objectives are very important in organisations as they spell out the means of accomplishing the mission and therefore the goal for which the organisation was established. From Table 2 below 3 or 12.5% of the organisation reported deriving their objectives directly from the Act of legislation. Others were set differently as shown but all had a bearing on the mission statements.



Table 2 objectives setting, communication and revision

SETTINGS OBJECTIVES			COMMUNICATION LEVELS			OBJECTIVE REVISION		
Management level	frequency	Percent	Levels of management	Frequency	Percent	Period	frequency	percent
Government legislation	3	12.5	Top management	4	17.4	quarterly	2	10
Board level	9	37.5	Functional	4	17.4	Half yearly	2	10
Management level	5	20.8	All levels	15	65.2	yearly	7	35
All	7	29.2				Others	9	45
Total	24	100		23	100		20	100

(source:surveydata)

Table 2 continues to show that the objectives were communicated to everyone within the organisation through writing, in symbols or in meetings. 15 cases or 65.2% reported the communication of objectives was done to all levels of the organization. The objectives were revised at different periods 35% being revised yearly and 45% other times after about 5 years.

#### 4.4. STRATEGIC PLANNING

Table 3 period when planning began

START PERIOD		
Year	Frequency	Percentage
1960's	1	5.5
1970's	3	16.7
1980's	2	11.1
1990's	9	50
2000	3	16.7

(Source: survey data)

Table 3 shows that the 1990's ,9 or 50% of the cases reported making strategic plans, by 1970s 16.7% were making such plans while 16.7% started in 2000s. 11.1% started in the 1980's while by 1960's only 6% had formal plans. 90% of the plans are communicated through the organization either by witting or other means, 76.2% by all available means.

**Table 4 period of planning**

PLAN TYPE		
Period	Frequency	Percentage
Long range (3-5 yrs)	6	25
Short range (1 - 2 yrs)	5	20.8
Strategic plans to 5 yrs	7	29.2
All	6	25.0
Total	24	100

(Source: survey data)

All 24 or 100% organisation reported some kind of plans, 25% made plans ranging between 3 to 5 years, 20.8% of the cases made short range plans for one to two years, strategic plans were made by 29.2% for up to 5 years while 25% reported doing all. Planning gives direction to the organisation, nevertheless the plans should be flexible in order to react to environmental change before crisis. The parastatals under study recognized that but some constraints prevalent caused delay in action.

**Table 5 operational plans and planning manager**

OPERATIONAL PLANS			WHO PLANS		
	FREQUENCY	PERCENT	MANAGER	FREQUENCY	PERCENT
1-6 months	4	17.4	Top management	8	33.3
7 months - 1 year	14	60.9	Head of department	7	29.2
1-2 years	3	13	Middle management	1	4.2
Others	2	8.7	All levels	7	29.2
			Others	1	4.2
Totals	23	100		24	100

(Source: survey data)

Table 5 gives the data for operational plans and the planning the planning managers. There are operational plans in about 87% of the cases and 60.9% of the cases have the operation plan for 7 months to 1 year. They are mainly prepared by the top management at 33.3% of the cases, 29.2% by all levels of the management. This confirms involvement of all and especially the managers which makes them party.

The respondents were asked to indicate the kind of plans. 94.4% of the cases reported the plans made were financial. Other plans made were technical and specific to the subsectors.

**Table6 Features used in planning process**

MODE OF PLAN	FREQUENCY	PERCENT
Formal planning meetings	17	70.8
Informal planning meetings	5	20.8
Time tables for plan preparations	11	45.8
Assigned duties	9	37.5
Strategic planning department	6	25

(Source : survey data)

Table 6 shows the features used in planning process. Formal planning in meetings was reported by 17 cases 70.8%, followed by timetables for plan preparation reported by 11 cases or 45.8 % and assignment for planning reported by 9 or 37.5% cases. Strategic planning departments are gaining grounds with 25% (or 6) cases and informal planning meetings at 20.8% (or 5) cases.

**Table 7 Extent of consideration in planning process in total percentage.**

Likert scale	1- Weakest	2 -Weak	3- Moderate	4- Strong	5- Strongest	Total in percentage
Political legal development	22.7	9.1	18.2	22.7	27.3	100
General economics trends	-	4.3	17.4	34.8	43.5	100
competition	34.8	4.3	8.7	43.5	8.7	100
Market trends	4.3	13.0	4.3	26.1	52.2	100
echnological changes	8.7	8.7	17.4	39.1	26.1	100
Socio-cultural	13.0	21.7	21.7	21.7	21.7	100
Organization internal process	-	-	8.7	52.2	39.1	100
Donor pressures	47.8	4.3	21.7	17.4	8.7	100
Policy reforms	8.7	4.3	8.7	39.1	39.1	100
Pressure groups	26.1	8.7	8.7	21.7	34.8	100

(Source:survey data )



According to table 7 above the five most strongest considerations in strategic planning process reported are:-

Market trends reported by 52.2% of the cases and General economic trends that 43.5% of the cases reported. Organisation internal process and policy reform were each reported by 39.1% of the cases, Pressure groups were considered by 34.8% of the respondents. Amongst the weakest factors to be considered are donor pressures and competitors.

From the considerations, strategy choices are made that gives further directions to the organisations

### **Feedback from stakeholders**

Feedback is obtained mainly by combination of usage of suggestion boxes, memos, meetings in 33.3% or 8 cases, 7 cases or 29.2% use meetings only, 6 cases or 25% use memos 1 case or 4.2% use suggestion box while others use workshops. These contributions were incorporated in the process of strategic planning in 21 cases or 87.5% of the parastatals. This is a good practice especially for organisations that moving away from monopolistic attitudes towards customer focus. As explained earlier the parastatals had been formed by government to serve its own purposes but revision of the Acts has been in the pricess for some of them. This exercise would be incomplete if feedback from stakeholders was ignored.

**Table 8 Feedback from stakeholders.**

	<b>Frquency</b>	<b>percent</b>
Suggestion Boxes	1	4.2
Memos	6	25
Meetings	7	29.2
All	8	33.3
Others	2	8.3
Total	24	100

Source:survey data

**Table 9 Tools used in developing strategies.**

	Frequencies	percent
Key success factors	10	41.7
Fore casting	11	45.8
Portfolio models	2	8.3
Computer planning models	1	4.2
Swot analysis	17	70.8
Others	3	12.5

(Source: survey data )

Table 9 shows that the tool most popularly used in developing of plan was SWOT analysis in 70.8% or 17 cases followed by forecasting in 11 cases or 45.8% then 10 cases or 41.7% who use key success factor analysis. Only 2 cases or 8.3% use portfolio models and 1 or 4.2% use computer planning models. The last two tools are least understood and therefore rarely used. The respondents were more comfortable with SWOT analyses which gave them both internal (strengths and weaknesses) and external ( opportunities and threats) factors and a quick indication of the strategies to be undertaken

#### 4.5. INTERNAL ANALYSIS

The questions below were adopted from Hamel and Prahalad (1994) and they give an indication of management attitude whether it's on creating the future or preserving the status quo. The organisations that considered themselves as leaders in the industry were 63.6%(Table10). Those whose management point of view was distinctive and farsighted were 55%, those that concentrated on reorganizing core strategies were 81.25%, those building efforts to get out in front were 56.5%, those with transformation agenda on foresight were 72.7% and those who spent time as architects were 77.3%.

Table 10 organisations internal analysis

		FREQUENCY	PERCENT
1.	(a). Leader in the industry	14	63.6
	(b). Adopt to industry	4	18.2
	(c). Taking it cool	1	4.5
	(d). To do all	3	13.6
2.	Senior management point of view of future		
	(a) conventional and reactive	9	45
	(b) distinctive and for sighted	11	55
3.	Which business absorbs more senior management attention		
	(a) reorganizing core business	3	18.75
	(b) reorganizing core strategies	16	81.25
4.	Competitors view of organisation		
	(a) rule follower	9	45
	(b) rule maker	11	55
5.	Company's strength		
	(a) operational efficiency	16	69.6
	(b) innovation and growth	7	30.4
6.	Focus of advantage building efforts		
	(a) mostly catching up	10	43.5
	(b) mostly getting out in front	13	56.5
7.	Setting transformation agenda		
	(a) our competitors	6	27.3
	(b) Our foresight	16	72.7
8.	Time spent mainly as		
	(a) engineer	5	22.9
	(b) as an architect	17	77.3

(Source: survey data)

The parastatals had a combination of internal strength that ought to positively impact on the strategic management practices. According to Hamel and Prahalad (1994), the results indicate the organisations lean on the left (second option scores higher) implying they were prepared to compete in the future. *Developing a point of view for the future should be an ongoing project sustained by*



*continuous debate within a company, not a massive one time effort.* The only point where many organisations sacrificed the future was in operational efficiency as opposed to innovation and growth.

#### 4.6. EXTERNAL ANALYSIS

##### 4.6.1 Environmental scanning

Information gathering from the environment was practiced by 98.8% of the organisations. The factors that had a great impact on the organisation strategies were mainly socio-technological and technology. Such information was reported to shape the direction of strategic planning.

##### 4.6.2 Table 11 competitor and Industry analysis

Competitor analysis		1	2	3	4	5	100%
(a)	The goals of your competitor	25.0	25.0	15.0	20.0	15.0	100
(b)	Current business approaches	21.1		10.5	26.3	42.1	100
(c)	Substitute product in the market	30	10	25	5	30	100
(d)	Marketing approach	15	10	15	30	30	100
(e)	Their financial strength	31.6	5.3	10.5	36.8	15.8	100
Industry analysis							
(a)	Exit/entry of competitors	28.6	9.5	-	28.6	33.3	100
(b)	Suppliers of raw materials	14.3	4.8	23.8	14.3	42.9	100
(c)	Technology levels of competitors	23.8	4.8	19.0	28.6	23.8	100
(e)	Buyers of your product	48	-	19.0	28.6	47.6	100
(f)	Revalry within the industry	14.3	23.8	14.3	19.0	28.6	100

(Source:survey data)

## Importance that the organisation attaches to the following aspects of the:-

### (a) Competitors.

Current business approaches of business were found to be very important and was reported by 42.1% of the cases. Position of substitute products in the market was very important as reported by 30% of the marketing approach was very important reported by 30% of the cases. The financial strength of the competitor was reported as important by 36.8% of the cases. Since the advent of liberalisation the parastatals open to competition both locally and globally and competitor analyses has become an important issue.

### (b) Industry analysis

Exit and entry of competitors in the market was important 28.6% and very important 33.3% of the cases reported. The importance of availability of raw materials by suppliers was reported as important 14.3% and 42.9% of the cases as being very important. Technology levels were reported as important 28.6% and 23.8% of the cases as being very important.

Buyers of the organisations product were rated as the most important factors 28.6% and 47.6% of the cases as being very important. Size/growth of the market is very important 38.1% and similarly important at 38.1% of the cases reported. Rivalry within the industry was important at 19% and very important by 28.6% of the cases. Industry analyses helps organisations plan in order to get ahead of the industry curve and focus on real competition for the future.

## 4.6. IMPLEMENTATION AND EVALUATION

Table 12 Aspects affected by implementation of strategies

	FREQUENCY	PERCENT
Structure	12	52.2
Top management	8	34.8
Human resources	16	72
Production	12	54.5
Financial position	17	77.3
Marketing	12	54.5
Operations	15	68.2

(Source:survey data)

The financial position of the organisation was reported to have been affected by 77.3% of the organisations. This was followed by human resource that was reported by 72% of the cases then

production and marketing by 54.5% and the structure 52.2% of the organizations. The least was top management with 34.8% score.

Most of the organisational structures were found to be flat or horizontal. This hastened decision making process and flow of information upwards and downwards. Within the last 10 years, a few organisations adjusted their organisation structures and the main reasons given were due to readjusting to environmental changes hastened by liberalization.

Some of the values the parastatals were working on were Competition awareness scoring 45.5%, while customer service and quality were considered by 40.9% of the organization. Organisational culture was key hindrance of implementation of strategies in 52.4% of the cases.

Some religious practices and lack of commitment by management were named as some organisational cultures that made it difficult to enhance business activities and implementation. This is in agreement with Ansoff (1994) who says that employees use delay in an attempt to protect their positions and compacts thus they exercise an unwillingness to change to the unknown future.

The organisation that reported having participative leadership were 86.4%. This kind of leadership gave ownership to strategies and enhanced implementation. There was a general dislike of politically imposed leaders as this affected implementation of strategies negatively. The quality and kind of leadership in an organisation influences the strategic planning activities, the building of core competencies, the mobilisation of resources and the dynamic allocation within the organisation. A diversified management team would therefore be an important factor in relation to longterm success of the organisation.

Most respondents reported retrenchment and human resource development as the strategy they had taken part in designing. Valuation of the result was done through performance appraisal of the remaining staff and the organisation at large.



#### 4.8. RESPONSES AND CONSTRAINTS

##### 4.8.1 Responses for coping with effects of liberalisation

Respondents were asked to tick from a given list the kind of responses they undertaken in trying to cope with effects of liberalisation.

Table 13 Responses for coping with effects of liberalisation

RESPONSES	frequency	percent
Employee retrenchment or right sizing	9	42.9
Diversification of products	18	75
Creation of responsive departments	15	62.5
Outsourcing	11	45.8
Human resources training and development	20	83.3
Increasing market activities	10	41.7
Improving MIS	20	83.3
Stake holders relations	20	83.3
Cost cutting- tight budgets	22	91.7
Alliances and mergers	11	45.8
Privatization	7	29.2
Others	3	12.5

Source: own data

Tight budget for cost cutting was the highest measure undertaken by 91.7% of the parastatals. Human resources training and development, improving technology and stakeholders relations were all reported by 83.3% of the cases.

Outsourcing was reported by 11 or 45.8% of the cases and creation of responsive departments by 15 or 62.5% of the cases.

#### 4.8.2 Constraints during implementation of strategies

The respondents were asked to indicate from a likert scale whether the mentioned aspects were constraints during implementation of strategies.

1-not a cause at all,2-to a little extent,3-neutral,4-to some extent,5-to a great extent

**Table 14 Constraints**

Factor	1	2	3	4	5
Poor infrastructure	12.5	8.3	12.5	16.7	50
Government controls	12.5	4.2	16.7	33.3	33.3
Bureaucracy in the industry	12.5	16.7	12.5	45.8	12.5
Corruption in the organisation	62.5	12.5	12.5	8.3	4.2
Interference from donors	50	12.5	20.8	4.2	12.5
Organisational cuttings	16.7	4.2	20.8	50	8.3
Ignorance of farmers	13	–	21.7	34.8	30.4

(Source:survey data)

Poor infrastructure is the greatest constraint scoring 50% followed by government controls with 33.3% and ignorance of farmers with 30.4%. Bureaucracy in the industry is a constraint to a some extent with 45.8% organizational culture with 50%.The least constraints were interference from donors and corruption in organisation with 62.5%.

4.8.3 The respondents were asked to list more constraints under given subheadings that hindered progress on implementation of strategies.

Technological constraints mentioned were use of technology ,logistics problems, lack funding of capital items, lack of specialists in certain sub sectors and innovations in the world market. About 50% of the organisations lacked enough funds to purchase the capital items and keep up with technological challenges.

Economic constraints mentioned were reduced demand against abundant supply of products.This appears in the Economics survey (2002) as key reason for low prices of commodities. Inflation,

monetary and fiscal policy was reported by the majority of the respondents as a hindrance. Others were poor economic performance in the country, poverty in the country and low growth economic rates.

Social cultural issues reported were changing of lifestyles which implies changing tastes, hang over on subsidies, traditional versus contemporary cultural changes, donor fatigue, wrong attitudes towards change, poverty of the majority Kenyans and child labor amongst others.

Political/ legal aspects added to the list were political appointments in leadership positions, poor governance in the country, not well defined operating lines and low government support in the sector

Global issues added to the list were an equal competition between developed and developing countries, diseases prevalent, presence of synthetic products, deregulation and decontrols, international donor fatigue and tourism, dumping of products, lack of adequate markets (closed markets) and trade barriers

#### **4.9. TRAINING IN PLANNING AND OPINION ON AGRICULTURAL SECTOR.**

The respondents who had some training or orientation in planning were 95.7%. Nevertheless, many admitted that the culture predominant in parastatals caused the training at times to be effectless due to the bureaucracy in key decisions. One such respondent picked the process of purchasing items for an example and said the duration taken to get approval proved too long and ineffective.

The respondents opinion on the future of agriculture was that the sector very important. They agreed that the future was bleak but with proper governmental support in terms of appropriate policies there was hope of reviving the sector to its former glory. One respondents wondered that the developed countries subsidized their agricultural sectors but they advised the developing countries otherwise. Only 20% of the Kenyan land received enough rain and therefore it would take strong political will to back and budget properly to make the remaining 80% of the land produce to its maximum.

Another common position was that marketing of the produce needed to be done more aggressively in order to profit the farmers and other stakeholders. They said that the sector was the backbone of Kenyan economy but had been neglected. Manufacturing, for example that was more emphasized is



fully dependent on agro-products. Most products(over 50%) in the sector of agriculture was produced by small scale farmer's who lacked technology, enough inputs,credit facilities, subsidy and support amongst others. They said better paying systems, government support for new technology ,better tax rates for the small scale farmers and means should be sought to keep the farmer motivated.

In order to acquire the required information for this study the questionnaire was divided into three sections: a subsection for the respondent and Organisational profiles, section A for the first objective and sections and section B for the second objective.

### 5.1 SUMMARY

The study revealed that the majority of the respondents (over 70%) have over 10 years experience in the sector. This implies that they were well acquainted with the dynamics and challenges of the environment that set in over 10 years ago with liberalisation and privatisation.

Over 80% of the respondents were of the view that the government legislation and their practices derived their existence from the Agricultural Act Cap 313. The products were therefore available to the government through the ministry of Agriculture. They also mentioned that it rather burdensome, whereas a much simpler system needs to be developed to help farmers to obtain the products from the government.

Parastatals have however found the need to establish and market strongly managed by farmers in order to be viable. This was evidenced by the fact that out of 10 years they were 50% in operation (50%) and implied that they have a direction and have established a means of achieving their goals. 40% have changed their policies within the last 10 years to match the changing market. Over 90% of the respondents reported having objectives which were practical and set to reach the market segments they were required by government to fulfil. The respondents also mentioned that they were required to provide a range of services to support the sector and to ensure that the sector was self-sufficient. It was also noted that the respondents were required to provide a range of services to support the sector and to ensure that the sector was self-sufficient.

## CHAPTER 5 SUMMARY AND CONCLUSIONS

### 5.0 INTRODUCTION

The objectives of this study were two fold, first to identify the strategic management practices in the agricultural parastatals and second to find the responses and constraints the parastatals are undertaking to cope with the turbulent environment.

In order to acquire the required information for this study the questionnaire used was divided into three sections: a subsection for the respondent and Organisational profiles, section A for the first objective and sections and section B for the second objective.

### 5.1 SUMMARY

The study revealed that the majority of the respondents (over 70%) have over 10 years experience in the sector. This implies that they were well acquainted with the dynamism and turbulence in the environment that set in about 10 years ago with liberalisation and globalisation.

Over 80% of the organisations were set up due to governmental legislation and their existence derived their existence from the Agricultural Act Cap 318. The parastatals were therefore answerable to the government through the ministry of Agriculture . Thus the parastatals find it rather bureaucratic whenever a quick decision needs to be done as they take a long process to attain the mandate from the government.

Parastatals have however found the need to establish and practice strategic management formally or informally. This was evidenced in the fact that all of them have vision and mission statements (100%). This implied that they have a direction and have established the means to achieving their goals. 40% have changed the mission statement within the last 10 years to match the emerging needs. Over 90% of the organisations reported having objectives which were prepared and set to match the mission statements. They were prepared by top managers but the stakeholders input was sought either through memos, meetings or workshops and highly considered in preparation of the objectives. These are good practices of management as the stakeholders are the actual focus of agricultural products either as consumers or producers.

Once set up the objectives are communicated to all levels of management. This practice ensures that the activities are carried out at all levels to achieve the objectives and thereafter the Mission of the organizations.

Planning was done by only Top Management for the long range plans and strategic plans and covers between 2 to 5 years. Operational plans are developed too and over 60 percent of the cases cover between 7 months to one year. These plans are communicated to others in the firm in writing for over 70% cases. The plans cover financial issues for over 90 cases and the 10% cover other technical issues unique to different organisations. Organisations can measure performance since planning is first phase of management practice. Its only on the basis of planning that staffing directing implementing and evaluation is done.

The process of planning undertaken by the parastatals was reported by 70% of the cases for formal planning and 45% for timetables for planning sections. Only 25% had strategic planning department. This can be explained by the fact that strategic management in Kenya has lasted about 20 years and that many agricultural parastatals have been managed by the government for quite long. This meant that changes are rather slow due to bureaucracy in the sector implying that the majority of the organisations still maintain the traditional ways of planning. This needs to change and give room to competitive strategies. Its possible that formalised planning is good for internal purposes as a way of ensuring visible public accountability but this does not take into the account the uncertainty and unpredictability in the environment. The practices of strategic management will therefore be best the adopt.

The parastatals studied have realised that issues like market trends (over 50%) and over (40%) general economic trends are key issues that affect the planning process. These together affect the planning process. These together with competitor and technological changes that were recognised by about 40% of the organisations are issues that are influenced by the wider global market due to deregulation. So that the price of a commodity like coffee in Kenya or Nairobi coffee exchange is dependent on the price of coffee at New York Coffee Exchange. This called for more specialised management tools to help study the strategic options and choices available to help manage the unpredictable environment.



Internal analysis of the organisation under study revealed that most of the parastatals were considered leaders in the industry. This is true as they were established to undertake key services as marketing the produce such as Tea or Coffee, to manage production processes, give and credit do the necessary research and so on.

The activities scoring highest were operational efficiency and re-engineering of core processes which are good for the organisation but effectiveness needs to be re-emphasized. The great concern though was that competitors were not given enough focus. Many organisations were spending the bulk of the time as future architects. This can be explained by the fact that most of these organisations have also been given the mandate to regulate, advise and supervise the subsectors. They therefore have to redesign the internal processes to take up their new postures as they shed off some of the business activities that have caused them maintain double standards, that is operating as a competitor as well as a regulator.

The organisations under study scanned the environment (95.8%) and considered the information available important in setting up strategies if the information gathered was relevant. Socio-cultural and technology issues in the environment rated highly. These are issues that definitely differ in the environment. Most of the cash products are disposed to the environment and therefore the socio-cultural issues come up strongly because of changing lifestyles. The technology level of those consumers was key as they will expect the same level from producers. Technology has been difficult to update in some sectors due to financial constraints.

Two issues were rated as being very important in terms of competition. The competitors current business approaches and marketing approach and also the position of substitute products in the markets. The world market has synthetics that are increasingly getting into the markets, but little is known about the consequences especially when they are consumables. The competitors business and market approaches are important aspects as they determine the approaches that the organisations would undertake.

The industry factors that were found to be of great concern in this study were the suppliers of raw materials, the buyers of the products and growth of the market. This implied that the bargaining power of both suppliers and consumers are key in this sector. The local market is quite small

especially for cash crops. To the bulk of the products is exported in the absence of the quotas the prices offered are rather unfriendly. The returns are small and this demoralises the producer.

In the areas of research, the funding is mainly from donations but many researches remained unimplemented due to lack finances and lack of accountability if funded. Thus implying the researches remains as paper work.

The structure and strategy influence each other. About 40% of the organisations in this study changed their mission statements (as earlier reported). A similar percentage (45%) changed their structure to match with the changes in the environment. Over 56% reported to have had issues in the organisations cultures that made it difficult to implement their strategies. Parastatals have borrowed a lot from the civil service where ownership is quite foreign. Ni ya serikali, (it belongs to the government) is a common saying therefore one of the issues mentioned was laxity and lack of commitment. Another issue was religious practices especially where some religion are dominant which do not emphasize hard work.

The kind of leadership most popular in the organisations was participative leadership which combined with the horizontal structures of the organisations to enhance unity, co-operation and ownership of strategies or plans thus leading to timely implementation.

Many managers were involved in several strategic decisions, some quite technical but majority highlighted human resources training and development, rightsizing and retrenchment and evaluation was in process through performance appraisal.

Most of the responses that the parastatals used to cope with the challenges brought about by deregulation were:

- Tight budgets for cost cutting; the general economic performance of the country has been low and this has affected every sector. The agricultural sectors would thrive only if products fetched high prices and credit to extend to farmers and carry out activities are readily available which was not the case.
- Improving information processing activities (MIS), this has become necessary to match with the wider environment and also cope with human resources shortages after retrenchment.

- Human resource training and development is key aspect because this ensures improvement in the organisation cultures and dynamism thus creating a learning organisation.
- Improving stakeholders relations is very important as it ensures the buyers, the suppliers and all interested parties have their interests catered for. Farmers pressure groups are coming up in some sectors of production such as dairy and their interests have to be considered.

Alliances and mergers and privatisation were not highly popular responses but could be practiced if the parastatals were not constrained by government policies and other factors.

Product diversification and responsive departments were also reported as being popular responses, these ensures penetration into new markets and repositioning into old markets and also faster responses to the external demands.

The highest constraint experienced was poor infrastructure this augurs negatively as some products are perishable and it also hinders development in that, development directly follows communication.

Ignorance of farmers was quite a constraint. This included lack of information of wider issues globally and nationally. Some issues are politicised and sometimes greedy individuals deceive the farmers. This made some farmers burn their produce other than deliver it to a government mill some years ago. The sector has not since recovered but a similar product is dumped from other parts of the world and is thriving in the market.

Most of the respondents were trained planners majority being heads of the organisations or heads of department. Their opinions on the agricultural sector was that:-

- Government policies need to be reformed to favour the farmer in order to keep him motivated
- Controls need to be reformed to allow the marketing boards extend aggressive market search both locally and abroad.
- Regulation need to be heightened and practiced by independent bodies to ensure fair play.
- Agriculture being the backbone of existence of mankind and mainstay of Kenyan's livelihood was at a threat, but there was hope if understanding was maintained between government and producers.



## 5.2. CONCLUSIONS

The importance of agriculture as a mainstay of livelihood and more so in Kenya where 70% of the population depends on it cannot be over emphasized. This paper therefore concludes:

- To enhance the ability of agricultural parastatals to remain effective and relevant they have to carry out the right strategic management practices. They must set objectives and revise them constantly to enable them keep to the mission. This they have accomplished satisfactorily.
- The organisations strategic planning processes needs to be updated to combine formal planning with strategic intents and more intrapreneurship approaches to cope with the turbulent environment. Most parastatal were protected by government before the liberalisation and majority operated in a monopolistic manner, with deregulation and global factors in play, they should became more aware of global competition and adopt sustainability strategies.
- Inadequate responses were reported for coping with the uncertainties in the environment. More should be done on outsourcing to ensure organisations concentrate on building of competitive advantages. Alliances and mergers should be encouraged especially with multinationals who would enhance their entrance into global markets and external borrowing. This would improve credit and funding facilities which is an issue in this sector. Diversification of products/services to ensure market oriented standards should be enhanced. Most of the local products are exported as raw materials, if processed they could fetch more which could encourage the producers since they seek profitability.
- To ensure efficiency and effectiveness in the agricultural sector, there should be strong regulatory bodies with the powers to operate independently. This calls for policy reforms. Some aspects of the sector especially those dealing with necessities like food should be protected and farmers should be educated both in relevant agricultural aspects and some business aspects to reduce ignorance.
- The government and policy makers ought to support the agricultural sector especially on issues of concerning irrigation because most of the land is semi-arid. The country has abundant natural resources particularly rivers, soil at the lakes and coastal regions. Those regions can be the granary of the whole country with well developed agricultural systems. Harnessing these water resources can be a big stride towards archiving the goal of feeding the nation and earning extra foreign exchange.

### 5.3. LIMITATIONS OF THE STUDY

- This study was restricted to agricultural organisations based around the 3 cities Nairobi, Kisumu and Mombasa. These factors may differ slightly with rural based agricultural parastatals.
- The sample was general and derived from the list of the ministry that included all the subsectors. This did not stratify the agricultural parastatals into marketers, producers, credit facilitators, research or training institutions. The results are therefore general.
- The data used was collected from only one senior respondent in each organisation, which could differ slightly, if possibly the lower management staff were interviewed or about five (5) questionnaire were dispensed for each organisation.

### 5.4. RECOMMENDATIONS FOR FURTHER RESEARCH

- Stratified organisations into different functions could be studied to give in depth observations e.g regulatory, marketing etc.
- Specific studies could be carried out to get the statutory bodies responses to the environment and changes prevalent.
- Specific studies could be carried on the statutory bodies to establish the challenges and their causes.
- More sophisticated statistical and econometric tools could be utilized to find out the minute details that might have escaped due to the nature of the statistical method adopted for the analysis in this study.

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M/s Lily Wanjiku Njanja  
P.O BOX67947  
NAIROBI  
TEL:0722-635437

Attention:

June 13, 2002

Dear Sir or Madam:

**REF: INTRODUCTION; LILY WANJIKU NJANJA**

I am a finalist at the University of Nairobi pursuing a master of Business Administration degree. In partial fulfillment of the requirements of this degree, I need to carry out a research project on real problems in Kenyan organisations.

The focus of the study is to establish whether Kenyan Parastatals practice strategic management with a bias on the agro-based organisations. I kindly request you to provide the required information to the best of your knowledge by filling out the questionnaire. The information is strictly for Academic purposes and will be treated in the strictest confidence. Your name and that of the organisation will not be mentioned in the report.

Yours faithfully

Lily Wanjiku Njanja

ATTACHED



**UNIVERSITY OF NAIROBI**  
**FACULTY OF COMMERCE**  
**MBA PROGRAMME - LOWER KABETE CAMPUS**

Telephone: 732160 Ext. 208  
Telegrams: "Varsity", Nairobi  
Telex: 22095 Varsity

P.O. Box 30197  
Nairobi, Kenya

DATE: 12<sup>TH</sup> JUNE 2002.

TO WHOM IT MAY CONCERN

The bearer of this letter: NJANJA, LILY WANJIKU  
Registration No: D/GI/P/18909/199 (Tel: 0722-635437)  
is a Master of Business & Administration student of the University of Nairobi.

He/she is required to submit as part of his/her coursework assessment a research project report on some management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate if you assist him/her by allowing him/her to collect data in your organization for the research.

Thank you.

M. B. A. OFFICE \* FACULTY  
P. O. Box 30197  
DR. MARTIN OGUTU  
LECTURER & CO-ORDINATOR, MBA PROGRAMME  
UNIVERSITY OF NAIROBI  
MO/ek

APPENDIX Aiii  
REPUBLIC OF KENYA



MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT

Telegraphic Address "MINAG" NAIROBI  
Telex: 22766  
Telephone: 718870/9  
Fax: 718318  
When replying please quote:

KILIMO HOUSE  
CATHEDRAL ROAD  
P.O. Box 30028  
NAIROBI

Ref: MALDM RES 5 (40)

Date: 8/7/2002

Managing Director,  
Chief Executive Officer,  
All Parastatals,  
MOARD.

Re: **RESEARCH ON STRATEGIC MANAGEMENT PRACTICES IN  
AGRO-BASED PARASTATALS – INTRODUCTION**

Miss Lilian Wanjiku Njanja is a Finalist MBA Student from University of Nairobi, carrying out a research on "STRATEGIC MANAGEMENT PRACTICES" in Agro-based parastatals.

This research is intended for partial fulfilment of an MBA degree at the said university.

This is to introduce the student to you and request that you assist her carry out her research by answering the self-administered questionnaire.

A handwritten signature in black ink, appearing to read 'S.M. Nakitare'.

S.M. Nakitare.

For: PERMANENT SECRETARY.



## APPENDIX B

### LIST OF ALL STATE CORPORATIONS UNDER THE MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT AS AT 31ST MAY 2001

1. KENYA TRYPANOMIASIS RESEACH INSTITUTE
2. SONY SUGAR COMPANY
3. NZOIA SUGAR COMPANY LTD
4. MIWANI SUGAR COMPANY LTD
5. MUHORONI SUGAR COPANY
6. MUMIAS SUGAR COMPANY LTD
7. CHEMELILI SUGAR COMPANY LTD
8. KENYA AGRICULTURAL RESEARCH INSTITUTE
9. TEA BOARD OF KENYA
10. TEA RESEARCH FOUNDATION
11. COFFEE BOARD OF KENYA
12. COAST DEVELOPMENT AUTHORITY
13. KENYA PLANT HEALTH INSPECTORATE SERVICE
14. EWASO NGI'RO SOUTH DEVELOPMENT AUTHORITY
15. COFFEE RESEARCH FOUNDATION
16. KERIO VALLEY DEVELOPMENT AUTHORITY
17. AGRO-CHEMICAL FOOD COMPANY
18. LAKE BASIN DEVELOPMENT AUTHORITY
19. KENYA SUGAR AUTHORITY
20. EWASO NGI'RO NORTH DELOPMENT AUTHORITY
21. TANA &ATHI RIVER DEVELOPMENT AUTHORITY
22. KENYA SISAL BOARD
23. KENYA MARINE AND FISHERIES RESEARCH INSTITUTES
24. KENYA DIARY BOARD
25. HORT.CROPS DEVELOPMENT AUTHORITY
26. NATIONALIRRIGATION BOARD
27. NATIONAL CEREALS AND PRODUCE BOARD
28. KENYA SEED COMPANY
29. PESTICIDE CONTROL PRODUCTS BOARD
30. AGRICULTURAL DEVELOPMENT CORPORATION
31. COTTON BOARD OF KENYA
32. NYAYO TEA ZONES DEVELOPMENT CORPORATION
33. CO-OPERATIVE COLLEGE OF KENYA

34. KENYA SUGAR RESEARCH FOUNDATION
35. KENYA MEAT COMMISSION
36. PYRETHRUM BOARD OF KENYA
37. KEVEVAPI
38. CENTRAL AGRICULTURAL BOARD
39. AGRICULTURE FINANCE CORPORATION
40. BUSIA SUGAR COMPANY

## Appendix Bii

### LIST OF ALL STATE CORPORATIONS UNDER THE MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT USED FOR THE STUDY.

KENYA TRYPANOMIASIS RESEARCH INSTITUTE
SONY SUGAR COMPANY
KENYA AGRICULTURAL RESEARCH INSTITUTE
TEA BOARD OF KENYA
COFFEE BOARD OF KENYA
COAST DEVELOPMENT AUTHORITY
KENYA PLANT HEALTH INSPECTORATE SERVICE
KERIO VALLEY DEVELOPMENT AUTHORITY
LAKE BASIN DEVELOPMENT AUTHORITY
KENYA SUGAR AUTHORITY
KENYA SISAL BOARD
KENYA MARINE AND FISHERIES RESEARCH INSTITUTES
KENYA DIARY BOARD
HORT. CROPS DEVELOPMENT AUTHORITY
NATIONAL IRRIGATION BOARD
NATIONAL CEREALS AND PRODUCE BOARD
KENYA SEED COMPANY
PESTICIDE CONTROL PRODUCTS BOARD
NYAYO TEA ZONES DEVELOPMENT CORPORATION
CO-OPERATIVE COLLEGE OF KENYA
PYRETHRUM BOARD OF KENYA
KEVEVAPI
CENTRAL AGRICULTURAL BOARD
AGRICULTURE FINANCE CORPORATION

## APPENDIX C

### QUESTIONNAIRES

#### ORGANIZATION AND RESPONDENTS PROFILE

Please answer the following questions.

1. Name of organization.-----
2. Title of respondent-----
3. Years of experience in the Agricultural Sector of the respondent-----
4. What subsector of Agriculture is the organisation you are working for in?-----
5. What do you consider to be your core business? -----
6. Why was the organisation established? (tick)
  - a. Government Legislation
  - b. Pressure groups
  - c. Farmers pressure
  - d. Others (Specify)

#### STRATEGIC MANAGEMENT PRACTICES

##### (A I) VISION, MISSION, OBJECTIVES

1. Does your firm have a vision? Yes ( ) No ( )
2. Is the vision written or implied? (Tick one)
3. Does the firm have a mission statement? Yes ( ) No ( )
4. How is the mission statement communicated across the firm? (Tick)
  - (a) Written,
  - (b) Symbols
  - (c) Implied,



(d) Others (specify).....

5. What is the mission statement?.....

6. Has your mission statement been changed for the last ten years? Yes ( ) No ( )

7. If yes, why was the mission statement changed?

---

---

---

8. Do you set objectives for your firm? Yes ( ) No ( )

9. If No, do you think its necessary to have objectives Yes ( ) No ( )

10. If Yes, what are your current objectives in order of their importance (at least three)

---

---

---

11. At what levels are the objectives set? ✓

Government legislation ( ) Board level( ) Management level( )

Others (specify).

12. Are the objectives written? Yes ( ) No ( )

13. How are the objectives communicated within the firm?

a) Written(publications)

b) Symbols

c) Meetings

d) Others (specify)

14. To what levels are the objectives communicated?

- a) Top management
- b) Middle Management
- c) Functional
- d) All

15. How often are they revised?

- a) Monthly
- b) Half yearly
- c) Yearly
- d) Others (Specify).

**(A 2) STRATEGIC PLANNING**

1. Does your company develop plans and what type are they?

- a) Long-term range (3-5) years
- b) Short-term range (1-2) years
- c) Strategic plans (0-5) years
- d) All
- e) Others (Specify)

2. When was the first strategic plan developed?.....

3. Are these plans communicated through the organization? Yes ( ) No ( )

4. What method is used?

- a) Written,
- b) Implied,
- c) Others (Specify)

5. Do you have operational plans? Yes ( ) No ( )

6. What period of time do they take?

- a. (1-6) Months
- b. 7 Month – 1 Year
- c. (1-2) Years
- d. Others (Specify)

7. Who plans?

- a. Top managers (CEO, Board Members)
- b. The Head of Department
- c. Middle Management
- d. Others (Specify)

8. What type of plans does your organisation make

- (i) Financial
- (ii) Others (Specify)

9. Indicate whether the following features characterise your planning process:

- a. Formal planning meetings
- b. Informal planning interactions
- c. Timetables for plan preparations
- d. Clearly assigned responsibilities for planning
- e. A strategic planning department

10. Indicate the extent to which the following factors are considered in the strategic planning process of your organisation.

(1 weakest, 2 weak 3, moderate 4 strong while 5 are the strongest considerations)

- |                                     |   |   |   |   |   |
|-------------------------------------|---|---|---|---|---|
| a. Political and legal developments | 1 | 2 | 3 | 4 | 5 |
| b. General Economic trends          | 1 | 2 | 3 | 4 | 5 |
| c. Competitors                      | 1 | 2 | 3 | 4 | 5 |
| d. Market trends                    | 1 | 2 | 3 | 4 | 5 |
| e. Technological changes            | 1 | 2 | 3 | 4 | 5 |
| f. Social Cultural Trends           | 1 | 2 | 3 | 4 | 5 |
| g. Organisations internal resources | 1 | 2 | 3 | 4 | 5 |



h. Donor pressures (IMF or World bank)	1	2	3	4	5
i. Policy Reforms	1	2	3	4	5
j. Pressure groups (Farmers bodies)	1	2	3	4	5

10 What does your organisation consider to be the most important factor in strategic planning?  
(Rank them)

- (a) The ideas (b) the numbers (c) the deadline  
(d) The budgets (e) All

11 Does the organization ever use models to communicate your plans? Yes ( ) No ( )

12 Which was the most recently used? \_\_\_\_\_

13 How do you collect feedback from your organizations stakeholders?

- a) Customers desk   
 b) Suggestion box   
 c) Memos   
 d) All   
 e) Others (Specify)

11. Are the contributions obtained in (13) above incorporated in the process of strategic planning?  
Yes ( ) No ( )

14 What tools do you use in developing the strategies?

- a. Key Success factor analysis   
 b. Fore casting   
 c. Portfolio Models   
 d. Computer planning Models   
 e. Strength, Weaknesses, Opportunities and threats analysis   
 f. Others (Specify)

### (A 3) INTERNAL ANALYSIS

1. Do you consider your organisation:

- (a) To be a leader in the industry (setting standards)?
- (b) To be adapting to industry needs (seizing opportunities)?
- (c) To take it cool and avoid premature commitments?
- (d) To do all?

For each of these questions below mark them out of a 100 e.g. 20% for (a) and 80% for (b) depending on your assessment:

2. How does Senior Management's point of view about the future compare with that of your competitors?

- (a) Conventional and Reactive
- (b) Distinctive and far sighted

3. Which business issue absorbs more senior management attention?

- (a) Reengineering the core processes
- (b) Regenerating the core strategies

4. How do competitors view your company?

- (a) Mostly as a rule follower
- (b) Mostly as a rule maker

5. What is your company's strength?

- (a) Operational efficiency
- (b) Innovation and growth

6. What is the focus of your company's advantage building efforts?

- (a) Mostly catching up
- (b) Mostly getting out in front

7. What has set your transformation agenda?

- (a) Our competitors
- (b) Our foresight

8. Do you spend the bulk of your time as a maintenance engineer preserving the status quo or as an architect designing the future?

- (a) Mostly as engineer
- (b) Mostly as an architect

**(A 4) ENVIRONMENTAL SCANNING**

1. Does your organization gather information from the external environment?

Yes ( )                      No ( )

2. How does the following impact on your organisation strategies?

	Very Little				Very much
a. Technology	1	2	3	4	5
b. Political/legal	1	2	3	4	5
c. Social /cultural	1	2	3	4	5
d. Economical	1	2	3	4	5
e. Other Environments (Specify)					

2. How does the information obtained from scanning the environment affect the planning and strategic formulation? -----  
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**(A 5) COMPETITOR ANALYSIS**

(1) Indicate the importance your organisation attaches to the following aspects of your competitors (1- Not Important... 5 – Very Important)

	Not Important			Very important	
a. The goals of the competitors	1	2	3	4	5
b. Current business approaches	1	2	3	4	5
c. Position of substitute products in the markets	1	2	3	4	5
d. The marketing approach	1	2	3	4	5
e. Their financial strength	1	2	3	4	5
f. Others (Specify)	1	2	3	4	5

2 **INDUSTRY ANALYSIS (Do as (1) above for industry factors)**

a. Exit/entry of competing organisation in the market	1	2	3	4	5
b. Suppliers of raw materials	1	2	3	4	5
c. Technology levels of competitors	1	2	3	4	5



d. Buyers of your product	1	2	3	4	5
e. Size/Growth of the market	1	2	3	4	5
f. Rivalry within the industry	1	2	3	4	5

3. How do the government regulatory influences affect the industry and the competition?

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**A6) IMPLEMENTATION AND EVALUATION**

1 Describe the organisation structure of your company?

a) Horizontal (flat)

b) Vertical

2. Has the structure had to change within the last 10 years? Yes( ) No( )

If yes, explain the changes.....

3. Can you identify any values the company has adopted in an effort to enhance the business activities (e.g. customer service, competition awareness, others (specify).....

b) Explain how these have developed and how they assist the company in its activities...

C) Are there some values; beliefs or norms that have made it difficult to enhance your business activities? Yes( ) No.( )

If yes, mention some.....

4. What leadership styles have had within the last 10 years?

(a) Autocratic (dictatorial)

(b) Participative (democratic)

(c) Laissez faire (free)

(d) Others(specify)

5. How has the kind of leadership influenced the strategies implementation?

Explain briefly.....

6. (a) Select a strategic decision made in your company recently in which you participated in its implementation.....

(b) Explain the nature of the decision, the process by which it was made and how it has been monitored to ensure it's carried out effectively.....

.....

## B 1) STRATEGIC RESPONSES

1. Has your organization been facing any challenges from the environment within the last 10 years?

Yes ( ) No ( )

2. Have you responded to those challenges? Yes ( ) No ( )

3. Do you think those responses have been adequate? Yes ( ) No ( )

4. Below are some possible responses that organisation adopt in a changing environment. Please tick the ones your organisation has been implementing

a. Employee Retrenchment / Rightsizing	
b. Diversification of products/Services	
c. Creation of responsive departments	
d. Outsourcing (hiring services)	
e. Human resources training and development	
f. Increasing market activities	
g. Improving information processing capacity (MIS)	
h. Improving stakeholders relations	
i. Cutting of costs through tight budget and financial controls	
j. Alliances and mergers	
k. Privatization	
l. Others (specify)	

**(B 2) CONSTRAINTS**

1. Below are some of the possible constrains or challenges that hinder effectiveness, efficiency and accountability within the organisation activities. Please indicate within the extent to which you consider these factors important in adjusting to the turbulent environment

1-Not a cause at all (2) To a little extent (3) Neutral (4) To some extent (5) To great extent

a.	Poor infrastructure	1	2	3	4	5
b.	Government controls	1	2	3	4	5
c.	Bureaucracy in the industry	1	2	3	4	5
d.	Corruption in the organisation	1	2	3	4	5
e.	Interference from donors	1	2	3	4	5
f.	Organisational cultures	1	2	3	4	5
g.	Ignorance of farmers	1	2	3	4	5

2. Below each of these subheadings list at least 3 constraints/problems that the organisation has encountered in implementing strategies (From the time liberalisation set in to date)

- a. Technological issues e.g. (innovations) \_\_\_\_\_
- b. Economical issues (e.g. tax rates) \_\_\_\_\_
- c. Social-cultural issues (e.g. beliefs) \_\_\_\_\_
- d. Political/ legal issues (e.g. policy reforms) \_\_\_\_\_
- e. Global issues (e.g. Dumping) \_\_\_\_\_

3. Have the following aspects of your organisation been affected in process of Implementation and monitoring of strategies (Explain briefly the constraints encountered)

- a. Structure. ....
- b. Top Management ....
- c. Human resources. ....
- d. Production ....
- e. Financial position. ....
- f. Marketing. ....
- g. Operations ....



**5.ADDITIONAL (short answers please)**

a. Do you have training in planning? Yes ( ) No ( )

b. What is the future of the Agricultural sector in you opinion?

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**THANKYOU FOR YOUR COOPERATION**