

**STRATEGIC MANAGEMENT PRACTICES AND CHALLENGES AT NANDI
COUNTY GOVERNMENT**

BY

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DECLARATION

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

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

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DEDICATION

I dedicate this project to my loving husband Rogers and my son Robin and Myles for their support and understanding throughout the period I have been pursuing this course. And to all those other people who supported me in the completion of this project thank you very much and may God bless you.

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ABBREVIATIONS AND ACRONYMS

GoK	Government of Kenya
ICT	Information Communication Technology
RBV	Resource-based theory (RBV)
SACCO	Savings and Credit Co-operative Society

ABSTRACT

This research was carried out with the objective of establishing the strategic management practices adopted by the Nandi County Government and the challenges faced in adopting strategic practices at Nandi County Government. A review of relevant literature revealed that strategic management is a very important approach that all businesses need to enhance effectiveness. It is known to support professionalism, profitability and sustainable value addition when applied according to best practice. The research problem was studied by use of a case study and a content analysis was used. The interviews were done in the five departments of the Nandi County government namely; legislative committee, legal and research, human resource and administration; finance and accounting and the ICT departments. A case study was used to investigate the extent of strategic management practices and establish challenges relating on various strategic management practices adopted by Nandi County government. The researcher administered the interview guide in person by booking appointments with the target respondents. Primary data was used in this study. The data collected was analyzed in order to determine the relationship between the strategic management practices adopted by the Nandi County government and the challenges faced. This study concludes that, although faced with challenges during the adoption of the strategic management practices like inadequate financial resources, politics, Hr malpractices, liberalization of services and diseases like HIV/AIDS, it was established that the Nandi County practice good strategic management practices. This study recommends that performance reward system to be established, review policies on resource allocation, hiring staff with new skills and training existing employees to learn new skills.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Organizations that engage in strategic management generally outperform those that do not. The attainment of an appropriate match or fit between an organization environment and its strategy, structure and processes has positive effects on the organization's performance. An organization cannot afford to follow intuitive strategies once it becomes large, has layers of management, or its environment changes substantially (Pearce and Robinson, 2007). There are various challenges that organizations encounter whether during formulation or implementation of their strategies and therefore they must be ready to cope with these challenges to ensure that their efforts are not wasted in this whole process. Thus calls for managers who are ready to adapt to changes that occur in the process of strategic management.

Strategic management is the process and approach of specifying an organization's objectives, developing policies and plans to achieve and attain these objectives, and allocating resources so as to implement the policies and plans. In other words strategic management can be seen as a combination of strategy formulation, implementation and evaluation Coultler (2005). Among the common strategic management theories noted and applicable are the profit-based theory, the agency theory and the contingency theory.

Strategic management has of late been utilized by most organizations to position them competitively in an ever changing and turbulent environment. This is gaining popularity in both the profit making and not for profit making organizations (Hunger and Wheelen, 2008). A successful strategic management process enables the organizations in the public sector to efficiently and effectively utilize the donor funds

and at the same time meet the demanding needs of the beneficiaries. As a concept, strategic management is concerned with making decisions and taking corrective actions to achieve long term targets and goals of an organization. Generally strategic management practices can improve efficiency in various organizations. Managers continue to strive for perfect change management practices, as many continue to report alarming failure rates. The public sector, just like organisms, must be “adept at adapting” or they may not achieve their objectives in the provision of services to the public (Carnall, 2007).

The Kenyan Constitution 2010 gave birth to the now devolved government that comprises of the National Government and 47 County Governments with an aim of bringing the government closer to the grassroots. The constitution also clarifies the roles and responsibilities for the three arms of government; the executive, the legislature and the judiciary who each independently prepare and submit their respective budgets to parliament. With proper implementation, devolution is set to decentralize both political and economic power from national government to the county governments. This is meant to promote accountable and democratic exercise of power and ensuring equitable sharing of national and local resources (African Development Bank Report, 2008).As institutions, the County Governments are faced with an increasingly competitive environment which requires an adoption of strategic management. National government requires greater accountability of their resources and the community is becoming more aware of their needs and is demanding better services from the county government. This study will focus on the Nandi County where the adoption of strategic management concept in their operations has led to a discrepancy between the plans and the overall achievements in relation to the public

expectations. It seeks to highlight the various strategic management practices and challenges in the county government of Nandi.

1.1.1 Concept of Strategy

Strategic management is incomplete without a thorough understanding of strategy; the direction and scope of an organization over the long term. Thompson et al. (2007) argue that a firm's strategy is its management game plan for growing the business. Firms make strategic decisions to achieve some advantage over competition (Johnson and Scholes, 2002). Burnes (2009) describes strategy as a consistent stream of actions which an organization takes in order to move towards its vision. The actions can be centrally planned and driven or delegated and distributed throughout the organization. According to Balogun and Hailey (2007), this stream of actions can be either conscious actions in pursuit of a vision or emergent ones resulting from past patterns of decisions or resource allocations or from current responses to problems and opportunities. Chesbrough (2006) define strategies as longer-term goals and how those goals will be attained. Strategies therefore guide purposeful action to deliver the required results. A good strategy is one that works one that enables organizations to adapt by mastering the present and pre-empting the future.

Strategic management includes understanding the strategic position of an organization, strategic choices for the future and managing strategy into action (Johnson et al., 2008).Pierce and Robinson (2009) define strategic management as the set of decisions and actions resulting in the formulation and implementation of strategies designed to achieve the objectives of an organization. The focus is on identifying the organization's mission and strategies, but attention is also given to the resources base required to make it succeed. Managers who think strategically will

have a broad and long-term view of where they are going. But they will also be aware that they are responsible, first, for planning how to allocate resources to opportunities that contribute to the implementation of strategy and second for managing these opportunities in ways that will add value to the results achieved by the firm. The study will consider the two definitions as it recognizes strategic management practices which is very common in the business environment today that need to be properly managed if the organization is to succeed.

1.1.2 Strategic Management Practices

Cameron (2014) defines strategic management practices as strategies put in practice by organizations in the process of formulating and implementation of plans designed to achieve set objectives. They entail the organization's adopted methods of formulating the mission, vision, situational analysis, assessing the political, economic, social and technological environments, selecting the best alternative cause of action, implementing the chosen option, monitoring results and review. Besanko et al. (2012) state that for firms that have adopted strategic management practices strategic management is an ongoing process that evaluates and controls the business and the industries. They guide a firm in assessing its competitors and sets goals and strategies to meet all existing and potential competitors; and reassessing each strategy periodically to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment, or a new social, financial, or political environment.

Kvint (2009) recommends strategic management practices as they are key for any organization in determining the organization is going over the next year or more and

how it is going to get there. The model in the county government strategic management practices is similar to that of Wheelen and Hunger (2008) which includes environmental scanning, strategic formulation, strategy implementation and finally evaluation and control. Each of these steps is very significant if strategic management is to achieve its ultimate goal of helping the organization to improve its performance because strategy formulation; implementation and evaluation needs to be done on a continuous basis. This is supported by Thompson and Strickland (2003) who cites that strategy formulation and implementation is an ongoing process, never ending, integrated process requiring continuous reassessment and reformation.

Thompson and Strickland (2003) further broke down the strategic management practices into the following three main stages: Stage 1, is on the conceptual framework which represents the context upon which the plan is framed, defines the mandate and functions of the organization, rationale of the strategic plan and methodology used in developing the plan. Stage 2, provides the situational and environmental issues both internal and external that influence the activities of the organization and describing the aspiring vision, mission, core values and principles, the strengths, weakness, opportunities and challenges. Stage 3, provides the strategic analysis and action programs to be implemented during the plan period. These include the strategic approaches, goals, objectives, performance outcomes to be achieved during the ten year period.

1.1.3 The Kenyan Government Structure

Kenya's central government is structured through the constitution with administrative and policy making powers being distributed to its three arms namely Executive, Legislature and Judiciary (Oloo, 2006). However, this structuring is being replaced by

a revamped new governance system following the adoption of the new constitution. Comprehensively, Kenya government structure under the new constitution comprises of the Executive, the Legislature, the Senate and the Judiciary

The Executive is by far one of the most crucial arms, it consists of the President, the Deputy President, the Cabinet Secretaries, the Attorney General and the Director of Public Prosecutions (Muia, 2008). The Executive is the president of the republic and guided by an underlying framework of laws which require the president to appoint between 14 and 22 cabinet secretaries reflecting ethnic and regional diversity. The Legislature, according to the new constitution, is held responsible for advocating for the people's interest in law making. In addition to that, it is vested in two houses - the national assembly and the senate. The adoption of the new constitution adds an interesting twist to law making (Katsiabuni, 2003). This is because the old constitution exclusively placed the law making process in the hands of parliament. The specific roles of the national assembly are: representing the constituents and all the special interests within their respective constituencies; enactment of legislation for both county and national government, approval or disapproval of revenue allocation presented by the senate, determining the national distribution across the counties; checking the conduct of the executive and other state officers and if necessary initiate the process of removal of president, deputy president and other state officers and exercising oversight over state organs and approve the state of emergency and declaration of war.

The Senate on the other hand debates and approves county bills, determine the allocation of national revenue to be distributed according to the counties, represent the interests of the counties at the national level and consider and determine the resolution

of impeachment of the president or his/her deputy (Muia, 2008). The Judiciary is the arm of government mainly centers on the Kenyan Judicial system. The Kenyan Judicial system adheres to a hierarchical system, with The Supreme Court being the highest organ, followed by the Court of Appeal, High Court, Magistrate's Courts and other Subordinate Courts. The chief justice is the president of the judiciary and is appointed by the president subject to the approval of the National Assembly. According to Muia (2008), in devolution responsibilities, resources and authority are transferred from higher levels of government to lower levels as one way through which the governed participate in governance (Muia, 2008). Devolution is characterized by high autonomy and downward accountability. The sub-national entities are not directly accountable to central government though they have to work within set statutes and rules (Oloo, 2006).

1.1.4 Nandi County Government

Nandi County is one of the 47 counties established under Article 176 of the Constitution and the First Schedule to the Constitution of Kenya 2010 (The Constitution of Kenya, 2010). Its capital is Kapsabet which is the largest town in the County. The County has a population of 752,965. The County major areas are covered by Nandi Hills. Although there are number of tribal communities in Nandi the majority of the people belong to the native tribe called Nandi. The County occupies a total area of 2,885km² and is further subdivided into 30 wards, and six sub-counties.

The entire Nandi County does not have any rail network, port, airport, airstrip and jetties. However, the county relies on the neighbouring counties like Uasin Gishu and Kisumu for air and rail transport where each of these facilities is accessible through the main road network connecting the counties. Most of the roads in the county are

earth roads which are rendered inaccessible during the rainy season and dusty during dry seasons therefore inhibiting movement to the rural parts of the county. Roads form the basic mode of transport and their state has been a challenge to development (County Government of Nandi, 2015). Housing is a challenge in the county especially in the urban areas. Improvement in technology like mobile and online banking in collaboration with mobile service providers through their mobile money transfer has also eased financial transactions. The presence of these financial institutions has been instrumental in provision of credit facilities.

By December 2014, there were only 8 privately owned secondary schools with Nandi Central Sub-county having the most (5). Nandi South and Tinderet Sub-counties had none. This calls for concerted efforts in attracting private investment in the education sector so that more private schools can be established to ease pressure on the existing public schools (County Government of Nandi, 2015). The enrolment in the secondary is too low compared to that of the primary schools and that needs to be addressed as a matter of urgency. As at 2012, there was no public university in the entire county except for a few colleges that were affiliated to public universities. There was only one private university in the county namely University of Eastern Africa; Baraton. However, there are a total of 9 middle-level colleges and a few colleges that are affiliated to the mainstream public universities and offer diploma courses.

Nandi County falls in one of the fertile regions of the country. It therefore contributes largely to the national earnings in terms of foreign exchange, economic growth and development (<http://nandi.go.ke>). Most of the rural businesses have bases in agriculture. Most farmers are able to obtain funding for their businesses from SACCOs. Raw materials for the factories are also produced from farming and related

activities. The major crops produced in the county are food crops such as maize, beans and cash crops like coffee, tea, sugarcane and pyrethrum. Also horticultural crops such as kales, cabbages and French beans do well in the county. However there are still several factors affecting the growth of this sector namely: poor status of infrastructure, low access to loans, decreasing sizes of farms due to land fragmentation occasioned by increased sub-divisions, high costs of farm inputs and unreliable rainfall.

1.2 Research Problem

In Kenya, strategic management practices in the public sector were introduced in 2003 through a gazette notice by the government leading to the introduction and implementation of performance contracts in the Public Service (GoK, 2003). Performance management aims at attaining operational effectiveness which in a broader sense refers to a number of practices that allow an organization to better utilize its resources. The national government requires county governments to rethink how they do business, assess the implications of duplication of services, to better define or narrow their niche and to increase collaboration when possible (GoK, 2003; Obongo, 2009). At the county government level, strategic management practices include strategic analysis, strategic formulation, strategic implementation and strategic evaluation. Nandi County governments operate a highly turbulent and must strategically position themselves to adapt to the constant changes in their public service delivery to the citizens. The county government of Nandi, like any other public office, is required to operate under the results based management system of which performance contracts are a major component the county is under pressure to improve service delivery through adoption of modern strategic management practices.

Various studies have been carried out with strong recommendations for further research to bridge the knowledge gap on the picture of strategic management in practices in the public sector in Kenya. Kariuki (2003) did a survey of revenue enhancement strategies by local authorities in Kenya, and Mwirichia (2003) studied financing local authorities in Kenya: a case study of Meru Municipality. Muema (2013) investigated the strategic management practices and challenges at Safaricom Limited, Kenya while Mangi (2009) undertook a survey of the Strategic Management Practices Adopted by Local Authorities in Kenya using case studies of Thika, Ruiru, Kiambu and Mavoko Local Authorities. A few studies have highlighted the strategic management practices in the county governments as well as the challenges encountered in the process of strategic management but have not specifically looked at the County Government of Nandi. This study therefore sought to find:

- (i) What strategic management practices has Nandi county government adopted?
- (ii) What are the challenges relating to the various strategic management practices adopted by Nandi county government?

1.3 Objectives of the Study

The following are the objectives of the study

- i) To identify strategic management practices adopted by Nandi County Government.
- ii) To establish the challenges faced by Nandi County Government in its strategic management practices.

1.4 Value of the Study

The study will provide information to potential and current scholars by having contributed to the existing body of knowledge in the area of strategic management in general. Many county governments are starting to appreciate the role of strategic management in their operations and therefore this study will give some insight on how county government can apply strategic management practices and thus improving their effectiveness. Policy makers such as the county government can find the study important as it provides information on the sustainability of these enterprises and thus inform policy. The study also yields data and information that can be useful for proper planning and decision making in various sectors. It informs county government on the various strategic practices and thus informs them on the sustainability of the programs.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Various scholars and authors have said about strategic management practices and challenges. In particular, it will cover the theoretical review of literature, strategic management process, strategic management challenges and related empirical studies.

2.2 Theoretical Foundation

This study will be based on Resource-based theory (RBV) which stems from the principle that the source of firm's competitive advantage lies in their internal resources, as opposed to their positioning in the external environment. That is rather than simply evaluating environmental opportunities and threats in conducting business, competitive advantage depends on the unique resources and capabilities that a firm possesses Lynch (2009). The resource-based view of the firm predicts that certain types of resources owned and controlled by firms have the potential and promise to generate competitive advantage and eventually superior firm performance (Ainuddin et al., 2007). As Boxall (1996) comments, competitive success does not come simply from making choices in the present it stems from building up distinctive capabilities over significant periods of time. Most resources based arguments are rooted in human resource-skills, knowledge, and behavior of employees or organizational resource-control systems, routines and learning mechanisms that are products of complex social structures built over time and thus are difficult to understand and imitate. This theory is conditioned on the fact that resources are not homogenous and are limited in mobility and therefore the firm can translate these resources and capabilities into a strategic advantage if they are valuable, rare and

inimitable. Strategically Cleghorn et al (2011) noted that the RBV approach consider it better to focus on those internal factors that the organization can attempt to control- however partially- rather than on those external factors that are clearly beyond its control. The success of strategic management practice is determined by the bundle of resources that an organization owns whether human or otherwise. Since resources are always scarce, an organization must use the available resources efficiently so that they get the maximum gain from them. Failure to do this will hinder the success of the strategic management process (Paton and McCalman, 2008). The management must be in the forefront in ensuring that the resources are optimally utilized for the benefit of the organization. Having the right mix of employees is a valuable resource that help an organization achieve its objects as successful strategic management formulation and implementation requires employees who are skilled and knowledgeable in the area. An organization cannot also successfully practice strategic management without enough financial resources. As such lack of resources can be a hindrance to successful strategic management.

2.3 The Strategic Management Process

Strategic management practices have gained importance in recent years and many organizations are now focused on long-term planning. In addition, it is clear to organization managers that environment can change at any point of time and their plans should follow a certain strategic management process. The strategic management process is more than just a set of rules to follow (Teece et al., 2007). It is a philosophical approach to business. The strategic management process is best implemented when everyone within the business understands the strategy. The major

stages of the process are strategy formation, strategy implementation and strategy evaluation and control.

2.3.1 Strategy Formulation

Strategy formulation is the development of long range plans for the effective management of environmental opportunities and threats in light of the corporate mission, specifying achievable objectives, developing strategies and setting policy guidelines Wheelen and Hunger (2008).It forms the basic foundation on the strategic management process. According to Mitzberg and James (1991), strategy formulation includes defining the corporate vision, mission, specifying achievable objectives, developing strategies and setting policy guidelines. Thompson and Strickland (2003) views strategy formulation as the Centre management function of establishing devising a managerial game plan for the organization.

According to Mintzberget al. (2003), strategy formulation guides executives in defining the business their firm is in, the ends it, seals and the mean it will use to accomplish those ends. The approach of strategy formulation is an improvement over that of traditional long-rage planning, strategy formulation combines a future oriented perspective with concern for the firm's internal and external environments.

Once a clear picture of the firm and its environment is in hand, specific strategies alternatives can be developed while different firms have different alternatives depending on their situation; there also exist generic strategies that can be applied, across a wide range of firms. Michael Porter (1985) identified cost leadership, differentiation and focus as three generic strategies that may be considered. Porter (1985) advised against implementing a combination of these strategies for a given

product; rather, he argued that only one of the generic strategy alternatives should be perused.

2.3.2 Strategy Implementation

Once corporate and business strategies have been agreed upon and long term objectives set, strategic management process moves into a critical phase translating. Strategic thought into organizational action they move from “planning their work” to “working their plan” as they shift focus from strategy implementation. This phase is a more complex and difficult task owing to the challenges of converting strategic statements into specific objectives and initiatives. Implementation is successful if the company achieves its strategic and targeted levels of financial performance. What makes it too demanding is the wide sweep of managerial activities that have to be attended to the many ways managers can tackle each activity, the skills that it takes to get a variety of initiatives, launched and moving and the resistance to change that has to be overcome (Thompson et al., 2007).

Pearce and Robinson (2005) defined strategy implementation as a set of decisions and actions that result as a set of decisions and actions that result in the translation of the strategic thought into organizational action where an organization moves from planning its work to working its plan in order to achieve the set objectives. Even if an organization has good strategies, it's only through strategy implementation that those strategies will be of significance as far as organizational performance is concerned. The strategy likely will be expressed in high-level conceptual terms and priorities. For effective implementation strategies need to be translated into more detailed policies that can be understood at the functional level of the organization.

The expression of strategy in terms of functional policies also serves to highlight any practical issues that might not have been visible at a higher level. The functional areas are marketing research and development, procurement, production, human resources and information systems Mullins (1999). Implementation phase also involves identifying the required resources and putting into place the necessary organizational changes.

2.2.3 Strategy Evaluation and Control

Strategic control is concerned with tracking a strategy as it is being implemented, detecting problems or changes in its underlying premises and making necessary adjustments. Strategic control is concerned with guiding action in behalf of the strategy as that action is taking place and when the end result is still several years off. Strategic evaluation is vital in assessing the level of success of the chosen strategy. It is not only concerned with performance and performance measures but also helps to signal when the strategy requires adjustment in light of experience and in the context of rapidly changing external environment, strategy of a continuous process rather than a single event Hill and Jones (2012). Strategy evaluation answers the questions; Are the objectives of the business appropriate? Are the major policies and plans appropriate? Do the results obtained to date confirm or refute critical assumptions in which the strategy rests?

According to Freeman (2010), in most firms comprehensive strategy evaluation is infrequent and if it occurs, is normally triggered by a change in leadership or financial performance. A good strategy does not need constant reformulation. It is a framework for continuing problem solving, not the problem solving it. Strategy also represents a political alignment within the firm, comprehensive strategy evaluation is not just an

analytical exercise it calls into question this basic pattern of commitments and policies.

Most organizations would be hurt rather than helped to have a regular basis. There are competitive reasons for not viewing the validity of a strategy too freely; there are a wide range of rivalrous confrontations in which it is crucial to be able to convince others that one's position, or strategy, is fixed and unshakable. Jeffs' (2008) analysis of bargaining and conflict shows that a great deal of what is involved in negotiating is finding ways to bind or commit oneself convincingly.

Also during that time, changes are taking place in both the environmental situations and the firm's internal situations and the firm's internal situation. Strategic controls are necessary to steer the firm through these events (Litondo, 2010). They must provide the basis for adapting the firm's actions and directions in implementing its strategy to those developments and changes. Therefore evaluation and control is the process in which corporate activities and performance results monitored so that actual performance can be compared with desired performance. The strategic management process should be examined, its strengths and weaknesses noted and modification suggested improving the next round of strategic planning evaluation involves examining how the strategy has been implemented as well as the outcomes of the strategy Coulter (2005). This includes whether deadlines have been met, the implementation steps and processes are working and whether the expected results have been achieved. If a shortcoming is discovered then strategy can be modified or reformulated. Strategy during implementation, detecting problems or changes and making necessary adjustments continuous evaluation and responding to internal and external environmental changes is what strategic management is all about.

2.4 Strategic Management Challenges

Strategic management challenges are implements or factors that may hinder successful application of strategic management practices. These could be internal or external to an organization. Internal factors include current organizational structure, leadership style, politics and culture, financial resources, management's skills, poor communication, resistance to change, existing organizational policies and human resources Thompsons and Strickland (2003). Resources whether financial or human poses the greatest challenges in strategic management practices. Organizations have at least four types of resources that can be used to achieve desired objectives namely financial, physical, human and technological resources David (2003). Resources (budgeting) allocation is the process of ensuring that all necessary time, finance, skills and knowledge are made available Okumu (2003).

Deficiency of resources is a common strategy implementation challenge. David and Sabine (2006) argue that a number of factors commonly prohibiting effective resource allocation include over protection of resources, great emphasis on short run financial criteria, organizational policies, vague strategy targets, reluctance to take risk and lack of sufficient knowledge. Lack of sufficient communication is a major challenges experience in the implementation of strategic initiatives in many cases. Fred et al. (2007) stated that the amount of strategic communication in most organizations is large both written and oral communication is used in the form of top down communication. However, a great amount of information does not guarantee understanding and there is still much to be done to improve understanding and much responsibility, communication should be two-way. It should also be an ongoing activity throughout the implementation process. According to Analoni et al. (2003),

an organization's mission statement should be understandable and clearly make sense to stakeholders in order to avoid confusing stakeholders about the purpose of the organization.

Leadership is needed for effective strategic process as this will ensure that the organization efforts is united and directed towards achievement of its missions and objectives Pearce and Robinson (2005). The much an organization can achieves heavily dependent on its leadership since leadership plays a crucial role in ensuring that each step of the strategic management is effectively and efficiently practiced. This is supported by Bryson (1995) who contends that leadership is considered to be one of the most important elements affecting organizational performance. The management must cultivate team spirit and act as a catalyst in the whole strategy implementation processes. It is the management that fills vacant positions in the organization and as such that must do it in a way that ensures that people have the capabilities and competencies required to implement the strategic plans of the organization. A company's policies and procedures can either assist the cause of a good strategy execution or be a barrier. Anytime a company moves to put new strategy elements in place or improve its strategy execution, capabilities managers are well advised to undertake a careful review of existing policies and procedures, proactively revising and discarding those that are out of sync a change in strategy or push in work practices and behavior of company personnel Thompson et al. (2007). It is therefore important that organization evaluate its policies now and then to confirm strategic management practices otherwise it can pose a great challenge to the achievement of this goal.

Researchers acknowledge the importance of adopting a consistent and coherent approach to strategic management across all aspects of organizational activity and

implementation (Cesnovar, 2006). However, much has been argued about culture and its impact on implementation of the strategic management practices. Teece et al. (2007) provide some evidence that management practices are affected more by institutional environment (i.e. government intervention, political instabilities, inflation level, state business relations, incentives and lack of societal values). Thomas et al. (2009) add that, in developing countries, factors such as political instability and inflation and market conditions are more important to strategic management practices than national or organizational culture. Governmental controls are also seen among the important factors causing major challenges in the various management practices globally (Glaister et al., 2009).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

A case study was used in this study to investigate the extent of strategic management practices and establish challenges relating on various strategic management practices adopted by Nandi County government. This was employed because it enabled the researcher to have an in-depth understanding of the state of affairs in the study. This highly focused attention enabled the researcher to have a careful study about events as they occur with concentration on identifying the relationships among functions, individual and entities. Case studies place more emphasis on a full contextual analysis of fewer events or conditions, and their inter relations (Coper & Schindler 2006). According to Mugenda and Mugenda (1990), human behavior is best explained by using qualitative research. Case studies provide focused and valuable insights to phenomena that may otherwise be vaguely known or understood. Other research studies that have used this design include (Ochieng) 2012 and Kothari (1990).

3.2 Data Collection

The study used primary data. Primary data was collected using an interview guide. The interview guide was appropriate for this study because it helped the researcher do an in-depth study of the issues in the objectives. The interview guide comprised of open ended questions to facilitate a greater depth of responses (Baškarada, 2014; Gerring, 2005; Alexander and Bennett, 2005).The respondents for primary data comprised of the senior management staff, their deputies and supervisors at Nandi

County in the 5 departments at the County namely; legislative committee, legal and research, human resource and administration; finance and accounting and the ICT departments. They are placed by virtue of their positions in strategy implementation in the county and are involved in decision making. The researcher administered the interview guide in person by booking appointments with the target respondents.

3.3 Data Analysis

The data collected was qualitative in nature and was analysed using content analysis, which is the best-suited method of analysis for a case study. According to Mugenda and Mugenda (2003), content analysis is systematic qualitative description of the composition of the objects of the study. The purpose of content analysis is to study existing documents in order to establish factors that explain a specific phenomenon. The researcher before analysing examined the data for completeness, consistency, accuracy and uniformity. The findings were presented in continuous prose as a qualitative report. The data collected was analyzed in order to determine the relationship between strategic management practices and challenges at Nandi County Government.

CHAPTER FOUR: DATA ANALYSIS AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter presents the data findings, analysis and discussions of strategic management practices and challenges at Nandi County Government. The study had two objectives. The first objective was to identify strategic management practices adopted by Nandi County Government. The second objective was to establish the challenges faced by Nandi County Government in its strategic management practices. This chapter analyzes the strategic management practices of the studied Nandi County and the challenges faced.

4.2 Strategic Management Practices at Nandi County Government.

The data collected were compiled from the interviews carried out from heads of departments, their deputies and the supervisory staff. From the personal interview conducted by the researcher it was evident that the Nandi County Government had a strategic plan which was properly formulated and documented. From the interview guide, it was also clear that the lower cadre staffs are never involved in the formulation of strategic plan but the team players are the staff from the upper cadre. Majority of the respondents indicated that the County Government had a mission and a vision which was also cited. Most of the interviewees had worked in the County Government for eighteen to twenty three months. Also a number of them were deputies and supervisory staffs, the top management were few due to their tight schedule at the study time. The Nandi County Government vision is “A home of rapid and sustainable socio-economic development, where opportunities are provided for all and responsibility demanded from all” and mission is “To build a strong and viable

society based on strong moral values, inclusiveness and respect for all”. The study covered five County departments namely legislative committee, legal and research, human resource and administration; finance and accounting and the ICT department.

4.2.1 Formulation

In formulating the strategic plans, the interviewees cited the policy documents that guide the organization’s strategy formulation. They cited the Kenya Government Vision 2030. The Kenya Government Vision 2030 specifies the country’s strategic agenda based on Economic, Social and Political pillars. County governments’ Act (Section 110(1) was also cited as one of the relevant document relied upon during strategy formulation. It specifies Nandi County Mandate and functions in service delivery. Strategic plan was also cited as one of the relevant document relied upon during strategy formulation as a yardstick for international best practice in the standardization field.

Furthermore the interviewees described the process of developing vision and mission statements and reported that a select strategic planning committee having representatives drawn from all the departmental units develops the organization vision and mission statements. The development of the vision and mission statements and subsequent reviews are done alongside the strategic plan. The select committee prepares draft vision and mission statements for discussion, with the help of a consultant, the senior management team then forwards the draft to the County Assembly for approval. The interviewers further described on how vision and mission statements are communicated to employees. The interviews reported that vision and mission statements are communicated to employees through strategic workshops, which are regularly convened to explain the organization’s strategic plan. Also the statements are communicated through promotional materials such as Diaries,

Calendars and business cards. The Vision and Mission statements are also displayed on Notice Boards and service charters throughout the organization. The respondents further indicated that environmental factors like financial resources, political, legal development, technological changes, social and cultural trends, and organizational internal resources are considered.

To the question on the process of setting objectives at Nandi county government the interviewees cited that the County top management and the Board usually come up with the objectives which will help in realization of both short term and long term goals. It consists of three main elements which are strategic analysis; strategic choice and strategic implementation. The interviewees indicated that strategic analysis is undertaken at Nandi County through a critical review of the key trends and issues that are going on in the county government, and discussion among the senior management of the implication of changes in the external environment upon the organization, critically identifying the key external stakeholders and incorporating their views into the strategy development process and also identifying the external opportunities and threats and the implications upon the organization's future direction. They also indicated that strategic choice is undertaken by determining a few broad areas which to focus their efforts which will have a positive impact upon the future of the organization and putting measures of success in place so that they could monitor their performance during the period of their strategic plan. The interviewees were asked to describe communication process of such objectives in the organization they reported that once the set objectives are approved by the county assembly members the objectives are incorporated in the strategic plan and communicated to employees through workshops and seminars organized internally, supervisory staff and the internal communications through Memos and policy documents. Strategic

process describes the steps taken by an organization in achieving its objectives and mission.

To the question on whether Nandi County has adopted strategic management practices the interviewees indicated that Nandi County Government has adopted strategic management practices which included review of issues that are ongoing in the sector and draw potential implication as part of strategy development process, identifying the key external stakeholders and incorporating their perspective into the strategy development process, understanding and agreeing on the critical issues Facing the organization and the barriers to diminishing them and determining a few broad areas that which focus their positive impact upon the future of the organization and putting measures of success in place so that they could monitor their performance during the period of their strategic plan.

4.2.2 Implementation

In implementation, the interviewees explained that strategy implementation at the Nandi County Government involves the use of strategy implementation matrix prepared by the management and cascaded to all departmental units. The matrix gives strategic objectives, the corresponding strategies, the activities to be carried out by each function or unit and timelines for carrying out such activities within the ten-year period of the strategic plan. Most of the respondents also agreed that the County government has inadequate financial resources to implement the strategic management practices, from resource based view theory the success of strategic management is determined by the bundle of resources that an organization owns whether human or financial. The fact that inadequate funds are allocated during implementation stage is a clear indication that they cannot achieve much from the

strategic process. They further cited financial reward as the main motivator and training and development. They indicated that Employee recognition goes a long way toward increasing and maintaining achievement. Mostly employees who are valued for their contributions desire to continue contributing and striving for success and hence maximizing the organizations wealth and efficiency.

The researcher also noted from the interviewees that the County Government of Nandi do brief their employees regularly and takes them through a strategic management plan before implementation. It was also found out that the County Government is committed towards implementation of the strategic plan but has inadequate organizational resources capability to manage and implement a change process or new strategy; they agreed that the county has the human capability through retaining and recruiting best employees. The interviewees further reported that Nandi County Government endeavors to retain best employees through good induction program for new staff, competitive remuneration, efficient work place policies that encourages gender parity devoid of sexual harassment, appropriate succession planning, rewards, and training programs for all staff and good medical cover.

The interviewees cited that Nandi County does not employ bottom –up communication, strategies are formulated by the middle managers whereby employees are asked for suggestions and the reports from departments analyzed. The strategies formulated are then passed to the head of departments and ultimately to the members of county assembly for approval and consolidation. The approved strategies are then passed top-down for implication and a supervisor assigned to oversee the same. The interviewees further said that since the strategic planning process takes a top-bottom approach the implementation is not effective since the employees don't feel part of the company and are demotivated to actualize the plans. On organizational

structure the interviewees felt that the structure acts as a determinant of what is appropriate. The structure of the organization directly affects the processes and perspectives of the whole strategy planning process. Nandi County decided to assess organizational need in the context of disciplines, services organizational complexity and overall vision, developing alternative organization and management structures warranting consideration, assessing leader and managers in deciding on the most suitable management structures and assisting in implementing the preferred structure.

4.2.3 Evaluation

In evaluation, the results and control measures leads to change management which is being initiated and needs normally follows five stages which include recognition of factors triggering change, clarification of the expected outcome of change management process, planning how to achieve the change and coming up with plans to ensure the change is lasting. During change management process, the structure, objectives, performance measures are based on the mission and the strategic direction which, in turn, guide the decisions, activities and the outcomes of the organization's activities. The interviewees reported that the success of Nandi County Government's strategic plan is monitored through annual review of performance based on the Performance Contract. The interviewees also confirmed that Nandi County strategic plan is reviewed annually to monitor progress and at the end of the ten year period to evaluate fulfillment of the plan.

In rating the success of Nandi County Government in identifying corrective actions when strategic initiatives are failing or being improved, the interviewees indicated that by checking staff capability and training them according to their training needs, mobilizing more resources both financially and non-financial, reevaluating the set down objectives and recruiting the best employees to implement organizational

strategies has contributed towards the success of strategy evaluation. They also indicated that there is moderate acceptance to change, and through trainings and workshops change is slowly being accepted. When the interviewees were asked whether corrective measures are institutionalized, they agreed and stated that they have even policies which help in institutionalizing the corrective measures but due to political influences some of the policies are inefficient. Furthermore the interviewees indicated that the strategy evaluation is mainly done by the top management.

4.3 Challenges Encountered at Nandi County

The Interviewees cited that some of the challenges faced while formulating the strategies as; conflict of interests between the County Government management and the citizens who cite that the county government is wasting resources on unimportant issues and hence a political needs conflict (for example building a multi-million gate), stretched financial resources from the National Treasury are not meeting the Citizens expectations, untrained staff employed through political influences (Nepotism) and diseases such as HIV/AIDS has affected social and economic development by lowering productivity of staff.

Furthermore the respondents cited employees' ignorance of the relationship between chosen organizational strategies and their daily activities as a challenge. This agrees with Aaltonen and Ikaavalko (2002) who argued that challenges in strategy implementation are cultural and behavioral in nature, including the impact of poor integration of activities, lack of understanding of a strategy and diminished feelings of ownership and commitment. Political interference and by partisan game plays sometime affects the implementation of strategies in the county. Coping with technological advancement was also identified as a challenge. Environmental changes

and unpredictable service demands by residents and stakeholders were identified as challenges. Policies on resource allocation are unfavorable since they are based on wards and not population. This gives challenges in planning for service delivery.

The interviewees further cited challenges facing strategy evaluation at the Nandi County Government. They cited a number of challenges, among them, lack of appropriate monitoring and evaluation tool. The strategy implementation matrix, which provides the basis for evaluation, was cited to be too broad to be used to monitor and evaluate strategy execution at all levels. The interviewees also mentioned difficulties in obtaining factual performance reports from various functional units as another challenge in strategy evaluation. They also cited nepotism and competition within the organization affects the performance appraisals.

The interviewees also reported that Nandi County Government is tackling these challenges through training of middle managers and supervisory staff in strategic management. This agrees with Bryson and Roeing (1995) who argued that people's intellect, creativity, skills, experience and commitment are necessary towards effective strategy implementation. By training staff, Nandi County is improving skills of its staff for better strategy implementation in the end. The adoption of balance scorecard will also institutionalize strategy evaluation and ensure involvement of all employees in strategy implementation (Kaplan & Norton, 2001). Therefore, the strategy management practices adopted at the Nandi County are directed towards overcoming these challenges.

4.4 Discussion of findings

The study established that the planning process of the strategies at the Nandi County Government was the preserve of the top management of the organization and the

other staffs were not fully involved through the implementation process. At some point the management sought the expertise of the external consultants who were then entrusted with the process of drawing the process. The planning process can therefore be viewed as important and the top management must provide leadership and where they need help, they can involve the external consultants. These findings of the study agree with the views of Berry (2001) who noted that planning garners organizational energy and support among organizational leadership and it is in this stage that external consultants can be hired to be part of the steering team.

Lack of adequate resources was also identified as another great challenge that affects the process from resource based view theory any organization planning to compete must translate its resources and capabilities with the view of making them rare, valuable and imitable in order to have strategic advantage David (2003) also established that any form of resources whether human or financial are major challenges in strategic management.as noted from the findings inadequate funds was available for strategic management process. Sustainability strategies as found out by Mukanga (2011) can help to resolve this problem.

The study revealed that top management convened regular meetings where they discussed reports based on the performance contracts in relation to the strategic plans. The findings of the study agrees with Randuan et al (2009) who argued that in the implementation of strategy, top managers play a crucial role. The study established that the challenges to the strategy implementation included government bureaucracies, political interferences, allocation of resources and the adoption of ICT. These findings agree with Barkerjan (1994) who noted that lack of management support, poor organizational structure, organizational culture and lack of innovation and technology were an impediment to the implementation of strategies in most organizations.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter covers the summary, discussion and conclusion of the study. The study sought to establish the adoption of strategic management practices in Nandi County and the challenges faced during the adoption of these strategic management practices. Having analyzed the results, conclusion and recommendations for further study are presented.

5.2 Summary of findings

The Nandi County's departments studied had mission and vision statements and strategic plans. Some were in the process of preparing their strategic plans. All heads of department were involved in the formulation, implementation and evaluation of the overall strategic management plans. Time and resources are allocated though on moderate basis, given the scarcity of the same. From these discussions, it can be concluded that most Nandi County adopted strategic management and the County had a vision and mission statement well displayed at strategic areas. All departments also had strategic plans and performance contracts which are basic requirements of strategic management practices. From the findings, success of the Nandi County Government strategic plan is monitored through annual review of Nandi County Government performance based Contracts. In addition, corrective measures and procedures in the strategic management process are institutionalized within the organization. Strategy implementation at Nandi County Government involves a matrix, which gives strategic objectives, the corresponding strategies, the activities to be carried out by each function or unit and timelines for carrying out those activities within the ten-year period of the strategic plan. Strategies are communicated to the

staff through the implementation matrix. From the findings Nandi County Government ensures recruitment and employee retention, through jobs advertisement in the print and electronic media to attract from a wide perspective as well as having recruitment and selection done by an independent committee with a view to making the process transparent. However, staff ignorance, nepotism, clannism, resistance to change among the staffs, lack of performance based culture, are some of the challenges encountered in implementation of strategies at Nandi County Government.

Finally, inadequate financial resources, politics, technological advancement economic factors and diseases especially HIV/AIDs were found to be the major challenges to the adoption of strategic management practices in the studied County. Staff were however taken through and owned the process of strategic management. It is important to carry out situational analysis to identify all possible challenges and find solutions on how they can be resolved in the event that they occur.

5.3 Conclusion

This study sought to establish the strategic management practices and challenges at Nandi County Government. The study further sought to determine challenges relating to various strategic management practices adopted by the Nandi County Government, the study established that the Nandi County Government has a vision and mission statements that communicates management's aspirations to stakeholders and helps steer the energies of the organizational employees in a common direction. The study also established that Nandi County strategic stance and actions, just like any other public sector organization, are greatly influenced by policies and regulatory frameworks put in place by the government. This was evidenced by the heavy reliance

on policy documents such as the Kenya government Vision 2030, amongst other documents, in strategy formulation.

The study established that success of The Nandi County Government strategic plan is examined through yearly review of performance based on the Performance Contract with the Government. In addition, corrective measures and procedures in the strategic management process are institutionalized. The quality assurance in the county of Nandi is the one in charge of strategy implementation and evaluation. The study further established that Nandi County Government is faced with a number of challenges relating to the strategic management it has adopted: inadequate knowledge of strategy amongst staff, instability due to frequent changes at the top level of the organization, staff resistance, external political pressure, inadequate resources due to budgetary constraints and lastly poor monitoring and evaluation tools, liberalization of services and economic recession were identified as major challenges.

5.4 Recommendations

The study established that there was so much focus given to the process of strategy formulation at the expense of implementation. Although implementation is usually considered after strategy has been formulated, implementation is a key part of strategic management. Strategy formulation and strategy implementation should thus be considered as two sides of the same coin. Poor implementation has been blamed on a number of strategic failures.

Performance reward system should be established. Performance targets should be derived from the strategic management plans. The strategies should be flexible in order to allow reviews based on opportunities and threats arising in the environment.

Organizing a company's activities and people to implement strategy involves more than simply redesigning the county's overall structure, it also involves redesigning the way in which jobs are done. Implementation of new strategies calls for new human resource management priorities and a different use of personnel. Such staffing issues can involve hiring new people with new skills, firing people with inappropriate or substandard skills and or training existing employees to learn new skills. Promotions should be based not only on current job performance but on also whether a person has the skills and abilities to do what is needed to implement the new strategy. Finally policies on resource assignment should be reviewed in line with strategies to ensure effective implementation of strategic management practices in the Counties

5.5 Limitations of the Study

This study was subject to resource and time constraints. In this regard, the scope was limited to only Nandi County. Further, the context was limited to strategic management practices adopted and challenges encountered in the process of adoption of the practices. Another limitation, of the study was that the study did not consider the traits of those responsible for strategic management activities in Nandi County Government. The traits could influence strategic management and organization performance. Also due to the varied nature of the responses from open ended interviews, content analysis was used in data analysis, this technique was time consuming. However, the researcher did look out for contraindications in the information given and no inconsistencies were found.

5.6 Suggestions for Further Research

As stated above, the scope of research was five departments of Nandi County and was based on strategic management practices adopted and challenges encountered during adoption. One could look at factors of performance monitoring and reward system within the Counties in Kenya. The study also focused on strategic management practices employed by the Nandi County Government. The study recommends more research on factors affecting strategic management at the Nandi County. This will permit detection of critical success factors that can aid in enhancing strategic management in the County Government. The study also did not look into how the strategic management practices adopted by the County Government of Nandi have contributed to the overall organizational performance and customer satisfaction. Further research is therefore recommended on how strategic management practices adopted by County Government of Nandi have contributed to performance and customer satisfaction also one can study the strategic management adopted and challenges faced in the adoption process in other County Governments that were not covered by this study.

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APPENDICES

Appendix I: Interview Guide STRATEGIC MANAGEMENT PRACTICES IN NANDI COUNTY GOVERNMENT

Section A: General Information

1. Which Department are you working in?
.....
2. How long have you been working in the organization.
Less than 6 months []
7- 12 Months []
18-23 Months []
19-24 Months []
More than 24 Months []
3. What position do you hold in the organization?
.....

Section B: Strategic Management Practices

Strategy Formulation

4. Does Nandi County Government have vision and mission statements?
Yes [] No []
5. What are the policy documents for strategy formulations?
 - i
 - ii
 - iii
 - iv

6. Describe how vision and mission is communicated to employees?

.....
.....
.....

7. Are there objectives set for your organization?

Yes [] No []

8. Describe the process of setting objectives in your organization?

.....
.....
.....

9. How do you communicate these objectives?

.....
.....
.....

10. Has Nandi County Government adopted strategic management practices?

Strategy Implementation

11. How does Nandi County Government implement their strategies?

.....
.....
.....

12. Does the county possess the financial capacity to implement strategies?

Yes [] No []

13. How is the motivation to maintain and support the implementation of strategy implementation in Nandi County Government?

14. Comment on the commitment and support to strategy implementation by the county government officials
15. How appropriate is the current structure in support the implementation of strategy implementation?
16. Is Nandi County readily embrace organizational change that comes about during strategy implementation
17. Comment on the human resource capability to manage and implement a change process or new strategy
18. Does Nandi county government employ top-bottom communication during the strategic plan implementation process? If yes what is the impact to the strategic management practices?

Strategy Evaluation

19. Has your association developed a set of key performance indicators or some other form of accountability to track the success of strategic initiatives?
20. Rate your association's success at identifying corrective action when strategic initiatives are failing or could be improved.
21. Rate your association's effectiveness at evaluating the impact of changes subsequent to initial strategy formulation?

22. Are corrective measures and procedures in the strategic management process institutionalized? If yes, which measures and procedures are in place?
23. Who is involved in strategic evaluation?

Section C: Strategic Management Challenges

24. What challenges does Nandi County face while formulating strategies?
25. What challenges have been encountered in implementations of strategies and Nandi County government and how have they been dealt with?
26. What are the challenges facing strategy evaluation?

THANK YOU FOR YOUR PARTICIPATION