

**STRATEGIC MANAGEMENT PRACTICES AND  
PERFORMANCE OF NATIONAL IRRIGATION BOARD OF  
KENYA**

**BY**

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## DECLARATION

This research project is my original work and has not been presented 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**

This work is dedicated to my wife and children.

## **ABSTRACT**

One of the core purposes of strategic management theory and research is the improvement of organizational performance. The concept of strategic management is therefore relevant to public, private and non-governmental sector institutions as all of them are formed to fulfil a certain need in the environment. Government and its agencies the world over have adopted strategic management practices with the ultimate objective of improving performance in the delivery of public goods and services. The major objective of the study was to determine influence of strategic management practices of the National Irrigation Board of Kenya on organizational performance of the government agency. The research project was conducted as a case study of the National Irrigation Board of Kenya. Data for the project was collected from primary sources by carrying out in-depth interviews of six members of the top management of National Irrigation Board as well as from secondary sources which included strategic plans and annual performance reports. The qualitative data collected was subsequently analysed using content analysis technique. The study found that NIB had adopted and consistently applied such strategic management practices as visioning, defining the business domain, environmental scanning, formulation of objectives and strategies, establishment of core values, strategy implementation as well as monitoring and evaluation of the strategy for performance. The study further found that NIB had achieved improved performance after adoption of strategic management practices in relation to the situation before adoption of the strategic management concept. The study concludes that there is evidence that adoption of strategic management practices leads to improved performance but is inconclusive as to whether it is the sole cause of improved performance. The study recommends that NIB facilitates more regular strategy reviews, prioritizes implementation of lessons learned from such reviews, strengthens strategic management practices that are likely to ultimately lead to a favourable stakeholder perception, integrate practices that limit agency costs and pay more attention to formulation and implementation of strategies that will lead to sustainable financial stability in the long term. In this way, NIB can leverage the goodwill of stakeholders to exploit the opportunities that exist within the irrigation sector.

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## **ABBREVIATIONS AND ACRONYMS**

BCG	Boston Consulting Group
ERSWEC	Economic Recovery Strategy for Wealth and Employment Creation
GE	General Electric
IE	Internal-External
MoA	Ministry of Agriculture
NIB	National Irrigation Board of Kenya
PEST	Political, Economic, Social and Technological
PESTEL	Political, Economic, Social, Technological, Ecological and Legal
P-PESTEL	Physical, Political, Economic, Social, Technological, Ecological and Legal
SMEs	Small and Medium Enterprises
SPACE	Strategic Position and Action Evaluation
SWOT	Strengths, Weaknesses, Opportunities and Threats

# CHAPTER ONE: INTRODUCTION

## 1.1 Background

Generic management theory has at its center the idea that strategy content influences organizational performance (Meier, O'Toole, Boyne, & Walker, 2007). Strategic management involves the formulation of the major goals and initiatives of an organisation, assessment of its resources, internal and external environments, implementation of plans, and evaluation of progress (Nag, Hambrick, & Chen, 2007). Strategic management involves specifying the organization's objectives, developing policies and plans, and then allocating resources to implement the latter. Strategic management practices include determining the business domain, formulating the long range vision, defining the purpose, establishing an integrating pattern of decisions, matching the internal capacities to external environmental demand, and identifying the factors that can lead to sustainable competitive advantage for the organisation. It has been observed that organizations that engage in formal long range planning outperform those that do not engage in any planning in virtually all relevant financial criteria (Ansoff, 1970). However, studies linking strategic management to improved organizational performance are still inconclusive and require further research (Greenley, 1986).

Agency theory is the anchoring theory of this study as it stresses the underlying important relationship between shareholders or owners and the agents or managers in ensuring the success of an organisation. The theory explains the conflict of interest that is inherent in the principal-agent relationship. The supporting theories are the contingency and the resource-based view. Contingency theory assumes that there exists no single best way or

approach to decision making in an organization thus the decisions made are dependent on the situation in their internal and external environments. Resource-based theory states that an organisation can only achieve sustainable competitive advantage if it has resources that are rare, are of value, cannot be imitated and can neither be substituted nor transferred.

National Irrigation Board (NIB) is the principal agency of the Government of Kenya mandated to develop, manage and control public irrigation schemes in Kenya. In 2003, the organisation adopted strategic management as a core concept for achieving institutional objectives and to ensure the long term survival of the organisation. NIB is currently implementing the third cycle of its strategic plan which is set to end in June 2017. With the adoption of the strategic management concept, the Board's annual development budget rose from about two million shillings in 2002 to over ten billion shillings in 2016. However, the effectiveness of strategic management practices in the Board has not been assessed against the objectives of long term survival and superior organizational performance. It is, therefore, important to assess the organization's performance with a view to equipping policy makers and other stakeholders with information necessary for decision making.

### **1.1.1 Strategic Management Practices**

Strategy can be defined as the direction and scope that enables an organisation achieve advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations over the long term (Johnson & Scholes, 2003). Thompson and Strickland (1999) defined strategy as the game plan management has for positioning the company in its chosen market arena, competing successfully, pleasing customers and achieving good business performance. Strategy has

also been perceived as the determination of an organization's long term goals, adopting courses of action and allocating resources necessary to achieve the goals (Chandler, 1962). Whereas there are many perspectives of the definition of strategy, there are two main schools of thought as to the nature of strategy. One school perceives strategy as a plan while the other sees it as an emerging pattern of decisions. The latter is predominantly practiced in turbulent business environments.

Strategic decisions determine the relation of the organization to its external environment, encompass the entire organization, depend on input from all of the functional areas in the organization, have a direct influence on the administrative and operational activities and are vitally important to the long term health of an organization (Shirley, 1982). Strategic management practices can, therefore, be deduced to encompass all those actions, activities and processes that organizations engage in with the ultimate purpose of securing sustainable long term business success. These practices involve identifying and defining the organization's long range direction, business domain, key result areas, broad objectives and the supporting shared values. They also include external and internal analysis of the organisation, formulation of strategies, implementing them, and finally evaluating the strategies with a view to modifying them to keep the organisation on track (Pearce & Robinson, 2008). Strategic management practices can be summarized into three main elements with a cyclic relationship namely strategic analysis, strategic choice and strategy implementation.

The importance of strategic management in an organisation is attributable to the significant impact it has on how well an organisation performs (Chell, Haworth, & Brearley, 1991). Strategic management is also important for the effective management of organizations in a constantly, often rapidly, changing business environment, especially large organizations comprising diverse strategic business units, divisions and functions. Managers, therefore, make strategic decisions all the time when they decide on how to secure their long term survival, the business scope and segments to compete in as well as other decisions with long range implications. Through strategy, an organisation finds a vehicle for communicating to stakeholders its long term goals and the desired organizational culture, values and actions aimed at achieving those goals.

### **1.1.2 Organizational Performance**

Organizational performance involves analyzing the performance of a company by comparing set standards against actual achievements. Performance can be defined as a collection of work activities, operational efficiency and effectiveness, their measurement and subsequent outcomes attained (Dessler, 2012). Therefore, performance is the act of achieving the set objectives and responsibilities from the perspective of the judging party. At basic level, performance is a function of effectiveness and efficiency. Organizational performance outcomes can be categorized under financial performance, market performance and shareholder value. Every organization has well defined mechanisms of measuring performance, which enables it to evaluate current and past achievements relative to expected standards. The methods used to measure performance are relative to the context in which the organization operates and the strategic objectives pursued (Akinyi, 2012). The area of focus in performance measurement, however, varies by organization and time.

Organizations measure performance using various methods such as the one developed by Kaplan and Norton (1993) referred to as the balanced scorecard. It measures organizational performance in both financial and non-financial terms. Financial indicators include profits and returns on investment and sales growth. Non-financial indicators include customer indicators, internal business perspective and growth indicators. Customer indicators measure customer satisfaction and customer profitability among others while internal business perspective focuses on internal processes that have the greatest impact on customer satisfaction as well as innovation and operations. Growth perspective focuses on identifying organizational capabilities aimed at achieving superior internal processes that create value for customers and shareholders. Performance measures have also been placed into a number of indices such as satisfaction of all participants, stakeholders, employees and customers (Delaney & Huselid, 1996), effectiveness in meeting objectives (Dyer & Reeves, 1995), efficiency in utilizing resources to meet objectives (Rogers & Wright, 1998), development of capacity to meet future opportunities and challenges (Phillips, 1996), innovation in products, services and processes (Guest, 1997), and quality achievement rate (Delaney & Huselid, 1996).

One of the core purposes of both entrepreneurship and strategic management theory and research is the improvement of organizational performance (Carton & Hofer, 2010). However, there is no consensus yet regarding the best or even whether measures of organizational performance are sufficient. There is ongoing contention that different measures of organizational effectiveness and performance have been used with little attention to the limitations these measures may impose on the interpretation or generalizability of the results of the research. Nevertheless, it is generally agreeable that

performance can be measured by quantitative methods such as net and gross profit, return on investment, return on equity employed, and so on or by qualitative methods such as absenteeism levels, job satisfaction, industrial relations, teamwork, best management practices, new product development, operational sufficiency, efficiency in terms of cost reduction, employee and stakeholder satisfaction, among others (Johnson, Scholes, & Whittington, Exploring corporate strategy, 2008).

### **1.1.3 Strategic Management Practices and Organizational Performance**

Strategic management is the process and approach of specifying an organization's objectives, developing policies and plans to achieve these objectives, and allocating resources so as to implement the policies and plans (Chandler, 1962). Organizational performance can be described as an organization's ability to acquire and utilize its scarce resources and valuables as expeditiously as possible in the pursuit of its operational goals (Griffins, 2006). Therefore, strategic management is a step by step process whose end result is performance.

Performance is the result achieved after the execution of an activity or set of activities. Improving the quality of the performance achieved, however, is the goal of strategic management. Quantitative and qualitative methods can be used to measure performance depending on the nature of activities and targeted results. The influence of strategic management on organizational performance have been studied over a considerable period of time but to date the nature of the correlation between strategy and performance remains an ongoing debate (Meier, O'Toole, Boyne, & Walker, 2007)

#### **1.1.4 Agricultural Sector in Kenya**

Kenya's Ministry of Agriculture has tracked the performance of the country's economy together with that of the agricultural sector and found that they are closely and positively correlated (MoA, 2008). Kenya's National Bureau of Statistics economic review reports show that the agricultural sector on average contributes 25% of the Gross Domestic Product and employs 75% of the national labour force. Agriculture provides livelihoods for the 80% of the population that live in rural areas and has a multiplier effect in the other sectors of the economy. Kenya's Vision 2030 identifies the agricultural sector as a key economic pillar for the achievement of the goal of being a middle income industrializing country by 2030.

Irrigation is a special sub-sector in that although it is anchored within the water sector, its sole purpose is to support the agriculture sector. Whereas irrigation in Kenya is practiced on about 3% of land used for agricultural production, it accounts for 25% of the value of agricultural exports. Irrigated agriculture facilitates improved productivity by up to four times that achieved through rain-fed conditions. There are about 40 parastatals in the agricultural sector which include the Kenya Seed Company, Kenya Meat Commission, Kenya Agricultural Research Organisation, Sony Sugar Company, Kenya Tea Board, Kenya Sugar Board, National Cereals and Produce Board, Agricultural Finance Corporation, Kenya Marine and Fisheries Research Institute, among others. Water sector has twelve parastatals such as Water Resources Management Authority, Water Services Regulatory Board and seven water services boards. State agencies that undertake irrigation development include the State Department of Irrigation, the five basin authorities under the Ministry of Devolution and County Governments.



### **1.1.5 National Irrigation Board of Kenya**

NIB is a semi-autonomous government agency established by the Irrigation Act legislated by Parliament of Kenya in 1966. The main purpose of establishing this institution was to provide for the development, management and control of national irrigation schemes. These schemes include Mwea, Tana, Perkerra, Ahero, Bunyala, West Kano and Bura all of which were developed between 1953 and 1983. The Board also runs four research stations at Mwea, Ahero, Tana and Bura. It also has controlling shares in two rice mills namely Mwea Rice Mills Ltd. and Western Kenya Rice Mills Ltd.

Changes in the government's economic policies in the 1970s through to the 1980s have had significant impact on NIB leading to its near collapse between 2000 and 2003. As a consequence, the Bura, Tana, Ahero, West Kano and Bunyala schemes collapsed dragging down with them commercial activities in the nearby towns and centres such as Bura, Hola, Ahero and Nyadorera. The impact of the near collapse of the Board affected thousands of people either directly or through lost business opportunities and livelihoods. NIB prepared its first strategic plan in 2003 which culminated in a staff right-sizing process leading to the laying off of 85% of the workforce, re-definition of the business domain and formulation and promotion of a new culture and value system throughout the organisation. Each plan has a five year time horizon. NIB has consistently engaged in strategic management from 2003 to date.

From August 2014, there was a strong perception by the Ministry of Agriculture, Livestock and Fisheries, which was then in charge of NIB, that the Board's performance was poor. This was followed up by a similar perception by the Board of Directors starting in October

2015. However, there has been no known published, independent and objective evaluation of the institution's performance which could inform such conclusions. Secondly, it is important to understand the influence of strategic management practices on organizational performance within the context of NIB so that it can inform future decision making.

## **1.2 Research Problem**

Strategic management is a concept whose main thrust is securing satisfactory performance of an organisation by continually aligning the organization's internal capabilities with the demands of the ever changing external environment. The level of fit between the internal capacities of an organisation and its external environment determines its level of long term success. Success is measured in terms of performance whereby the actual results achieved are compared with the forecasted predetermined objectives. Strategic management involves environmental scanning and analysis, strategy formulation, strategic choice, strategy implementation and strategy evaluation.

In 2003, NIB adopted Strategic Management as a means to improving institutional performance in service delivery to all stakeholders and ensuring the long term survival and financial sustainability of the institution in line with Government policy. Strategic management was to help the institution focus on long term goals, enable it effectively respond to changes in the socio-political environment and equip it with the means to outperform other irrigation sector actors. Since the adoption of strategic management by NIB, there has not been any evaluation of the effectiveness of the strategic management processes and practices of the institution. The influence of strategic management practices on NIB performance has therefore not been established.

Studies carried out so far have demonstrated that strategic management positively relates to organizational performance but the results have not yet met the threshold of generalization (Meier, O'Toole, Boyne, & Walker, 2007). Juntunen (2015) investigated the link between strategy and performance in Finland but the findings were limited both by context and scope. Anna (2015) studied the influence of strategic management tools and techniques on organizational performance of firms in the Czech Republic which considered only what in her view were the top ten tools and also failed to relate the tool used to the size of the company. Gavrea, Ilies and Stegorean (2011) investigated the determinants of organizational performance in manufacturing companies in Romania with the major limitation being its failure to isolate strategy induced performance. Meier, O'Toole and Boyne (2007) also wrote on strategic management and performance of public organizations in the United Kingdom but the limitation was context. In Kenya, Nyanchoka (2013) wrote on strategic management practices as a competitive tool in enhancing performance of small and medium enterprises with its limitation being its applicability to the context of SMEs and its descriptive nature; Onyango (2012) studied strategic management practices by Kenya Bureau of Standards which limits it to a description of strategic management in the context of the particular organisation; Ligare (2010) researched on strategic management practices by state corporations in Kenya which was focused on the various methods adopted by government to enhance performance in state corporations but lacked specifics apart from general description of the same; and Maina (2009) researched on strategic management practices at Pan Arica Life Assurance Limited in Kenya, a private insurance company. The research and knowledge gap this research seeks to fill is that of context. Strategic management practices of NIB and its influence on organizational performance in

the context of NIB has never been studied. This study will investigate this influence on the organization's performance, long term survival prospects and financial sustainability over the long run. Therefore, the research questions are; what are the strategic management practices adopted by NIB and what is the influence of strategic management practices on the performance of NIB?

### **1.3 Research Objectives**

The objectives of the research are:

- i. To determine the strategic management practices adopted by NIB of Kenya.
- ii. To establish the influence of strategic management practices on performance of NIB of Kenya.

### **1.4 Value of the Study**

The study is expected to be of value to Government of Kenya by providing feedback to the policy makers as to the influence of strategic management practices in the performance of parastatals. The study is also expected to be of value to NIB, both at the Board of Directors level and the senior management level, by providing insights that can inform choices concerning strategic management practices of the organisation.

The study is further expected to be useful to financiers and development partners by allowing them to predict future performance of NIB as an input to their decision making on financing. The study will also contribute to theory by providing empirical evidence that support the applicability of the concept of strategic management as a driver of performance.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter presents the review of relevant literature outlining the theoretical foundation of strategic management practices and organizational performance. A review of works done on the relationship between strategic management practices and organizational performance is then presented concluding with the knowledge gaps identified.

### **2.2 Theoretical Foundation**

This study is anchored on Agency Theory, Contingency Theory and Resource-Based View.

#### **2.2.1 Agency Theory**

Agency theory is concerned with resolving problems that may occur in relationships where an agent is appointed by a principal to act on his behalf as a result of either (i) unaligned goals of the principal and agent specifically when it is difficult or costly for the principal to verify what the agent is actually doing or (ii) imbalanced risk allocation when the principal and agent have different attitudes towards risk leading to the principal and agent preferring different actions because of the different risk preferences (Eisenhardt, 1989). The first scholars to explicitly propose that a theory of agency be created and proceeded to start its creation were Stephen Ross and Barry Mitnick (Mitnick, 2013). Mitnick (2013) credits Ross for originating the economic theory of agency in a paper published in 1973 and Mitnick for creating the institutional theory of agency through a dissertation presented in 1974.

Jensen & Meckling (1976) define agency relationship as a contract under which one or more persons, in the role of principal, engages another person, in the role of agent, to perform some service on their behalf which involves delegating some decision making authority to the agent. Agency problem is mainly attributed to agent's self-interest, opportunistic behavior and incongruence between the aspirations of the principal and the pursuits of the agent. When the principal delegates some decision making responsibility to the agent, the agent often uses this power to promote his own well-being by choosing such actions which may or may not be in the best interests of the principal (Bhimani, 2008). While entering into an agency relationship, shareholders expect the agent to act and make decisions in the shareholders' best interest, which may not necessarily happen (Padilla, 2000). In parastatals such as NIB where the citizens as shareholders delegate the appointment of the Board of Directors to the government, which Board in turn appoints the management, agency relationships are far more complex and vulnerable to the agency problem.

The gist of agency theory is to create principal-agent relationships that achieve efficient organization of information and risk-bearing costs while its unit of analysis is the principal-agent contract. With a view to creating an efficient agency relationship, the theory makes certain assumptions which at the human level include self-interest, bounded rationality and risk aversion. At the organizational level, the theory assumes that there is partial goal conflict between participants, efficiency is the measure of effectiveness and information asymmetry exists between the principal and agent. Additionally, the theory assumes that information can be bought. Agency theory also recognizes contracting problems associated with moral hazards, adverse selection and risk-sharing between the parties. The main

question that the theory seeks to determine for each organisation is whether a behaviour-oriented contract is more efficient than an outcome-oriented contract (Eisenhardt, 1989). The first assumption of this research is that efficient and accurate information sharing between principal and agent positively influences strategic choices and organizational performance. The second assumption is that an outcome oriented contract is likely to result in superior organizational performance. Government has actually prescribed outcome oriented contracts for parastatals although its suitability has not been evaluated.

Managing agency relationships involves agency cost, which cost is categorized as operating expenses. In the public sector, a common agency cost manifests itself in the form of mismanagement and embezzlement of funds. The third assumption of this research is that partial goal conflict between the principal and agent positively relates to high agency costs but negatively relates to organizational performance. Critics of agency theory argue that it assumes complete contracts while bounded rationality does not allow for complete and efficient contracting. They also argue that it is not true that contracting can eliminate agency costs as the theory assumes. The many imperfections in the market indicate that this assumption is not valid (Daily, Dalton, & Cannella Jr, 2003). Perrow (1986) called the theory trivial, dehumanizing and even dangerous for taking an unrealistically one sided view, the principal's view, while totally neglecting the potential exploitation of workers. Eisenhardt (1989) observes that "agency theory provides a partial view of the world that, although valid, also ignores a good bit of the complexity of organizations and that additional perspectives can help capture the greater complexity".

Agency theory is of significant relevance to strategic management as it influences such issues as the choice of an organization's long term objectives, selection of business domain, nature and scope of internal capacities and decision making on strategic matters like acquisition and allocation of resources. Agency theory is also of significant relevance to organizational performance as it is focused on minimizing agency costs. The measure of agency theory is efficiency which is also a significant measure of performance in public organizations. Efficiency in turn influences other critical measures of performance such as return on investments and assets.

### **2.2.2 Contingency Theory**

Contingency theory is a behavioral theory that contends that there is no one best way of achieving success and that what leads to success in one situation may not lead to a similar result in another situation. Consequently, it argues that decisions or actions that bring success are contingent upon various factors that are internal and external to the organization. The core ideas of contingency theory are that (i) there is no universal or one best way to manage, (ii) the design of an organisation and its sub-systems must fit with the demands of the environment, (iii) effective organizations must have a proper fit with the environment while ensuring that the sub-systems are also aligned to each other, and (iv) proper design of an organisation and a management style that is both appropriate to the tasks to be undertaken as well as the nature of the work group are essential to meet its needs.

Elementary ideas that culminated into the formulation of the contingency theory can be traced back to the surveys done independently by researchers at Ohio State University and others at the University of Michigan in the 1950s. In 1958, Joan Woodward crystallized



the theory by arguing that technologies directly determined differences in organizational management principles. Works by Donaldson (2001) and Chandler (1962) have made significant contributions to the improvement of the theory by identifying other contingent factors. The theory perceives an organisation as an open system (Donaldson, 2006). Contingency theory holds that (i) an organisation is an open system that is environment dependent and environment serving; (ii) there is no one best way of organizing and leading thus the appropriate form depends on the task and/or environment; (iii) executives must focus on achieving alignment and good fit of the internal capacities and external environments; and (iv) different types of organizations are needed in different environments (Morgan, 2007). The fourth assumption of this research is that effective environmental scanning and good alignment of internal capacities to the external environment positively relate to organizational performance. Parastatals are established for the sole purpose of serving the general public or a sector and being monopolies, there is a tendency for them to ignore environmental factors. With adoption of strategic planning, it is essential to establish how parastatals have integrated environmental scanning and stakeholder management in the strategic management process.

Contingency theory lends itself well to strategic management as it validates internal and external environmental scanning as a fundamental process within strategic management. It influences strategic choices as an organisation focuses on long term sustainability and superior performance. The approaches to information processing in contingency theory as described by Chandler (1962) are similar to those of agency theory. Both theories assume that individuals are boundedly rational and that information is distributed asymmetrically throughout the organisation. They both are efficiency theories which use efficient

processing of information as a criterion for choosing among various organizing forms. The difference is that contingency theory focuses on optimal structuring of reporting relationships and decision making responsibilities while agency theory focuses on optimal structuring of control relationships resulting from these reporting and decision making patterns (Eisenhardt, 1989). Agency and contingency theory are thus complementary in organizational design. However, critics of contingency theory have argued that structural contingency theory is static and fails to deal with organizational change and adaptation (Galunic. & Eisenhardt, 1994).

### **2.2.3 Resource-Based View Theory**

Introduced in the 1980's and 1990's, resource based view theory main contributors include Wernerfelt who wrote on "The Resource-Based View of the Firm", Prahalad and Hamel who wrote on "The Core Competence of The Corporation" and Barney who wrote on "Firm Resources and Sustained Competitive Advantage". The theory argues that firms should utilize the resources within the company to gain competitive advantage. The theory emphasizes looking within the enterprise to achieve sustainable competitive advantages (Peteraf & Barney, 2003). The fifth assumption of this research is that unique and valuable resources available to an organisation positively influence organizational performance and its long term survival. This research will seek to establish if there are unique, valuable and rare resources that NIB possesses and has used to attain its preset objectives and goals.

A firm's resources or strategic capabilities should be valuable, rare, imperfectly imitable and non-substitutable. Resources or capabilities like managerial expertise, technological knowledge and specialized human capital, in this approach, have the potential to create

value when shared across the business. Priem and Butler (2001) argue that Barney's (1991) statement "if a resource is valuable and rare, then it can be a source of competitive advantage" is necessarily true if the concepts 'valuable' and 'competitive advantage' are defined in the same terms. Peteraf and Barney (2003) answer this criticism by proposing a more narrow definition of competitive advantage in terms of competitive edge. The resource-based view is relevant to strategic management and organizational performance as resources form an important aspect of both internal and external environments while their availability, allocation and utilization significantly affect long term sustainability and efficiency.

### **2.3 Strategic Management Practices in Public Organizations**

Public organizations must of essence be externally oriented if they are to deliver value to their customers, the public. With the aim of improving their performance in the provision of public goods and services, public organizations employ various strategic management practices. Strategic management practices in public organizations include; strategic analysis, strategic choice and strategy implementation (Johnson & Scholes, 1999).

During strategic analysis, a public organisation endeavours to understand its strategic position within its sector with a view to matching its capacities to the demands of the external environment. It is the process through which an organisation analyses the strengths of its positioning by understanding the internal and external factors that have an influence on this position (Isoherranen, 2012). There are several tools that have been developed that can be applied by public organizations to carry out strategic analysis. These tools include SWOT Analysis introduced by Luffman et al, PEST Analysis introduced by Johnson and

Scholes, Porter's Value Chain Analysis, Hines's Value Chain Model and Blue Ocean Strategy Analysis. The choice of tool or mix of tools depends on the organisation and the industry within which it operates. Nevertheless, stakeholder analysis and participation is a critical element of all these tools since stakeholders provide skills, resources, commitment, demand and alternatives. Proper relationship management of stakeholders is therefore critical, especially for public organizations. It has also been observed that organizations that have a stronger external orientation and actively manage their stakeholders generally allocated more resources to satisfy their emerging demand thus keeping them (Harrison & Wicks, 2013). This is in line with agency theory, contingency theory and resource based view theory.

Strategic choice involves the listing of all possible strategic actions that can be pursued by an organisation, considering environmental constraints, with a view to achieving its goals. Each possible strategic action is evaluated against the organisation's goals, mission, capacities, experiences, objectives and values (Muogbo, 2013). The mix of strategic actions that would best deliver the mission and vision of the organisation are selected from the available alternatives and adopted. The adopted mix of strategies then become the organizational strategy. Tools that can be used to aid strategic choice making include SPACE Matrix, BCG Matrix, GE Matrix, IE Matrix, Grand Strategy Matrix, Quantitative Strategic Planning Matrix, among others. It is important to note that these tools do not take into account the unique cultural aspects of any organisation that have a strong influence on the making of strategic choices. Strategic choice is strongly influenced by agency theory, contingency theory and resource based view theory while also being closely linked to rational choice analysis and game theory.

Strategy implementation involves putting the strategy into action and continuously managing the changes required to keep the organisation aligned to the realization of its long term goals (Johnson & Scholes, 1999). It starts with planning whereby the strategy is broken down into shorter term objectives, actions and outputs that jointly lead to the achievement of the long term goal (Brinkshroder, 2014). The objectives, actions and plans are then cascaded to all levels of the organization using appropriate tools for every level. The plans and actions are resourced and assigned to responsibility centres for execution since strategy is as good as its implementation (Andersen & Lie, 2013). Effective implementation integrates continuous monitoring, evaluation and modification to maintain focus on the set goal. Preset objectives, actions and outputs form the standard for performance management and measurement across the organisation.

#### **2.4 Empirical Studies and Knowledge Gaps**

Building on the work of Miles and Snow who argued that strategic management is an important influence on organizational performance, Meir et al (2007) showed that strategic management is a subset of generally accepted management functions in public organizations in the United Kingdom. The study concluded that the defender strategy was the most effective for delivering performance on the primary mission of a public organization. The finding was at variance with earlier work done by Boyne and Walker (2004) who concluded that public organizations were both prospectors and defenders at the same time with the balance of the two depending on the priority attached to these stances and to the reactor strategy.

Meir et al (2007) sought to improve the findings of previous research which had looked at the relationship between strategy and organizational performance of local authorities in England but had considered strategy as the only input, ignoring other public management aspects like the quality of leadership, stability and networking. Andrews had also used only one aggregate measure of performance thus getting the result that prospectors performed better than defenders who in turn performed better than reactors. The work of Meir et al suggests that the most effective strategy for public organizations are contingent on at least two dimensions namely organizational context, including the relevant schedule of goals, and the performance standard. Meir et al proposed that to make progress on the idea that strategic management matters, there was need to build on their work by incorporating other elements of Miles and Snow model by investigating the extent to which the impact of different strategies are contingent on the internal structures and processes of public organizations. This requires comprehensive information on how organizations develop and implement their strategies including the results they achieve. The limitation of Meir et al (2007) is context in that it was studied in the United Kingdom and the findings cannot be generalized due to lack of sufficient similar findings in a sufficient number of studies. This study seeks to contribute to this knowledge gap by establishing the relationship between strategic management and organizational performance within the context of NIB. This will provide information than can contribute towards generalization of the findings of Meir et al (2007).

Strategic management has become a standard tool used by the public manager to create value and shape the organization (McBain & Smith, 2010). In view of increasing complexity in public management, the authors propose the use of a strategic triangle

comprising political management, operations management and cooperation management alongside strategic mapping to guide public managers through the strategic management process. They conclude that building robust alliances internally and externally is the key to strategic success in the public sector. The limitation of this study is scope and context. This study will seek to confirm that these aspects are relevant factors to achieving performance of NIB in a different context. Juntunen (2015) studied the link between strategy and performance and concluded that such factors as the existence of a sponsor of the strategy, the role of human resources management, management of stakeholders, creation of networks and the participation of top and middle level managers in strategic and performance management were critical for attaining satisfactory performance in the public sector. The limitation of this study is context. Juma and Okibo (2016) investigated the effects of strategic management practices on the performance of public health institutions in Kisii County in Kenya which reaffirmed that strategic management could lead to efficient delivery in healthcare provision. The findings, were limited to context of the healthcare industry and Kisii County. Korir, Rotich and Bengat (2015) investigated performance management and public service delivery in Kenya and concluded that the gains recorded in performance of Kenya's public sector could be attributed to various strategic performance improvement initiatives adopted by government but this study cannot be generalized as it focused on discussing the performance enhancing initiatives made by the government of Kenya which improvement could not be solely attributed to strategic management practices. Guchu (2014) studied strategic management practices and organizational performance of Kenya's Parliament as well as the challenges faced which established that Parliament's performance was closely linked to its planning strategy. The

study is limited in context. The Board of Directors and the Parliamentary Service Commission also participated in strategic planning and evaluation. Sifuna (2014) studied the effect of competitive strategies on the performance of public universities in Kenya and reported that cost leadership, market focus and differentiation had a significant effect on the performance of public universities. The study proposed that a similar study be carried out on other organizations. The study is limited due to differences in sector and institutional context. The knowledge gap that exists and this study seeks to address is strategic management practices in the context of NIB and the influence of these practices on its performance. No research investigating the influence of strategic management practices on the performance of NIB has been done and this study will provide this knowledge.



## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter outlines the research methodology that was adopted for the study. It presents the research design, data collection methods and the procedures for data analysis.

### **3.2 Research Design**

The research design was a case study aimed at establishing the strategic management practices of NIB as well as their influence on overall organizational performance. The approach was considered appropriate for the carrying out of the required comprehensive and in-depth study of the organisation to understand the actual practices and influences of strategic management on performance through participant observation. The design was appropriate since a full contextual analysis of few events or conditions and their inter-relations that exist within the subject organisation was desired (Cooper & Schindler, 2006)

Further, a case study design was preferred because the aim of the study was to carry out a detailed investigation of NIB in its entirety, paying particular attention to facts. This in turn allowed for an objective study of events and the identification of critical relationships. Previous studies that had applied this method included Ongonge (2013), Ong'ayo (2012) and Onyango (2012).

### **3.3 Data Collection**

Data was collected to establish the strategic management practices of NIB and the influence of these practices on overall organizational performance. Primary data on strategic management practices and the influence of these practices on organizational performance of NIB was collected from top managers of NIB through in-depth interviews using an

interview guide developed for the purpose. In addition, secondary data on these practices and corresponding organizational performance was collected from annual and other reports to fill any emerging gaps from the interviews and to validate the primary data collected.

The method provided for deeper probing of issues that emerged from the matters outlined in the guide with the aim of capturing the underlying issues, factors and influences that were relevant to the subject of the research. Data was collected from the organisation's five Deputy General Managers and the lead consultant of the firm assisted NIB prepare the current strategy paper and review the immediate previous one. The interviewees were chosen on the basis of the fact that they were the persons making strategic decisions within NIB.

### **3.4 Data Analysis**

The collected data was edited, coded and tabulated. Content analysis technique was used to analyze the data since the data was qualitative. The responses from different respondents were compared and summarized in line with the objectives of the study.

Content analysis was preferred in this study because it allowed for the sifting through of large volumes of data with relative ease and in a systematic fashion. The method also lends itself to flexibility and objectivity. It is a tool for measuring the content of information and as such facilitated the capture of the qualitative description of the manifest content of data collected through the interviews. Research studies that have applied this technique include Guchu (2014), Onyango (2012), Khamis (2006) and Ochanda (2005).

## **CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION**

### **4.1 Introduction**

Data analysis, results and discussions of the research are presented and discussed in this chapter. Data was collected through in-depth interviews of the Deputy General Managers in charge of Engineering, Operations, Finance and Strategy, Corporate Services as well as the Eastern Region. The team leader of the consultancy firm that assisted the Board in preparing the current strategic plan was also interviewed. Data gaps were filled using secondary data sourced from NIB of Kenya's 2003-2007, 2008-2012 and 2013-2018 strategic plans. On the basis of the objectives of the study, the data was consequently analyzed and the findings were as presented below.

### **4.2 Strategic Management Practices**

The research study sought to establish the strategic management practices adopted by NIB over the period 2003 to 2016. Most of the interviewees had worked for the Board for over 20 years and provided information covering the entire period. The two others, one in charge of corporate services and the other in charge of engineering, provided information over the immediate past eight and three years respectively. From the interviews, it was found as follows:

#### **4.2.1 Visioning**

The interviewees were asked what the vision statement of the organisation was and they stated that it was "water to every irrigable acre". They were then asked how this vision was arrived at to which the responses was that NIB adopted a participatory process involving employees at the initiating stage followed by external stakeholders at later stages. The

stakeholders included customers, government ministries and experts in various relevant fields. The Board of Directors made the final contribution to the vision. Probed further on the role each party played, they offered that the rank and file employees suggested the initial version of the vision through brainstorming sessions. The candidate vision statement was then improved until a final version with majority support was adopted. This statement then went through a validation process by external stakeholders and finally the Board of Directors. The interviewees explained that an outsourced expert guided the entire process in order to manage the competing internal political power play without damaging the working relationships among staff.

Asked about the vision horizon for NIB, the response was that the first one was ten years while the current one was expected to last for about thirty years. Probed as to why the current one was expected to last longer than the first one, the respondents said that the first vision was inward looking since it was geared towards recovery. They said the vision, “to be the leading institution in the development of effective and efficient irrigation and drainage projects and schemes in Kenya” was essentially a turnaround vision that focused on improving internal efficiency, stability and sustainability. Once a turnaround was achieved, it ceased to be an inspiration. The new one was expected to last for an indefinite period as it was self-adjusting and externally focused on satisfying the needs of customers and critical stakeholders like the Government. They articulated that there was always going to be an irrigable acre to bring into production through technological, process and coverage interventions at any one time.

Asked how the organisation ensured that all employees and other stakeholders were working towards achieving the vision, most of the respondents said that the participatory process was key to cultivating a feeling of ownership of the vision which motivated employees and stakeholders to work towards its achievement. The respondents all said that effective communication and visibility of the vision to all cadres of staff and all shades of stakeholders was also very important and gave an example of the vision statement being printed on all official letterheads of NIB. They further said that to achieve universal communication of the vision, all existing and joining employees were furnished with copies of the strategic plan. Some of the respondents also said that resource allocation to areas critical to the achievement of the vision was also an important signal to employees and stakeholders that the top leadership of NIB believed in the vision thus inspiring commitment and confidence in the employees as well as stakeholders.

#### **4.2.2 Determining the mission or business domain**

The mission of NIB was stated by the respondents as “to provide water for sustainable farming through development, rehabilitation, modernization and promotion of irrigation and drainage for improved livelihoods, food security and economic growth”. They further said that the mission statement was heavily influenced by the statutory mandate of NIB. Asked whether the mission had also changed when the vision changed, they responded that it had and explained that while the main pillars of the mission statement remained the same, the outcome focus shifted from addressing agricultural production to addressing provision of water to land. This was in response to the provisions of the Constitution of Kenya that devolved agriculture to County governments.

When asked to explain how the mission statement was structured they responded that the mission statement was formulated in such a way that it comprised three parts namely the output, the means and the desired outcomes. They explained that the output part of the mission when achieved, led to the vision, which in this case was water for irrigated farming. They explained that this was the core business of NIB. The second part was the means of achieving the mission which they explained to be development, rehabilitation, modernization and promotion of irrigation and drainage. They further explained that the desired outcomes outlined the end result of achieving the vision. These outcomes were improved livelihoods, food security and economic growth in Kenya.

#### **4.2.3 Environmental scanning**

When asked whether or not NIB carried out environmental scanning as a strategic management practice, the interviewees responded in the affirmative and remarked that it was the most critical practice as it made the organisation become aware of capabilities, vulnerabilities, opportunities and risks that could be attributed to both the internal and external environments. Probed as to how it was actually carried out, the respondents said that a consultant was usually hired to guide the employees and other stakeholders through this process. They further explained that employees, customers and experts in various fields including engineering, human resources management, strategic management, agriculture were usually involved in examining NIB's internal resources and business processes to identify strengths and weaknesses. They said that employees, stakeholders and the consultant went through a mix of brainstorming, analytical and iterative processes of carefully identifying shifts in the internal and external environments that present potential benefits or harm to the long term interests of NIB.

They further explained that an analysis of the general macro-environment was also carried out to understand the national and global factors that had potential to have an impact on NIB's long term goals. These macro-environmental scanning was normally carried out by a consultant after which an iterative consultative process for validation was done. They further explained that the last step in environmental scanning was gap analysis whereby the desired situation and the current status of each pillar of the mission statement determined the strategic gap. Asked why they thought environmental scanning was one of the most important activities, they explained that it provided the inputs for the building of the nexus between the aspirations of the shareholders, the capacities and capabilities of the organisation and the demands of the external environment.

The interviewees were then asked what tools NIB was using to do environmental scanning. They explained that NIB preferred to use SWOT analysis for identification of internal and external environmental factors that have a direct impact on how efficiently and effectively it could deliver goods and services to the environment. They explained that SWOT was preferred for this purpose because it was adaptable to the perspective of the organisation in the identification of organisation-wide strengths, weaknesses, opportunities and threats. They added that the tool was flexible in application and allowed for focusing only on the organization and its environment thus facilitating observations that were very specific to the organization. They explained that SWOT analysis further allowed for originality and creativity in identifying environmental factors that were critical for the delivery of NIB's mission and vision to the satisfaction of stakeholders.

They further explained that for the examination of the global environment, NIB has adopted PESTEL analysis which captures broad environmental factors which have relevance to and can influence in one way or the other the probability of attaining the mission and vision of NIB. The choice of SWOT and PESTEL was also due to their suitability for application to public sector institutions most of which do not operate with a profit objective or are statutory monopolies. Most other instruments have been developed with a commercial orientation making it difficult or inappropriate to apply them on public institutions. On gap analysis, it was explained that NIB preferred to use situational analysis as the most appropriate tool.

When asked who participated in environmental scanning, they responded that employees, members of the Board of Directors, representatives of relevant Government organs, professionals, customers and suppliers participated. They explained that each category of participants provided a unique perspective of environmental needs and emerging issues that enriched the output by capturing a wide range of factors.

#### **4.2.4 Formulation of Objectives**

In this part, the interviewees provided information concerning the strategic management practice of formulating strategic objectives. To the question as to how NIB arrived at its strategic objectives, the respondents said that first they derived the broad objectives from the strategic gaps identified through situational analysis. These strategic gaps were then broken down into one or more broad objectives which when cumulatively achieved would close the gap. They said that these broad objectives were further broken down into specific objectives. They explained that the main difference between broad and strategic objectives



was that specific objectives could be broken down into activities while broad objectives were too wide to be directly broken down into activities. The specific objectives are formulated in such a way to ensure that they are achievable within the strategy period, which in the case of NIB was five years.

When enquiry was made as to what factors NIB considered in determining the broad and specific objectives, the respondents said that for the broad objectives, it was the strategic gap. However, for the specific objectives, the factors they considered were the broad objective, internal capabilities and capacities of NIB; emerging opportunities and threats in the environment; the time frame and the effectiveness with which the objective would contribute to the achievement of the broad objective. They said that an objective was arrived at through scenario building where the most effective at the lowest cost, was adopted.

As to who was involved in formulating the objectives and what the role of each was, the respondents said that middle level and top management of NIB formulated the objectives under the guidance of an outsourced expert. The objectives were then taken through a validation process involving relevant stakeholders. The objectives and activities were also subjected to periodic review, predominantly mid-term and end term reviews to gauge their effectiveness in addressing the vision and mission. The 2003-2007 and 2008-2013 strategy papers show that the broad objectives and specific objectives remained more or less the same over the two periods. The major focus was internal reorganization of resources to achieve self-sustainability. However, the 2013-2017 strategy paper had different objectives which reflected a refocusing on growth.

#### **4.2.5 Determination of Shared Values**

The respondents were asked how the shared values of NIB were identified to which they replied that the values of NIB were derived from the key pillars of the mission statement by answering the question of what behaviours, habits, beliefs and other human attributes would be necessary if the organization was to achieve its mission and vision. In this manner, they identified relevant and indispensable values. They further pointed out that with the promulgation of the constitution of Kenya in 2010, NIB was obligated to adhere to the stated values, in addition to those it had identified through strategy. The interviewees further clarified that employees of all cadres participated in the identification of NIB's shared values, which values were thereafter taken through a validation process involving relevant stakeholders. Asked how the final list of values was arrived at, the respondents said that this was done through consensus or ranking by number of votes.

Perusing the three strategic plans prepared by NIB, it was found that the shared values had also been changing with each strategy period. The first one had quality service, leadership, care and respect, accountability, value for money and learning as the shared values. In the second strategy period, value for money and learning were dropped while professionalism, transparency, integrity, efficiency, responsiveness and gender equity were added. Asked why some values were dropped, the respondents said that they were thought not to be relevant to the achievement of the broad and specific objectives of the second strategy, which was a consolidation strategy. The third strategic plan had professionalism, integrity, quality, transparency, equity and teamwork as the values which were meant to promote the growth strategy.

#### **4.2.6 Strategy implementation**

Only when implemented does strategy achieve results. Interviewees were therefore asked how NIB made sure that strategy was implemented. They said NIB did this by first transforming the strategy into an action plan with assigned time lines, persons responsible and resources required. The action plan outlined each broad objective then breaks it down into relevant specific objectives each of which in turn is broken down into activities. Each strategy was thereafter assigned to the head of a functional unit and the required resource inputs, including time, human capital and finance shown. The responsible persons were then tasked with implementing the strategies by preparing annual operational plans to implement the strategy.

Probed as to how NIB ensured that the required human, financial and physical resources were allocated in line with the strategy, the respondents explained that NIB had not achieved this. They explained that the required resources had always been higher than the realized resources giving an example of the 2008-2012 strategy which required KShs 40 billion to implement but only about KShs 26 billion was secured. The same applied to human and physical resources which had remained lower than projected in the strategy. NIB had therefore resorted to resourcing activities on the basis of a priority criterion that ranked those that required fewer resources but had significant impact on overall achievement of NIB's objectives highest.

Questioned on how utilization of resources was authorized and controlled, the respondents said that utilization of financial resources was authorized through approval of annual budgets by the Board of Directors. Allocation of human resources was done through the approval of the organisation structure, staffing levels and deployments by the Board of

Directors. They said that resource projections in the action plan, as well as the actual annual allocations, were used as control. However, they observed that monitoring of resource allocation over the strategy period was not tracked in a formal manner. According to the interviewees, NIB tracked the implementation of strategies instead of tracking inputs.

The interviewees were asked what they considered to be unique resources that NIB possessed which put them ahead of other organizations in the industry to which the response was staff experienced on large scale irrigation development and goodwill of both financiers and customers. They said that other organizations, especially public sector ones, did not possess these.

#### **4.2.6 Monitoring and evaluation of strategy**

The interviewees were asked how NIB ensured that strategy implementation was on course to achieving the mission and vision. They responded by saying that NIB carried out two main reviews namely a mid-term review and an end term review of the strategic plan. They reported that the mid-term review was meant to be carried out at the end of the second year. Asked to clarify whether this had been done in practice, they said that no mid-term review was done for the 2003-2007 strategy and two reviews were done for the 2008-2012 strategy. None had been done for the 2013-2018 strategy as yet. Asked why none was done for the first and current strategic plans while two were done for the second one, they said that strategy monitoring and evaluation was not prioritized as an activity within the annual budgeting process. The exception was the 2008-2012 strategy whose first review was done to accommodate the policy direction of a new Cabinet Minister in charge of irrigation while the second was done during the last year of implementation as part of an enhanced

monitoring and evaluation portfolio within the organisation. Asked why this did not continue during the 2013-2018 strategy, the explanation provided was that there was a decline in financial resources leading to lack of funding for activities considered non-essential. The respondents then explained that NIB had always carried out an end term review of strategic plans as part of the preparation of the new strategy. They explained that the results of the review were then used to modify, drop or introduce new strategies.

Enquiry was made as to who determined which aspects of the strategy needed modification to which the interviewees answered that the need for modification could be identified by any employee or external stakeholder or members of the Board of Directors on the basis of results achieved versus the projected outputs or as a result of a mid-term review. However, it was the Board of Directors that approved any modification of the strategy. Asked how the identification and modification was done, they responded that once gaps between actual and targeted performance of a strategy was found to be adverse, the strategy would be evaluated to find out the constraining factors after which either modification was done to the strategy or the strategy was replaced altogether.

The interviewees said that whereas it was recommended that review of strategy implementation be done annually, this had not been possible due to financial constraints. For this reason, only end term reviews were guaranteed of getting done as an input into the successor strategy. To the question of what informed the decision on when to conduct a review, the respondents said that there were three basic considerations. First was the need to get feedback as to whether the strategy was achieving the projected outputs across all the key pillars of the mission and vision statements while the second was the need to

address the emergence of a significant and obvious gap between actual and projected results at any time during the implementation of strategy. The third reason was the need to take into consideration a significant shift in the external environment such as change in government policy, the law or public opinion as happened in 2008 when the Grand Coalition Government was formed.

### **4.3 Strategic Management Practices and Performance**

On the basis of the strategic management practices of NIB, the study sought to establish whether or not these practices had led to perceived or real improved performance. The interviewees were asked whether, in their opinion, the various practices had led to improved or poorer performance when considered individually and jointly. The findings were as presented below.

#### **4.3.1 Vision and organizational performance**

In order to find out whether NIB's vision statement was perceived to have improved or worsened its performance, the respondents were asked how the vision had influenced NIB's performance over the years. The answer was that having a corporate vision had led to enhanced performance because it inspired and focused employees towards the achievement of a common measurable goal. They said that by unifying the efforts of all employees across NIB, the vision had led to unity of purpose, synergizing, converging programming and efficient allocation of resources. They gave an example of the first vision of NIB which was "to be the leading institution in the provision of irrigation services" whereby by 2005, NIB had become so effective as an irrigation service provider that the Government of Kenya handed over the running, rehabilitation and management of Bura Irrigation Scheme, the second largest irrigation scheme in the country, to NIB. They further

said that by 2009, NIB had become the preferred government agency for the execution of irrigation services as evidenced by the fact that the Ministry of Water and Irrigation passed on their irrigation development budget to NIB to deliver irrigation projects on their behalf. It was reported that at handing over of the budget, the ministry cited NIB's capacity to absorb funds and effectiveness of their systems in delivering projects on schedule. With the change of vision to "water to every irrigable acre", the ongoing irrigation development project portfolio of NIB had more than doubled from 78 in 2012 to 236 in 2016. In their opinion, this demonstrated the positive relationship between vision and performance which they said became more apparent when the results achieved by NIB in its core business were so insignificant during the years before the adoption of strategic management.

Asked what effect the process used to arrive at the vision had on NIB's performance, the interviewees responded that since participatory approaches integrated the element of stakeholder ownership, it led to improved performance by motivating stakeholders to go beyond the normal to achieve set goals. They said that a participatory process also made it easier to form task delivery teams since employees already had a common long range focus.

Asked what aspects of the visioning process improved or hurt performance and why, the respondents said that accurate stakeholder identification and effective involvement enhanced performance since it equipped all stakeholders with the necessary information concerning the long term direction and goal of NIB.

#### **4.3.2 Mission and organizational performance**

The interviewees were asked whether they thought that the mission statement had improved or worsened organizational performance to which they replied that the mission

statement had led to enhanced performance. They said that they arrived at this conclusion because the mission statement had helped employees to understand the key outputs that were necessary for delivering the vision. This then allowed employees to accurately identify required actions, enabling factors, performance standards and expected scope of outputs within a specific time frame. They said that the mission statement defined the areas of focus of NIB which in turn allowed for assignment of responsibilities for delivery to specific functional units. With clear target outputs, performance standards, resources and time frames, they explained that NIB had been able to achieve most of its targets compared to the period prior to institutionalization of the strategic management practice of missioning. Prior to missioning, they explained that there were aspects of NIB's mandate, such as irrigation development, that were completely ignored especially between 1983 and 2002.

Enquiry was made as to whether the way the mission was formulated had a positive or negative influence on organizational performance, their response was that they thought that a participatory process was beneficial and led to better performance. They however cautioned that NIB had never adopted any other process and so they had no comparison except for the period before adoption of strategic management when a top down approach was adopted. Asked what aspects of the missioning process enhanced or harmed performance, the respondents said that open participatory processes had a positive influence on performance while superficial participatory processes harmed performance as disgruntled employees or stakeholders tended to sabotage implementation.



### **4.3.3 Environmental scanning and organizational performance**

With a view to establishing whether environmental scanning had an influence on performance, the interviewees were asked if environmental scanning had led to enhanced performance of NIB and why they thought so. They responded that environmental scanning had enhanced performance of NIB. This was because environmental scanning helped NIB identify the real expectations of the customers, employees and other stakeholders thus making it possible to adopt strategies that effectively addressed these needs. They further said that environmental scanning had made it possible for NIB to set appropriate performance standards by matching its internal capabilities and capacities to the demands of the external environment. Through accurate environmental scanning, the organization had been able to achieve increasing levels of stakeholder satisfaction especially that of customers, employees and suppliers since 2003.

When the interviewees were asked whether or not they thought that the approach used to carry out environmental scanning could facilitate or hamper NIB's performance, they said that both the approach and tools used had a potential influence on the performance of the organization. They explained that that NIB had been increasing the number of tools used for environmental scanning and analysis with the aim of achieving ever more accurate and relevant information. The tool used to carry out environmental scanning in 2003 was predominantly SWOT analysis. By 2013, P-PESTEL, Stakeholder Analysis and Situational Analysis had been incorporated. They said that this had led to an increasing rating of NIB performance in strategy evaluation as well as the annual performance contract evaluation. The interviewees also said that generation and adoption of irrelevant information through improper application of the available tools was the biggest threat to performance.

Therefore, to manage this risk, NIB had always relied on outsourced experts to guide the activity and probe emerging ideas. Asked whether NIB had experienced a difference in performance that could be directly attributable to poor environmental scanning, the response was that outcomes of performance evaluation had improved over time as more tools were adopted by NIB. This meant that the more accurate the information gathered through the process, the higher the expected performance.

#### **4.3.4 Strategic Objectives and organizational performance**

The interviewees were asked in what way having objectives influenced NIB's performance in the long term to which they responded that the objectives were the standards against which performance was measured and as such were the main drivers of performance for NIB. They said that achieving a series of objectives would lead to NIB realizing its long term goals. Objectives allowed for task and resource assignment thus facilitating performance contracting. Performance contracting optimized the utilization of resources by leveraging on measurement of results.

Asked whether the way the objectives were developed were relevant to NIB's performance, the interviewees responded in the affirmative. They explained that NIB's performance was not solely judged by the achievement of the set objectives but the perception of satisfaction that the public and other stakeholders had as a result of these achievements. Therefore, their opinion was that a process that gave rise to objectives that address the needs of these stakeholders led to higher performance ratings. Probed as to which aspects of formulating the objectives had a negative or positive influence on NIB's performance, the respondents said weak stakeholder and situational analysis had the potential of hurting performance and deviating from the long term goals.

#### **4.3.5 Shared Values and organizational performance**

The interviewees were asked if they thought that shared values had an impact on NIB's performance and if so whether the impact was positive or negative. They said that shared values made a difference on NIB's performance especially in areas that touched on efficiency and quality of services, including delivery. For this reason, they said that careful attention had been given to the selection and institutionalization of NIB's core values. They reported that the current values included professionalism, integrity, quality, transparency, equity and teamwork without which it would be difficult to achieve organization-wide standardized behaviours, goods and services. Probed to expound on this, they said that in expansion of irrigation area, such values as professionalism, quality service and customer focus are key to achieving satisfactory results especially in the eyes of stake holders. They also observed that having and practicing the wrong values had previously sabotaged NIB to the point of near collapse when stakeholders got disillusioned.

Asked if they thought that the way the shared values were arrived at had any positive or negative influence on NIB's performance, the respondents said that the method did not matter provided the values were facilitative of the vision, mission and objectives. They said that the most critical factor was not the formulation but the standard exhibited by leadership.

#### **4.3.6 Strategy implementation and organizational performance**

The study sought to establish whether there was a relationship between the practice of strategy implementation and NIB's performance by posing this question to the interviewees. They said that when it came to strategy implementation, the choices were to implement or not to implement the strategy. They said that from their experience, choosing

to implement strategy had definitely improved NIB's performance. Asked what could lead to a choice not to implement strategy, they said that conflict of interest among the various stakeholders was the major cause especially when the intentions of the different government ministries, the Board of Directors, Management and employees were not aligned. When this situation arose, focus on survival rather than the strategy took center stage leading to execution of activities that have nothing to do with strategy. This in turn led to non-achievement of strategic objectives and the long term goal.

Probed further as to whether or not decisions on resource allocation had affected NIB's performance and how, the respondents were clear that the way human and financial resources were assigned to perform strategic activities had a direct impact on NIB's performance. They said that because of this, NIB endeavoured to match the employee and departmental capacities to the tasks so that those best suited to deliver the assignments most efficiently and effectively were assigned responsibility for implementation.

The interviewees clarified that that the aspects of strategy implementation that had negatively affected NIB's performance were misallocation of resources, adversarial rivalry between key departments and conflict of interest. Inability to raise adequate funds also hurt performance. When done right, resource allocation as part of strategy implementation, had improved NIB performance. Probed further as which aspects of resource management enhanced or hurt performance, the interviewees said that long decision making processes, lack of a clear resource allocation criteria and the practice of spreading resources thinly across activities during the approval processes had hurt performance.

#### **4.3.7 Monitoring and evaluation of strategy organizational performance**

The interviewees were asked whether monitoring and evaluation of strategy improved performance or not. The respondents said that monitoring and evaluation was essential for improved performance since heads of functional units exerted themselves when they knew that the outputs were going to be measured. They explained further that monitoring also gave regular feedback to managers on whether they were still on track to achieving the set objectives thus allowing them to reset or modify activities and strategies accordingly as and when necessary. They further said that low frequency of monitoring and review of the strategy was the major hindrance to satisfactory performance because of the risk of strategic drift. The other risk was that of politically more powerful managers and employees benefiting from biased reviews, especially for the purposes of reward as part of performance management, which disillusioned other employees.

#### **4.3.8 Performance measurement in National Irrigation Board of Kenya**

Interviewees were asked to state what constituted performance in NIB to which they responded that increase in area of land served with irrigation infrastructure, expansion of area of land in production, increase in land and water productivity, improvement in cost efficiency or value for money and enhanced financial sustainability of NIB operations constituted performance of NIB. They were probed further as to how the standards of performance on these areas were set and they clarified that they were set on the basis of objectives set such as scope, established best practices, national policies, technical standards as well as legal requirements. They said that political party manifestoes as well as national development plans such as Vision 2030 play a significant role in the setting of performance standards.

Asked how performance was measured, the respondents said that NIB measured its performance using the Balanced Scorecard. Probed as to the reason for choosing the tool, the interviewees said that the Balanced Score Card measured both financial and non-financial indicators which was appropriate for a non-profit making institution like NIB. From the respondents and perusal of reports, NIB's outputs were reported to have generally improved since the adoption of strategic management practices in 2003. Annual government investments into the organization increased from some KShs. 100 million in 2003 to KShs. 8.5 billion in 2016 with a peak of KShs. 11 billion in 2014/2015. Development projects increased from one in 2003 to over 200 in 2016. Over 80 of these projects had already been completed and were in production. Area under production had increased by about 50,000 acres. The rate of development was reported to be at an average of about 4,000 acres per year, which however, was far below the targeted 90,000 acres per year. This was explained by the respondents to be due to capacity constraints, mainly financial and human. The respondents said that, throughout the strategy period, increase in land and water productivity had not been measured due to difficulty in getting farmers to allow for sample cutting but they said that NIB had put in significant efforts to improve productivity. It was also reported in the mid-term and end term reviews of the strategies that improving cost efficiency had remained a challenge for NIB of Kenya with a significant rise in the average cost of irrigation development from KShs 500,000 per acre in 2010 to KShs 1,000,000 per acre in 2016. Financial sustainability of NIB had also not been achieved as NIB increasingly became reliant on the Exchequer to subsidize its recurrent budget which was at of 50% from 20% in 2008. In addition, the number of self-sustaining irrigation schemes had reduced from one in 2008 to none in 2016.

Asked about the areas where NIB was considered to have performed well due to adoption of strategic management practices, the respondents said that these included improvement in the area under irrigated production, increased infrastructure and enhanced productivity. Asked if there were some extraneous factors that may have impacted on NIB's performance, the respondents identified inflexibility that came with a written strategy which had at times hindered performance of the organization especially when some strategies had to be abandoned due to factors beyond NIB's control. An example of such was given as change in focus to small scale irrigation development instead of large scale irrigation development leading to abandonment of implementation of the latter projects midstream. On the other hand, they explained that increased grants for irrigation development released by the Government had enhanced the performance of NIB. They also identified high agency costs as a hindrance to some aspects of performance especially on project completion rate and cost efficiency. Table 1 shows the results of the end term review of the 2008-2012 strategic plan.

The respondents said that development partners, government employees and the Board of Directors had reported enhanced levels of satisfaction with the services of NIB when compared to the period before adopting strategic management practices. This had resulted in farmers who were revolting and rejecting NIB's involvement in irrigation development and management between 1998 and 2002 demanding for more NIB involvement by 2008. Development partners and government had significantly reduced investment through NIB during the same period but restarted in 2006. The respondents also said that employees of the Board had low self-esteem and felt insecure in their jobs before adoption of strategic management practices but today have a satisfactory level of satisfaction with NIB. To

support this, it was reported that only two cases of resignation, one case of early retirement and one case of summary dismissal had occurred over the last five years. On the other hand, the Board of Directors had since shifted focus from survival strategies to growth strategies. These were given as indicators of improved performance since NIB adopted strategic management practices.

**Table 1: Summary of NIB performance of the 2008-2012 strategy**

<b>No.</b>	<b>Strategic Objective</b>	<b>Evaluated Score (%)</b>
1.	Accelerating irrigation expansion and development	59
2.	Improving performance of irrigation and drainage infrastructure through rehabilitation	77
3.	Improving provision of operation and maintenance services and increasing efficiency in water utilization	71
4.	Strengthening capacity of farmers and farmer organizations for management of irrigation systems	73
5.	Improving land tenure systems	65
6.	Improving financial sustainability of all public irrigation schemes	49
7.	Improving efficiency and productivity of staff	Unmeasured
8.	Improving agricultural and land productivity in irrigation schemes	68
	<b>Aggregate Score</b>	<b>66</b>

Source: NIB Strategic Plan 2013-2017



Asked about the potential risks to achievement of NIB's long term objectives, the respondents said that NIB's inability to meet demand for services due to the lowering of financial support from Government and the high number of incomplete projects posed a threat to the long term survival of NIB. The respondents said that stakeholders such as customers and suppliers may become disillusioned and find alternatives.

#### **4.4 Discussion of the findings**

The study found that all strategic management practices of NIB are carried out in a participatory manner where all relevant stakeholders were involved except for that of implementation where resource allocation and provision decisions were made by the Board and top management. The study also found that whereas an organization's vision tends not to change over a long period of time, NIB's vision had changed once during the fourteen year period since it adopted strategic management as a means of improving performance in service delivery and long term sustainability. The change was triggered by the desire of NIB to respond to stakeholder demands which agrees with the observation of Johnson, Scholes and Whittington (2008) that an organization's long term direction is aimed at fulfilling stakeholder expectations. The study further found that while NIB's vision had changed once, the mission had remained the same. This was attributed to the fact that NIB's mandate was defined by law through a substantive Act of Parliament. The phrasing of NIB's mission was therefore carefully considered to focus on the key areas of performance delivery over the long term. This agreed with Machuki (2010) who viewed strategy as the configuration of an organization's thought process, actions, resources and capabilities for charting its long term direction and success.

The study also found that NIB carried out environmental scanning of both the internal and external environment using various tools including stakeholder analysis, SWOT analysis, PPESTEL analysis and situational analysis with a view to achieving a strategic fit between NIB's resources and capabilities on one hand and the opportunities in the external environment on the other with a view to meeting stakeholder expectations. NIB formulates its broad objectives by identifying the strategic gap between the current and desired situation as established by the study. These objectives are further broken down into specific objectives and activities for the purposes of preparing action plans. This agrees with the argument of Drucker (1954) that strategy is analyzing the present situation and changing it if necessary.

The study also found that NIB had a set of core values that included professionalism, integrity, quality, transparency, equity and teamwork. NIB relies on these values to support delivery of both the vision and the mission in line with the argument of Goswami (2013) that corporate values define the corporate culture, generate emotional energy, and provide a compelling force in the context of strategic intent. It was found that NIB intended the values to be used in the creation of organizational plans and in decision making throughout the organization in line with the observation of Malbasic (2012). The study, however, did not find out to what extent these values were actually practiced by NIB's employees.

The study found that NIB reduced its strategic objectives into a resourced action plan to facilitate implementation. The plan outlines the strategic objectives to be achieved, the key activities to be undertaken, the resource requirements and the time for implementation of

the activities. This is in line with Mintzberg (1998) who saw strategy as a plan. The plan is the basis of strategy implementation. Indeed, Thompson, Strickland and Gamble (2010) postulate that the essence of a good strategy is to build an organization capable of producing satisfactory performance even in the face of unforeseen circumstances. The study also established that NIB had not been able to match its strategy with its resources and capabilities which had led to under-achievement of its strategic objectives. Further, the study found that strategy implementation was communicated and cascaded to all levels of the organisation. This agreed with Byrson (1989) who argued that strategic planning gives direction so that employees and other stakeholders know where the organization is going and where more effort needed to be focused. However, NIB's monitoring and evaluation of strategy was found to be rather weak in that regular reviews were not done. There was, therefore, a level of danger of strategic drift resulting in unsatisfactory performance.

On the influence of strategic management practices on performance, the study established that NIB had achieved significantly better performance during the period it had institutionalized formal strategic management practices than the period before that. This agrees with Porter (1985) who argued that disillusionment with strategic management was misplaced as it remained a useful concept for improving performance after recasting. Through strategic management, NIB has demonstrated that perceptions can be turned around from negative to positive then to levels that are comparable to other public agencies. This is in line with the postulation of Greenley (1986) that strategy has potential advantages and intrinsic values that lead to improved organizational performance.

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter summarizes the findings of the study as analyzed in the preceding chapter. It also presents the conclusions and recommendations.

### **5.2 Summary of findings**

The study found that NIB practices visioning and its vision since 2013 being “water to every irrigable acre”. The study also found that NIB practices missioning or definition of the organization’s business domain. NIB’s mission since 2013 has been to “provide water for sustainable farming through development, rehabilitation, modernization and promotion of irrigation and drainage for improved livelihoods, food security and economic growth”.

The study further found that NIB carries out internal and external environmental scanning as a strategic management practice using tools appropriate for organizations providing public goods and services. These tools include stakeholder analysis, SWOT analysis, P-PESTEL analysis and situational analysis.

In addition to the foregoing, the study established that NIB formulated strategic objectives on the basis of the strategic gaps identified under situational analysis and the critical internal and external environmental factors emerging from the stakeholder, SWOT and P-PESTEL analyses. The study also found out that NIB promotes adherence to clearly defined core values that are aimed at promoting the successful accomplishment of the vision, mission and objectives. The study further found that NIB implements its strategy through a formal resourced strategic plan.

The study further established that NIB carries out monitoring and evaluation of strategy as a strategic management practice but that the monitoring is not done on a regular basis as intended. The study further found that all strategic management practices were spearheaded by the Planning Division, were carried out in a participatory manner and involved the employment of consultancy firms to guide consultations and prepare the documentation. Consultants are also engaged to monitor and evaluate the implementation and performance of the strategic plan against set objectives and performance standards.

The study also found that there is a positive relationship between strategic management practices and performance with each practice having a specific role in the eventual improvement of organizational performance. When taken together, the study found that the strategic management practices of NIB had led organization through a period of improved performance between 2003 and 2016 compared to the period before 2003 when NIB did not have any formal strategic management practices. The study also found that sensitization of stakeholders and communication of the strategy to stakeholders is a key ingredient of strategy implementation by NIB and that this positively influences overall organizational performance.

### **5.3 Conclusion**

The study has demonstrated that NIB has adopted and is practicing key strategic management practices including establishing a formal unifying long term direction for the organisation. The impact of a unifying vision at NIB has been demonstrated by the results achieved by the 2003-2012 inward looking turnaround vision which rallied stakeholders to achieve the goal of stabilizing the organisation financially and operationally. The current

vision, formulated in 2013, has rallied the institution's stakeholders to enable NIB embark on the initiation and execution of 150 new irrigation development projects all over the republic. NIB's commitment to its vision and the results achieved give further credence to the arguments of Porter (1985) and Chandler (1962) that the long term vision of an organisation is necessary for its long term success.

The study has confirmed that NIB has adopted, is dedicated to and has institutionalized strategic management practices with the sole purpose of attaining long term financial and operational viability as well as improvement of service delivery to the satisfaction of stakeholders. In order to maximize the outcomes of NIB's strategic interventions, the organization has prioritized stakeholder analysis and participation as a key component of the strategic management process. The study shows that when such strategic management practices as determining corporate business domain or mission, environmental scanning, formulation of objectives, strategy implementation and monitoring and evaluation of strategy are formalized and integrated into the managerial practices of an organisation, there is a demonstrable improvement of performance. There is therefore evidence that NIB has adopted strategic management practices and that these practices have a significant positive relationship with NIB's corporate performance. This is especially so in view of the fact that NIB had always maintained the traditional management principles from its inception in 1966 but experienced a significant change in performance after it adopted and integrated strategic management practices as part of the corporate management framework. This research study also concludes that strategic management practices may also lead to other benefits such as being a catalyst for resource mobilization, a key input for improved

organizational performance, as shown by the increased investment by development partners and the Government of Kenya after NIB adopted strategic management practices. The study has also shown that it may be easier to introduce and administer performance management systems that contribute to overall organizational performance when strategic management practices have been integrated into the corporate management framework of an organization.

It is also concluded that failure to carry out frequent monitoring and evaluation of the implementation of the strategy can lead to strategic drift as has been demonstrated in the NIB case where the success rate of the immediate last strategy was 66%. This may be attributed to the inability of NIB to capture and incorporate the consequences of changes in the external and internal environments into the strategy in good time due to irregular strategy reviews. The study further concluded that there was a threat of high agency costs when the interests of the Government, Board of Directors and the management conflict. This may have disastrous consequences for NIB's internal resources and capacities thus its ability to meet stakeholder expectations.

The originality and value of the study for theoretical knowledge and literature is found in the attempt to investigate the strategic management practices of NIB and the relationship between these practices and organizational performance within the context of NIB, carrying out analysis and making useful conclusions. The study also supports the existing literature on the subject of strategic management by presenting empirical evidence of the relationship between strategic management practices and organizational performance of NIB. On the basis of literature, empirical review and interview on which the study was

done, this research provides useful insights into the applicability of strategic management practices in the public sector, especially by semi-autonomous government agencies in Kenya and other developing countries. The study also has value to policy makers, leaders and managers by providing important information that enables them to focus their energies and effort on the critical aspects of strategic management practices that influence corporate performance. This study provides practical suggestions that formal strategic management practices coupled with effective stakeholder participation, regular monitoring of implementation and clear purposeful communication have a strong influence on organizational performance. Other practical lessons that can be drawn from this study include the usefulness of strategic management practices as a basis for the cascading of corporate objectives to all levels of the organization, a tool for resource mobilization for implementation of corporate strategies, a means for enforcing accountability and performance, and an instrument for overcoming barriers to strategy formulation and implementation.

#### **5.4 Recommendations**

The study recommends that NIB gives priority to the implementation of lessons drawn from the reviews of past strategies with the aim of continually improving on its strategic management practices to a point where its performance evaluation score on strategy implementation remains at a minimum of 80% in line with the Pareto principle. In this way, NIB will be able to optimize on its resources and environment to meet and probably exceed the expectations of its stakeholders. With the clear demonstration of the positive influence of strategic management on its performance, NIB should allocate adequate resources to the



monitoring and review of its strategies and in matching the strategies to the available resources. This will facilitate the reprioritization, modification and redirection of strategies in tandem with emerging changes in the environment.

Since the long term vision and mission of NIB is not likely to change soon, it is recommended that NIB deepen the application of strategic management practices in such a way that there is sufficient flexibility to incorporate changes in the political and social environment. This will allow NIB to keep focused on the overall vision and mission without compromising on ongoing programmes when new political and social interests emerge. In this way, the risk of proliferation of stalled, abandoned or failed development projects can be kept to a minimum, if not eliminated altogether. NIB also needs to mainstream strategy in the performance management system of the Board where individual manager's performance and resourcing of assigned activities are based on the objectives of the strategy. This will further entrench strategic management, not only as a practice, but as a value of NIB.

One of the major factors critical to NIB's long term survival is the perception of farmers, its customers. The study therefore recommends that NIB views its strategy as a promise to its stakeholders, especially farmers, and as such their perception is likely to be influenced by the execution of the strategy. Consequently, NIB needs to exercise caution when formulating its strategy so that it matches its promise with resources it can realize and allocate. NIB should therefore prioritize strategies that lead to higher farmer satisfaction levels since farmers have the capacity to influence, negatively or positively, the

predisposition of the other critical stakeholders toward NIB. It is further recommended that NIB reviews its strategy for managing agency costs by effectively controlling agent's self-interest and opportunistic behavior and improving congruence of interests of the management, the Board of Directors and Government. It is also recommended that NIB refocuses itself to making strategic choices that would lead to its long term financial sustainability right from the irrigation scheme to the corporate level.

### **5.5 Limitations of the study**

The study was based on information gathered from employees of NIB and therefore, to avoid common method variance (variance that is attributable to the method of measurement rather than to the constructs that the measures represent), there is need to carry out further research with expanded sources of information that may include customers, suppliers and other stakeholders. It is proposed that sources of information on the dependent and independent variables be collected from different sources.

Secondly, whereas the study has looked at the situation before and after NIB employed strategic management practices, there is a possibility that other influences may have contributed to the positive transformation in performance of National Irrigation Board. Further research may need to be conducted to establish the influence of the political environment, global policies and posture and other managerial factors which may moderate the relationship between strategic management practices and organizational performance of NIB.

The study did not isolate the core values in terms of the stated and practiced core values. This also goes for some of the other strategic management practices which may have

variances between the stated and practiced core values. This is a further area of research where the influence of these variances on organizational performance can be investigated to moderate the findings of this research.

### **5.6 Suggestions for Further Research**

The limitations of the study provide possible areas for further research, which include a similar study in future whose objective would be to reaffirm these findings while incorporating the perceptions of other critical stakeholders such as customers, government and suppliers. There is also opportunity to carry out a future study that whose aim would be to isolate the influence of other critical events or factors on organizational performance.

In addition, this being a descriptive study offers opportunity to carry out future explanatory research that aims at investigating the relationship between strategic management practices and performance across the irrigation sector. Such a study would be useful for policy makers, regulating authorities and decision makers within the irrigation sector.

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## **APPENDIX: INTERVIEW GUIDE**

### **SECTION A: General information**

1. What is your position at National Irrigation Board of Kenya?
2. How long have you served as an employee of National Irrigation Board of Kenya?

### **SECTION B: Strategic Management Practices and Performance**

#### 3. Vision

- i. How is the vision of NIB of Kenya formulated?
- ii. Who participates in this formulation and what is their role?
- iii. In case of multiple stakeholders, how are different perspectives harmonized to arrive at the vision?
- iv. What is the vision horizon and what informs it?
- v. Does the vision statement influence organizational performance? How?
- vi. Does the way the vision is formulated influence organizational performance? How?
- vii. How does the organisation ensure that all employees and other stakeholders are working towards making the organisation achieve this vision?
- viii. Which aspects of formulating the vision improve or hurt performance? Why?

#### 4. Mission

- i. How is the mission and business domain of NIB of Kenya formulated?
- ii. Who participates in this formulation and what is the role of each?
- iii. In case of multiple stakeholders, how are different perspectives harmonized to arrive at the mission?

- iv. How does the mission statement influence organizational performance?
- v. Does the way that the mission is formulated have an influence on organizational performance? What is the nature of this influence?
- vi. How does the organisation ensure that all employees and other stakeholders are working within this mission?
- vii. Which aspects of formulating the mission improve or hurt performance? Why?

#### 5. Environmental scanning

- i. How does NIB of Kenya carry out internal and external environmental scanning?
- ii. Which tools are used and why?
- iii. What aspects of the tools used are helping or hurting organizational performance? Why?
- iv. Who are involved and what is their role?
- v. How does the organisation ensure that all critical emerging environmental issues are identified?
- vi. Does environmental scanning affect organizational performance? How?
- vii. Does the way that environmental scanning is executed influence organizational performance? What is the nature of this influence?
- viii. Which aspects of environmental scanning improve or hurt performance? Why?

#### 6. Objectives

- i. How are the strategic objectives of NIB of Kenya identified?
- ii. What factors are considered in determining the broad and specific objectives?
- iii. Who are involved and what is their role?

- iv. How does the organisation ensure that the selected objectives will lead to sustained organizational performance in the long term?
- v. Do NIB's broad objectives influence organizational performance? What is the nature of this influence?
- vi. Does the way that broad objectives are developed influence organizational performance? What is the nature of this influence?
- vii. Which aspects of developing broad objectives improve or hurt performance? Why?

#### 7. Shared values

- i. How are the shared values of NIB of Kenya identified?
- ii. Who participates in this identification and what is the role of each?
- iii. In case of multiple stakeholders, how are different perspectives harmonized to arrive at final set of values?
- iv. Do shared values of NIB influence organizational performance? What is the nature of this influence?
- v. Does the way shared values are arrived at affect organizational performance? What is the nature of this influence?
- vi. How does the organization ensure that all employees and other stakeholders have adopted and internalized the shared values?

#### 8. Strategy implementation

- i. How does NIB of Kenya make sure that the strategy will be implemented?
- ii. How are human, financial and physical resources allocated within the organization?

- iii. Does resourced action planning affect organizational performance? What is the nature of this influence?
- iv. Does the manner of assigning responsibilities and resources affect organizational performance? What is the nature of this influence?
- v. Which aspects of resourced action planning improve or hurt performance? Why?
- vi. How is the utilization of these resources authorized, monitored and controlled?
- vii. Which aspects of resource authorization, monitoring and control enhance or hinder performance?
- viii. Which unique resources does NIB of Kenya possess that other organizations in the industry do not or is expensive to acquire or possess?
- ix. How do NIB's resources affect performance? Explain the nature of the influence?

#### 9. Strategy monitoring and evaluation

- i. How does NIB of Kenya ensure that strategy implementation is on course to achieving the mission and vision?
- ii. How and who determines which aspects of the strategy need modification?
- iii. How often are reviews done?
- iv. What informs the decision on when to conduct a review?
- v. Which aspects of the monitoring and review improve or hurt performance? Why?

#### 10. Performance

- i. In which areas of NIB of Kenya's operations does it have to get good results for the organisation to be considered to have performed?
- ii. How are the organization's performance standards determined?
- iii. How is performance measured?

- iv. What is the expected level of performance in each area?
  - v. Has there been any improvement in performance in each of these areas since NIB of Kenya adopted strategic management practices? Explain.
  - vi. Which aspects of strategic management has had the most positive or negative influence on organizational performance? Explain.
  - vii. Are there other factors other than strategic management that have hurt or enhanced performance? Which are these factors? Explain.
  - viii. To what extent can you say each of your critical stakeholders have been satisfied with NIB of Kenya's performance as a result of strategic management practices?
11. Principal-Agent relationship influence on strategic management practices and performance.
- i. In which strategic management practices is government involvement beneficial or harmful to organizational performance?
  - ii. How does conflict of aspirations between the government, the parent ministry, the Board of Directors and management affect organizational performance?
  - iii. Which strategic management practice is most affected by such conflicts?

**THANK YOU FOR YOUR TIME**