STRATEGY DEVELOPMENT AND IMPLEMENTATION AT THE NAIROBI WATER AND SEWERAGE COMPANY LIMITED

BY

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DECLARATION

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

Signature .... Date: ....10-11-2009....

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D61/9034/2006

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Lecturer, University of Nairobi

Signature..

Date:..........15/11/2009..........

DEDICATION

My loving parents whose encouragement has been my source of inspiration and setting a strong foundation for education at my early age and my family for their unwavering support morally, spiritually and materially to make me who I am.

ACKNOWLEDGEMENT

Many thanks to the Almighty God for seeing me through the entire period; I live for you God. Special thanks to my family for their encouragement and support during this entire period. Many thanks too to my supervisor for his patience during this entire research period. You gave me the chance to see my best side.

In addition, thanks to my fellow staff members and friends for helping me with typesetting and proofreading of the document. This final document is as a result of your participation and input.

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ABSTRACT

The first concern in the implementation of the strategy is to translate that strategy into action throughout the organization. The study of strategy development and implementation is necessary since once a firm has identified its strategic goals that will best serve the shareholder's interest the implementation of these strategic goal is of great importance

The objectives of this study were to establish the strategies adopted by Nairobi Water and Sewerage Company Limited in the provision of water and sewerage services to the residents of Nairobi and its environs; to determine the strategy development and implementation processes, and; determine challenges faced at the Nairobi Water and Sewerage Company Limited.

A survey design was incorporated and was based on a descriptive study. This method was used to describe the area of interest by bringing out the facts on the ground as they are without alterations. The main instrument for data collection was an interview guide which contained both open ended and closed ended questions.

The sample for this study was 30 respondents. In addition, secondary data pertaining to the performance of the organization and strategy implementation was collected. The collected data was edited for accuracy, uniformity, consistency and completeness and then arranged to enable coding and tabulation before final analysis. Qualitative data was analyzed with the use of content analysis.

The study concludes that Nairobi Water and Sewerage Company Limited had put in various strategies in the provision of water and sewerage services to the residents of Nairobi and its environs. These included all departments having formal documented mission and vision statements and regular review of the same.

The study also concludes that the institution had put in place various strategy development and implementation processes such as development of specific, measurable , realistic and time-bound strategic goals and communication of organizational vision, mission and key policies.

In addition, the study concludes that Nairobi water and Sewerage Company was faced by various challenges and these included resource constraints such as financial and human resource and a rapidly changing technology.

From the summary and conclusions, the study recommends that Nairobi Water and Sewerage Company Limited needs to put in place measures to get rid of factors that may lead to the alteration of the company's mission and vision. This can be done through effective management policies and good government policies.

The study also recommends that for Nairobi Water and Sewerage Company Limited to overcome the challenges faced in strategy development and implementation, there is a need to invest on technology and human resource. These would go a long way in fostering improvements in the sector.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

1.1.1 Strategy Development and Implementation

According to Crittenden and Crilfenden (2000), strategic planning is the process undertaken to develop a range of steps and activities that will contribute to achieving the organizational goals and objectives. Strategic planning is a management tool used to turn organizational dreams into reality. Strategic planning attempts to systematize the processes that enable an organization to attain its set goals and objectives. There are five general steps in the strategic planning process: goal/objective setting, situational analysis, and consideration of alternatives, implementation and evaluation (Crittenden and Crilfenden, 2000).

Strategic management is aimed at providing a contingent approach in business operations of the enterprise and its operating units and, in the long run, at accomplishing direct product profit as its ultimate objective, alongside with the coordination of sales, consumers, competition and socio-economic dimensions in the realization of business targets (Ansoff, 1997).

In today's highly competitive business environment, budget –oriented planning or forecast-based planning methods are insufficient for organizations to survive and prosper (Predi, 1998). The firms must engage in strategic planning that clearly defines objectives and assesses both the internal and external situation to formulate strategy, implement the strategy, evaluate the progress, and make adjustments as necessary to stay on track. The way in which the strategy is implemented can have a significant impact on whether it will be successful. In a large company, those who implement the strategy likely will be different people from those who formulated it. For this reason, care must be taken to communicate the strategy (Predi, 1998).

An effective strategic planning system looks at the long-term, mid-range strategic goals and the operational plans. In order to facilitate this activity those involved in the strategic planning process, collect data, forecast, model, and construct alternative scenarios. The standard approach to strategic planning incorporates an external environment analysis to identify the opportunities open to improve the organizations business and threats that can be a potential hindrance to its business. It also includes an internal analysis to identify the organizations strengths that can improve its performance and weaknesses that can be deterrent to its performance (Predi, 1998).

The result of a strategic planning process is a blue print that defines organizational activities and allocation of resources that are required to accomplish organizational strategic objectives. Strategic planning practices can either be emergent (evolutionary) or deliberate (formal). The strategic planning process however, is not without challenges. Some of these challenges emerge from within the organization like resource constraints; how competent the organization is to effectively and efficiently undertake strategic planning- This calls for the organization to look to their internal resources for sources of competitive advantage. Some of the challenges emerge from the external environment like rapid change of technological innovations. Here the organization has to be agile and flexible in terms of both strategic planning and structure (Predi, 1998).

A strategy is simply a plan. It is an executable plan of action that describes how an organization will achieve a stated mission. It is working hard to understand a customer's inherent needs and hence rethinking what a category of product is all about (Kenichi, 1998). Organizations often formulate company strategies, product and service strategies, and strategies that drive operational, support and managerial processes. A good company strategy has to have at least four components (Michael and Grisby, 1997): Scope which define company's and business i.e. the present and planned interactions of the company with its environment, competence which is an indication of the level and patterns of the company and competence advantage – the unique position a company will develop vis-a- vis its competitors through its resource deployments and scope decisions. Lastly we have the Synergy, which is the joint effort that is sought from the company's resources deployment and the company scope decisions.

Porter (1980) has described a category scheme consisting of three general types of strategies that are commonly used by businesses. These three generic strategies are defined along two dimensions: strategic scope and strategic strength. Strategic scope is a demand-side dimension and looks at the size and composition of the market a firm intends to target. Strategic strength is a supply-side dimension and looks at the strength or core competency of the firm. In particular he identified two competencies that he felt were most important product differentiation and product cost.

Challenges to strategy implementation process must be identified and addressed as they can hinder even the best strategy from being implemented successfully. In Kenya water sector a study on the commercialization process was carried out by Mukundi (1999). Muiruri (2003) conducted a survey on factors influencing management of commercialized urban Water services in Kenya. A further study to identify whether the commercialization so far undertaken in Kenya had successfully responded to the challenges was carried out by Atak (2004). These studies pointed to the importance of analyzing challenges affecting water services and addressing them in order to foster improvements in the sector.

Implementation of strategies can lead to certain challenges, which may hinder the effectiveness of firms in utilization of strategies identified and employed. Three types of strategic challenges have been identified that may hamper a firm's ability to grasp new opportunities: they require massive amounts of resources, and the regulatory issues imposed by the government and the ability of company owners and managers. Other challenges may arise from structural and economic barriers inherent in the industry. The real challenge in implementation of a generic strategy is in recognizing all support activities and putting them in place correctly. According to Thompson et al (2007) the most important fits are between strategy and organization capabilities, between strategy and reward structures, between strategy and internal support systems and between strategy and organization culture. Fitting the organization internal practices to what is needed for strategic success helps unite the organization behind the accomplishment of a strategy.

Nyokabi (2001) stated that the challenges facing the Kenyan Independent Petroleum Dealer association include low customer confidence, negative publicity, stiff competition from established outlets, insufficient funds for advertising, having few outlet increased overheads, fluctuating prices and low sales. Overall, the competitive strategies most utilized were identified as, looking for reliable suppliers, using suppliers who deliver first and serving all customers.

Karanja (2002) states that the most popular type of competitive strategy employed by real estate is on the basis of differentiation. The study further found out the major challenge facing these firms to be the rising level of interest rates and inflation. These studies points out those local firms apply competitive strategies that are unique and sector specific; hence, cannot he generalized.

Johnson et al (2005) stated that challenges in strategy implementation could arise from issues of ensuring control, managing knowledge, coping with speed of change and increased levels of uncertainty in the business and responding to globalization challenge one or two narrow market segments and tailoring your marketing mix to these specialized markets you can better meet the needs of that target market. The firm typically looks to gain a competitive advantage through effectiveness rather than efficiency. It is most suitable for relatively small firms but can be used by any company. As a focus strategy it may be used to select targets that are less vulnerable to substitutes or where competition is weakest to earn above-average return on investments.

Several commentators have questioned the use of generic strategies claiming they lack specificity, lack flexibility and are limiting. In many cases trying to apply generic strategy is like trying to fit a round peg into one of three square holes: You might get the peg into one of the holes, but it will not be a good fit.

In particular, Millar (1992) questions the notion of being "caught in the middle". He claims that there is a viable middle ground between strategies. Many companies, for example, have entered a market as a niche player and gradually expanded. According to Baden fuller and Stop ford (1992) the most successful companies are the ones that can resolve what they call "the dilemma of opposites".

Strategy is an executable plan of action that describes how an organization will achieve a stated mission. Organizations often formulate company strategies, product and service strategies, and strategies that drive operational, support and managerial processes. Competitive strategy concerns what a firm is doing in order to gain a sustainable competitive advantage. Porter (1980) outlines three approaches to competitive strategy, which lead to the Porters generic strategies, these models are: low cost leadership strategy, differentiation strategy and focus strategy.

1.1.2 Water and Sewerage Services in Kenya

The fact that water is essential for both consumption and for sanitation is not in doubt. Its management determines how people relate to their health, socio cultural, economic development and their environment. Poor performance of urban water provision and public utilities in developing countries has led to calls for reduction in the role of the state and increased role of the private sector in what has traditionally been the domain of the public service. The challenges faced by Water Service Providers in urban areas are wide and varied. They include rapid population growth due to rural-urban migration and the changing profile of these populations with increasing percentage being poor. Globally governments have responded by implementing various water provision models, including fully Hedged privatization, commercialization, concessions and management contracts. In Kenya the Government initiated interventions in 1986 with the production of a Sessional Paper (1986) that stipulated the necessary measures to achieve commercialization.

According to data available supplied by the Ministry of Water and Irrigation and the UN-Habitat held office in Nairobi a large number of people lacking access to safe drinking water and sanitation liabilities is one of the Kenyan capitals common features. According to the Water ministry Kenya's urban dwellers bear the blunt of the problem. In fact, a number of small townships have little or no public provision of the vital commodity. The Ministry of Water and Irrigation indicated that the situation is better in bigger urban settlements and cities, although a myriad of water and sanitation related problems persist. For example, while majority of households has access to piped water in urban centers the estimate suggested that only 29% had their own connections. Very few parts of the city receive a continuous supply, while some residents have had no water in their pipes for several years.

However, the recent commercialization of the water and sewerage sector, formerly under city and town authorities has brought hope that some light will shine on the water sector, and that supply will be convenient, and accurate billing system put in place. Officials of the newly formed private water and sewerage service providers, which are up and working in cities such as Nairobi, Eldoret and Kisumu, say getting water connected to the neighbor hoods now only requires one to make an application to the technical director. The quality of equipments used, and the distance from the main tap will, however, determine the charges to be paid to the water companies. The priority areas of focus will now be to modernize and upgrade the city's water supply and sanitation system. It is envisaged that with the new water sector reforms being undertaken in Kenya, water shortages will he a thing of the past and every housing estate will have adequate safe and clean drinking water while in informal settlements; the commodity will be supplied water at subsidized rates.

Commercialization of the water sector increased in momentum after the enactment of Water Act 2002 which resulted in the repeal of Water Act Cap 372 and the amendment of Local Government Act cap 265. The enactments resulted in the transfer of water and sewerage operations from local authorities to autonomous entities. Nairobi City Water and Sewerage Company was formed in year 2004 to take over the activities of the former Water and Sewerage Department of the City Council of Nairobi. The company is fully owned by the CCN.

1.1.3 Nairobi City Water and Sewerage Company Limited

The Nairobi City Water and Sewerage Company (NCWSC) was incorporated in December 2003 under the companies Act, Cap 486. It is a wholly owned subsidiary of the City Council of Nairobi (CCN). It has its headquarters at Kampala Road, Industrial Area with six regional centers at Karen- Western, Nairobi Dam - Southern, Eastleigh – North Eastern, Kariobangi – Eastern, Northern – Pangani and Charan Centre - Central. The Company's formation arose from the enactment of the new Water Act 2002, which created new institutions to manage water resources and services in Kenya.

The company took over the provision of water and sewerage services within Nairobi and its environs hitherto provided by the Water and Sewerage Department of the CCN. The company was appointed by Athi Water Services Board(AWSB) to provide Water and Sewerage services to its residents under the terms of the Service Provision Agreement (SPA) with the aim of ensuring adequate and quality supply of water, affordable tariffs, maintenance and improvement of water and sewerage infrastructure. There was also a tripartite agreement between the CCN, AWSB and NCWSC by which AWSB leased assets of CCN in line with the requirements of the Water Act 2002 which AWSB has the right to acquire the full use of those assets. Other agreements include those for Agency and Operational assets between the CCN and NCWSC.

The provision of WSS is regulated by the Water Services Regulatory Board (WSRB) which oversees the setting of tariffs and quality of services. The policy role is held by the Ministry of Water and Irrigation while Water Resources Management Authority (WRMA) takes care of preservation of water resources by protection of catchments areas. The separation of roles has ended the conflicting roles of various ministries and institutions which previously carried out water and sanitation services.

The Company has a Board of directors who provide oversight, strategic and policy direction. Policies are implemented through the functional directors under the guidance of the Managing Director. The Company management team at the headquarters comprises the Managing Director and five functional directors. The five directorates and their portfolios are as follows:

- Technical Services responsible for production, operations and maintenance, quality assurance, engineering services, environmental management and donor projects
- Commercial Services responsible for customer relations, billing and credit control
- Financial Services responsible for finance, information and communications technologies, ISO and corporate planning
- Human Resources and Administration responsible for human resources, administrative services and administrative responsibility for the five regions.
- Company Secretary responsible for secretarial, legal and security services
- The Managing Director's office also has the following functions as direct reports: Corporate Affairs, Supply Chain and Internal Audit.

The corporate structure is divided into nine salary levels where the first five levels define the management positions while the other four are union sable staff. The Company has a total of 2042 staff members with 130 of the staff in management level as at March 2007.

1.2 Statement of the Research Problem

Poor performance of urban water provision and public utilities in developing countries has led to calls for reduction in the role of the State and the increased role of the Private Sector in what had traditionally been the domain of the public service (Atak, 2004). The provision of water and sewerage services has for a long time been characterized by inefficient management and poor investment. Implementation of the commercialization process in bits and pieces while tackling each and every isolated problem separately proved to be ineffective and time wasting. Poor state of water and sanitation services has in their recent past attracted a lot of public interest. The public blamed the local authorities for the poor services. The move to commercialize these services to improve on efficiency in services provision has been echoed by both public and the executive arm of the Government. The critical factor is what strategies the water companies can put in place to turn around the low level of service provision to meet customer requirements and at the same time run the services in a sustainable manner. This calls for effective commercialization through strategies which can drive the business.

In terms of management, Nairobi Water and Sewerage Company Limited faces big challenges in water supply in the face of the mushrooming of unplanned settlements. The infrastructure development was neglected for many years and there was general inefficiency in services provision. Unaccounted for water poses one of the biggest challenges as the company has to address illegal connections, huge unpaid bills and a poorly maintained infrastructure which results in huge technical losses of water through leaks and busts along the pipelines. Water production levels to the city are below demand as the dams do not operate al full capacity.

The first concern in the implementation of the strategy is to translate that strategy into action throughout the organization. The study of strategy development and implementation is necessary since once a firm has identified its strategic goals that will best serve the shareholder's interest the implementation of these strategic goal is of great importance.

A number of studies have been carried out to determine on how best water and sewerage, services can be delivered in Kenya's urban areas. Atak (2004) carried out a study to find out whether the commercialization so far undertaken in Kenya had successfully responded to the

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A number of studies have been carried out to determine on how best water and sewerage, services can be delivered in Kenya's urban areas. Atak (2004) carried out a study to find out whether the commercialization so far undertaken in Kenya had successfully responded to the challenges facing the water sector, and to give recommendations on whether other water provision models might provide better results. Barasa (I997) dealt with management of water by the City Council of Nairobi where he noted that the City council had a lot of mismanagement and neglect of water supply system in Nairobi. Mukundi (1999) on the other hand looked at reasons and modalities for commercialization of water services at the Nyeri Municipal Council. Kanyuiro (1988) looked a metering and billing inefficiencies with a view to addressing an aspect contributing to water problems at the CCN. The above studies did not touch on strategy development and implementation. This therefore raises a research question on strategies adopted by private water firms so as to meet clients' needs. The main focus was on Nairobi Water and Sewerage Company Limited.

1.3 Objectives of the Study

The objectives of this study were;

a) To establish the strategies adopted by Nairobi Water and Sewerage Company Limited in the provision of water and sewerage services to the residents of Nairobi and its environs.

b) To determine the strategy development and implementation processes at the Nairobi Water and Sewerage Company Limited.

c) To determine the challenges faced by the Nairobi Water and Sewerage Company Limited in strategy development and implementation.

1.4 Significance of the Study

The study will be useful information to the following:

a) To Nairobi Water and Sewerage Company, it will provide information on the strategies applied in management and how they influence the performance and long-term success of the organization

b) To the government and other implementing agents: which are the key factors that limit implementation process and how to identify intervention points to fasten commercialization of the water sector.

c) To private water companies this study will help them strengthen the managerial and operational capabilities required by managers to operate and maintain water and sanitation services according to acceptable norms of quality, continuity, reliability and costs.

d) To academicians and researchers, this will be used as a basis for further research into areas such as strategic formulation, implementation and operational strategies which may be applied by other private water firms in Kenya

CHAPTER TWO: LITERATURE REVIEW

2.1 Concept of Strategy

Strategy can be defined as the direction and scope of an organization over the long term, which achieves advantage for the organization through its configuration of its resources within a challenging environment and geared towards meeting the needs of the markets as it fulfils stakeholder expectations according to Johnson and Scholes (2002). Andrew (1980) defined corporate strategy as "the pattern of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers and communities."

Ansoff (1995) defines strategy as the product market scope of a company. This refers to a decision of what to produce in what market. If the environment is stable, an organization can operate without changing its product-market focus. However, if the environment changes, this would require changes in the organization's product-market focus that is its strategy. Product-market focus relates to conditions of the external environment, which have to be incorporated into strategy. If the products the company is producing or the markets it is serving are not reflective of the demands of the external environment, then the company's efforts are futile.

Porter (1996) asserts that strategy is creating a fit among company's activities. The success of a strategy depends on doing many things well -not just a few- and integrating them. If there is no fit among activities, there is no distinctive strategy and little sustainability. The company's activities include its effective interaction with the environment in that these activities are geared towards serving the external environment. Pearce and Robinson (2002) define strategy as large-scale, future oriented plans for interacting with the competitive environment to achieve company objectives. It is the company's 'game plan'. While it does not detail all future development of resources, it provides the framework for managerial decisions.

A strategy reflects a company's awareness of how, where and when it should compete and for what purposes it should compete. The underlying issue of this definition is that the main thrust of strategy is to achieve long term sustainable advantage over the other competitors of the organization in every business in which it participates. It recognizes that competitive advantage results from a thorough understanding of the external forces that impact on the organization.

According to Johnson and Scholes (2002), the term strategy gives the direction and scope of an organization over the long term which achieves advantage for the organization through its configuration of resources within changing environment to meet the needs of the market and fulfill stakeholders' expectations. Mintzberg (1988) identified five interrelated definitions of strategy as a plan, ploy, pattern, position and as a perspective. He does not argue that one definition should be preferred to the others, but rather be considered as alternatives or complementary approaches. Since resources are scarce, managers must decide which alternative strategies will benefit the firm most. For any organization to succeed, it will be necessary for top management, managers and employees to work as a team to achieve the company goals and objectives.

According to Porter (1996), organizations must embark on making their strategies competitive. He argues that competitive strategy is about being different which means deliberately choosing a different set of activities to deliver a unique mix of value. Porter argues that strategy is about competitive position, about an organization differentiating itself in the eyes of the customer, about adding value through a mix of activities different from those used by competitors.

In most large corporations there are several levels of strategy. Corporate strategy is the highest in the sense that it is the broadest, applying to all parts of the firm. It gives direction to corporate values, corporate culture, corporate goals, and corporate missions. Under this broad corporate strategy there are often functional or business unit strategies. Functional strategies include marketing strategies, new product development strategies, human resource strategies, financial strategies, legal strategies, and information technology management strategies. The emphasis is on short and medium term plans and is limited to the domain of each department's functional responsibility. Each functional department attempts to do its part in meeting overall corporate objectives, and hence to some extent their strategies are derived from broader corporate strategies.

Many companies feel that a functional organizational structure is not an efficient way to organize activities so they have reengineered according to processes or strategic business units (SBUs). A strategic business unit is a semi-autonomous unit within an organization. It is usually responsible for its own budgeting, new product decisions, hiring decisions, and price setting. An SBU is treated as an internal profit centre by corporate headquarters. Each SBU is responsible for developing its business strategies that must be in tune with broader corporate strategies.

The "lowest" level of strategy is operational strategy. It is very narrow in focus and deals with day-to-day operational activities such as scheduling criteria. It must operate within a budget but is not at liberty to adjust or create that budget. Drucker (1954) encouraged operational level strategy in his theory of Management by Objectives (MBO). Operational level strategies are informed by business level strategies, which in turn, are informed by corporate level strategies. Business strategy, which refers to the aggregated operational strategies of single business firm or that of an SBU in a diversified corporation, refers to the way in which a firm competes in its chosen arenas.

Corporate strategy answers the questions of "in which businesses should we compete?" and "how does being in one business add to the competitive advantage of another portfolio firm, as well as the competitive advantage of the corporation as a whole?" Since the turn of the millennium, there has been a tendency in some firms to revert to a simpler strategic structure. This is being driven by information technology. It is felt that knowledge management systems should be used to share information and create common goals. Strategic divisions are thought to hamper this process. Most recently, this notion of strategy has been captured under the rubric of dynamic strategy, popularized by the strategic management textbook authored by Carpenter and Sanders (1998). This work builds on that of Christensen (1997) and portrays firm strategy, both business and corporate, as necessarily embracing ongoing strategic change, and the seamless integration of strategy formulation and implementation. Such change and implementation are usually built into the strategy through the staging and pacing facets.

2.2 Strategic Development

Strategic management as a discipline originated in the 1950s and 1960s. There were numerous contributors to the literature. Pearce and Robinson (1991) have defined strategic management as the set of decisions and actions that result in formulation and implementation of plan designed to achieve a company's objective. Strategic management is the process of specifying an organization's objectives, developing policies and plans to achieve these objectives, and allocating resources so as to implement the plans. It is the highest level of managerial activity, usually performed by the company's Chief Executive Officer (CEO) and executive team. It provides overall direction to the whole enterprise. An organization's strategy must be appropriate for its resources, circumstances, and objectives. The process involves matching the companies' strategic advantages to the business environment the organization faces. One objective of an overall corporate strategy is to put the organization into a position to carry out its mission effectively and efficiently.

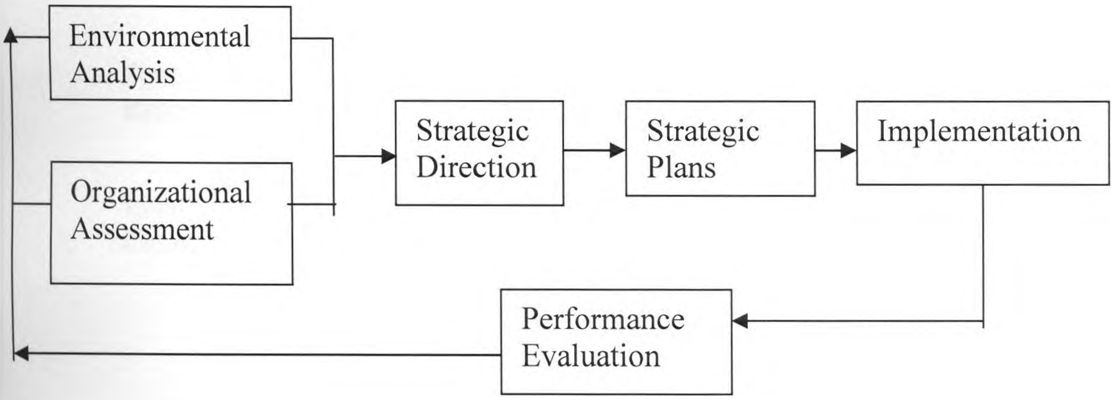
Chaffee (1985) summarized what he thought were the main elements of strategic management theory by the 1970s. From the summary, strategic management involves adapting the organization to its business environment. Change creates novel combinations of circumstances requiring unstructured non-repetitive responses. Strategic management was also found to affect the entire organization by providing direction; it also involves both strategy formation (referred to as content) and also strategy implementation (referred to as process). This can be partially planned and partially unplanned. Strategic management was found to involve both conceptual and analytical thought processes.

Markides (1999) re-examined the nature of strategic planning. He described strategy formation and implementation as an on-going, never-ending, integrated process requiring continuous reassessment and reformation. Strategic management is planned and emergent, dynamic, and interactive. Moncrieff (1999) also stresses strategy dynamics. He recognized that strategy is partially deliberate and partially unplanned. The unplanned element comes from two sources: emergent strategies (result from the emergence of opportunities and threats in the environment) and Strategies in action (ad hoc actions by many people from all parts of the organization).

Some business planners are starting to use complexity theory. Complexity can be thought of as chaos with a dash of order. Chaos theory deals with turbulent systems that rapidly become disordered. Complexity is not quite so unpredictable. It involves multiple agents interacting in such a way that a glimpse of structure may appear. (Axelrod, 1999; Holland, 1985; and Kelly and Allison, 1992), call these systems of multiple actions and reactions complex adaptive systems. Axelrod (1999) asserts that rather than fear complexity, business should harness it. He says this can best be done when there are many participants, numerous interactions, much trial and error learning, and abundant attempts to imitate each other's successes.

Figure 1 below shows building blocks for a comprehensive strategic management model. It consists of external analysis, internal assessment, strategic direction, strategic plans, implementation, and performance evaluation.

Figure 2.1: Strategic Management Model



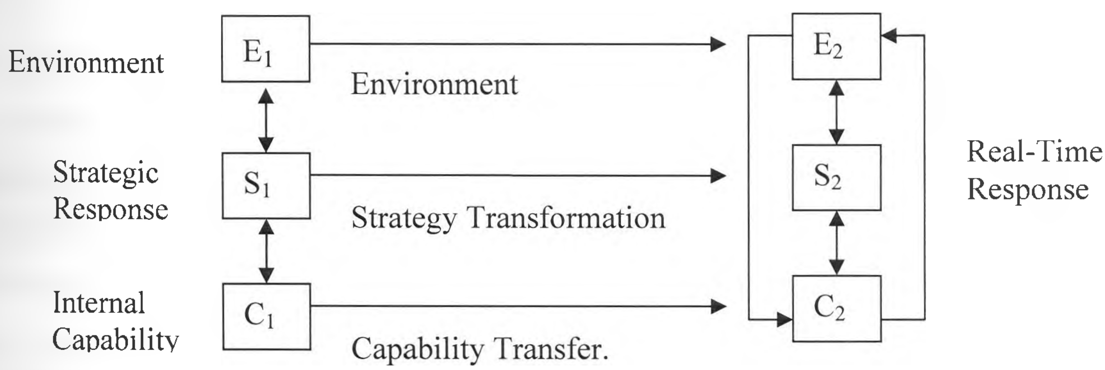
Source: (Strategic Management, Mintzberg, 1988 (pg 89).

Strategic management is an ongoing process that assesses the business and the industries in which the company is involved, assesses its competitors and sets goals and strategies to meet all existing and potential competitors. It also reassesses each strategy regularly to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment, or a new social, financial, or political environment according to Lamb (1984).

2.3 Linkages between Strategies, Environment and Capability

Ansoff and McDonnell (1990) state that changes in the organizations behaviors are necessary if success in the transformation of the future environment is to be assured. They noted that such changes, which touch on the organizations strategy and capability, would need to be systematically identified through the strategic diagnosis approach. This approach is derived from the strategic success hypothesis, which states that a firm's performance potential is optimum when the aggressiveness of the firm's strategic behavior matches the turbulence of its environment; the responsiveness of the firm's capability is supportive of one another. When one of these three aspects is lacking, then the firm's performance potential will be less than optimum. The real-time response is the specific action that is chosen and implemented in order to realign the organization's strategic aggressiveness to the environments turbulence.

Figure 2.2 Managing the firm's adaptation to the Environment



Source: (Crafting Corporate Strategy, Ansoff and MacDonnell, (1990), P40)

Key:

E_1	Current Environment	E_2	Future Environment
S_1	Current Strategy	S_2	Future Strategy
C_1	Current Capability	C_2	Future Capability

The above diagram clearly shows the firms dependence on its environment. Where there is an environmental shift from E1 to E2, then the organizations strategy has to be changed from S1 to

S2 in order to adapt to the changed environmental conditions. However this is only when the organizations capability is changed from C1 to C2. Therefore an organization has to monitor its environment continuously so that it can identify any shifts that require it to adjust its strategies in response to such changes. This requires that the firm's capabilities be constantly updated to ensure that they support the chosen strategy. As the organizations environment changes, it is necessary that the firm continuously adapts' its activities and internal configurations to reflect the new external situation. Failure to this endangers the future success of the organization (Aosa, 1998).

Porter (1998) explains the concept of strategic fit and states that firms create and sustain competitive advantage because of the capacity to continuously improve, innovate and upgrade their competitive advantages throughout the value chain to more sophisticated types and employing higher levels of skill and technology.

According to Grant (2000), a successful strategy is consistent with the organization's goals and values, external environment, resources and capabilities and organizational systems. This indicates the fact that the organization depends on the environment for its survival and responses to the environmental situation will determine its performance. Thus, when there are changes in the environment, the organization's capabilities and strategy would have to be changed in order to ensure a continued 'strategic fit'.

2.4 Strategic Planning and Implementation Models used in Organizations

Chandler (1962) who describes strategy as "the determination of the basic goals and the objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary for carrying out these goals" is widely regarded as an example of a holistic definition of the concept of strategy. However, Porter (1987) observes that almost no consensus exists about what corporate strategy is, much less about how a company should develop it. This is due to a combination of factors that relate to strategy terms, concepts, principles and their practical application.

Feurer and Chakarbaghi (1995) note that the variety of so many conceptual frameworks and tools in the area of strategy planning cannot be regarded as mutually exclusive but must be seen as mutually supportive. It follows that those definitions take a holistic approach to strategy better than those that take an isolated view. Andrews (2001) views strategic planning as a rational decision-making process by which the organization's resources are matched with opportunities arising from the competitive environment.

Others, such as Aldrich (1999), state that the environment has a strong deterministic influence on the strategy making processes in organizations. Feurer and Chaharbaghi (1995) view strategic planning as a continuous learning process which includes a learning cycle that enables an understanding of the wants and needs of the organization and its stakeholders; a learning cycle that establishes how these wants and needs can be satisfied by assessing: the current position of the organization, its competitive environment, possible courses of action, the speed with which these actions can be implemented together with the rate of change in the environment. Traditional approaches that analyze the environment in order to identify an ideal position will not work in a dynamic environment, which changes before a strategy is implemented; strategy planning should thus become a cognitive process as opposed to a process of conception.

On the other hand, Penrose (1993) and Grant (1991) are proponents of the resource-based theory to strategy planning, which regards resources and capabilities as the main source of competitive advantage. They argue that strategies should be based on what the organization is best at rather than focusing on the external environment. Resources and capabilities can originate from different areas of the organization and it is the task of strategists to identify those that can be used to differentiate the organization from its competitors. These include those resources which improve the organization's competitiveness through cost advantage like manufacturing capacity; or those used for differentiation purposes such as brand names; or those that make it more difficult for others to enter the market like patents and those that have an influence on the bargaining power in the industry such as financial capabilities.

The use of a plurality of inputs in unit strategies is demonstrated by Borden (1994) who developed the concept of the marketing mix in which he identified twelve elements and who describes the business executive as a "mixer of ingredients". Davies (2000) expounds a middle ground theory in the form of the Policy, Strategy and Resource. Davies argues that the primary characteristic of strategy is that it has a causal relationship with the other two elements namely resource and policy. Resources provide the means for achieving strategy and strategy is the how means for achieving policy. Like Borden, Davies further argues that strategy is also characterized by a plurality of inputs, options, and outcomes which refers to the development and use of a multiplicity of alternatives for achieving policy goals and objectives, and the anticipation of a multiplicity of possible outcomes that could result from the implementation of different strategic options (Davies, 2000).

Finally Bechtold (1997) puts forward the Chaos theory as a model for strategic planning. With chaos theory as the model, Bechtold argues that strategy would emerge from the natural growth of the organization working to achieve its potential. An organization would approach strategic planning in a manner that allowed self-organization and exploration of its "edge of chaos" or fringes. It would clarify and affirm its identity and purpose, which would in turn clarify its boundaries. The organization would tap the information and intelligence of all its members, connect itself with the evolving environment, and draw that information into its self-generation (Bechtold, 1997).

Bechtold further argues that the organization would affirm or adjust the "strange attractors" of its values and culture as it clarified its purpose and future direction. The organization would have the freedom to adjust to small changes or to sudden phase changes as part of its natural strategy planning process. It would look for new patterns emerging throughout the organization as it evolved into a higher level of being. Relationships among members would evolve simultaneously, providing connections appropriate to the emergent system (Bechtold, 1997)

2.5 Organizational Requirement for Strategy Development

Competitive environments are changing at an accelerating rate, culminating in a high level of uncertainty. This growing uncertainty is the result of higher customer expectations, the dilution of borders between competitive environments and the move towards global competition. As the level of dynamics in business environments increases, the development of strategies that will differentiate the organization from its competitors becomes the key success factor (Feurer and Chaharbaghi, 1996).

Ansoff and MacDonnell (1990) observe that strategic diagnosis identifies whether a firm needs to change its strategic behaviour to ensure success in the future environment; if the diagnosis confirms the need, the next step is to select and execute specific actions, which will bring the firms aggressiveness and responsiveness in line with the future environment. Of particular relevance to this study are the key highlights Ansoff and MacDonnell term as the positioning response and the real time response, the latter playing a long term role in the company's business direction and the latter enabling rapid response to short-term environmental shocks. Both of these entail strategic planning.

Okumu (2003) argues that strategic planning refers to why and how strategy is initiated. Key areas to be considered are: the new strategy should be consistent with the overall strategic direction of the company; the aims of the new initiative should be clearly identified; the expertise and knowledge of strategy developers in managing change are crucial; active participation from all levels of management is recommended; the potential impact of ongoing and future projects on the new initiative should be considered and the potential impact of the new strategy on other ongoing strategic projects should be assessed. Okumu (2003) also identifies some commonly used models and frameworks such as the Strength/weakness-Opportunity/Threat (SWOT) analysis, industry structure analysis and generic strategies for researchers and practicing managers in the areas of strategy planning.

2.6 The Strategic Planning and implementation Process

De Feo and Janssen (2001) describe ten steps for corporate strategy to become an integral part of an organization's culture. The first four of these steps, establishing a vision, agreeing on a mission, developing key strategies and developing strategic goals involve top management strategy development. The rest, namely, establishing values, communicating company policies, providing top management leadership, deploying goals, measuring progress with key performance indicators and finally, reviewing progress largely deal with operationalizing and control of the strategy. These ten steps include:

Developing a Vision: Strategic deployment begins with a focus on customers; a common vision defines the benefits stakeholders can expect. This defines what the organization would like to be to its stakeholders (Bechtold, 1997).

Developing a Mission: A mission statement answers the question "What business are we in?" and clarifies a company's purpose or reason for existence. Wadsworth and Staiert (1993) suggest that the mission statement declares the reason for the organizations existence, establishes boundaries around planning, holds strategic planning within these boundaries, and defines the direction of the company. The mission statements promote a sense of shared expectations amongst employees and communicate a public image of the firm to important stakeholders and groups in the company's task environment (German and Cooper, 1990), It is further argued that the benefits organizations derive from mission statements address many of the organizational and leadership problems that characterize growing and developing organizations (Simpson, 1994), (Kakabadse and Kakabadse, 2001).

Developing Strategies: the first step in converting a vision to an achievable plan is the development of four or five strategies that contribute to the overall vision. Obtain, validate and assess data in five areas: customer loyally and satisfaction, costs of poor quality, company culture and employee satisfaction including suppliers, internal business processes and competitive benchmarking. Analysis of these strategies will bring out the strengths, weaknesses, opportunities and threats related to customers, quality and costs. Once complete, strategies can be created or modified to reflect measurable and observable long-term goal (De Feo and Janssen, 2001).

Wadsworth and Staiert (1993) observe that strategies are means by which to achieve ends. They define a precise set of actions needed to reach stated objectives. Strategy determination involves spelling out precisely how the company will go forward. In the process of developing strategies, objectives should be prioritized and designated as short- or long-term so that strategies are designed consistent with each objective’s intent. Strategy determination will at certain times involve a number of different scenarios or contingency plans. Thus, alternative strategies should be developed based on different possible scenarios. These different scenarios should represent an array of plausible changes in the economic environment or reactions by competitors.

Developing Strategic Goals: The strategic goals must be specific, measurable and within a set time, typically one to two years. There are seven areas, which must be examined: product performance, competitive performance, quality improvement, cost of poor quality, performance of business processes, customer satisfaction, and customer loyalty and retention (De Feo and Janssen, 2001).

Establishing Values: Values are what organizations stand for and believe in, supported by actions and deeds from management. Training and communication of the values for all employees is fundamental. Greenleaf (1998) observes that in even the most seemingly mundane events, those who find themselves in leadership positions must begin to give back to society forms of service that are commensurate with the social and economic privileges and returns they receive. If a collective sense of moral integrity and responsibility is not taken by those in leadership positions at all levels of society, then we shall see a continuing erosion and tearing of the social fabric in both profit and not-for-profit organizations.

Communicating Company Policies: Policy declarations as a guide to managerial action are necessary during change and result from thorough deliberation by management with approval at the highest level. Schleiken and Winkelhoder (1997, as cited in Pfeifer, Schmitt and Voigt, 2005) argue that the true power of a vision is only completely unleashed when all the people in the company have a common understanding of their goals and their course. This consensus on a desirable future supports motivation for and coordination of the actions required to achieve the necessary changes. For this reason, communication of vision and strategy is of crucial importance. Management communiqués are often incomplete or misunderstood. In other words, the necessary quality of communication is missing (De Feo and Janssen, 2001).

Providing top management leadership: a basic step in establishing any strategic plan is participation of senior management acting as an executive committee. This committee is responsible for executing the strategic business plan and monitoring key performance indicators.

essential component in preparation for the development and subsequent implementation of a strategy. The quality features authority, expertise, credibility and leadership can be applied for the selection of suitable members for this coalition (De Feo and Janssen, 2001).

Developing Goals: Development of short and long term goals is the conversion of all these into operational plans and projects, subdividing goals and allocating sub-goals with careful attention to details, participants, schedule and milestones. Projects can be based on Six Sigma's approach to reduce costs, waste or improve product/process performance. Once set, goals must be communicated and decisions made on what is needed for support. When agreement has been reached, strategic goals must be subdivided and communicated to lower levels in manageable pieces (De Feo and Janssen, 2001).

Wadsworth and Staiert (1993) observe that objectives should be created having in mind both short and long term planning horizons. In his respect, short term objectives are defined as benchmark results designed to achieve short term objectives and long term objectives are defined as the long-range results (usually 3 to 5 year planning horizon) that the company will strive to achieve. Objectives should be clearly, concisely and accurately written. With well-written objectives, there is less possibility of disagreement regarding interpretation- Although objectives must be explicit, they should be flexible as well.

Measuring Progress with Key Performance Indicators: An organized approach to measurement is vital because performance measures indicate the degree of success. Wadsworth and Staiert (1993) argue that to measure the progress and performance of strategies, performance measures like ratios or indicators can be useful. Performance measures or factors should be measurable at reasonable expense, be controllable either directly such as unit operating costs or indirectly like market share, be accounted for by a single manager or employee, be readily understood, cover the key elements or challenges of the company's business, indicate operating results as well as financial results.

Kotler (1997) notes that significant transformations are often associated with one particular personality who is clearly prominent in the minds of all employees. A strong leadership coalition is indispensable. For this reason, the formation of such a leadership coalition is always an essential component in preparation for the development and subsequent implementation of a strategy. The quality features authority, expertise, credibility and leadership can be applied for the selection of suitable members for this coalition (De Feo and Janssen, 2001).

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Reviewing Progress: A formal review increase the probability of achieving the institutions goals. An organization should look at the gaps between measurement of current conditions and the targets- Wadsworth and Staiert (1993) argue that it is vital to measure whether implemented strategies were successful and effective or not. Were the strategies carried out in the correct manner? Did they work toward accomplishing the intended objectives? Did they improve the overall economic condition of the organization? Did they provide benefits to members? Did they reach or exceed forecasts? Feedback information enables planners to effectively assess the institutions mission, current condition and outlook objectives, and strategies. In other words, determining the effectiveness of strategies, the problems that developed, and the mistakes will provide beneficial experience for future strategic planning (De Feo and Janssen, 2001).

2.7 Challenges involved in Strategy Development

Rylander and Peppard (2003) point out the following set of conditions shaping the competitive environment for emergent industries in the digital revolution and knowledge-intensive companies: The market place is evolving and immature and its-boundaries are unclear. The concept of industry, so critical to the operational of traditional tools of strategic planning, is inappropriate in these contexts; Rapid rate of change and technological innovation mean organizations have to be agile and flexible in terms of both strategic planning and structure; Markets and their operating environments are becoming more complex as traditional industries converge and the supply of products and services increases in diversity.

The increasing importance of intangibles as key value drivers: companies that are knowledge-intensive and dependent on employees for success require structures to support the creative process of these individuals as well as the conversion of ideas into marketable products or services; there are a high percentage of knowledge and information components in products and services (De Feo and Janssen, 2001). Neither of the two is well understood nor adequately dealt with in traditional strategic planning models. The implication of these for strategic planning, among other functions, includes requirement for a proactive rather than reactive approach to competing in competitive spaces (Hamel, 1996). Organizations need to drive the development and definition of the market, if they have the resources or identify the drivers, in terms of both companies and trends.

Uncertainties and rapid change mean that a planning approach to strategy does not function in most cases, and that the distinction between development and implementation becomes unsustainable (Mintzberg, 1990). Kanter (2002) suggested that companies that want to outpace the competition throw out "the script" and improvise their way to new strategies. Industry value chains are being replaced by more complex value networks (Stabell and Fjeldslad, 1998). Consequently, organizations are required to carve out roles in a network of players, often opting for competition, rather than seeking a profitable position among competitors in a clearly defined market.

Organizations have to look to their internal resources for sources of competitive advantage in an uncertain market (Collis and Montgomery, 1995). In a knowledge-intensive company, this often means competence and other intangible assets such as brands, intellectual property or relationships. In this environment, innovation and the ability to propel ideas to market quickly become crucial. Values, beliefs and vision become critical when people are the key value drivers, as they guide and align the behaviors of employees (Davidson, 2002).

2.8 Challenges involved in Strategy Implementation.

Strategy implementation takes place a series of steps, programmes, investments, and moves that occur over an extended period of time. Special programmes are undertaken in form of projects that represents part of what needs to be done if the overall strategy is to be accomplished. These strategic thrusts provide managers with information that helps them determine whether the overall strategy is progressing as planned or needs to be adjusted. Although the use of strategic thrusts seems readily apparent it is not always easy to use them for control purposes. It may be difficult to interpret early experience or to evaluate the overall strategy in light of such experiences. One approach is to agree early in the planning process on which thrusts are critical factors in the success of the strategy. Managers responsible for these implementation controls will single them out from other activities and observe them frequently. Another approach is to use stop/go assessments that are linked to a series of meaningful thresholds such as time, costs, research and development, success and so on. (Pearce and Robinson 2007)

Challenges to strategy implementation process must be identified and addressed as they can hinder even the best strategy from being implemented successfully. In Kenya water sector a study on the commercialization process was carried out by Mukundi (1999). Muiruri (2003) conducted a survey on factors influencing management of commercialized urban Water services in Kenya. A further study to identify whether the commercialization so far undertaken in Kenya had successfully responded to the challenges was carried out by Atak (2004). These studies pointed to the importance of analyzing challenges affecting water services and addressing them in order to foster improvements in the sector.

Several commentators have questioned the use of generic strategies claiming they lack specificity, lack flexibility and are limiting. In many cases trying to apply generic strategic is like trying to fit a round peg into one of three square holes: You might get the peg into one of the holes, but it will not be a good fit.

In particular, Millar (1992) questions the notion of being "caught in the middle". He claims that there b a viable middle ground between strategies. Many companies, for example, have entered a market as a niche player and gradually expanded. According to Baden fuller and Stop ford (1992) the most successful companies are the ones that can resolve what they call "the dilemma of opposites".

Strategy is an executable plan of action that describes how an organization will achieve a stated mission. Organizations often formulate company strategies, product and service strategies, and strategies that drive operational, support and managerial processes. Competitive strategy concerns what a firm is doing in order to gain a sustainable competitive advantage. Porter (1980) outlines three approaches to competitive strategy, which lead to the Porters generic strategies, these models are: low cost leadership strategy, differentiation strategy and focus strategy

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

A survey design was incorporated and was based on a descriptive study. This method was used to describe the area of interest by bringing out the facts on the ground as they are without alterations. The descriptive survey method was appropriate because it described the relationship between variables in their natural setting, Kathuri and Pals (1993). The descriptive study attempted to provide information on the current status of the organization under study and provide a description as far as strategy implementation is concerned. The design also had an exploratory aspect as well as a case study in that; the researcher was able to collect data from a cross-section of respondents chosen to represent the organization.

3.2 Data Collection

The sources of data were primary sources which were collected using an interview guide (a copy is attached at Appendix I). The respondents were six senior managers at the head office of NWSC. These were: the Managing Director, Finance Director, Technical Director, Commercial Director, Director of Human Resources and Head of Legal service. The researcher discussed the points/issues in the interview guide with each of the senior managers.

3.3 Data Analysis

The collected data was edited for accuracy, uniformity, consistency and completeness and then arranged to enable coding and tabulation before final analysis. Qualitative data was analyzed with the use of content analysis.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATIONS

4.1 Introduction

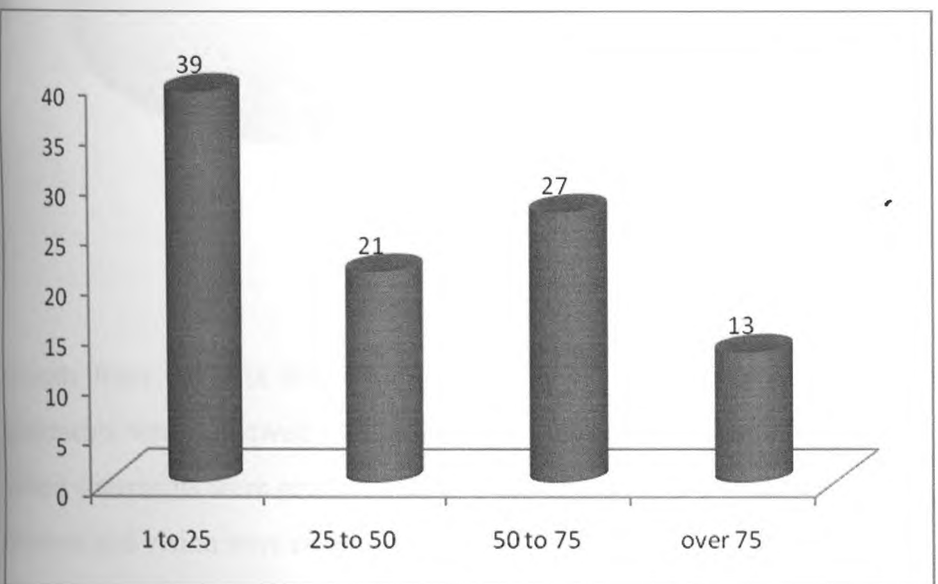
This chapter presents the data analysis and interpretations of the findings. Data from the field was analyzed using Statistical Package for Social Sciences and summarized using tables, charts, frequencies and percentages. From the study, a population of 30 respondents filled and returned the questionnaires correctly.

4.2 Background information

4.2.1 Number of employees

This section aimed at establishing the number of employees that worked in each department. The results are as shown in the Figure 4.1

Figure 4.1 Number of employees

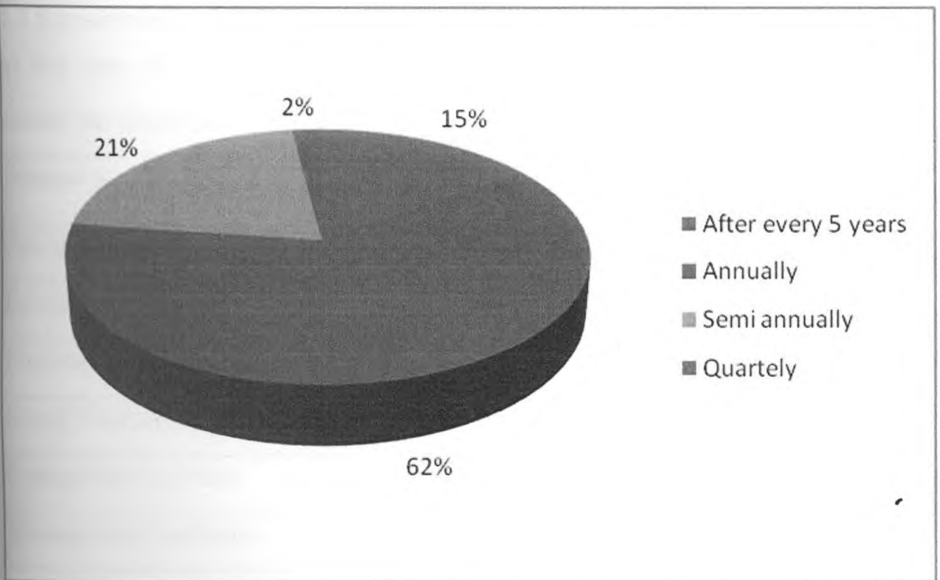


Results from the figure above shows that most of the departments had 1 to 25 employees, (39 percent), while 27 percent of the departments had 50 to75 employees. 21 percent had 25 to 50 and 13 percent of the departments had 75 and above employees.

4.2 Formal documented mission and vision statement

This area of study aimed at establishing whether there existed a formal documented mission and vision statement within the departments. Surprisingly enough, all respondents agreed that their departments had formal documented mission and vision statement. The study proceeded to inquire how often the missions and vision statements were reviewed. The data is presented in the Figure 4.2

Figure 4.2 How often the missions and vision statements were reviewed



Results from the data above shows that most respondents cited that the mission and vision statements were reviewed on annual basis (62 percent) while 21 percent cited the mission and vision statements were reviewed semi annually. Only 2 percent of the respondents cited that the mission and vision were reviewed on a quarterly basis.

4.3 Period of implementation

The study proceeded to inquire whether once a decision was made, how long it took before it was implemented.

Period	Frequency	Percentage
Below three months	10	35
3 to 10 months	14	55

above 10 months	6	20
Total	30	100

Table 4.1 Period of implementation

Data presented above shows that most respondents cited 3 to 10 months as the period of implementation of decisions (55 percent) while 35 percent cited a period of below 3 months. 20 percent cited a period of above 10 months.

4.4 Extent various factors cause the alteration of the company's mission and vision

In this area of study, the aim was to establish the respondents view on how various factors caused the alteration of the company's mission and vision.

Statement	Mean	SD
Political changes	3.87545	1.0242
Economical changes	3.23433	0.6754
Physical environmental changes	2.78554	1.1456
Social Cultural factors	3.54345	1.1123
Competitors actions	3.75345	0.5648
Management policies	3.21234	0.7546

Table 4.2 Extent various factors cause the alteration of the company's mission and vision

Data presented in the table above shows that majority of the respondents cited political changes as the main factor that caused the alteration of the company's mission and vision comprising of 74 percent. This was closely followed by social cultural factors that comprised 62 percent. The least cited factor that caused the alteration of the company's mission and vision was physical environmental changes which comprised of 38 percent of the respondents.

4.5 The Strategic Planning Processes

The study proceeded to establish how various strategic planning steps were used in the organization. The data was analyzed using a likert scale where 1 represented no extent at all to 5 which represented a very great extent. The data is represented in the table below.

Strategic Planning Steps	Mean	SD
Corrective action-review and address gaps between current position and the targeted goals	1.9428571	1.015558
Monitoring and evaluation-measure progress towards attaining operational and strategic goals with key performance indicator?	2.71905	0.586828
Establishing a vision-the benefits that stakeholders can expect	2.785714	1.137728
Top management leadership through an executive council/policy committee	2.785714	1.137728
Establishing a mission-clarifying what business your company is in	3.214286	0.842057
Development of short- and long-term operational goals; subdividing goals and allocating sub-goals with careful attention to details, participants, schedules and milestones	3.214286	0.842057
Development of key strategies that contribute to the overall vision	3.261905	0.586828
Establishing company values-what the organization stands for and believes in	3.571429	0.703401
Communication of organizational vision, mission and key policies	3.952381	0.21554
Development of specific, measurable , realistic and time-bound strategic goals	4.428571	1.015558

Table **4.3 Strategic Planning Processes**

Data presented in the table above shows that most of the respondents strongly agreed that development of specific, measurable , realistic and time-bound strategic goals was used in the organization as was shown by a mean of 4.429 and this was closely followed by communication of organizational vision, mission and key policies which was represented by a mean of 3.952 and establishing company values-what the organization stands for and believes in represented by a mean of 3.57. The least agreed upon steps that were used in the organization were corrective action-review and address gaps between current position and the targeted goals shown by a mean of 1.9 and monitoring and evaluation-measure progress towards attaining operational and strategic goals with key performance indicator 2.7.

4.6 Strategic planning methods adopted and their effect on strategy implementation

The study proceeded to inquire on the various strategic planning methods adopted and their effect on strategy implementation. The data was analysed using a likert scale where 1 represented no extent at all to 5 which represented a very great extent.

Factors	Mean	SD
Conceptual frameworks and tools in the area of strategy planning and implementation	3.1667	1.1234
The organization would have the freedom to adjust to small changes or to sudden phase changes as part of its natural strategic planning process. It would look for new patterns emerging throughout the organization as it evolved into a higher level of being. Relationships among members would evolve simultaneously, providing connections appropriate to the emergent system	3.1867	0.6574
Resource-based theory to Strategic planning and implementation, which regards resources and capabilities as the main source of competitive advantage.	3.4762	1.245

Strategic planning and implementation as a continuous learning process which includes a learning cycle that enables an understanding of the wants and needs of the organization and its stakeholders.	3.6190	0.5648
Resources which improve the organization's competitiveness through cost advantage like manufacturing capacity; or those used for differentiation purposes such as brand names; or those that make it more difficult for others to enter the market like patents and those that have an influence on the bargaining power in the industry such as financial capabilities	3.8571	1.1234
Use of Chaos theory as the model, where the organization would approach strategic planning and implementation in a manner that allow self-organization. It would clarify and affirm its identity and purpose, which would in turn clarify its boundaries. The organization would tap the information and intelligence of all its members, connect itself with the evolving environment, and draw that information into its self-generation	4.0000	1.0165
Strategic planning and implementation in a dynamic environment, as a cognitive process.	4.1667	1.3254

Table 4.4 Strategic planning methods adopted and their effect on strategy implementation

Data from the table above shows that majority of the respondents cited strategic planning and implementation in a dynamic environment, as a cognitive process as was shown with a mean of 4.166 and this was closely followed by use of chaos theory as the model, where the organization would approach strategic planning and implementation in a manner that allow self-organization. with a mean of 4.00 and resources which improve the organization's competitiveness through cost advantage like manufacturing capacity; or those used for differentiation purposes such as brand names with a mean of 3.87. The least chosen method adopted was conceptual frameworks and tools in the area of strategy planning and implementation as was shown by a mean of 3.16.

4.7 Organizational Requirements for Strategic Planning and Implementation

This sought to establish the respondents view on the extent into which various organizational requirements affected strategic planning and implementation. Data was presented in the table below.

Factors	**Mean**	**Std deviation**
The changing and accelerating environments leading to a high level of uncertainty	2.785714	1.137728
Higher customer expectations	3.214286	0.842057
The dilution of borders between competitive environments.	3.261905	0.586828
The move towards global competition.	3.428571	1.015558

Table 4.5 Organizational Requirements for Strategic planning and Implementation

Data from the table above shows that the move towards global competition was the main organizational requirement that affected strategic planning and implementation as was shown by a mean of 3.42 followed by the dilution of borders between competitive environments with a mean of 3.26.

4.8 Challenges of Strategy Implementation

The study proceeded to establish the various challenges of strategy implementation at Nairobi water and sewerage company.

Challenges	**Mean**	**SD**
Increase in diversity of supply of products and services	2.871795	1.0124
Increasing importance of intangibles e.g. knowledge, as key value drivers rendering traditional strategy planning models obsolete	2.820513	1.1145

Constraints imposed by donors, regulatory organs etc	2.538462	1.0356
Strategy redundancy due to rigid internal structure resulting in loss of flexibility to planning	3.153846	1.00065
Legal constraints	3.1667	1.1245
Political barrier e.g. government interference	3.6190	0.5624
Resistance to change (strategic change)	3.14359	0.4567
Rapidly changing technology	3.153846	1.2148
Resource constraints e.g. financial and human resource	3.871795	1.0054

Table 4.6 Challenges of Strategy Implementation

Data presented in the table above shows that most respondents strongly agreed that resource constraint such as financial and human resource was the major challenge of strategy implementation comprising of 52 percent and rapidly changing technology comprising of 44 percent. 41 percent were moderate on legal constrains as a challenge of strategy implementation while 31 percent cited to a no extent that constraints imposed by donors, regulatory organs as a challenge of strategy implementation.

CHAPTER FIVE: SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings from chapter four, conclusions and recommendations of the study based on the objectives of the study.

5.2 Summary of the Findings

From the study, most of the departments had 1 to 25 employees, (39 percent), while 27 percent of the departments had 50 to75 employees. 21 percent had 25 to 50 and 13 percent of the departments had 75 and above employees. On whether departments had documented mission and vision statement, the study found that all respondents agreed that their departments had formal documented mission and vision statement.

The study also found that most respondents cited that the mission and vision statements were reviewed on annual basis (62 percent) while 21 percent cited the mission and vision statements were reviewed semi annually.

On the period of implementation, the study found that the period of implementation was 3 to 10 months as the period of implementation of decisions (55 percent) while 35 percent cited a period of below 3 months. 20 percent cited a period of above 10 months.

On the factors that caused the alteration of the company's mission and vision, the study found that majority of the respondents cited political changes as the main factor that caused the alteration of the company's mission and vision comprising of 74 percent.

On the issue of steps of strategic planning process, the study found that most of the respondents strongly agreed that development of specific, measurable , realistic and time-bound strategic goals was used in the organization as was shown by a mean of 4.429 and this was closely followed by communication of organizational vision, mission and key policies which was represented by a mean of 3.952 and establishing company values-what the organization stands for and believes in represented by a mean of 3.57.

On the area of strategic planning models adopted and their effect on strategy implementation, majority of the respondents cited strategic planning and implementation in a dynamic environment, as a cognitive process as was shown with a mean of 4.166 and this was closely followed by use of chaos theory as the model, where the organization would approach strategic planning and implementation in a manner that allow self-organization. with a mean of 4.00.

The study also established that the move towards global competition was the main organizational requirement that affected strategic planning and implementation as was shown by a mean of 3.42 followed by the dilution of borders between competitive environments with a mean of 3.26.

On challenges of strategy implementation, the study found that most respondents strongly agreed that resource constraint such as financial and human resource was the major challenge of strategy implementation comprising of 52 percent and rapidly changing technology comprising of 44 percent.

5.3 Conclusions

The study concludes that Nairobi Water and Sewerage Company Limited had put in various strategies in the provision of water and sewerage services to the residents of Nairobi and its environs. These included all departments having formal documented mission and vision statements and regular review of the same.

The study also concludes that the institution had put in place various strategy development and implementation processes such as development of specific, measurable , realistic and time-bound strategic goals was used in the organization and communication of organizational vision, mission and key policies.

In addition, the study concludes that Nairobi water and Sewerage Company was faced by various challenges and these included resource constraints such as financial and human resource and a rapidly changing technology.

5.4 Recommendations

From the summary and conclusions, the study recommends that Nairobi Water and Sewerage Company Limited needs to put in place measures to get rid of factors that may lead to the alteration of the company's mission and vision. This can be done through effective management policies and good government policies.

The study also recommends that the institution needs to develop short and long term goals to enhance strategy development and implementation processes.

The study also recommends that for Nairobi Water and Sewerage Company Limited to overcome the challenges faced in strategy development and implementation, there is a need to to invest on technology and human resource. These would go a long way in fostering improvements in the water sector.

5.5 Areas of Further Research

The study suggests that further research should also be conducted in other types of organizations such as those in the private sector in areas such as strategic formulation, implementation and and the various operational strategies employed.

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APPENDICES:

APPENDIX I

INTRODUCTORY LETTER

David K Kemei

P.O. Box 72370 00200

NAIROBI.

Dear Sir/Madam,

REF: REQUEST FOR RESEARCH DATA

I am a postgraduate student at the University of Nairobi undertaking research in the topic; "An Investigation into Strategy Development and Implementation (A Case Study Of The Nairobi Water And Sewerage Company)". You have been selected for this study. I would therefore highly appreciate if you could provide me with information requested in the interview guide at the earliest convenience.

I wish to guarantee that the information provided would be treated confidentially. And will be used only for research purposes. I look forward to your favourable response.

Thank you.

Yours sincerely,

David K Kemei

APPENDIX II: INTERVIEW GUIDE

1. PART A : GENERAL INFORMATION

1. Please indicate;

a) Department/ Section that you are Based ....

b) Position held in the organization ....

c) When the institution was established ....

d) How many employees are there in your department? ....

PART B: STRATEGIES ADOPTED BY THE FIRM

1. (i). Does your organization have a formal documented mission and vision statements? ....

(2) If Yes in (1) above, please indicate the people that were involved in the formulation of the company's mission and vision. ....

3. How often are the missions and vision statements reviewed? ....

4. Once a decision is made, how long does it take before it is implemented? ....

5. To what extent do the following factors cause the alteration of the company's mission and vision?

Statement	Great extent	Moderate extent	Low extent	Not at all
Political changes				
Economical changes				
Physical environmental changes				
Social Cultural factors				
Competitors actions				
Management policies				
Other (Please specify)				

PART C: STRATEGY IMPLEMENTATION

(i) The Strategic Planning Processes

Kindly indicate the extent to which the 10 steps of strategic planning process are used in your organization. Use a scale of 1 to 5 where: 1 = No extent at all; 2 = little extent; 3 — Moderate extent; 4 = Great extent; 5 - A very great extent

Extent to which each is undertaken

Strategic Planning Steps	1	2	3	4	5
Establishing a vision-the benefits that stakeholders can expect					
Establishing a mission-clarifying what business your company is in					
Development of key strategies that contribute to the overall vision					
Development of specific, measurable , realistic and time-bound strategic goals					
Establishing company values-what the organization stands for and believes in					
Communication of organizational vision, mission and key policies					
Top management leadership through an executive council/policy committee					
Development of short- and long-term operational goals; subdividing goals and allocating sub-goals with careful attention to details, participants, schedules and milestones					
Monitoring and evaluation-measure progress towards attaining operational and strategic goals with key performance indicator?					

Corrective action-review and address gaps between current position and the targeted goals					

(ii) The strategic Planning Models adopted and their effect on Strategy Implementation

Kindly indicate the extent to which the listed strategic planning models are adopted by your organization and how the models affect strategy implementation in your organization. Use a scale of 1-5 where: -1 - No extent at all; 2 - Little extent; 3 = Moderate extent; 4= Great extent; 5 =A very great extent,

Extent to which each affect Strategy Implementation

Factors	**1**	**2**	**3**	**4**	**5**
Conceptual frameworks and tools in the area of strategy planning and implementation					
Strategic planning and implementation as a continuous learning process which includes a learning cycle that enables an understanding of the wants and needs of the organization and its					
Strategic planning and implementation in a dynamic environment, as a cognitive process.					
Resource-based theory to Strategic planning and implementation, which regards resources and capabilities as the main source of competitive advantage.					
Resources which improve the organization's competitiveness through cost advantage like manufacturing capacity; or those used for differentiation purposes such as brand names; or those that make it more difficult for others to enter the market like patents and those that have an influence on the bargaining power in the					
Use of Chaos theory as the model, where the organization would approach strategic planning and implementation in a manner that allow self-organization. It would clarify and affirm its identity and purpose, which would in turn clarify its boundaries. The organization would tap the information and intelligence of all its					

The organization would have the freedom to adjust to small changes or to sudden phase changes as part of its natural strategic planning process. It would look for new patterns emerging throughout the organization as it evolved into a higher level of being. Relationships among members would evolve simultaneously, providing connections appropriate to the					

(iii) The Organizational Requirements for Strategic Planning and Implementation

Kindly indicate the extent to which the listed Organizational Requirements for Strategic Planning by your organization. Use a scale of 1-5 where: -1 - No extent at all; 2 - Little extent; 3 = Moderate extent; 4= Great extent; 5 =A very great extent.

Extent to which each affect Strategy Implementation

Factors	**1**	**2**	**3**	**4**	**5**
The changing and accelerating environments leading to a high level of uncertainty					
Higher customer expectations					
The dilution of borders between competitive environments.					
The move towards global competition.					

(iv) The Challenges of Strategy Implementation

Kindly indicate the extent to which the listed challenges below affect strategy implementation your organization. Use a scale of 1-5 where: -1 - No extent at all; 2 - Little extent; 3 = Moderate extent; 4= Great extent; 5 =A very great extent.

Extent to which each affect Strategy Implementation

Challenges	**1**	**2**	**3**	**4**	**5**
Rapidly changing technology					
Increase in diversity of supply of products and services					

Increasing importance of intangibles e.g. knowledge, as key value drivers rendering traditional strategy planning models obsolete					
Resistance to change (strategic change)					
Constraints imposed by donors, regulatory organs etc					
Strategy redundancy due to rigid internal structure resulting in loss of flexibility to planning					
Resource constraints e.g. financial and human resource					
Legal constraints					
Political barrier e.g. government interference					

THANK YOU FOR YOUR TIME