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The Influence of Strategic Management Practices on the Organisational Performance of the County Government of Mombasa

SEMINAR PAPER SUBMITTED TO THE DEPARTMENT OF ENTREPRENURSHIPAND TECHNOLOGY, LEADERSHIP AND MANAGEMENT IN THE SCHOOL OF ENTREPRENEURSHIP, PROCUREMENT AND MANAGEMENT IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF DOCTOR OF PHILOSOPHY IN BUSINESS ADMINISTRATION OF THE JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY

DECLARATION

This seminar paper is my original work and has not been presented for a degree in any other University.
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This seminar paper has been submitted for examination with my approval as the University Supervisor.
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LIST OF ACRONYMS

COB	Controller of Budget
COK	Constitution of Kenya
CRA	Commission for Revenue Allocation
RBV	Resource Based View
STRATEX	Strategic Expenditure
OPEX	Operating Expenditure
CAPEX	Capital Expenditure
CSI	Critical Success Indicators
LOB	Lines Of Business
NPW	New Public Management
SAPs	Structural Adjustment Programs

Abstract- The general objective of this study is to investigate the influence of strategic management practices on the organizational performance of County Government of Mombasa. Specifically to examine the level of influences on the formulation of strategic management practices, to analyze the degree to which organizational environment affects the strategic management practices, to establish the extent to which strategic management plan implementation influences organizational performance and finally, to determine the effects of monitoring, evaluation, accounting and learning of the management plan practices have in the organizational performance in the County Government of Mombasa. The research is anticipated to be of importance to a number of both internal and external users who include the management of Mombasa County Government, other County Governments, and National Government It will contribute towards the current body of knowledge in strategic management especially for professionals, academicians and researchers. The Literature review was carried out by examining the agency theory and resource based theory; and through conceptual framework, where the independent variables were examined. The research gaps were then examined and finally a desk method of research design was adopted and it was recommended that a field research be conducted to determine the level of the influences of formulation of management plan practices on the organizational performance, to analyze the degree to which the organizational environment influences organizational performance, to establish the extent to which implementation of strategic management plan practices influences organizational performance and finally, to carry out field research to determine the influences of Monitoring, Evaluation ,Accounting and Learning of the strategic management practices on the organizational performance of the County Government of Mombasa.

I. Introduction

Background of study

The world is increasingly getting complex, and so are organizations. With multiple dynamic and competing factors coming into play, there is need to put in place effective strategic management plan to meet modern management challenges .To compete successfully in this environment, organizations continually need to improve their performance by reducing cost, innovating products and processes and improving quality, productivity and speed to market(Rumelt,2011). Competitive advantage is what keeps great organizations ahead of their competitors. Rothaermel (2012) pointed out that the company which has a competitive advantage performs better financially than other competitors in the industry. Some companies may achieve it without a strategic plan but for most players, its vital to plan strategically (Rothmeyer, 2012)

Strategic management is the comprehensive collection of ongoing activities and processes that organizations use to systematically coordinate and align resources and actions with mission, vision and strategy throughout an organization.(David,2009) Strategic management activities transform the strategic plan into a system that provides strategic performance feedback to decision making and enables the plan to evolve and grow as requirements . Strategy Execution is basically synonymous with Strategy Management and amounts to the systematic implementation of a strategy (Hambrick et al, 2012).

Strategic management consists of the analysis, decisions, and actions an organization undertakes in order to create and sustain competitive advantages). Achieving a competitive advantage position and enhancing firm performance relative to their competitors are the main objectives that business organizations in particular should strive to attain. (Raduan et al., 2009).There are many different frameworks and methodologies for strategic planning and management. While there are no absolute rules regarding the right framework, most follow a similar pattern and have common attributes. Many frameworks cycle through some variation on some very basic phases: 1) analysis or assessment, where an understanding of the current internal and external environments is developed, 2) strategy formulation, where high level strategy is developed and a basic organization level strategic plan is documented 3) strategy execution, where the high level plan is translated into more operational planning and action items, and 4) evaluation or sustainment / management phase, where ongoing refinement and evaluation of performance, culture, communications, data reporting, and other strategic management issues occurs.

In order for the organizations to achieve strategic change competence of those to drive the change is a must. This is because it enhances organizational capability and effectiveness. In a nutshell, changes would happen where there is good and capable leadership and management that will drive change in systems, culture and organization (Macmillan et al, 2000). Thus, the business environment is made up of such features as the legal, regulatory, financial, and institutional system of a country, which has an effect on the performance of public offices. In order for the organizations to overcome environmental challenges that hinder their performance they have to align themselves to certain strategic changes that will propel an organization in the right direction.

In the recent past, organizations globally have strived to perform well [Chemengich, 2013] . More so, efforts have been witnessed within the public sector where shifts in ways of operation have been made taking into account transparency and accountability.[Hughes et al,2000] This is because the public remains a central vehicle for development for both developed and developing countries (Crawford et al., 1998). Strategic changes, therefore, have been adopted in many countries with impressive performance in service delivery. In the 1970s and early 1980s, New Zealand witnessed dramatic decrease in its fortunes due to inherent flaws in their version of the traditional model of centralized government decision-making and management. The shift to decentralized management in 1986 was, therefore, the turning point in public sector management reform (Matheson, et al., 1996). Determining the benefits accrued as a result of change management can be challenging if the scope and depth of the changes are not taken into account. Many aspects of strategic change are measurable such as processes and procedures, efficiency and other performance metrics. Other aspects of strategic change crucial in an organization include employee morale and corporate culture. According to Zhang and Rajagopalan (2010) the most important feature in strategic change is performance metrics that measures the processes right from the beginning to the end and then thereafter monitoring is done continuously.

Many of the developing nations were colonized and when they became independent they inherited governance structures from their colonial masters. The post-colonial public sector of these nations therefore, delivered services to their people based on the skills derived from their masters and more importantly; this was done under mono-party political dictatorship. The challenges of such a set up are obvious: skewed distribution of government resources, bloated civil service and inherent misappropriation of money. Consequently, many of these nations disintegrated because conflicts were the order of the day and coups were rampant resulting into military dictatorships. The citizens lived in despair and the only hope that was left in them was the wish to have a change in leadership and most preferably democratic change that could see countries engage in equal and meaningful distribution of government development.

It is against the above backdrop that service delivery to citizens by many developing nations globally and mainly Africa has been marred by poor leadership (ECA, 2003). The service delivery by the public sector aimed at achieving development goals (World Bank, 2006), can only be realized through change. In order for these countries to develop they have depended upon grants from the World Bank. Hence, some of the changes witnessed in the public sector of many of the developing nations took place in the 1980s as part of the Structural Adjustment Programmes (SAPs) of the World Bank. The New Public Management (NPM) program came into being recently as a result of several factors including socio-economic, political and technological factors to improve efficiency. Therefore, the environment within which the public service in developing nations has been operating is ever changing and this calls for those in charge to adapt to those changes that could be achieved through organizational transformations (Abramson et al, 2001).

It is on the basis of the above argument that the Kenya government decentralized its services in order to achieve its development agenda for its citizens. Decentralization in this case can be defined as a process in which public functions are transferred to a subordinate or semi-autonomous government organizations or the private sector from the central government (Conyers, 2007). In this case the power and responsibility for such entities (organizations) to carry out public functions are bestowed upon them. The transfer of services can be in different forms namely de-concentration, delegation, devolution or privatization and comprises of fiscal, administrative, economic/political powers and functions (Cheema et al, 2007). Such services as education, health, water, sanitation, local roads maintenance, fire, housing, agriculture and social welfare have been transferred in Kenya (COK, 2010-Fourth Schedule). Devolution, if implemented well may see Kenya achieve its development agenda as envisaged in its Kenya Vision 2030 and may be in a position to attain The Sustainable Development Goal number one which seek to alleviate poverty everywhere on the planet earth by the year 2030.

1.1.2The County Governments in Kenya

In the year 2010, Kenya ushered in a highly ambitious form of government that sought to change the relationship between the government and citizens when the constitution was promulgated (COK 2010). The constitution saw shifting of government from centralized to decentralized, and from “top-down” to “bottom-up”. Its emphasis is on strengthening public participation. It is a core element in Kenya’s strategy to accelerate growth and address long-standing inequalities in economic opportunities, investment, and service delivery in different parts of the country. Forty-seven county governments were created under Chapter eleven of Constitution of Kenya.

The functions of county governments in Kenya came into existence in 2013 when the country elected its leaders under the new dispensation of devolution. The county governments are in charge of health care, pre-primary education and maintenance of local roads. They also, collect revenue in their areas of jurisdiction such as taxes on property and entertainment (Kimenyi, 2013). According to the constitution, only 15% of the government revenue is allocated to the counties whereas 85% remains in the central government [Article 203 [2] , COK 2010]. Each county gets its share (i.e. out of the 15%) based on an horizontal formula that was set by the Commission of Revenue Allocation (CRA) based on the weightings: population 45%, poverty index 20%, land area 8%, basic equal share 25%, fiscal responsibility 2%.[Mwangi,2013] Because each county is autonomous in determining on how to spend its financial resources in meeting its development agenda, there is need to assess their ability in managing resources for the purposes of effective service delivery to the people[GOK,2013]. The constitution also gives a provision for those counties that mobilize and manage their resources to be rewarded by receiving a higher share of the central government revenue. It is on the above argument that the present study aims to assess the influence of strategic management changes on performance practices in County governments in Kenya.

1.1.3 Mombasa County

Mombasa County is one of the 47 Counties of Kenya. The town Mombasa is the capital and the only city in the county of Mombasa. It is the smallest county in Kenya, covering an area of 229.7 km^2. It is endowed with a water mass covering 65 km^2. The county is situated in the South Eastern part of the former Coast Province and it borders Kwale County to the South West, Kilifi County to the North and the Indian Ocean to the East. It lies between latitudes 3°56’ and 4°10’ south of the equator and longitudes 39°34’ and39°46’ east. The county is divided into seven sub-counties, eighteen locations and thirty sub-locations. Mombasa County has a total population of about 1 million people with a population density of 3,200/km^2 according to the 2009 national census [Republic of Kenya 2013]. Mombasa County is a cosmopolitan town. There are many industrial setups in the county. Mombasa town also hosts large supermarket chain stores including Tuskys, Budget, Nakumatt and Naivas. Tourism and hospitality businesses with hotels, bars, restaurants, sports pubs, among other commercial activities are booming. The county has an international Airport - The Moi Airport situated in Changamwe area and is linked to the west by Mombasa – Nairobi road.

1.2 Statement of the problem

The world has become a global village composed of unpredictable changes and uncertainties that are transforming the nature of competitive success based on service delivery which depends on the actual performance management of individual organizations. Strategic management is a management approach that enables organizational leaders to align the internal organizational environment with the changes in the increasingly volatile business environment in which organizations operate (Lynch, 1997). Strategic management is viewed as the set of decisions and actions that result in theappraisal, formulation, implementation and monitoring and evaluation of plans designed to achieve an organization’s vision, mission, strategy and strategic objectives within the business environment in which it operates (Pearce and Robinson, 2007).Organization performance requires managerial mindset that emphasizes global markets strategic flexibility and the ability to tolerate and harness change (Hitt et al 2000). The actual service delivery requires new forms of strategic thinking and organizational structure, global mindset, considerable strategic and innovative methods of formulation and implementation strategies.

The very well-known challenge for public organizations (bodies) in Kenya in the past and currently is successful formulation and implementation of strategies and strategic plans (MTP, 2013).Many organizations are able to generate innovative strategic plans, but few are able to successfully implement these plans. Some researchers note that organizations fail to implement up to 70% of their strategic initiatives (Miller, 2002). Some of the reasons why County Governments fail to implement their strategic plans include failure to understand the reason for the plan- the customer; inability to predict environmental reaction; over-estimation of resource competence; failure to coordinate; failure to obtain senior management commitment; failure to obtain employee commitment; under-estimation of time requirements and failure to follow the plan. The current dispensation based on the Kenyan constitution (2010) led to total overhaul of the old systems and procedures for service delivery and the formation of forty seven counties. Various county governments are therefore required to come up with County Integrated Development Plans, which encompass strategic plans that aim at giving individual counties sustainable competitive positions in service delivery. This cannot be attained if the devolved units do not facilitate proper formulation and implementation of the strategies.

Many of the studies that have been carried out locally have mainly focused on the aspect of strategic implementation e.g. (Abdulaziz, 2006; Kamau, 2008; Gichira, 2009; Kyozo, 2009; Gitau, 2009; Oketch, 2010 and Obiga 2014). A few studies relates to the concept of both strategic appraisal, formulation and implementation e.g. (Otsieka, 2009; Omondi, 2010 and Opano, 2013).Mombasa county currently has no Strategic plan put in place for both the assembly and the executive arms of government.The researcher therefore intends to interrogate the devolved units as structural elements that are influenced by strategic management; thus the appraisal,formulation, implementation and monitoring. Devolution of functions from the National Government to County Governments is a new concept in the management of public affairs yet very little research has been done locally specifically with reference to the County Government of Mombasa. It is on the basis of this that the researcher is seeking to fill the research gap that exists by carrying out a study on the influence of strategic management on the performance of county government of Mombasa

1.3 General Objective

The general objective of the study is to investigate the influence of strategic management practices on organizational performance of the County Government of Mombasa

1.3.1 Specific Objectives

1. To examine the level of influences on the formulation of the strategic management practices by the County Government
2. To analyzethe degree to whichthe organizational environment affects the Strategic Plan by the County Government
3. To establish the extent to which thestrategic plan implementation influences service delivery by the County Government
4. To determine the effects of monitoring and evaluation of the strategic management practices in the County Government

1.4 Research Questions

1. How has the County Government of Mombasa formulated the strategic management plan?
2. How does the organizational environment affect the strategic plan of the County Government of Mombasa?
3. To what extent does implementation of the strategic plan influence service delivery by the County Government?
4. What is the effects of monitoring and evaluation of the strategic management plan on service delivery by the County Government?

1.5 Justification

This research is anticipated to be of importance to a number of both internal and external information users who include management of Mombasa County Government, other county Governments, National Government and strategy executors. It is evident that no research of this nature has been carried out in Mombasa since the onset of devolution. The findings will be of great benefit in inducing a renewed dimension of service delivery by the County Governments through expected enhancement of internal efficiency. The findings of this study will contribute towards the current body of knowledge in strategic management discipline especially in the topic of strategic planning and implementation. It will also form the basis upon which other related and replicated studies can be based on and also suggest potential research areas for future researcher

II. LITERATURE REVIEW

2.0 Theoretical Framework

2.1Agency Theory

Agency theory is a management approach where the agent; for example the County Government, acts on behalf of the principal-the residents of the County, and is supposed to advance the principal's goals Jean et al 2002. The agent therefore advances both the principals' interests and his own interests in the organization. A balance of these interests should be merged in order to arrive at the corporate objectives of the organization through the agent because he/she is in charge of the vast resources of the organization. Laffont et al (2002) contends that the agency theory of strategic Management is so crucial since the action chosen by a particular individual (the agent) affects not only one, but several other parties (the principals). Hence the agents' role in strategic formulation and the overall strategic management process cannot be underestimated. They say that the firm is often characterized as a nexus of both explicit and implicit contracts linking the management and its different stakeholders, including claimholders, workers, unions, customers, and the suppliers [Lee et al., 2003].

The Agency Theory has also been described as the central approach to managerial behavior. Agency Theory is used in the managerial literature as a theoretical framework for structure and managing contract which is among the emerging issues in strategic management. It therefore explains the behavior of principals and agents relationships in performance contracting in management. According to Alchian et al., 2002, it is used as a framework for strategic management as they say that this theory focuses on accountability by correction for opportunistic behavior. Moreover the principal-agent theory as agent theory is also called has been applied extensively to a range of contractual relationships between organizations, boards, directors and managers and employees in organizations (Dharwadhar, et al 2000]). They further say that in this theory the principal chooses to contract with an agent for reasons of cost and expertise.

Another insight into Agency theory in particular relevance to the stake owners' theory where the difference between delegated and intrinsic agency can be explained. The delegated common agency arises when several parties voluntarily and independently bestow their rights to make certain decisions upon a single (in this case, the County Government of Mombasa) agent. Also intrinsic common agency arises instead when an individual is naturally that is not voluntarily and not independently endowed with the right to make a particular decision affecting other parties who may in turn attempt to influence that decision (O'Neill, 2003). This therefore gives prominence to the agency theory in the theories of strategic management. Intrinsic common agency in agency theory resembles the relationship found between many stake owners and managers because communities do not choose to entrust decisions to firm managers (agents) but find themselves subject to these managers decision- making activities. In response, communities often attempt to influence these managers' resource allocations which affect the whole process of strategic management within a firm. It is on this premise that it is observed that the agency theory should be embraced in strategy formulation where the principals should always co-operate with the agents in formulating the organization's mission, vision and the objectives(Omari et al 2011).

Krueger (2004) observes that strategy formulation relies upon a team approach that flows from the corporate level to the functional level of the firm. The process relies on input from all levels of management. The COK 2010 Chapter one states that all sovereign power belongs to the people of Kenya and shall be exercised only in accordance with the constitution, and that the people may exercise their sovereign power either directly or through their democratically elected representatives. It further states that sovereign power under this constitution is delegated to Parliament and legislative assemblies in the county Governments; the National Executive and Executive structures in the County Governments; and the Judiciary and independent tribunals; and that the sovereign power of the people is exercised at the National level and County level. This brings to fore what agency theory is all about.

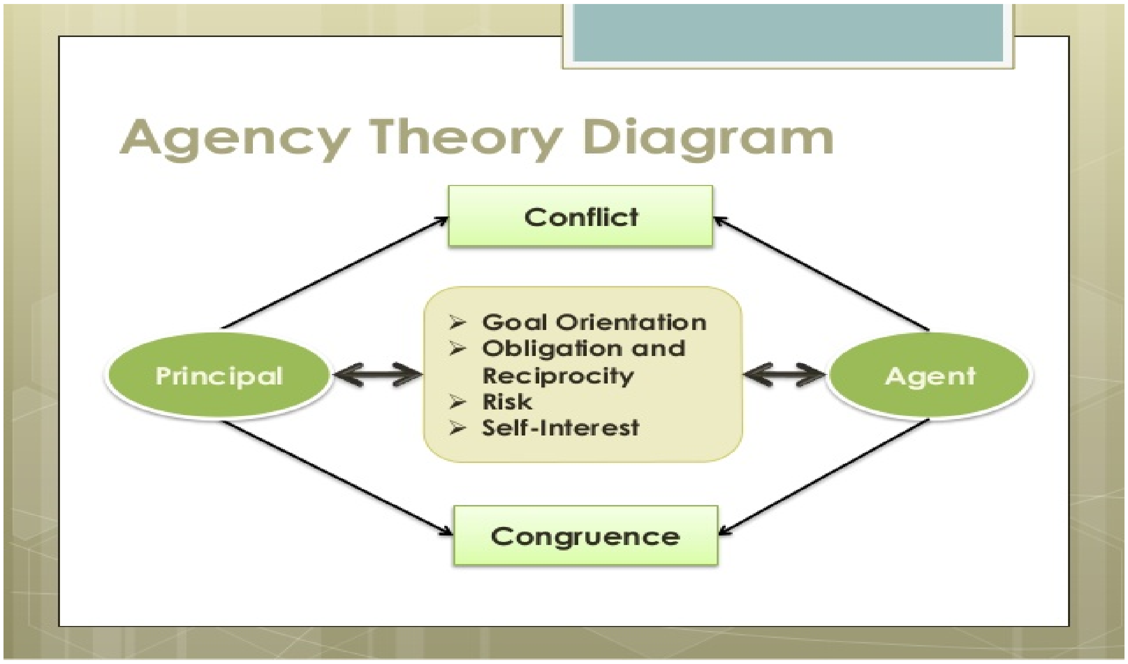


Figure 2.1: Agency theory diagram
Source: Muhib Islam [2014]

2.2Resource Based Theory

Resource based view is a management device used to assess the available amount of business strategic assets. Inessence; the resource based view is based on the idea that the effective and efficient application of all useful resources that the company can muster helps determine its competitive advantage. Anorganizations resources and capabilities should be the basis for strategic decisions. Competitive advantage is gained through acquisition and value of organizational resources.Organisations should identify, locate and acquire key valuable resources. Resources are not highly mobile across organizations and once acquired are retained. Hafeez et al (2002) defined resources as anything that could be thought as strength or a weakness for a firm.

Resources are inputs into a firm's production process and can be classified into three categories as; physical capital, human capital and organizational capital (Currie, 2009).Physical capital includes technology, plant equipment, location and access to raw materials. Human capital on the other hand refers to training, expertise, judgment, intelligence, relationships and insight of managers and workers. According to Hatch et al., [2004] specific human capital can create the competitive advantage because human capital is immitable.Organizational capital includes organizationalstructure, planning, controlling and coordinating systems, informal relationships among groups within the firm and with outside groups. It is important to note the critical assumptions of the resource based view which are resource heterogeneity in which different firms may have different resources; and resource immobility where it might be difficult for firms without certain resource to acquire or develop them hence some resources may not spread from firm to firm easily

Resources may be tangible or intangible and are harnessed into strengths and weaknesses by companies and in doing so, leads to competitive advantage (Theuri, 2015). The resource based view stipulates that in strategic management the fundamental sources and drivers to firm's competitive advantage and superior performance are mainly associated with the attributes of their sources which are valuable and costly to copy [Barney 2003] . However, to possess these resources alone is insufficient to gain a competitive advantage and offer qualitative services to the public [Peteraf et al, 2003].Organizations must effectively manage their resources and build unique capabilities to gain advantage and improve on service delivery (Sirmon et al, 2007).The resource based view is a crucial idea in strategy because it proposes the potential to elucidate on competitive advantage or the delivery process of long run returns to taxpayers (Toms, 2010).

The returns can be accessed directly by the provision of services like healthcare, markets, garbagecollection, street lighting among other services. Thus, differences in firm's performances across time are driven primarily by their unique resources and capabilities rather than by an industry's structural characteristics (Currie, 2009). The resource-based view is basically an identification of characteristics that resources ought to have so as to yield returns and stability (Sheehan, 2007),and basically services rendered to the public by the county government.

Accordingly, Counties performances are strategically compared with each other. The development index for Mombasa County in the year 2013 to 2014 was a paltry 1% (COB, 2014) of the financial allocation and improved to 24% for the year 2014/2015(COB, 2015).There are times organizations might have some resources like finance but lack the human resources or organized methods and systems of providing efficient and effective services as in the case of Mombasa County. This begs the question as to the existence of a strategic management plan in the organization and whether the plan influences services delivery to the residents of the county. A service such as garbage disposal is a nightmare while the quality of healthcare is low yet Mombasa has a level five hospital.

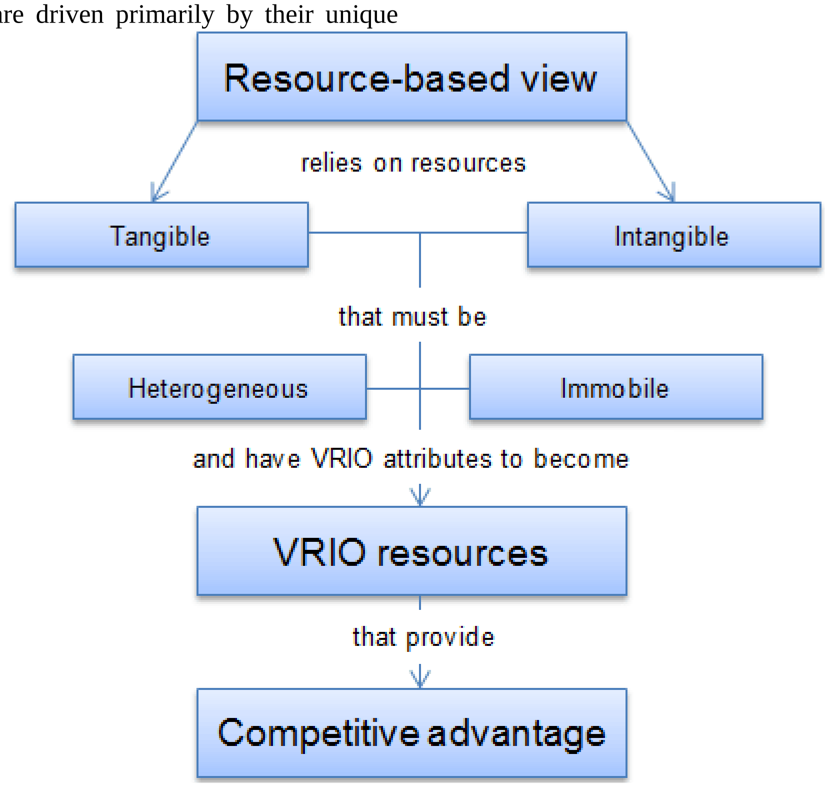
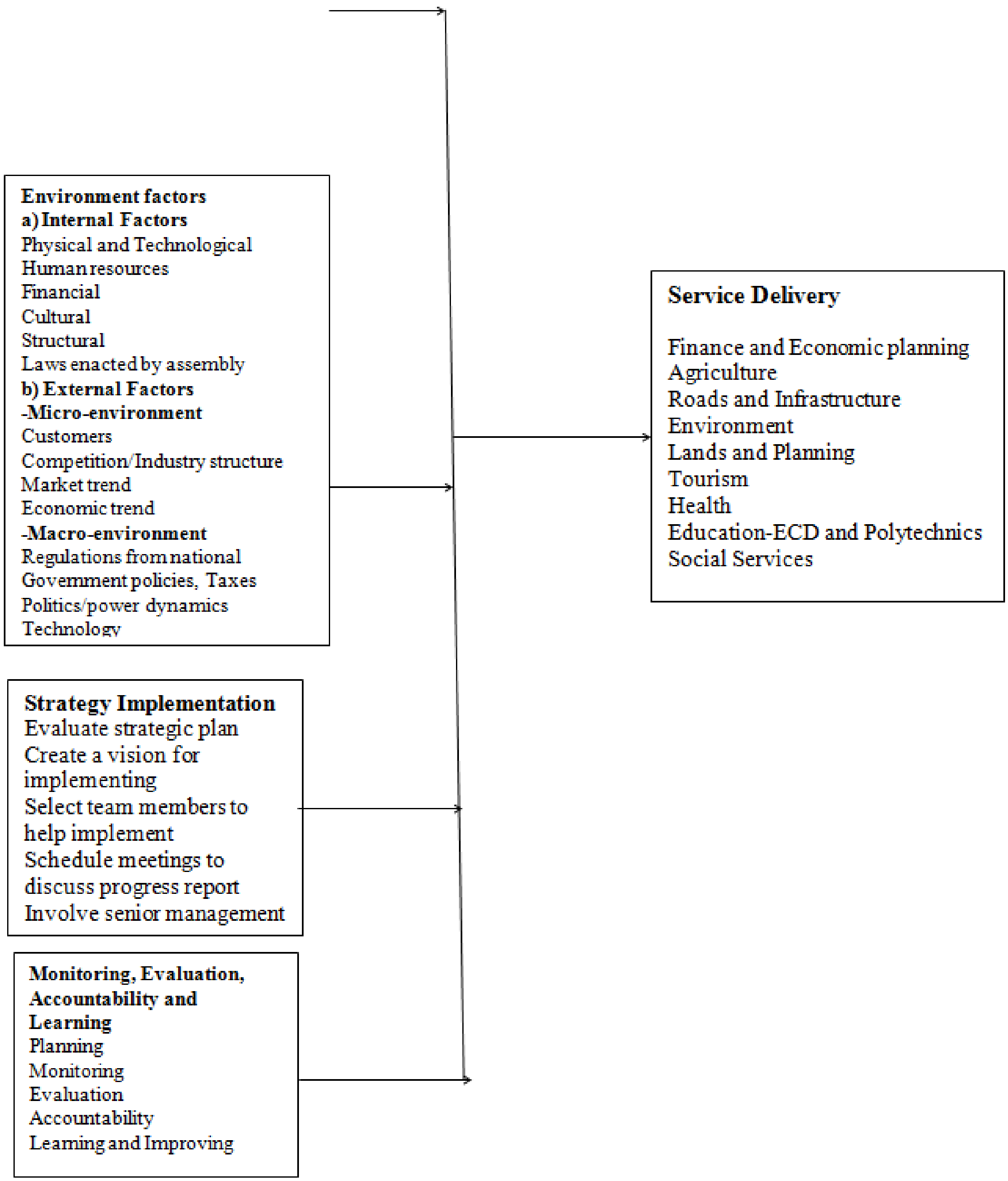


Figure 2.2 Resource based view model emphasizing on the key points of it.
Source: Ovidijus et al [2013]

2.3 Conceptual Framework

A conceptual framework is a diagrammatical representation showing the relationship between dependent variable and independent variables (Young 2009). It shows the relationship between independent and dependent variable



Independent Variables **Dependent Variable**

The following section presents a review on variables namelyStrategy Formulation, OrganizationalEnvironment, Strategy Implementation and MEAL (Monitoring, Evaluation, Accountability and Learning) that influence service delivery by the County Government

2.4.1Strategy Formulation

Strategy formulation refers to the process of choosing the most appropriate course of action for the realization of organizational goals and objectives and thereby achieving the organizational vision. Formulation produces a clear set of recommendations, with supporting justification, that revise as necessary the mission and objectives of the organization, and supply the strategies for accomplishing them(Obiga,2011). In formulation, we try to modify the current objectives and strategies in ways to make the organization more successful. Formulation takes the following steps.

The first step is Values Assessment: All business decisions are fundamentally based on some set of values, whether they are personal or organizational values (Gerhard, 2001). The implication here is that since the strategic plan is to be used as a guide for daily decision making, the plan itself should be aligned with those personal and organizational values. To delve even further, a values assessment should include an in-depth analysis of several elements: personal values, organizational values, operating philosophy, organization culture, and stakeholders [Samson, 2012]. This allows the planning team to take a macro look at the organization and how it functions as a whole.

Strategic planning that does not integrate a values assessment into the process is sure to encounter severe implementation and functionality problems if not outright failure. Briefly put, form follows function; the form of the strategic plan must follow the functionality of the organization, which is a direct result of organizational values and culture. If any party feels that his or her values have been neglected, he or she will not adopt the plan into daily work procedures and the benefits will not be obtained [Ingram et al., 2005].

The second step is Environmental Scanning. This element of strategy formulation is one of the two continuous processes.Consistently scanning its surroundings serves the distinct purpose of allowing acompany to survey a variety of constituents that affect its performance, and whichare necessary in order to conduct subsequent pieces of the planning process[Dillerup, et al.,2006] Thereare several specific areas that should be considered, including the overallenvironment, the specific industry itself, competition, and the internal environmentof the firm[Samson,2012] The resulting consequence of regular inspection of the environment is that an organization readily notes changes and is able to adapt its strategyaccordingly[Armstrong et al.,2012] This leads to the development of a real advantage in the form ofaccurate responses to internal and external stimuli so as to keep pace with thecompetition[Jeff, et al.,2009]

The third step is the preparation of the Vision and Mission: A vision statement is a mental picture of what you want to accomplish or achieve (Hofstrand, 2009). For example, you may want to develop a profitable winery or a successful organic dairy business. The vision statement should be concise and easy to remember. When people focus on the vision, their daily activities are automatically directed towards achieving it [Guion, 2009].A mission statement is a guiding light for a business and the individuals who run the business (Korlaar, 2013). It is usually made up of three parts: Vision - big picture idea of what you want to achieve. Mission - general statement of how you will achieve your vision. Core Values - how you will behave during the process.

Each of these three elements is an important aspect of the businesses guiding light. A statement of mission is a general statement of how you will achieve your vision. There is a very close relationship between the vision and mission. The mission is an action statement that usually begins with the word “to”(Korlaar, 2013). To create a successful mission statement, one should keep the following concepts in mind; it should be simple, short and concise.

Goals are general statements of milestones put to meet an organizations’vision whereas objectivesare specific, time-sensitive statements for achieving organization goals (Hofstrand, 2009). Strategies/Action Plans on the other hand are specific implementation plans of how one will achieve his or her objectives and goals. Core values define the business in terms of the principles and values that the business leaders will follow. They provide the bounds or limits of how the business leaders will conduct their activities while carrying out the vision and mission.

The fourth step is the Continuous Implementation: The idea behind this process is that each step of the planning process requires some degree of implementation before the next stage can begin [Ingram, et al, 2006]. This naturally dictates that all implementation cannot be postponed until completion of the plan, but must be initiated along the way. Implementation procedures specific to each phase of planning must be completed during that phase in order for the next stage to be started.

The fifth step isStrategy Design: This section of strategy formulation involves the preliminary layout of the detailed paths by which the company plans to fulfill its mission and vision(Taylor et al., 2005). This stepinvolves four major elements: identification of the major lines of business (LOBs),establishment of critical success indicators (CSIs), identification of strategic thrusts to pursue, and the determination of the necessary culture.

A line of business is an activity that produces either dramatically different products or services or that are geared towards very different markets. When considering the addition of a new line of business, it should be based on existing core competencies of the organization, its potential contribution to the bottom line, and its fit with the firm's value system.

The establishment of critical success factors must be completed for the organization as a whole as well as for each line of business. A critical success indicator is a gauge by which to measure the progress toward achieving the company’s mission. In order to serve as a motivational tool, critical success indicators must be accompanied by a target year (i.e. 2015-2017, etc.). This also allows for easy tracking of the indicated targets. These indicators are typically a mixture of financial figures and ratios (i.e. return on investment, return on equity, profitmargins, etc.) And softer indicators such as customer loyalty, employee turnover, and so on. Strategic thrusts are the most well-known methods for accomplishing the mission of an organization.

Finally, in designing strategy, it is necessary to determine the necessary culture with which to support the achievement of the lines of business, critical success indicators, and strategic thrusts. Harrison,2002 defined four major types of organizational cultures: power orientation, role orientation,achievement orientation, and support orientation. Power orientation is based on the inequality of access to resources, and leadership is based on strength from those individuals who control the organization from the top. Role orientation carefully defines the roles and duties of each member of the organization; it is a bureaucracy. The achievement orientation aligns people with a common vision or purpose. It uses the mission to attract and release the personal energy of organizational members in the pursuit of common goals. With a support orientation, the organizational climate is based on mutual trust between the individual and the organization

The sixth step in formulation is Performance Audit Analysis: Conducting a performance audit allows the organization to take inventory of what its current state is. The main idea of this stage of planning is to take an in depth look at the company's internal strengths and weaknesses and its external opportunities and threats. (Wilberforce, 2015)**.**This is commonly called a SWOT analysis.

Developing a clear understanding of resource strengths and weaknesses, an organization's best opportunities, and its external threats allows the planning team to draw conclusions about how to best allocate resources in light of the firm's internal and external situation [Nixon,2010] This also produces strategic thinking about how to best strengthen the organization's resource base for the future.

Looking internally, there are several key areas that must be analyzed and addressed[Ingram,et al.,2005] This includes identifying the status of each existing line of business andunused resources for prospective additions; identifying the status of current tracking systems; defining the organization's strategic profile; listing the available resources for implementing the strategic thrusts that have been selected for achieving the newly defined mission; and an examining the current organizational culture,[Samson,2012]

The external investigation should look closely at competitors, suppliers, markets and customers, economic trends, labor-market conditions, and governmental regulations. In conducting this query, the information gained and used must reflect a current state of affairs as well as directions for the future[Ingram,et al., 2005].

The seventh step Gap Analysis: A gap analysis is a simple tool by which the planning team can identify methods with which to close the identified performance gap(s) (Wilberforce, 2015). All too often, however, planning teams make the mistake of making this step much more difficult than need be. Simply, the planning team must look at the current state of affairs and the desiredfuture state [Caravella, 2006]

The final step in formulation is the Action Plan Development: This phase of planning ties everything together[Islam,2014]. First, an action plan must bedeveloped for each line of business, both existing and proposed. It is here that the goals and objectives for the organization are developed. Goals are statements of desired future end-states. They are derived from the vision and mission statements and are consistent with organizational culture, ethics, and the law. Goals are action oriented, measurable, standard setting, and time bounded (Chapman, 2013].

Objectives are near-term goals that link each long-term goal with functional areas, such as operations, human resources, finance, etc., and to key processes such as information, leadership, etc. Specifically, each objective statement must indicate what is to be done, what will be measured, the expected standards for the measure, and a time frame less than one year (usually tied to the budget cycle) [Miller, et al., 2004].Objectives are dynamic in that they can and do change if the measurements indicate that progress toward the accomplishment of the goal at hand is deficient in any manner. Simply, objectives spell out the step-by-step sequences of actions necessary to achieve the related goals [Munk, 2003].

2.4.2 Organizational Environment

All businesses have an internal and external environment. The internal environment is very much associated with the human resource of the business or organization, and the manner in which people undertake work in accordance with the mission of the organization (Kokermuller2007). To some extent, the internal environment is controllable and changeable through planning and management processes. The external environment, on the other hand is not controllable. The managers of a business have no control over business competitors, or changes to law, or general economic conditions[Jeff, 2008]. However the managers of a business or organization do have some measure of control as to how the business reacts to changes in its external environment. Consequent to the above, it is important to assess the strategy formulation, the environment scanning, the value assessment, the vision and mission, the strategy design, performanceanalysis, the gap analysis, the action plan development and the contingency planning[Armstrong, 2012]. of the County Government of Mombasa and whether they impact negatively or positively on service delivery to the residents of the County.The residents continue to receive inadequate services like garbage collection, poor water supply, badroads, illegal cutting of trees and poor planning in general. These are services that need proper assessment and strategic decisions taken to enhance service delivery. Garbage disposal is of great concern more particularly in the CBD, Bombolulu and Changamwe areas. The other area of focus that needs strategic thinking and appropriate and immediate action is the healthcare sector. Patients at The Coast General Hospital are not well taken care of and in some instances, they share beds. The wards are ever full and the hospitals chemists have drug shortages. All the above and a plethora of other issues require strategic thinking and action. The organization environment is composed of both internal and external factors.

Internal Environment Factors: The following internal environmental factors affect the operations of an organization: humancapital; organizationculture; organizationstructure; financial strength of an organization and the asset base of an organization (Kokermuller, 2004).

Technology; the technological change has been rapid in the last 50 years and is a factor in both the internal and external environment that constantly exerts pressure on the business or organization. If businesses do not adapt sufficiently and quickly to technological change, they risk losing market share. It's not just that technological change that affects the design of products, but even the delivery of services can change.

Human Resource: The knowledge, experience and capability of an organization's workforce is a determining factor of success. For this reason, organizations pay particular attention to the recruitment of staff and also to engage in the training of staff and volunteers to build the organization'scapability [Norton, 2001]. In pursuing both recruitment and training strategies, an organization is often limited by its financial strength. Nevertheless, training of staff is an essential aspect of good business management, and even in difficult financial circumstances is an achievable strategy.

OrganizationalCulture: The culture within the organization is a very important factor in business success. The attitudes of staff and volunteers, and their ability to "go the extra mile" make a very significant difference [Torbon,2013]. Negative attitudes can severely impact on the organization's ability to implement strategies for development despite however thorough the planning processes. Positive attitudes of staff and volunteers will not only make the management task easier but also will be noticed and appreciated by customers of the business or members of organization.

OrganisationStructure: Businesses and organizations may be impeded by their structure, constitution and/or forms of governance. Organization structure is essentially the way that the work needed to carry out the mission of the organization is divided among its workforce [Bozeman,2006].

Assets: The internal environment of the organization can be made richer or poorer by its assets [Stevenson, 2002]. For example, the organization's premises can be pleasant and uplifting, or demure and depressing. The availability of equipment is another asset that can significantly impact on the internal environment [Steinmueller, 2006]. If equipment is in short supply or not of the expected standard, then staff may be hindered in the performance of their duties, or if equipment is used by customers then customer satisfaction will fall.

Financial Strength: Financial strength is a factor in its own right that influences the internal environment of the organization [Kono, et al, 2010]. Despite however good other internal factors may be, it is very difficult for an organization that is too short of cash to implement strategies within the strategic plan. If the organization struggles financially this can impact on staff morale as budgets need to be excessively tight.

Secondly we look at the External Environment .This is composed of micro and macro environmental factors. The external organizational environment factors are those factors that are external to the organization but affect its operations. These are mainly, economic conditions; markets-Competition; technology; Climatechange; Regulation and policies and Taxation (Kokermuller, 2004).

The organization cannot control these aspects but can respond to change if needed. The main problem for the organization managers is to be able to respond early to change in the external environment, and this depends on how soon any change is identified. Some external environmental factors such as economic conditions are reported daily in the media and managers have a wealth of information on which to develop strategic plans. However, some external factors may be difficult to identify, particularly if the pace of change is very slow or is hidden from view.

Economic conditions:Prevailing economic conditions of the nation will have an effect on the spending patterns of citizens. Increases in interest rates and/or a high level of unemployment will depress consumption of non-essential goods and services [David,2016]. For example, when people experience financial hardship, they will spend much less on sport and recreation, holidays, new cars and luxury goods. Economic conditions are global as well as national, and when there is a global financial crisis as in 2007, changes in the external environment can be dramatic. Market (competition).The strength of business competition is a constantly changing factor in the external business environment. Not only will competitors come and go, but they will also change marketing strategies, product lines and prices. Often such changes are not heralded and business managers must be alert as to what competitors are doing.

Climate: The Climatic change is an insidious threat because the pace of change may be recognizable only if considered on a decade-by-decade basis[Collins, et al.,2013]. The effect of climate change will not fall equally on all nations and all businesses. Businesses that depend directly on a good supply of water e.g. agriculture, field sports will be adversely affected if climate change results in reduced rainfall. However the flow on effects of drought will eventually work their way through to all businesses in the effected community.

Legal Changes or Conditions: Taxation is one of most obvious changes in law through legislation. Sometimes taxation changes occur overnight with little warning and sometimes there is plenty of time for the business to prepare [Bradford, 2003]. Other law changes that commonly affect business include Workplace Health and Safety, Industrial Relations, Consumer Protection and Environmental Law.

Media: The media is undergoing rapid and significant change. The main driver of this change is technology and the rise of the internet. Newspapers once carried many pages of job adverts but now this business is conducted by online recruitment companies [Oyza, et al.,2015].

Political: Like law, changes in government policy can be well notified and discussed, or without warning (Bryson, 2011). As an example of how government policy has an effect, is that many organizations depend on government financial assistance. When there is a change of government, such funding assistance can disappear in a short space of time [Freeman et al., 2007].

Demographic: There is constant change in the make-up of the population. Some of these changes include an increasing proportion of elderly citizens, increasing number of two-income families, the age at which people marry is increasing, increasing ethnic diversity, and suburbs which were once dominated by young families now have few[Davies, et al., 2015]. These demographic changes can have a significant effect locally. For example, a sport club which once prospered can begin to decline as the local area has less and less children.

2.4.3 Strategy Implementation

Strategy implementation is defined as the manner in which an organization develops, utilizes, and amalgamates organizational structure, control systems, and culture to follow strategies that lead to competitive advantage and a better performance [Pryor, et al.2007].It is the translation of chosen strategy into organizational action so as to achieve strategic goals and objectives[Rapert,2002] Organizational structure allocates special value developing tasks and roles to the employees and states how these tasks and roles can be correlated so as maximize efficiency, quality, and customer satisfaction-the pillars of competitive advantage[Zairi, et al.,2000]. A good strategy without proper implementation is like a poor strategy or no strategy at all. However having a good strategic plan is half the battle won through effective strategy implementation (Bwire, 2013)

Peng, et al., (2001) noted two dimensions of strategy implementation: structural arrangements, and the selection and development of key roles. Effective strategy implementation is affected by the quality of people involved in the process. They claimed that the quality of people as skills, attitudes, capabilities, experiences and other characteristics required by a specific task or position. [Peng et al., 2001] Below are the five steps to successful strategy implementation.

The first step is to align your initiatives: A key road to failed implementation is when we create a new strategy but then continue to do the same things in the old way. A new strategy means new priorities and new activities across the organization [Aladwani, 2001]. Every activity (other than the most functional) must be reviewed against its relevance to the new strategy [Majed A-Mashri, 2003]. A good way of doing this is to create a strategic value measurement tool for existing and new initiatives [Elizabeth, et al., 2003]. Initiatives should be analyzed against their strategic value and the impact to the organisation.Kaplan andNorton (2008) developed a scorecard based on the following criteria: Strategic Relevance/Benefit (weighted 50%), Resource Demands (30%) and Risks (20%).Measuring your initiatives against a scorecard will help highlight the priorities and ensure the right initiatives are adopted for delivery[Sigala, et al.,2001].

The second step is to align budgets &performance: Ideally your capital budgets are decentralized, so each division can both allocate and manage the budgets to deliver the division's strategic initiatives. Norton (2008), recommend cross functional strategic initiatives be allocated specific budget (STRATEX) alongside capital (CAPEX) and operating (OPEX) budgets. This protects strategic expenditure from being re-allocated to short-term requirements of OPEX whilst subjecting strategic initiatives to a rigorous review (e.g. forecasted revenue growth and productivity) much like is done for CAPEX.Organisational performance should be closely aligned to strategy. Performance measures should be placed against strategic goals across the organization and each division and staff member [Patricia, 2011]. All staff will have job functions that will impact on strategy. Most staff will have impact across a series of strategic goals (e.g. financial, customer service, product). Ensure employees are aware of their role and influence on strategy delivery and performance. This is also important to employee engagement. Likewise performance incentives should be directly linked to performance against strategy [Pryor, et al., 2007]. They should include a combination of individual, team and corporate performance measures that ensure staff recognize their direct and indirect impact on strategy performance.

The third step is that structure follows strategy: A transformational strategy may require organizations not to try and force a new strategy into an out-dated structure as this will make their strategy implementation to reach a deadlock. [Rupert et al., 2002]

The fourth step in implementation is engaging Staff: The key reason strategy execution fails is because the organizationdoesn't get behind it. If the staff and critical stakeholders don't understand the strategy and fail to engage, then the strategy has failed [Marbet et al., 2003]. Engaging staff involves the following: Firstly, prepare them: Strategy involves change. Change is difficult and human tendency is to resist it. So it doesn't matter how enlightened and inspiring your new strategic vision, it will come up against hurdles .The hurdles are cognitive, resource, motivation and political[Cobbolt et al.,2004]. Secondly, be inclusive: Bring influential employees, not just executive team members into the planning process. Not only will they contribute meaningfully to strategy, they will also be critical in ensuring the organization engages with the strategy. Furthermore, listen across the organization during strategy formulation [Dooley, 2004]. Some of your best ideas will come from within your organization, not the executive team.

Thirdly, communicate: Ensure every staff member understands the strategic vision, the strategic themes and what their role will be in delivering the strategic vision. And enrich the communication experience [Lawrie, et al., 2004]. Communicate the strategy through a combination of presentations, workshops, meetings, newsletters, intranets and updates.

Fourthly, clarify the strategy: It is important that all employees are aware of expectations. Each individual must understand their functions within the strategy, the expected outcomes and how they will be measured [Keegan, et al., 2004]. The performance measures and incentives should be aligned with performance against strategic KPIs.

The final step in implementation is to monitoring and adaption: A strategy must be a living, breathing document. Strategies must be adaptable and flexible so they can respond to changes in both our internal and external environments [Allio, 2005].

Strategy is not just a document written by executive teams and filed in the CEO's desk. It is a vision for the organization, to be owned by the organization. And to succeed the whole organization must engage with it and live and breathe it [Heide, et al., 2003]. Strategy should inform the organization's operations, structure, and how organization does its business. It should be the pillar against which we assess our priorities, our actions and performance [Miller, 2004].

2.4.4Monitoring and Evaluation

Monitoring is the systematic collection, analysis and use of information from projects and programs for three basic purposes: learning from the experiences acquired (learning function); accounting internally and externally for the resources used and the results obtained (monitoring function); taking decisions (steering function) (PSO, 2004). It can also be said to be a continuous assessment that aims at providing all stakeholders with early detailed information on the progress or delay of the ongoing assessed activities[Chaplowe, 2008]. It is an oversight of the activity's implementation stage. Its purpose is to determine if the outputs, deliveries and schedules planned have been reached so that action can be taken to correct the deficiencies as quickly as possible [USAID, 2007]. It can be seen to be the systematic and routine collection of information from projects and programs for four main purposes. To learn from experiences and to improve practices and activities in the future; to have internal and external accountability of the resources used and the results obtained; to take informed decisions on the future of the initiative; to promote empowerment of beneficiaries of the initiative.

Monitoring is a periodically recurring task already beginning in the planning stage of a project or program. Monitoring allows results, processes and experiences to be documented and used as a basis ofsteering decision-making and learning processes. Monitoring is checking progress against plans. The data acquired through monitoring is used for evaluation[Bamberger,et al.,2006]Furthermore, monitoring is a continuous assessment that aims at providing all stake owners with early detailed information on the progress or delay of the ongoing assessed activities. It is an oversight of the activity's implementation stage. Its purpose is to determine if the outputs, deliveries and schedules planned have been reached so that action can be taken to correct the deficiencies as quickly as possible.

Evaluation is assessing as systematically and objectively as possible an ongoing or completed project, program or policy [Yumi, et al., 2007]. The object is to be able to make statements about their relevance, effectiveness, efficiency, impact and sustainability. '(War Child, Planning, Monitoring and Evaluation, 2006). Based on this information, it can be determined whether any changes need to be made at a project, program or policy level. Evaluation thus has both a learning function - the lessons learned need to be incorporated into future proposals or policy - and a monitoring function - partners and members review the implementation of policy based on objectives and resources mobilized[Caldwell,2002].

To summarize, monitoring and evaluation can be used for three reasons: steering: steering and adjusting current programs and projects; learning: learning more about what works and what does not; monitoring: accounting for the resources used in the light of objectives formulated in advance and results achieved[WFP,2011] Monitoring and evaluation of development activities provide government officials, development managers, and civil society with better means for learning from past experience, improving service delivery, planning and allocating resources, and demonstrating results as part of accountability to key stakeholders[Rugh,2008]

2.5Empirical Review

Various studies have been carried on strategic management practices within local authorities under the old constitution of Kenya. Mangi (2009) carried out a research on the strategic management practices adopted by local authorities in Kenya with reference to Thika, Mavoko, Kiambu and Ruiru local authorires.the study determined the challenges faced in adopting strategic management practices. The research done by Kipkorir (2013) on the factors influencing implementation of strategic plans in local authorities in Migori County suggested that organizational culture, structure, strategic leadership and financial resources affected the implementation of the strategic plan. The study conducted by Obiga (2014) focused on the challenges faced during the formulation and implementation of strategy within the County Government of Nairobi. Another study closely related to this was on the strategic planningand implementation practices in Kisii County conducted by Opano (2013) which suggested that poverty line and high mortality rate were some of the challenges faced by the County Government in implementing the strategic plans.Raminya(2015) conducted a study on the influence of centralized structure on strategy implementation in the County Government of Nakuru. They suggest that decentralization enhances decision making process both at individual and the general government functions.

2.6Research Gaps

A review of the current studies indicates that very few studies have been carried out on the influence of strategic management on performance of County Governments. Many of the studies that have been carried out locally have mainly focused on the aspect of strategic implementation for example (Gichira, 2009; Gitau, 2009;Kamau, 2008; Obiga 2014 and Oketch, 2010). A few studies relates to the concept of strategic appraisal, formulation and implementation e.g. (Mangi, 2009;Omondi, 2010; Opano, 2013 and Otsieka, 2009).Little or no study has been conducted on the influence of strategic Management practices on organizational performance of County Governments in the current political dispensation. Most of the studies done on strategic management cover only two aspects, formulation and implementation but they fail to consider in detail the environmental factors and monitoring,evaluation,accountability and learning. However this study takes into account the entire process of strategic management and its influence in service delivery. The only study that is related to the current study was done at Kisii County Government by Opano (2013) when the County Government had been in place for less than a year. His findings were abstract since it was not possible to conduct a study on formulation and implementation within the period. Hence the need to focus on this research area

2.7 Summary

The literature reviewed the influence of strategic management on service delivery within the County Government. The variables included: Strategic Formulation, Environmental Factors, Strategic Implementation, Monitoring Evaluation, Accountability and Learning. The influence of strategic management plan and service delivery can be seen by the detailed analysis of whether the funds-the national disbursement of revenue to County Government of Mombasa has resulted to improved service delivery to the residents or not and to what extent the strategic plan has played or guided to influence the said service delivery.

In assessing service delivery departmentally, we must check on the role the Finance and Economic Planning played in the overall success or not. Then there is need to know whether there has been improvement in the Agricultural sector since the system got devolved. There will be also a close examination of the activities of Roads and Infrastructure, whether there has been improvement or not for the last three years. Then research moves to the Environment Department and a keen examination is made on the entire department's performance and areas covered are garbage collection, tree planting(Greening of town),waste water disposal, provision of sewerage services, burial of unclaimed bodies, general painting and improved outlook of the CBD among other things.

The lands and planning aspects of the County would also be assessed and with the ever increasing rural-urban migration, there is need to check on the unapproved settlement of squatters. Hence the need for the county to provide decent and affordable housing units. Additionally, other individual or private developers of buildings must be properly controlled and this calls for "Development plans" to be properly controlled by zoning the entire county. For example, areas marked for low density housing units should not be mixed with those areas meant for high density dwellings.

An equally important area to note is the tourism sector which has been badly affected by the insecurity from terrorism. The latter might not be helped by the Strategic Management Plan because it is an international issue being handled by National Government. Other departments like Social Services and ECD and Polytechnics should be reviewed to check on their response to strategic management in service delivery.

III. RESEARCH METHODOLOGY

3.0 Research Design

The study adopted a desk research method. As depicted by name Desk Research is the research technique which is mainly acquired by sitting at a desk. . Desk research is basically involved in collecting data from existing resources hence it is often considered a low cost technique as compared to field research, as the main cost is involved in executive's time, telephone charges and directories(MSG,2014). According to Kothari, 2014, Secondary data refers to data that are already available i.e. data which have already been collected and analyzed by someone else. He further asserts that the data may either be published data or unpublished data. The drawback of secondary data is that the information may be unsuitable or inadequate in the context of the problem which the researcher wants to study.

3.1 Data Collection

Secondary data was obtained from extensive literature of research through the internet, review of published literature such as journals, articles, published and unpublished theses,text books, the Constitution of Kenya, Public Finance Management Act, County Government Act and other devolved legislations. The researcher also made use of secondary data from the County Government of Mombasa records. These sources were reviewed to give insight in the search for the primary information on the influence of strategic management practices on service delivery.

IV. CONCLUSION AND RECOMMENDATIONS

4.1Conclusion

Based on the findings of this study, the following conclusions were drawn. It is difficult to determine the level of formulation of Strategic management plans for Mombasa County Government until a research study is carried out. From the literature reviewed it should be examined whether organizational environment factors in strategic management practices influences the service delivery of Mombasa County.Furthermore,efforts should be made to establish whether implementation of the strategic management practices influences service delivery by Mombasa County Government. Strategic plans are rarely implemented due hindrances such as political interference, lack of finance and proper management practices within the County Government. Finally, the determination of whether MEAL influences strategic management practices on service delivery by Mombasa County Government.

Recommendations

Based on the conclusions drawn from the study, the following recommendations were made:

1. To conduct fieldresearch to determine the level of the influences of formulation of strategic management practices on service delivery by the County Government of Mombasa.
2. To carry out field research to analyze the degree to which the organizational environment influences the services influences the service delivery of the County Government of Mombasa.
3. To conduct field research to establish the extent to which implementation of strategic management practices influences the service delivery by the County Government of Mombasa.
4. To carry out field research to determine the influences of Monitoring, Evaluation, Accounting and Learning of the strategic management practices on service delivery by the County Government of Mombasa.

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