STRATEGIC MANAGEMENT PRACTICES AND PERFORMANCE OF CONSTITUENCIES DEVELOPMENT FUND IN NAIROBI CITY COUNTY, KENYA

Caroline Keror
Master of Business Administration in Strategic Management, Kenyatta University, Kenya
Dr. James Kilika
Department of Business Administration, Kenyatta University, Kenya

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ABSTRACT

The government of Kenya is spending considerable resources at the constituency level. In 2009/ 2010 at least Kshs. 73 billion went towards decentralized fund spending. Despite ongoing reforms and the passage of the Constitution of Kenya (2010) which seeks to promote transparency, local development funds have failed to adopt transparent practices in key areas. There is absence of an overall strategic development framework to guide these expenditures which is giving citizens a raw deal in development. This study was guided by the following objectives; to determine the role of strategic planning, strategy formulation, monitoring and evaluation and strategy implementation on management of constituency development in Nairobi City County. The target population for the study was 114 respondents. Stratified random sampling technique was used to select the sample. This generated a sample of 58 respondents which the researcher sought information from. The study used a questionnaire administered to each member of the sample population. The researcher administered the questionnaire individually to all respondents of the study. Quantitative data collected was analyzed by the use of descriptive statistics using SPSS (Version 22) and presented through percentages, means, standard deviations and frequencies. The information was displayed by use of bar charts, graphs and pie charts and in prose-form. The analysed data was presented in graphs, frequencies, charts and tables for interpretation and to enable draw conclusions and recommendations thereof. From the study it is evident that for the organization to survive it has to actively embrace strategic planning for long term survival and achievement of its mandate. There is also need for all stakeholders to be involved in the strategic planning process and there should be adequate sensitization on the strategic plans that are in place through adequate communication. It is also evident from the study there are challenges to the strategic planning process and the organization has to find ways of dealing with the same in order to implement the strategic plan. The researcher recommended that the managers of the fund should encourage a participatory, transparent and accountable public policy framework that considers all the stakeholders so that the strategic plans are implemented effectively. The managers has to liaise with all the stakeholders with a view of coming up with a framework to address the challenges facing it as they try to undertake strategic planning. The study also recommended that for effective strategic plans, there ought to be a clear division between the strategic planning process and the strategic implementation process.

Key Words: *strategic management practices, performance, constituencies development fund, Nairobi City County, Kenya*

INTRODUCTION

Strategic management is a significant part of management and application of new strategic management knowledge is necessary for successful or unsuccessful completion of projects in various rural developments. Strategic management involves the formulation and implementation of the major initiatives taken by a company's top management on behalf of owners, based on consideration of resources and an assessment of the internal and external environments in which the organization competes (Hambrick, 2007). Strategic management provides overall direction to the enterprise and involves specifying the organization's objectives, developing policies and plans designed to achieve these objectives, and then allocating resources to implement the plans. Strategic management practice is not static in nature; the models often include a feedback loop to monitor execution and inform the next round of planning. This is a fit, which an organization has within its environment. Strategy is a master plan that delineates critical courses of action towards the attainment of organization's objectives and a blue print that defines the means of deploying resources to exploit present and future opportunities (Gikonyo, 2008.).

Constituency Development Funds systems (CDFs) dedicate public money to benefit specific political subdivisions through allocation and spending decisions influenced by their representatives in the national assembly. In Kenya most of the rural areas are under developed and abandoned, not that they lack resources to boost development, but lack of proper strategies in the development agenda to successfully complete CDF funded projects in the counties (District Development Committee Reports, 2012). Reports show no serious studies have been done on how initiated projects perform in Counties across Kenya. This is against the backdrop of numerous abandoned and incomplete projects, despite the required resources having been availed to them.

The constituency development fund was established in Kenya through the CDF Act 2003 and subsequent gazette notice in the Kenya Gazette supplement No. 107 of 9th January 2004 (Act No 11). The CDF Act (2003) has been amended twice in 2007 and in 2013. CDF has been viewed as a key strategic driver of social-economic development within Kenya. Its development initiative targeted the constituencies by devolving resources to meet social-economic objectives, which were previously managed by the central government. While there are several rules that govern the management of CDF funds to ensure transparency and accountability, decisions over of the fund management are primarily by constituents. This has led to discrepancies on fund management and the development amongst the constituencies, thus in some constituencies, the funds have been managed efficiently while others have not.

CDF scheme is regarded as the most effective way of equitable distribution of national resources throughout the country from the consolidated fund based on the Ministry of Finance report (2010). The CDF replaced the district focus for rural development and the harambee projects. In effect, CDF funding is part of a wider approach in building social-economy in Kenya, by taking off from a holistic understanding of what human development is all about and by suggesting a comprehensive, innovative, institutional and legal framework for socially-inclusive local economic and community development (Gituto, 2007).

The CDF scheme that the Kenyan government conceived in 2003 has transferred billions of Kenya shillings to the Rural and urban areas of its constituency based development projects. By 2009, more than 35,000 CDF projects were established in various parts of the Kenya (TISA, 2009). The impact of these projects was experienced in the key sectors funded by CDF such as education with about 38% of the allocations, health 11% and water 8% (KIPPRA, 2010). Through the CDF programme, a total disbursement of Sh. 70.8 billion has been made to the 210 constituencies

Critics in Kenya have further argued that funds from CDF kitty are most often and most easily being spent on short-term projects which benefit a small number of residents. The view expressed by one Kenyan MP was that the CDF must be tied to national goals. The foregoing necessitated the current study on the influence of strategic management practice on the successful completion of CDF funded projects in rural areas. This study therefore sought to find out the influence of strategic management practices on the performance of CDF projects in Kenya.

Strategic Management Practices

Strategy implementation is the way in which an authority, a committee, an organization, or the government develops; utilizes; and conjoins the organizational structure; the control systems; and the culture of the work environment to follow the strategies that give them competitive advantage (Harrington & Kendall, 2006). Institutional structure develops and allocates tasks and roles to the stakeholders and states how these tasks and roles are correlated so as to maximize efficiency, quality, and satisfaction. The control system equips leaders with motivational incentives as well as feedback on program performance. Culture refers to the specialized collection of values, attitudes, norms, and beliefs shared by members of an organization.

Strategies of implementing programs should be looked at as individual collective actions taken every day and every minute by the project participants (Flood, Dromgoole, Carroll, and Gorman, 2000). The writers in their analysis assert that, if the actions taken on daily basis are not collectively right, then the strategy is doomed to fail. Conducive conditions should be created by the top management for proper implementation of the strategy. They further stressed that; creating key performance indicators, encouraging the right people to do the work, having clear communication of the strategy goals, building and reinforcing team members in order to encourage the right actions and behaviors necessary in strategy implementation. Well formulated strategies may fail if proper implementation conditions are not provided (Kessler & Kelley, 2000).

Any organization, committee, or authority implementing a strategy should follow certain principles. Proper functioning committee is a priority; it should be capable of implementing strategy efficiently. Resources should be allocated sufficiently to the strategy essential activities, strategy-encouraging policies should be created, and strategic leadership, rewarding culture, and constant improvement are needed for successful implementation of programs in any functioning management unit of development (Shah, 2005).

According to Ansoff & McDonnell (2010), strategic management is concerned with broad, long-term future of an organization and the way it will prepare for change to the extent that change is perceived as being a necessary prerequisite of future continued success. Strategic decisions and plans are thus subject to greater uncertainty than either administrative or operational decisions. Strategic management has a co-ordination and integration role, seeking endorsement of the public sector and supporting strategies such as Human Resource (HR) workspace and Information Technology (IT) and assuring the appropriateness of strategic themes. The task of strategic management, in collaboration with government partners, is to manage the continuous processes of maintaining an appropriate relationship between the public sectors and its environment and preparing the government for an uncertain future (Abreu & Mendes, 2001). The development of the field of strategic management within the last two decades has been dramatic (Alexander, 2005) and it grows larger every day. Because of the nature of the strategy it does not contain universal truths that can be documented through scientific theorems and proofs (Chinowsky & Byrd, 2001).

According to Forest & Kinser, (2007) a significant amount of the empirical studies in strategy were concerned about the scope of the firm and its performance implications. However, strategic management generally addresses the question of why some organizations succeed or fail, and it covers the causes for company's success or failure (Forest & Kinser, 2007). Studies on strategic management have shown that strategic management practice is concerned with deciding on strategy and planning how that strategy is to be put in to effect. It can be thought of as having three elements within it: there is strategic choice stage which is to do with formulation of possible courses of action, their evaluation and the choice between them. Finally, there is a strategic implementation stage which is to do with planning how the choice of strategy can be put into effect (Kazmi, 2008).

Strategic planning usually involves all departments of an enterprise's organization and is often a fundamental part of the strategic management processes. Strategic planning often leads to major changes in the way the enterprise is managed and operated. This change is aimed at management excellence and an organization must exhibit such excellence in execution of strategy because, the results of the strategic planning can affect the well-being or the failure of the enterprise in its industry, (Thompson, 2007). Since no organization has unlimited resources, strategists must decide which alternative strategies benefit the firm most (Denton & White, 2006). Thus, a strategy "reflects managerial choices among alternatives and signals organizational commitment to particular products, markets, competitive approaches, and ways of operating the enterprise"

(Thompson & Strickland, 1996). Furthermore, different organizations in different environments are likely to emphasize different aspects of the strategic management process (Thompson, 2007).

Constituency Development in Nairobi City County

In Kenya, the Constituency Development Fund (CDF) was founded through the CDF Act (2003) then revised in the year 2007 and 2013. CDF is among the decentralized treasuries destined to attain fast socio-economic expansion to every constituency by funding of locally arranged developments and improved public involvement. Research carried out transversely throughout the nation’s 210 constituencies by the CDF Board (2008) besides the National Anti-Corruption Steering Committee (NACS) (2008) designated that ever since its commencement in 2003, CDF has enabled the execution of various local growth projects targeted at poverty lessening as well as socio-economic growth of the people. CDF is intended to combat poverty via the execution of developments at a local level and predominantly those that deliver rudimentary needs, for instance education, agronomic services, healthcare, water, safety as well as electricity. CDF’s functioning structure as well as the mosaic expenses choices at the legislative authorities have been categorized as inventive and creative (Kimenyi, 2005).

In the previous 10 years since its inception, as directive from the government CDF coffers have mainly been used in funding developments in four main sectors; education (37 percent), healthcare (9 percent), water (14 percent), and roads (8 percent) (GOK: CDF Allocation Summary, 2007). Commencement of these kinds of developments is evidently specified in the CDF Act. For example, Part IV Section 21 (1) of the Act dictates that, “developments shall be communal based so as to guarantee that the potential profits are obtainable to an extensive cross-section of the residents of a specific area” (Government of Kenya Constituency Development Fund Act, 2003).

Though the CDF allocation have been accumulating over-time, the upsurge can mainly be accredited to the development of the Kenya’s economy as well as the government’s tough implementation of tax collection requirements. Attuned for inflation, initiation of the CDF fund has subsequently developed and grown from Kshs. 140 million for the 2003/2004 financial year to over Kshs. 20 billion for 2013/2014 fiscal year. Simultaneously, the aggregate income for the main government at the same era for financial year 2003/2004 was approximately Kshs. 300 billion and by 2013/2014 financial year the entire income had augmented to Kshs. 700.5 billion, (GoK, 2013).

Although these annual CDF allocation may not seem to be so much, the influence on the community at both physical and social level has been outstanding. For example, numerous schools are built and furnished by the CDF coffers. This has assisted the government’s guiding principle of granting free primary education. Numerous hospitals as well as dispensaries or maternity wings that exist within the health facilities have also been constructed in a record time. This has aided decongestion of the district level hospitals (RoK, 2013).

STATEMENT OF THE PROBLEM

The government of Kenya is spending considerable resources at the constituency level. In 2009/2010 at least Kshs. 73 billion went towards decentralized fund spending. This averages into Kshs. 350 million per constituency for local development. According to KIPPRA (2010), there is need for a well enhanced system of managing constituency development funds in order to ensure that funds allocated are managed to achieve the desired results (KIPPRA, 2010). The essence of devolved funds in Kenya is to ensure that these funds are only used for the intended purpose; the overseers must observe proper utilization of the CDF fund must also consider value maximization, by ensuring that proper and accountable systems are in place and well adhered to (TISA, 2009). According to reports by KIPPRA (2010), internal inefficiencies in the management of CDF funds processes have made constituency development fund not to achieve the desired results, which has led to loss of funds. For example, in the financial year 2011/2012, statistics from the National tax payers report indicated that 16 per cent of the total Kshs. 2.3 billion CDF cash was badly used, wasted or unaccounted for, owing to inefficiencies in the procurement process, (National Tax Payers Report, 2012). Kumar (2006) on the other hand identified low citizen participation as a stumbling block to optimal utilization of devolved funds. Despite ongoing reforms and the passage of the Constitution of Kenya (2010) which seeks to promote transparency, local development funds have failed to adopt transparent practices in key areas. Further, despite the existence of planning and harmonization committees such as District Development Committees and District Project Committees (DPC's), the planning and harmonization of the funds is not as effective as envisaged. This is evidenced by duplication of projects, double funding as well as the existence of numerous incomplete but idle projects (Kwon, 2003). The absence of an overall strategic development framework to guide these expenditures is giving citizens a raw deal in development. Several research studies have been conducted in relation to devolved funds. For instance, Katembu (2010) did a study on the outcomes and challenges of grassroots participation in CDF projects: a case study of Dagoretti Constituency and concluded that there were various challenge facing grassroots participation in CDF projects, Sande (2010) conducted a study on factors influencing efficient monitoring and evaluation of CDF projects in Naivasha constituency and Muchiri (2009) did a study on the impact of the CDF in the development of public secondary schools in Mwala constituency. However, there is no known study that has been conducted on role of strategic management practices on management of constituency development In Nairobi City County using the variables herein, hence the knowledge gap which this study sought to fill. There is need to assess and bridge the gap on the effect of strategic management practices on performance of constituency development in Nairobi City County.

GENERAL OBJECTIVE

The general objective of the study was to determine the effect of strategic management practices to the performance of Constituency Development in Nairobi City County.

SPECIFIC OBJECTIVES

1. To determine the role of strategic planning on performance of CDF in Nairobi City County, Kenya.
2. To determine the role of strategy formulation on performance of CDF in Nairobi City County, Kenya.
3. To determine role of monitoring and evaluation on performance of CDF in Nairobi City County, Kenya.
4. To establish the role of strategy implementation on performance of CDF in Nairobi City County, Kenya.

THEORETICAL REVIEW

Resource-Based View Theory

The resource-based view (RBV) of Wernerfelt (1984) suggests that competitiveness can be achieved by innovatively delivering superior value to customers. The extant literature focuses on the strategic identification and use of resources by a firm for developing a sustained competitive advantage (Barney, 1991). The Resource based theory (RBV) is a strategic management theory that assumes the heterogeneity of firm's resources and abilities (Nicolai, 1998). The theory also hold that the differences in the resources and capabilities may persist for a while since some of the resources are not mobile factors hence a company may be able to use the resource based theory to develop its inherent capabilities and derive a superior competitive advantage over other firms. Resource based theory also extends to a degree of creating products, strategies and functions within an organization that are cannot be copied by competitors (Gimeno, 2009). This refers to a company having unique resources like man power and capital that rival competitors find it difficult to match hence allowing a firm the ability to ground a strong competitive position in the market over a period of time.

Scrutiny and assessment have pointed to a number of unresolved problems in the resource-based approach. Some of these problems justify the approach adopted in this paper and indicate ways to integrate the RBV and the firm's competitive environment. These criticisms relate to the unit of analysis, the circularity or tautological nature of the resource-based should be firms in lieu of notions such as 'opportunism' and 'moral hazard'. He concludes that knowledge-based theories may help shed light on issues relating to the boundaries and internal organization of the firm.

Foss (1998), states that the resource-based perspective does not escape the general problem of finding the appropriate unit of analysis. Most contributions within the RBV take the individual resource as the relevant unit of analysis to study competitive advantage. However, Foss (1998) points out that this choice may only be legitimated if the relevant resources are sufficiently well-defined and free-standing. If, in contrast, there are strong relations of complementarity among resources, it is the way resources are clustered and how they interplay and fit into the system that is important to the understanding of competitive advantage. Foss (1998) recognizes that the concepts 'capabilities' and 'competences' aim perhaps at grabbing this clustering and interplay. The conceptual framework takes this problem into account by relating resource advantage to strategy rather than to individual resources.

Organization Theory

Organization theory can seem somewhat distant from the territory of personnel specialists, especially when their work is represented in terms of administering or developing systems of recruitment, training, appraisal, etc. Organization theory and organizing is framed by the meaning attributed to the particular concepts – such as "structure", "role", "process" – which are invoked to describe and analyses what they purport to represent, (Ouchi, 2001). This observation is important because it draws our attention to the otherwise easily overlooked way in which our experience of the world is communicated through the (selective) medium of the particular concepts that we use.

Performance management is a concept in the field of human resource management. Performance management is a continuous process of identifying, measuring and developing the performance of individuals and aligning performance with the strategic goals of the organization (Aguinis, 2009). Performance management is many times mistaken as performance appraisal but the latter is just a part of the former.

There is no single universally accepted model of performance management. Various experts have explained the concept in their own ways. Mabey has prescribed the model of performance management system in the form of 'performance management cycle'. This cycle has 5 elements which suggest how performance management system should be implemented in an organization. The elements of performance management system cycle includes: Setting of objectives, Measuring the performance, Feedback of performance results, Reward system based on performance outcomes and amendments to objectives and activities (Mabey et al, 1999).

Salaman says there are two theories underlying the concept of performance management: the goal-setting theory and the expectancy theory. Goal-setting theory had been proposed by Edwin Locke in the year 1968. This theory suggests that the individual goals established by an employee play an important role in motivating him for superior performance. This is because the employees keep following their goals. If these goals are not achieved, they either improve their performance or modify the goals and make them more realistic. In case the performance improves it will result in achievement of the performance management system aims (Salaman et al, 2005).

Expectancy theory had been proposed by Victor Vroom in 1964. This theory is based on the hypothesis that individuals adjust their behavior in the organization on the basis of anticipated satisfaction of valued goals set by them. The individuals modify their behavior in such a way which is most likely to lead them to attain these goals. This theory underlies the concept of performance management as it is believed that performance is influenced by the expectations concerning future events (Salaman et al, 2005).

EMPIRICAL REVIEW

Strategic Planning and performance of CDF Nairobi City County

Many of these strategic and corporate planning concepts have been extensively adopted by companies in different national environments (Capon et al., 1987). The study of Capon et al. (1986) highlights the significant differences in the strategic planning practices of the Australian and the USA large manufacturing companies. It is clear that the concepts in corporate and strategic planning have been used by the companies in different national environments in differing ways to achieve their organizational goals. At the end of 1970s and early 1980s strategic planning suffered a downturn in popularity (Glaister & Falshaw, 1999) and came under heavy attack from management scholars (Grant, 2003). The major critique of the strategic planning was its low performances in unstable environment (Mintzberg, 1990; Mintzberg, 1994; Quinn, 1980). However, some research studies found that strategic planning was positively associated with unstable environments (Grant 2003; Miller & Cardinal, 1994; Ansoff 1991; Armstrong, 1982).

Strategy Implementation and performance of CDF Nairobi City County

Strategic implementation is critical to a company's success, addressing who, where, when, and how of reaching the desired goals and objectives. It focuses on the entire organization. Implementation occurs after environmental scans, SWOT analyses, and identifying strategic issues and goals.

Implementation is an important component of the strategic marketing planning process. It has been defined as “the process that turns marketing strategies and plans into marketing actions to accomplish marketing objectives” (Pride & Ferrell 2003). It addresses the who, where, when, and how to carry out marketing activities successfully (Kotler et al. 2001; Kotler et al. 1994). Pride and Ferrell (2003) define marketing implementation as “the process of putting marketing strategies into action”. According to David (2003), both managers and employees should be involved in the implementation decision and adequate communication between all parties is important for successful implementation. Elements that require consideration during the implementation process include annual objectives, policies, resource allocation, management of conflict, organization structure, managing resistance to change, and organizational culture (David 2003).

In developing policies during the implementation process, methods, procedures, rules, forms, and administrative practices are established. According to David (2003), strategies which are implemented within an organization should support the culture associated with the firm. The proposed strategy should preserve, emphasize, and enhance the culture, in accordance with the culture supporting the proposed strategy (David 2003). Conflict management also plays an integral role within the implementation process.

According to the literature (David 2003; Godiwalla et al. 1997) the human element of strategic implementation plays a key role in successful implementation and involves both managers and employees of the organization. Both parties should directly participate in implementation decisions and communication that play a key role in ensuring that this occurs (David 2003). Business performance is influenced by this human element of strategic implementation. Through providing performance incentives to employees during the implementation phase, it is suggested by David (2003) that business performance will be positively influenced.

Strategic implementation literature focuses on the distinct relationship between implementation and other various organizational elements (Dooley, Fryxell & Judge 2000; McFadyen & Farrington 1998; Skivington & Daft 1991). For example Skivington & Daft (1991) identified the implementation process as being undertaken through a systematic approach which provided a link between strategic consensus and implementation success. These findings were further endorsed by Dooley, Fryxell & Judge (2000) who determined a positive association between strategic consensus and firm performance. Environmental scanning was also found to be important for identifying the human element as a key problem to be addressed during the implementation process (David 2003; Kotler et al. 2001; Kotler et al. 1994; McFadyen & Farrington 1998).

Monitoring and evaluation and performance of CDF Nairobi City County

Monitoring is defined as a continuing function that aims primarily to provide the management and main stakeholders of an ongoing intervention with early indications of progress, or lack thereof, in the achievement of results. Evaluation is assessing as systematically and objectively as possible an ongoing or completed project, programme or policy. An ongoing intervention might be a project, program or other kind of support to an outcome. It provides managers and stakeholders with regular feedback on program performance (UNDP, 2002). Evaluation provides a judgment based on assessments of relevance, appropriateness, effectiveness, efficiency, impact and sustainability of development efforts. It involves a rigorous and systematic process in the design, analysis and interpretation of information to answer specific questions. It highlights both intended and unintended results, and provides strategic lessons to guide decision-makers and inform stakeholders. Though monitoring can provide critical inputs to evaluation by way of systematic collection of data and information, yet an evaluation system serves a complementary but distinct function from that of a monitoring system within a performance management framework (Jody & Ray, 2002).

Strategy Formulation and performance of CDF Nairobi City County

Hax & Majluf (2006) contend that strategy formulation is one of the two major cycles in strategic planning that intended to frame the key strategic issues of a firm through a sequential involvement of corporate, business and functional perspectives. The strategy formulation process would affect the second cycle of strategic and operational budgeting that deals with the final definition and subsequent consolidation at corporate level of the budgets for all the businesses and functions of the firm. The budget constitutes the legitimate output of this process, since it represents the commitments for strategy implementation.

According to Hax & Majluf (2006), there are basically two schools of management pertaining to strategy formulation. One school relies heavily on formal-analytical process while the other espouses a power-behavioral approach to strategy formulation. Those favouring the former approach tend to advocate the use of formal planning systems, management control and consistent reward mechanisms to increase the quality of strategic decision-making (Ansoff & McDonnell, 2010). They regard strategy formulation as a formal and disciplined process leading to a well-defined organisation-wide effort aimed at the complete specification of corporate, business and functional strategies. The latter rests on the behavioral theory of the firm, and emphasizes multiple goal structures of firms, the politics of strategic decisions, executive bargaining and negotiation (Hax & Majluf, 2006).

RESEARCH METHODOLOGY

Research Design

Research design is the basic plan that indicates an overview of the activities that are necessary to execute the research project. This research problem will be studied through the use of a descriptive research design. According to Cooper & Schindler (2003), a descriptive study is concerned with finding out the what, where and how of a phenomenon. The research focused on the role of strategic management practices on performance of constituency development fund in Nairobi City County, Kenya.

Target Population

A population is defined as a complete set of individuals, cases or objects with some common observable characteristics, (Mugenda & Mugenda, 2003). The population for this study was employees of Constituency Development Fund Board at their Head office in Nairobi. There are 114 employees of CDF board head office. The target population for the study was 114 respondents.

Sampling Design

Cooper & Schindler (2006) argue that if well chosen, samples of about 10% of a population can often give good reliability. From the above population, a sample of 50% was selected from within each group in proportions that each group bears to the study population. This generates a sample of 58 respondents which the researcher sought information from. This made it easier to get adequate and accurate information necessary for the research.

Data Collection Procedures

With regard to the role of strategic management practices on performance of constituency development fund in Nairobi City County in Kenya, the study used a questionnaire administered to the respondents identified as sample population. The questionnaire had both open and close-ended questions. The close-ended questions provides more structured responses to facilitate tangible recommendations. The closed ended questions were used to test the rating of various attributes and this helps in reducing the number of related responses in order to obtain more varied responses. The open-ended questions provided additional information that may not have been captured in the close-ended questions.

Data Analysis and Presentation

Before processing the responses, the completed questionnaires were edited for completeness and consistency. Quantitative data collected was analyzed by the use of descriptive statistics using SPSS (Version 22) and presented through percentages, means, standard deviations and frequencies. The information was displayed by use of bar charts, graphs and pie charts and in prose-form. This was done by tallying up responses, computing percentages of variations in response as well as describing and interpreting the data in line with the study objectives and assumptions through use of SPSS (Version 22) to communicate research findings. In addition, the study conducted a multiple regression analysis. The multiple regression equation was;

$$\mathbf{Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon}$$

Where: Y = Performance of Constituencies Development Fund; B_0 - intercept coefficient; ε_i – error term (extraneous variables); X1 –Strategic planning - Measured by the mission and vision; X2 – Strategy formulation; X3 – Strategy Implementation; X4 – Monitoring and evaluation; β_1,β_2, β_3 and β_4 =regression coefficients.

RESEARCH RESULTS

Strategy formulation on the performance of CDF in Nairobi City County

The study realized that a majority of the respondent 88% felt that strategy formulation had a significant influence on the management of constituency development fund in Kenya. The formuation of the strategy is a crucial step in strategy planning as a key component of CDF management. It was realized that managers have to choose among alternative strategies to pursue approaches, and this entails at least a small amount of adventureness and risk-taking at a mean of 4.02 and standard deviation of 0.31. It was also established that CDF board strategy formulation process, ensures that previous experiences are captured and used to formulate future strategies at a mean was 3.6 and standard deviation 0.11. The CDF board was found to be framing the key strategic issues through a sequential involvement of corporate, business and functional perspectives at a mean of 4.16 and standard deviation of 0.45 and that by strategy formulation complete specification of corporate, business and functional strategies were ensured at a mean of

3.1 and standard deviation of 0.0.60. The respondents indicated that CDF board relies not only on corporate strategies but also on its financial research and development and other and that each personnel level at CDF board is educated about the importance of the organization strategy. This clearly shows that strategy formulation is well done at the CDF board and the staffs understand the significance of the process but the challenge is planning and implementing the strategy at constituency and office level which needs attention. According to the respondents a lot needs to be done at strategy formulation level to enhance management of CDF in Kenya. This stage is crucial and therefore public participation and sensitization is key, management at constituency level need to be involved, expert advice is necessary and benchmarking to ensure workability of the strategy developed.

Strategic planning affects the performance of CDF in Nairobi City County

The study realized that 82% of the respondents indicated that strategic planning influence the management of CDF funds in Kenya. Strategic planning has a significant influence on the management of CDF funds at the CDF board head offices in Nairobi. The study further established that strategic planning generally produces better alignments and performances than does trial and error learning with a mean of 4.44 and a standard deviation of 0.58 , only the top managers of the organization are involved with strategic planning at the CDF board head offices in Nairobi and that effective strategy making starts with the formation of a strategic vision which describe where the organization wants to go in future at a mean of 4.52 and standard deviation of 0.66, similarly it was realized that in CDF board corporate vision outlines the desired future at which the organization hopes to arrive in future in terms of objectives at a mean of 4.46 and standard deviation of 0.61. The respondents indicated that in CDF board the people involved in strategic planning have awareness of alternative strategic options, at the board communicating the strategic vision in clear, exciting terms that arouse organization wide commitment, organizational goals at CDF board are vital for organizational activity and guidance for establishing the metrics to measure progress and that at the CDF board various analytical tool like SWOT and PEST are used to measure organization performance. This indicates that most of strategic planning at the board is all inclusive both at lower and upper cadres of management, the organizational vision is well communicated to the staff, the team involved in strategic planning is well constituted.

Monitoring and evaluation and the performance of CDF in Nairobi City

The study realized that 90% of the respondents felt that monitoring and evaluation influences the way in which the Constituency Development Fund is managed in Kenya. This indicates that the process of monitoring and evaluation of any strategy developed and implemented goes a long way in analyzing the degree to which the CDF fund objectives have been met. It is a key KPI indicator for the board. The respondents to a great extent concurred with this statement. It was realized that the CDF board of management has not developed an employee evaluation system and used performance-based monitoring system at a mean of 2.82 and 2.89 respectively.

Monitoring as means of providing managers and stakeholders with regular feedback on program performance was in force with a mean of 3.88 and standard deviation of 0.27. It was established that the process of implementing PM and E system allows the organization to modify and make adjustments to the implementation processes for achievement of desired results and outcomes at a mean of 4.02 and standard deviation of 0.41. Lastly whether the respondents concurred that performance based monitoring and evaluation system requires skills and motivation at a mean of 4.44 and a standard deviation of 0.83. This indicates that the CDF Board has not fully developed an employee evaluation system and it does not always use the performance-based monitoring system and the staff at board head office understands the significance of monitoring and evaluation of the Fund projects and operations however the process has not been fully effective and efficient.

REGRESSION ANALYSIS

The researcher conducted multiple regression analysis to establish the influence of strategic management practices on the management of CDF in Kenya. The findings are indicated in subsequent sections;

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.905	0.820	0.730	0.225

The table above indicates the model summary. From the findings, R was 0.905, R square was 0.820 and adjusted R squared was 0.730. An R square of 0.820 implies that 82% of changes in strategic management practices of CDF fund in Kenya is explained by the independent variables of the study. There are however other factors that influence management of the fund that are not included in the model which account for 18%. An R of 0.905 on the other hand signifies strong positive correlation between the variables of the study.

Table 2: ANOVA

Model	SS	df	MS	F	Significance
Regression	460.81	3	230.4	346.245	0.0945
Residual	101.28	235	0.506		
Total	562.09	238			

From the ANOVA table above, the value of F calculated is 346.245 while F critical is 321.412. Since the value of F calculated is greater than F critical, the overall regression model was significant and therefore a reliable indicator of the study findings. In terms of p values, the study indicated 0.188 which is less than 0.05 and therefore statistically significant.

Table 3: Regression Coefficients

Model	Unstandardized coefficients		Standardized Coefficients	t	Sig
	B	Std Error	Beta		
Constant	5.781	0.804		7.196	0.0012
Strategy planning	0.872	0.014	0.864	15.14	0.00
Strategy Formulation	0.841	0.036	0.124	12.52	0.124
Strategy Implementation	0.714	0.021	0.045	1.27	0.000
Monitoring and Evaluation	0.961	0.031	0.361	6.75	0.000

The resultant regression equation becomes;

$$\mathbf{Y = 5.781 + 0.872X_1 + 0.841X_2 + 0.714X_3 + 0.961X_4}$$

Where: Y is the management of CDF funds in Kenya; β_0, β_1, β_2, $\beta3$ and β_4 are the regression coefficients and $X_{1,}$ X_2, X_3 and X_4 represent strategy planning, strategy formulation, strategy implementation and monitoring and evaluation respectively.

This implies that when all the variables of the study are held constant, performance of CDF in Kenya will be at the intercept which is 5.781. A unit improvement in strategic planning while all other factors held constant results in 0.872 increase in CDF performance, a unit increase in strategy formulation with other factors ceteris paribus leads to 0.841 increase in effective management of CDF. Similarly a unit increase in Strategy implementation while other factor ceteris paribus, translates to a 0.714 increase in performance of CDF in Kenya while a unit increase in M&E with other factors held constant leads to a 0.961 improvement in CDF management in Kenya.

For the P values, all the variables had a less than 0.05 p value indicating that the independent variables significantly affect the dependent variable which is the management of CDF in Kenya. This concurs with Nyariki (2013) who indicated that strategic management practices improve competitiveness of a firm and hence profitability. Similalary Ndung'u (2015) conclude that strategy planning and formulation have a significant influence on the implementation of a strategy and therefore firm performance. Ofunya (2013) indicated that strategy monitoring and evaluation contribute significantly to the implementation of strategy and project performance therefore.

CONCLUSIONS

From the study it is evident that for the organization has to actively embrace strategic planning for long term survival and achievement of its mandate. There is also need for all stakeholders to be involved in the strategic planning process and there should be adequate sensitization on the strategic plans that are in place through adequate communication. It is also evident from the study there are challenges to the strategic planning process and the organization has to find ways of dealing with the same in order to implement the strategic plan.

From the study it is also evident that for the organization to be effective in implementation of strategic plans the members of staff ought to be involved and trained on the process involved. There should also be a clear distinction between the strategic planning process and the strategic implementation stage for effective strategies to be adopted. The organization also has to simplify the strategic planning process and enlighten the stakeholders on their benefits for easier application and implementation.

RECOMMENDATIONS

The study recommended that the fund should encourage a participatory, transparent and accountable public policy framework that considers all the stakeholders so that the strategic plans are implemented effectively. This will enable the stakeholders to appreciate the process and actively work towards the achievement of the strategic plan.

The fund needs to liaise with all the stakeholders with a view of coming up with a framework to address the challenges facing it as it tries to undertake strategic planning. These consultations could be done through workshops and even the collection of views through forums set up by the fund.

The study also recommended that for effective strategic plans, there ought to be a clear division between the strategic planning process and the strategic implementation process. This has to be followed by the adequate allocation of sufficient resources for the implementation of the plans and thereafter proper monitoring and evaluation be undertaken to ensure that the resources were adequately used and there is value for money. It is also important for the organization to consider partnering with other organizations that deal with the community with a view of creating partnerships to undertake big projects that none can undertake separately. This will lead to value delivery to the communities which are the focal groups for the organizations.

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