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Effects of Strategic Management on the Financial Performance of State Corporations in Kenya, A Case of Postbank Kenya

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Abstract: **The performance of state corporations is of most importance given that these state corporations are used by the government in the realization of its service delivery to its citizens. As a result, the state corporations need well defines strategies to ensure stability in their performance. However, strategy implementation has faced a number of challenges which can only be countered when the full benefit of strategy is appreciated. It is on this background that the study sought to establish the relationship between strategy and financial performance of state corporations with special emphasis on Postbank. The objective of the study was thus to determine the effect of strategy on performance of Postbank. This was achieved by meeting the specific objectives of the study which were to determine the effects of Strategic planning, implementation of strategy and monitoring and evaluation of strategy on financial performance of Post Bank. The study adopted a survey research design. The study therefore targeted the managers since they are involved in strategic decision making. However, for manageability, the study concentrated on the 13 Post Bank branches within coast thus having a population of 33 managers spread among the branch managers, credit managers, operation managers and the regional manager. Since this number is manageable, the study adopted a census approach. The study collected primary and data from the respondents through structured and semi structure questionnaires. The study used emailing for data collection method. The collected data was sorted and tested for consistency and reliability before being subjected to descriptive analysis of mean and standard deviation and a content analysis on percentile followed by a regression analysis the study found high correlation between strategy monitoring and control and performance as opposed to strategy planning and implementation. It however found that state corporations concentrate more on strategy planning and implementation leading to low performance. The study therefore recommended for the state corporation to put more effort on strategy control and monitoring. The study also recommends that management of Postbank should put more energy on control of the strategic plan and monitoring the implementation of the strategic plan in order to enhance performance. Core values and other strategic responsibilities should apply to all levels of the organization to promote the banks image and improve its financial performance.**

Keywords: **FINANCIAL PERFORMANCE, organization to promote the banks image.**

1. INTRODUCTION

1.1 Background of the study:

The last decade has seen organization worldwide experiencing significant change in their organizational design, competitive environments and information technologies. These changes have largely been driven by globalization and environmental changes as well as consumer preference shifts which have profoundly changed the world's political, socio-cultural and economic landscape and created a turbulent environment of change. Thus to adapt to the changing environment, innovative organizations not only change their strategic priorities, but also implement new technologies and management practices (Kihara, 2013)

This has made public-sector executives in countries such as Finland, Denmark, Sweden, Malaysia, Mexico and the US acknowledged that borrowing business strategies from the private sector is among the top three ways that their organizations will change. As public-sector organizations transform their delivery channels and working practices so as to satisfy greater customer demands and cost-efficiency, many turn to business strategies to meet these specific goals and general organizational objectives (Kihanya, 2013).

In Kenya, the public service sector has experienced redundancies, cost cutting, closure of operations and challenges to the quality of their services. In fact the public sector has shifted away from the guaranteed-job status to the introduction of pay-for-performance models, while the stereotypical public-sector roles are already changing. These factors have encouraged and forced public sector organizations to formulate and implement effective business strategies as they are viewed as enabler of organization growth as it streamlines internal operations and stimulate access to business opportunities and markets; enhance business-related efficiencies, increase productivity and profitability In fact business strategies in all the sectors of public service have been undertaken since 2002 with the goal of improving service delivery, increasing efficiency, expanding service and channel offering and meeting the demands of citizens for quality services in a manner that is consistent with their range of financial, environmental, and social concerns, (Awuondo & Abdikadir, 2013).

Moreover the performance of state corporations in Kenya has continuously been unimpressive to the public as well as other stakeholders. This has thus called for studies into the possible causes of this unsatisfactory performance of the state corporations and the methods in which this performance can be revived. The studies found out that the most notable cause for poor performance among the state corporations is the lack of strategies thus the state corporations were given an ultimatum by the government to embrace strategic management (Awuondo and Abdikadir, 2013). This study will thus concentrate on the effect this shift has had o the performance of the state corporations with emphasis on Postbank.

1.2 Statement of the problem:

Given that the Public Sector is the principal actor in macro socio-economic policy making infrastructure and an architect of an enabling environment for national development, the public sector needs to be more successful in order to facilitate the success of the private sector. This implies that the quality of the Public Sector management is essential to the fulfillment of the theme of the National Development Plan and the realization of the Vision 2030 as well as a sustainable and diversified development through competitiveness in the Global Market, (Kihanya, 2013).

In addition, State-owned enterprises also known as parastatals or state corporations are entities whose role is to be an arm of government and that are used as a vehicle for development through defined programs set by the state. The state uses them as its own national asset, which is strategic to its objectives. As a result the performance of State Corporation is of ideal importance not only to the government but also to the private sector as they are the backbone through which development is made and the private sector is enabled to have strategic advantage in the global market. This is also seen on the background of poor performance of the state corporations in the recent past which has put pressure on the central government with the Government of President Uhuru Kenyatta setting a task force on reforms on the parastatals which had strategic management as one of the recommendations towards turning around the state corporations (Awuondo and Abdikadir 2013).

As a result a number of studies have been carried out to determine the factors affecting the implementation of the strategies among the state corporations as well as has led to studies to determine the relationship between the use of strategy and the performance of the state corporations. These studies indicate that the factors affecting the implementation of strategies among the state corporations in Africa are the same. Another notable observation form the studies is that the study by Obara (2010) which gives a connection between strategy and performance of the state corporations in the Kenyan context used an ANOVA analysis thus did not give a quantifiable and exact relationship between the two variables in terms of magnitude and direction which calls for a regression analysis.

The studies also show that a study of a series of state corporations gives the same result as a study of a single state corporation. This gives the rationale for using only Postbank Kenya for the study as the findings can be generalized for all the state corporations. Postbank Kenya has been selected for the study since it is a bank thus keeps constant check of its performance making it a viable corporation for the study on effect of strategy on performance of state corporation since information about performance of certain state corporations would not be easy to access while information about performance of any Bank, Including Post bank would be easily accessible. Moreover, the reviewed studies mostly used ANOVA which would only show that variables are related without giving the direction and magnitude of the relationship of the variables. The study will thus answer the question, what is the effect of strategy on performance of state corporations.

1.3 Research objectives:

The main objective of the study was to determine the effect of strategy on performance of Postbank.

The specific objectives of the study were as follows.

i. To determine the effects of strategic planning on financial performance of Postbank

ii. To determine the effects of implementation of strategy on financial performance of Postbank

iii. To determine the effects of monitoring and evaluation of strategy implementation on financial performance of Postbank

1.4 Research questions:

The research objectives were satisfied by answering the following research questions

i. What are the effects of strategic planning on financial performance of Postbank?

ii. What are the effects of implementation of strategy on financial performance of Postbank?

iii. What are the effects of strategy monitoring and evaluation on financial performance of Postbank?

1.5 Justification for the Study:

The findings of the study are of significance to the following stakeholders:

Managers of State Corporations who gained from the studies the effect of strategy on performance of the state corporation in order to motivate organizational wide acceptance and value of strategic management thus ensure performance of their organizations.

Policy makers who will from the information in this paper gained insights to be able to better understand the rational of employee performance and performance appraisal. This thus helped them come up with better policies towards strategy implementation and improving organizational performance.

Future scholars who would wish to expand further on the studies or do similar studies in other organizations. It can provide them with literature review and recommendations for further research that might be identified in the course of doing the research. The study would also help the researcher to partially fulfill the requirement for the award of the degree of Master of Business Administration.

1.6 Scope of the Study:

The scope of the study was geographically limited to Mombasa Region and focus on Post bank. The study also targeted only the 13 managers of the 13 branches of Post Bank within the Region.

2. LITERATURE REVIEW

2.1 Introduction:

This chapter entails the discussion on the literature used in this study. The chapter establishes the theoretical foundation of the study before discussing the concepts of the study such as concept of strategy as well as the concept of organizational performance measurement with specific regards to the indicators of organizational performance. The chapter then gives the contextual discussion by delving into state corporations before narrowing down to state corporations in Kenya and more precisely Postbank. There is then the empirical and critical review from which the research gap is established.

2.2 Theoretic review:

The study was guided by the following theories.

2.2.1 Agency theory:

Agency theory argues that in the modern corporation, in which share ownership is widely held, managerial actions depart from those required to maximize shareholder returns. According to the theory, the owners are the principals who in most cases are the shareholders and the managers are agents thus there is an agency loss which is the extent to which returns to the residual claimants, the owners, fall below what they would be if the principals, the owners, exercised direct control of the corporation. Agency theory specifies mechanisms which reduce agency loss.

The central idea behind the Principal-Agent model is that the Principal may either be too busy or lack the required skills and expertise to do a given job and so hires the Agent, but being too busy also means that the Principal cannot monitor the Agent perfectly. As a result, there are a number of ways that the Principal might then try to motivate the Agent (Gibbons, 2002). These include incentive schemes for managers which reward them financially for maximizing shareholder interests such as plans whereby senior executives obtain shares, perhaps at a reduced price, thus aligning financial interests of executives with those of shareholders as well as tying executive compensation and levels of benefits to shareholders returns or have part of executive compensation deferred to the future to reward long-run value maximization of the corporation and deter short-run executive action which harms corporate value.

Another model of Agency theory views the agents from behavioral perspective thus the reward to motivate the agents is rather more intrinsic such as esteem and recognition rather than financial motivators. This gives rise to the non-financial motivators and the identification by managers with the corporation, especially likely where they serve with long tenure and are actively involved in the shaping of its form and directions which promotes a merging of individual ego and the corporation, thus melding individual self-esteem with corporate prestige. (Boyd *et al* 2012). The theory thus proposes that the principal must always be constantly monitoring the performance of the organization in order to evaluate the performance of the agents. In strategic management, the principal is thus not concerned with the strategies employed by the agents but rather the result of the strategies. This then puts pressure on the agents in this case the managers to do all that is possible to ensure the performance of the organization is guaranteed and this is where strategy comes in (Gibbons, 2002). This theory thus suggests sufficient checks and balances to ensure the management sticks to the expectations of the principal(s). Such include a separate chair of the board form the CEO. This thus calls for specific strategies by the principal to ensure financial performance of the business.

2.2.2 Stewardship theory:

The theory is base on the definition of a steward as a person who is interested in doing a good job in order to be a good steward of the corporate assets. This however depends on enabling structure and environment to do a good job by facilitating effective decision and action. Ambiguity, role conflict, and lack of empowering structures are thus seen by stewardship theory as factors that hamper effective action. In this regard, the steward is not a manager in the sense employed in agency theory, as one who is responsible but not trusted. Instead, the steward's role is seen as a caretaker or an individual for whom the prosperity of the firm is internalized as something good. (Licker, 2007)

The theory has thus been framed as the organizational behavior counterweight to rational action theories of management since it holds that there is no conflict of interest between managers and owners, and that the goal of governance is, precisely, to find the mechanisms and structure that facilitate the most effective coordination between the two parties(Wells 2002). It also holds that there is no inherent problem of executive control, meaning that organizational managers tend to be benign in their actions (Pastoriza & Arinio 2006). The theory thus proposes that effective structures will assist the stewards to attain superior performance by their corporations to the extent that the CEO exercises complete authority over the corporation and that their role is unambiguous and unchallenged.

The theory also proposes that decision making structures within the organization should allow the Chief executive sufficient control over the business process in order to enable the chief executive be a real steward thus a centralized and full control management system is proposed by this theory. This situation is attained more readily where the CEO is also chair of the board. Power and authority are concentrated in one person giving no room for doubt as to who has authority or responsibility over a particular matter. Boyd *et al* (2012) argues that under such a system, the expectations about corporate leadership will be clearer and more consistent both for subordinate managers and for other members of the corporate board and that the organization will enjoy the classic benefits of unity of direction and of strong command and control. Strategies in this aspect thus ensure unity of direction in order to enhance financial performance of the business organization.

2.2.3 Contingency Theory:

Unlike agency and stewardship theories, the contingency theory is more concerned with organizational structure which entails both the formal and the informal organization of hierarchical and information as well as decision making structures within an organization. The contingency approach to management has its roots in general systems theory and the open systems perspective. This open systems perspective views the complex organization as a set of interdependent parts that, together, constitute a whole which, in turn, is interdependent with the larger environment. The interactive nature of the elements within the organization and between the organization and the environment result in at least two open system characteristics that are central to the contingency approach. The principle of adaptation asserts that the elements within the system adapt to one another to preserve the basic character of the system. In addition, the principle of equifinality holds that a system can reach the same final state from differing initial conditions and by a variety of paths, (Hahn, 2007).

The theory is further based on the works of Lawrence and Lorsch (1967) who observed that uncertain environments require more organic structures with less formalized structures and more decentralized decision making which would eliminate unnecessary bureaucracy thus allowing for easier response to changes in the environment. The theory thus is based on the fact that organizational performance depends on how fast it adapts to the environmental changes in order to remain relevant to its stake holders. The theory holds that the most effective organizational structural design is where the structure fits the contingencies. Fielder (1997) modified the structure to specifically concentrate on the hierarchical relationships in the organization and more precisely the management style such as high control at the top and decentralized systems. The argument of this is that more decentralized systems showed higher innovation, greater employee satisfaction and as a result higher performance as opposed to the high control environment of the stewardship theory

Moreover, Zeithaml (1998) asserts that organizations are problem-facing and problem-solving entities which develop processes for searching, learning and deciding in an attempt to achieve a satisfactory level of performance under norms of bounded rationality. As a result, organizational decision-makers undertake rational decisions designed to cope with the complexity and uncertainty of their situations, all of which result in deliberate decisions known as strategy. The sets of plans and decisions or strategies used by the managers in the process are thus use to determine the effectiveness of the managers. The theory also holds that there are different levels of fit such as technological, human capital quality management and decision making structures each with different performance levels. This then holds that an organization can move from one level of fit to the other gradually by laying out a strategic map which gives guidelines for the gradual change until it gets its optimum level of fit which is the equal performance of all the fit points of the organization. This is the format used by ISO to measure organizational performance and efficiency (Demeester and Grahovac, 2005).

Snow *et al* (2006) argue that as much as an organization may not attain full fit, it can attain a quasi-fit, that is, a structure that only partially fits the contingencies. The assertion is that this quasi–fit status may still increase performance sufficient to produce some expansion in the contingencies. Thus an organization that is in misfit by being below the fit line can follow a growth path of increasing its organizational size and structure by moving into quasi-fit, rather than full fit. For such an organization in misfit, it may increase its structure sufficiently to move up onto the quasi-fit line. This level of fit produces an increase in the performance of the organization, though less than would be produced if the organization had moved into fill fit. Nevertheless, this quasi-fit produces a sufficient increase in performance that the organization has new surplus resources that allow it to grow. This increment of growth propels the organization forward into a new state of misfit, which again can be resolved by the organization increasing its structural level sufficient to attain move back onto the quasi-fit line.

Gregory *et al* (2005) however argue that over decentralization leads to parallel objectives thus not meeting the organizational objectives. Crandall and Crandal (2011) agree with this sentiment by asserting that some business environments and situations are better handled using the high control leadership structure. As a result Boyd *et al* (2012) proposes that contingency is the ability of an organization to allow for appropriate use of high control and decentralization based on the prevailing business environment at the time such that a balanced blend of high control and decentralization can be used to ensure optimum performance. Hahn (2007) suggests that contingency theory makes it possible to draw from other management theories. This suggestion conceptualizes a scenario where a firm is faced with decreasing profits and for solving the problem, the management is faced with three possible solutions from three different theoretical foundations such as use of time studies derived from the classical management theory to increase productivity of the workers, or the involvement of workers in improving work methods as given by the behavioral management theory, as well as the establishment of a team of sales and production personnel to coordinate sales and production as proposed for in the systems theory. He then asserts that, rather than doing all three, contingency theory stresses the need to first determine the true cause of the problem and select the action that will offer the best solution. In other words, the solution must fit the problem.

Ketovi (2006) argues that contingency theory advocates for flexibility strategies. Flexibility, according to him, implies that managers are using strategies that enable them to best match their capabilities with the demands of their operating environment. He thus conducted a study which examined how managers used different flexibility strategies to meet environmental demands, demand variability and demand predictability. The results indicated that the plants with high predictability and moderate variability were most successful when they used a reduction strategy while successful plants with low predictability and moderate variability were more successful when they used banking strategy which involved building inventory ahead of demand or an adaptation strategy which to varied output to meet demand. Specialized strategies are thus needed to align management and organizational structure with the required input output model to ensure financial performance of the organization.

2.3 Conceptual review:

Strategic management can be said to be a systems approach to identifying and making the necessary changes and measuring the organization’s performance as it moves toward its vision. It has also been defined as a management system that links strategic planning and decision makings day to day business operation management. Strategic management thus consists of the analysis, decisions, and actions an organization undertakes in order to create and sustain competitive advantages. The process of strategy thus entails two main elements that go to the heart of the field of strategic management namely analysis of strategic goals such as vision, mission, and strategic objectives along with the analysis of the internal and external environment of the organization and Decisions which address the competitive edge the organization needs to gain in order to survive in the industry it is operating in as well as decisions about its long time future. This requires leaders to allocate the necessary resources and to design the organization to bring the intended strategies to reality (Gregory *et al* 2005).

Strategic management goes beyond the development of a strategic plan, which included the pre-planning and strategic planning processes but rather is the deployment and implementation of the strategic plan and measurement and evaluation of the results which involves completing the plan and communicating it to all employees as well as resourcing the plan, putting it into action, and managing those actions (Wells 2002).

Moreover, sustainable competitive advantage cannot be achieved through operational effectiveness which has been the most used strategy leading to the popular management innovations of the last two decades such as total quality management, just-in-time, benchmarking, business process reengineering and outsourcing. Operational effectiveness in this case, means performing similar activities better than rivals thus strategy is all about being different from everyone else. He further adds that sustainable competitive advantage is possible only through performing different activities from rivals or performing similar activities in different ways.

This should be considered based on the fact that the Public Sector is the principal actor in macro socio-economic policy making infrastructure and an architect of an enabling environment for national development. As a result, the public sector needs to be more successful in order to facilitate the success of the private sector. This implies that the quality of the Public Sector management is essential to the fulfillment of the theme of the National Development Plan and the realization of the Vision 2030 as well as a sustainable and diversified development through competitiveness in the Global Market. However, the performance of state corporations in Kenya has continuously been unimpressive to the public as well as other stakeholders. This has thus called for studies into the possible causes of this unsatisfactory performance of the state corporations and the methods in which this performance can be revived. The studies found out that the most notable cause for poor performance among the state corporations is the lack of strategies thus the state corporations were given an ultimatum by the government to embrace strategic management (Wells, 2002).

Measuring and analyzing organizational performance plays an important role in turning organizational goals to reality. The performance is usually evaluated by estimating the values of qualitative and quantitative performance indicators. It is essential for a company to determine the relevant indicators. The first Performance Measurement Systems to be used in Kenya was the performance contract which was a hybrid system that was borrowed from international best practices and the Balance Score Card. The Performance Contracting and Evaluation system best practices were drawn from: South Korea, USA, United Kingdom, Malaysia and Morocco but domesticated to suit the local context (World Bank, 2004).Components of organizational performance assessment can also be found in a variety of LTF conference presentations over the years, such as Data-based approach to strategic long-range planning, Meeting the university mission, Mission-driven strategies, Strategic business management, Assessment of customer satisfaction, Surveying library users, Performance measurement and evaluation, Using the Malcolm Baldrige criteria, The Balanced Scorecard (Bowlby 2010).

Another criteria is proposed by Copenhagen (2011) which includes Performance in the market, Innovation ability, Joint focus, Organizational profile, Organizational adaptation ability, Successor rate in key jobs, Total payroll costs, Salary level, Number of employees per manager, Investment in competence development, Staff turnover, Absences due to illness and Accidents.

This shows that organizational performance is not a one-dimensional theoretical construct nor is it likely to be characterized with a single operational measure. Pierre *et al*, (2009) thus argues that the most essential measurements of organizational performance is the in the strategic management field must be aligned to the fulfillment of the main business objectives which are mostly profit maximization and stakeholder satisfaction. The profit maximization objective is measured by the profit index of the organization over the period after the adoption of the strategy calling for the use of abnormal returns (Schaninger *et al* 2007) while the stakeholder satisfaction can be measured by use of survey to determine the satisfaction of the two most important stakeholders in the business organization namely the customer and the employee (Snow *et al* 2006). Crandall and Crandal (2011) agree with this method by noting that the method summarizes all the other criteria proposed by the other scholars. He however argues that the use of any of the individual indicators may not adequately give the desired result thus advocates fir use of a comprehensive measure which uses all the three indicators in the same study.

2.4 Contextual review:

A government-owned corporation, state-owned company, state-owned entity, state enterprise, publicly owned corporation, government business enterprise, commercial government agency or Parastatal is a legal entity created by a government to undertake commercial activities on behalf of an owner government. Their legal status varies from being a part of government into stock companies with a state as a regular stockholder. There is no standard definition of a government-owned corporation (GOC) or state-owned enterprise (SOE), although the two terms can be used interchangeably. The defining characteristics are that they have a distinct legal form and they are established to operate in commercial affairs. While they may also have public policy objectives, GOCs should be differentiated from other forms of government agencies or state entities established to pursue purely non-financial objectives (Schaninger *et al* 2007). In Kenya, there are a wide range of state corporations and related agencies and learning institutions. Some of them include: Kenya ports authority, Airports authority, public universities, Kenya posts and telecommunications, national cereals and produce board, Kenya seed agency among others. Njagi & Malel (2012)

State-owned enterprises also known as parastatals or state corporations are entities whose role is to be an arm of government and that are used as a vehicle for development through defined programs set by the state. The state uses them as its own national asset, which is strategic to its objectives. Besides, the concept of development has its roots in the organs of state most notably state corporations, which have to be functional for development to take place or to be sustained. These organs can be functional if they have effective leadership, have metrics for measuring performance, take time to plan, communicate their programs, and execute them efficiently. These institutional developments require a non-partisan legal infrastructure that protects and enforces the rule of law and prevents abuse of power by government or ruling party officials (Tabellini, 2004).

State corporations were first established in Kenya by the colonial government to provide services that were not provided by the private sector. They controlled key sectors such as agricultural exports, transport and communications, manufacturing and agricultural trade." The government exercises immense control over state corporations, as it has powers to appoint directors and issue directives of a general nature. Before independence, SOEs were important tools for correcting market failure in essential services but they were also tools for excluding Africans from the economy. At independence, state corporations were re-tooled by *Sessional Paper No. 10 of 1965* into vehicles for the indigenization of the economy. Old colonial era state corporations were strengthened and refocused on Africanization (Atieno, 2009).

In addition, new ones were formed to cover economic sectors in which Africans were absent such as trade, finance and banking. A majority of the key state corporations that exist today were established in the 1960s and 1970s. Today, the Kenya government forms state corporations to meet both commercial and social goals. Some SOEs exist to correct for market failure. This is the case, where, for instance, the service they give cannot be profitably provided by the private investors. Sometimes they exist to meet explicit social and political objectives: provide education, health or even redistribute income or develop marginal areas (Njiru, 2008). One of such sate corporations is the Postbank.

Postbank was established in 1910 Savings established under Ordinance No. 5 /1909 which provided for the establishment and working of a Savings Bank, in connection with the Post Office but separate from the Post Office that is today known as Kenya Post Office Saving Bank, trading as Postbank. The Savings Bank opened its doors to the first customer on April 1st, 1910 when the Rupee was the currency in use after it replaced the Maria Theresa thalar until the shilling and cent was introduced by the East African Currency Board. It was the first indigenous bank in East African as the first bank in Kenya was the National Bank of India (Zanzibar) operating through a branch in Mombasa which was opened in 1896. In 1931, the Home Safes were established to help Kenyans accumulate savings and when it got full, it would be taken to the bank where it would be opened and these would be deposited into the savings account.

The Kenya Post Office Saving bank was re-launched on January 1st, 1978 through Cap 493B, laws of Kenya which limited its mandate to provision of savings services making the bank a key agent in the mobilization of savings needed to grow the economy and contribute to the attainment of the vision 2030 and the millennium development goals (Postbank 2009).
Since 1910, the product range has been diversified from the one product through the passbook to an array of savings products and remittance and payment services. Deposits have equally grown from the first Rupee deposited to billions of shillings currently held in deposits in over 1.3 million accounts. The branch network has equally expanded over time to over 1,000 touch points using ATMs and Point of Sale [POS] Terminals , own branches and agent locations. Postbank has recently introduced a New Business Model using ATMs, Point of Sale [POS] terminals and debit cards and mobile phones banking through services like PataCash.

In addition, over the years Postbank has entered into strategic alliances and business partnerships with local and international enterprises in remittances and payment systems leveraging on our wide-spread footprints and automation. One of these partnership is with the World Savings Bank Institute [WSBI] and Bill and Melinda Gates Foundation to expand access to financial services mainly in the rural areas through agents which are the pilot project aimed at contributing towards the realization of Vision 2030 by providing access to financial services which has seen Postbank appointed to provide technical assistance to another savings bank in Africa under a grant from the WSBI and Bill and Melinda Gates Foundation (Postbank 2010)

2.5 Empirical review:

Mpofu (2010) conducted a study that investigated the strategic leadership challenges in the management of projects in the Parastatls in South Africa which was a regression analysis and found out that the biggest challenges to implementation of strategies was the resistance to change, poor financing, poor strategic planning and poor evaluation of strategic implementation. The study was a regression analysis which used a cross section of parastatals. Another study was conducted by Mashavira & Nyanga (2013) in Zimbabwe to determine the factors mitigating effective performance management in Parastatals operating in Masvingo urban District of Zimbabwe this was an ANOVA study which determined that poor financing, poor attitude, poor strategic planning and poor implementation and evaluation were the biggest hindrances of performance management as a strategy.

In Kenya, the studies have rather concentrating on specific strategies and narrowing down to specific industries. One such a study is a study by Obara *et al* (2010) who concentrated on Information system implementation in state corporations. The study was an ANOVA study which used 65 IT managers, one each from 65 state corporations which was 50% of the

123 state corporations in Kenya at the time. The study found the same challenges of implementation as the cases in South Africa and Zimbabwe. However, the study found out that the implementation of IT led to improved performance.

In addition, Kihara (2013) conducted a study to determine factors affecting the implementation of strategic performance measurement system in parastatals in Kenya. This was a case study of Kenya Rural roads Authority. The study used ANOVA and had the same findings as the studies in South Africa, Zimbabwe and the one by Obara (2010). Kihanya (2013) also conducted a regression study to determine the challenges of the implementation of Business strategies using parastatals in the ministry of Agriculture and also came up with the same findings.

Conceptual framework

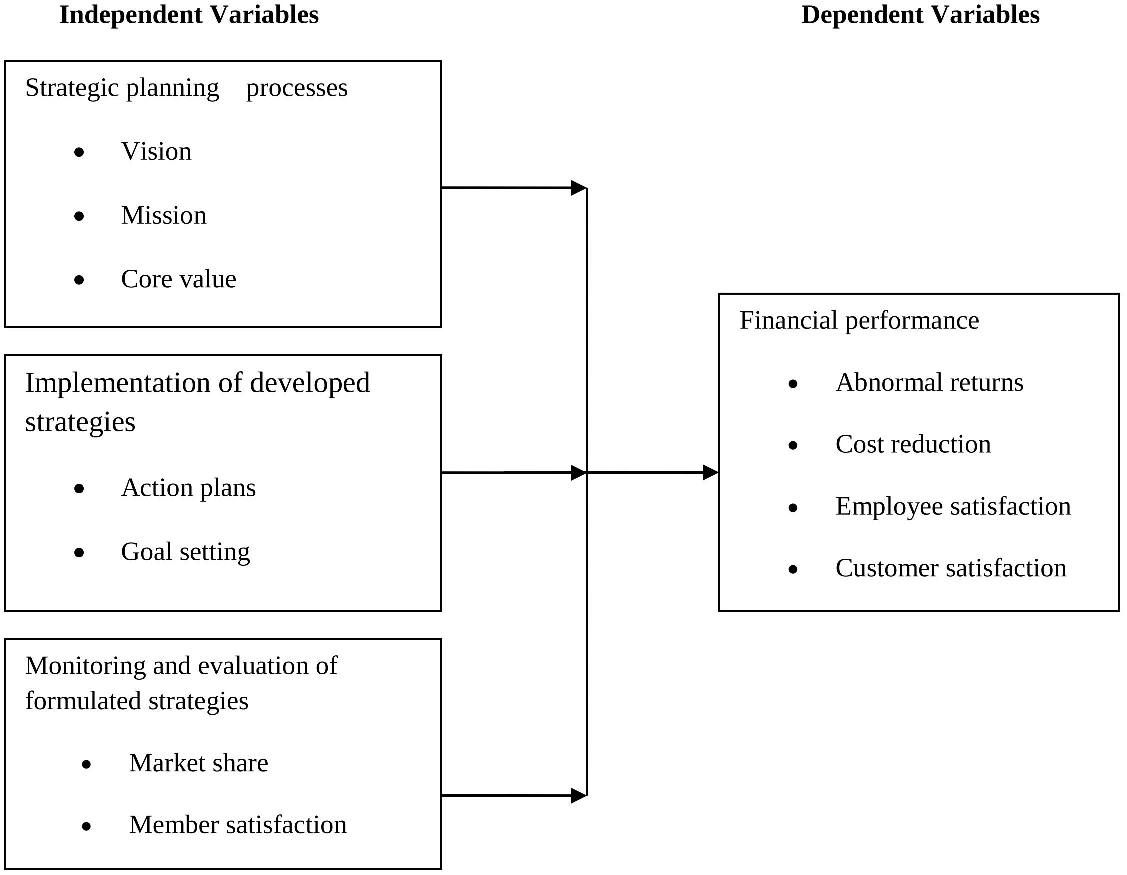

Figure 2.1 Conceptual framework

Source: Researcher (2015)

2.6 Critical review:

The studies by Mpofu (2010), Mashavira & Nyanga (2013) and Obara *et al* (2010) show that the challenges facing strategy implementation among the state corporations are universal especially in Africa given that the studies were conducted in South Africa, Zimbabwe and Kenya Respectively but gave the same findings thus implementation of strategies among state corporations in Africa is affected by Poor Financing, Negative attitude towards change due to the fear of the Unknown, poor strategic planning as well as poor evaluation of the implementation due to a culture of complacency in the state corporations and political influence.

The studies also show that the use of a wide range of state corporations and the use of a single line of state corporations would also give the same findings as seen for the fact that the study by Obara (2010) which used 65 state corporations, gave the same finding to that of Kihara (2013) which only used one state corporation the Kenya Rural Roads Authority. This shows that a study on Postbank will also give the same findings as a study using several state corporations. As a result, the findings of the study by Njagi (2012) can be generalized to other state corporations. However more evidence would be needed to make such an inference calling for another study to compare the findings. In addition, the study by

Njagi (2012) is an ANOVA analysis which just indicates that strategy leads to improved performance but does not give specific quantifiable relationship in terms of magnitude and direction which would only be given by a regression analysis.

The literature review also shows that the studies all used case study research methodology which makes it the ideal for this type of study. This will thus be the methodology used for the present study. The studies however used two main data analysis techniques the ANOVA and regression analysis. The regression analysis has advantage over ANOVA in that it can give specific quantifiable relationship between variables both in magnitude and direction. This is from the fact that from the Contingency theory assertions, different strategies can be used to the same end thus the managers need to get the optimal strategy. Deciding the optimal strategy needs comparison of each based on magnitude and direction thus need for regression analysis.

2.7 Summary of literature review:

The literature review shows that the study is founded on contingency theory which asserts that a manager has the obligation of ensuring that an organization has attained a strategic fit in order to survive. This strategic fit can be achieved at different levels thus gradual movement and revision of strategies is advised for. In addition, the manager has various options to achieving this strategic fit thus optimal strategies are to be selected by the managers in order to enhance performance of the organization.

This performance can be measured through various means but the literature review identifies three main measures of organizational performance that is abnormal returns, employee satisfaction and customer satisfaction. These will thus be used for the study

Moreover, the literature review shows that studies have been conducted using ANOVA and Regression with a preference for Regression which will thus determine the data analysis technique. Finally, the literature review shows that the studies were mostly on challenges to the implementation and the impacts of strategy without addressing specific measurable relationships. As a result, this study will seek to give a specific measurable relationship between strategy and organizational performance.

2.8 Research gap:

The literature review thus shows that the studies mostly used ANOVA model which shows relationship but not in precise quantifiable terms from which conclusions can be drawn. This thus calls for a regression analysis of the findings by the earlier studies to give specific quantifiable relationships for purposes of prioritization and other management and policy decisions. The study therefore, answers the question, what is the effect of strategic management on financial performance of state corporations.

3. RESEARCH METHODOLOGY

3.1 Introduction:

The purpose of this chapter is to introduce the research strategy was applied in the research project. It defines the research design, target population, data collection method and data analysis techniques.

3.2 Research Design:

This study adopted a descriptive cross sectional survey. Cross-sectional surveys are useful in assessing practices, attitudes, knowledge and beliefs of a population, (Kothari, 2004). The design involved observation of an entire population or a representative sample at one specific point in time. This is done to ensure that a wide variety of the population is used for the study and that the findings of the study are not interfered with by time change. This method is advocated for by Kothari (2003).

3.3Target Population:

The study targeted the managers of the 13 branches of Postbank in Mombasa Region. The target population was thus the 13 branch managers of the 13 branches of Post Bank in Mombasa Region, 6 human resource managers, the regional manager, 7 credit managers and 6 operation mangers giving a population of 33 respondents. Since this number is manageable, there was no need of sampling as the study used all the members of the target population thus a census.

Table 3.1 Target population

Respondents	Target population	Percentage %
Managers	13	40
Human Resource officers	6	19
Credit managers	7	22
Operations managers	6	19
Total	**33**	**100**

3.4 Data Collection methods:

The study used both primary data which was obtained using structured and semi structured questionnaires seeking information from the managers of Postbank within Mombasa Region. The questionnaire was based on a five point Likert scale for easier analysis. This design of questionnaire is preferred by Kothari (2003) due to its objectivity and precision thus accuracy in analysis.

The study used email drop. This method was ideal for this target group due to schedules of the above set of respondents and the geographical coverage of the branches which would have made it longer to get a face to face with the 13 managers it easy to pick back the filled questionnaires as they can leave them at the reception. However, for customers, researcher administered questionnaires will be ideal as the researcher only has contact with this group of respondents as at the time they are in the banking hall.

3.5 Reliability and Validity of research Instruments:

3.5.1 Validity:

Validity of the data collection instruments is of great importance as it ensures research results are those that were intended. Validity determines whether the research instrument truly measures that which it is intended to measure or how truthful the results are. Validity was tested using internal correlation between the responses to related questions. To achieve this, the questionnaires were administered to a sample population of the target population as well as visiting the project sites. The collected information will also be sorted and internal correlation determined for the responses to determine the validity and reliability of the responses.

3.5.2 Reliability:

Mugenda and Mugenda (2003) define reliability as a measure of the degree to which an instrument yields consistent results or data after repeated trials. Reliability in research is influenced by random error. It is the deviation from the true measurement due to factors that have not been effectively addressed by the researcher. This will be achieved by using test- retest method during the pretesting period at three day intervals. To determine the reliability of the instruments, a pilot study was thus conducted on training sessions.

3.6 Data Analysis and Presentation:

The collected primary data was first be sorted for completeness, reliability and consistency which was done through analysis of internal reliability and internal consistency. This involved physical sorting of the returned questionnaires to remove the incomplete ones then checking for related questions to determine the internal reliability as well as going trough specific questions for each of the questionnaires to determine the consistency margins thus discarding questionnaires not falling within the margins. This procedure is recommended by Kothari (2003) for studies dealing with highly heterogeneous groups such as employees and customers. The data was then coded using Likert scale values corresponding to the number of options in the research question.

The coded data was analyzed using descriptive statistics such as mean scores and standard deviations to give the standardized response for each of the research questions and the variation of the responses from the standardized response respectively. The responses of the semi structure items were subjected to qualitative analysis based on percentile mentions at the phrase level. Each set of data was then subjected to a correlation analysis using the elements strategy adoption index as the x variable.

4. DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.1 Introduction:

The chapter deals with the response rate, analysis of data in line with the demographic characteristics of the respondents and the responses to the questionnaire items

4.2 Response rate:

Out of the 33 questionnaires dispatched, 32 were returned fully filled in. This gives a 96.97% response rate which is well within the expected response rate for a census. According to Mugenda (2003), for any meaningful and representative research, a response rate of at least above 10% is representative)

4.3 Demographic Characteristics of the Respondents:

The demographic characteristics of the respondents was analyzed to determine the suitability of the respondents for the study and the findings presented in figures as given below.

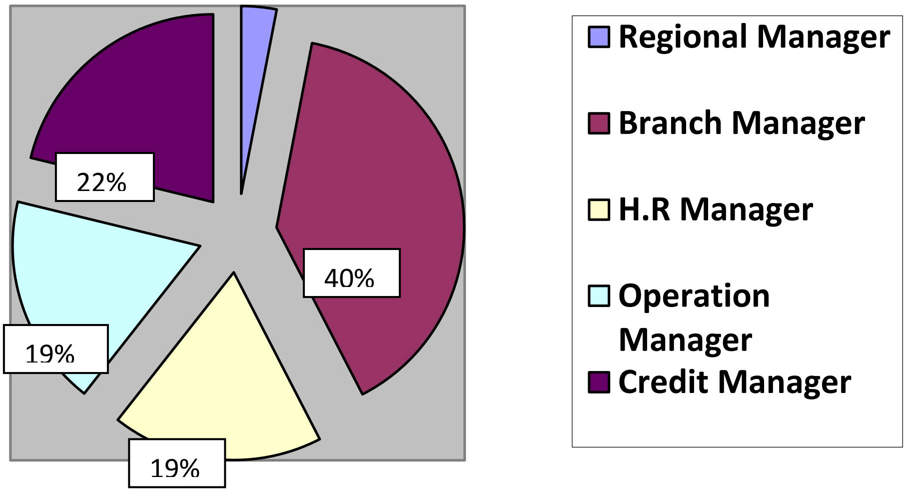

Figure 4.1 Designation of respondents

Figure 4.1 above shows that all the respondents were managers. This is consistent with the target population which entirely comprised of managers of the branches of Postbank within Mombasa region.

4.3.2 Gender:

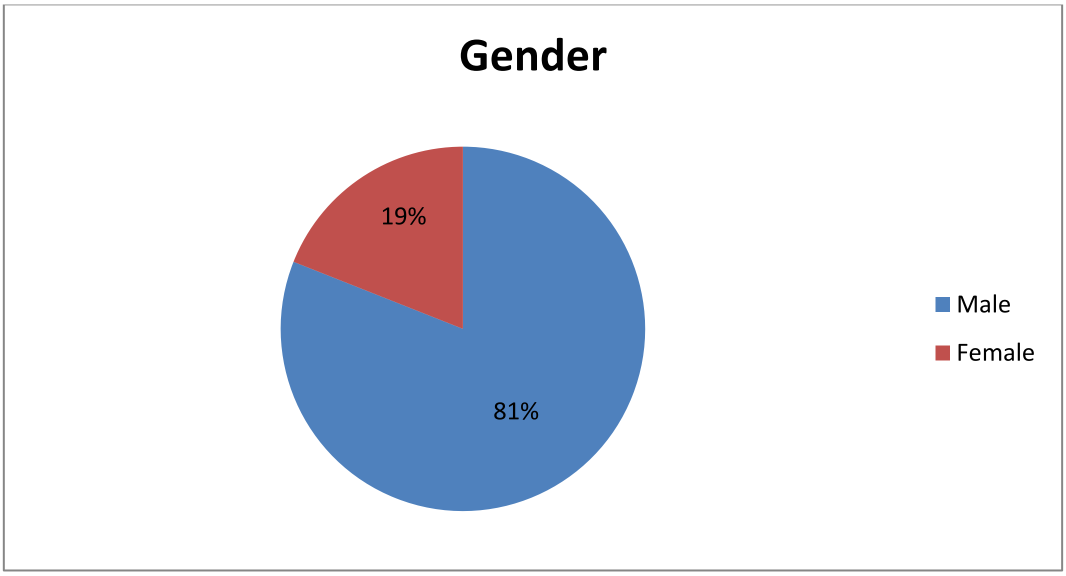

Figure 4.2 Gender of respondents

Figure 4.2 indicates that 81% of the respondents were males and 19% of the respondents were females. This means that majority of top management of Postbank in the region are male. This is however consistent with the composition of male managers against female managers in post bank in Mombasa region.

4.3.3 Age:

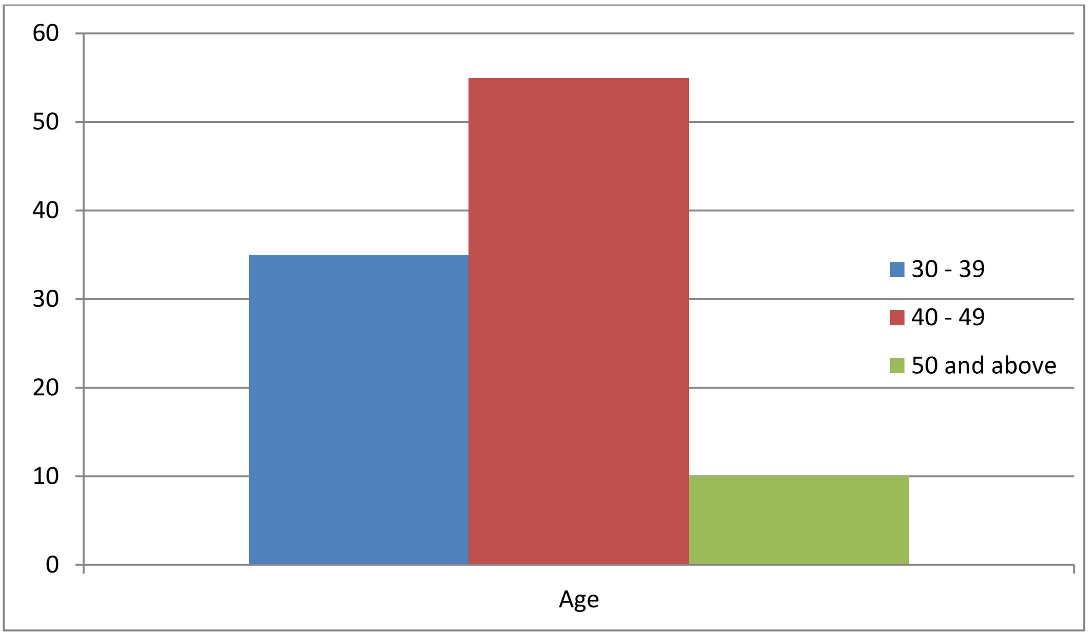

Figure 4.3 age of respondents

Figure 4.3 indicates that 55% of the respondents were of ages between 40 and 49, 35 % of ages between 30 and 39 and 10% of respondents were above 50 years. This shows that all the respondents were of adequate age for the expectations of the questionnaire.

4.3.4 Length of service:

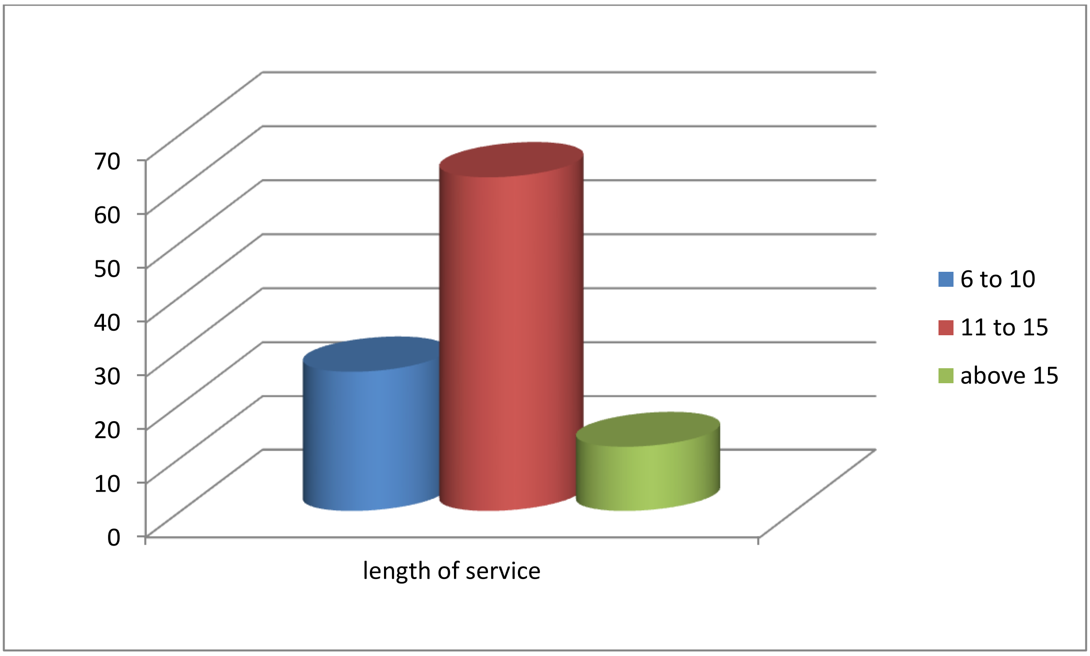

Figure 4.4 length of service of the respondents

Figure 4.4 above shows that 62% of respondents had served for 11 to 15 years, 26% had served for 6 to 10 years and 12% had served for above 15 years. This implies that the respondents had served in the banks for long enough to respond knowledgably to the questionnaire items.

4.3.5 Academic qualification:

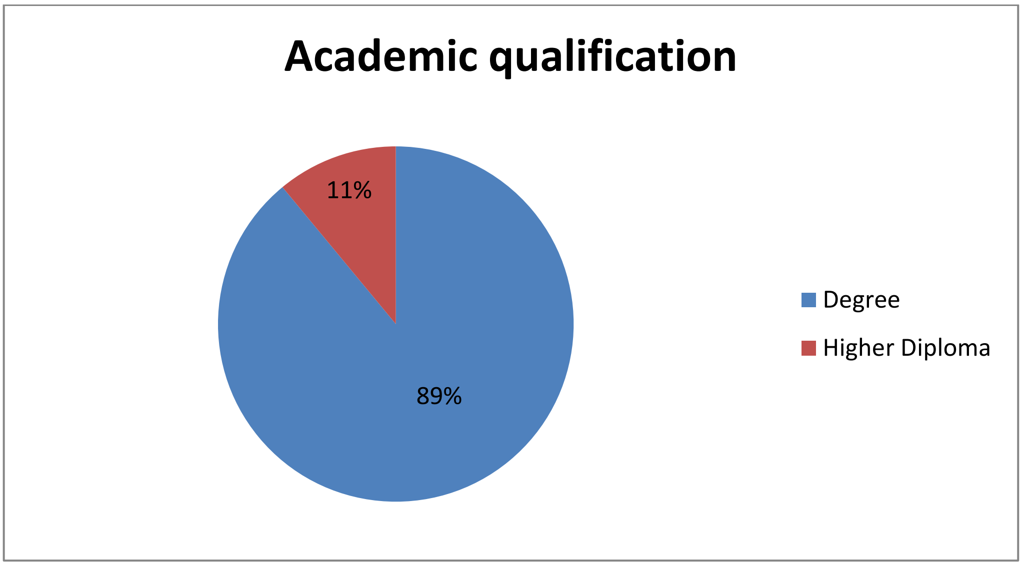

Figure 4.5 Academic qualifications of the respondents

Figure 4.5 above shows that 89% of the respondents had degree qualifications and 11% had higher diploma qualifications. This implies that all the respondents had sufficient educational background to respond appropriately to the questionnaires.

4.4 Quantitative analysis:

Table 4.1 quantitative analysis

Item	Mean	Standard deviation
Bank's past strategies leading to its objectives	4.63	0.64
Bank's Agency Banking and its has contribution towards Postbank's business objectives	4.54	0.89
Mobile Banking module and its effect on Postbank's business objectives?	4.54	0.65
Contribution of development of new products and services towards meeting Postbank's business objectives	4.54	0.49
Partnership with other organizations for widening commission based services has contributed towards the meeting of objectives	3.72	1.13
Extent to which strategic activities i.e. Road shows advertisement at the Regional level have contributed towards achieving the Postbank's objectives	1.54	0.49
Introduction of services like MobiKash, Linda Jamii and Yu and its contribution towards achieving the Postbank's objectives	1.45	0.49
Effects of paperless banking in achieving the Postbank's objectives	4.90	0.28
Introduction of "Bank in a bag" strategy contributed towards achieving the Postbank's objectives	1.09	0.28
Postbank engages the top management in planning	2.09	0.89
Overall experience at Postbank	4.45	0.49

The analysis shows that the bank excels in strategic planning and implementation as seen in the planning activities such as engaging the lower cadre in planning deduced the response to engaging top management in planning (mean 2.09, standard deviation 0.89), and Bank's past strategic activities has contributed towards meeting Postbank's business objectives (mean 4.63, standard deviation 64). The level of implementation of the strategic plan is seen in the number of sound strategies such as introduction of paperless banking (mean 4.90, standard deviation 0.28), agency banking (mean 4.54, standard deviation 0.28), mobile banking (mean 4.54, standard deviation 0.65), development of new products (mean 4.54, standard deviation 0.49) and partnerships with other organizations (mean 3.72, standard deviation 1.13). However the bank has also flopped in some of the strategies which have had very low impact such as road shows (mean 1.54, standard deviation

0.28), introduction of extended services (mean 1.45, standard deviation 0.49) and bank in the bag (mean 1.09, standard deviation 0.28).

4.5 Qualitative analysis:

4.5.1 Vision:

Table 4.2 Vision

Response range	Percentile %
Very good	33.33
Well designed	13.33
Achievable	40
Needs changing	13.33
Total	**100**

33.33% indicated that the vision is very good, 13.33 % well designed, 40% achievable and 13.33% needs changing. This shows that the vision was well designed, relevant and long term. However, a few respondents saw the need of changing the mission to deal with the emerging issues this shows weakness in control and monitoring of the strategic planning

4.5.2 Mission:

Table 4.3 Mission

Response range	Percentile %
Needs enrichment	46.67
Should be revised	13.33
Needs constant improvement	40
Total	**100**

46.67 indicated that the mission needs enrichment, 13.33% should be revised and 40% needs continuous improvement. This clearly indicates that the bank's mission has been overtaken by events which imply weakness in control and monitoring which could have dealt with the review and enrichment of the mission. Mpofu S. (2010) discuses that there is a significant effect of well-set mission statements in the financial performance of an institution. They argue out that mission statement is what guides the institution to achieve its goals and objectives.

4.5.3 Core values:

Table 4.4 Core Values

Response range	Percentile %
Well-designed	20
Only applied to lower cadres	40
Strictly adhered to	40
Total	**100**

20% indicated that the core values are well designed, 40% only applied to lower cadres and 40% strictly adhered to. This indicates that first, the planning stage was well done with well design of the core values but the monitoring was still seen to be weak as the values are not properly enforced especially among the top cadre employees.

4.5.4 Marketing tagline:

Table 4.5 marketing tagline

Response range	Percentile %
Appropriate	62
Often updated	38
Total	**100**

62% of the respondents indicated that the marketing tagline was appropriate and 38% indicated that it was often updated. This shows that there was proper crafting as well as control and monitoring of the tagline.

4.6 Performance:

Performance of post bank was deduced from the perception the bank has after the strategic period.in their works Kothari S. J. & Warner J.B. (2003) and Gibbons R., (2002 argue out that financial performance of an institution is mainly guided by set goals, objectives and mission statement. They further state that, in order to realize optimum profits financial institutions must implement strategies developed and monitor them for future strategic directions.

4.6.1 Perception by customers:

Table 4.6 perception by Customers

Response range	Percentile %
The best bank	12.25
Respectful, trustworthy and secure bank	25
Secure bank	25.25
Bank of choice	18.75
The best service provider	18.75
Total	**100**

12 % of the respondents indicated that the customers perceive the bank as the best bank, 25% perceive the Bank as a respectful, trustworthy and secure bank, 25% perceive the Bank as a secure bank, 18.75% perceive the Bank as a bank of choice and 18.75% perceive the Bank as the best service provider. This indicates that the customers have a mixed perception of the bank with no strategic direction to shape the customer perception of the bank. It also indicates low perception of the bank with very few respondents indicating that the bank is the best bank and a bank of choice.

4.6.2 Perception by staff :

Table 4.7 perception by staff

Response range	Percentile %
Source of knowledge, experience and livelihood	25
Best employer	18.75
Stable, growing employer	25
Leader in employee welfare	6.25
Employer of choice	25
Total	**100**

25% of the respondents indicated that the employees perceive the bank as a source of knowledge, experience and livelihood, 18.75% of the respondents indicated that the employees perceive the bank as the best employer, 25% of the respondents indicated that the employees perceive the bank as a stable growing employer, 6.25% of the respondents indicated that the employees perceived the bank as a leader in employee welfare and 25% of the respondents indicated that the employees perceive the bank as a the employer of choice. This indicates a mixed response from employees as well as low perception given that very few respondents indicated that the bank is the best employer or the employer of choice.

4.6.3 Perception by the board:

Table 4.8 perception by the board

Response range	Percentile %
Saving institution with mandate from the government	46.67
Profitable venture	13.33
Leading bank	16.67
Competitive organization	23.33
Total	**100**

46.67% indicated that the board perceives the bank as a saving institution with government mandate, 13.33% a profitable venture, 16.67% a leading bank and 23.33% a competitive organization. The perception of the board also shows very low achievement of the board’s expectation given the perception simply as a saving institution with government mandate.

Very few board members look at the bank as a profitable venture. The bank is however seen to be more competitive which also shows some progress from the strategic plan.

4.6.4 Perception by the government (owners):

Table 4.9 perception by Owners

Response range	Percentile %
Source of revenue	20
Best investment	6.67
Worthy investment	33.33
Valuable investment	13.33
Potentially good investment	26.67
Total	**100**

20% of the respondents indicated that the government perceives post bank as a source of revenue, 6.67% as the best investment, 33.33% as a worthy investment, 13.33% as a valuable investment and 26.67% as a potentially good investment. This indicates low perception of the bank as the best investment and valuable investment. There is also a low perception of the bank as a source of revenue.

4.6.5 Perception by the suppliers:

Table 4.10 perception by Suppliers

Response range	Percentile %
Reliable, creditworthy business partner	46.67
Reliable, swift business partner	20
Reliable, sustainable business partner	20
Business partner	13.33
Total	**100**

46.67% of the respondents indicated that the suppliers perceive the bank as a reliable, credit worthy business partner, 20% as a reliable, swift partner, 20% as a reliable, sustainable business partner and 13.33% simply as a business partner. This shows that the suppliers perceive the bank as a reliable creditworthy business partner. There is also some perception as a reliable, swift partner and a reliable sustainable partner.

4.7 Regression analysis:

Table 4.11 Regression Analysis

The regression analysis shows that control of strategy has the highest correlation with the with performance of the bank followed by monitoring of strategy, implementation of strategy and strategic planning

Table Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of Estimate
1	.897	.809	.788	.223

Adjusted R squared is a coefficient of determination which indicates the variation in the dependent variable due to changes in the independent variable. From the model above R squared is 0.788 an indication that there was a variation of 78% on the financial performance of Postbank due to strategic planning processes in post banks, implementation of strategies developed and monitoring and evaluation of strategies developed. This therefore shows that R square which is the correlation coefficient indicates that there exists strong positive relationship between the study variables.

Table Analysis of Variance

Model	Sum of Squares	Df	Mean Square	F	Sig
Regression	3.388	1	.847	5.923	.001[b]
1 Residual	50.336	32	.143	53.724	33

The critical value is =1.997

The study had a significant level of 0.1% which indicates that the data was ideal for making a conclusion on the calculated parameters as the value of significance (the P- Value) was less then 5%.the calculated value was above the critical level (5.923>1.997) an indication that financial performance of post bank is positively affected by strategic planning processes, implementation of strategies developed and monitoring and evaluation of strategies developed. The model therefore was significant since the significance value was less than 0.05.

Table Coefficients[a]

Model	Unstandardized Coefficient		Standardized Coefficient	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.343	.203		6.616	.001
Control of strategy	.471	.102	.443	4.618	.002
Monitoring of strategy	.421	.117	.317	3.598	.003
Implementation of strategy	4.13	.105	.396	3.933	.001
Strategic planning	.396	.111	.381	3.568	.000

Y=0.471X1+0.421X2+4.13X3+0.396X4

Whereby Y= Financial performance

X1=Control of Strategy

X2=Monitoring of strategy

X3=Implementation of strategy

X4=Strategic planning

Predictors ;(constant) Control of Strategy, Monitoring of strategy, Implementation of strategy, Strategic planning

Dependent variable: Financial performance

The model illustrates that when all variables are held constant at zero (0) the value of financial performance would be at 1.343.However holding other factors constant, a unit increase in control of strategy would lead to a 0.471 increase in financial performance. A unit increase in monitoring of strategy would lead to 0.421 increases in financial performance. A unit increase in implementation of strategy leads to 4.13 increases in financial performance while an increase in strategic planning will increase 0.396 increases in financial performance. This therefore indicated that the use of strategy implementation would lead to a fully realization of financial performance.

5. SUMMARYOF FINDINGS, DSICUSSION AND RECCOMENDATIONS

5.1 Introduction:

This chapter gives the summary of the findings from the data analysis and ties it to the literature review before giving the recommendations for theory and practice ad further research.

5.2 Summary:

This is consistent with the target population which entirely comprised of managers of the branches of Postbank within Mombasa region, respondents were well spread within the management for a balanced representation, were of adequate age for the expectations of the questionnaire, had served in the banks for long enough to respond knowledgably to the questionnaire items had sufficient educational background to respond appropriately to the questionnaires

The bank excels in strategic planning and implementation. The planning is seen in the involvement of all members in strategic planning and the past strategic activities contributing to the meeting the objectives. The planning can also be seen in the Vision which is well designed, very good and achievable as well as the business tagline which is well crafted.

The implementation is seen in the success of a number of strategies which have high impact on the fulfilling of the objectives such as paperless banking, agency banking, mobile banking development of new products and partnership with other organization. However the impact is very low on road shows, new services and bank in the bag initiative.

The bank is however low in strategy control and strategy monitoring. This can be seen in the mission which needs enrichment to show it has been overtaken with time. The monitoring stage is where constant updates are done to ensure the mission is well within the time and environment of the business. There is however seen some monitoring s the business tagline is constantly updated to indicate it is being monitored. This means that the monitoring is done at the operational rather than the strategic level.

The weak control of the strategy is more evident with the core values which were well crafted at the strategy planning level and implemented by being put in use but not controlled which resulted into the core values being strictly enforced only among the lower cadres of the organization with junior and senior managers not following the core values.

This then leads to low performance of the bank as seen from the low perceptions of the stake holders. The customers have a mixed perception of the bank with no strategic direction to shape the customer perception of the bank. It also indicates low perception of the bank with very few respondents indicating that the bank is the best bank and a bank of choice. There is also mixed response from employees as well as low perception given that very few respondents indicated that the bank is the best employer or the employer of choice.

The perception of the board also shows very low achievement of the board's expectation given the perception simply as a saving institution with government mandate. Very few board members look at the bank as a profitable venture. The bank is however seen to be more competitive which also shows some progress from the strategic plan. The perception of the board also shows very low achievement of the board's expectation given the perception simply as a saving institution with government mandate.

Very few board members look at the bank as a profitable venture. The bank is however seen to be more competitive which also shows some progress from the strategic plan. The suppliers perceive the bank as a reliable creditworthy business partner. There is also some perception as a reliable, swift partner and a reliable sustainable partner.

The regression analysis shows that performance is highly tied to the level of strategic control and monitoring as opposed to the level of strategic planning and implementation.

5.3 Discussion:

The findings of the study confirms with the findings of Mpofu (2010) that the strategic leadership challenges do not come at the planning and implementation stages but at the control and monitoring stages. It is here seen that the planning stage was exemplarily done and the implementation well done but the control and the monitoring was weak leading to flop of as number of strategies as well as low performance.

The findings are also conforming to the findings of Kihara (2013) who found out that performance of state corporation is mostly affected by the weak control structure especially the difficulty in ensuring the high levels of the organization restrict to their strategic obligations. This is consistent with the finding that the core values are strictly enforced on the low cadre employees while the senior levels continue with the parastatal impunity which is a characteristic of Kenya state corporations.

Finally, the findings are contrary to the recommendations of Boyd *et al* (2012) who recommended for organization to maintain tight control during the implementation of their strategic plans using the agency theory which proposes the principal must always be constantly monitoring the performance of the organization in order to evaluate the performance of the agents.

5.4 Conclusion:

The study found that state corporations are good in strategic planning but with some weakness in implementation and acute weakness in control and monitoring of the strategy. State corporations are thus advised to put more effort on strategic control and monitoring to enhance performance. From the study it is true that strategic planning, strategy implementation and monitoring and evaluation of formulated strategies have a great effect on the performance of post bank in Kenya. The study also reviled that there is a greater correlation between variables an indication that general performance of post bank greatly depends on strategic planning, implementation and continuous monitoring and evolution of the developed strategies.

5.5 Recommendations for theory and practice:

From the findings of the study, the following recommendation are made

- The management of Postbank should put more energy on control of the strategic plan and monitoring the implementation of the strategic plan in order to enhance performance resulting from the well-crafted strategic plan document.
- From the study respondents agreed that strategic planning undertaken was very important to the bank but they recommended that post bank needs to change its mandates from a savings bank to a commercial bank. The bank doesn't give loan facilities to its clients and thus not potentially meeting the needs of its clients and thus failing to make good profits.
- The core values and other strategic responsibilities should apply to all levels of the organization as applying double standards both demoralize the low level employees and lead to decline in corporate public image and perception which is a key determinant of performance

5.6 Recommendations for further studies:

A study should be conducted to determine the different aspects of control that can be applied to state corporations to take care of conformity of the high level cadre employees as this group of employees are resistant to control as seen from the study.

A study should also be conducted to determine the ways of enhancing the perceptions of the employees and the board on the performance of state corporations as the perception of the two groups is significantly different from the perceptions of the other groups of stakeholders

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