

AN ASSESSMENT OF THE EFFECTIVENESS OF STRATEGIC LEADERSHIP  
PRACTICES ON ORGANIZATION PERFORMANCE: A CASE OF TEA FACTORIES,  
KISII COUNTY, KENYA

BY

ZIPPORAH KEMUNTO ONKOBA  
BBOM (JKUAT)

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This research project has been submitted for examination with our approval as University Supervisors.

Dr. Stella Omari, PhD                      Signature: .....                      Date: .....

Senior Lecturer

Department of Human Resource & Strategic Management

Kisii University

Dr. Christopher Ngacho, PhD                      Signature: .....                      Date: .....

Senior Lecturer

Department of Management Science

Kisii University

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Affiliation: \_\_\_\_\_    Date: \_\_\_\_\_

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## **DEDICATION**

I wish to dedicate this Research project to my dear parents Susan Kairuthi and late daddy Robert Onkoba who planted the inaugural seed of education in my life and taught me the art and science of hard work. I will always cherish their candid love, and care. An extended dedication also, to my spouse Joash Morara Basweti and my children for their prayers and support that has been without reservation. May God bless you abundantly.

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## ABSTRACT

Strategic leadership is a significant factor in organizational performance. It is the ability to influence others to voluntarily make day-to-day decisions that enhance the long-term viability of the organization, while at the same time maintaining its short-term financial stability. The study aimed at assessing the effectiveness of strategic leadership practices on organization performance. The specific objectives were to; establish the influence of strategic direction on performance of Tea Factories in Kisii County; determine the effect of developing human capital on performance of Tea Factories in Kisii County; and examine the role of ethical practices on performance of Tea Factories in Kisii County. The study was conducted in all tea factories in Kisii County, Kenya. Descriptive research design was employed in this study. The target population of this study was 795 permanent employees in all the tea factories in Kisii County. A sample size of 303 respondents consisting of 261 employees, 6 managers and 36 supervisors was used in the study. Census was used to select factory unit managers and supervisors from each factory. The other employees were selected by using the stratified random sampling method. This study used a semi-structured questionnaire which contained both open ended and close ended questions to collect primary data. Drop and pick method was used to administer the questionnaires. Validity and reliability of the study was measured by supervisors examining the questionnaire and gave their recommendations on the suitability of the item. The questionnaires were prepared in readiness for analysis using statistical package for social sciences (SPSS) to generate descriptive and inferential statistics using multiple regression analysis. From the study it is possible to conclude that the Kisii tea factories have not put in place strategic leadership practices. The study recommends that management of tea factories should embrace the Strategic Leadership Practices to enhance performance.



## TABLE OF CONTENTS

<b>DECLARATION AND RECOMMENDATION .....</b>	<b>ii</b>
<b>PLAGIARISM DECLARATION.....</b>	<b>iii</b>
<b>DECLARATION OF NUMBER OF WORDS.....</b>	<b>iv</b>
<b>COPYRIGHT .....</b>	<b>v</b>
<b>DEDICATION.....</b>	<b>vi</b>
<b>ACKNOWLEDGEMENT .....</b>	<b>vii</b>
<b>ABSTRACT.....</b>	<b>viii</b>
<b>TABLE OF CONTENTS .....</b>	<b>vii</b>
<b>LIST OF FIGURES .....</b>	<b>xi</b>
<b>LIST OF TABLES .....</b>	<b>xii</b>
<b>ABBREVIATIONS AND ACRONYMS.....</b>	<b>xiii</b>
<b>CHAPTER ONE</b>	
<b>INTRODUCTION.....</b>	<b>1</b>
1.1 Background to the Study .....	1
1.2 Statement of the Problem .....	4
1.3 Objectives of the study .....	5
1.4 Research Hypotheses.....	5
1.5 Significance of the Study .....	5
1.6 Scope of the Study.....	6
1.7 Limitations of the Study .....	6
1.8 Delimitation of the study.....	6
1.9 Assumptions of the Study .....	6
1.10 Operational Definition of Terms .....	7
<b>CHAPTER TWO</b>	
<b>LITERATURE REVIEW .....</b>	<b>9</b>
2.1 Theoretical Framework .....	9
2.1.1 Great Man Theory and Trait theory .....	9

2.1.2 Behavioral Theory .....	10
2.1.3 Resource Based View Theory .....	11
2.2 Concept of Strategic Leadership .....	13
2.3 Strategic Leadership Practices .....	13
2.4 Empirical Review .....	14
2.4.1 Effect of Strategic Direction on Organization Performance .....	15
2.4.2 Effect of Developing Human Capital on Organization Performance.....	17
2.4.3 Effect of Ethical Practices on Organization Performance.....	19
2.5 Organization Performance.....	21
2.6 Summary of Research Gaps .....	23
2.7 Conceptual Framework .....	25
<b>CHAPTER THREE</b>	
<b>RESEARCH METHODOLOGY .....</b>	<b>28</b>
3.1 Research Design.....	28
3.2. Study Area.....	28
3.3 Target Population .....	28
3.4 Sample Size and Sampling Procedure.....	29
3.5 Data Collection Instruments.....	31
3.6 Validity of Research Instrument.....	31
3.7 Reliability of Research Instrument.....	32
3.8 Data Analysis and Presentation.....	32
3.9 Ethical Considerations.....	33
<b>CHAPTER FOUR</b>	
<b>DATA ANALYSIS, PRESENTATION AND DISCUSSION .....</b>	<b>34</b>
4.1 Response Rate .....	34
4.2 Demographic Information .....	34

4.2.1 Age of Respondents.....	34
4.2.2 Gender of the Respondents.....	35
4.2.3 Education Level.....	36
4.2.4 Working Experience.....	37
4.3 Descriptive Statistics.....	38
4.3.1 Determining Strategic Direction .....	38
4.3.2 Developing Human Capital.....	39
4.3.3 Emphasizing Ethical Practices .....	41
4.4 Correlations of the Strategic Leadership Variables.....	44
4.5 Model Summary.....	45
4.8 Hypothesis Testing.....	48
<b>CHAPTER FIVE</b>	
<b>SUMMARY, CONCLUSION AND RECOMMENDATIONS .....</b>	<b>51</b>
5.1 Summary of Findings.....	51
5.2 Conclusion.....	52
5.3 Recommendations .....	54
5.3.1 Managerial implications .....	54
5.3.2 Suggestions for Further Research.....	55
<b>REFERENCES.....</b>	<b>56</b>
<b>APPENDIX A; INTRODUCTORY LETTER.....</b>	<b>64</b>
<b>APPENDIX B: QUESTIONNAIRE.....</b>	<b>65</b>
<b>APPENDIX E; NACOSTI RESEARCH AUTHORIZATION.....</b>	<b>70</b>
<b>APPENDIX F: MINISTRY OF EDUCATION RESEARCH AUTHORIZATION.....</b>	<b>71</b>
<b>APPENDIX G; NACOSTI RESEARCH PERMIT .....</b>	<b>72</b>

## LIST OF FIGURES

Figure 2.1 Practices of Effective Strategic Leadership.....	14
Figure 2.2 Conceptual Framework .....	26
Figure 4. 1 Distribution of Respondents' according to age .....	35
Figure 4.2 Distribution of Respondents' according to Education Level .....	36
Figure 4.3 Distribution of Respondents' according to Experience.....	37

## LIST OF TABLES

Table 3.1 Target Population.....	29
Table 3.2 Sample Size.....	30
Table 4. 1 Response Rate.....	34
Table 4.2 Gender of the Respondents .....	36
Table 4.3 The Extent of Determining Strategic Direction on Performance .....	38
Table 4.4 The Extent of Developing Human Capital on Performance .....	40
Table 4.5 The Extent of Emphasizing Ethical Practices on Performance .....	41
Table 4.6 The Extent of Performance of Tea Factories .....	42
Table 4.7 Descriptive statistics of Strategic Leadership Practices .....	43
Table 4. 8 Correlations matrix of the Strategic Leadership Variables.....	44
Table 4. 9 Model Summary .....	45
Table 4. 10 ANOVA.....	46
Table 4. 11 Regression Coefficients .....	47
Table 4.12 Regression results for the effect of Determining Strategic Direction on Performance .....	48
Table 4.13 Regression Results for the effect of developing human capital on performance .....	49
Table 4. 14 Regression Results for the effect of Emphasizing Ethical Practices on Performance.....	50

## **ABBREVIATIONS AND ACRONYMS**

ANOVA	-	Analysis of Variance
CEO	-	Chief Executive Officer
JKUAT	-	Jomo Kenyatta University of Agriculture and Technology
KTDA	-	Kenya Tea Development Agency
MBA	-	Master of Business Administration
NACOSTI	-	National Commission for Science, Technology & Innovation
RBV	-	Resource Based View
SPSS	-	Statistical Package for the Social Sciences
TBK	-	Tea Board of Kenya
UK	-	United Kingdom
VIF	-	Variance Inflation Factor

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background to the Study

The Environment is changing rapidly in today's world as a result of globalization, including rapid changes on political, economic, social and technological factors. This calls for Strategic Leaders who will lead organizations to succeed. To lead strategically requires careful thought, awareness of systems, and a broad view of your mission. It requires a big picture view, one that focuses on outcomes more than methods and goals more than tactics (Guillot, 2011). Organization researchers have recently started to single out Strategic Leadership as a center of interest regardless of the long history of research (Zane & Narayanan, 2009). In a world of varying environment and priorities, leaders should be able to look past their approach, to their jobs and tasks (Wheeler, McFarland & Kleiner 2007); (Serfontein, 2009). Global economy's complexity has triggered strategic leaders to successfully manipulate human actions, often in unpredictable environments (Hitt, Ireland & Hoskisson, 2009).

As leadership expert Warren Bennis once stated, "leadership is the capacity to translate vision into reality". Great leaders possess dazzling social intelligence, a zest for change, and above all, a vision that allows them to set their sights on the things that truly merit attention. Strategic Leadership implies giving meaning and purpose to organizations. For organizations to be able to succeed, their leaders need to focus on Strategic Leadership Practices. The traditional leadership approach has been changed and organizations who adopt strategic approaches in running their businesses have gained competitive advantage (Nthini, 2013; Elenkov, 2008).

There is a challenge in defining Strategic Leadership for the reason that the scope of Strategic Leadership is complex and wide. A strategy is a plan, whereas Strategic Leadership is the opinion and decision making necessary in developing and implementing the plan. Boal, & Schultz, (2009) as cited by Lear, (2012) argued that Strategic Leadership implies leadership of the organization while supervisory leadership is about leadership in organization. Bateman, & Snell, (2009), defined Strategic Leadership as to anticipate and envision the future of the organization, working with others to create a future. Strategic Leadership involves, managing an

entire enterprise instead of functional sub-unit, and coping with change that continues to increase in the global economy through others. Hitt *et al.*, (2005) agrees with Bateman *et al.*, (2009) that Strategic Leadership is the ability to anticipate, envision, maintain flexibility and empower others to create strategic change in organizations. Strategic Leadership is the ability to influence others make day-to-day decisions that enhance long-term organization's viability while at the same time maintaining its short-term financial stability (Rowe, 2001). Amos (2007) has a similar view to Rowe, (2001) that Strategic Leadership as the ability to understand the entire organization and the environments in which they work and by this understanding to create strategic change through other people so as to position the organization in the environment for both short-term stability and long-term viability. The major focus of Strategic Leadership is on top managers who have the responsibility of making decisions that affect the entire organization, the organizational stakeholders and its performance (Daft, 2011).

Lear (2012) in her study defines Strategic Leadership as a person's ability to anticipate, envision, maintain flexibility, think strategically and work as a team to instigate changes with the purpose of creating a viable future for the organization. Akbari (2014) also argue that Strategic Leadership is the ability for mobilization and focusing resources and energy on factors which will make differentiation, and lead to success in the future. Goleman *et al.*, (2002) argue that for organizations to be successful, a strategic leader needs to ensure that all stakeholders are working towards a common vision, with shared objectives and goals. Hitt, Ireland & Hoskisson (2009) conceptualized Strategic Leadership as the ability to anticipate, envision, maintain flexibility and empower employees to generate strategic change as necessary. Ireland & Hitt, (2005) argued that without good strategic leaders, it is impossible for an organization to achieve competitive advantage. Similarly, without Strategic Leadership, the probability of an organization to achieve higher or even satisfactory performance when confronted with the challenges of the global economy will be almost impossible. Strategic leadership leads to the creation of an environment that will support the achievement of organizational goals and the role of monitoring external environment to take advantage of opportunities and to defend against threats. It involves making decisions regarding the organization's markets, products, and services, the selection of executives, the allocation of resources of primary organizational components and formulation of organizational goals and strategies.



Several actions characterize effective strategic leadership; the study discusses three most important ones. Many of the actions interact with each other. For example, managing the firm's resources effectively includes developing human capital and contributes to establishing a strategic direction, and establishing ethical practices. The most effective strategic leaders create viable options in making decisions regarding each of the key strategic leadership actions. (Ireland & Hitt, 2005).

Organizational Performance is the major concern for business executives. It comprises the actual results of an organization as measured against its intended outputs which normally are the goals and objectives. Having competitive advantage does not come as a matter of luck (Daft, 2011). Leadership role and choices that leaders make to a large extent determine the performance of an organization. Hence leaders need to identify the criteria that will make their organizations succeed and help the leaders to achieve the organization goals. Organization Performance is described as an organization's ability to acquire and utilize its limited resources plus valuables as quickly as possible in the pursuit of its operational goals (Griffin, 2006). Serfontein, (2009) postulates that no organization can perform well in today's competitive world without a tough leadership team in place and clear strategic criteria that enables them to plan, implement, evaluate and control their strategy. The role of Strategic Leadership is core to the success of an organization. Thus, organizations success will greatly be enhanced and goals achieved if only leaders will be able to identify the criteria leaders require. What practices are critical for leadership success and how they are manifested in the organization is the bone of contention despite the importance of Strategic Leadership that has been clearly acknowledged.

Strategic Leadership Practices contributes to organization performance (Nthini, 2013), the reason as to why the study attempt to measure the effectiveness of strategic leadership practices on performance of tea industry. Understanding how the tea factories achieve high performance has significant implications for the tea industry stakeholders.

## 1.2 Statement of the Problem

Every organization works towards the achievement of its objectives. In an ideal situation Strategic Leadership practices are expected to result in the expansion of markets high performance of organizations. Several studies have been done on strategic leadership practices on various firms, Serfontein (2010), Lear, (2012), Rowe, (2007), Jones (2009), Nthini, (2013), Miring'u, (2011), Arasa & Kobonyo (2012), they agreed that strategic leadership practices lead to organizational success. In the recent past, many organizations in Kenya have experienced performance and leadership challenges as a result of ineffective strategic leadership practices. Organizations which fail to practice good leadership eventually fail to win public confidence which may lead to an eventual collapse (Kimura, 2015).

Many tea factories have registered poor performance ranging from low productivity, low bonus payouts and poor management and high turnover rate of directors, (Nyagaka, (2013), Aleri *et al.*, (2015). This unfortunate scenario could be as a result of poor strategic leadership practices being applied by the managers. The practices approach through determining strategic direction, developing human capital, and emphasizing ethical practices is needed in the management of the entire Kisii County tea factories which may be denying the county adequate profits and growth in market share (Kenya Tea Board, 2014). From the reviewed literature, many organizations have different approaches to strategic leadership. These include, determining strategic direction, managing the organization's resource portfolio effectively, developing human capital, sustaining an effective corporate culture, emphasizing ethical practices, establishing balanced strategic controls. However, this study has embarked on strategic direction, human capital, and ethical practices in order to find out how they particularly affect performance in tea factories that comprise the manufacturing industry.

Several key roles of leadership can be offered to sustain organization performance (Ireland & Hitt, 2005). Drivers of organization performance are well documented, and many barriers to effective leadership do exist. Poor leadership, and specifically strategic leadership, at the top level management has been identified as one of the major barriers to organization performance. In turn, poor strategic leadership practices are also viewed as a key driver to poor performance,

(Jooste and Fourie, 2009). This study seeks to assess the tea factories by examining the effectiveness that strategic leadership practices on organization performance.

### **1.3 Objectives of the study**

The general objective of this study was to assess the effectiveness of Strategic Leadership Practices on organization performance; A Case of Tea Factories, Kisii County.

The specific objectives were to:

- i. Establish the influence of determining strategic direction on performance of Tea factories in Kisii County;
- ii. Determine the effect of developing human capital on performance of Tea factories in Kisii County;
- iii. Examine the effect of emphasizing ethical practices on performance of Tea factories in Kisii County.

### **1.4 Research Hypotheses**

H<sub>01</sub>: Determining strategic direction has no statistical significant effect on performance of tea factories in Kisii County.

H<sub>02</sub>: Developing human capital has no statistical significant effect on performance of Tea factories in Kisii County.

H<sub>03</sub>: Emphasizing ethical practices has no statistical significant effect on performance of Tea factories in Kisii County.

### **1.5 Significance of the Study**

The study will help executives understand the importance of strategic leadership practices on performance of tea factories in Kisii County. This will help them in highlighting areas that need to be improved and embrace strategic leadership practices as tool of performance. Policy makers will help identify areas where the government should intervene and allocate resources to improve performance of tea factories. The information obtained can be adopted in other tea factories in Kenya and more particularly the surrounding tea growing counties to improve performance of

the industry. The study is aimed at helping academicians and researchers to understanding how Strategic Leadership Practices affect performance of tea factories in Kisii County, and identify areas of further research in the area of strategic leadership on performance of organizations.

### **1.6 Scope of the Study**

This study focused on the effectiveness of strategic leadership practices on performance of tea factories in Kisii County. The study was conducted in all tea factories in Kisii County. The respondents of the study were the employees of all tea factories in Kisii County namely, Nyamache, Rianyamwamu, Itumbe, Kiamokama, Eberge and Ogembo. The sample size for the study was 303 respondents. Two hundred and forty (240) questionnaires formed the data collection tools. The study focused on strategic leadership practices which were to determine strategic direction, developing human capital and emphasizing ethical practices.

### **1.7 Limitations of the Study**

Employees were not willing to fill the questionnaires because some had tight work schedule. The respondents were scattered in different locations, some difficulties were faced in following up and collecting responses.

### **1.8 Delimitation of the study**

The respondents were assured that the research was purely academic and their identity was not to be revealed. The researcher used emails and telephone calls to do follow-ups and submission of filled questionnaires.

### **1.9 Assumptions of the Study**

It was assumed that during the study, participants' gender will not significantly affect the respondents' perception. Secondly, that the sample taken was a fair representation of the population and therefore the findings were generalized.

## 1.10 Operational Definition of Terms

**Ethical practices:** Standard of morality that guides individuals and leaders in following certain norms of conduct when dealing with each other.

**Human Capital:** abilities, knowledge and skills of the organization's employees

### Kenya Tea Development

**Agency:** An agency contracted by the tea factory companies in Kenya to manage tea cultivation, develop and maintain tea husbandry, pay farmers for green leaf delivered, manufacture green leaf into tea, market manufactured tea, develop and provide sound technical financial and managerial infrastructure and provide services in procurement, ICT and HR.

**Leader:** A person who is able to convince others to work in order to achieve organizational goals.

**Leadership:** Winning the hearts and minds of people to achieve a common.

**Mission:** A statement that specifies the business or businesses in which the firm intends to compete and the customers it intends to serve. objectives, for example financial performance, market performance and shareholder value performance.

**Organization:** An entity, such as an institution or an association that has a collective goal and is linked to an external environment.

### Organizational

**Performance:** An analysis of a company's performance compared to goals and purpose.

<b>Strategic direction:</b>	Long term vision for the organization
<b>Strategic leadership:</b>	The actions, opinions and decision making necessary for leader a to develop and implement a plan.
<b>Strategic Plan:</b>	a formalized document created by management of tea factories to help define and achieve long term goals.
<b>Strategy:</b>	The plan and course of action adopted by the tea factories guiding resource allocation to achieve set objectives in the firms.
<b>Vision:</b>	A statement that portrays a picture of what the firm wants to be and what it wants to ultimately achieve.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Theoretical Framework

Several examples have been used to describe leadership and leadership success. Over the years leadership theories have been the source of numerous studies. In reality as well as in practice, many researchers have tried to distinguish between reliable leaders from those who stand apart from the mass.

##### 2.1.1 Great Man Theory and Trait theory

This study will be guided by the Great Man theory of leadership developed in the 1840s by Thomas Carlyle. The Great Man theory argue that people acquire certain qualities or traits which make them better suited to leadership. That specifically implies that great leaders are not made but they are born. The term great man was used because, at the time, leadership was thought to be a male quality, especially military leadership (Ololube, 2013). This theory sees great leaders as the ones who are intended by delivery to become leaders. Furthermore, the analogy was that when confronted with the appropriate situation great leaders will rise.

Just as Thomas Carlyle, the Great Man theory was stirred by the study of prominent heroes. These people come into the world possessing certain characteristics and traits that others do not have. Natural abilities and talents of prominent leaders throughout the history enable them to lead. This theory is usually contrasted with a theory that talks about events occurring in the fullness of time or when overwhelming waves of small events cause certain developments to occur. Herbert Spencer believed leaders were products of their environment. He argued that before a great man can remake his society, the society must make him.

Just as in the Great Man theory, Trait leadership is defined as integrated patterns of personal characteristics that reveal a variety of individual differences and advance reliable leader effectiveness among a variety of group and organizational situations (Zaccaro, *et al.*, 2004).

The trait leadership theory believes that people are either born with specific qualities that will lead them to be successful in leadership roles. That is, certain qualities such as intelligence, sense of responsibility, creativity and other values puts a person in the rank of an effective leader.

This approach perceives leadership as the core of organization effectiveness and performance. This theory can be applicable to the study because it elaborates on how leaders by indulging in practices discussed in the study will be fit to be called great leaders which will lead to organization performance. Some leaders in tea factories are politically voted to leadership positions as directors, which clearly shows that great leaders are God-gifted not man made.

The theory is relevant to the study for it presumes that people become heir to certain qualities or traits which make them better suited to leadership, which specifically implies that great leaders are born, they are not made. Organizational success hence is attributed to the qualities of leaders.

### **2.1.2 Behavioral Theory**

The focus on the study of particular behaviors of a leader is what is referred to as Behavioral theories of leadership. Leadership Behavioral Theory tries to comprehend what successful leaders do, that is, their behaviors. Behavioral theory suggests that there are two types of leadership behavior, Task Centered and People Centered. Task centered behaviors highlights on the tasks and roles, plans and programs work, sets performance standards and processes while People centered Behaviors emphasizes on, supportive and friendly, shows trust and confidence, concerned with employees' welfare.

This theory will guide this study and it is the major paradigm in psychology between 1920 and 1950, and it is based on numerous underlying factors concerning methodology and behavioral analysis in response to the leadership trait theory. These theories are a contribution to a new perception, one with the purpose of focusing on the behaviors of the leaders as opposed to their psychological, physical or social personalities. Leaders were initially divided into two categories in behavioral theories. Some that were concerned with responsibilities and others were concerned with the team. Behavioral theory of leadership is classified in that manner because they mainly focus on the study of leader's particular behaviors. For behavioral theorists, a leader's behavior is the greatest analysis of the leadership influence and as a result, is the core determinant of his or her leadership achievement.



Behavioral theories focus on how leaders behave. For example, if they involve their players in decision making to encourage, accept and support. Mc.Gregor influenced all the behavioral theories which call attention to the human relationships along with results and performance. Like trait leadership perspectives, behavioral leadership perspective assumes that leadership is essential to organizational performance, although, the main focus is on a leader's behavior rather than a leader's personal traits. Various themes come out in the literature concerning what strategic leaders do to increase organization performance. They focus on both the short-term operational side of their organization and the long-term directional aspects, such as defining the organization's purpose (Slawinski, 2007).

Rowe (2001) strategic leaders select and develop other organizational members to ensure that these successful strategic leader abilities will exist throughout the organization and not just at the top. They influence others by behaving ethically and transparently. Strategic leaders have an overall task for the organization for example the CEOs, articulate a vision that will present the organization's members with sense and direction. They are also in a position to influence constituents, such as customers, suppliers, unions, and government agencies. Strategic leaders who incorporate these important activities can help ensure the future competitiveness of the organization. Hersey & Blanchard, (1988) argued that at the University of Michigan this approach was initiated. Employee-centered who are extremely considerate leaders are concerned more on subordinate's feelings and work towards motivating them. However, production-centered leader emphasized completion of the tasks, (Schermerhorn, *et al.*, 2000). Behavioral theory of leadership is relevant to the study as it elaborates on how leader's behavior is the most important factor for organizational success particularly a leader's behavior is the greatest analysis the leadership influence and as a result, is the core determinant of his or her leadership achievement.

### **2.1.3 Resource Based View Theory**

Penrose (1959) established resource based theory that argues; firms possess resources which allow them to accomplish competitive advantage and lead to advanced long-term performance. Resources are inputs into an organization's production process, such as equipment, and the skills

of individual employees, patents rights, finances, and talented managers. There are three types of organization resources, human, physical, and organizational capital. Valuable and rare resources can lead to the creation of competitive advantage. That advantage can be sustained over longer time periods to the extent that the firm is able to protect itself against resource limitation, transfer or substitution (Christine, 2010). Miriuki, (2015) as cited by Barney (1991) defines resources as, assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies. In the second part he also defines RBV as strategies that improve organization efficiency and effectiveness in the creation of performance.

Resource Based View of the organization has become one of the substantial theories of Strategic Management in literature than other management theories. According to RBV proponents, external opportunities are possible to exploit using existing resources in a new way instead of trying to acquire new skills for every diverse opportunity. In RBV model, resources are given the most important role in helping organizations achieve greater organizational performance. A resource is a tangible or intangible asset or input into production that a company owns, controls or access (Helfat, & Peteraf, 2003). If a resource is rare, valuable, imperfectly, unique and imperfectly substitutable it cannot compete hence it will be said to have a competitive advantage (Barney, 1991). This model assumes that firms acquire different resources and develop unique capabilities that are not highly mobile across firms.

Resources such as enough finance and skilled human resource are essential for the effectiveness of market entry strategy in a dynamic environment (Wade *et al.*, 2004). The dynamic capabilities which consist of the activities and mechanisms of managing resources as strategic leaders enable companies to manage its activities for the improvement in performance. It is anticipated that an organization which has sufficient resources would have control on the value addition of their products. This theory is relevant to the study as it explains how resources at the firm's disposal are a critical factor to consider when implementing strategies on value addition of the factory products.

## **2.2 Concept of Strategic Leadership**

Providing strategic direction to the organization is the core responsibility of best performing leaders of various departments and strategic business units within the organization, and to the human resource who at the end of the day implement strategic leadership. Leadership is and at all times has been about winning the hearts and minds of citizens to realize a common principle. The top-level executives within an organization have the duty to control the strategic process. They create policies, make decisions and inform the human resource reporting to them about the responsibilities and objectives which needs to be achieved. Hence leaders are the drivers to make things done. Strategic Leadership is the ability to anticipate, envision sustain flexibility and empowering others to make strategic change where necessary (Hitt *et al.*, 2009). Hitt *et al.*, (2005) as cited by Oladele, Akeke, Adebisi, & Adeusi, (2013) believe that the most crucial issue facing organizations is strategic leadership. They further argue that an organization cannot possibly attain competitive advantage without strategic leadership.

Today's world's markets have become competitive; internal and external environments have become unpredictable, unstable, risky, complex and diverse. This has led to the implementation of crucial competencies, strategies and capabilities for their business operations in achieving, business success, competitive advantage, and organization's goals. Components of effective Strategic Leadership Practices are deliberated and their significance in the perspective of the study discussed. A number of activities are identified which effective strategic leaders and top management teams focus on, which complement to the performance of the organizations (Hoskisson *et al.*, 2004). A lot of researchers consider the role of strategic leadership to be of core importance for the success and unsuccessfulness of organizations. They suggest that without leadership, organizations are only an isolated and discrete set of group and buildings. The basic matter for some of the researchers has at all times been, how to manage and lead the organizations efficiently and effectively.

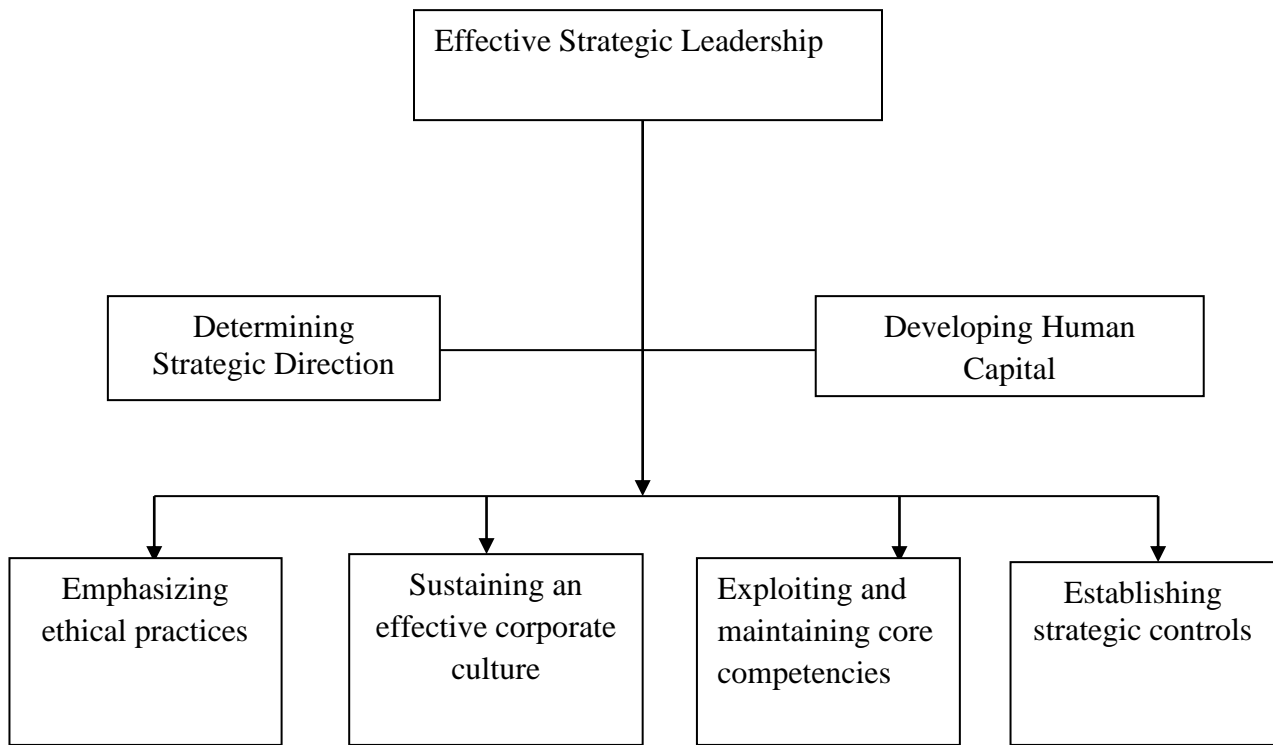
## **2.3 Strategic Leadership Practices**

Hitt *et al.*, (2009), as cited by Lear (2012) argue that 21<sup>st</sup>-century companies will be different only in the way top leaders discharge their Strategic Leadership responsibilities. Certain actions

describe effective Strategic Leadership; the most important ones are presented in Figure 2.1 as follows; managing the organization’s resources effectively, developing human capital, determining strategic direction, sustaining an effective culture, exploiting and maintaining core competencies, establishing balanced strategic controls, and establishing ethical practices,. Among these strategic leadership practices the researcher looked at three of the practices, determining strategic direction, developing human capital, and emphasizing ethical practices.

**Figure 2.1 Practices of Effective Strategic Leadership**

**Source:** Hitt, (2009)



**2.4 Empirical Review**

This section discusses the literature related to the role of strategic leadership practices on organizational performance of tea factories. It particularly focuses on determining strategic direction, developing human capital and emphasizing ethical practices.

### **2.4.1 Effect of Strategic Direction on Organization Performance**

The primary component of Strategic Leadership entails determining the firm's purpose or vision. Strategic leaders have to articulate a clear and realistic statement about why the organization exists and what is distinctive about it. The mission statement will then empower Strategic Leaders to develop and effect strategies that are in line with the vision. It is a critical task for strategic leaders to develop, articulate and communicate the vision to the human resource in the organization. They need to know where the organization is and where it shall be in 5 to 10 years and convince the staff to buy into and commit to this future. The vision will seek out to drive and stretch the staff beyond their contemporary prospect. The vision serves as a purpose for the organization and therefore as a channel for strategy formulation and implementation. Besides the vision propounded by the senior management team, core values and beliefs that the organization intends to survive with should be drawn. The vision must be communicated and reinforced over time throughout the organization for it is to have any impact, (Redmond, 2016).

Slawinski (2007), Strategic Direction and sense of purpose is created by strategic leaders for the formulation and implementation of organizations. This is because of their interaction with major stakeholders such as customers, suppliers, government agencies and unions. Strategic leaders must ensure they are the mirror of the organization hence they should portray a good example. Okibo and Masika (2014) as cited by Kitonga *et al.*, (2016) in their study observed that leadership was core in monitoring strategic planning and its implementation in an organization. The formulation of the organization's vision and mission is taken after the organization understands the realities of its external environment and internal environment.

After analyzing the external and the internal environment of the organization, the organization has the information it needs to form its vision and mission. Top level managers involve a large number of people in forming the mission, even though the responsibility for forming the firm's mission rests with the CEO (Hitt *et al.*, 2009). The probability of forming an effective mission increases when employees have a strong sense of the ethical standards that will guide their behaviors as they work to help the firm reach its vision. Thus, business ethics are a vital part of the organization's discussions to decide what it wants to become (vision) as well as who it aims to serve and how it wishes to serve those persons and groups (mission). A mission stipulates the

business or businesses in which the organization intends to compete and the customers it intends to serve. The organization's mission is more concrete than its vision. However, like the vision, a mission should establish the organization's individuality and should be inspiring and relevant to all stakeholders.

Vision is a picture of what the organization wants to be and in a broad term what it wants to finally achieve. Thus, a vision statement describes the ideal explanation of an organization and gives shape to its projected future. In other words, a vision statement points an organization in the direction to where it would ultimately like to be in the near future. The development of organizational vision and the ability to manage the change engendered by visions represent core organizational competencies that foster a competitive advantage for organizations (Zaccaro & Banks, 2004). The researchers further argue that effective visions offer an image of what the organization is changing into. Visions only have importance when they are implemented, and to this end, leadership must have strong change management skills. The ability to develop and communicate a vision, as well as enabling the organization to do so through the broad strategic, structural and policy changes that the vision requires, is critical for the organization's leadership. Middle-level management need to translate visions into long to short term strategic plans, while operational managers function within an intensely short timeframe. Indeed, the main reason of vision and mission statements is to inform all the stakeholders of what the organization is, what it seeks to accomplish, and who it seeks to serve (Miriuki, 2015).

Hitt, (2009), asserts that determining Strategic Direction is a critical strategic variable which leads to developing a long-term vision for the organization. The organizations future direction must be the core issue by leaders to envision or think about. Strategic planning helps leaders of various organizations to think, learn and act strategically, (Bryson, 2011). Toole, (2010) supported and observed that for nonprofit firms strategic planning can be important step in achieving success. Strategic planning enables organizations to be rational, efficient and effective in managing the organizational resources (Salkic, 2014). Lear, (2012) argues that determining Strategic Direction entails identifying the image and character that the organization seeks to eventually build up. Therefore, strategic leaders have the responsibility to explicitly display and explain the mission statements of their organizations which enables everyone to understand the

overall direction of the organization. Therefore, the study assessed the effectiveness of Strategic Direction which is important for Strategic Leaders in achieving organization performance.

Goals are a statement of direction or what the organization or sub-unit of the organization wishes to do. Goals assert the end toward which effort is focussed. They are generally an indication of an organization problem or a desire to get an opportunity to improve the organization. Goals should be SMART that is specific, measurable, achievable or attainable, relevant and time bound (Reichard, 2016). Goal designing is one of the most important and essential tools used by both individuals and organizations to aid in setting the direction and ensure accomplishments. Successful organizations set both short-term and long-term goals not only for sales, products and service development but also for, reducing errors, improving quality, becoming more customer-focused and ensuring better internal and public relations (Abba, 2016).

#### **2.4.2 Effect of Developing Human Capital on Organization Performance**

The most important source of competitive advantage for organizations is employees. These can either lead to the success or failure of an organization. The significant concern for performing businesses is recruiting well-informed and skilled human capital in order to effect change in the organization. Human Capital refers to the skills, knowledge, and ability of the organization's workforce. Workers are important to the success of an organization. Strategic Leaders should invest in them through training and development. Developed human capital will improve efficiency, productivity, organizational commitment and customer satisfaction (Akbari *et al.*, 2015). They offer suitable conditions for organizations to empower employees and satisfy customers and as a result, promote their organization performance. Most organizations have embraced the notion of Human Capital as a good competitive advantage that will enhance higher performance (Marimuthu, 2009).

Human resource is the greatest asset for every organization. Strategic leaders need to be able to focus on critical resources which are most likely to make a difference in the assurance of sustained future success. This view is supported by Hitt and Ireland (2002) who recommend that strategic leadership is about gaining access to key resources such as alliances with partner firms (social capital) and the ability to build great teams that is human capital as the most important

firm resources. Strategic leaders have the capability and the power to manage the organization's critical resources to achieve sustainable competitive advantage in the marketplace. Effective strategic leaders view human capital as a resource to be maximized not as a cost to be minimized. Such leaders develop, and use programs designed to train current and future Strategic Leaders to build the skills needed to nurture the rest of the firm's Human Capital (Hitt *et al.*, 2009).

Human Capital is regarded as a major driver of effective strategic implementation in its development (Robinson *et al.*, 2005), (Norton *et al.*, 2004), (Charan *et al.*, 2003). The responsibility of determining the purpose or vision of the organization rests directly on the leaders shoulder. Human Capital talented with skill and knowledge are a resource which leads to effective implementation of strategy and lead to competitive advantage (Thompson & Strickland, 2003). These resources are the entire power of the people that represent a form of asset which can be aimed at accomplishing the goals of the nation or state or a portion thereof (Simkovic, 2013).

In the recent years research has shown that Human Capital is becoming the key success factor in the strategic implementation and organizational performance. Strategic Leaders need to align Human Capital and intangible assets in the organization with the chosen strategy in order to effectively implement strategies, (Karplan *et al.*, 2004). Strategic Leaders must ensure that the organization has the right quantity and quality of Human Capital to effectively implement the strategies. One of the greatest desires is to have leaders think about their staff as valuable, strategic resources of an organization. Plan should be put in place to help leaders to identify and build the strategic value of their employees. Leaders should ensure they have Human Capital to achieve organizational goals. Creating and implementing a Human Capital Management Review process within an organization is one way to accomplish this task.

Josan, (2013) as cited by Bai *et al.*, (2015), conducted a research to analyze the relationship between Human Capital and Organization effectiveness. He asserted that competitiveness depends on skills and human capital investment. Human Capital investment is characterized by investing in education, health and training. He further argued that globalization has resulted in a



new economy named as Knowledge Economy in which human capital variables, education and training play a crucial role. Amin, *et al.*, (2012) in her study assessed the impact of human capital investment on the economic growth of Pakistan. The results yielded by the analyses showed that primary enrolment rate, higher education enrollment rate and life expectancy were positively related with economic growth, (Bai, *et al.*, 2015).

Leaders too need to be developed in this dynamic environment. Leadership development is an un-ending process of self-study, education, training and experience (Bello, 2012). Developing leaders in organization is a long-life process; and ethical leadership programmes is designed to equip employees with the rudiments for effective management. Every organization should put mechanism in place in order to develop future leaders for long term survival of businesses.

Orientation is a program designed to help new employees to be acquitted more quickly to the new organization. This is an introductory stage in the process of new employee assimilation and a part of continuous socialization process within the organization. Orientation programs instill a sense of belonging, which is one of the concern when employees feel their opinions and contributions are under value. Orientation helps new employees to understand the tasks and how they are carried out in a more systematic way. This helps reduce mistakes in production and accidents. Delegation by leaders is another crucial part of developing human resource. It entails the assignment of any responsibility or authority to another person to carry out specific assignments. Delegation is one of the core concepts of management of leadership. It empowers the subordinate to make decisions, and helps build skills and motivate others, (Al Jammal, 2015).

### **2.4.3 Effect of Ethical Practices on Organization Performance**

Unethical Practices by leaders in the recent years has become a topic of concern. Corporate leaders indulge in decisions that have resulted to lack of trust in the organization leadership and lack of commitment to organizational goals. Judith, (2003) defines Ethics as the organization of rules which governs the ordering of values. This idea makes it possible to prescribe a code of behavior for both work and one's personal life (Cardy, (2005). These are situations whereby leaders engage in behaviors that are beneficial to others and stop engaging in behaviors that might cause harm to others (Toor, & Ofori, 2009). Webley, Basran, Hayward & Harris (2011)

conducted a survey in U.K. and some continental Europe companies and revealed that the most significant ethical issues to organizations are bribery, corruption, discrimination, and harassment. Ethics must definitely start at the top. Leaders cannot run away from their tasks of setting a moral example for their followers; formal ethical codes and ethic training have minimal chance of success unless the ethical actions and behavior of top leaders are reliable with what they teach.

An organization's code of ethics minimizes ethical ambiguities by communicating clear ethical guidelines for employees to apply when making decisions. The code serves as the organization's conscience, should be integral to the organization's communications strategy, and serves as an annual assessment tool for continuous improvement. Leaders are the major determinants of the result of organizational goals and to lay down the ground for employee behavior which may include promotion and appraisal strategies (Brown & Mitchell, 2010). Leaders report that the most critical quality of ethical decision making is consistency. They often try to adopt a philosophical approach that can provide the basis for consistency they seek. There are three fundamental ethical approaches for executives to consider; the utilitarian approach, the moral right approach, and the social justice approach (Pearce *et al.*, 2011).

Organizational leaders should inspire employees when leading by example, it is their duty to define organizational norms and values, live up to prospect and encourage their followers to adopt the same. Negative examples of immoral behavior by strategic leaders are like a 'cancer' on ethical behavior within organizations (Fisher *et al.*, 2003). If leaders are alleged to be brutal and selfish in their business with others, Human Capital is likely to get the message too (Crane & Matten, 2004). Kouzes *et al.*, (2007) as cited by Collins, (2010) argue that employees desire to be associated with leaders who are honest, trustworthy, respectful, and fair. Bower, (2003) as cited by Upadhyay, & Singh, (2010), Collins, (2011), Organizations can accomplish better employee attraction and retention when employees have the chance to work for truly responsible and ethical employers. Failing to be an ethical leader can lead to employee turnover and decrease the likelihood of attracting new employees. This can also increase the costs associated with employee turnover, increase employee supervision, decreases job satisfaction and decrease in level of employee productivity. A leader's personal values will influence corporate beliefs,

behavior and decisions. Emphasizing Ethical Practices is a critical criterion for leadership in organizations and it should be driven from the top leadership team throughout the organization.

Ethical culture is a religion centered on ethics not theology whose mission is to encourage respect for humanity and nature to create a better world. Organizations with strong ethical culture outperform those without. Such organizations have employees who are more committed. Turnover tends to be lower and productivity higher. Employees at organizations with strong ethical culture feel less pressure to compromise company standards to achieve organization goals, Webley (2011). Ethics training is educating the workforce on how to abide by business ethics, and uphold organizational integrity while conducting business transactions. The purpose of ethics training is to enable employees to identify and deal with ethical problems, developing their moral intuitions which are implicit in everyday choices and actions. Hitt, (2009), highlights that for organization employees to understand, share and apply the values stated in the code of ethics they require adequate and frequent training. This helps members to judge the moral legitimacy of their decision, enabling them to apply moral principles and values in business decision making.

## **2.5 Organization Performance**

Organization performance is the main concept to businesses because their main objective of is to make profits. Iravo *et al.*, (2013), argue that the important question is why some organizations succeed while others fail. This has triggered the study on the drivers of organization performance. Njihia *et al.*, (2013), highlight performance measurement as one of the tools which helps firms in monitoring performance, identifying the areas that need attention, enhancing motivation, improving communication and strengthening accountability. Performance is an impression of the level of success of the implementation of activities, programs, and policies in realizing the goals, objectives, mission and vision of the organization as stated in the strategic planning of an organization (Hitt, 2009). The term is often used to refer to the gain or achievements of the success rate of individuals and groups of individuals (Parlinda, 2012). Robbins (2007), performance is the result of an evaluation of the work performed individually compared with the established criteria together, the notion of performance as a result of the quality and quantity of work accomplished individuals in carrying out their duties in accordance

with the responsibilities given. Many organizations can appear to be high performers in the short term by riding favourable market conditions for example, or by being fortunate with a single product or market position only to decline quickly when business conditions turn against them. For high performance, an organization must survive and thrive across economic and market disruptions. To measure the performance of organizations, it is important not to only use a single measurement, but to use different dimensions.

The leader must also understand the critical interplay between capabilities and value creation, a relationship that goes to the heart of high performance in business organizations (Breen & Nunes, 2006). To create value, each high-performing organization develops a formula for doing business either at the enterprise or business unit level that successfully translates a big idea regarding customer needs into a unique set of connected business processes and resources that cost effectively satisfy those needs. Innovation and talent management are also two of the essential capabilities needed for high performance in a business organization. The investment in training and leadership development to enhance innovation and the development of talent has been observed as a crucial strategic focus in high-performing business organizations (Nel & Beudeker, 2009).

High performing organizations also have high performance culture. If you spend any amount of time with leaders and employees of a high-performing business organization, you will get an almost clear sense of the organization as a distinctive community. Nel & Beudeker (2009) call this a village of leaders as a unique way to approach the core and common business elements related to culture, leadership and work force. A culture of performance embodies an organization's unique approach to managing those elements common to every organization, and is therefore crucial to long-term effectiveness, the quality and speed of decision making and the mastery of change and innovation, (Nel & Beudeker 2009).

There is, however, a practical challenge that an organization will have to consider at all times. This study provides insights into the best strategic leadership strategies that competitive organizations have well established. It is impossible to attain success with one great jump and there is no evidence at all of any organization that has ever achieved world class performance in

a short period. There are various ways to understand organization performance but in this study it has been judged upon the growth of the company and sales performance which lead towards the growth. Sales performance can be explained as all the activities or investment carried out in the organization in the specified period of time. It can be considered by total amount of revenue collected for the goods sold. Turnover rates have negative implications for several dimensions of organizational performance for example, safety, productivity, and monetary. The content of turnover rates plays a role in the magnitude and form of the relationship between turnover rates and organizational performance, and that turnover rates affect distal measures for example profitability through decreased productivity and losses in human and social capital.

## **2.6 Summary of Research Gaps**

Determining strategic direction is a critical strategic leadership variable and means to develop a long-term vision for the organization, (Ireland and Hitt, 2009). This implies that leaders must think about the organization's future direction. Kitonga, *et al.*, (2016) in their study on the role of determining strategic direction on not-for-profit organizational performance in Nairobi County, Kenya, sought to examine the link between strategic leaders' practice of determining strategic direction and organizational performance. The findings of the study proposed determining strategic direction as a way of improving strategic leadership practices hence enhancing not-for-profit organizational performance. Arasa and Kobonyo (2012) in their study sort to find the relationship between strategic planning and firm performance. The methodology they used was correlation analysis. They found a positive correlation between strategic planning and firm performance with Pearson correlation coefficient of 0.0616. Findings revealed the existence of a relationship between strategic planning practice and firm performance and also existence of relationship between strategic planning practice and both financial and non-financial performance indicators. Lear, (2012) in her study on the relationship between strategic leadership and strategic alignment in high performing companies in South Africa used quantitative research methods, the findings among other studies also established significant correlation between Determining Strategic Direction and Organizational Performance. Carter and Greer, (2013) clarifies the need of strategic leaders in achieving the triple bottom line performance measures, hence the need for understanding the effects that determine the performance of strategic leaders.

Many studies that have been conducted to find the relationship between Human Capital and Organization Performance; most of them are conducted in foreign countries. Josan, (2013) conducted research through content analysis to analyze the relationship between Human Capital and Organizational effectiveness. The existing literature analyzed that investment in Human Capital is directly proportional not only with the productivity of the organization's trainings, increase productivity but also with profitability.

A research was conducted by Saeedi *et al.*, (2012) to assess the relation between human capital and employee performance. Primary data through close ended questionnaire was collected from 98 employees of Karaj Municipality, India. Standard instruments were used for measuring human capital and employee performance variables. Data was analyzed using correlation, Chi-square method, Binomial tests and fuzzy topsis tests. Analysis showed there was a significant positive relationship between human capital and employee performance and non-significant relation between the performance of employees and their demographics.

Amin *et al.*, (2012) as cited by (Bai, *et al.*, 2015) assessed the impact of human capital investment on the economic growth of Pakistan, through their research. Secondary data from 2000-2010 was collected from Economic Survey of Pakistan, State Bank of Pakistan and Labor Organization Annual reports. Data was analyzed through correlation. Results yielded by the analyses showed that primary enrolment rates, higher education enrolment rates and life expectancy were positively related with economic growth. The study showed that secondary enrolment rates were negatively related with economic growth.

Salim *et al.*, (2004) conducted a study in Egyptian Software companies to assess the relation between human capital and organizational performance. A sample of 38 software companies, out of 107, was selected, but only 16 companies responded. Data was collected through interviews and questionnaires. Correlation and regression analysis were used for data analysis. It was concluded from analyses that performance of software firms was influenced by intelligence, creative ideas, ambition and imitability of the employees. Because many studies were done in foreign countries this study will to be done in tea factories in Kisii County, Kenya.

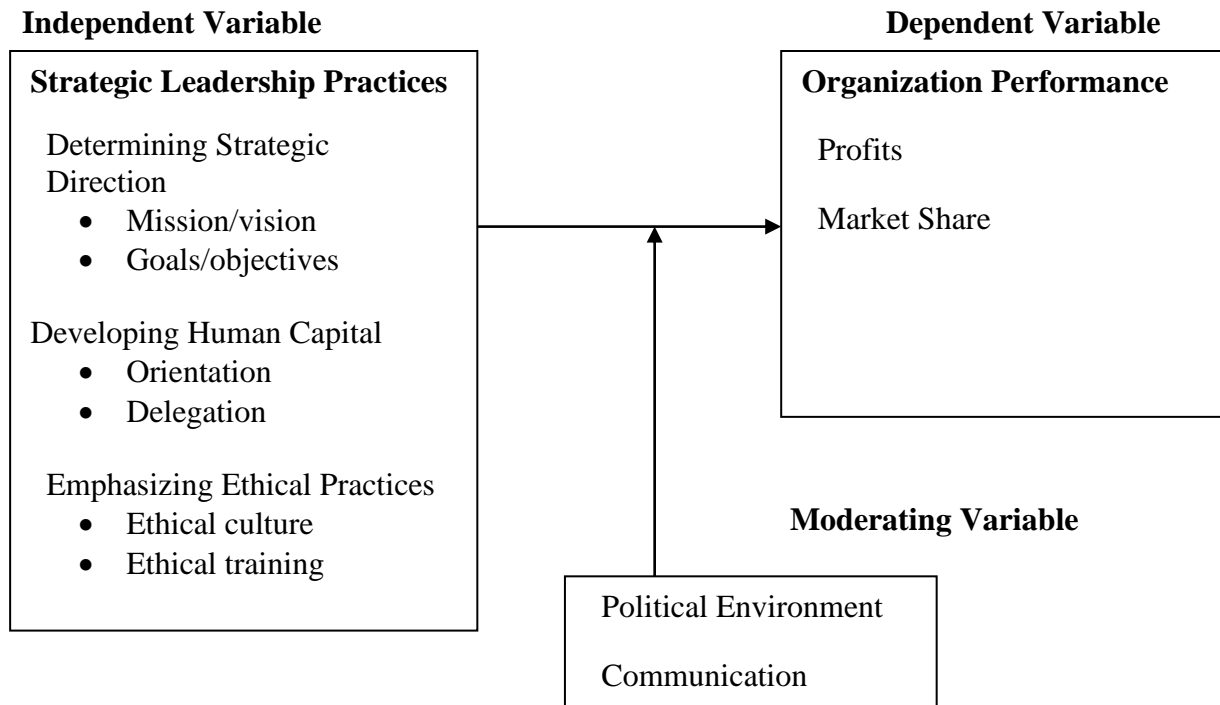
The last variable on Ethical Practices on Organizational Performance has also been a topic of concern in corporate organizations today. Bello, (2012) in his study on the impact of ethical leadership on employee job performance examined two variables which are important in the accomplishment of organizational goals that is trust and commitment. From the empirical literature the recommendations for corporate leaders in the management of ethical issues underlie the fact that a leader must be the chief officer of his organization. Kehinde, (2010), in his study on the effects of ethical behavior on organizational performance, Collins, (2012) did a study defending the code using ethics to improve organizational performance in Nigeria. This necessitated the study to assess the areas of ethical risks such as monitoring the adherence to code of ethics, monitoring organization's ethics policy and overseeing ethics training programmes.

## **2.7 Conceptual Framework**

In the conceptual framework depicted in figure 2.2, Strategic Leadership is as a person's ability to anticipate, envision, maintain flexibility, think strategically and work with others to initiate changes that will create a viable future for the organization. Organizations that adopt strategic approaches in running their businesses have gained a competitive policy guideline which encourages increased tea production; performance of the factories is expected to improve. Organizations which are able to employ and retain highly qualified and competent board members are expected to have improved performance over time.

**Figure 2.2 Conceptual Framework**

**Source: Researcher (2016)**



This study's conceptual framework includes the dependent variable and the independent variables. The independent variables are inclusive of Strategic Leadership Practices. The dependent variable is the performance of tea factories. The framework postulates the three Strategic Leadership Practices of determining the strategic direction, developing human capital and establishing ethical practices. Determining strategic direction involves specifying the image and character the firm seeks to develop over time. Strategic direction involves developing long-term vision of the firm's goal. A long-term vision usually looks at least five to ten years in future. Developing Human Capital refers to the knowledge and skills of a firm's entire workforce. From the perspective of human capital, employees are viewed as a resource requiring continuous investment. Developing human capital is vital to the effective execution of strategic leadership. Strategic leaders must acquire the skills necessary to help develop human capital in their areas of responsibility. New employees to an organization require orientation programs to instill a sense of belonging. By delegation of duties the leaders in the lower level management gain skills and experience for organization efficiency and effectiveness. Emphasizing Ethical Practices is the effectiveness of processes used to implement the firm's strategies increases when



they are based on ethical practices. Ethical companies encourage and enable people at all organizational levels to act ethically when doing what is necessary to implement strategies. This can be achieved by instilling a strong ethical culture and ethical training of the organization workforce.

For organizations to be successful, they have to depend on strategic leadership practices including having strategic direction, which should be clearly communicated to employees. Employees become motivated and remain focused when the strategic direction of the organization is communicated to them. Every team and business unit in the organization is required to understand their role and leaders develop a clear communicated purpose that is convincing and makes employees feel important.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Research Design**

The study adopted a descriptive research design. The study assessed the effectiveness of Strategic Leadership Practices on Organization Performance in Tea Factories. A descriptive survey research design was used in investigative studies to enable researchers to gather information, review, present and interpret data for the purpose of clarification (Orodho, 2005). The descriptive survey research was projected to generate statistical information about aspects of interest that concern policy makers and other stakeholders that aimed at assessing the effectiveness of Strategic Leadership Practices on manufacturing firms. The descriptive survey research design was suitable because the researcher collected data and gave an exact report without manipulating any variables. This research design was also ideal because it permitted the collection of data through questionnaires administered to a sample of respondents and that was used to generalize the result of the sample of the entire population (Mugenda & Mugenda, 2003).

#### **3.2. Study Area**

The study was conducted in all tea factories in Kisii County. Kisii County is in south west part of Kenya about 340km from Nairobi the capital city. Kisii County experiences a cool climate that is conducive for tea farming. According to the Kenyan Census 2009, Kisii County has about 2.21 million people most of whom are subsistence and small scale farmers. The county is inhabited mostly by the Gusii people.

#### **3.3 Target Population**

The study targeted 795 employees of smallholder tea factories in Kisii County. These employees must have been in the factory for at least one year.

**Table 3.1 Target Population**

<b>Respondents</b>	<b>FACTORIES</b>						
<b>Designation</b>	Ogembo	Eberege	Nyamache	Itumbe	Kiamokama	Rianyamwamu	<b>Total</b>
Factory Unit	1	1	1	1	1	1	<b>6</b>
Manager							
Supervisors	6	6	6	6	6	6	<b>36</b>
Employees	83	63	113	123	313	58	<b>753</b>
<b>Total</b>	<b>90</b>	<b>70</b>	<b>120</b>	<b>130</b>	<b>320</b>	<b>65</b>	<b>795</b>

**Source: Kisii County, Ministry of Agriculture (2016)**

### 3.4 Sample Size and Sampling Procedure

Sampling refers to the process of obtaining information about an entire population by examining only a part of it (Kothari, 2012). According to Mugenda and Mugenda (2003) a sample of 10% of the accessible population is considered as adequate. Given that the population was quite large, it was important to use a sample. The total sample size was 303. From the 6 tea factories the study chose 1 respondent each drawn from top management and 6 respondents from every factory representing middle level management. However, the variability in proportions was unknown. In determining the appropriate sample size the researcher desired a 95% confidence level with  $\pm 5\%$  precision. For the purpose of this study, the number of respondents constituted factory unit managers, supervisors and other employees. The researcher adopted Cochran's formula for sample size determination, (Yamane, 2012).

Cochran's formula for sample size determination;

$$n = \frac{N}{(1+N(e)^2)}$$

n = desired number of respondents

N = target population

e = margin of error considered or level of precision is  $\pm 5\%$  of the study

N= 753

$$= \frac{753}{(1+753(0.05)^2)}$$

$$= \frac{753}{(1+753(0.0025))}$$

$$= \frac{753}{(1+1.9875)}$$

$$= \frac{753}{(2.8825)}$$

$$= 261 \text{ employees}$$

These employees must have been in the organization for at least 1 year. This was important because within 1 year they were expected to have known the procedures in the company. They were divided into their groups depending on their hierarchical levels proportionately. Stratified sampling technique was then used to select the employees from each group in every factory to constitute the sample. Stratified sampling technique is a technique that identifies subgroups in the population and their proportions and select from each subgroup to form a sample (Sekaran, 2003). Census was used to select factory unit managers and supervisors from each factory.

**Table 3.2 Sample Size**

<b>Respondents</b>	<b>FACTORIES</b>						
<b>Designation</b>	Ogembo	Eberege	Nyamache	Itumbe	Kiamokama	Rianyamwamu	<b>Total</b>
Factory Unit							
Manager	1	1	1	1	1	1	<b>6</b>
Supervisors	6	6	6	6	6	6	<b>36</b>
Employees (35%)	29	22	39	43	108	20	<b>261</b>
<b>Total</b>	36	29	46	50	115	27	<b>303</b>

### **3.5 Data Collection Instruments**

This study used a semi-structured questionnaire which contained both open ended and close ended questions to collect primary data. Drop and pick method was used to administer the questionnaires. The selection of these tools had been guided by the nature of data to be collected, the time available as well as by the objectives of the study. One of the strengths of questionnaires is that they make it possible to collect data designed to answer specific questions which can be statistically tested. Questionnaires were chosen because administration of questionnaires to individuals helps to establish relationships with the respondents when introducing the study (Santrirenjit *et al.*, 2012). Questionnaires provided the clarifications sought by respondents and they were collected immediately after they were completed. The questionnaire consisted of three sections. Section one focused on general information, section two on Strategic Leadership Practices and section three measured performance. A five-point Likert rating scale was used to measure all variables. The lowest rating of 1 meant a low opinion by the respondents while a high rating of 5 meant a high rating by the respondent. Questionnaires were organized in one place, edited for completeness, consistency and accuracy. The questionnaires were administered to employees within the tea factories.

The use of questionnaires is one of a range of methods to obtain information from people or answers to research questions. Questionnaires have both advantages and disadvantages and one of their weaknesses is that they draw answers by asking questions (Gillham, 2000). One of the strengths of questionnaires is that they make it possible to collect data designed to answer specific questions which can be statistically tested. Questionnaires were deemed the most suitable method to collect data in this study.

### **3.6 Validity of Research Instrument**

According to Krishnaswamy (2009), validity indicates the degree to which the instrument measures what it is supposed measure. The validity of instruments is its ability to be used for data collection and obtain the required data from the field. The supervisors examined the questionnaire and gave their recommendations on the suitability of the items. Adjustments were then made to accommodate their recommendations.

### 3.7 Reliability of Research Instrument

Reliability is the consistency of a set of measurement items (Cronbach, 1951). Krishnaswamy, (2009), reliability refers to the consistency and stability with which an instrument measures and supplies consistent results. A measure is considered reliable if respondent's score on the same test given twice is similar. Sekaran and Borgie, (2011) states that the size of a sample to be used for piloting testing varies depending on time, costs and practicality, but the same will tend to be 5-10% of the sample. According to Cooper and Schindler, (2013) as cited by Mbiu, (2016), the respondents in a pilot test don't have to be statistically selected when testing the validity and reliability of the instruments.

Thirteen questionnaires were piloted by issuing to the employees of Tombe tea factory who were not included in the final study sample. The questionnaires were coded and analysis was aided by SPSS which generated the reliability coefficient. The researcher used the most common internal consistency measure known as Cronboch's Alpha ( $\alpha$ ) generated by SPSS. The recommended value of 0.7 was used as a cut-off of reliability for this study.

### 3.8 Data Analysis and Presentation

The data generated by questionnaires was sorted, edited, organized and coded by computer to reduce the mass of data obtained into a form suitable for analysis. The coded data was then analyzed using Statistical Package for Social Science Programme (SPSS) version 20.0. Descriptive statistics such mean, standard deviation and coefficient of variation were used to analyze data. The research also applied inferential statistics. The research findings were presented in form of tables and pie charts. The findings obtained were discussed and formed the basis for their research findings, conclusion and recommendations. The model used in this study was summarized as:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Y= the dependent variable (organization performance)

Where: X<sub>1</sub> = Strategic direction

X<sub>2</sub> = developing human capital

X<sub>3</sub> = ethical practices

$\beta_1, \beta_2, \beta_3$ , are the coefficients of proportionality for strategic direction, developing human capital and ethical practices respectively

$\varepsilon$  = Error of margin

### **3.9 Ethical Considerations**

Data collection was guided by ethical consideration of independence, free and informed consent, respect for susceptible individuals, confidentiality, justice and inclusiveness. The researcher assured the respondents of their confidentiality and unanimity. Respondents were advised not to indicate their names on the questionnaires so as to conceal their identity and uphold confidentiality of the information provided by them. Permission to conduct the study was sought from relevant authorities including the Kisii University, County Commission, Kisii, Ministry of Education, Kisii and the tea factories targeted for the study. Consequently, a research permit was obtained from NACOSTI and an informed consent from the respondents was also provided. The researcher conducted himself with a lot of decorum during the study so as to maintain etiquette. The data collected was used for academic purposes only.

## CHAPTER FOUR

### DATA ANALYSIS, PRESENTATION AND DISCUSSION

#### 4.1 Response Rate

Out of the 303 questionnaires administered, 240 were filled and returned. This represented 79% of response.

**Table 4. 1 Response Rate**

	Questionnaires	Percentage
Filled and Returned	240	79%
Did not respond	63	21%
Total	303	100%

**Source: Field data (2016)**

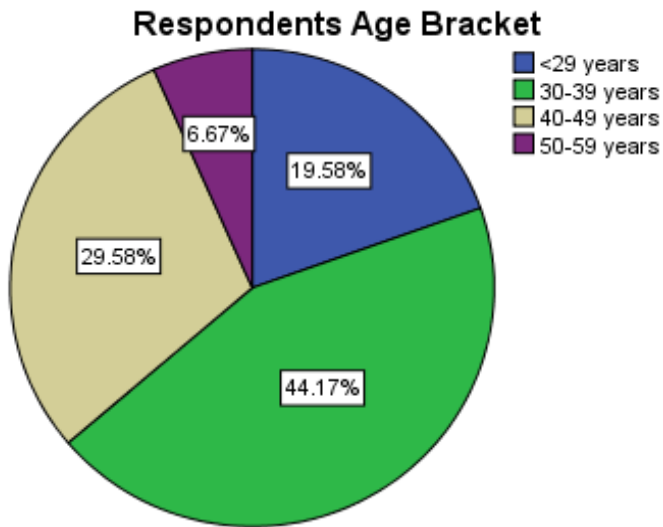
Data collection was conducted in a period of two weeks and the response is presented in Table 4.1. According to Mugenda and Mugenda (2003), a 50% response rate is considered to be adequate, 60% to be good, while a 70% and above rate is considered to be very good. Therefore, a 79% response rate from this study is considered to be very good and satisfactory. The high response rate can be attributed to an overwhelming willingness of respondents to participate in the research.

#### 4.2 Demographic Information

##### 4.2.1 Age of Respondents

The study sought to find out the respondent's age from the indicated range. Results in Figure 4.1 revealed that 30% of the respondents were aged between 40 to 49 years, 7% of the respondent were aged 50-59 years, and 20% were aged less than 29 years, 44% of the respondents were aged 30-39 years.





**Figure 4.1 Distribution of Respondents' according to age**

The findings of the study imply that the factories are dominated by a group of people aged between 40 – 49 years which implied that they were energetic and had gathered many years of experience such that they can adjust to the strategies adopted within the organization with the aim of improving organization performance. A mature and energetic work force is easy to govern and is able to passionately drive the vision of an organization. This concurs with Odhiambo, (2015) in her study on Strategy implementation and performance of major tea factories in Kericho County, Kenya, whose majority of respondents were aged between 40 – 44 years.

#### **4.2.2 Gender of the Respondents**

Respondents were requested to indicate their gender. Results were presented in Table 4.2. Majority of the respondents were female with 51.3% against 48.8% who were male. This indicated that, opinions presented by respondents in relation to Strategic Leadership Practices and organization performance were from each gender category. However, the findings implied that Kisii County tea factories have therefore embraced the gender rule as entrenched in the Kenyan constitution.

**Table 4.2 Gender of the Respondents**

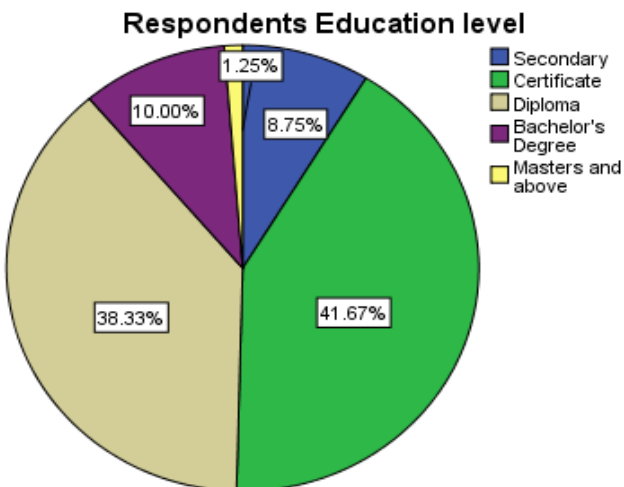
	Frequency	Percent
Male	117	48.8
Female	123	51.3
Total	240	100.0

**Source: Field data (2016)**

The study concurs with Mbui, (2016) who also agrees that the Kenyan tea subsector has embraced the gender rule as entrenched in the Kenyan Constitution. Therefore, the results obtained could not be attributed or inclined to a particular gender.

#### **4.2.3 Education Level**

The respondents were asked to indicate their highest level of education. The findings in Figure 4.2 illustrated that 41.7% of the respondents were certificate holders. Diploma holders were represented by 38.3%. The respondents with an education level of Bachelor's degree were represented by 10%. Those who indicated their academic level as secondary were 9%. Respondents with masters and above class were 1.3%.

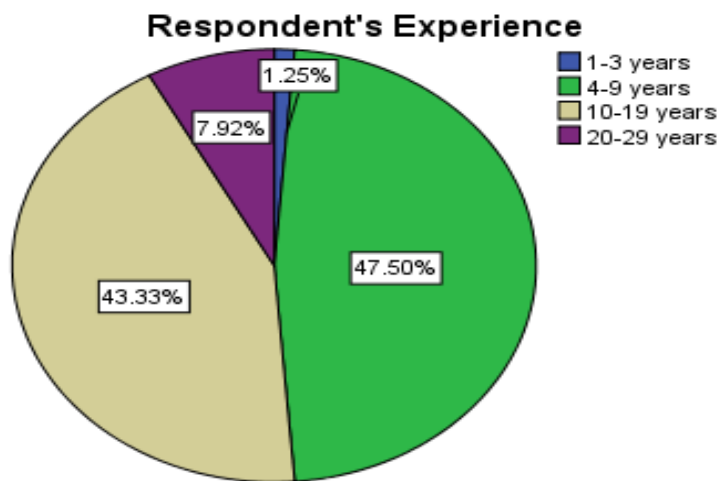


**Figure 4.2 Distribution of Respondents' according to Education Level**

Education background defines the level of understanding of the research instrument and the phenomena under study. Therefore, respondents in this study moderately understood the effectiveness of Strategic Leadership practices on organization performance and were able to answer the questionnaire without problem. Mbiu, (2016) in his study had a contrary view on the education level. The high level of education of respondent indicated that many employees in the industry sector had attained university level of education hence had more knowledge on strategic management practices in the organizations. Nyabuto, (2015) concurs with the study findings, his study revealed that majority of the employees had attained adequate education which is diploma, to enable them clearly articulate the aspects under study.

#### 4.2.4 Working Experience

The study sort to find out the years the respondents had worked in their respective factories. Majority of the respondents had worked in their respective factories for a period of 4-9 years. This category was characterized by the majority of the respondents followed closely by respondents who had worked for a period of 10-19 years with a percentage of 48% and 43% respectively. Those who had worked for 1-3 years were just 1% of the respondents while a proportion of 8% indicated that they had worked for a period of 20-29 years.



**Figure 4.3 Distribution of Respondents' according to Experience**

The length of working reveals the experience respondents had on the study phenomena. Therefore, from the study findings, it can be revealed that respondents had enough experience to give their views on the effectiveness of Strategic Leadership Practices and were well versed with

their respective factories. This concurs with Mbiu, (2016) who from his research findings implied that the respondents had worked long enough in the firms and hence had knowledge about the issues that the researcher was looking for.

### 4.3 Descriptive Statistics

Descriptive statistics describe either the characteristics of a sample or the relationship among variables in a sample. Descriptive statistics merely summarize a set of sample observations. It is the discipline of quantitatively describing the main features of a collection of data. In this study, descriptive statistics would be used to describe the characteristics of selected variables.

#### 4.3.1 Determining Strategic Direction

The study sought to find out the extent to which the respondents level of agreement with the statements regarding effectiveness of strategic direction on performance. The study used a five point Likert type scale in finding out the level of agreement from the respondents on determining strategic direction. 5 represented strongly agree and 1-strongly disagree.

**Table 4.3 The Extent of Determining Strategic Direction on Performance**

	N	Minimum	Maximum	Mean	Std. Deviation
Leaders focus on Long Term Objectives	240	1	5	3.43	.875
Leaders Communicate clearly the Organizational Goals	240	1	5	3.39	.966
Change Management is handled swiftly by the Managers	238	1	5	3.42	.990
Leaders are good role models to employees	240	2	5	3.13	1.053
Employees are encouraged to use the Standard Procedures	240	2	5	3.76	.923

**Source: Field data (2016)**

Findings from the study were clear that respondents agreed that employees are encouraged to use the standard procedures with a mean of 3.76 and standard deviation of 0.923, followed by leaders focus on long term objectives with a mean of 3.43 and standard deviation of 0.875; Change management is handled swiftly by the managers with mean of 3.42 and standard deviation of 0.990; leaders communicate clearly the organizational goals with a mean of 3.39 and standard deviation of 0.966 and finally, leaders are a good role model to employees with a mean of 3.13, and standard deviation of 1.053. The mean score of all the respondents was below 4 which indicated that most of the respondents were neutral to the extent of strategic direction on organization performance. This implied that leaders should determine the organization's purpose or vision. Leaders should articulate a clear and realistic statement why the factories exist and what is distinctive about it. This concurs with Goleman *et al.*, (2002) who argued that for organizations to be successful, a strategic leader needs to ensure that all stakeholders are working towards a common vision, with shared objectives and goals.

The study findings are in agreement with those of Hitt, (2009), who examined that determining strategic direction is a critical strategic variable which leads to developing a long-term vision for the organization.

#### **4.3.2 Developing Human Capital**

The respondents were asked to indicate the extent to which they agree or disagree with the statements regarding the Developing human capital on performance of Tea Factories in Kisii County.

**Table 4.4 The Extent of Developing Human Capital on Performance**

	N	Minimum	Maximum	Mean	Std. Deviation
Leaders offer Orientation to new Employees	240	1	5	2.10	1.129
Leaders offer Training to employees	240	1	5	2.94	1.100
Leaders delegate responsibility to junior managers	240	1	5	3.70	.917
Leaders offer feedback which help improve quality of work	240	1	5	2.19	1.024

**Source: Field data (2016)**

The study in Table 4.4 leaders offer training to employees had a mean of 2.94 with a standard deviation of 1.100. Leader's offer feedback which helps improve the quality of work had a mean of 2.19 and standard deviation of 1.024 and finally, leaders offer orientation to new employees which many respondents disagreed with a mean of 2.10 and standard deviation of 1.129. Standard deviation findings showed that the opinions were concentrated around the mean. Respondents however agreed to a little extent that leaders delegate responsibilities to junior managers with the mean of 3.70 and a standard deviation of 0.917, findings showed that opinions had little variation from the mean as indicated by the registered standard deviations. These imply that some leaders recognize organization employees as a critical resource which many core competencies are built and through which competitive advantages are exploited successfully.

The findings agree with Treen, (2000) who established that organizations today have no choice but to activate and align their resources with their strategies to achieve competitive advantage. The study also agrees with the comments of Barney and Arikan (2001) that, probably the most important task for strategic leaders is effectively managing the firm's portfolio of resources which can be categorized in to financial capital, human capital, social capital and organizational culture.

### 4.3.3 Emphasizing Ethical Practices

Respondents were further asked to indicate the level with which they agreed or disagreed with statements regarding emphasizing ethical practices on performance of tea factories in Kisii County. The study findings are shown in Table 4.5.

**Table 4.5 The Extent of Emphasizing Ethical Practices on Performance**

	Mini	Maxi	Mean	Std. Dev
Leaders ensure strong ethical culture within workplace	1	5	3.77	.761
Leaders ensure that all employees participate in ethics training programmes	1	5	3.09	1.139
Leaders are the chief ethics officers	1	5	2.99	1.047
Leaders reward ethical conduct	1	4	2.04	.845
Leaders discipline unethical conduct	1	5	4.00	.763

**Source: Field data (2016)**

Majority of respondents agreed that the leaders discipline employees with unethical conduct, with mean of 4.00, and standard deviation of 0.763; most of the respondents were neutral to the questions concerning; leaders ensuring strong ethical culture within the work place with mean 3.77, and 0.761 standard deviation; leaders ensure that all employees participate in ethics training programmes had a mean of 3.09, standard deviation of 1.139; majority of respondents also disagreed to the question concerning; leaders being chief ethics officers with a mean of 2.99, and standard deviation of 1.047 and finally, leaders rewarding ethical conduct of employees with a mean of 2.04, standard deviation of 0.845. The standard deviation range from 0.761 to 1.139 and these shows small to big variation from mean.

From the findings the study implies that ethical practices are taken into consideration by majority of factories in Kisii County while a small portion of respondents disagreed that emphasis is laid on ethical practices in their factories. Hence management in the respective factories ought to put

policies that emphasize Ethical Practices in-order for organizations to have improved productivity. This is agreeable with Freeman and Stewart, (2006) who argued that leadership develops effectiveness by taking the first step to understand the need for ethical leadership. Resick *et al.*, (2006) likewise indicated that four components that characterize ethical leadership are integrity, unselfishness, collective motivation and encouragement.

### **The Extent of Performance by Strategic Leadership Practices**

The study sought to evaluate tea factories performance. Respondents were asked to express their level of agreeing measured against 5-point likert scale with 5 representing strongly agree and 1 strongly disagree.

**Table 4.6 The Extent of Performance of Tea Factories**

	N	Minimum	Maximum	Mean	Std. Deviation
Profit margin is high	240	4	5	4.37	.484
Factory Market share is high	240	1	5	3.33	1.058
Employee Turnover is high	240	1	4	1.64	.561
Customer Satisfaction is high	240	1	5	3.25	1.083

**Source: Field data (2016)**

The descriptive statistics showed that, from the tea factories investigated, profit margin was high with a mean of 4.37 and standard deviation of 0.484. Respondents also concurred with the statement that, due to strategic leadership practices practiced in their respective factories, the market share was indifferent with mean of 3.33, standard deviation of 1.058. Other measures of performance tested in relation to strategic leadership practices showed that customer satisfaction is impartial with mean of 3.25, and standard deviation of 1.083. The aspect of employee turnover as a measure of performance was the least mean of 1.64, and standard deviation of 0.561.

The research findings on organization performance as attributed to strategic leadership practices concur with the literature from different authors that; with effective strategic leadership practices



organizations achieve higher firm performance and enhance organizational success in their business operations. In addition, the study agreed with the comments by Barney & Arikan, (2001) that, probably the most important task for strategic leaders is effectively managing the firm’s portfolio of resources which can be categorized to financial capital and human capital.

The study sought to establish the relationship between strategic leadership and organizational performance and the findings were presented in Table 4.7.

**Table 4.7 Descriptive statistics of Strategic Leadership Practices**

		N	Mean	Std. Deviation	Skewness	Kurtosis		
		Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	
							Std. Error	
Determining Direction	Strategic	240	3.2153	.51810	-.404	.157	.588	.313
Developing Capital	Human	240	3.0236	.64027	.038	.157	-.236	.313
Emphasizing Practices	Ethical	240	2.9052	.44005	.090	.157	-.701	.313

**Source: Researcher (2017)**

The findings shows that determining strategic direction was negatively skewed -.404 which implied that that there was increasing variations in respondents level of agreement. However there was positive kurtosis between developing human capital and emphasizing ethical practices .038 and .090 respectively. This concluded that most of the strategic leadership practices had influence on organizational performance. The study recommends that emphasizing ethical practices should be improved for strategic leadership in order to improve organizational performance.

#### 4.4 Correlations of the Strategic Leadership Variables

Correlation coefficients reveal the magnitude and direction of relationships. The magnitude is the degree to which variables move in unison or opposition. The coefficient's sign (+/-) signifies the direction of the relationship. Correlation was used to determine the relationship between Strategic leadership and organizational performance and the results was presented in Table 4.8.

**Table 4. 8 Correlations matrix of the Strategic Leadership Variables**

		Determining strategic direction	Developing Human Capital	Emphasizing Ethical Practices
Determining strategic direction	Pearson Correlation	1	.466**	-.049
	Sig. (2-tailed)		.000	.447
	N	240	240	240
Developing Human Capital	Pearson Correlation	.466**	1	.007
	Sig. (2-tailed)	.000		.917
	N	240	240	240
Emphasizing Ethical Practices	Pearson Correlation	-.049	.007	1
	Sig. (2-tailed)	.447	.917	
	N	240	240	240

**Source: Researcher (2017)**

The findings show that determining strategic direction and developing Human Capital was positively related at .466\*\*. However, developing of human capital and emphasizing ethical practices was negatively correlated at -.049. The study findings can be concluded that strategic leadership had positive significant relationships to organizational performance. This revealed that there was statistical significant relationship between strategic leadership practices and organizational performance.

#### 4.5 Model Summary

The multiple regression analysis sought to establish the linear relationship between the dependent variable (organizational performance) and independent variables (determining strategic direction, developing human capital and emphasizing ethical practices) by using model summary. The result of the model summary was as presented on Table 4.9.

**Table 4. 9 Model Summary**

<b>r</b>	<b>r Square</b>	<b>Adjusted r Square</b>	<b>Std. Error of the Estimate</b>	<b>Durbin-Watson</b>
.259 <sup>a</sup>	.067	.055	.38369	1.137

The result of model in Table 4.9 shows the value of r value of 0.259 read as 25.9% indicating presence of a strong relationship between strategic leadership practices and organization performance. The r square indicates an average goodness-of-fit of the model, thus 6.7% of the variance in organization performance is explained by the independent variables. According to these results, it can be inferred that 6.7% of the variability in the success of tea factories, organization performance is accounted for by the strategic leadership practices while the remaining 93.3% of the influence of organization performance are accounted for by factors outside this model.

The coefficient of determination R square and correlation coefficient (r) shows the degree of association between the independent variables and organization performance. The results of the multiple regression indicate  $R^2 = .067$  and  $R = .259$  as shown in Table 4.9. This is an indication that there is a strong relationship between independent variables and the dependent variable organization performance. From the model summary Table 4.9 adjusted  $R^2$  was .055; this indicates that strategic leadership practices explain 5.5% of variations in organization performance in tea sector.

The ANOVA results were used to determine the significance of the overall model used in the study. The result was as shown on Table 4.10.

**Table 4. 10 ANOVA**

<b>Model</b>	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	2.506	3	.835	5.674	.001 <sup>b</sup>
Residual	34.743	236	.147		
<b>Total</b>	<b>37.249</b>	<b>239</b>			

**Source: Researcher (2017)**

The overall model significance was presented in Table 4.10. An F-statistic of 5.674 indicated that the overall model was significant as it was larger than the critical F value of 5.674 with (3, 236) degrees of freedom at the P=0.001 level of significance. The findings imply that strategic leadership practices were statistically significant in explaining organization performance in tea factory in Kisii County. Results concur with Githii, Kimani and Kagira (2012) who examined the strategies to curtail challenges facing small holder tea sector in Kenya. The researchers provided solutions to the challenges, borrowing from some supply chain management practices to culminate into competitive strategies. Various strategies to enhance competitiveness in this sector were outlined and among these strategies are: supplier and customer relationships, value addition, information technology and flexibility in internal operations/processes.

Table 4.11 shows the regression coefficients obtained after regression. The coefficients were important since they were used to formulate the multiple regression model for the study.

**Table 4. 11 Regression Coefficients**

Model	Unstandardized		Standardized			Collinearity	
	Coefficients		Coefficients			Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	2.424	.291		8.325	.000		
Determining Strategic Direction	.229	.057	.262	4.048	.000	.940	1.063
Developing Human Capital	.005	.045	.008	.119	.905	.951	1.051
Emphasizing Ethical Practice	.025	.054	-.030	-.470	.639	.988	1.012

**Source: Researcher (2017)**

Results of the regression coefficients presented in Table 4.11 shows that the estimates of  $\beta$  values and give an individual contribution of each predictor to the mode. The  $\beta$  value tells us about the relationship between strategic leadership practices with each predictor. The  $\beta$  value for determining strategic direction (.262), developing human capital (.008) and emphasizing ethical practice (-.030). Therefore, from the results the study came up with the following regression model:

$$Y = 2.424 + 0.262 X_1 + 0.008X_2 + -0.030X_3 + e$$

Where:            Y= Organizational Performance  
                       X<sub>1</sub> = Determining Strategic direction  
                       X<sub>2</sub> = Developing human capital  
                       X<sub>3</sub> = Emphasizing ethical practices

The coefficients for each of the variables indicates the amount of change one could expect in organization performance given a one unit change in the value of that variable, given that all the variables in the model are standardized basing on the standardized coefficients. This means that, one unit increase of determining strategic direction will improve organizational performance by 0.262 units. It also indicates that, a unit increase in development of human capital will result in an increase in organizational performance by 0.008 units. However, a unit increase in

emphasizing ethical practices will reduce organizational performance by 0.030 units. To test whether there was collinearity; tests were carried out using tolerance and Variance Inflation Factor (VIF), the statistics are reflected in Table 4.11. tolerance indicates how much of the variables of the specified independent variable is not explained by the other independent variables in the model. If the value is less than 0.1, then it indicates that the multiple correlations with the other variables are high. This suggests that there is possibility of multi-collinearity. The VIF is the inverse of tolerance value, then any VIF value above 10 indicates multi-collinearity. In this model, the VIF values are below 10 and also the tolerance statistics are above 0.2, hence the researcher concludes that there is no collinearity within the data, as suggested by Bowerman & O'Connell (1990).

## 4.8 Hypothesis Testing

### 4.8.1 Influence of Determining Strategic Direction on Performance of Tea Factories

The first hypothesis statement stated that determining strategic direction has no statistical significant effect on performance of tea factories in Kisii County, Kenya.

**Table 4.12 Regression results for the effect of Determining Strategic Direction on Performance**

Variable	No. of observations	Beta	S.E	t. static	p-value
constant	240	2.376	.189	12.559	.000
	240	.225	.055	4.112	.000

$r = .258^a$ ,  $AR^2 = .062$ ,  $F = 16.911$ ,  $P < 0.05$

Table 4.12 shows the correlation between determining strategic direction on performance is positive and significant ( $r = 0.259$ ,  $p < 0.05$ ). Regression results were used to determine cause and effect between the two variables by considering the Beta and AR squared coefficients.

Beta coefficients indicates that determining strategic direction significantly predicted performance ( $\beta = 0.225$ ,  $t = 4.112$ ;  $p < 0.05$ ), which means that a unit increase in determining

strategic direction yields a 0.225 change in performance. The Adjusted R squared indicated that determining strategic direction explained 6.2 percent of the variance ( $AR^2=0.062$ ,  $F=16.911$ ;  $p<0.05$ ). These results therefore reject the null hypothesis and accept the alternate hypothesis.

#### 4.8.2 Effect of Developing Human Capital on performance of Tea Factories

The second hypothesis was developing human capital has no statistical significance effect on performance of tea factories in Kisii County.

**Table 4.13 Regression Results for the effect of developing human capital on performance**

Variable	No. of observations	Beta	S.E	t. static	p-value
constant	240	3.243		25.583	.000
	240	-0.035	0.045	-.763	.446

$r=0.049^a$ ,  $AR^2= -0.002$ ,  $F=0.582$ ,  $P < 0.05$

Table 4.13 shows the correlation between developing human capital and performance is weak, and insignificant ( $r=0.049$ ,  $p>0.05$ ). Regression results were used to determine cause and effect between the two variables by considering the Beta and AR squared coefficients. Beta coefficients indicates that developing human capital did not significantly predict performance ( $\beta=-0.035$ ,  $t=-0.763$ ;  $p>0.05$ ), which means that a unit increase in developing human capital yields a -0.035 change in performance. The Adjusted R squared indicated that developing human capital did not make an impact on performance ( $AR^2= -0.002$ ,  $F=0.582$ ;  $p>0.05$ ). These results therefore accept the null hypothesis.

#### 4.8.3 Effect of Emphasizing Ethical Practices on Performance of Tea Factories

Hypothesis three was emphasizing ethical practices has no statistical significance on performance of tea factories in Kisii County.

**Table 4. 14 Regression Results for the effect of Emphasizing Ethical Practices on Performance**

Variable	No. of observations	Beta	S.E	t. static	p-value
constant	240	3.132	.208	15.059	.000
	240	.005	.065	.079	.937

$r = 0.005^a$ ,  $AR^2 = -.004$ ,  $F = .006$ ,  $P < 0.05$

Table 4.14 shows the correlation between emphasizing ethical practices and performance is weak, and insignificant ( $r = 0.005$ ,  $p > 0.05$ ). Regression results were used to determine cause and effect between the two variables by considering the Beta and AR squared coefficients. Beta coefficients indicates that emphasizing ethical practices did not significantly predict performance ( $\beta = 0.005$ ,  $t = 0.079$ ;  $p > 0.05$ ), which means that a unit increase in ethical practices yields a 0.005 change in performance. The Adjusted R squared indicated that emphasizing ethical practices did not make an impact on performance ( $AR^2 = -0.004$ ,  $F = 0.006$ ;  $p > 0.05$ ). These results therefore accept the null hypothesis.



## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Summary of Findings

This chapter presents the summary of major findings of the study, conclusions and the recommendations. The study sought to assess the effectiveness of Strategic Leadership Practices on organization performance. A case of tea factories, Kisii County, Kenya. The summary of key findings, conclusions and recommendations is done in line with the objectives of the study based on the output of the descriptive and inferential statistical analyses.

The first objective of the study sought to establish the influence of determining strategic direction on performance of Tea Factories in Kisii County. In order for employees to effectively understand and deploy strategy throughout the organization, they must have a clear understanding why the organization exists and what is distinctive about it. From the findings, majority of the respondents agreed that leaders focus on long term objectives of the factory, they communicate clearly the organizational goals, change management is handled swiftly by the managers, and also employees are encouraged to use standard procedures. However, a good number of respondents disagreed that leaders are good role model to the employees. Regression and correlation results (b value=0.229, sig=0.000) indicated that there was a positive and significant relationship between determining strategic direction and organization performance in tea factories in Kisii County.

The second objective of the study was to determine the effect of developing human capital on performance of Tea Factories in Kisii County. Majority of the respondents disagreed that leaders offer orientation to new employees and offer feedback which help improve work in the factories. The findings implied that without proper orientation to new employees, it could lead to mistakes on the part of tea production and accidents hence lowering the factory profits. Finally, majority of respondents agreed that leaders delegate responsibility to junior managers which lead to development and building confidence of the managers in handling complex matters as well as making decisions. Regression and correlation results (b value=0.005, sig=0.905) indicated that

there was no significant relationship between developing human capital and organization performance in tea factories in Kisii County.

The third objective was to examine the effect of Ethical Practices on performance of Tea Factories in Kisii County. Results indicated that moderate respondents agreed that leaders ensure strong ethical culture within the factories in Kisii County. A leader ensuring that all employees participate in ethics training programmes was also moderately agreed upon by the respondents. Results indicated that half of the respondents agreed while the rest half disagreed on the issue that leaders are the chief ethical officers in the factories. Majority of respondents disagreed that the leaders reward ethical conduct whereas a number also agreed that unethical conduct is disciplined in their respective factories. This implied that unethical practices were being carried out within the factories which have led to lagged or slow growth of tea markets and growth in terms of profits. Regression and correlation results (b value =.025, sig=0.639) indicated that there was a negative relationship between emphasizing ethical practice and organization performance in tea factories in Kisii County.

Lastly, the study sought to find the relationship between Strategic Leadership Practices and organization performance. Organization performance as attributed to Strategic Leadership Practices tested indicated that, customer satisfaction was high above the industry average. The results further revealed that there was high net profit margin and low annual employee turnover. However, high annual turnover and higher corporation's market share were lowly responded. Correlation analysis provided a relationship between strategic leadership practices and organizational performance showing that one variable had a positive and significant relationship while two variables had a negative and insignificant relationship to organization performance.

## **5.2 Conclusion**

In regard to the literature review, findings and discussions it is evident that that tea factories do carry out strategy leadership practices but the extent to which the practices are implemented differ. The TBK provides a framework for which tea companies in Kenya should operate to ensure the sector remain competitive in the international arena. However more still needs to be done to ensure strategies are practiced successfully in order to achieve better performance.

Tea factories have put a lot of effort in producing high quality tea but have not fully embraced the strategic leadership practices like strategic direction, developing human capital and implementing ethical practices. The study concludes that some of the variables under strategic leadership practices had influence on organizational performance. The study also concludes that poor performance has been witnessed because there is laxity in implementing strategic leadership practices in tea factories in Kisii County.

The study concludes that understanding the strategic direction of an organization contributes to the achievement of high organization performance and enhances organization success. Leaders are therefore, supposed to develop the strategic vision, set goals and come up with the long and short-term objectives of the factories. The study also concludes that leaders should communicate clearly the organizational goals. Leaders should be good role models to employees for them to be encouraged to use the set standard procedures. Determining strategic direction was found to be statistically significant in explaining organization performance in tea factories in Kisii County. These results therefore reject the null hypothesis and accept the alternate hypothesis.

The second variable concluded that it is the duty of the leaders to ensure they offer orientation and arrange for training of the employees. It was evident that employees cannot perform well without adequate training. The study found out that leaders delegate responsibility to junior managers which help them gain confidence in handling various challenges in the work place. The study also concludes that it is the role of the factory leaders to develop and communicate the strategies and offer feedback in-order-to improve performance. The correlation between developing human capital and performance was weak, and insignificant. These results therefore accept the null hypothesis.

Considering the third variable the study conclude that leaders ensure strong ethical culture in the factories which leads to having and good relationship and culture in the factories. From the study it is concluded that leaders arrange and facilitate regular ethics training programmes which has ensured employees understand the ethical code of conduct of their area of specialization. However, the study also conclude that leaders are not role models. For leaders to motivate the employees they need to be good role models. It was concluded also that leaders do not reward

employees who uphold ethical conduct. The correlation between emphasizing ethical practices and performance was weak, and insignificant hence the results accepted the null hypothesis.

### **5.3 Recommendations**

Based on the results, findings, conclusions and the direction from the literature review, the following recommendations have been suggested to enhance organization performance.

#### **5.3.1 Managerial implications**

Organization managers should adopt and focus on determining strategic direction being one of the strategic leadership practices that will enhance high performance. Leaders also need to develop human capital in order for the organization to have well trained human resource. This being the key assets in organizations, employees recruited to an organization need to have the required skills for effectiveness and efficiency. Further, it is recommended that they consider motivating their employees through provision of incentives and rewards during strategy execution. Strategies adopted by organization should be flexible to the employees working place so that operations may not be affected by them. This will ensure the strategic competitiveness and performance of their factories. In addition, it will enhance the competitive advantage of their organizations over their rivals. It is highly recommended for leaders to ensure new employees are oriented, adequate and regular trainings need to be put in place to embrace technological changes, senior management should delegate roles and responsibilities so as to have well natured leaders in future or in the absence of the senior managers. Employees should be given feedback wherever assignments are completed. There is also a need to focus on effectively managing the corporate resource portfolio which is the most important task for strategic leaders as it is categorized into financial capital, and human capital. Emphasizing Ethical Practices should be embraced by strategic leadership in order to improve organization performance. Leaders should at all-time be good role models within and outside the organization. They are deemed to be representatives of the organization hence should behave with utmost integrity. To promote commitment, structures need to be aligned to fit the intended strategy. Middle managers' and supervisors' understanding of the strategy will be fostered by increased discussions with senior managers about the strategy and their criteria for success.

Kisii County tea factories should continuously grip strategy leadership practices as key aim of the organization is its survival in the unpredictable and competitive environment, the organization should be very sensitive on the strategies practiced to ensure key objectives of the organization are given prior attention and priority.

### **5.3.2 Suggestions for Further Research**

This study dealt with the assessment of the effectiveness of Strategic Leadership Practices on organization performance; A Case of Tea Factories, Kisii County. Generalizations cannot adequately extend to factories outside Kisii County. Based on this fact, it is therefore, recommended that abroad based study covering all players in the tea industry in Kenya can be carried out. A study should also be carried out in other counties to establish whether similar results will be obtained. Finally the three strategic leadership practices that were not dealt with in this study can also be carried out, that is sustaining an effective corporate culture, exploiting and maintaining core competencies and establishing strategic controls.

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## **APPENDIX A; INTRODUCTORY LETTER**

Zipporah Kemunto Onkoba

Kisii University

P.O. Box 408

**KISII**

Dear Respondent,

### **RE: QUESTIONNAIRE**

I am a Post Graduate student undertaking a course in Master of Business Administration (Strategic Management Option) Kisii University, Conducting a research study on An Assessment of the Effectiveness of Strategic Leadership Practices on Organization Performance. A Case of Tea Factories, Kisii County, Kenya. The research aims at helping Management determine the various Strategic Leadership Practices in the tea factories and their role on performance of tea factories.

The exercise is basically academic and your answers will be treated with the utmost confidentiality. Your cooperation will be highly appreciated.

Thank you.

Zipporah Kemunto Onkoba

## APPENDIX B: QUESTIONNAIRE

### AN ASSESSMENT OF THE EFFECTIVENESS OF STRATEGIC LEADERSHIP PRACTICES ON ORGANIZATION PERFORMANCE: A CASE OF TEA FACTORIES, KISII COUNTY, KENYA

Kindly answer the following questions. The information is for academic purposes only and will be treated with utmost confidentiality. Your contribution is invaluable in ensuring that this study meets its objectives.

Fill or indicate with a (√) as appropriate.

1. Kindly indicate your age bracket.

Below 30 years

30 – 39 years

40 – 49 years

50 – 59 years

Above 60 years

2. Please indicate your gender

Male  Female

3. Please indicate your level of education

Secondary

Certificate

Diploma

Bachelor's Degree

Masters and above

4. Please tick (√) for how long you have worked in your factory?

- 1 - 3 years
- 4 - 9 years
- 10 - 19 years
- 20 - 29 years
- Above 40

5. Please indicate by a tick (✓) the level with which you agree or disagree with Determining Strategic Direction on Performance of Tea Factories in Kisii County.

<b>Determining strategic direction</b>	<b>Strongly agree</b> <b>5</b>	<b>Agree</b> <b>4</b>	<b>Neutral</b> <b>3</b>	<b>Disagree</b> <b>2</b>	<b>Strongly disagree</b> <b>1</b>
Leaders focus on long term objectives of the factory					
Leaders communicate clearly the organizational goals					
Change management is handled swiftly by the managers					
Leaders are good role models to employees					
Employees are encouraged to use standard procedures					



6. Please indicate by a tick (✓) the level with which you agree or disagree with Developing Human Capital on Performance of Tea Factories in Kisii County.

<b>Developing Human Capital</b>	<b>Strongly agree</b> <b>5</b>	<b>Agree</b> <b>4</b>	<b>Neutral</b> <b>3</b>	<b>Disagree</b> <b>2</b>	<b>Strongly disagree</b> <b>1</b>
Leaders offer orientation to new employees					
Leaders offer training to employees					
Leaders delegate responsibility to junior managers					
Leaders offer feedback which help improve quality of work					

7. Please indicate by a tick (√) the level with which you agree or disagree with Emphasizing Ethical Practices on Performance of Tea Factories in Kisii County.

<b>Emphasizing Ethical Practices</b>	<b>Strongly agree</b> <b>5</b>	<b>Agree</b> <b>4</b>	<b>Neutral</b> <b>3</b>	<b>Disagree</b> <b>2</b>	<b>Strongly disagree</b> <b>1</b>
Leaders ensure strong ethical culture within the workplace					
Leaders ensure all employees participate in ethics training programmes					
Leaders are the chief ethics officers					
Leaders reward ethical conduct and discipline unethical conduct					

8. Please indicate by a tick (✓) the level with which you agree or disagree on Performance of Tea Factories in Kisii County.

<b>Performance Indicators</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly disagree</b>
	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Profit margin is high					
The factories market share is high					
Employees turnover rate is high					
Customer satisfaction is high					

**APPENDIX E; NACOSTI RESEARCH AUTHORIZATION**



**NATIONAL COMMISSION FOR SCIENCE,  
TECHNOLOGY AND INNOVATION**

Telephone: +254-20-2213471,  
2241349, 3310571, 2219420  
Fax: +254-20-318245, 318249  
Email: dg@nacosti.go.ke  
Website: www.nacosti.go.ke  
when replying please quote

9<sup>th</sup> Floor, Utalii House  
Uhuru Highway  
P.O. Box 30623-00100  
NAIROBI-KENYA

Ref. No. **NACOSTI/P/16/25808/14291**

Date:

**4<sup>th</sup> November, 2016**

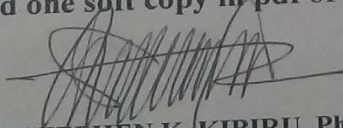
Zipporah Kemunto Onkoba  
Kisii University  
P.O. Box 402-40800  
**KISII.**

**RE: RESEARCH AUTHORIZATION**

Following your application for authority to carry out research on *“An assessment of the effectiveness of strategic leadership practices on organization performance: A case of tea factories, Kisii County, Kenya,”* I am pleased to inform you that you have been authorized to undertake research in **Kisii County** for the period ending **4<sup>th</sup> November, 2017**.

You are advised to report to **the County Commissioner and the County Director of Education, Kisii County** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in-pdf** of the research report/thesis to our office.

  
**DR. STEPHEN K. KIBIRU, PhD.**  
**FOR: DIRECTOR-GENERAL/CEO**

Copy to:

The County Commissioner  
Kisii County.

The County Director of Education  
Kisii County.

  
Authorized  07/11/2016

**APPENDIX F: MINISTRY OF EDUCATION RESEARCH AUTHORIZATION**



REPUBLIC OF KENYA  
**MINISTRY OF EDUCATION**  
State Department for Basic Education

Telegram: "EDUCATION"  
Telephone: 058-30695  
Email address: cdekisii@gmail.com  
When replying please quote

COUNTY DIRECTOR OF EDUCATION  
KISII COUNTY  
P.O. BOX 4499 - 40200  
KISII.

REF: CDE/KSI/RESECH/53

DATE: 9<sup>TH</sup> November, 2016

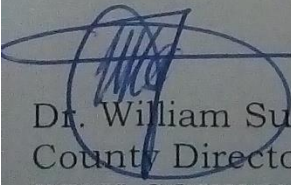
Zipporah Kemunto Onkoba  
Kisii University  
P.O Box 402-40800  
**KISII**

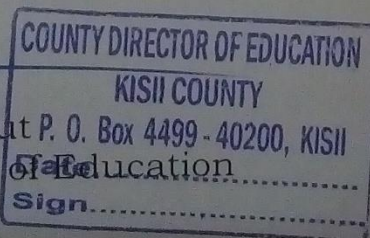
**RE: RESEARCH AUTHORIZATION.**

Following your research Authorization vide your letter **Ref. NACOSTI/P/16/25808/14291**, to carry out research in Kisii County, this letter refers.

I am pleased to inform you that you can carry out your research in the County on **"An assessment of the effectiveness of strategic leadership practices on organization performance: A case study of tea factories, Kisii County, Kenya"** for a period ending **4th November, 2017.**

Wish you a successful research.

  
Dr. William Sugut  
County Director of Education  
**KISII COUNTY.**



## APPENDIX G: INTRODUCTION LETTER FOR RESEARCH PERMIT



Telephone : 020 2610479  
Facsimile : 020 2491131  
Email : [fcommerce@kisiiversity.ac.ke](mailto:fcommerce@kisiiversity.ac.ke)

# KISII UNIVERSITY

P. O. Box 408-40200  
KISII, KENYA.  
[www.kisiiversity.ac.ke](http://www.kisiiversity.ac.ke)

### OFFICE OF DEAN OF THE DEAN SCHOOL OF BUSINESS AND ECONOMICS

**REF: KSU/SBE/CBM12/10908/14**

Monday, 10<sup>th</sup> October, 2016

The Dean  
School of Business and Economics

The Director  
National Commission for Science, Technology &  
Innovation (NACOSTI)  
P.O. Box 30623-00100  
NAIROBI-KENYA

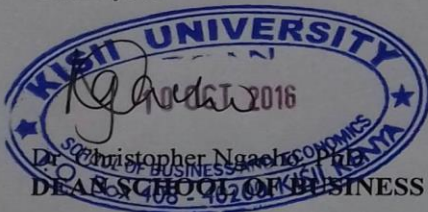
Dear Sir,

**SUBJECT: APPLICATION FOR A RESEARCH PERMIT FOR ZIPPORAH  
KEMUNTO ONKOBA CBM12/10908/14**

The above named is a masters student in our institution who intends to carry out a research. The research proposal is entitled; **An Assessment of the Effectiveness of Strategic Leadership Practices on Organization Performance: A Case of Tea Factories, Kisii County, Kenya.**

The purpose of this letter is to request you to give the student research permit to conduct the research.

Thank you.



**DR. CHRISTOPHER NJOROGE  
DEAN SCHOOL OF BUSINESS AND ECONOMICS**

CN/zo

KISII UNIVERSITY IS ISO 9001:2008 CERTIFIED



## APPENDIX H: INTRODUCTION LETTER FOR RESEARCH PERMIT

**THIS IS TO CERTIFY THAT:**  
**MS. ZIPPORAH KEMUNTO ONKOBA**  
of **KISII UNIVERSITY, 0-40200 KISII**, has  
been permitted to conduct research in  
**Kisii County**

**Permit No : NACOSTI/P/16/25808/14291**  
**Date Of Issue : 4th November, 2016**  
**Fee Received : ksh 1000**

on the topic: **AN ASSESSMENT OF THE  
EFFECTIVENESS OF STRATEGIC  
LEADERSHIP PRACTICES ON  
ORGANIZATION PERFORMANCE: A CASE  
OF TEA FACTORIES, KISII COUNTY,  
KENYA**

for the period ending:  
**4th November, 2017**


  
Applicant's  
Signature


  
Director General  
National Commission for Science,  
Technology & Innovation



**CONDITIONS**

1. You must report to the County Commissioner and the County Education Officer of the area before embarking on your research. Failure to do that may lead to the cancellation of your permit.
2. Government Officer will not be interviewed without prior appointment.
3. No questionnaire will be used unless it has been approved.
4. Excavation, filming and collection of biological specimens are subject to further permission from the relevant Government Ministries.
5. You are required to submit at least two(2) hard copies and one (1) soft copy of your final report.
6. The Government of Kenya reserves the right to modify the conditions of this permit including its cancellation without notice

  
REPUBLIC OF KENYA

  
National Commission for Science,  
Technology and Innovation

**RESEACH CLEARANCE  
PERMIT**

Serial No. **A 11635**

**CONDITIONS: see back page**