



<http://www.ijssit.com>

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

^{1*} **Onkoba Zipporah Kemunto**
zipporahionkoba09@gmail.com

^{2**} **Dr. Omari Stella (PhD)**
stellahomari@gmail.com

^{3***} **Dr. Ngacho Christopher (PhD)**
cngacho@yahoo.com

^{1* 2** 3***} *School of Business and Economics, Kisii University, P.O. Box 408, Kisii-Kenya*

Abstract

The study aimed at assessing the effectiveness of Strategic Leadership Practices on Organization Performance. The study sought to establish the influence of Strategic Direction on performance of Tea Factories in Kisii County. The specific objectives were to establish the influence of Strategic Direction on performance and determine the effect of Developing Human Capital on performance. The study was conducted in tea factories in Kenya comprising Nyamache, Rianyamwamu, Itumbe, Kiamokama, Eberege and Ogembo in Kisii County. The study employed descriptive research design. The target population of this study was 795 permanent employees in all these tea factories. Purposive and stratified random sampling was used. A sample size of 303 employees consisting of 261 employees, 6 managers and 36 supervisors was selected. Questionnaires were used to collect primary data. Data was analyzed using descriptive statistics namely, weighted averages, percentages, and mean. Multiple regression analysis was done to examine how strategic leadership practices affect performance of tea factories. The study established a significant positive relationship between determining strategic direction and developing human capital. The findings indicates that strategic leadership is directly and indirectly positively associated with performance.

Keywords: Strategic Direction, Developing Human Capital, performance

Background of 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, goals and tactics (Guillot, 2011). Organization scholars have started to single out Strategic Leadership as a center of interest regardless of the long history of research (Narayanan, V.K. & Zane, L. J. (2009). In a world of varying environment and priorities, leaders should be able to look past their approach, to their job and tasks (Wheeler, McFarland, and Kleiner, 2007); (Serfontein, 2009). The global economy's complexity has triggered strategic leaders to successfully manipulate human actions, often in unpredictable environments (Hitt, Ireland, and Hoskisson, 2009). 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.

Hitt *et al.*, (2005) agree 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 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 is the ability to understand entire organizations 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.

Akbari (2014) argued 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.

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.

Statement of the Problem

Tea is the leading cash crop in Kenya and makes significant contribution to the economy. However, the sector experience leadership challenges which have led to poor performance. This can be attributed to lack of strategic direction and not developing human Capital by the factory leaders. Organizations which fail to embrace strategic leadership practice eventually fail to win public confidence which ultimately lead to poor performance or collapse (Karuma, 2015). Factories in Kisii register poor performance ranging from low productivity, low bonus payouts, poor management and high turnover rate of directors. Several key roles of the strategic leadership practices can be offered to sustain Organization Performance outcome. Some include, determining strategic direction and developing human capital.

Objectives of the Study

The specific objective in this study were, to establish the influence of Strategic Direction on

performance and to determine the effect of developing Human Capital on performance.

Literature Review

Strategic Leadership

The core responsibility of high performing leaders is to provide strategic direction to the organization, various departments and divisions within the organization, and to the people who ultimately implement strategic leadership. Leadership is and always has been about winning the hearts and minds of people to achieve a common purpose. 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 tasks and objectives which must be fulfilled. Hence they 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), believe that the most crucial issue facing organizations is strategic leadership.

Strategic leadership has led to the implementation of crucial competencies, strategies and capabilities for their organization operations in achieving, business success, competitive advantage, and organization's goals. Components of effective Strategic Leadership Practices are examined. Hoskisson *et al.*, (2004) identifies a number of activities that effective strategic leaders and top management teams focus on, which contribute to the performance of the organizations. They further argue that without strategic leadership, an organization cannot possibly achieve competitive advantage.

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 have tried to define what allow authentic leaders to stand apart from the mass. Some of the theories which guided the study were the Great Man theory and Trait theory, and Resource based view theory.

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 the future and convince staff to buy into and commit to this future. The vision serve as a purpose for the organization and therefore as a channel for strategy formulation and implementation. The vision must be communicated and reinforced over time throughout the organization for it is to have any impact, Redmond, (2016).

Slawinski (2007), propose that 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 show portray 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 forming of the firm's vision and mission actions is taken after the firm understands the realities of its external environment and internal organization.

Conceptual Framework

In the conceptual framework depicted in figure 1, 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.

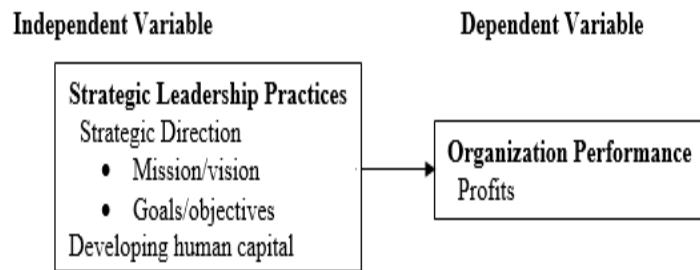


Figure 1 Conceptual Framework

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 two Strategic Leadership Practices of determining the strategic direction and developing human capital. 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.

The important concern for successful businesses is gathering educated and intellectual human capital in order to be able to change the organization. Human

Capital refers to the skills, knowledge, and ability of the firm’s employees. Employees are important to the success of the organization. Strategic Leaders invest in them through training and mentoring. Developed human capital can increase efficiency, productivity, organizational commitment and customer satisfaction (Akbari et al., 2015). They provide appropriate circumstances 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).

Research Methodology

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. 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.

Response

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

Table 1: Response rate

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

Findings

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 Strategic Direction. 5 represented strongly agree and 1-strongly disagree.

Table 2: Extent of 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

Findings from the study were clear that respondents agreed that employees are encouraged to use the standard procedures with a mean of 3.76, followed by respondents agreeing that leaders focus on long term objectives with a mean of 3.43. Change management is handled swiftly by the managers with mean of 3.42, leaders communicate clearly the organizational goals, mean of 3.39 and finally almost same number of respondents strongly disagreed that leaders are a good role model to employees while others were neutral about the issue by mean of 3.13. This shows that the majority of respondents agree with the statements under which

the variable strategic direction had a mean of more than 3. The study findings show that standard deviations are increasing from 87.5% of leaders focus on long term objectives. However, this implied that employees are encouraged to use the standard procedures for strategic leadership effectiveness.

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 3: 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 management	240	1	5	2.94	1.100
Leaders delegate responsibility to junior	240	1	5	3.70	.917
Leaders offer feedback which help improve quality of work	240	1	5	2.19	1.024

From the data on Table 3 majority of the respondents agreed that leaders delegate responsibility to junior managers with the highest mean of 3.70; leaders offer training to employees was an activity which an equal number of respondents agreed and some disagreed which means that some factories offered training to employees while others did not with a mean of 2.94. Majority of the respondents indicated that leader's offer feedback which helps improve quality of work with a mean of 2.19 and finally, leaders offer orientation to new employees which many respondents disagreed with a mean of 2.10. However, standard deviations are decreasing from 1.129 with a mean of 2.10 among other statements implied that leaders offer orientation to new

employees had no influence to strategic practices in most organizations. These findings did not agree with the findings of Salkic, (2014) who established that the use of strategic planning in public organizations enables more rational, efficient and effective management of organizational resources which is same as the study at hand.

Table 4: Model Summary

r	r Square	Adjusted r Square	Std. Error of the Estimate	Durbin-Watson
.259a	.067	.055	.38369	1.137

The result of model in Table 4 shows the value of r value of 0.259 read as 25.9% indicating presence of a weak relationship between strategic leadership practices and organization performance. Thus 6.7% of the variance in organization performance is explained by the independent variables. According to these results, it can be concluded 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 relationship between Strategic leadership and performance

Correlation is normally used to test for by determine the relationship between Strategic leadership and organizational performance and the results was presented in Table 5.

Table 5: Correlations matrix of the strategic leadership Variables

	Determining strategic direction	Developing Human Capital
Pearson Correlation	1	.466**
Sig. (2-tailed)		.000
N	240	240
Pearson Correlation	.466**	1
Sig. (2-tailed)	.000	
N	240	240

The findings show that determining strategic direction and developing Human Capital was positively related at .466**. However, developing of human capital was positively correlated at -.049. The study findings can be concluded that strategic leadership had positive significant relationships between to organizational performance. The findings showed that the F-test for both variables; determining strategic direction, developing human capital, (1.931, .049), and (3.196, .001), Thus the null hypothesis is rejected since the p value is less than 0.05. This concurred with Singa (2015) who rejected hypothesis tested that tax payment has no significance effect on compliance with less than 0.05.

Summary of the Findings and Conclusions

The study sought to assess the effectiveness of Strategic Leadership Practices on Organization Performance. 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 study sought to establish the influence of Strategic Direction on performance of Tea Factories in Kisii County, from the findings it was evidenced that Strategic Direction influences performance of tea factories in Kisii County. 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 the standard procedures. However, a good number of respondents disagreed that leaders are good role models to the employees.

The study sought to determine the effect of Developing Human Capital on performance of Tea Factories in Kisii County. The findings showed that leaders offer orientation to new employees and that they offer feedback which help improve work in the factories, there was a tally on statements where equal number of respondents agreed and some disagreed on leaders offering training to employees. Finally, on this objective, majority of respondents agreed that leaders delegate responsibility to junior managers.

Conclusion

The study intended to provide understanding on how Strategic Leadership Practices affect performance of tea factories in Kisii County. It would help Directors understand the importance of strategic Leadership Practices on performance of organizations, and help policy makers to identify the areas where the government should intervene and allocate resources to improve performance of tea factories. This was in relation to many factories that registered poor performance ranging from low productivity, low

bonus payouts, poor management and high turnover rate of directors. In view of these findings concerning effectiveness of Strategic Leadership Practices, the study concludes that strategic direction, development of human capital contribute to the achievement of higher firm performance and enhance organizational success in their business operations.

Recommendations

This study contributes to supplement the existing theory on strategic leadership and its effect on the performance of organizations. The findings of this study underline that strategic leadership is directly and indirectly positively associated with performance of tea factories in Kisii County. Tea factories that want to improve their performance need to implement effective strategic leadership practices. It is highly recommended for executives in tea factories in Kisii County to engage in the following high performance strategic leadership practices; need to focus on corporate strategic direction verified in this study. This aspect will ensure the strategic competitiveness and performance of their organizations. There is also 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, human capital, social capital and organization culture.

Reference

- Akbari M., (2014), *the Role of Strategic Leadership in Organizational Performance*
- Amos, T. (2007), *Key driver for strategic implementation*, Management Today

- Bai, M. & Talreja, S. (2015), *Impact of Human Capital on the effectiveness of the organizations*.
- Bateman, T. S., & Snell, S. A. (2009), *Leading and collaborating in competitive world*.
- Chan, P., Marta A., Mihretu, M., & Tamiru, K. (2010), *Microeconomic of Competitiveness Country: Kenya Cluster: Tea*.
- Goleman et al., (2002), *Developing the leadership competencies of emotional intelligence*. Boston: Harvard Business School.
- Griffin (2006), *Effect of strategic issue management on organizational performance*. *Transnational Journal of Science and Technology*.
- Guillot, W. M. (2011), *Strategic Leadership. Defining the Challenges Journal – winter*.
- Gusii Magazine, (2016) *Kisii County Tea Farmers Petition Senate*
- Lear, L. W. (2012), *The relationship between strategic leadership and strategic alignment in high performing companies in South Africa*. (Doctoral Thesis) South Africa, Pretoria.
- Hall, P. D. (2005), *Historical perspectives on Non-Profit Organizations in the United States*. In R. D. Herman (Ed). *The handbook of nonprofit leadership and management* (2nd ed).
- Hoskisson, R., Hitt, M. and Ireland R. D. (2004), *Strategic Leadership in Competing for Advantage*. Southwestern: Thompson.
- Ireland, R. D., & Hitt, M. A. (2005), *Achieving and maintaining strategic competitiveness in the 21st Century: The role of strategic leadership*. *Academy of Management Executive*, 19(4),
- Kitonga D. M., Bichanga, W. O, Muema, B. K. (2016), *the Role of Determining Strategic Direction on Not-For-Profit Organization Performance in Nairobi County in Kenya*. *International Journal for Scientific and Technology Research Volume 5*.
- Lear L. W. (2012), *The relationship between strategic leadership and strategic alignment in high performing companies in South Africa*. Published Research Project,
- Marimuthu, M., Arokiasamy, L., Ismail, M. (2009), *Human Capital Development & its Impact on firm performance: Evidence from Developmental Economics*.
- Mugenda M.O. & Mugenda G. A. (2009), *Research Methods Quantitative and Qualitative Approaches*. Nairobi: ACTS Press.
- Narayanan, V.K. & Zane, L. J. (2009), *Inventing a future for strategic leadership: phenomenal variety and epistemic opportunities*. *Journal of Strategy and Management*, 2(4): 380–404.
- Okibo, B. W. & Masika, E. (2014), *Factors affecting monitoring and the strategic plan: A Case of Kenya Seed Company*, *Journal of Business and management*, 16 (4) 14-20
- Redmond J., (2016), *Strategic and the Importance of strategic leadership*, CPA
- Rowe G. W. (2001), *Creating Wealth in Organizations: The role of Strategic Leadership Academy of Management Executive*, 15 (1): 81-94.

- Salkic, I. (2014), *Impact of strategic planning on management of public organizations in Bosnia and Herzegovina. Interdisciplinary description of complex systems*, 12(1), 61-77.
- Serfontein, J. J. (2010), *impact of strategic leadership on the operational strategy and Performance of business organizations in South Africa*.