EFFECTS OF STRATEGIC PLAN IMPLEMENTATION ON ORGANIZATIONAL PERFORMANCE OF PARASTATALS IN KENYA

BY

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UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

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EFFECTS OF STRATEGIC PLAN IMPLEMENTATION ON ORGANIZATIONAL PERFORMANCE OF PARASTATALS IN KENYA

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A Research Project Report Submitted to the Chandaria School of Business in Partial Fulfilment of the Requirement for the Degree of Masters of Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

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DECLARATION

I, the undersigned, declare that this is my original work. This study has only been submitted to United States International University - Africa for academic credit.

Signature: ______________________  Date: ______________________

Esther Wavinya Munyao (ID: 643118)

This project report is presented for examination with my approval as the appointed supervisor.

Signed: ______________________  Date: ______________________

Dr. Maina Muchara, PhD

Signed: ______________________  Date: ______________________

Dean, Chandaria School of Business
ABSTRACT

The purpose of this study was to investigate the impact of strategic plan implementation on organizational performance of Parastatals in Kenya and further, identify organizational pillars over which strategy implementation rides on. The specific objectives were first to determine the extent to which organizational structure aligned to strategy aids strategy implementation and how it affects overall performance of Parastatals in Kenya. Secondly, to determine the extent to which leadership aligned to strategy promotes strategy implementation and how it impacts on overall performance of Parastatals in Kenya and thirdly, to establish the extent to which organizational culture aligned to strategy promotes strategy implementation and how it affects overall performance of Parastatals in Kenya.

This research adopted descriptive research design to measure accuracy of the variables. Simple and stratified random sampling techniques were adopted. Structured questionnaires were used for data collection. A survey questionnaire was formulated, tested and administered through drop and pick later method. A total of 29 questionnaires from 10 Parastatals were filled and returned, recording a 50% response rate. The study used descriptive statistics employing tools such as SPSS for data analysis and presented the outcome in frequency tables, pie chart, regression, measures of central tendencies and dispersion.

The findings of the study indicated that there was a positive correlation between organizational structure and organizational performance. Analysis of the coefficients confirmed fitness of the model and that improvement of the organizational structure by one unit caused a 16% improvement in the overall performance of the organization. This implies that structure aspects such as chain of command, span of control, departments, and work specialization influence overall performance of an organization.

The findings of the study indicated that there was a positive correlation between organizational leadership and organizational performance. It established that improvement by one unit in leadership caused a 23% improvement in the overall performance of the organization. This implies that leadership aspects such as management of change, power, developing and nurturing trust and employee empowerment influence overall performance of an organization.
The findings of the study indicated that there was a positive correlation between organizational culture and organizational performance. This implies that cultural aspects such as emphasis on key themes/dominant values, dissemination of stories and legends about core values, institutionalization and adoption of practices that reinforce desired beliefs and values influence overall performance of an organization.

From the findings, the study concluded that organizational structure aspects such as chain of command span of control, departments, and work specialization influence organizational performance. The study too concluded that leadership aspects such as management of change, power, developing and nurturing trust and employee empowerment influence overall performance of an organization. Lastly, the study concluded that emphasis on key themes/dominant values, dissemination of stories and legends about core values, institutionalization and adoption of practices that reinforce desired beliefs and values influence overall performance of an organization.

The study recommends Parastatals to examine the various organizational aspects that influence organizational performance such as organizational culture, organizational leadership, and organizational structure. The study too recommends further studies be done on other organizational aspects that affect organizational performance, on Parastatals outside Nairobi CBD and on other sectors and industries.
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Many blessings to these people.
DEDICATION

I dedicate this, to everyone who has taught me the values of life. Those who teach me on how to be nice to others, those who encourage me to dream and stay in course. Those who make me understand that I have to pursue excellence in all I do and strive to remain positive in all circumstances that even when I fall, I should not remain down but wipe off the dust, learn and soldier on.

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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem

Strategic management is a set of managerial decisions and actions that determine the long run performance of a corporation (Hunger & Wheelan, 2001). According to Mwaura (2013), strategic management has become core to organizations as it gives platforms to analyze and learn from the environment, establish a strategic direction and set strategies intended to move the organization to a given direction. Parastatals and organizations in the public sector in general, have started the adoption of number of principles and tools of management to assist in improving efficiency and effectiveness (MacBain & Smith, 2010). One of the key practices introduced is strategic management, which comes with the adoption of strategic planning.

Pearce & Robinson (2013) posited that strategic planning is an organizational management activity used to set priorities, focus energy and resources, strengthen operations, bring employees and other stakeholders to work towards a common goal, establish agreement around intended outcomes, and finally assess and adjust the organization's direction in response to changing environment. Bryson (2011) in his study pointed that effective strategic planning articulates not only the direction taken by an organization and the actions needed to make progress, but also how it will know if it is successful. Strategic planning comprises of three main elements: strategy formulation, strategy implementation and strategy evaluation (Mintzberg, 2008). Strategy formulation and implementation is an on-going, never ending integrated process requiring continuous reassessment and reformation. It is dynamic, (Igwe, Onwumere and Egbo, 2015) and concerns the whole organization and each phase of strategic planning is important as it contributes to the strategic goal.

Johnson & Scholes (2002), describe strategy implementation as a phase in SP concerned with translation of a strategy in action. Yabs (2010), indicated that it is a stage in strategic management process where actions are taken to actualise approved plans. SI, therefore, is the reason behind thousands of day to day decisions made by employees in an organization (Neilson, Martin & Powers, 2008). Further, strategy implementation is the process of dissecting a strategy in to several actionable projects and assigning financial resources, manpower and responsibility to individuals at operational level of an organization (Wit & Meyer, 2004). These projects include launching new products, opening up new markets, divesting from an industry, acquisition of firms among others.
From the definition we notice that unlike strategy formulation which can take a couple of months to be completed, strategic plan implementation can take a period staggering from a couple of months to a few years depending on the complexity of the strategy (Sterling, 2003). Freedman (2003) designated that discipline and skill required for SP implementation is as rare and vital as that needed to formulate it. Employees in three out of five companies surveyed rated their organizations weak in execution. Effectiveness in strategy implementation is the success with which strategic decisions are translated into appropriate organizational arrangements (Neilson, Martin, & Powers, 2008). Strategy implementation is therefore a hands-on operation and action-oriented activity (Rajasekar, 2014). According to Hrebiniak (2006), superior performance lies in execution through appropriate organizational arrangements of a strategy, consistent with the environment that the firm finds itself. In today’s hyper-volatile business world, businesses find themselves in different settings, which call for swift response that could result in change of strategy. In the past the process of strategy implementation had not attracted much research attention compared to strategy formulation (Aaltonen & Ikavalko, 2002), especially in Kenya.

The public sector and the Parastatals in Kenya in particular, play an indispensable role in the delivery of public services key to the functioning of state economy. When service delivery is constrained or ineffective, it affects the quality of life of the people and nation’s development process (Kinyanjui & Juma, 2014). The present Kenyan government, which came into power in March 2013 and was re-elected back to office in 2017, is keen on institutional reforms. In July 2013, The Presidential Taskforce on Parastatal Reforms (PTPR), formed to review public organizations and define the roles thereof, was guided by the Kenya Vision 2030 to eliminate wastage of public funds, enhance efficiency, and bolster productivity.

The Taskforce recommended 18 government ministries to oversee 262 Parastatals in Kenya. One of the recommendations by the taskforce was effective implementation of the master plan (PTPR, 2013). Upon re-election, the president and the administration settled on four national development pillars, which include; Expansion of manufacturing sector; Affordable housing; Affordable healthcare and Food security (Presidential Strategic Communication Unit, 2018). On the housing pillar, the government intended to accomplish and achieve its mission and vision through its Parastatals in housing (related) sector like the National Housing Corporation and the newly-established Kenya Mortgage Refinancing Company (KMRC) among others to facilitate construction and to give fair financing options respectively (Muchira, 2018).
On healthcare agenda, the President and his administration intend to ride on Parastatals like, Kenya Medical Research Institute (KEMRI), Kenya Medical Supplies Authority (KEMSA), Kenyatta National Hospital, National Hospital Insurance Fund, and National AIDS Control Council among others. The goal was to make healthcare accessible to all Kenyans by equipping health facilities with needed resources to fight diseases, maternal and infant mortality, make anti-retroviral (ARVs) drugs accessible and provide medical covers that are affordable to all Kenyans (Presidential Strategic Communication Unit, 2018). The same was required done on the manufacturing and food security development pillars.

These Parastatals (especially those involved) ought to align their strategic plans to the respective government agenda and carefully implement the strategies to achieve the intended goals by the year 2022. They were required to review organizational aspects like structure, leadership and culture among others. Redesigning an organizational structure to suit the firms strategy according to Robbins and Coulter (2013), is mandatory. These authors reasonate that this exercise involve reviewing work specialisation, departmentalisation, chain of command, span of control, centralisation and decentralisation, formalisation among other structure elements. An organizational structure appropriately fitted to match the overall plan provide the stability a firm needs to successfully implement its strategies, create or maintain its current competitive advantage and provide flexibility to develop advantages it may need in future (Pearce & Robinson, 2013).

Leadership is yet another organizational aspect that involve formulating and communicating strategy, building confidence, building enthusiasm in teams, forming networks, influencing others positively, delivering results among other tasks that aid in alignment of staff for strategy implementation (Pearce & Robinson, 2013). It is the responsibility of leaders to ensure that staff understand the strategy, buy into it and align their decisions and actions accordingly. To achieve successful strategic plan implementation, the leadership management ought to revisit management aspects like embracing change, power management, trust building, employee empowerment and design them to support strategy.

An organization is a living culture, and culture is the sum of values and rituals, which serve as glue that integrates the members of the organization (Deal & Kennedy, 2008). Culture is a jointly shared description of an organization from within, making it a collaborative process of creating shared awareness and understanding out of different individuals’ perspectives and varied interests (Donnell & Boyle, 2008).
An organization becomes a living culture when it is flexible enough to fast-adapt to reality and new strategies (Kono, 1989). The management ought to build a strong, high performing organizational culture, committed to excellence and ethical behavior. This could be achieved by studying and emphasizing key themes/dominant values, dissemination of stories and legends about core values, institutionalization of practices that reinforce desired beliefs and values and managing strategy-culture relationship (Dess et al., 2014).

1.2 Statement of the Problem

Strategic plan implementation task has been, and still is a paradox in many companies since it’s the most complicated and time-consuming phase of strategic management that demands patience, stamina and energy from the management, whose goal is mostly to improve organizational performance (Thompson, Strickland & Gamble, 2007). There has been an unsatisfying low performance (only 10 to 30 percent) of intended strategies (Raps and Kauffman, 2013) in the corporate world. These authors discovered that the primary objectives of a strategic plan somehow dissipate as the strategy moves into implementation and the initial momentum lost before realization of the expected benefits. Strategy implementation in public organizations could be difficult, especially in the context of a diverse stakeholder environment with numerous and often divergent interests and priorities (Mckinsey & Company, 2015).

Oluoch (2014) did a study on the moderating effect of employee engagement on corporate planning and performance in public organizations in Kenya. Findings of the study provided evidence that corporate planning and involvement of staff have positive significant influence on overall performance of the organization. While the study looked at strategy formulation against organizational performance, could a well-articulated implementation of strategy also affect organizational performance?

Songok (2001) did a research to find out the impact of employee empowerment on organizational performance in Post Office Savings Bank. The study confirmed that in a period of four years of carrying out employee empowerment programs, bank deposits and income grew, indicating a positive influence on the organization’s performance. Therefore, could organizational structure if adjusted to support strategy aid smooth implementation and influence performance of Parastatals in Kenya? Mujis (2011), conducted a study on the impact of leadership on student performance in the school of education, University of Southampton. Research confirmed that leadership had a significant indirect impact on student outcomes.
Therefore, could leadership if well aligned to the strategy also see through seamless implementation and impact on the performance of Parastatals in Kenya? Mbui (2014), did a study in the private sector to determine the impact of organizational culture on organizational performance. It was confirmed that culture catalyses team work, innovation, and risk taking which positively impact on organizational performance. Therefore, could culture if allied with the current strategy to propel SP implementation and consequently affect the performance of Parastatals in Kenya?

In the public sector, viable Parastatals survive while those that continue to burden the exchequer are either privatized or disposed. This indicates that state corporations indeed, are in dire need to unveil the secret behind desirable performance in order to maintain their relevance to the government (Karanja, 2004). This study, sought to pursue knowledge on the organizational aspects enabling strategy implementation, aiming to achieve customer satisfaction, increased revenues, efficiency of internal business processes and organizational capacity in terms of knowledge and innovativeness in Kenyan Parastatals.

1.3 Purpose of the Study
The purpose of this study was to determine the impact of strategic plan implementation on organizational performance of Parastatals in Kenya.

1.4 Research Questions
The study sought to respond to the following research questions:
1.4.1 To what extent does organizational structure aligned to strategy spur strategy implementation and affect overall performance of Parastatals in Kenya?

1.4.2 To what extent does leadership aligned to strategy support strategy implementation and affect overall performance of Parastatals in Kenya?

1.4.3 To what extent does organizational culture aligned to strategy promote strategy implementation and affect overall performance of Parastatals in Kenya?
1.5 Significance of the Study
This study would benefit:

1.5.1 The Government of Kenya
The Kenyan government could rely on the outcome of the study to appreciate ways it can improve effectiveness of public institutions by advocating for formal strategic planning and effective implementation of strategy. It would also enable the government monitor performances and hold public servants to account for non-performance. It could also enable the government make optimal strategic decisions through involvement of its stakeholders in strategy development process thereby fast-tracking improvement on service delivery.

1.5.2 Public Organizations
The findings of this study could advise the public sector on the need and secrets for strategic implementation of SPs. They could also adopt suggested key success factors that could form basis of improvement in future strategic planning.

1.5.3 Scholars
The findings of this study add knowledge in the field of strategic management by highlighting important relationships some of which require further research. The findings form a premise to identify knowledge gaps in Parastatals’ strategic plan implementation and performance. It could be a reliable source of reference material for future researchers on other related topics and could guide other academicians undertake the same topic in their studies.

1.6 Scope of the Study
The study targeted a fraction of Parastatals in the republic of Kenya with focus on those based in Nairobi Central Business District. The study focused on managers and supervisors in various departments. The period of this study was three months; January 2017 to March 2017; during which data collection and analysis took place. It was anticipated that the study would face a myriad of challenges. The expectation was that collection of data would be a challenge given the bureaucracy associated with government institutions. To mitigate this, the university issued the researcher with an introductory letter. Success of the study was highly dependent on the cooperation between the researcher and the targeted employees of the Parastatals. To boost response rate, the researcher assured the respondents that information submitted would be confidential and used for academic purposes only.
1.7 Definition of Terms

1.7.1 Strategic Plan
A strategic plan is a blueprint that details an organization’s pre-designed objectives and how it intends to attain the specified objectives (Steiner, 2009).

1.7.2 Strategic Management
Strategic management is a set of decisions and actions resulting in formulation and implementation of strategies designed to achieve the objectives of the organization (Pearce and Robinson, 2015). It is a continuous process involving attempts to match or fit the organization with its changing environment in the most advantageous ways possible (Digman, 2003).

1.7.3 Strategy Implementation
It is a phase in strategic management process where action is taken to actualize approved plans. It begins with analysis of long-term plans, which are broken down into small workable annual or short-term plans (Yabs, 2010).

1.7.4 Organizational structure
Refers to the type of framework that a company uses to distinguish power and authority, roles and responsibilities and the manner in which information flows through the organization.

1.7.5 Organizational Culture
Organizational culture is a system of shared values and beliefs that shape a company’s people, organization structures and control systems that produce behavioral norms (Dess et al., 2014).

1.7.6 Organizational Performance
Organizational performance according to Lebans & Euske (2006), is a set of financial and non-financial indicators which offer information on the degree of achievement of objectives and results.

1.7.7 Balanced Scorecard
Balanced scorecard is a performance management system, which takes into account financial and non-financial aspects of corporate performance (Kaplan & Norton, 1996).
1.7.8 Parastatal
It is a public (fully government owned) corporate body that is set up as a specific entity. Parastatal Organizations are separate from regular government administration given sufficient autonomy to pursue their objectives with flexibility (National Corporate Governance Review Committee, 2010).

1.7.9 Public Sector
It is that portion of an economic system, funded and controlled by government to provide basic goods, services or works, sensitive to be provided by private players in the economy. It consists of national and local government, their agencies and their chartered bodies (Haberberg & A.Rieple, 2008).

1.8 Chapter Summary
This chapter provided a background of strategic planning and its adoption amongst Parastatals in Kenya. The notion of effective implementation of strategic plans was also introduced as a gate pass to improved organizational performance. Review of previous studies in the field of strategic management were highlighted to establish the research gap in statement of problem. The problem statement highlighted the areas of investigation in the study, and the purpose of the study expounded on the research questions for investigation. Audience to which the study had relevance to, were highlighted and key words defined.

Chapter 2 comprises of literature review of the study delving into the problem and purpose of the study. Chapter 3 handles research methodology, which involves adoption of a systematic plan to provide validity, objectivity, accuracy and economic metrics to the defined research questions to get valid conclusions. Chapter 4 analyses the response from target population that were responsive and presents findings of the research based on the research questions that guided the study. Lastly, chapter 5 gives a summary of the study, discussion of findings, areas of limitation, a conclusion and recommendations to the target audience and scholarly recommendations for further study.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
This chapter gives a comprehensive literature on the impact of effective strategy implementation on organizational performance. It will further delve deep in understanding and analyzing other previous research work undertaken in the same field. The chapter begins by reviewing literature on organizational structure, leadership and culture, these being some of the components that support strategy implementation and influence organizational performance. Finally, a summary.

2.2 The Impact of Organizational Structure on Organizational Performance
Pearce & Robinson (2013) define organizational structure as a formalised arrangement of interactions between people, resources and responsibility for the tasks, in an organization, visually shown in an organisational chart. It specifies a firms formal reporting relationships, procedures, controls and authority, and decision making processes (Hitt, Ireland, & Hoskisson, 2016). Mintzberg (2008), describes structure as the sum total of the ways in which the organization breaks down its labour in to distinct tasks to achieve coordination amongst them.

Chandler (1962) categorised organizational structures as either Tall or Flat. Tall structures have many layers of management relative to the number of people in each layer and have a long chain of command, while Flat structures have few layers of management in the organization. Structures determine the organizations level of flexibility hence the swiftness with which it adapts to the environment. Chandler’s study on structure and strategy on top fifty fortune companies in United States of America show that certain structural designs work best with different organizational strategies. Research has demonstrated that adoption of organic structures characterised by flexibility and free-flowing information work best when an organization is pursuing unique and meaningful innovations. Mechanistic structures are defined by their efficiency, stability and tight controls. These work best for organizations pursuing tight cost control strategies.

Hitt et al., (2016) in their study observed that strategy and structure have a reciprocal relationship, with strategy having a strong influence on structure. Research show that firms have a tendency to change structure mostly when experiencing declining performances. This confirms that a relationship exists between structure and successful implementation of organizational strategies, and that corporate structure ought to support corporate strategy.
Effective managers therefore, align structure to strategy to ensure successful strategy implementation. According to Pearce and Robinson (2013), organizations ought to conduct careful analysis of business environment to design a structure capable of building and sustaining organizational competitive advantage. Organizational controls guide strategy, give a comparison of actual and expected results, and suggests actions to take to improve performance when it falls below expectations. Appropriately designed organizational structures simultaneously provide the stability a firm needs to successfully implement its strategies, maintain its current competitive advantage and provide the flexibility to develop advantages it may need in future. Structure that supports strategy enables smooth strategy-execution which create or boost a firm’s competitive advantage (Chandler, 1962).

Designing an organizational structure is a process, according to Robbins and Coulter (2013), of creating or changing the structure to suit the firm’s strategy. These authors and other researchers suggest that this process involve reviewing and making decision on the following essential elements; work specialisation, departmentalisation, chain of command, span of control, centralisation and decentralisation, and formalisation.

2.2.1 Work Specialisation

This is the degree to which tasks in an organization are divided into separate jobs making workers highly proficient in their specialised areas (Baligh, 2006). It is in some organizations referred as division of labour. It allows a manager tackle complex tasks, by breaking them into smaller more precise tasks that can be completed by individual workers. Individual employees get equipped with explicit training on how to best perform specific tasks (Aquinas, 2008). An individual employee performs one repetitive task in product development process where over time they become extremely proficient and effective in performance of that particular task. Work specialisation is therefore viewed as a consistent source of increased productivity as it makes tasks well-organized, delivery fast and makes efficient use of diverse skills that workers possess (Bhatia, 2009).

An assembly line is an example of work specialisation where workers only perform one specific task and pass it to the next person for the next task. Henry Ford is one of the first businessmen to implement this idea which was beneficial to his company making it very successful. Specialization is actually a never-ending trade off among staff motivation, flexibility and productivity (Ansoff & McDonnell, 1988).
However, repetitive routine may lead to complacency, limited skills set and dissatisfaction since an innate satisfaction comes from understanding an entire procedure, among other limitations. Less specialization, on the other hand allows for more flexibility, as employees can easily tackle a broader array of task (Aquinas, 2008).

2.2.2 Departmentalisation

This is the basis by which jobs are grouped in to work units to ensure tasks are performed in a coordinated and integrated way (Fairholm, 2009). The objective usually is either to specialise activities, simplify the processes and operations of the organization or to maintain control. In most cases it increases efficiency of management and the entire enterprise.

Departmentalisation can be geographical, functional, project, product, process or customer based, although most organizations continue to use a combination of these. Rigid departmentalization implies that each department is highly autonomous, and there is little (or no) interaction between different departments; while loose departmentalization allow freedom for teams to interact and collaborate (Bhatia, 2009).

2.2.3 Chain of command

This refers to an unbroken line of authority extending from upper organizational levels to lower levels which clarify who reports to whom (Aquinas, 2008). The chain of command entails understanding the concept of authority, responsibility and unity of command. Authority refers to the rights inherent in a managerial position to instruct people on what to do and expect them to do it. It can be delegated downwards to lower level managers giving them certain rights while prescribing limits of operation (Hunger & wheelan, 2001). Acceptance of authority comes when subordinates understand the order, feel the order is consistent with the organizations’ purpose, that the order does not conflict with their personal beliefs and are able to perform the tasks as directed.

Responsibility is an obligation to perform assigned duties and expect to be held accountable for performance, to avoid abuse of authority (Baligh, 2006). Unity of command is one of Henri Fayols 14 Principles of Management which requires that staff should receive commands on a task from one manager and be responsible and report to that one manager to evade conflicting demands from multiple bosses (Hodge, 2002).
2.2.4 Span of control

This is the number of employees a manager can efficiently and effectively manage (Bhatia, 2009). This depends on the skills and abilities of a manager, characteristics of the work done, similarities and complexity of employee tasks, physical proximity of subordinates, availability of standardised procedures, sophistication of the organizations information system, the strength of an organizations culture and preferred style of management among others. Span of control in an organization can either be narrow or wide (Drucker P. F., 2006)

In a narrow span, a manager oversees few subordinates which results to a tall organizational structure and the vice versa is true about wide span of control. There is therefore an inverse relation between span of control and hierarchical structure (Donnell & Boyle, 2008). The trend has recently bend towards larger span of control, consistent with the managers effort to; empower employees, speed up decision making, increase flexibility, get closer to customers and reduce costs. Managers ought to thoroughly brief employees of the organizations goals and processes, and promote team work (Baligh, 2006).

2.2.5 Centralisation and Decentralisation

This is about the level at which decisions are made. Centralisation is where decision making is concentrated on the upper levels of the organization (David, 2011). Only a few senior executives are responsible to make decisions and create an organization’s policies. In a decentralised organization, authority is delegated to all levels of management to an extent that lower level staff provide input and are empowered to make decisions (Aquinas, 2008).

The top management should also consider the size of the organization and its geographic dispersion. In a large and diversified organization, it is impractical to concentrate power and decision-making authority at the top; instead resources and decision making powers are made accessible to many to achieve all goals and objectives of the enterprise. Similarly in a geographically-dispersed organization, a decentralized approach will be most efficient because the organization will have people in authority to directly supervise operations on a day-to-day basis (Bhatia, 2009). The degree of centralization or decentralization depends on the extent of decision-making power distributed throughout all levels. Managers therefore ought to choose the level of de/centralisation in their units that will allow them to best implement strategies and achieve organizational goals.
2.2.6 Formalisation.

Formalization is the extent to which rules and procedures are followed in an organization. It is standardization of an organization’s jobs to guide employee behaviors. It is identified by the degree to which organizational roles are separated from the individuals who perform those roles. It is in most cases initiated in an attempt to rationalize the decision-making process. It is essential to understand the needs of the organization when determining the most effective structure. An organizational structure is either formal or informal depending on the size of the organization and the degree of formalization required (Bhatia, 2009).

Formal organizational structure consists of a hierarchical, top-down reporting and decision-making structure. It has multiple layers of supervision, with top-level, middle and operational management levels, which focus on roles and positions rather than the people in the positions. In highly formalized organizations, there are explicit job descriptions, outlined organizational rules and clearly defined procedures covering work processes that are not easily changed. This is usually necessary for consistency and control. It is critical for the organizations whose issues are known and changes are adopted and implemented slowly and purposefully.

Informal organizational structure values the individual above the job position and allows for the evolution of roles as prescribed by the holder of the position (Aquinas, 2008). According to Spiegel (2012), this kind is most useful for quickly changing industries, such as the technology sector. It is most useful for quickly changing industries, such as the technology sector. Most organizations today however rely less on strict rules and standardization, to guide and regulate employee behavior; instead, they have given their employees some latitude of autonomy to make decisions. Most successful organizations have become agile and virtual, have networks linked by information technology to share skills, markets and costs through outsourcing for example. Leaders make their organizations boundary-less, in a bid to lessen the firm’s ability to get, generate and share knowledge to areas of utility (best utilized to create value) (Wit & Meyer, 2004).
2.2.7 Organizational Performance

Organizational performance is an organization’s ability to acquire and utilize its scarce resources and valuables expeditiously possible in the pursuit of its operations goals (Griffins, 2006). It is further described as analysis of a company’s financials, market, and shareholder value, capacity (knowledge and innovativeness) and in some cases behavioral and production capacity results compared to set goals and objectives (Hamann et al., 2013). Organizational performance instruments include balanced scorecard and supportive software solutions (Rapa & Kauffman, 2005). The author reaffirms that balanced scorecard is a popular and prevalent management system that considers financial as well as non-financial measures. Balanced Scorecard (BSc) provides a functionality to translate an organization’s strategic objectives into a coherent set of performance measure (Atkinson, 2006).

The study dwelt on the balanced scorecard framework to measure the impact of strategy implementation on organizational performance. Balanced Scorecard was developed by two men, Robert Kaplan, an accounting professor in Harvard University, and David Norton, a consultant from Boston in the 90s. In their book, Kaplan & Norton (1996), defined balanced scorecard as an integrated framework for describing and translating strategy by linking performance measures in the four perspectives. These perspectives include; finance, customer, internal business processes and learning and growth (organizational capacity) perspectives.

Niven (2006) describes balanced scorecard as a carefully selected set of quantifiable measures derived from an organization’s strategy where the measures selected for the scorecard represent a tool for leaders to use in communicating to employees and external stakeholders the outcomes and performance drivers by which the organization achieve its mission and strategic objectives. Balanced scorecard is therefore a communication tool, measurement system, and strategic management system (Kaplan & Norton, 2007). Balance is not an empty word; the balance of the four perspectives is paramount. One perspective ought not to be penalized to promote another (Atkinson, 2006).

Financial Perspective: From a financial standpoint, the purpose of a business is to create wealth for its owners and the objective of any strategy is to ensure a satisfactory return of the employed capital in the long term (Kaplan & Norton, 1996). Managers therefore, ought to determine the financial performance expectations from the stakeholders and come up with strategies that enable the achievement and evaluation of the same (Lawrence & Sharma, 2002).
These financial evaluation measures include the gross operating surplus, return on investment, profit before tax, economic value added, share value among others. Financial measures by themselves do not provide incentives for success, rather help an organization keep score of how well it is doing at creating wealth (Atkinson, 2006). This financial information ought to be accurate, up to date, reliable, cost effective, timely and properly designed to provide an aggregate view of an organization’s success (Kaplan & Norton, 2007).

Customer Perspective: Recent management philosophy has shown an increasing realization of the importance of customer focus and customer satisfaction in any company (Slater & Olson, 2001). BSc requires organizations to identify customer and market segments in which it targets, then measure the business unit performances in these target segments (Kaplan & Norton, 1996). This perspective employs several measures of successful outcomes from a well-formulated and implemented strategy. These outcome measures include customer satisfaction, customer retention, new customer acquisition, customer profitability and the market share in the target market segment. According to Kaplan and Norton (2007), these are the leading indicators: if customers are not satisfied, they will eventually find other suppliers that will meet their needs. Poor performance from this perspective thus becomes a sure leading indicator of future financial decline, even when the current picture may seem (still) good.

This perspective further includes specific measures of value propositions that organizations ought to deliver to customers in targeted market segments (Atkinson, 2006). The segment-specific drivers of core customer outcomes represent those factors that are critical for customers to switch or remain loyal to their suppliers. The Customer perspective enables the management articulate the customer and the segment strategy that will deliver superior future financial returns (Montgomery et al., 2013).
Internal Process Perspective: In the internal business process perspective, managers identify the critical internal processes in which the organization must excel (Hamann et al., 2013). The key to excellence in any organization is control of its inputs and processes to produce reliable and consistent products and services (Atkinson, 2006). The author points that knowledge of customer requirements and quality goods and services from key suppliers are most important inputs to exceptional performance. The quality of services delivered to customers directly depend on processes performance (Hamann et al., 2013); performing the right processes in the right manner leads to consistent levels of product and service quality. The organization therefore should look at the processes that they ought to care about at all times in order to satisfy customers and shareholders (Kaplan & Norton, 2007).
The author records that, this is done by considering key processes that enable smooth delivery of value propositions that attract and retain customers in targeted market segments. According to Hunger & Wheelan (2001), an organization is further required to employ the right process variables to measure and set standards appropriate to performance levels of key processes and operations. Process measures provide with the data needed to predict and control the quality of products and services. If a product or service has a fault, the cause is in one way found by looking at the process data. Continuous monitoring is advocated to ensure production and delivery of high-quality products and services (Atkinson, 2006).

Achieving good performance levels on process or operational measures leads to high-quality products and services, which, in turn, resulting to delighted and satisfied customers who do repeat purchases hence improve the supply and the profits paid to shareholders. This therefore promotes an organization’s long-term survival and success (Lebans & Euske, 2006). This perspective puts into consideration all processes that contribute strongly to value creation without leaving out the longer cycle processes such as those related to innovation (Hamann et al., 2013). This is depicted graphically in Figure 2.2 below.

![Figure 2.2: Macro Process Model of an organization.](source: Brown (1996))
Brown (1996), finds the parameters for gauging processes and operational results in excellent organizations. These include; measuring cycle time for key processes, keeping track of rework time and/or costs in production and service delivery processes and identifying and keeping track for major processes and measures of productivity. Then identify key processes in each unit and define each key process, correlate process measures directly to product/service characteristics or performance factors that are of prime importance to customers and thereafter set standards for all key process basing on benchmark outcome in organizations and customer requirements. Lastly employ preventive approach to processes to achieve consistently high-quality products and services, develop overall safety index, preventive or behavioral measures and have a track of future-oriented process measures that ensure long-term survival and success.

The Learning and Growth Perspective: The learning and growth perspective focus on organizing the ability to progress and the capabilities of people (Nelson, Martin, & Powers, 2008). It aims at aligning organizations’ intangibles or renovating infrastructure (people, systems, culture and procedures). The progress measurement focuses essentially on training people to access new skills, improving the information system and reconciling procedures and practices (Niven, 2006). Atkinson (2006), believes that managers should be held accountable for developing employee capabilities.

According to this author, the key measures for evaluating managers’ performance would be employee: retention, productivity and satisfaction. Firms committed to retaining employees recognize that employees develop organization-specific intellectual capital and provide a valuable non-financial asset to the company. Furthermore, firms incur costs when they must find and hire good talent to replace people who leave. Firms measure employee retention as the inverse of employee turnover. Employee productivity recognizes the importance of output per employee. Employees create physical output or financial output (Keyes, 2005).

Employee satisfaction recognizes the importance of employee morale for improving productivity, quality, customer satisfaction and responsiveness to situations. Managers can measure employee satisfaction by doing surveys, employee interviews, or observing employees at work; this being the driver of the other two measures, employee retention and employee productivity. See Figure 2.3.
According to Atkinson (2006), a good incentive system, rewards managers who promote high employee satisfaction, low employee turnover and high employee productivity.

2.3 The Impact of organizational leadership on organizational performance

Leadership according to Schaap (2006), entails; assembling a capable management team, consciously building and strengthening strategy supportive competencies and competitive capabilities, and organizing work effort are some of the crucial strategy implementation tasks. A leader according to Robbins & Coulter (2013), is someone who has managerial authority and can influence others, while leadership is what leaders do. Pearce & Robinson (2013), view organizational leadership as the process and practice by key executives of guiding and marshalling people in an organization towards a vision. Since early 20th century vast research has been done and theories on leadership developed in this order; trait, behavioral and contingency theories. Leadership traits theories thought leaders ought to be intelligent, confident, knowledgeable, extraverts, honest and with integrity, have desire and the drive to lead. Leadership behavior theories discovered the following leadership styles:
Democratic; it encourages participation of subordinates and delegation of authority, Autocratic; it dictates all work methods, centralizes decision-making and limits participation, and Laissez-faire; which gives people freedom to make decisions and complete tasks). Contingency theories link a leadership style to a situation, like leader member relations, task structure or position power, and attempts to answer the if-then eventualities (Schein, 2004).

A study done at the university of Iowa explored the three leadership styles and found that leaders do no use a single style, rather they adjust their style to situations. Democratic style was most preferred. Another study done at The Ohio State on leadership behaviors began with more than a thousand dimensions but the researchers narrowed down to two; leaders who initiate structure; extent of defining roles and responsibilities and attaining goals, and consideration; extent of work relationships characterized by mutual trust and respect for members’ ideas and feelings. Research revealed that leaders with high points in both dimensions achieved high performances but not always. Effective leadership not only involves formulating and communicating the strategy but also involves building confidence, building enthusiasm and teams, forming networks, influencing others positively, delivering results, and managing the alignment of staff for strategy implementation (Pearce & Robinson, 2013). Leaders have the responsibility to ensure that staff understand the strategy, buy into it and align their decisions and actions accordingly.

Effective leadership means communicating the strategy in a language that staff understand; that is, ensure the staff understand what the strategy means to their job and back it. Twenty first century business environment is unstable, volatile and chaotic causing myriad leadership issues in organizations. Robbins & Coulter (2013), discussed five major organizational leadership components to guide leaders of the 21st century. These are; embracing change, managing power, developing trust and empowering employees.

2.3.1 Embracing change

Upon designing a new strategy, it is mandatory to adopt a new way of doing things that support the strategy; not to continue doing same things of old. A new strategy means new priorities, new activities and new way of executing activities across the organization. Organizational leadership involves action on two major fronts; guiding the organization to deal with constant change and providing management skill to cope with the ramifications of constant change (Schein, 2004).
Leaders, therefore take lead in galvanizing commitment to embrace change by clarifying strategic intent and building an organization. Clarifying strategic intent entails leaders keeping the vision simple, making clear performance expectations and communicating clearly. Building an organization requires leaders to have common understanding of the organizational priorities. This can be achieved by; clarifying responsibilities among managers and organizational units, recruiting and developing talented operational leadership, empowering newer managers and pushing authority lower in the organization (Robbins & Coulter, 2013).

Acceptance of change can further be realized by gaining the personal commitment to a shared vision from managers throughout the organization, instilling principles; sense of honesty, integrity and ethical behavior that give a clear moral compass that guide priorities and closely keep staff connected to what is happening in/outside the organization. Successful leaders are actively involved in building structures, teams, systems and organizational processes that help overcome barriers to change and facilitate implementation of their vision and strategies (Dess et al., 2014). In their book, Dess et al., (2014), discussed resistance to change as a barrier that leaders ought to overcome. Organizations at all levels are prone to inertia, slow to learn, adapt and change because of the stakes in the status quo. To overcome these barriers leaders should embark on effective use of power; this means adjusting personal and organizational power while being careful not to abuse power.

2.3.2 Managing power

Power is the ability to exert influence over others while authority is the foundation over which power stands (Babou, 2008). A manager ought to know how to manage power since power affects the behavior and performance of their followers. This knowledge enables managers know how to exercise power bestowed in their positions appropriately (Babou, 2008). According to (O'Reilly, Caldwell, & Lapiz, 2010), leaders rely on several forms of power. These include; legitimate power which necessitates a position to exercise it, a manager should be cordial, polite, confident, who make appropriate requests, exercise power regularly, and enforce compliance. Coercive power is power to control or punish. To exercise this power successfully a manager ought to inform subordinates of rules and penalties, understand the situation before acting, warn before punishing, administer punishment consistently and punish in private. Reward power confers one the ability to give positive awards like promotion, performance appraisals etc.
To exercise it appropriately according to (Schein, 2004), a manager should verify compliance and accomplishments, offer rewards for desired actions and behaviors, offer credible rewards that are desired by subordinates. Expert power is based on information, special skills or knowledge. A manager should act confident and decisive, keep informed, be approachable and be willing to share knowledge. Referent power is associated with a person’s desirable resources or traits. Successful leadership requires effective exercise of power to overcome barriers to change.

Generally, to exercise power effectively and successfully managers should be sensitive to the sources of power and should possess career goals that allow development and use of each type of power. They should also be consistent with the expectations of others, able to recognize the costs, risks, and benefits of the different bases of power and consider whichever is appropriate to the situation and the persons involved. Finally, managers should understand that power is necessary to get things done and they ought to act maturely and exercise self-control, avoid impulses and egotistical displays (Babou, 2008).

2.3.3 Developing trust

In today’s uncertain world, surveys show that an important consideration is building trust and credibility. Research by Robbins and Coulter (2013), identified five dimensions that make up the concept of trust; these are; integrity, competence, consistency, loyalty and openness. Trust is key; employees expect their managers to treat them fairly and managers expect employees to conscientiously undertake their duties and responsibilities. Managers build trust with the staff by; trusting them, being open and always honest, demonstrating competence, showing consistency, being accessible, being respectful of their time, using two-way communication and maintaining confidences. A nonprofessional expects a leader to make things better, do no harm, compassionate, fair and with respect for others (Schein, 2004).

Trust in leadership is significantly related to positive job performances, organizational citizenship behavior, commitment and job satisfaction. Effective managerial and leadership therefore depends on the ability to gain trust from followers (Robbins & Coulter, 2013). In their research, 39% of US employees and 51% Canadian employees trusted their executive leaders. Today’s leaders face the challenge of rebuilding and restoring trust with employees and other stakeholders.
2.3.4 Empowering employees

Huq (2015), holds that being a leader requires assisting staff do their work without micro managing them as it necessitates employee empowerment. This author defines employee empowerment as an ongoing process of providing necessary tools, training, resources, encouragement and motivation to workers. To cope up with increased work demands, managers ought to empower their juniors by increasing the decision-making discretion amongst the knowledgeable ones to fast track decisions, implementation and achievement of results (Ansoff & McDonnell, 1988). This creates an environment where employees achieve their potential goals as they help the organization achieve its strategic goals.

Some key elements considered when empowering employees according to Dess et al., (2014) include, soliciting their inputs, boosting their morale, which enable them show passion for work by seeking out creative challenges, take less scheduled time off, show love for learning and take pride in job well done. Empowerment brings about faster problem resolution, higher quality customer service; make employees have a stronger sense of direct accountability and responsibility concerning productivity. The organization also benefits from the employees’ years of experience and by allowing employees suggest and make procedural changes that make their jobs more efficient, saves the organization money. All these have a positive effect on an organization’s bottom line.

Managers come in as professionals, not as policy dictators and issuers of commands, to coach junior staff with a direct interest in their success (Huq, 2015). Managers should learn to rely on empowered employees and employees learn to use their managers as resources for getting jobs done. Great leaders realize that strong organizations are those that effectively use the talents of all the players in the team. This puts an organization in a strategic position to compete in a dynamic economy. To inculcate an effective empowerment program that gives a satisfying optimum staff performance calls for installation of an efficient hiring system and constant training of staff (Yabs, 2010).

2.4 Impact of Organizational Culture on Organizational Performance

Culture is a set of often-unstated important shared assumptions that include values, myths, beliefs, behavior, patterns, symbols and informal consciousness; invented, discovered and developed by individuals as they learn to cope with the organizations problems of external adaptation and internal integration that ultimately shape individual’s behaviors (Deal & Kennedy, 2008).
According to these authors, these elements are intangible, yet ever-present themes that provides meaning, direction and basis for action. Mostly, cultures are imprinted (defined and shaped) by founders. Organizational culture is the sum of values and rituals, which act as glue to assimilate members of the organization (Schein, 2004). Culture is about living the organizations’ core values since it is a reflection or a betrayal of the organizations’ core values. It reflects the way a firm conducts business, manages workflow, interacts as a team and treat its outside world. Culture is the sum of an organization’s beliefs in action.

Mbui (2014), describes culture as the organization’s immune system. It is a form of protection to the Organization since it’s believed to have evolved from situational pressures. It is the civilization at workplace as it defines an organizations’ internal and external identity. Culture defines how the organization does business, interacts with customers, employees, partners, suppliers, media and all other stakeholders (Zandi, Suleiman, Atiyat, & Naysary, 2013). It reverberates across all aspects of the organizations business since it represents the way business is done. Culture gives the organization an identity and image, which means that it determines how stakeholders perceive it (Donnell & Boyle, 2008).

Organizational culture can be an effective means of organizational control. Leaders in an organization play a central role in developing, changing, sustaining and shaping the organizations culture; leadership and culture are inextricably intertwined (Deal & Kennedy, 2008). The leader is the standard-bearer, the personification, the ongoing embodiment of a desired new culture and as such several aspects of what a leader does or should do, behaves or emphasizes represent influences on the organizations culture. Leaders who have been with the organization for a considerable length of time are usually entrenched to it and therefore they continue to reinforce the current culture. Cultural awareness among most new managers is a much neglected yet one of the most powerful predators of executives’ success; hence ought to be initiated in to the systems’ culture (Ahoy, 1998).

A well-functioning culture has a potential aligning force which assist in onboarding particularly the case with new hires who may have put some considerable thought into the type of culture they’re entering into (Mbui, 2014). The organizations culture becomes the guiding force for them. People fail in new jobs because of poor fit, poor delivery or poor adjustment to changes down the road onboarding program should accommodate their needs so that they can do real work, assimilate them into the organization, so that they can fit culturally and accelerate their progress for them to deliver and adjust (Johnson & Scholes, 2002).
A successful organizational culture transforms a firm into a team by bringing people together and keeping them aligned. When culture is clear, different perspectives can gather behind it with common purpose. Culture sets expectations on how people behave and work together, and how well they function as a team (Donnell & Boyle, 2008). Culture therefore breaks down boundaries between separate teams, guide decision-making and improve workflow. A healthy culture that which is conducive to a company’s success. It addresses employee wellbeing, overall performance by finding an appropriate balance based on company values otherwise a toxic organizational culture has the capacity to do just the opposite. A strong organizational culture keeps your company’s core values front and center in all aspects of its day-to-day operations and organizational structure. The value of doing so is incalculable (David, 2011).

Culture change is about moving an organization from one form of culture to another mostly through a culture change program. Managing cultural change requires: creation of a receptive climate for change, coherent and cohesive top leadership drive, well-articulated and precise vision from the top, discrepant action to increase tension, use of deviants and heretics, new avenues for articulating problems, reinforcing structural change and rewards, use of role models, deep socialization, training and development, new communication mechanisms to transmit new values and beliefs, integrated selection criteria and removal of deviants, persistence, patience among others (Donnell & Boyle, 2008). Hatch (1997) however, suggests that it is important to manage with cultural awareness rather than to directly manage the culture.

Finally, cultures are dynamic. An organization is a living culture that is capable of adapting to reality as fast as possible. Organizations shift, incrementally and constantly, in response to external and internal changes and so do culture, whose change can be managed as a continuous process rather than through big shift. Discussed below are some of the key contributions organizational leaders ought to pursue to build a strong, high performing organizational culture, committed to excellence and ethical behavior (Dess et al., 2014). These include; Emphasis on key themes/dominant values, dissemination of stories and legends about core values, institutionalize and adapt practices that reinforce desired beliefs and values and manage strategy-culture relationship.

2.4.1 Emphasize on key themes/dominant values

A values-based culture holds that an organization’s values support its vision, shape its culture, and reflect what is important to the organization (Johnson & Scholes, 2002). These principles form an organization’s identity.
There are guiding principles that build values-based culture, which entails starting at the top, continuous training and patience. Starting at the top is essential because major strategic initiatives rely on support and modeling from the organization’s top management. Mostly, people learn about values more by what they are shown and less by what they are told to do. Constant training and education becomes mandatory since terminologies are clearly defined and concepts explained with examples. This process is tedious as the values should be constantly integrated into everyday practices and activities making patience key (Fairholm, 2009). An organization may resolve to focus its time, energy, and resources on building a values-based culture to unify disparate groups following a recruitment, merger or acquisition or upon realizing the competitiveness in the marketplace.

Insightful leaders are required to nurture key themes or dominant values within their organization that reinforce competitive advantages they seek to build or maintain (Dess, Lumpkin, Aisner, & McNamara, 2014). They should also be committed to managing culture in terms of developing and sustaining organizational performance, while managers in the organization be responsible for effective development of culture. The bottom line is to always develop appropriate measures that address culture issues in terms of increasing organizational capability and performance.

2.4.2 Encourage dissemination of stories and legends about core values

Every organization has stories discussed around coffee machine or while sitting in casual coffee breaks and lunches among other informal communication networks, about the founders, pivotal times in their history, memorable moments, employees etc. These stories are shared between employees, as a way of expressing pride in belonging, as a part of an initiation process for newcomers; tell what an organization values, and why. The stories send a potent message that probes the listener think about what happened, encourage analysis of the way the company works, get to know the organization’s dos and don’ts, define who is important in the organization, who the company wants to attract and work with. An organizations’ culture encapsulates what the organization has been good at, and what has worked in the past. These practices are often, without question accepted by long-serving members (Donnell & Boyle, 2008).

Corporate legends are always about values that are highly relevant within the company’s culture, even though they may not seem immediately visible. Stories are at times shared to drive innovation and beat the impossible odds in an organization.
To create an innovation culture needs heroes and stories about employees who created new product lines, business models or markets out of crazy ideas. These stories have greater credibility compared to any in-house newsletter as they are shared among work mates and are considered powerful pills that aid internal communication and help maintain and transmit culture. These are the kinds of tales form part of the case studies analyzed in business schools. Leaders ought to be enthusiastic collectors and tellers of stories and legends that emphasize on the company’s core values. Such, foster the importance of risk taking, experimentation, freedom to fail and innovation, which are all vital elements of success for an organization (Freedman, 2003).

2.4.3 Institutionalize and adapt practices that reinforce desired beliefs and values

Deal & Kennedy (2008) state that institutions with strong cultures clarify their beliefs and values and initiate the process of shaping them since their business strategies are built on the values. These authors further note that shaping and reinforcing an organization’s culture needs values, role models, corporate credos, codes of conduct, reward and evaluation systems, policies and procedures. Typical beliefs that shape an organization include a belief in; superior quality and service, being the best, the nuts and bolts of execution, importance of people and their abilities, inspiring people to do their best and the supremacy of customers (Schein, 2004).

In companies with strong cultures, managers and workers either accept the norms or opt out of the culture and leave the company (Gupta, 2009). Rituals are organized group activities that the company repeats because they help organizations institutionalize values. They could be synchronized Monday morning fellowship, Wednesday afternoon golf, beers on Friday, lunch meetings or any type of planned gathering. Usually, rituals are typically reserved for insiders only and there, key decisions are made and vital information is shared at these events. Employees who miss these ritual events are not likely to advance in the organization. Managers and top executives ought to accept personal responsibility for developing and strengthening ethical behavior throughout the organization and consistently demonstrate that such behavior is central to the vision and mission of the organization (Donnell & Boyle, 2008).

Culture is, therefore, a key battleground in the context of management reform in the public service such that old bureaucratic culture of the public service must be dismantled and replaced by a more modern entrepreneurial culture. A fuller understanding of culture and the reasons for particular organizational cultures in the public service is central to successful management reform.
2.5 Chapter Summary

This chapter elaborated literature from books and studies done by scholars, on the variables of the study, both the dependent variable and independent variables. Independent variables included organizational structure, leadership and culture all aligned to strategy. Organizational performance was the dependent variable whose review was done based on BSc framework. The next chapter presents the methodologies adopted to complete the study. It shall discuss collection, measurement and analysis of data with emphasis put on research design, target population, sampling design, sampling frame, sample size, basis for selection and finally the ethical research considerations.
3.0 RESEARCH METHODOLOGY

3.1 Introduction

Research methodology is a phase in research, which involves a systematic plan adopted to provide validity, objectivity, accuracy and economic metrics to the defined research questions for purpose of making decisions. This chapter presents the methodologies adopted to complete the study. The chapter is a blueprint of collection, measurement and analysis of data. It looks at the research design, target population, sampling design, sampling frame, sample size, basis for selection and finally the ethical research considerations.

3.2 Research Design

Research design is a scheme, outline or plan used to generate answers to research problems. Research design is an understanding of conditions for collection and analysis of data in a way that combines their relationships with the research to the economy of procedures. This study adopted a descriptive research design. According to Cooper & Schindler (2013), a descriptive study is concerned with finding out the what, where and how of a phenomenon. Sekaran (2015) states that descriptive studies help understand the characteristics of organizations that follow certain common practices and establish how the variables relate to each other. Descriptive research involves formulation of the study objectives and design of the data collection tools, providing the investigator with quantitative and qualitative data (Orodho, 2005). The research design aimed at gathering opinions of respondents and further provided the study with an appropriate procedure for examining the effects of strategic plan implementation on organizational performance of Parastatals in Kenya and achieving the objectives of this study.

The major purpose of adopting descriptive design method was to measure the accuracy of the variables, enables the researcher to generalize the findings to a larger population and describe the characteristics of the population, as they exist at present hence minimizing biases and maximizing the reliability of the evidence collected. The intention of descriptive research is to gather data at a particular time and use it to describe the nature of existing conditions. Finally, this provided a relatively complete picture of occurrences at a given time and allowed for development of questions for further study.
3.3 Population and Sampling Design

3.3.1 Population

Target population represents all cases of people or organizations that possess certain characteristics; it is the larger group from which a sample is taken. According to (Burns and Burns, 2008) a population is a well-defined set of people, services, elements, events, group of things or households being investigated. Population is divided into sets or strata that are mutually exclusive. Mugenda & Mugenda (2012) explain that the target population should have some observable characteristics, to which the researcher intends to generalize the results of the study. This definition assumes that the population is not homogeneous. The target population in this study comprises of the management staff working for Kenyan Parastatals based in Nairobi.

There are 262 gazetted Parastatals in Kenya based in its various counties. The structure in the Parastatals categorizes staff into three; top, middle and low levels of management. The study’s target population was the managers in the various functional areas and management levels. Due to constraints of resources and geographical dispersion of the organizations, the researcher with consultation of the supervisor, decided to study Parastatals domiciled in Nairobi central business district. Mugenda & Mugenda (2012), pointed out that the target population should have some observable characteristics, to which the study intended to generalize the results of the study. The researcher focused on collecting data from 20 Parastatals based in Nairobi City Centre targeting to receive comments from the CEOs and Senior Managers. The population characteristic was as summarized in the table below.

3.3.2 Sampling Design and Sample Size

3.3.2.1 Sampling Frame

A sampling frame is a list of population units/ elements from which to select units/elements to be sampled (Lacort, 2014). Parastatals in Nairobi Central Business District were the sample elements constituted in the sampling frame.
3.3.2.2 Sampling Technique

According to Mugenda & Mugenda (2003), a sample is a subset of a particular population. It is a small proportion of the entire population, a selection from the population. Sampling means selecting a number of individuals for a study in such a way that the individuals selected represent the larger group of the population.

This yields knowledge about the population for the purpose of statistical inference. The ability to generalize the population from a sample to depends critically on the representativeness of the sample. A representative sample is one that shares a wide range of attributes found among the wider population. Careful selection of a research sample allows a researcher to generalize findings from the sample to the population. A sampling plan describes the sampling unit, sampling frame, sampling procedures and the sample size of a study. A sampling frame describes the list of all population units and indicates selection of cases for observation (Cooper & Schindler, 2013).

This research used both simple (convenient / purposive) and stratified random sampling. The techniques chosen ought to produce estimates of overall population parameters with greater precision to derive a representative sample. Stratification reduces standard error by providing some control over variance. Kotler (2001), argues that well-chosen, sample of about 10% of a population can often give good reliability. Other literatures have shown that sample size selection is judgmentally decided.

3.3.2.3 Sample Size.

Cooper and Schindler, (2013) do recommend a sample size of more than 10%- 30% for studies in social science related subjects. Using simple random sampling the researcher selected conveniently and purposively 10% of the Parastatals with bias on those located in Nairobi, Kenya. This resulted to about twenty (20) Parastatals. The study adopted stratified random sampling method to study respondents from the management levels in the selected Parastatals’ in Nairobi Kenya. The researcher sought comments from an approximate population 100 (CEOs and Senior Managers) because they are key players in strategy implementation and contributors to the performance in their organizations. The researcher opted to get responses from 50% of the approximated population of 100, coming up with a sample size of 50 respondents.
Table 3.1: Sample Size

<table>
<thead>
<tr>
<th>Category</th>
<th>Composition</th>
<th>Sample ratio</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officers</td>
<td>20</td>
<td>0.5</td>
<td>10</td>
</tr>
<tr>
<td>Senior Managers</td>
<td>80</td>
<td>0.5</td>
<td>40</td>
</tr>
</tbody>
</table>

3.4 Data Collection Methods

Data collection instruments are tools used to collect the information from the intended target population (Lacort, 2014). Secondary data used involved the collection and analysis of published material and information from other sources such as annual reports and published data. The study used a survey questionnaire administered to each member of the sample population. Questionnaire enables the researcher to focus on areas of importance and which address the research directly. From its design, the questionnaire captured the (independent variables) organizational structure, leadership, culture, and overall performance being the dependent variable of the study.

It was comprised of both open ended and closed ended as well as structured and unstructured questions. Structured questions reduce data collection time while unstructured questions encourage the respondent to give in depth responses thereby enhancing quality of data collected (Cooper & Schindler, 2013).

3.5 Research Procedures

The researcher administered the questionnaire individually to all respondents of the study. The study exercised care and control by maintaining a register of questionnaires sent and received. The questionnaire was administered using a drop and pick later method. The researcher started by explaining to all participants in the study the role they are expected to play and the importance of providing honest information through a cover letter forwarding the questionnaire.

The researcher also assured the participants that the information given will be handled confidentially. Envelope marked “questionnaire” and thesis topic were provided to the respondents to seal their completed questionnaire to ensure confidentiality within the organization. The researcher then proceeded to self-administer the questionnaires and made sure respondents have adequate time to complete them.
The researcher conducted a pilot test and further tested the validity and reliability of the research method and instruments employed. A Pilot test was conducted before the actual data collection. Pilot testing is the measurement of a dependent variable among subjects. Its purpose is to ensure that items in the instrument are clearly stated and have the same meaning to all respondents (Mugenda & Mugenda, 2003).

Pre-testing of the questionnaire gave the opportunity to refine the questionnaire by revealing errors in the questions, sequence and design and observe the performance of the questionnaire under actual conditions. According to Kothari (2004), the purpose of pre-testing the data instrument was to ensure that the items in the instrument have the same meaning to all respondents. Pretesting permits refinement before the final test (Cooper & Schindler, 2013). Piloting enhances the instrument’s validity, reliability and familiarity with the administrative procedures of data collection. The results help the researcher correct inconsistencies arising from the instruments, to ensure they measure correctly. In this study, questionnaires were standardized to ensure validity and reliability. Before the constructed questionnaires were administered to the target population, they were presented to the project supervisor for checks and balances to find any form of bias. This involved checking whether the questions were objective, clear and revoking any positive or negative response.

A test for validity was carried out. According to Trochim, Donnelly & Arora (2016), validity is the degree by which the sample of test items represent the content that the test is designed to measure. Content validity employed measures the degree to which data collected using a particular instrument represents a specific domain or content of a particular concept. Mugenda & Mugenda (2003), contend that the usual procedure in assessing the content validity of a measure is to use a professional or expert in that particular field. To establish the validity of the research instrument, the researcher sought opinions from scholars and experts including the supervisor. This allowed modification of the instrument thereby enhancing validity. Furthermore, the study assessed the responses and non-responses per question to determine any technical dexterity with the questions asked.

Finally, the researcher administered a reliability test. According to Mugenda & Mugenda (2003), reliability is a measure of the degree to which a research instrument yields consistent results after repeated trials. It is an indication of the stability and consistency with which the instrument measures the concept and helps to assess the “goodness” of measure. The test was administered based on the questionnaire pre-test outcomes.
Respondents were informed that the research was meant for academic purposes only and that the researcher did not intend to use the information for personal gains. Internal consistency method was also tested using Cronbach’s Alpha. Cronbach's alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. A "high" value of alpha is often used as evidence that the items measure an underlying (or latent) construct. Reliability with a predetermined threshold of 0.7 is considered acceptable, implying that values above 0.7 indicated presence of reliability while values below signified lack of reliability of the research instrument (Babin et al., 2013)

3.6 Data Analysis Methods
Returned questionnaires were sorted for completeness. The researcher employed SPSS, a computer-based data analysis software to analyze the collected quantitative data. Descriptive statistics which include pie charts, measures of central tendencies (mean), measures of dispersion (standard deviation) and frequency tables were used to project the results. This aided tallying up responses, computing percentages of variations, describing and interpreting the data in line with the study objectives and assumptions by use of SPSS.

Inferential statistics according to Lacort (2014), involve measurement of relationships and differences between or among the variables. Inferential statistics tools employed include correlation, regression among others. Content analysis was done to test the qualitative nature of the data. This resulted in a quantitative and qualitative description of the objectives of the study.

3.7 Chapter Summary
This section described the methodology used to carry out the study. The chapter began with a brief introduction highlighting the general methodology and structure of the entire chapter, highlighting the methods used to conduct the research and justification of the same. The target population, sampling technique, technique and sample size were defined and described. Finally, data collection techniques and research procedures adopted were highlighted discussed. Chapter 4 shall analyse data from responsive parastatals and finally present the research findings based on the study research questions.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter analyses the response from staff of organizations that were responsive and further, presents findings of the research based on the research questions that guided the study. The data was collected by use of questionnaires which were (in this chapter) analysed and presented in form of Pie Charts, figures and Tables.

The sample size of the study was 260 managers in top, middle and lower levels of management in 20 Parastatals. The questionnaire sought information about the respondent including gender, age, years of service, the department they are serving, their level in management, the organization they are working for, including the approximate range of total number staff in the organization.

4.1.1 Response Rate

A total of 100 questionnaires were dispatched to 20 organizations and made telephone calls to follow up. A total of 29 questionnaires from 12 Parastatals were filled and returned, recording a 36% response rate. Table 4.1 below represents the responsive rate of state corporations and the number of the respondents from each of them.

**Table 4.1: Response Rate**

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responded</td>
<td>29</td>
<td>37</td>
</tr>
<tr>
<td>Not Responded</td>
<td>49</td>
<td>63</td>
</tr>
</tbody>
</table>

4.1.2 Demographic Characteristics of the Respondents

On gender, a majority of the respondents were male, being 62% compared to female respondents who were 38%. It shows that men are the dominant holders of Public Offices. The one third rule of either gender representation in public sector as required by the Kenya 2010 constitution was also respected. One third in this case being atleast 30% of respondents from either male or female gender bracket as depicted in Figure 4.1 below.
4.1.3 Age of the Respondents

Majority of the respondents were aged between 21-30 Years at 41 %, followed by those aged between 31-40 Years. The least was over 50 years at 3.4 %. This shows that there is hope for the youth in employment since are recognized to serve in leadership positions in public sector. The Public Sector drives the youth agenda from front as illustrated in table 4.2 below.

Table 4.2: Age of Respondents

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>21 - 30 Years</td>
<td>12</td>
<td>41</td>
</tr>
<tr>
<td>31 - 40 Years</td>
<td>10</td>
<td>35</td>
</tr>
<tr>
<td>41 - 50 Years</td>
<td>6</td>
<td>21</td>
</tr>
<tr>
<td>Over 50 Years</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

4.1.4 Level of Education of Respondents

On level of education, respondents with a Diploma level of education was the lowest at 3.4 % while graduates and Postgraduates had tied at 48.3 %.
Table 4.3: Respondents Level of Education

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diploma</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Graduate</td>
<td>14</td>
<td>48</td>
</tr>
<tr>
<td>Masters</td>
<td>14</td>
<td>48</td>
</tr>
</tbody>
</table>

4.1.5 Years of service

It was also important to establish how long the respondents had worked for the Organization, because the information enabled the researcher estimate the period the sample has interacted with the Parastatal. A majority had served for a period below 10 years, closely followed by those who have served for a period between 10 and 20 years. It can therefore agreeable to deduce that the respondents were experienced and had interacted with the organization for a considerable period as shown in table 4.4 below.

Table 4.4: Respondents Years of Service

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 10 Years</td>
<td>15</td>
<td>52</td>
</tr>
<tr>
<td>10 - 20 Years</td>
<td>13</td>
<td>45</td>
</tr>
<tr>
<td>20 - 30 Years</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

4.1.6 Level in Management

On level of management, majority of the respondents were Middle level senior managers with highest at 86%, and top level (CEOs) being the least at 14%.
Table 4.5: Level in Management

<table>
<thead>
<tr>
<th>Level in Management</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Level</td>
<td>4</td>
<td>14</td>
</tr>
<tr>
<td>Middle Level</td>
<td>25</td>
<td>86</td>
</tr>
</tbody>
</table>

4.1.7 Area of Specialization

A big number of respondents were those specializing in IT at 44.8%, followed by those in Procurement at 31.8% and Human resource at 13.8%. The least number of respondents were in Finance and Operation at 3.4 and 6.9% respectively. This shows that the views of the sample give a holistic representation of various functions in an organization.

Table 4.6: Respondent’s area of Specialization

<table>
<thead>
<tr>
<th>Department</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resource</td>
<td>4</td>
<td>14</td>
</tr>
<tr>
<td>Finance</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Procurement</td>
<td>9</td>
<td>31</td>
</tr>
<tr>
<td>Operations</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Other</td>
<td>13</td>
<td>45</td>
</tr>
</tbody>
</table>

4.1.8 Number of Workers in the Organization

On staffing levels, Eight (8) organizations representing 51.7% of the respondents had below 200 employees, which represented the majority as shown in Table 7 below. This indicated that a Parastatal is a potential employer in Kenya. The actions of Public offices can therefore highly influence the economy not only in the provision of essential goods, services and works but also in sustaining livelihood through job creation.
Table 4.7: Number of Workers in the Organization

<table>
<thead>
<tr>
<th>No. of Employees</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 – 200</td>
<td>15</td>
<td>52</td>
</tr>
<tr>
<td>200 – 500</td>
<td>8</td>
<td>28</td>
</tr>
<tr>
<td>500 – 1000</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Over 1000</td>
<td>5</td>
<td>17</td>
</tr>
</tbody>
</table>

4.2 Strategy Implementation

The questionnaire also examined some of the key contributors to SP implementation, and studied its influence on organizational performance. Related actions were undertaken and to determine Strategy Implementation commitment levels in Kenyan Parastatals.

4.2.1 Frequency of SP Review Meetings

On the Frequency of top management meetings to review performance of the strategic plan, the research output indicated that 59% of the Parastatals do quarterly reviews of their SP. This shows that Parastatals, just like the private sector have embraced the culture of formulation, and strategy review to monitor performance. It is also evident that 14% of the managers do not know how frequent their Top-level managers sit to review their SP. Showing that a majority of the managers are conscious about the strategy implementation progress.

Table 4.8: Frequency of SP Review Meetings

<table>
<thead>
<tr>
<th>Frequency of SP Review</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annually</td>
<td>7</td>
<td>24</td>
</tr>
<tr>
<td>Semi-Annually</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>1 - 3 Months</td>
<td>17</td>
<td>59</td>
</tr>
<tr>
<td>I do not Know</td>
<td>4</td>
<td>14</td>
</tr>
</tbody>
</table>
4.2.2 The Organizations Vision, Mission and Core Values

Table 8 below shows that over 90% of the respondents agreed to understand the Parastatals’ corporate ethos, goals and that, targets are derived from the SP with a mean score of 4.2 of 5; the standard deviation was below 1 confirming that a majority of the respondents were crowded near the mean.

The table below shows that 93 % of the respondents agreed that they clearly understood the organizations Vision, mission and core values. On understanding of the overall goals of the organization, 96% strongly or agree to it. A 79% of the respondents agree that they understood the current SP, while 14 % are not sure and 7 % disagree.

On the question of constant reference to the SP to guide day-to-day duties and courses of action, 72 % agreed to it, 24 disagree while 7% strongly disagree. A 97% agree that targets were derived from the SP while a negligible 3% were not sure. Another 86% of the respondents agree that action plans were revised upon evaluation of performances

Table 4.9: Organization Ethos

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Not Sure</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Std Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organizations Vision, Mission, Purpose and Core values are widely communicated to both internal and external stakeholders.</td>
<td>0%</td>
<td>0%</td>
<td>7%</td>
<td>62%</td>
<td>31%</td>
<td>.577</td>
</tr>
<tr>
<td>Staff understand the overall goals of the organization.</td>
<td>3%</td>
<td>0%</td>
<td>0%</td>
<td>52%</td>
<td>45%</td>
<td>.814</td>
</tr>
<tr>
<td>Staff understand the current strategic plan.</td>
<td>0%</td>
<td>7%</td>
<td>14%</td>
<td>38%</td>
<td>41%</td>
<td>.915</td>
</tr>
<tr>
<td>Staff constantly refer to the strategic Plan to guide day-to-day actions.</td>
<td>7%</td>
<td>17%</td>
<td>3%</td>
<td>59%</td>
<td>14%</td>
<td>1.152</td>
</tr>
<tr>
<td>Performance targets are derived from the Strategic plan.</td>
<td>0%</td>
<td>0%</td>
<td>3%</td>
<td>55%</td>
<td>41%</td>
<td>.561</td>
</tr>
<tr>
<td>Some strategies and action-plans are revised upon evaluation of performances.</td>
<td>0%</td>
<td>0%</td>
<td>14%</td>
<td>52%</td>
<td>35%</td>
<td>.675</td>
</tr>
</tbody>
</table>

40
The respondents indicated that the vision, mission, core values as well as the overall goal of the organization were popular amongst the internal and external stakeholders. This conclusion was upheld since in Table 4.9 above, over 90% of the respondents understood the various ethos and goals of the organization and had their performance targets derived from the SP. Again over 70% of respondents agreed to refer to the SP for day-to-day action plans and attested that SP review was done to evaluate its performance.

4.3 Scores of Organizational Structure

This analysis aimed at testing the essential elements of organizations structure on how they influenced strategy implementation and their contribution on organizational performance. Table 4.10 below gives tabulated outcomes from the respondents in percentages, analyzed further to give the mean and standard deviation to help make accurate conclusions.

Table 4.10: Scores of Organizational Structure

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Not Sure</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work allows for easier tackling of a broader array of strategy implementation tasks in departments.</td>
<td>0%</td>
<td>10%</td>
<td>7%</td>
<td>55%</td>
<td>28%</td>
<td>.886</td>
</tr>
<tr>
<td>Acknowledge and manage special skills and talents of staff</td>
<td>0%</td>
<td>3%</td>
<td>21%</td>
<td>45%</td>
<td>31%</td>
<td>1.052</td>
</tr>
<tr>
<td>Teamwork is emphasized in departments during strategy execution.</td>
<td>0%</td>
<td>10%</td>
<td>10%</td>
<td>31%</td>
<td>48%</td>
<td>1.002</td>
</tr>
<tr>
<td>Staff report to one boss</td>
<td>7%</td>
<td>21%</td>
<td>3%</td>
<td>31%</td>
<td>38%</td>
<td>1.360</td>
</tr>
<tr>
<td>Tasks and related duties are directed to and by one Manager</td>
<td>0%</td>
<td>10%</td>
<td>0%</td>
<td>52%</td>
<td>38%</td>
<td>.889</td>
</tr>
<tr>
<td>I clearly understand the chain of command in our organization.</td>
<td>3%</td>
<td>0%</td>
<td>0%</td>
<td>45%</td>
<td>52%</td>
<td>.825</td>
</tr>
<tr>
<td>Departmental conflicts in terms of mandate and authority are minimal.</td>
<td>0%</td>
<td>14%</td>
<td>10%</td>
<td>55%</td>
<td>21%</td>
<td>.928</td>
</tr>
<tr>
<td>Communication in the organization is always timely, clear and easy to comprehend.</td>
<td>0%</td>
<td>31%</td>
<td>14%</td>
<td>31%</td>
<td>24%</td>
<td>1.184</td>
</tr>
<tr>
<td>Managers are comfortable with size of their team.</td>
<td>3%</td>
<td>14%</td>
<td>17%</td>
<td>51%</td>
<td>14%</td>
<td>1.374</td>
</tr>
<tr>
<td>There are fewer opportunities for promotions in the organization.</td>
<td>24%</td>
<td>45%</td>
<td>14%</td>
<td>10%</td>
<td>7%</td>
<td>1.168</td>
</tr>
<tr>
<td>Standing rules, procedures and processes are strictly observed.</td>
<td>0%</td>
<td>52%</td>
<td>10%</td>
<td>17%</td>
<td>21%</td>
<td>.988</td>
</tr>
<tr>
<td>Decision making is complex and reserved for specific ranks or levels of management.</td>
<td>11%</td>
<td>28%</td>
<td>7%</td>
<td>41%</td>
<td>14%</td>
<td>1.292</td>
</tr>
</tbody>
</table>
On work specialization and departmentalization; 83% of the respondents agreed to being dedicated to a particular field and yet flexible while 7% were not sure and 10% Disagreed. Regarding knowledge and acknowledgement of special capabilities of their teams, 76% agreed while 28% were not sure and 3% disagreed. 80% of the respondents, agreed to have strong teams promoting team spirit while 10% were not sure and 10% were in disagreement. Here the standard deviation was on average close to 1.0.

On unity of command, 69% agreed to report to one boss with 28% disagreeing and 3% not sure. 97% of the respondents concurred they understood the chain of command in the organization. On timely and clear communication, 31% strongly disagreed, while 65% agreed. On average, the standard deviation was large, showing that most points were scattered away from the mean. On the span of control, 65% of the respondents were comfortable with the size of their team while 17% were not and 17% were not sure.

On formalization and De/centralization 55% confirmed that in decision making even the input of managers at a lower level in management is sought while 38% were of contrary opinion and 7% were not sure of how it’s done. The average standard deviation of the elements that describe the current Parastatal structure averagely stood at 1.049 as illustrated on Table 4.10.

### 4.4 Scores of Organizational Leadership

The study determined the impact of organizational leadership on overall organizational performance by analyzing the performance of the following aspects that depict alignment of leadership to strategy. These include; Embracing change, Management of power, Development of trust and Empowerment of employees. A 90% response showed that managers understand and clearly communicate the organization’s strategic intent; 70% of the respondents agreed with role modeling by managers to their juniors, and 20% disagreed; A majority of 83% understood the organization’s priorities while 14% were not sure.

On Management of power, 72% confirmed that managers do not exercise power beyond their limit, 10% were not sure while 17% disagreed. A 52% of the respondents indicated that instilling fear on staff is not a basis for influencing performance, 34% agreed and 14% were not sure. On recognizing and rewarding champions of strategy implementation, 52% agreed, 14% were not sure and 52% disagreed.
Table 4.11: Organizational Leadership

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Not Sure</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers clearly understand and communicate the strategic intent of the organization.</td>
<td>3%</td>
<td>7%</td>
<td>0%</td>
<td>42%</td>
<td>48%</td>
<td>1.023</td>
</tr>
<tr>
<td>Managers are consistent role models and take lead in galvanizing commitment among junior staff in the organization.</td>
<td>3%</td>
<td>17%</td>
<td>10%</td>
<td>42%</td>
<td>28%</td>
<td>1.162</td>
</tr>
<tr>
<td>Managers understand the organization’s priorities.</td>
<td>0%</td>
<td>3%</td>
<td>14%</td>
<td>45%</td>
<td>38%</td>
<td>.805</td>
</tr>
<tr>
<td>Bosses do not go beyond the limits to which they can exercise their power.</td>
<td>7%</td>
<td>10%</td>
<td>10%</td>
<td>55%</td>
<td>17%</td>
<td>1.111</td>
</tr>
<tr>
<td>Performance is pegged on consequences which instill fear.</td>
<td>21%</td>
<td>31%</td>
<td>14%</td>
<td>20%</td>
<td>14%</td>
<td>1.380</td>
</tr>
<tr>
<td>Champions of strategy implementation are recognized</td>
<td>21%</td>
<td>31%</td>
<td>14%</td>
<td>31%</td>
<td>21%</td>
<td>1.334</td>
</tr>
<tr>
<td>Managers are competent, well experienced and of integrity.</td>
<td>3%</td>
<td>0%</td>
<td>7%</td>
<td>52%</td>
<td>38%</td>
<td>.861</td>
</tr>
<tr>
<td>Managers treat each other and junior staff with respect.</td>
<td>0%</td>
<td>10%</td>
<td>17%</td>
<td>35%</td>
<td>38%</td>
<td>1.000</td>
</tr>
<tr>
<td>Managers listens to, and cares for their juniors.</td>
<td>3%</td>
<td>0%</td>
<td>17%</td>
<td>48%</td>
<td>31%</td>
<td>.906</td>
</tr>
<tr>
<td>Managers delegate some tasks to their juniors.</td>
<td>3%</td>
<td>7%</td>
<td>10%</td>
<td>45%</td>
<td>35%</td>
<td>1.035</td>
</tr>
<tr>
<td>Engage junior staff in decision making</td>
<td>0%</td>
<td>10%</td>
<td>10%</td>
<td>48%</td>
<td>31%</td>
<td>.926</td>
</tr>
<tr>
<td>Delegation of authority</td>
<td>0%</td>
<td>10%</td>
<td>3%</td>
<td>59%</td>
<td>28%</td>
<td>.865</td>
</tr>
</tbody>
</table>

On Development of trust, 90% of the respondents agreed that their bosses are competent, experienced and persons of integrity. Too 75%, of the respondents pointed that managers treated each other with respect and that they listen and care for their juniors.

On Empowerment of employees, over 80% confirmed that their boss delegates authority to them, are involved in decision-making and are allowed to solely make some decisions to fast track strategy implementation and achievement of results.
The standard deviation was at 1.034 showing that the marks awarded by different respondents were much scattered far from the mean.

### 4.5 Scores of Organizational Culture

The study determined the impact created by culture in strategy implementation and how it contributes to overall organizational performance. The following are the elements of culture studied; Emphasis on dominant themes, dissemination of stories about core values and institutionalization of desired beliefs and values.

On Emphasis on dominant themes, 55% confirmed that managers refer to the organization’s values, beliefs and norms to draw behaviors and performance expectations, 24% disagreed and 21% were not sure. 83% of the respondents pointed that execution of their day-to-day activities is guided by the organization’s values and that they understand the beliefs and corporate credos.

On dissemination of the organization’s stories and legends, 55% know their heroes, the key traits and attitudes they possessed. A 28% were not sure while 20% disagreed. Moving forward, 69% of the respondents agreed that elements of the organization's culture normally get included to the organization's internal and external communication, 14% disagreed and 21% were not sure. On collection and preservation of activities and experiences that positively influence success of the organization, 31% disagreed, 21% were not sure and 48% concurred. On institutionalization of desired beliefs and values, an average of 60% of the respondents agreed to organizational culture being central in strategy formulation, trainings and induction of staff.
Table 4.12: Scores of Organizational Culture

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Not Sure</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers constantly refers to the organizations values when drawing behavior and performance expectations.</td>
<td>0%</td>
<td>7%</td>
<td>21%</td>
<td>48%</td>
<td>24%</td>
<td>.860</td>
</tr>
<tr>
<td>The organization core values, beliefs and norms guide staff day-to-day operations.</td>
<td>0%</td>
<td>7%</td>
<td>10%</td>
<td>55%</td>
<td>28%</td>
<td>.823</td>
</tr>
<tr>
<td>Managers understand the corporate beliefs, policies and corporate credos.</td>
<td>0%</td>
<td>3%</td>
<td>10%</td>
<td>59%</td>
<td>28%</td>
<td>.724</td>
</tr>
<tr>
<td>Managers know heroes and role models of the organization and their key traits and attitudes.</td>
<td>3%</td>
<td>17%</td>
<td>28%</td>
<td>38%</td>
<td>14%</td>
<td>1.053</td>
</tr>
<tr>
<td>Internal and external communications are packaged with key elements of the organizational culture.</td>
<td>0%</td>
<td>14%</td>
<td>17%</td>
<td>48%</td>
<td>21%</td>
<td>.951</td>
</tr>
<tr>
<td>Managers constantly collect and preserve activities, experiences and events that enhance the organizations culture.</td>
<td>0%</td>
<td>31%</td>
<td>21%</td>
<td>17%</td>
<td>31%</td>
<td>1.243</td>
</tr>
<tr>
<td>The organization’s culture is central in strategy formulation and implementation.</td>
<td>3%</td>
<td>21%</td>
<td>21%</td>
<td>38%</td>
<td>17%</td>
<td>1.211</td>
</tr>
<tr>
<td>Stories on the organization’s desired values and codes of conduct form part of trainings or induction meetings to reinforce and embed the organizations values.</td>
<td>3%</td>
<td>17%</td>
<td>17%</td>
<td>42%</td>
<td>21%</td>
<td>1.213</td>
</tr>
<tr>
<td>Learning and adoption of behaviors and mindsets that conform to the organization’s culture.</td>
<td>3%</td>
<td>14%</td>
<td>7%</td>
<td>45%</td>
<td>31%</td>
<td>1.227</td>
</tr>
</tbody>
</table>

4.6 Organizational Performance

Financial performance: A 90% score of the respondents agreed that suppliers, vendors and staff received their pay on time. 76% of the respondents agreed that necessary resources for strategy implementation were availed on time against 6% who disagreed. On the Parastatal’s profitability, 28% did not know, 10% disagreed and 63% concurred that the organization’s annual revenues exceeded costs.
<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Not Sure</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages paid on time.</td>
<td>3%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>4.38</td>
<td>0.979</td>
</tr>
<tr>
<td>Suppliers and vendors paid on time.</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>31%</td>
<td>59%</td>
<td>3.62</td>
<td>0.942</td>
</tr>
<tr>
<td>Necessary resources for strategy implementation are availed on time.</td>
<td>3%</td>
<td>3%</td>
<td>17%</td>
<td>59%</td>
<td>17%</td>
<td>3.83</td>
<td>0.889</td>
</tr>
<tr>
<td>Organization’s annual revenues or perceived value exceed costs.</td>
<td>0%</td>
<td>10%</td>
<td>28%</td>
<td>28%</td>
<td>35%</td>
<td>3.86</td>
<td>1.026</td>
</tr>
<tr>
<td>Customer complaints are promptly responded to</td>
<td>0%</td>
<td>0%</td>
<td>3%</td>
<td>55%</td>
<td>42%</td>
<td>3.86</td>
<td>0.915</td>
</tr>
<tr>
<td>Finance reported reduced cost of quality</td>
<td>3%</td>
<td>10%</td>
<td>17%</td>
<td>48%</td>
<td>21%</td>
<td>4.45</td>
<td>3.491</td>
</tr>
<tr>
<td>Service delivery has improved with the operational costs remaining reasonably low.</td>
<td>0%</td>
<td>17%</td>
<td>10%</td>
<td>52%</td>
<td>21%</td>
<td>3.76</td>
<td>0.988</td>
</tr>
<tr>
<td>Sufficient training from the organization has enabled staff to carry out duties smoothly.</td>
<td>0%</td>
<td>14%</td>
<td>14%</td>
<td>45%</td>
<td>28%</td>
<td>3.86</td>
<td>0.99</td>
</tr>
<tr>
<td>Managers who promote high employee satisfaction, low turnover and high productivity get rewards.</td>
<td>3%</td>
<td>31%</td>
<td>21%</td>
<td>28%</td>
<td>17%</td>
<td>3.24</td>
<td>1.185</td>
</tr>
<tr>
<td>The organization has a unique corporate culture reflected in its appearances, actions, behavior etc. that it endeavors to cultivate.</td>
<td>3%</td>
<td>10%</td>
<td>17%</td>
<td>45%</td>
<td>24%</td>
<td>3.76</td>
<td>1.057</td>
</tr>
</tbody>
</table>

Internal processes: A 97% of the respondents agreed there was prompt response to customer requests and an average score of 72% of the respondents agreed on reduced cost of quality and to service delivery getting simpler, fast and easy with the operational costs remaining relatively low. Internal capacity development: 73% of respondents agreed to having received sufficient training for smooth operation in their areas while 15% disagreed.

On rewarding the best performers 34% disagreed while 45% agreed to practice that. Finally, 69% agreed that unique corporate culture was reflected on their appearance, behavior and actions while about 25% were not sure.
4.7 Overall Correlations

The study sought to establish the relationship between the study variables by use of correlation analysis. This study has employed Pearson Correlation Coefficient to establish the connection between the independent variables and dependent variable. This analysis sought to establish the relationship between any two of the following organizational aspects; organizational Structure, organizational Leadership, organizational Culture, Strategy Implementation and Organizational Performance. Table 4.14 below gives a tabulation of the correlations outcome.

<table>
<thead>
<tr>
<th>Strategy Implementation</th>
<th>Pearson Correlation</th>
<th>Sig.(2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structure</td>
<td>Pearson Correlation</td>
<td>.605**</td>
</tr>
<tr>
<td></td>
<td>Sig.(2-tailed)</td>
<td>.001</td>
</tr>
<tr>
<td>Leadership</td>
<td>Pearson Correlation</td>
<td>.666**</td>
</tr>
<tr>
<td></td>
<td>Sig.(2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td>Culture</td>
<td>Pearson Correlation</td>
<td>.627**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td>Performance</td>
<td>Pearson Correlation</td>
<td>.695**</td>
</tr>
<tr>
<td></td>
<td>Sig.(2-tailed)</td>
<td>.000</td>
</tr>
</tbody>
</table>

The association between Organizational Performance (Dependent Variable) and Structure, Leadership and Culture (the Independent Variables) was 0.556, 0.584 and 0.653 at a significance level of 0.02, 0.01, and 0.000 respectively. This meant that improvement of Structure, Leadership and Culture by 100% each could cause a 56%, 58% and 65% improvement in organizational performance respectively. A positive change in the three-independent variables could cause a positive change in the dependent variable. A significance level of 0.000, 0.01, and 0.02 means that the outcome of the study is by 100%, 99% and 98% respectively tested and proven true.

The Association between Strategy Implementation and Structure, Leadership and Culture is 0.605, 0.666, and 0.627 at a level of significance of 0.01, 0.000, and 0.000 respectively. In this case, Strategy implementation is the dependent variable and the rest are the independent variables. The positive values imply that change in the independent variable causes change on the dependent variable in the same direction. This means that a positive change in the independent variables results in a positive change on the dependent variable.
Further translation show that aligning an organization’s structure, leadership and culture to the organization’s new strategy by 100%, spurs SP Implementation and success of the plan by 61%, 67% and 63% respectively. This is quite impactful. It emphasizes that organizations ought to align key organizational aspects to the new strategy to create enabling environment for strategy execution which fosters overall organizational performance. These organizational aspects are therefore significant contributors to strategy implementation; and strategy implementation a significant contributor to organizational performance. We also notice multi co-linearity amongst the independent variables. Leadership impacts structure by 0.810; Culture also influences Structure and leadership by 0.0723 and 0.717 respectively. This shows that these variables change to the same direction and are interdependent.

4.8 Regression Analysis of organizational Strategy Implementation and Performance

A regression analysis investigates the extent to which the independent variables impact on the dependent variable; How Organizational Structure, Leadership and Culture affect organizational performance. He regression model was \( Y=B_0+B_1X_1+B_2X_2+B_3X_3 \); Where, \( Y=\)Organizational Performance, \( B_0=\)Constant, \( X_1=\)Organizational Structure, \( X_2=\)Organizational Leadership, \( X_3=\)Organizational Culture. \( B_1, B_2 \) and \( B_3 \) are coefficients of \( X_1, X_2 \) and \( X_3 \) respectively. The table 4.15 below, presents the Model summary used in regression explain the study phenomena.

4.8.1 Model summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.749*</td>
<td>.561</td>
<td>.488</td>
<td>.44626</td>
<td>.561</td>
<td>7.663</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Culture, Strategy Implementation, Structure, Leadership

b. Dependent Variable: Performance

From the model Summary above \( R=0.749 \) meaning that correlation between dependent variable (\( Y \)) and the Independent variables (\( X_1, X_2 \) and \( X_3 \)) is high. \( R^2=0.561 \) meaning that all the independent variables can explain 56% of variation in the dependent variable. While the remaining 44% is explained by other organizational aspects/factors not included in our study.
4.8.2 Coefficients

Table 4.16: Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>.690</td>
<td>.649</td>
<td>1.063</td>
<td>.298</td>
</tr>
<tr>
<td>Strategy Implementation</td>
<td>.555</td>
<td>.230</td>
<td>.458</td>
<td>2.415</td>
</tr>
<tr>
<td>Structure</td>
<td>.016</td>
<td>.253</td>
<td>.015</td>
<td>.062</td>
</tr>
<tr>
<td>Leadership</td>
<td>.023</td>
<td>.232</td>
<td>.025</td>
<td>.098</td>
</tr>
<tr>
<td>Culture</td>
<td>.259</td>
<td>.165</td>
<td>.336</td>
<td>1.572</td>
</tr>
</tbody>
</table>

This model has a high explanatory power on changes in Organizational performance. From the coefficients table 4.16 above; B0= Constant =0.690; B1=0.016; B2=0.023; B3=0.259

The Regression Model Y=B0+B1X1+B2X2+B3X3 is;

Y=0.690+ (0.016) (X1) + (0.023) (X2) + (0.259) (X3)

Y=0.690+0.016X1 +0.023X2+0.259X3

The t-value of constant produced (t=1.063) was significant at 95% (Sig. F<0.05), hence confirming the fitness of the model. Thus, there is a significant relationship between Organizational structure, leadership, culture and performance explanatory power of the model therefore, is statistically significant. Improvement of the organizational structure (X1) by one unit will improve the Organization Performance (Y) by 16%.

Improvement of the Organizational Leadership (X2) by one unit will improve the Organization Performance (Y) by 23%. Improvement the organizational Culture (X3) by one unit will improve the Organization Performance (Y) by 25.9%. The results prove that all the independent variables positively affect the dependent variable. Organizational Culture highly affects organizational performance, followed by Organizational Leadership and lastly Organizational Structure.
The three organizational aspects \((X_1, X_2 \text{ and } X_3)\) are key contributors to the success of strategy implementation as discussed in the Literature Review in Chapter 2. The Coefficients on Table 4.16 depicts that an increase of Strategy implementation by one unit causes a 55.5% increase in organizational performance.

4.8.3 ANOVA

ANOVA illustrates whether the model can predict Organizational performance using the independent variables. The F statistic (7.663) was significant at 95% confidence level (Sig. F<0.05). This means the model has predictive power. The model therefore confirms that there is a significant relationship between Organizational structure, leadership, culture and performance explanatory power of the model therefore, is statistically significant.

Table 4.17: ANOVA\(^a\)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>6.104</td>
<td>4</td>
<td>1.526</td>
<td>7.663</td>
<td>.000(^b)</td>
</tr>
<tr>
<td>Residual</td>
<td>4.780</td>
<td>24</td>
<td>.199</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>10.883</td>
<td>28</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^a\). Dependent Variable: PERFORMANCE

\(^b\). Predictors: (Constant), Culture, Strategy Implementation, Structure, Leadership

4.9 Chapter summary

Chapter 4 dealt with presentation and analysis of the census. It organized and summarized the research findings of the three-research questions of the study. Data presentation was done in tables and pie chart, taking note of descriptive and inferential statistics. Further, a test on the outcomes of the hypotheses done and the respective implications presented. Chapter 5, which is the last chapter presents a discussion on the research findings and sums up by providing the study conclusion and recommendations.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter gives a summary of the study, discussion of findings, areas of limitation, a conclusion and recommendations to the target audience and scholarly recommendations for further study, all done in line with the study objectives. In the summary below, the researcher highlights the research problem, engages in detailed discussions of the study variables, methods of data collection and gives the reduced findings for each of the study research questions. The conclusion allows the researcher to point out overall deductions of the study and finally, the recommendations section enumerates the specific inferences of the study.

5.2 Summary

The purpose of this study was to investigate the effects of strategy implementation on organizational performance, taking a case study of Parastatals in Nairobi. The study was guided by the following research questions: To what extend does organizational structure affect overall performance of Parastatals in Kenya? To what extend does organizational leadership affect overall performance of Parastatals in Kenya? and To what extend does organizational culture affect overall performance of Parastatals in Kenya? Strategic management has become a prominent agenda in public institutions in Kenya especially those in healthcare, manufacturing, food security and housing, these being chief implementers of President Kenyatta’s 2017-2022 national development agenda. The Parastatals are therefore expected to craft strategies that are at par with the president’s agenda and carefully implement them to achieve projected results.

This research adopted descriptive research design to generate answers for the research problems. The researcher empirically tested the impact of aligning organizational structure, leadership and culture on strategy implementation and further examined the level of influence it would have on overall performance of a Parastatal. Both simple and stratified random sampling techniques were used. Structured questionnaires were used to collect data. A survey questionnaire was formulated, tested and administered through drop and pick later method. A total of 29 questionnaires from 10 Parastatals were filled and returned, recording a 50% response rate.
The study used descriptive statistics employing tools such as SPSS for data analysis and presented the outcome in percentages, means, standard deviations, regression and correlations to interpret on the key research objectives.

The study revealed a positive relationship between organizational structure and organizational performance. It was noted that a majority of the respondents agreed that their Parastatal aligned structure to the corporate strategy to ease implementation of their strategic plan. Chain of command, span of control, departments, and work specialization among other elements of organizational structure were redesigned to accommodate the overall strategy. This led to successful implementation of most of the projected strategies consequently improving the overall performance of the Parastatal. The study confirmed that improvement of the organizational structure by one unit caused a 16% improvement in the overall performance of the organization.

The study further revealed there was a positive relationship between organizational leadership and organizational performance. A reasonably large portion of the respondents agreed that the leadership of their organization supported the corporate strategy. Appraisal of the management was done, which called for training or hiring in the area of embracing change, managing power, developing and nurturing trust, employee empowerment among others on needs basis. Leadership was found to steer the organization towards the path of actual and timely strategy implementation, definitely translating to improved overall performance of the Parastatal. The study established that improvement by one unit in leadership caused a 23% improvement in the overall performance of the organization.

Finally, the study revealed there was a positive relationship between organizational culture and organizational performance. A large section of the respondents agreed that cultural aspects of the organization are intangible, and yet they carry the ever-present themes that provide meaning to the corporate strategy, direction and basis for action. Upon formulation of strategies, the leadership lays a strong foundation of values, themes, stories, and institutionalize practices that reinforce desired beliefs and values that support strategy. The study confirmed that a improving a strategy supporting culture by one unit caused 26% improvement in the overall performance of the organization.
5.3 Discussion

The study investigated the impact of strategic plan implementation on organizational performance of Parastatals in Kenya. It examined organizational aspects that enable smooth strategy implementation to achieve its strategic plan overall goal, because, it would be needless for organizations to sink resources into strategy development. Discussion is done based on study findings of the following three research questions.

5.3.1 Impact of Organizational Structure on the Performance of Parastatals in Kenya

The study revealed that structure was indeed a high influencer of both strategy implementation and overall performance of an organization. A majority of respondents concurred that organizations ought to conduct careful analysis of business environment to design a structure capable of building and sustaining its competitive advantage.

Findings of the study confirmed that organizational structure and overall performance of an organization are positively and significantly associated. The results showed that structure explained 56% of changes in overall performance of Kenya’s Parastatals at a confidence level of .000 equivalent to 99.9% accuracy level as per ANOVA. The coefficients analysis explained that improvement of the organizational structure by one unit would improve Performance by 16%. The regression results too, depicted a positive and significant relationship between the two variables. Aligning structure to support strategy could possibly spur successful strategy implementation, which positively and significantly influences overall performance of a Parastatal.

The study findings revealed that Parastatals ought to make strategy informed decisions on: the appropriate chain of command, managers span of control, whether to specialize its staff or not, departmentalize its functions, amount of centralization and decentralization in their units and formalities that allow them, to best implement strategies and achieve organizational goals (Robbins & Coulter (2013). An organization in production such as Kenya Meat Commission could adopt a specialized structure fit for an assembly line i.e. specialise it’s staff and functions to build a highly proficient staff base in their specialised areas. It makes tasks well-organized, delivery fast and enables management make efficient use of diverse skills that workers possess; making it a consistent source of increased productivity.
The study further revealed that managers should balance specialisation so that it may not yield complacency or dissatisfaction among employees by allowing some level of flexibility and interaction among members of different teams. It was also noted that organizations ought to employ aspects of structure that are a utility to its strategy to enjoy smooth execution.

The findings too revealed that appropriately designed organizational structures provide the stability a firm needs to successfully implement its strategies, maintain its competitive edge while simultaneously-providing flexibility to develop advantages it may need in future. Parastatals are called upon to create or change existing structure to suit the firm’s strategy (Pearce & Robinson (2013). The study show that successful organizations have become agile and virtual, have networks linked by information technology to share skills, markets and costs through outsourcing for example. Management make their organizations boundary-less, in a bid to lessen the firm’s ability to get, generate and share knowledge to areas best utilized to create value.

5.3.2 Impact of Organization’s Leadership on Performance of Parastatals in Kenya

The association between Organizational Performance (Dependent Variable) and Leadership (the Independent Variable) was positive in that improvement by one unit in leadership caused a 23% improvement in the overall performance of the organization. This meant that a positive change in leadership caused a positive change in Parastatal performances. Leadership of Parastatals ought to consider assembling a capable management team, consciously build and strengthen strategy supportive competencies. Leadership in organizations is about guiding and marshalling people towards its vision. The study strongly exposes that effective leadership involves formulating and communicating the strategy, building confidence, enthusiasm and teams, forming networks, influencing others positively, delivering results, and aligning staff for strategy implementation (Pearce & Robinson, 2013). It is the responsibility of leaders to ensure that staff understand the strategy, buy into it and align their decisions and actions accordingly. Effective leadership means communicating the strategy in a language that staff understand; to ensure that staff understand what the strategy means to their job and back it.

Harrison (1999), indicated that leaders ought to embrace change; it is mandatory to adopt a new way of doing things that support the strategy; not to continue doing same things of old. A new strategy means new priorities, new activities and new way of executing activities across the organization. Resistance to change is a barrier that leaders ought to overcome.
Public organizations are at times prone to inertia, slow to learn and mostly forced to accept change because of the stakes in the status quo. To overcome these barriers, leaders especially in Parastatals are invigorated to make effective use of power, careful not to abuse it. Trust in leadership is significantly related to positive job performances, organizational citizenship behavior, and commitment and job satisfaction. Effective leadership therefore comes with the ability to gain trust from followers. Today’s leaders face the challenge of rebuilding and restoring trust with employees and other stakeholders (Dess et al., 2014).

According to Herbinia (2006), great leaders realize that the strongest organizations are those that effectively use the talents of all the players in the team. With increased work demands, leaders advocate for employee empowerment by seniors to juniors at all levels increase decision-making discretion to fast track decisions, tasks implementation and achievement of results. The study show that it creates an environment where employees achieve their potential goals as they help the organization achieve its strategic goals (Dess et al., 2014).

This study agrees with previous studies on the fact that business environment of today is unpredictable, volatile and chaotic causing myriad leadership issues in organizations calling upon leaders to adjust their style to situations, not to hold on one style.

5.3.3 The impact of organization’s Culture on Performance

The study findings concur with Freedman (2003), that organizational culture is an effective means of organizational control. Culture sets implicit boundaries that make Parastatal stakeholders identify with the company’s objectives endowing greater employee engagement that provide a common purpose and identity. Institutions with strong cultures get clear on what their beliefs and values need to be and initiate the process of shaping them since business their strategies are built on the values. Organizations that endeavor to shape and reinforce an organizations’ culture always have values, role models and corporate credos, codes of conduct, reward and evaluation systems, policies and procedures.

The research correlation analysis confirmed that organizational culture and overall performance of an organization were positively and significantly associated. The results show that culture explained 65% of changes in overall performance of Kenya’s Parastatals. The regression results depicted a significant positive relationship between the two variables. ANOVA confirmed the conclusion at a confidence level of 95% accuracy level.
The findings from the study show that Parastatal leaders build strong, high performing organizational cultures, committed to excellence and ethical behavior. Leaders, who emphasize on key themes or dominant values, disseminate stories and legends about core values, institutionalize and adopt practices that reinforce desired beliefs and values. Parastatals require insightful leaders able to nurture key themes or dominant values within their organization that reinforce competitive advantages they seek to build or maintain, enthusiastic collectors and tellers of stories and legends that foster risk taking, experimentation, freedom to fail and innovation, which are all vital elements of success for an organization.

Research shows that exceptionally well performing Parastatals have value-based cultures where values support corporate vision, shape culture, from the forefront reflecting what is important to the organization. Leaders who take the initiative of developing, changing, sustaining and shaping the organizations culture, fit the organization in the path of growth financially, market-wise, motivated workforce among other achievements. Finally, organizations that effectively manage their culture strategy relationship indeed acknowledge easy flowing strategy implementation experience, because culture is a paramount influencer of both strategy implementation and overall performance as highlighted in data interpretation in Chapter 4.

5.4 Conclusion

5.4.1 Strategy Implementation and organizational performance of Parastatals in Kenya

The study concludes that it is in implementation where rubber meets the road for a strategic plan. It is the level at which the value of investing in the plan is tested. Without implementation, well-conceptualized and carefully formulated strategies would be a waste of public resources by Parastatals. This study concludes that upon strategy formulation, key organizational aspects ought to be fitted to match the strategy since according to study results; they immensely influence the overall performance of an organization. the study further concludes that implementation of well crafted strategies immensely influences overall performance of a Parastatal positively making it a key pillar of organizational performance. The study alludes that the grasp of strategy implementation is yet to be harnessed fully considering its high level of influence on performance and rallies organizations to indulge fully in strategy execution.
5.4.2 Influence of organizational structure on performance of Parastatals in Kenya

Appropriately designed organizational structures provide the stability that a firm needs to implement strategies while creating or maintaining its competitive edge. Further, the study establishes that, organizational structure and overall performance of a Parastatal are positively and significantly interconnected. Finally aligning structure to support strategy is found to spur successful strategy implementation, which positively and significantly influences overall performance of a Parastatal.

5.4.3 Influence of organizational leadership on performance of Parastatals in Kenya

The study concludes that there is a positive relationship between organizational leadership and overall performance in that improved leadership significantly improves overall performance. Secondly, the study concludes that leaders select best applicable leadership approaches from various schools of thought and adjust their style of leadership to situations at hand. Further, the research concludes that leaders should endeavor to embrace change, build trust with followers, manage power and empower employees to excel in performance. Lastly, Parastatals ought to package leadership styles and practices that best fit the corporate strategy.

5.4.4 Influence of organizational culture on performance of Parastatals in Kenya

The study concludes that organizations with leaders who emphasize on key themes or dominant values, disseminate stories and legends about core values, who institutionalize and adopt practices that reinforce desired beliefs and values, perform exceptionally well. The research counts culture as an effective tool of organizational control as it appropriately matches values, role models, and corporate credos, codes of conduct, reward and evaluation systems, policies and procedures to the corporate strategy. Finally, the study concludes that organizational culture and overall performance of an organization are positively and significantly associated.
5.5 Recommendations

5.5.1 Recommendations for improvement

5.5.1.1 Influence of strategy implementation on performance of Parastatals in Kenya

This study recommends that Parastatals and other public offices need to refrain from sinking resources into strategic planning only to shelve and fail to implement the plans. An organization’s strategic plan ought to be alive to all public officers at all times and be committed to it until realization of full implementation. This study further recommends Parastatals to align strategy to key organizational aspects especially structure, leadership and culture since these are proven significant drivers of strategy and influencers of overall performance.

5.5.1.2 Influence of organizational structure on performance of Parastatals in Kenya

The study recommends Parastatals to consider repackaging its organizational structure with those structure aspects that support the current corporate strategy so that strategy implementation rides on them without conflict to realize improved productivity across the organization. Study also recommends Parastatals and other public organizations to adopt an agile and virtual structure, have networks linked by information technology to swiftly address turbulence, adopt new industry trends and adapt in changing business environments. The study further recommends organizations embrace boundary-less structure in a bid to lessen the firm’s ability to get, generate and share knowledge to areas best utilized to create value.

5.5.1.3 Influence of organizational leadership on performance of Parastatals in Kenya

The study recommends Parastatals and other public organizations leadership to formulate and communicate strategy, build confidence and enthusiasm in teams, form networks, influence others positively and align staff to execute strategies. The study further recommends the leadership of Parastatals to assemble a capable management team build and strengthen strategy supportive competencies. Leadership in organizations is about guiding and organizing people towards its vision. It further recommends that leaders and managers strive to embrace change, build trust with followers, manage power and empower employees. The study finally strongly recommends employing aspects of leadership that are a utility to its strategy to enjoy smooth execution.
5.5.1.4 Influence of organizational culture on overall performance of Parastatals in Kenya

This area of the study, recommends Parastatal leaders to build strong, high performing organizational culture, committed to excellence and ethical behavior. Leaders that are able to nurture key themes or dominant values within their organization that reinforce competitive advantages they seek to build or maintain, enthusiastic collectors and tellers of stories and legends that foster risk taking, experimentation, freedom to fail and innovation, which are all vital elements of success for an organization.

5.5.2 Recommendations for further study

The study recommends the need for additional studies to be conducted on various factors influencing overall performance of Parastatals in other regions or in other sectors. This study did a search on internal factors that account for about 70% of overall performance, other factors and practices account for the remaining 30%. Therefore, there is room to study the influence of other factors that drive new corporate strategy and influence organizational performance apart from culture, leadership and structure.
REFERENCES


Cohen, M. (2002). Is it really planning or is it really Strategy or it is neither or both? *Public Sector Strategic Planning.*, Retrieved from ProQuest Dissertations and Thesis Database.


APPENDICES

Appendix 1. Research Questionnaire

INTRODUCTION

I am currently undertaking my research project on the “effects of strategic plan implementation on organizational performance of Parastatals in Nairobi, Kenya”. This research is in partial fulfillment of requirements for a degree in Masters of Business Administration from United States International University – Africa.

Information given here will only be used for purposes of this study and will be treated with utmost confidentiality. I will be very grateful if you would kindly complete this research questionnaire.

PART A: RESPONDENT PROFILE

1. What is your gender?
   - Male [   ]
   - Female [   ]

2. Indicate your age category:
   - 21-30 years [   ]
   - 31-40 years [   ]
   - 40-50 years [   ]
   - Above 51 years [   ]

3. What is your highest level of education?
   - PhD [   ]
   - Masters [   ]
   - Graduate [   ]
   - Diploma [   ]

4. Indicate your years of service in this Parastatal? (Tick as applicable)
   - Less than 10 years [   ]
   - 10-20 years [   ]
   - 20-30 years [   ]
   - Over 30 years [   ]

5. In which level of management are you in?
   - Top level [   ]
   - Middle level [   ]

6. Which is your area of specialisation?
   - Human resource [   ]
   - Finance [   ]
   - Operations [   ]
   - Procurement [   ]
   - Marketing [   ]
   - Other (Specify…………..)

7. What is the current number of employees in your organization?
   - Below 50 [   ]
   - 50-200 [   ]
   - 200-500 [   ]
   - 500-1000 [   ]
   - Over 1000 [   ]

8. In which industry does your organization operate under? Tick appropriately.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Tick</th>
<th>Industry</th>
<th>Tick</th>
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</thead>
<tbody>
<tr>
<td>Finance</td>
<td></td>
<td>Energy</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td>Health</td>
<td></td>
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<tr>
<td>Transport &amp; Infrastructure</td>
<td></td>
<td>Research</td>
<td></td>
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<tr>
<td>Other (specify)………..</td>
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</tbody>
</table>
PART B: STRATEGY IMPLEMENTATION

9. How often does your top management meet to review performance of the strategic plan?

None [ ]   Annually [ ]   6 Months [ ]   1- 3 Months [ ]   I do not know [ ]

10. To what extent do you agree or disagree with the following statements below, in Part C, D, E and F regarding strategy implementation and performance of your organization.

1=Strongly Disagree   2= Disagree   3=Not Sure   4=Agree   5=Strongly Agree

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<tr>
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<tbody>
<tr>
<td>a)</td>
<td>The organizations Vision, Mission, Purpose and Core values are widely communicated to both internal and external stakeholders.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>b)</td>
<td>I fully understand the overall goal of our organization.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>c)</td>
<td>I fully understand our current strategic plan.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>d)</td>
<td>I constantly refer to the strategic Plan to guide my day to day actions.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>e)</td>
<td>Activities / initiatives are reviewed against relevance / value to the organizations’ new strategy.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>f)</td>
<td>My performance targets are derived from the Strategic plan.</td>
<td>1</td>
<td>2</td>
<td>3</td>
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<tr>
<td>g)</td>
<td>Some of the strategies and action-plans are revised upon evaluation of their performances.</td>
<td>1</td>
<td>2</td>
<td>3</td>
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PART C: IMPACT OF ORGANIZATION’S STRUCTURE ON PERFORMANCE

1=Strongly Disagree   2= Disagree   3=Not Sure   4=Agree   5=Strongly Agree

<table>
<thead>
<tr>
<th>Work specialization and Departmentalization</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) My work allows me to easily tackle a broader array of strategy implementation tasks in my department.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>b) I know and acknowledge the special skills and talents of the staff whom I manage.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>c) As a department, we work as a team during strategy execution.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
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### Chain of command

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</table>
a) | I report to one boss. |
b) | I perform tasks as directed by my manager. |
c) | I understand clearly the chain of command in our organization. |
d) | We do not experience departmental conflicts in terms of mandate and authority. |
e) | Any communication in our organization is always timely, clear and easy to comprehend. |

### Span of control

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a) | I am comfortable with the number of employees who report to me; I’m neither under-utilized nor I’m over-stretched. |
b) | There are fewer opportunities for promotions in our organization. |

### Formalization and De/centralization

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a) | Standing rules, procedures and processes are strictly observed. |
b) | Decision making is complex and reserved for specific ranks or levels of management. |

### Additional information on your organizational structure:

………………………………………………………………………………………

### PART D: IMPACT OF ORGANIZATION’S LEADERSHIP ON PERFORMANCE

1=Strongly Disagree  2= Disagree  3=Not Sure  4=Agree  5=Strongly Agree

#### Embracing change

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</table>
a) | My immediate boss clearly understands and communicates the strategic intent of the organization. |
b) | My seniors are consistent role models and take lead in galvanizing commitment among junior staff in the organization. |
c) | I fully understand the organization’s priorities. |

#### Management of power

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</table>
a) | My boss does not go beyond the limits to which he/she can exercise their power. |
b) Performance is pegged on consequences which instill fear (lose of job, demotion, poor performance review).

c) My boss recognizes and rewards champions of strategy implementation.

**Development of Trust**

a) My boss is competent, well experienced and a person of integrity.

b) In my organization bosses treat each other and junior staff with respect.

c) My boss listens to, and cares for me.

**Empowerment of employees**

a) I am allowed to make decisions concerning my work to fast track implementation and achievement of results.

b) My boss usually seeks my input while making some decisions.

c) My boss often delegates authority to me, to undertake some strategic tasks.

**Additional information on your organization’s leadership:**

……………………………………………………………………………………………

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**PART E: IMPACT OF ORGANIZATION'S CULTURE ON PERFORMANCE**

1=Strongly Disagree   2= Disagree   3=Not Sure   4=Agree   5=Strongly Agree

<table>
<thead>
<tr>
<th>Emphasis on key or dominant themes</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
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<tbody>
<tr>
<td>a) Managers constantly refers to the organizations values when drawing behavior and performance expectations.</td>
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<tr>
<td>b) The organization core values, beliefs and norms guide my day to day operations.</td>
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<tr>
<td>c) I clearly understand the organization’s beliefs, policies and corporate credos.</td>
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**Dissemination of stories and legends about core values**

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<tr>
<td>a) I know the heroes and role models of our organization and their key traits and attitudes.</td>
<td></td>
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<tr>
<td>b) Internal and external communications are packaged with key elements of the organizational culture.</td>
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We constantly collect and preserve activities, experiences and events that enhance our culture and positively impact on the success of the organization as a whole.

**Institutionalization of desired beliefs and values**

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<tbody>
<tr>
<td>a)</td>
<td>Our organization’s culture is central in strategy formulation and implementation.</td>
</tr>
<tr>
<td>b)</td>
<td>Stories on the organization’s desired values and codes of conduct usually form part of trainings or induction meetings to reinforce and embed the organization’s values.</td>
</tr>
<tr>
<td>c)</td>
<td>I learned and adopted behaviors and mindsets that conform to the organization’s culture.</td>
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</table>

Additional information on your organizational culture:

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**PART F: ORGANIZATIONAL PERFORMANCE**

1=Strongly Disagree  2= Disagree  3=Not Sure  4=Agree  5=Strongly Agree

<table>
<thead>
<tr>
<th>Financial Performance</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
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</thead>
<tbody>
<tr>
<td>a) Salaries and wages are paid on time.</td>
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<td></td>
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<tr>
<td>b) Suppliers and vendors are paid on time.</td>
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<tr>
<td>c) Necessary resources for strategy implementation are availed on time.</td>
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<tr>
<td>d) The organization’s annual revenues or perceived value exceeds costs.</td>
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<table>
<thead>
<tr>
<th>Customer Satisfaction</th>
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<tbody>
<tr>
<td>a) I respond and handle customer complaints promptly.</td>
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<tr>
<td>b) We are receiving more compliments than complaints from our clients.</td>
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<tr>
<td>c) We constantly do customer surveys to determine their needs and expectations, and adjust accordingly.</td>
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<tr>
<th>Internal processes</th>
<th></th>
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<tbody>
<tr>
<td>a) We respond to and deliver orders promptly.</td>
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<tr>
<td>b) We have reported reduced cost of quality.</td>
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</table>
c) Our service delivery is getting better with our operational costs remaining reasonably low.

**Internal Capacity Development**

d) I have received sufficient training from the organization which has enabled me carry out my duties smoothly.

e) My organization rewards managers who promote high employee satisfaction, low employee turnover, and high employee productivity.

f) Our organization has a unique corporate culture reflected in our appearances, actions, behavior etc. which we endeavor to cultivate.

Additional information on your organizational performance:
..................................................................................................................................................
Appendix 2. Research Licence

This is to certify that Miss. Esther Munyao of United States International University Africa, has been licensed to conduct research in Nairobi on the topic: Effects of Strategic plan implementation on organisational performance of parastatals in Kenya for the period ending: 29/July/2020.

License No: NACOSTIP/19/172

Applicant Identification Number: 661902

Director General
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

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10 July 2019

To whom it may concern

RESEARCH PROJECT BY –ESTHER WAVINYA MUNYAO · ID 643118

The bearer of this letter is a student at the United States International University-Africa pursuing a Master of Business Administration-Strategic Management.

As part of the program, she is required to undertake a research project on “Effects of Strategic plan implementation on organizational performance of Parastatals in Kenya.” This requires her to collect data and information from various relevant institutions.

Kindly assist by enabling her access data, information and contacts with respondents who can complete his questionnaires. I assure you that the information provided will be treated with the utmost confidentiality.

Should you have any queries regarding the student research please feel free to contact me on my email, tlinge@usi.ac.ke or phone, +254 730116419

Yours sincerely,

[Signature]

Dr. Teresia Linge
Associate Dean, Chandaria School of Business