EFFECT OF STRATEGIC LEADERSHIP COMPONENTS ON ORGANIZATION PERFORMANCE: A CASE OF FLOWER FIRMS IN NAKURU COUNTY, KENYA

WILLIAM KURERE

EGERTON UNIVERSITY LIBRARY
24 JAN 2019
P.O. BOX 536, EGERTON
ACQUISITION SECTION

A Research Thesis Submitted to the Graduate School in Partial Fulfillment for the Requirements of the Master of Business Administration degree of Egerton University

EGERTON UNIVERSITY

NOVEMBER 2018

EULIB
064338

EGERTON UNIVERSITY
LIBRARY

DECLARATION AND RECOMMENDATION

Declaration

This research project report is my original work and to the best of my knowledge has not been presented for examination or has never been submitted for the award of any degree or diploma in any institution or university.

Signature..... **Date** 10TH/NOV/2018

William Kurere

CM11/00451/09

Recommendation

This research project report has been submitted with my approval as a university supervisor.

Signature..... **Date** 10TH/NOV/2018.

Dr. Simon Kibet Kipchumba

Lecturer Department of Business Administration

Faculty of Commerce

Egerton University

COPYRIGHT

© 2018 William Kurere,

The content provided therein, is the subject of intellectual copyright protection and all rights are reserved. Except in the case of the author's express prior written consent or pursuant to the reading of this research project, the contents may not be copied, reproduced, displayed, transmitted, or distributed, in whole or in part, except one may make one electronic copy and one hard-copy of contents one is interested in; provided such are for non-commercial personal use, with all intellectual property (copyright and symbols) retained thereon. One may not use any content or create any derivative work from this research project without the author's express prior written consent. The author hereby expresses his right of enforcement of his intellectual property rights

DEDICATION

I dedicate this project to my wife, Naini Teno, my son Vincent Kertich, and my daughters Mitchelle Naimtye & Marion Naramat for their patience and continuous encouragement throughout my study. My dedication also extends to my friends, colleagues, and the class of MBA 2009 for daring to embark together on this academic journey.

ACKNOWLEDGEMENT

First I would like to thank the Almighty God, . My sincere thanks go to Egerton University for giving me a chance to study.

I would like to sincerely express my utmost gratitude to my supervisor Dr. Simon Kibet Kipchumba for his tireless efforts and guidance throughout the study. I appreciate the unfailing material, moral and resource assistance accorded to me by my associate Nimrod Amdany. I also thank Dr. Kombo, Dr. Kipkebut, Dr. Ayuo and Dr. Nyaoga of Egerton University for the valuable critique and criticism throughout the entire project duration, without which quality of this work would not have been realized. I further extend my thanks to the Chief Executive Officers of the thirty-five (35) Cutflower firms, under study, who assisted me in getting the responses that aided the finalization of my research. Finally, I thank my parents and extend family for their support, patience and encouragement.

ABSTRACT

It is within the objective of every firm to employ Chief Executive Officers who would motivate individual followers to do more and even surpass the performance expected of them. Chief Executive Officers can perform such key role through implementation of strategic leadership. However, progress towards full understanding and exploitation of strategic leadership components by the Chief Executive Officers in Kenya Cutflower firms is limited due to the narrow focus on available leadership theories. The aim of this study was to analyze effects of strategic leadership components on organization performance taking the case of Kenya Cutflower firms in Nakuru County. Its specific objectives were to determine the perceived singular and combined effects of; Set Strategic Direction, Balanced Organization Controls, Managed Organization Resource Portfolio, Cultivated Ethical Practices and Sustained Organization Culture on performance of Cutflower firms in Nakuru County. It adopts the Survey Research Design where a complete census on thirty-five (35) Cutflower firms was conducted with their CEOs as the respondents. The study used self-administered structured questionnaires as the data collection tool. The data was coded and analyzed using Statistical Package for Social Scientists. Inferential data was analysed using regression analysis. The model was fitted and hypothesis testing was carried out using multiple regression analysis. The Pearson Correlation revealed that Set Strategic Direction had a high degree of positive correlation with organization performance. Also the combined effect of Strategic Leadership components showed an average degree of correlation. Most CEOs were not fully aware of Ethical Practices, Organizational Culture, Balanced Organizational Control and Managed Organizational Resource Portfolio which are key elements of strategic leadership. This points out that there exists a knowledge and practice gap in strategic leadership elements. This study provides information that highlighted opportunities for possible policy review on strategic leadership and organization performance. The study has relevant suggestions to scholars, academicians and researchers on possible areas for further research. Similarly, Cutflower firms should train its employees on the components of strategic leadership so that the concept can be understood and applied by all employees to match the theoretical success seen in models. It also recommends a further study into factors affecting effective implementation of the components of strategic leadership in Cutflower firms.

TABLE OF CONTENTS

DECLARATION AND RECOMMENDATION ii
COPYRIGHT iii
DEDICATION iv
ACKNOWLEDGEMENT v
ABSTRACT vi
TABLE OF CONTENTS vii
LIST OF TABLES x
LIST OF FIGURES xi
LIST OF ACRONYMS AND ABBREVIATIONS xii
CHAPTER ONE 1
INTRODUCTION 1
1.1 Background 1
1.2 Flower Firms in Kenya 2
1.3 statement of problem 3
1.4 Objective of the Study 4
1.4.1 General Objective 4
1.4.2 Specific Objectives 4
1.5 Hypotheses of the Study 5
1.6 Significance of the Study 5
1.7 Scope of the Study 6
1.8 Limitations of the Study 6
1.9 Assumptions of the Study 6
1.10 Operational Definitions of Terms 7
CHAPTER TWO 8
LITERATURE REVIEW 8
2.1 INTRODUCTION 8
2.2 Theoretical Review 8
2.2.1 Resource Based Theory 8
2.2.2 Human Capital Theory 9
2.2.3 Strategic Leadership 10
2.3 Setting Strategic Direction 12
2.3.1 Effect of Set Strategic Direction and Performance 13

2.3.2 Effect of Balanced Organizational Control on Performance 15
2.4 Managing Organization Resource Portfolio 16
2.4.1 Cultivating Ethical Practices 21
2.4. 2 Effects of Cultivated Ethical Practices on Performance 23
2.4.3 Sustaining Effective Organization Culture 24
2.4.4 Effects of Sustained Organizational Culture on Performance 26
2.5 Performance of Cutflower Sector in Kenya. 27
CHAPTER THREE 34
RESEARCH METHODOLOGY 34
3.1 Introduction 34
3.2 Research Design 34
3.3.1 Population of Study 35
3.3.2 Sample Size and Sampling Procedure 35
3.4 Data Collection Instrument 35
3.5 Validity and Reliability of the Instruments 36
3.5.1 Validity of Research Instruments 36
3.6 Reliability of the Instruments 36
3.7 Data Analysis and Presentation 36
CHAPTER FOUR 38
FINDINGS AND DISCUSSIONS 38
4.1 Introduction 38
4.2 Instruments Return Rate and Demographic Characteristics of Respondents 38
4.2.1 Instruments Return Rate 38
4.3 Cut flower Firms' Organizations Strategic Leadership 40
4.3.1 Awareness of the Concept Organizations Strategic Leadership 42
4.3.2 Cutflower Firms' Strategic Direction 44
4.3.3 Cutflower Firms' Balanced Organization Controls 45
4.3.4 Cutflower Firms' Managed Organization Resource Portfolio 46
4.3.5 Cutflower Firms' Ethical Practices 48
4.3.6 Cutflower Firms' Organization Culture 49
4.4 Cutflower Organizational Performance 50
4.5.1 Effect of Set Strategic Direction on Performance 51
4.5.2 Effect of Balanced Organization Controls on Performance 53

4.5.3 Effect of Managed Organization Resource Portfolio on Performance 54
4.5.4 Effect of Cultivated Ethical Practice on Performance 56
4.5.5 Effect of Sustained Organization Culture on Performance 58
4.5.6 Combined Effect of Strategic Leadership Components on Organization Performance 60
4.5.7 Summary of Hypotheses Test 62
CHAPTER FIVE 63
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS 63
5.1 Summary 63
5.2 Recommendations 65
5.3.2 Recommendations for Practice 66
5.3.3 Recommendations for Further Research 66
REFERENCES 67
APPENDICES 77
Appendix I: List of flower firms in Nakuru County 77
Appendix II: Specimen Introductory Letter to the Respondents 78
Appendix III: Research Clearance Permit 79
Appendix IV: Research Authorization Letter 79
Appendix V: Questionnaire 81

LIST OF TABLES

Table 4.1: Respondents Age Bracket 38
Table 4.2: Respondents Education Level 39
Table 4.3: Elements of Strategic Leadership Respondents Aware of 42
Table 4.4: Elements of Strategic Leadership Applied in the Management of Cutflower Firms 43
Table 4.5: CEOs Views on Cutflower Firms' Strategic Direction 44
Table 4.6: CEOs Views on Cutflower Firms' Balanced Organization Controls 45
Table 4.7: CEOs View on Cutflower Firms' Organizational Resource Portfolio 46
Table 4.8: Cutflower Firms' Ethical Practices 48
Table 4.9: CEOs View of Organization Culture Practice 49
Table 4.10: Descriptive Statistics of Cutflower Firms' Performance 50
Table 4.11: VIF for the 4 Independent Variable 50
Table 4.12: VIF of all Independent Variable 51
Table 4.13: R-Squared for Effect of Set Strategic Direction on Performance 52
Table 4.14: ANOVA for Effect of Set Strategic Direction on Performance 52
Table 4.15: Effect of Set Strategic Direction on Performance 52
Table 4.16: R Square Effect of Balanced Organization Controls on Performance 53
Table 4.17: ANOVA Effect of Balanced Organization Controls on Performance 53
Table 4.18: Effect of Balanced Organizational Control on Performance 54
Table 4.19: R Square for Effect of Balanced Organization Controls on Performance 55
Table 4.20: ANOVA Effect of Balanced Organization Controls on Performance 55
Table 4.21: Effect of Managed Organizational Resource Portfolio on Performance 56
Table 4.22: R Square Effect of Cultivated Ethical Practice on Performance 57
Table 4.23: ANOVA Effect of Cultivated Ethical Practice on Performance 57
Table 4.24: Effect of Cultivated Ethical Practice on Performance 58
Table 4.25: R-Squared Effect of Sustained Organization Culture on Performance 58
Table 4.26: ANOVA for Effect of Sustained Organization Culture on Performance 59
Table 4.27: Effect of Sustained Organization Culture on Performance 59
Table 4.28: R-Squared for Combined Effect of Strategic Leadership Components 60
Table 4.29: ANOVA Combined Effect of Strategic Leadership Components on Organization Performance 60
Table 4.30: Combined Effect of Strategic Leadership Components on Organization Performance 61

LIST OF FIGURES

Figure 2.1: Effect of Strategic Leadership Components on Organization Performance.....33
Figure 4.1: Respondents Gender parity.....39
Figure 4.2: Respondents Awareness of the Concept Organizations Strategic Leadership.....42
Figure 4.3: Respondents' Awareness that Strategic Leadership Effect Performance.....44

LIST OF ACRONYMS AND ABBREVIATIONS

CEO	Chief Executive Officer
CFO	Chief Financial Officer
EU	European Union
GDP	Gross National Product
GE	General Electric
GNP	Gross National Product
MNC	Multinational Companies
SME	Small and Medium Enterprises
SN	Serial Number
UK	United Kingdom
USA	United States America
TMT	Top Management Team

CHAPTER ONE

INTRODUCTION

1.1 Background

Leadership is the managerial ability to expect, predict, keep flexibility, and endow others to generate strategic change where appropriate (Robbins et al.,, 2010). Strategic leaders understand the current state of available markets, how to structure their products to serve the market competitively, the health of their organization and the presence of capital, how to determine the needs of the different sections of an organization, how to manage change in various states, how to use accountability and power, and ways to develop an optimum leadership team with adequate skills and competencies (Harris, 2008).

Strategic leadership is a managerial capability of a firm to expect, predict, keep flexibility, and endow others to generate strategic change and a feasible future of the firm (Kjelin, 2009). It is therefore the capability of the leadership to keep on reinventing motives for the organization's sustained presence. The leader must have the ability to focus on the organization's operational activities and at the same time monitor the changes that affect the organization, both internally and externally. Such changes are bound to determine the existence of the organization in the future and their prospects to grow the firm. The performance of any firm is dependent on its leaders (Finkelstein & Hambrick, 2008).

Globally, some researchers have attempted to develop a fully integrated global leadership model (Chin, Gu & Tubbs 2001), while others, such as the Global Leadership and Organizational Behavioral Effectiveness research project, have embarked on an expansive empirical study of the level to which leadership competencies are universal or culturally contingent. Other empirical researchers have attempted to define fundamentals of global leadership, such as building and translating a shared corporate vision across regions (Kets de Vries, Vrignaud & Florent-Treacy, 2008). Over the last twenty years, academic and business circles have paid increasing attention to the field of intercultural competence and cultural intelligence-areas, which directly influence global and multinational leadership-and this has inspired a new body of cross-cultural leadership debate (Johnson et al.,., 2006; Deardorff, 2004; Grisham 2006; Klenke 2008).

Global business is growing at an unprecedented rate - in 2006 foreign sales by MNCs exceeded US $7 trillion, growing 20% to 30% faster than domestic sales (Javidan et al.,., 2006). At such a time of rapid business globalization, when leaders in MNCs operate in diverse international environments, it is vital to distinguish leadership competencies in global as opposed to mono-cultural environments. The goal of this chapter is to identify how leaders can move from one-dimensional to cross-cultural models of global leadership to encourage more fluid and contextualized international business operations.

In Africa, Jooste & Fourie (2009) established that strategy implementation is more important than strategy formulation in South African organizations and that the ability to implement a strategy in an organization is more important than the ability to formulate a strategy in an organization. In addition, strategy implementation is perceived to be more difficult than strategy formulation, and poor strategy implementation is perceived to result in a high failure rate of change initiatives. The study further established the following barriers to strategic leadership; poor understanding of the strategy by the workforce and ineffective communication of the strategy to the workforce are the most important barriers to effective strategy implementation; Strategic leadership is not perceived to be a major barrier to effective strategy implementation.

In Kenya, Nthini (2013) observed that the strategic leadership practices including: determined corporate strategic direction, effectively managed corporate resource portfolio, emphasized effective organizational culture, emphasized ethical practices and balanced organizational controls correlated highly with customer satisfaction, return on investment, net profit margin and low annual employee turnover in the Kenya State Corporations. The correlation analysis that tested the level and significance of relationships of research variables confirmed that effective strategic leadership affects organizational performance.

1.2 Flower Firms in Kenya

Kenya is a major global supplier of Cutflowers; the sector is estimated to employ approximately 50,000 to 60,000 people directly and over 500,000 people indirectly (Kenya Flower Council, 2009). Cutflowers, fruits and vegetables make up Kenya's horticulture industry: one of the country's major foreign exchange earners; along with tea and tourism. Horticulture is one of the fastest growing sectors in the Kenyan economy, largely attributable to Cutflower exports. Agriculture, more broadly, accounts for approximately one quarter of

GDP and 60% of export earnings and is the source of livelihood for the majority of Kenyans (International Monetary Fund, 2010).

There are over 150 flower producers in Kenya, many of which are medium to large-scale commercial operations Ksoll et al., (2009) conducted a firm-level survey of over 100 exporter producers. Data from Ksoll et al., (2009) revealed that there are about 120 established grower-exporters, exporting right through the year. The established exporters have substantial heterogeneity across firms with respect to key characteristics, such as acreage, ownership structure, and level of vertical integration. Major investment over the past two decades and duty-free access to the European Union (EU) has contributed to strong growth in the sector. Cutflower importers and retailers in the EU have established (largely unwritten) contractual relationships with Kenyan producers to ensure adequate supplies and timely delivery; this vertical relationship requires a readily accessible labor force (Hale & Opondo, 2005).

EU member countries are the world's largest importers of fresh Cutflowers, making up over 65% of global imports; the EU is also the primary destination for Kenyan flowers. Roses are by far the most important export in the Kenyan Cutflower sector, comprising over 70% of all trees, plants, buds, roots, flowers, and foliage exported from Kenya (Muhammad, 2009). The EU imports about 90% of Kenya's Cutflowers and over 82% of its roses.

The major flower-growing areas are Naivasha, Thika, Limuru, Nairobi, and the Athi River plains in the west, and the Nakuru, Nanyuki, Mount Kenya region, and Eldoret in the north. Naivasha-located about 100 kilometers Northwest of Nairobi-accounts for about 50% of the total land under Cutflower cultivation, and about one-quarter of all flower exporters is located in the region. Additionally, the area is in close proximity to the Jomo Kenyatta International Airport and is linked by the Nairobi-Nakuru highway. Well-developed transportation networks are particularly important since fresh Cutflowers are highly perishable.

1.3 statement of problem

The industry players within the Kenyan Cutflower sector are faced with the following challenges: tariff and non-tariff barriers, formal barriers that encompass custom duties and import charges, quantitative restrictions, anti-dumping and countervailing restrictions, standards, testing and certification rules, government procurement laws, counter trade requirements, child labor laws, exchange and financial controls as well as export and lack of

subsidies. Therefore Kenyan Cutflower sector is a sensitive venture that is riddled with complexities, challenging opportunities and threats as well as stiff competition posed by other players in the global economy. Despite realization that strategic leadership can enhance firm performance while competing in turbulent and unpredictable environment, it is still evident that there are firms in the flower sector that have difficulty in confronting the challenges in the global economy and has been experiencing less than satisfactory organization performance. This is partly attributed to slow progress and limited understanding of strategic leadership in these firms because of the narrow focus on available leadership theories. The application of strategic leadership model by Hitt, Ireland, & Hoskisson (2016) and how it influences performance in terms of sales, quality and brand equity remains inadequately researched in Kenyan Cutflower Sector. Therefore, it justified this study whose main aim was to determine the effect of strategic leadership components on performance of Kenya Cutflower Sector taking the case of Cutflower firms in Nakuru County.

1.4 Objective of the Study

1.4.1 General Objective

The main objective of the study was to determine effect of strategic leadership components on organization performance taking the case of Cutflower firms in Nakuru County, Kenya.

1.4.2 Specific Objectives

The specific objectives of the study were;

a) To determine the effect of setting strategic direction on performance of Cutflower firms in Nakuru County
b) To determine the effect of balancing organization controls on performance of Cutflower firms in Nakuru County
c) To determine the effect of managing organization resource portfolio on performance of Cutflower firms in Nakuru County
d) To determine the effect of cultivating ethical practices on performance of Cutflower firms in Nakuru County
e) To determine the effect of sustaining organization culture on performance of Cutflower firms in Nakuru County
f) To determine the combined effect of strategic leadership components on performance of Cutflower firms in Nakuru County.

1.5 Hypotheses of the Study

i. H_{O1}: Setting strategic direction does not significantly affect performance of Cutflower firms in Nakuru County

ii. H_{O2}: Balancing organizational controls do not significantly affect performance of Cutflower firms in Nakuru County

iii. H_{O3}: Managing organization resource portfolio does not significantly affect performance of Cutflower firms in Nakuru County

iv. H_{O4}: Cultivating ethical practices do not significantly affect performance of Cutflower firms in Nakuru County

v. H_{O5}: Sustaining organization culture does not significantly affect performance of Cutflower firms in Nakuru County

vi. H_{O6}: The combined effect of strategic leadership components does not significantly affect performance of Cutflower firms in Nakuru County.

1.6 Significance of the Study

The importance of this study on effects of strategic leadership components on organization performance was to expand the existing body of knowledge so as to benefit the Kenya Cutflower sector and its supportive industries, the Kenyan government, scholars and readers in general. This study has provided empirical data and information to the Chief Executive Officers of the Cutflower firms in Kenya that is useful in adjusting their policies to accommodate strategic leadership. It has also influenced the understanding within the Cutflower industry that effective strategic leaders can make firms cope better with competition as well as exploit competitive advantages for organization survival and sustainable performance within the industry. The study has provided information to Kenyan Government and Cutflower Sector stakeholders that highlighted opportunities for possible policy review on strategic leadership and organization performance. The study has contributed in filling the gap in knowledge and practice as well as added to the existing body of knowledge in Strategic Management. The findings has also assisted the researcher to come up with suggestions to scholars, academicians and researchers on possible areas for further research that could contribute to the existing body of knowledge in Strategic Leadership and Organization Performance.

EGERTON UNIVERSITY

1.7 Scope of the Study

This study covered the Cutflower firms in Nakuru County and concentrated on the effect of strategic leadership on performance of Kenya Cutflower sector, and took the case of Cutflower firms in Nakuru County. The study covered the five elements of Hitt, Ireland, & Hoskisson (1995) model including; Determining strategic direction; Exploiting and maintaining core competencies; Sustaining an effective corporate culture; Emphasizing ethical practices and Establishing strategic controls. The study targeted the senior managers in the 35 Cutflower firms in Nakuru County and was conducted from 15th October to 30th November 2017. The study took the case of Cutflower firms in Nakuru County for two reasons; Cutflower firms are involved in a timed production linked to specific market with labor intensive operations that if any mistakes occur can lead to huge loss. The four components of strategic leadership therefore are key in setting management operations that can deliver the timed production and the flowers to the designated market.

1.8 Limitations of the Study

The firms within Kenyan Flower Industry have been known to be secretive about their financial, business processes and their success factors for fear of adverse negative publicity or possibility of exposure of their competitive strategy to rivals. This posed as one of limitations to the study. To overcome this limitation, the researcher assured the respondents that the information they gave would treated with utmost confidentiality. Despite the scarcity of resources and time at the disposal of the researcher, the study was conducted to cover all the thirty-five cutflower firms within Nakuru County. The methodology adopted was applied to obtain accurate findings at firm level or corporate level and was limited to that extend. The results of this study may not be used to generally refer to the whole Kenyan Flower Industry but will be useful in understanding how some firms have implemented the concept of strategic leadership in pursuit of sustainable high performance. To that effect, the study applied inferential statistics to make in references about the Kenya Flower Industry.

1.9 Assumptions of the Study

This study assumed that the managers working in the Cutflower firms understood the six elements of strategic leadership model and performance of Cutflower sector in Kenya in terms of sales, quality and brand equity. The study assumed that the respondents would give the required information intended to achieve the objectives of the study without fear of

victimization after assuring them that the information they would give would only be for academic purpose and was to be treated with the highest confidentiality.

1.10 Operational Definitions of Terms

Cutflower Sector: This is the sector that grow special species of flowers for domestic and international market

Ethical Practice: Doing business in morally good and acceptable way.

Performance of Cutflower firms: Assessment of how well a Cutflower firms executes on its most important parameters, typically sales, quality and their brand equity.

Organization Performance: Is the analysis of a firm's output as compared to its intended goals and objectives.

Strategic leadership components: These are six critical components of strategic leadership posited by Hitt, Ireland & Hoskisson (2016) that includes: determining strategic direction; exploiting and maintaining core competencies; maintaining balanced organization controls; managing organization resource portfolio; cultivating ethical practices and sustaining effective organization culture.

Strategic Leadership: The ability of a leader to influence others to voluntarily make decisions that enhance the prospects for the organization's long-term success

Strategic management: This is the process of creation and implementation of a strategy in response to and in anticipation of future events and trended in the outside world. In other words, strategic management can be considered as a set of decision and actions that result in the formulation and implementation of strategies geared towards meeting the objectives of an organization. It involves strategic analysis, strategic choice and strategic implementation.

Strategies: The term is used to refer to ways and means that can be used to improve both quantitative and qualitative participation of management staff. They include formal (e.g. institutional and government policies) and informal (networking, open campaigns).

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter presents literature review on strategic leadership definition, its scope and application in this study. It discusses the relevant theories and studies undertaken by scholars while taking into consideration the six critical components of strategic leadership, which includes: determining strategic direction; maintaining balanced organization controls; managing organization resource portfolio; cultivating ethical practices and sustaining effective organization culture. It also explains the relationship of the various variables and conceptual framework that are related to the subject matter of the study.

2.2 Theoretical Review

2.2.1 Resource Based Theory

The resource-based theory can be described as a managerial framework used in determining the firm's strategic resources. The theory has the potential to deliver comparative advantage to a firm. Resource-based theory contends that "the possession of strategic resources offers the organization with an opportunity to develop competitive advantages" over its existing and upcoming competitors. Barney (1991) remains widely cited as the fundamental work in the emergence of the resource-based theory (Barney, 1991). The supporters of the theory maintain that an organization should explore within the organization to find the sources of competitive advantage instead of looking at competitive environment (McWilliams & Siegel, 2011). When analyzing Cutflower firms, common resources such as land and vehicles are not considered to be strategic resources. Resources such as infrastructure and other tangible assets are valuable, of course, but an organization's competitor can readily acquire the resources. Thus, Cutflower firm cannot hope to create an enduring competitive advantage around common resources.

In order for a Cutflower firm to gain competitive advantage over other Cutflower firms, then the firm's strategic resources must be valuable, rare, difficult to imitate, and non-substitutable (Gottschalk, 2005). Strategic resources that are valuable or rare are valuable simply due to the relatively high cost of acquiring them, for example, the strategic direction and the organizational culture are rare and difficult to immitate. A competitor has a hard time replicating resources that are difficult to imitate. Certain resources can be and are hard to

replicate, for example, the ethical practices and balanced organizational control. This is because these resources evolve over time and reflect unique aspects of the firm. A strategic resource is non-substitutable when competitors cannot find alternative ways to gain the benefits that a resource provides. Ideally, Cutflower firms should have an organizational culture that embraces all the four qualities. If so, these resources can provide not only a competitive advantage but also a sustained competitive advantage, one that will endure over time and help the Cutflower firm stay successful far into the future. Strategic resources that fail to meet all four qualities can still be very useful, but remain questionable in providing the long-term advantages (Barney, Ketchen, & Wright, 2011).

2.2.2 Human Capital Theory

In his 1776 publication, *The Wealth of Nations*, Adam Smith formulated the basis of what was later to become the science of human capital. Human-capital theory is the most influential economic theory of Western education (Fitzsimons, 2017). The theory has constantly set the framework of different organizational policies since the early 1960s. The human capital is seen as group or individual dispositions of a person in form of source of knowledge and skills that reflect education and experience of the individual person (CIPD, 2017). In labour economics, identifying sets of marketable skills of workers as a form of capital is among the important ideas of improving productivity. This perspective is important in understanding human capital and corresponds to any standard of knowledge or worker's characteristics that contributes to his or her productivity. The theory rests on the assumption that formal education remains highly influential and essential when it comes to improving the productive capacity of a population.

In short, human capital theorists argue that an educated manager is a strategic leader. Such a leader plays an important role in influencing the company by aligning the organization's system, culture, and organizational structure to ensure consistency with the strategy (Olaniyan & Okemakinde, 2008). The human-capital theory emphasizes on the proposition that continuous education increases the productivity and efficiency of workers by increasing the level of cognitive stock of economically productive human capability, which is a product of innate abilities and investment in human beings. The key strategy in determining organizational performance involves employing the conception of individuals as human capital. For an organization to realize its objectives, then it is imperative that the organization

focuses on developing the human capital. Human capital serves as an integral part of any organization. As (Memon, Mangi, & Rohr, 2009) pointed out, many organizations understand that their human capital contribute to their success, since it can be measured and managed effectively. In an organizational setting, developing human capital serves as platform that helps leaders formulate competitive advantage (Birasnav, Rangnekar, & Dalpati, 2009). In helping organizations achieve competitive advantage and improve the organizational performance, human capital remains influential since it is considered to the wealth success and major source of competitive advantage.

2.2.3 Strategic Leadership

Leadership is the process through which leaders influence the attitudes, behaviors, and values of others (Vecchio, 1997). Strategic leadership can be described as the ability of a leader to expect, visualize, and maintain flexibility. Additionally, strategic leadership is about empowering others to create necessary strategic change (Byrd, 1987). Strategic change occurs in the firm's existing strategy and is as a result of stimulus caused by triggering events (Wheelen & Hunger, 1998).

Strategic leadership is multifunctional. This form of leadership involves managing through others. It also helps organizations to cope with change that seems to increase exponentially in today's globalized environment (Huey, 1994). Strategic leaders require the ability to accommodate and integrate both external and internal conditions. This ability will enable the leader manage and engage in complex information processing. Firms use the strategic management process successfully through effective strategic leadership (Hitt & Keats, 1992).

As these conditions and realities suggest, strategic leadership is not only an extremely complex but also important form of leadership. This is because some believe that organizations are relatively under led and over managed (Kotter, 1990). Present-day business schools offer Master of Business Administration degrees. The lecturers are challenged to guide learners with regards to strategic leadership and its effective practice (O'Reilly, 1994).

The primary responsibility for effective strategic leadership practices rests at the top of an organization, with the CEO. The CEO cannot delegate this responsibility to the manager of another function, regardless of how important that function may be. All managers throughout

the organization should be strategic leaders, to some extent, to effectively formulate and implement business-unit and corporate-level strategies (Hitt, Ireland, & Hoskisson, 1995).

Ireland & Hitt (1999, p.43) defined strategic leadership as a person's ability to anticipate, envision, maintain flexibility, think strategically and work with others to initiate changes that will create a viable future for the organization. According to Wheeler et al.,., (2007), great management practices are not replicable in a recipe fashion, but companies can develop a design for strategic leadership. This integrated group of practices builds a company's capacity for change. In order to develop and maintain this capacity, these authors define four critical elements that need to be integrated: commitment to the company's purpose; the make-up of the top management team; the capabilities and motivation of people throughout the organization and a sequence of focused, well-chosen strategic initiatives that can take the company forward.

Strategic leadership is different from the two other popular leadership styles, namely managerial and visionary leadership. As (Rowe & Nejad, 2009) pointed out, managerial leaders are primarily immersed in the day-to-day activities of the organization and lack an appropriate long-term vision for growth and change. Despite the benefits of strategic leadership, many organizations still implement structures or routines that constrain and discourage strategic leadership. If strategic leadership is to emerge, an organization must offer its leaders autonomy and protection. They need to be free to envision a future as they see it and implement growth strategies without interference. This interference is most evident in large diversified organizations (Rowe, 2001).

Strategic leadership is the ability to influence others to voluntarily make day-to-day decisions that enhance the long-term viability of the organization, at the same time maintaining its short-term financial stability. Visionary leadership is future oriented and involves risk taking, and visionary leaders are not dependent on their organizations for their sense of who they are (Marques & Dhiman, 2018). Under visionary leaders, organizational control is maintained through socialization and the sharing of and compliance with a commonly held set of norms, values and beliefs. Managerial leadership involves stability and order, and the preservation of the existing order. According to Rowe (2001), managerial leaders are more comfortable handling day-to-day activities and are short-term oriented.

Most managers typically exercise managerial leadership. Rowe (2001) further maintains that for several reasons, organizations implicitly and explicitly train their employees to be managerial leaders. Governments are even more inclined than business organizations to train their employees to be managerial leaders, as a result of public accountability for every cent spent, the diversification of government, the political context of re-elections and for most governments, an enormous debt load. These factors lead to the imposition of a financial control system that enhances the use of managerial leadership and curtails strategic and visionary leadership. There are people who can exercise strategic and visionary leadership in such organizations, but the nature of the organizations discourages the exercise of such leadership. Managerial leaders commonly adopt impersonal, passive attitudes towards goals.

2.3 Setting Strategic Direction

Determining strategic direction of the organization refers to developing a long-term vision (Hunt, 1991). Strategic intent means leveraging the firm's internal resources, capabilities, and core competencies to accomplish what may at first appear to be unattainable goals in the competitive environment. Strategic direction involves developing long-term vision of the firm's intent. A long-term vision typically looks at least five to ten years in future. According to Prokesch (1997), the purpose and vision of an organization aligns the actions of people across the whole organization. A real vision is very active and all the people in the organization understand the vision and live it. It is also filled with drive and energy and people are proud to talk about their organization's purpose and vision. It gives employees the only goal worthy of personal effort and commitment- to become the best or remain the best in the world (Hamel & Prahalad, 1989). Strategic intent exists when all employees of a firm are committed to pursue a specific performance criterion, believe fervently in their product and industry, and focus totally on doing what they do better than competitors do (Hamel & Prahalad, 1989). Intel, Microsoft, Canon, and Xerox are typical examples of firms offering expressions of strategic intent (Loeb, 1993). A long-term vision of the organization's strategic intent usually requires a view at least five to 10 years in the future. This would include the organizational strategy, design and subsystems, planning, and the information and control systems (Hunt, 1991). For instance, Boeing is attempting to maintain its market leadership and control system. Top Boeing executives suggest that their focus is 15 to 20 years (West, 1994). Alternatively, Toyota has a 100-year plan to determine its strategic direction (Yang & Rothman, 1993).

Goffee & Jones (2015) warned that the biggest trap that leadership in organizations fall to is when they are so sure of their vision and direction that they fail to see new opportunities. Therefore, when an organization's strategic leadership fails to continuously address the full spectrum of issues that may have an effect on the performance of the organization it is likely that the organization will encounter challenges for which it is not prepared. Therefore, it is expected of leadership in the organization to provide certainty together with uncertainty. It is also necessary for the leadership to create constant tension between the desirable future and those elements of the present that could inhibit progress. To achieve this, leaders must continuously create burning platforms so that it is impossible for the organization to maintain the status quo.

2.3.1 Effect of Set Strategic Direction and Performance

Within a company setting, leaders (Chief Executive Officers) have the responsibility to take lead in the implementation and execution of organizational strategies. CEOs are viewed as leaders who drive pace of progress in truly proficient fashion and approach. As (Guillot, 2003) pointed out, strategic leadership serves as the capacity of an experienced, senior leader who has wisdom and vision. This implies that a strategic leadership to create and execute plans and make consequential decisions in an uncertain and complicated environment. Strategic direction is a component of strategic leadership which is commonly referred to as strategic intent. A strategic direction informs the organization where the organization wants to be in the future. Ng'ang'a (2016) described strategic direction as the organizational statement of both direction and intention. Strategic direction purposes to maintain the competitive advantage of a firm. Strategic direction is as result of an organization pursuing ambitious goals and continuous focus on competitive strategies to arrive at the set organizational objectives.

Alaimo (2011) argued that strategic direction can be realized through the vision, mission, and objectives of an organization. As (Pearce & Robinson, 2011) pointed out, strategic leaders help an organization embrace change by adopting a shared vision and championing to improve organizational performance. Through strategic direction, organizational performance can be realized when employees understand the adopted strategy and their roles in the overall organizational delivery. It is important that strategic leaders articulate a clear and realistic statement about why the company exists and what remains distinctive about the organization.

The strategic direction empowers workers to develop and execute strategies that are in line with the vision, mission, and objectives of the organization. David (2015) maintained that the vision statement answers the question what the organization wants to become. Developing the vision statement is the first step in strategic planning. This is mainly because the vision statement aligns the actions of the stakeholders to those of the organization.

The company's mission describes what the company does (Hill, Jones, & Schilling, 2015). According to (Dess, Eisner, & Lumpkin, 2008), an effective mission statement incorporates the concepts of the stakeholder management. The statement suggests that the organization needs to respond to various constituencies in order to survive and prosper. David (2015) further argued that a mission statement is an "enduring statement for purpose" that helps in differentiating businesses. Hill & Jones (2015) asserted that the values of an organization present how workers and the management should conduct themselves and do business. The researchers also identified the set of values associated with high performing organizations. For example, respecting the interests of the organizational stakeholders helps organization achieve superior financial performance by impacting the employee behavior. David (2015) defined objectives as specific results that an organization seeks to achieve in pursuing a shared mission. Nga'ng'a (2016) argued that objectives are instrumental in achieving organizational success. Objectives make it possible for organizations to state their direction, create synergies, identify priorities, and providing a platform for effective planning, organizing, motivating, and controlling organizational activities.

Researchers have studied strategic direction concept from different perspectives. Brady & Walsh (2007) studied how organizations set strategic directions. The study found out that the many organizations used the agent based-based approach to set their strategic direction. Odita & Bello (2015) explored the relationship between strategic intent and organizational performance in the banking industry. The study revealed that strategic intent and its components significantly and positively relate with organizational performance. Strategic direction was found to account for 34% of variance in performance. Ng'ang'a (2016) did a study on the influence of strategic direction of organizational performance in tourism government agencies in Kenya. The study found out that strategic direction significantly influenced the organizational performance of tourism agencies. Balanced Organizational Controls

Strategic control refers to the corporate leaders' understanding of the strategies being implemented within the various business units. Strategic control focuses on the content of strategic actions in order to achieve appropriate outcomes. Although some firms' strategic actions may be correct, they may have poor results (e.g. financial results) caused by high interest rates, inflation, unfavorable economic conditions, or natural disasters. Therefore, strategic control encourages lower-level managers to make decisions that incorporate moderate and acceptable levels of risk. In fact, most corporate restructuring actions are designed to refocus the firm on its core businesses, thereby allowing top executives to re-establish control over their separate business units (Hoskisson & Johnson, 1992).

Organizational control has long been viewed as a major part of the strategy implementation process. Controls are necessary to help ensure that organizations achieve their desired outcomes of strategic competitiveness and above average returns (Hitt et al.,., 2001, p.511). According to Hagen et al.,., (1998, p.4), strategic control refers to corporate leaders' understanding of the strategies being implemented in the various business units. Strategic control focuses on the content of strategic actions in order to achieve appropriate outcomes. Strategic control therefore encourages lower-level managers to make decisions that incorporate moderate and acceptable levels of risk.

Effective use of strategic controls by corporate leaders is integrated frequently with appropriate autonomy for the subunits so they can gain competitive advantage in their respective markets. Strategic controls can be used to promote the sharing of both tangible and intangible resources among independent businesses within a corporate portfolio. In addition, the autonomy provided by strategic control allows the flexibility and innovation necessary to take advantage of specific market opportunities. As a result, strategic leadership promotes the simultaneous use of strategic controls and autonomy (Hitt & Keats, 1992).

2.3.2 Effect of Balanced Organizational Control on Performance

In broad terms, strategic leaders emphasize on the adoption of balanced organizational control. Organizational controls have long been viewed as important parts of the strategic management process particularly the parts that relate to the implementation process. Rowe & Guerrero (2011) defined organizational controls as the formal procedures that companies use to influence and guide work. Developing and using balanced organization controls serves as the final key leadership action related to effective strategic leadership (Hitt, Ireland, &

Hoskisson, 2016). Strategic and financial controls are the two known types of internal controls. A balanced scorecard measures the effectiveness of the strategic and financial controls of a firm. An effective balance between strategic and financial controls allows for flexible use of core competencies, within the parameters of the financial position of the company. As (Rowe & Guerrero, 2011) pointed out, a strategic leader has the responsibility to establish a balanced organizational control by incorporating the two internal controls. This move will allow employees to remain flexible and innovative.

The application of balanced organizational control assesses the organizational performance from four broad perspectives: financial, internal business, customer, and organizational capacity (Adler, 2017). Information from all of these four perspectives remains vital to the organizational continued success. From a financial perspective, Ondieki (2017) did a study on the effect of the balanced scorecard on organizational performance in public sector in Kenya. The study focused primarily on the impact of balanced scorecards in the Kenya Bureau of Standards (KBS). The study concluded that good financial reporting is an outcome of balanced organizational control and is responsible for organizational success. As an internal control strategy, financial control impacts positively on the employee perception of the organization and also promotes organizational performance on the overall. Additionally, (Chiţu & Opriş, 2014) researched on the significance of financial perspective indicators in balanced scorecard in a leading company. The study concluded that business scorecard is not only organizational control strategy but also an important tool in the design of sustainable management and decision-making control. It is correct to conclude that financial perspective provides insight into how well an organization meets the needs of the shareholders. Some of the typical measures used to assess financial performance include the business units operating under the organization, how business units complement each other, and the role of CEO is coordinating the existing business units among other.

2.4 Managing Organization Resource Portfolio

As Distefano & Maznevski (2003) pointed out, building human capital is vital to the effective execution of strategic leadership. Strategic leaders must acquire the skills necessary to help develop human capital in their areas of responsibility. Grant (1996) argued that core competencies are the resources and capabilities that serve as a firm's source of competitive advantage. Typically, core competencies relate to the functional skills of an organization, such as manufacturing, finance, marketing, and research and development. Core

competencies allow organizations to produce and deliver products that have unique benefits and value for customers (Hamel & Prahalad, 1993). For example, Philip Morris has developed a core competence in its marketing function, especially in terms of promotion skills (Hitt & Keats, 1992). As strategic leaders, corporate managers make decisions intended to help their firm develop, maintain, strengthen, leverage, and exploit core competencies. Exploiting core competencies involves sharing resources across units. The most effective core competencies are based on intangible resources, which are less visible to competitors because they relate to employees' knowledge or skills. Effective strategic leaders promote the sharing of intangible resources across business units in their firms (Hitt & Keats, 1992).

In many large, diversified firms, core competencies are developed and applied across different units in the organization (economies of scope) to create a competitive advantage. Miller Beer, for example, applied marketing and promotion competencies across its multiple businesses (Maruca, 1994). In many multinational corporations, the development, nurturing, and application of core competencies also facilitate managing complex relationships across business operating in different international markets. Human capital refers to the knowledge and skills of the organization's work force - employees as a capital resource (Hitt, Ireland, & Hoskisson, 2016). Much of the development of American industry can be attributed to human capital. One-third of the growth in the U.S. gross national product (GNP) from 1948 to 1982 was attributed to increases in the education level of the work force. Fifty percent resulted from technical innovations and knowledge that depend on education. In the view of many top-level executives, employees are the key source of the firm's competitive advantage (Chilton, 1994).

A good approach to developing human capital is through training and development programs. Management development programs can help build skills and facilitate communication among employees by providing a common language, building employee networks, and constructing a common vision of the firm. Because development programs socialize and help inculcate a common set of core values, they promote cohesion among the employees General Electric and Procter and Gamble exemplify an emphasis on human capital development. Core competencies cannot be effectively developed or exploited without appropriate human capital (Hitt, Ireland, & Hoskisson, 2016). The relatively unstable market conditions resulting from innovations, diversity of competitors, and the array of revolutionary technological changes

occurring in the new competitive landscape have caused core competencies rather than served markets to become the basis upon which organizations establish their long-term strategies.

In Porter's (1980) classic approach to formulating strategy was stated that developing a competitive strategy is developing a broad formula for how a business is going to compete, what its goals (mission or objective) should be, and what policies will be needed to carry out these goals. Kaplan and Norton formulated the balanced scorecard including four perspectives: financial, customer, internal and learning and growth. A strategy map for a balanced scorecard describes the process for transforming intangible assets into tangible customer and financial outcomes. A balanced scorecard strategy map describes the strategy (Kaplan & Norton, 2001). Porter (2008) in describing "What is strategy?" used activity system maps.

Portfolio management is the coordinated management of one or more portfolios to achieve organizational strategies and objectives. It includes interrelated organizational processes by which an organization evaluates, selects, prioritizes, and allocates its limited resources to best accomplish organizational strategies consistent with its vision, mission, and values. Portfolio management produces valuable information to support or alter organizational strategies and investment decisions. The Standard for Portfolio Management further differentiates the attributes of portfolio components (PPM, 2013).

The ultimate goal of linking portfolio management with organizational strategy is to establish a balanced, executable plan that will help the organization achieve its goals. The impact of the portfolio plan upon strategy is attained by the six areas: maintaining portfolio alignment to strategic objectives, allocating financial resources, allocating human resources, allocating material or equipment resources, measuring portfolio component performance and managing risks (PPM, 2013). A portfolio has relationships with its components, projects. Project management has five process groups: initiating, planning, executing, monitoring and controlling, and closing (PMBOK, 2013). Managing a project typically includes: Identifying requirements; Addressing the various needs, concerns, and expectations of the stakeholder, as the project is planned and carried out; setting and maintaining active communication with stakeholders; Balancing the competing project constraints, which includes, but is not limited to: scope, quality, schedule, budget, resources, and risk (PPM, 2013).

Portfolio management is a continuous process whose purpose is to integrate portfolio management process activities to those other organization processes like annual planning or strategic review with quarterly or weekly updates. Sanchez & Benoit (2010) presented in their article an approach to developing key strategic performance indicators for project portfolios. They noted that it is difficult to find indicators for measuring the achievement of objectives, the progress of project portfolios. Teller et al.,., (2012) showed in their study that both single project management and project portfolio management formalization are directly connected to portfolio success.

McCauley & Van Velsor (2004) argued that leaders develop skills and perspectives that enable them to facilitate the accomplishment of work in organizational systems. Organizations consist of many individuals, groups and subsystems that need to work independently to accomplish collective goals and outcomes. Individuals in leadership roles facilitate the implementation, coordination, and integration of this work. Work facilitation competencies include managerial skills, the ability to think and act strategically, the competence to think creatively and the ability to initiate and implement change. Management skills encompass a broad range of competencies related to the facilitation and coordination of day to day work in organizations, including setting goals and creating plans for achieving those goals, monitoring progress, developing systems, solving problems and making decisions.Effect of Firm's Managed Resource Portfolio on Performance

Organizational resources are often categorized into financial capital, human capital, social capital, and organizational capital (Hitt, Ireland, & Hoskisson, 2016). Strategic leaders understand the reality that financial capital is of importance to the organizational success. Nonetheless, most effective strategic leaders understand the equivalent significance of managing the other resources as well as managing the integration of resources. Effective strategic leaders manage the organizational resource portfolio by organizing resources into capabilities, structuring the organization to facilitate the use of capabilities, and identifying strategies through which the capabilities can be successfully leveraged to create value for customers. Exploiting and maintaining core competencies and developing and retaining the organization's human and social capital are examples of actions taken to reach there important objectives.

Effective management of the organization's resource portfolio involves the exploitation and maintaining of the firm's core competencies. Drejer (2002) defined core competencies as capabilities that serve as significant source of competitive advantages, transcend a single business, and hard for competitors to imitate. The definition implies that core competencies relate to the skills within the organizational functions. Thus, strategic leaders have the responsibility to verify that the firm's core competencies are understood and emphasized when selecting and implementing the strategies respectively. Jabbouri & Zahari (2014) studied the role of core competencies on organizational performance on the Iraqi private banking sector. The study found out a significant correlation among core competencies and organizational performance. Based on the findings, the researchers recommended that the banking management develop core competences for human resource as a strategic tool to help enhance organizational performance. Liang, Lin, & Huang (2013) examined the relationship among core competence, unobservable human capital, and organizational performance conduct at an airport shopping centre. The study made use of personal interviews and secondary data. The findings suggested that the variables of core competences positively correlated with the organizational performance. Non-management core competences provided the greatest contribution to the performance of the shopping centre.

Developing human capital and social capital are effective approaches of effectively managing the firm's resource portfolio (Hitt, Ireland, & Hoskisson, 2016). The human capital refers to the knowledge and skills of an organization's entire workforce. Employees are viewed as a firm's capital resource and require continuous investment. Investment can be in form of effective training and development programs. Khan, Khan, & Khan (2011) sought to understand the effect of training and development, on the job Training, training design and delivery style on organizational performance. Secondary data was the backbone of the study. The findings revealed that training and development, on the job Training, training design and delivery style positively affect organizational performance. While investigating the impact of training and development efforts in the Small and Medium enterprises of Pakistan, (Mansoor, Shah, Ateeq-ur-Rehman, & Tayyaba, 2015) found out that the relationship of training and development and organizational performance were positively mediated by the intention of employees to quit the organization. Social capital entails the relationship that exists inside and outside the organization (Hitt, Ireland, & Hoskisson, 2016). Such relationships help firms in efforts to accomplish tasks and create value for stakeholders. Social capital is an essential

asset since employees must corporate with one another to complete their work. External social capital is increasingly important to the firm's success. Cooperative strategies, for example strategic alliances, help in developing social capital. Russo & Cesarani (2017) found out that strategic alliances developed through alliance formation phase, alliance operational phase, and alliance evaluation phase helps an organization achieve operational success.

2.4.1 Cultivating Ethical Practices

Effective strategic leaders emphasize ethical practices within their organizations, and seek to infuse them through the organizational culture. The ethics that guide the individual actions are based on principles formed by long-term influences that extend beyond the organization. However, organizations can shape and control employees' and managers' behavior through formalized rules, economic rewards and sanctions, and the values and norms that represent corporate culture (Sinclair, 1993).

To the extent that employees and managers share a common set of ethical principles, there is a strong likelihood that ethical practices will be observed. For example, top executives of the pharmaceutical firm Johnson and Johnson claim that one of the major sources of their success was their firm's culture, which emphasizes ethnical conduct even across international boundaries (Sinclair, 1993). GE's culture also emphasizes values that underlie important ethical principles. For instance, GE's CEO confirms that integrity is an important value for the company and its employees (Hitt, Ireland, & Hoskisson, 1995).

Effectiveness of processes used to implement the firm's strategies increases when they are based on ethical practices. Ethical companies encourage and enable people at all organizational levels to act ethically when doing what is necessary to implement the firm's strategies. For instance, Royal Ahold NV, a large international supermarket chain based in the Netherlands had major accounting problems. It overstated its earnings in 2001 and 2002 and it had illegal transactions in its Argentine subsidiary. Because of these problems, the CEO and the CFO of Royal Ahold were discharged (Ball, Zimmerman & Veen, 2003). These incidents suggest that firm's need to employ ethical strategic leaders who include ethical practices as part of their long-term vision for the firm, who desire to do the right thing and for whom honesty, trust and integrity are important (Robertson & Crittenden, 2003).

EGERTON UNIVERSITY
LIBRARY

There is a considerable body of literature, which addresses the topic of ethical leadership. However, many of the sources deal with the topic of leading ethically without clarifying the attributes and actions that comprise ethical leadership. This is a vital concept and organizations must gain a better understanding of the factors that influence ethical leadership (Resick, Hanges, Dickson & Mitchelson, 2006; McCann & Holt, 2009). A lapse of ethical standards by leaders in recent years has resulted in ethical leadership coming under the spotlight of public attention.

The meaning of ethical is that which is morally good and right, as opposed to legally or procedurally right (Sauser, 2005, p.345). Ethics has to do specifically with moral behavior in society. It is becoming more apparent that organizational leaders need to be more sensitive to their moral obligations to all stakeholders, including employees, suppliers, consumers, governments and local communities (Mendonca, 2001; McCann & Holt, 2009).

Ethics or integrity is a set of moral standards of what is proper and right behavior. The extent to which one's behavior measures up to societal standards is typically used as a gauge of one's ethicality. Integrity in leadership is vital for a corporation to achieve its goals. It is assumed that the personal values a leader holds will influence corporate beliefs, behavior and decisions (McCann & Holt, 2009). The effectiveness of processes to implement strategy increases when the processes are based on ethical practices. Ethical companies encourage and enable people at all organizational levels to exercise ethical judgment. To influence properly, employees' judgment and behavior, ethical practices must shape the organization's decision-making process and be an integral part of its culture. A value-based culture is the most effective means of ensuring that employees comply with the organization's ethical requirements (Hitt et al.,., 2001). Hagen et al.,. (1998) maintained that effective strategic leaders emphasize ethical practices in their organizations, and seek to infuse them through the organizational culture. The ethics that guide individual actions are based on principles formed by long-term influences that extend beyond the organization.

The organization's moral environment is a natural overflow of ethical leadership manifested by the leader's altruistic motive, empowering influence over strategies and moral character formation (Mendonca, 2001). The practice of personal mastery through the exercise of virtue and managerial resourcefulness ensures ethical leadership through the leader's commitment

to the ethical principles and values expressed, not only in terms of intellectual assent, but also in the leader's continuous struggle to live by them.

Moral managers recognize the need to put ethics at the forefront of their leadership agenda. The challenge for executives is to make values and ethics prominent in the business landscape where messages about beating the competition and achieving quarterly goals and profits dominate (Treviño et al.,., 2000). A number of ways in which moral managers can increase the impact of an ethics and values agenda and enhance a reputation for ethical leadership are identified. These include role modeling through visible action, rewards and discipline and communicating about ethics and values. Strategic leaders emphasize ethical behavior and are extremely rare in most organizations (Rowe, 2001). They oversee day-to-day operations and long term strategic responsibilities and formulate and implement strategies for immediate impact and the preservation of long-term goals to enhance organizational growth, survival and viability. They use strategic controls and financial controls, with the emphasis on the former and have strong positive expectations of the performance that they expect from their superiors, peers, subordinates and themselves. They use and interchange tacit and explicit knowledge at both the individual and organizational levels and use both linear and nonlinear thinking patterns. Finally, they believe in strategic choice, namely that their choices make a difference in what their organizations do, and that this will affect their organizations' internal and external environments.

2.4. 2 Effects of Cultivated Ethical Practices on Performance

Hitt, Ireland, & Hoskisson (2016) argued that the effectiveness of processes used to implement the organizational strategies increases when the processed are based on ethical practices. Ethical organizations encourage and enable employees at all levels to act ethically when taking actions to implement strategies. Ethical practices and the judgment on which the organization is based on tend to create social capital and increase "goodwill available to individuals and groups" within an organization. Modern organizations are today faced with various challenges, for example, unethical business practices. Kehinde (2010) studied the effects of ethical behavior on organizational performance. The study used quantitative method with two hypotheses to explore three service organizations in Lagos. The findings revealed that the ethical behavior has positive effects on the performance of an organization and that good ethical behavior has a positive correlation with organizational performance.

Malik, Awais, Timsal, & Qureshi (2006) inspected the impact of ethical leadership on employees' performance by using two hypotheses to test the study. The study revealed that organizational value plays a significant role in moderating between ethical leadership and employees. In addition, (Malik, Awais, Timsal, & Qureshi, 2006) revealed that ethical practices help in nurturing the work efficient of the employees and supporting leaders' ethical context. This finding corresponded to a study (Sabir, Iqbal, Rehman, Shah, & Yameen, 2012). Sabir.,., et al (2012) found out that corporate ethical value is the most significant factor for ethical leadership and employee performance. While investigating the effects of leadership styles on organizational performance at State Corporations in Kenya, (Koech & Namusonge, 2012) found out that the correlations between the transformational-leadership factors and organizational performance were high. The study attributed the finding to strategic leaders who create shared vision, develop and coach future leaders, encourage innovation in others, and act with high levels of integrity and ethics.

2.4.3 Sustaining Effective Organization Culture

Corporate culture refers to the core values shared by all or most employees. It consists of a complex set of shared ideologies, symbols, and values that influence the way the firm conducts its business. Corporate culture is the social energy that drives or fails the organization (Barney, 1986). Strategic leaders must develop and nurture an appropriate culture, one that promotes focused-learning and human development, the sharing of skills and resources among units in the firm, and the entrepreneurial spirit important for innovation and competitiveness. An appropriate corporate culture can encourage an entrepreneurial spirit, foster and facilitate a long-term vision, and create an emphasis on strategic actions linked with the production of high-quality goods and services. Corporate culture helps regulate and control employee behavior (Lei, Hitt, & Bettis, 1990).

Changing culture is more difficult than sustaining it. But effective strategic leadership involves recognizing the need to change the culture and implement the changes. Restructuring may provide an appropriate time to effect a change. In the 1990s, Lee Iacocca succeeded in implementing major changes in Chrysler's corporate culture (Hitt, Hoskisson, & Harrison, 1991).

Culture provides the context within which strategies are formulated and implemented. Organizational culture is concerned with decisions, actions, communication patterns and

communication networks. Formed over the life of an organization, culture reflects what the organization has learnt across time through its responses to the continuous challenges of survival and growth. Culture is rooted in history and held collectively and is of sufficient complexity to resist many attempts at direct manipulation, because it influences the way the organization conducts its business, as well as the methods used to regulate and control the behavior of people in the organization. Since the way the organization conducts its business depends largely on the alignment of business process with its strategy, and needs to be effectively controlled, culture can be a competitive advantage (Serfontein, 2009). The discussion in this section identifies the importance of organizational culture ethical practices, strategic control and strategic alignment in the context of strategic leadership.

Corporate culture comprises the core values shared by all or most employees. Strategic leaders should develop and nurture an appropriate culture, one that promotes focused learning and human development, the sharing of skills and resources among units in the organization, and the entrepreneurial spirit necessary for innovation and competitiveness. An appropriate corporate culture can promote an entrepreneurial spirit, foster and facilitate a long-term vision and create an emphasis on strategic actions linked to the production of high-quality goods and services. Changing culture is more difficult than sustaining it, but effective strategic leadership involves recognizing the need to change the culture and implement the changes (Hagen et al.,., 1998).

Without the proper cultural nurturing, organizations will be unable to produce sustainable results and a lasting competitive advantage. The transformation of a culture requires relentless commitment from top management-a role that cannot be delegated or outsourced. It is top management that drives the culture of an organization, and while many leaders will admit that culture is a powerful influence that is able to create and sustain organizational performance, it is not always given the focus that will achieve the transformation (Panico, 2004). Culture can be defined as those characteristics that differentiate one organization from another and these comprise values, beliefs and behaviors. In any organization, the culture is a consequence of the influence of past leadership, whether good or bad. Collins (2001) maintained that all companies have a culture, some companies have discipline, but few companies have a culture of discipline. When a culture of discipline is combined with the ethic of entrepreneurship, the result is great performance.

2.4.4 Effects of Sustained Organizational Culture on Performance

Organizational culture as the complex set of ideologies, symbols, and core values that are share right through the organization. These complicated set of ideologies influence how the organization conduct its business, helps regulate and control employees' behavior. Bogdanowicz (2014) maintained that organizational culture aligns with the firm's strategy as the inner strength of an organization and significantly improves the firm's competitive advantage. Each organization's culture is unique. Thus, it is possible that a vibrant organizational culture servers as an increasingly important source of differentiation for firms to emphasize when pursuing strategic competitiveness. An organizational culture often encourages strategic leaders to pursue entrepreneurial opportunities, a vital source of both growth and innovation. Abdullah, Musa, & Azis (2017) did a study on the effect of organizational culture on entrepreneurship characteristics and competitive advantage of small and medium catering enterprises in Makassar. The research revealed that organizational culture has a positive and significant effect on entrepreneurship characteristics and organizational culture has a positive and significant effect on competitive advantage of small and medium catering enterprises.

Kamaamia (2017) examine the effect of the organizational culture on organizational performance at Kenya School of Monetary Studies (KSMS). More specifically, the study aimed to ascertain the effect of organizational culture on the different attributes of organizational performance of KSMS, the extent to which organizational culture affects the customer service at KSMS and establish the relationship between organizational culture and internal business procedures at KSMS. The findings revealed statistically significant relationship between organizational culture and performance. The constituent components of organizational culture including mean oriented measures, work oriented measures, professional oriented measures, open system culture and pragmatic approach contributed to the significance of the relationship. Effective strategic leaders recognize when change is needed. In order to realize change and improve performance, it is imperative that an organization change and restructure its culture (Hitt, Ireland, & Hoskisson, 2016). Ting (2011) and Bahati (2013) showed that organizational culture and organizational restructuring both have obviously positive influences on organizational performance. This implies that more significant and sometimes even radical changes to organizational culture support selecting strategies that differ from those the firm has implemented historically.

2.5 Performance of Cutflower Sector in Kenya.

USA and Canada stand for 80% of the continental flowers and potted plants production. In South America it is Colombia and Mexico together with Costa Rica and Ecuador that have developed recently mainly as producers of Cutflowers, parental material and cuttings. On the other hand, Asian production is represented by Japan, South Korea, India, China, and Thailand mainly as producers of ornamentals and Israel as a big producer of Cutflowers. However, countries like Japan and South Korea are mainly producing for the domestic markets. Oceania, Australia, and New Zealand are mainly represented by small producers of Cutflowers supplying local markets (van Uffelen & de Groot, 2005). In contrast, African flowers production has increased rapidly during the last few decades with Kenya, Tanzania, South Africa, and Uganda as producers of Cutflowers which are mainly roses. These African countries have shown rapid growth because of the cheap labor and favorable climate even though they are still viewed as a risky unstable institutional and business environment.

Growth of Kenyan Cutflower cluster started to pick up in the 1980's when the leading exporters started commercial rose cultivation. However, the industry was characterized by low value and simple open field flowers with limited assortment in the 1980's. At the beginning, early production focused on hardy plants, primarily carnations that could withstand relatively crude open field growing conditions and less than optimal handling and transport conditions. The dynamism of the floriculture sector moved its production from low value into higher value products, upgrading where necessary, such that in the 1990's the industry had shifted to higher-value flowers grown in greenhouses. The industry moved up from low input open field flower production to greenhouse production at higher altitudes to produce higher value flowers. The main aspects of floriculture technology are: Hardware (structures and equipment to manage climatic conditions during production, storage and transport); plant-ware (breeding and multiplication of flower varieties with characteristics desired in the market and suitable for local production conditions); nature-ware (materials and knowledge systems that reduce environmental impacts of production) and; software (technical and management knowledge).

There was a marked increase in production with growers increasing their planting area by about 250%. By 1999, Kenya was exporting about 100,000 tons of horticultural produce, a 10x increase from 1975 with Cutflowers accounting for about 37% of this volume (Jensen,

2005). In recent years, the sector has benefited from surge in new foreign investment particularly from Israel and Holland and many of the dominant flower producers are owned and managed by expatriates. According to a World Bank estimate, the total investment into the flower industry from 2002 to 2004 was $200 - $300 million (World Bank Report No. 31387-KE, 2005). The continued investment in the sector has further upgraded the cluster's technology, production skills and market know-how.

The Kenyan industry has demonstrated a tremendous growth during the last 20 years. Based on Dutch and American articles the production was estimated 11 billion dollars in 1985, 24 billion in 1990, growing to 31 billion in 1996, via 44 billion in 2000, up to 60 billion in 2003, displaying the annual growth of 6 to 9%. Europe is traditionally the largest producer with estimated production of 10 billion dollars in 2002. The Dutch Flower Officer predicted even further growth of 45% in the next 10 years in 2005 (van Hemert, 2005). Of course this estimation does not account for economic recession 2006-2008 during which the industry still displayed a slight growth. Main Cutflower producing countries are: the Netherlands (Cutflowers, potted plants, bulbs, annuals and perennials); Germany (nursery stock and garden plants); Italy (flowers and potted plants; less considerable producers); France (with its broad assortment); Denmark (famous for potted plants and Belgium); UK and Spain (as relatively small players in the field). North and South America floriculture production mainly consists of flowers and cuttings.

2.6 Strategic Leadership and Organization Performance

Nthini (2013) carried out a descriptive study of 48 commercial and financial institutions on effect of strategic leadership on the performance of commercial and financial state corporations in Kenya. She studied the following strategic leadership practices have been discussed in this study, which include: determined corporate strategic direction, effectively managed corporate resource portfolio, emphasized effective organizational culture, emphasized ethical practices, and balanced organizational controls. The study established that the practices have correlated highly with customer satisfaction, return on investment, net profit margin, and low annual employee turnover. The correlation analysis that tested the level and significance of relationships of research variables confirmed that effective strategic leadership affects organizational performance. This study did not analyze effect of strategic leadership in Cutflower sector which is the main aim of the current study.

Funda & Tinaztepe (2014) carried out a study on effect of strategic leadership styles on firm performance: A study in a Turkish SME. The study found out that several leadership styles are relevant to strategic leadership, particularly those that focus on leader behavior and that have been the subject of more recent investigation. In this study, the more established behavioral styles of transactional, transformational, and paternalistic leaderships were interrogated in a Turkish SME. In this study, transformational, transactional, and paternalistic leadership styles were conducted together in the factor analysis. However, it is seen that different strategic leadership styles such as relationship-oriented and management by avoidance styles were revealed. This result shows that in Turkish SMEs, paternalistic leaders can be perceived as relationship-oriented or passive leaders. In terms of hypothesis testing, the first hypothesis of the study is partially supported as only relationship-oriented and transformational leadership styles are significantly related to firm performance. As to the second hypothesis, it can be said that it is fully supported. Compared to other leadership styles transformational leadership has a stronger effect on firm performance. When the means of leadership styles are considered, it is clear that in three countries most common leadership style is relationship-oriented. This result is in accordance with literature review. Transformational leaders create a clear picture of the future state that is both optimistic and attainable, encourage others to raise their expectations, reduce complexity to key issues and uses simple language to convey the mission in competitive markets such as Turkey. Their study did not analyze effect of strategic leadership in Cutflower sector, which is the main aim of the current study.

Lear (2012) carried out a quantitative survey study on the relationship between strategic leadership and strategic alignment in high-performing companies in South Africa. The study found out that in order for employees to effectively understand and deploy strategy throughout the organization, they must have a clear understanding of what the strategy is. The results indicate that employees have a moderate understanding of the strategy throughout the organization, which therefore does not translate into people development and processes that are focused on customer needs. Useful information about customer needs is not provided to employees, and this tends to impact on the implementation of all the other alignment constructs. The results indicate that investment in top management team place a greater focus on strategy than employees' experience of the other three alignment constructs, with the lowest focus on processes. While it can be argued that strategy is the focus of leadership,

failure to deploy the strategy throughout the organization will influence organizational effectiveness and performance. The people construct demonstrates the lowest scores on the employee rating. Lack of communication and the impact of changes in processes are reflected. While teamwork is rated highest on this alignment construct, reward for teamwork is rated low. The research did not analyze effect of strategic leadership in Cutflower sector, which is the main aim of the current study.

Mai et al.,., (2015) carried out quantitative analysis of the effects of transformational and ethics-based leaderships on employee's loyalty towards marketing agencies in Ho Chi Minh City, Vietnam. The study established that the relationship between ethic-based contingent reward leadership and employee ethical promotion is also validated and makes sense in the context. Because contingent rewards tend to be positive motivators to employees' ethical behaviors rather than a negative discouragement for unethical conducts. In other words, employees are promoted to behave ethically because the possibility of being recognized and awarded, rather than being discouraged by the fear of not having the reward. The emphasis on praise and rewards is consistent with promotion orientation more than a prevention orientation. Ethic-based contingent rewards, as expected, influence employee loyalty via ethical promotion, ethical leadership was positively related to employees' ethical promotion and prevention and ultimately to employee loyalty. Employees tend to be more persuaded to act virtuously by looking up to their supervisors as an exemplary individual rather than be encouraged by promotion and prevention, thus, the direct influence is more significant than the indirect ones. The study did not did not analyze effect of strategic leadership in Cutflower sector which is the main aim of the current study.

Bass (2007) carried out a literature analysis on Executive and Strategic Leadership. On his review he identified that employees and team leaders may make suggestions upward that have implications for company strategy. Sales supervisors as well as salespersons can bring home to the organization important ideas about competing products and organizational practices. They can provide early warning signals. Production supervisors and their employees can contribute significant ideas about needed changes in internal organizational processes. His review did not analyze effect of strategic leadership in Cutflower sector, which is the main aim of the current study.

Ryno (2003) carried out a quantitative study on leadership. It was a leadership study of organizational strategic decision-making and its impact on organizational performance. The study found a statistically significant predictor ($p<0.05$) of return on investment was detected by regressions containing, employee growth, capital growth and an interaction of capital growth multiplied by employee growth. Ryno's analysis did not analyze effect of strategic leadership in Cutflower sector, which is the main aim of the current study.

Rubina (2006) carried out a descriptive study on Results Based Strategic Leadership: Strategic Leadership and Determinants of Firm Performance using 104 Fortune 1000 firms in the U.S. from 15 industries. Information on financial indicators during the period from 1995-2004 was obtained from the Research Insight database (aka Compustat). The study found out that all three performance determinants are important, and they provided the most support for the partially mediated model. An important contribution of my research is to provide evidence for the intervening processes proposed in Flexible Leadership Theory and that efficiency and innovative adaptation mediate the relationship between human resources and firm effectiveness. Finally, the research suggests that strategic leadership must understand the internal and external dynamics of the company and find ways to improve simultaneously the performance determinants. His analysis did not did not analyze effect of strategic leadership in Cutflower sector which is the main aim of the current study.

Elenkov et al., (2005) carried out a quantitative survey data from six countries comprising three social cultures on strategic leadership and executive innovation influence: an international multi-cluster comparative study. The study found that strategic leadership behaviors are positively associated with executive influence on innovation processes, beyond the effects of organizational size and the CEO's personality traits. These results are consistent with the findings of prior research on the full range of leadership and the visionary leadership perspectives. A second important finding of this research is that TMT tenure heterogeneity moderates the leadership behavior–executive innovation influence relationship for both product–market and administration innovations. As such, the top management team characteristics were found to have important influences on the leadership dynamics within the firm. This research refines and extends our understanding of the upper echelons perspective by looking at the relationship between actual leadership behaviors and the tenure heterogeneity within the top management team. The study also found that social culture

moderates the leadership behavior–executive innovation influence for administrative innovations, but not for product– market innovations. As such, our data suggest that product–market innovations transcend socio-cultural differences, but that administrative innovations might be contingent on specific cultural characteristics. Their finding did not did not analyze effect of strategic leadership in Cutflower sector which is the main aim of the current study.

2.7 Conceptual Framework

In this study, the independent variables are the components of strategic leadership which include; strategic direction, balanced organization control, management of organization resource portfolio, cultivation of ethical practices and sustenance of effective organization culture. The dependent variable is organizations performance measured in terms of sales, quality and brand equity. Moderating variables include; business environment, motivation, employees knowledge and skills. The study hypothesizing that when Cutflower firms implement strategic leadership in their management paradigms then they are likely to improve on their performance in terms of sales volumes, quality delivery and advancing their respective brand equity assuming that business environment, motivation, employees' knowledge and skills are controlled as moderating variable.

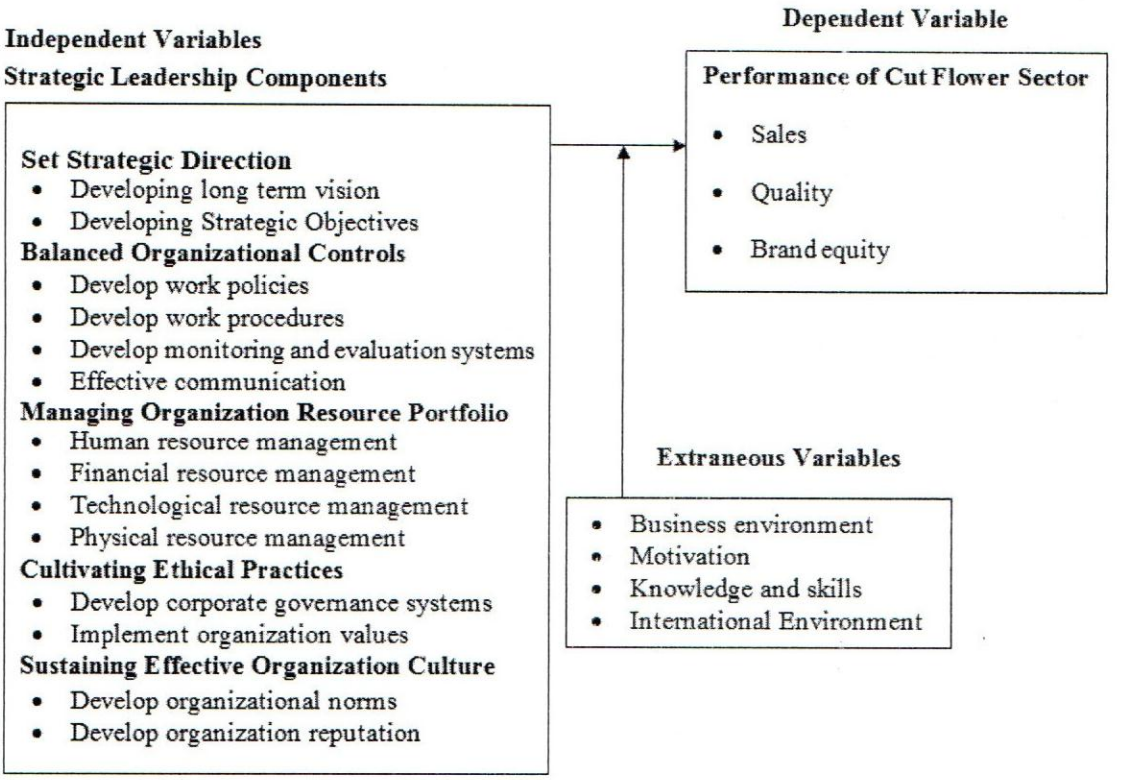


Figure 2: Effect of Strategic Leadership Components on Organization Performance
Source: (Author, 2018)

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter contains the research methodology that the study adopted. This is the bridge between the literature review and analysis sections. It presents various themes including the research design, study population, sampling size and sampling procedures, data collection instruments and analysis of the data collected. The chapter explained how the researcher has considered how to select the sample; how to collect the data; how to analyze the data and how to validate the data. It shows how the design has been carefully evaluated to ensure that the data collection and analysis techniques defined in the methodology are correctly and accurately capturing what they are intended to measure. It also portrays the expected output of the research process.

3.2 Research Design

The research design that the study adopted is the Survey Research Design. According to (Rea & Parker, 2014), survey research design is a technique that is used for gathering information through questioning those individuals who have been selected as objects of the research and belonging to a representative sample. It was done in a standardized questioning procedure with the aim of studying the relationship among the variables. Orodho (2005) asserted that Survey Research Design allows a researcher to present and interpret collected data about a certain phenomenon for the purpose of clarification. Kothari (2010) posited that surveys are conducted in case of descriptive research and their main concern is to record, describe, analyse, and interpret conditions that either exist or existed. Surveys are also concerned with opinions that are held, the on-going processes, trends that are developing, or effects that are evident. The study used both quantitative and qualitative approach to measure and analyse data in a numerical form so as to give a precise description. According to (Mugenda & Mugenda, 2009), quantitative approach is a scientific method that has been considered as suitable mode of inquiry in the field of both research and evaluation. This mode of inquiry follows several logical and distinct steps from identifying and stating research problem to making appropriate conclusions and inferences to the population. On the other hand, qualitative research is used to gain an understanding of underlying reasons, opinions, and

motivations. It provides insights into the problem or helps to develop ideas or hypotheses for potential quantitative research.

3.3.1 Population of Study

In as much as all managers throughout the organization should be strategic leaders, the primary responsibility for effective strategic leadership practices rests at the top of an organization with the CEO (Hitt et al., 1995). The CEO cannot delegate this responsibility to the manager of another function, regardless of how important to some extent the aspect of strategic leadership is to the functions of the later. Therefore, the target population for this study comprises of thirty-five flower firms of Nakuru County and the respondents were the Chief Executive Officers in the Cutflower firms of Nakuru County. This category is purposively selected since they are leaders involved in crafting, implementing and evaluating strategies used in the flower firm. According to Kenya Flower Council (2016), there were 35 flower firms in Nakuru County, (see the list below in Appendix I). The target population was the members of top management drawn from the thirty-five Cutflower firms in Nakuru County, making a total of thirty-five chief executive officers.

3.3.2 Sample Size and Sampling Procedure

Chief Executive Officer of each of the thirty-five Cutflower firms of Nakuru County were purposively selected to respond to the research questions. The researcher took a census of all the thirty-five chief executive officers by means of self-administered questionnaire. The firms' physical addresses were used to arrange on how the questionnaires was delivered and collected.

3.4 Data Collection Instrument

The researcher used close ended questionnaires based on Likert Scale as the main mode of data collection. The use of questionnaires was justified because they assured an effective way of collecting information from a population in a short period of time and at a reduced cost. The questionnaires also facilitated easier coding and analysis of data collected (Kothari, 2010). The closed ended questions ensured that the respondents were restricted to certain categories in their responses for easy data collection, analysis and interpretation. The questionnaires were personally administered by the researcher, dropped and picked after one day for purposes of higher response rate.

3.5 Validity and Reliability of the Instruments

3.5.1 Validity of Research Instruments

Validity is the degree to which results obtained from analysis of the data actually represent the phenomenon under study (Mugenda & Mugenda, 2009). Validity and reliability was established for standardization of the research instruments that was used in the study. Validity is the accuracy and meaningfulness of inferences, which is based on the research results. There are three types of validity; content, criterion-related and construct. Content validity is the extent to which a measuring instrument provides adequate coverage of the topic under study. Criterion-related validity relates to the ability of an individual to predict or estimate the existence of some current condition. Validity was tested through expert judgment of research supervisors from Department of Business Administration, Egerton University.

3.6 Reliability of the Instruments

Reliability is the measure of the degree to which a research yields consistent results or data after repeated trials. It is the degree of consistency that the research instruments or procedures can demonstrate. Poor reliability degrades the precision of a single measurement and reduces the ability to track changes in measurement in a study (Mugenda & Mugenda, 2009). In order to ensure reliability of the instruments, a pilot study was conducted in Nyandarua County using the same tool to gauge responses for the purposes of improving the tool. The Cronbach's coefficient alpha was applied on the results obtained to determine how items correlate among them in the same instrument (Cronbach, 1955). Cronbach's coefficient alpha of 0.84 was obtained which was above the threshold alpha of 0.7 enhanced the identification of the dispensable variables and deleted variables.

3.7 Data Analysis and Presentation

The questionnaire was edited first and coded to ensure completeness and accuracy. The computer application package for social sciences SPSS (Statistical Package for Social Sciences) was used to aid in the analysis. The data was analyzed through the use of descriptive statistics and inferential statistics. The relationship between each of the elements of strategic leadership model (Hitt, Ireland, & Hoskisson 1995) and performance of Cutflower firms was tested using a Pearson's Correlation. The combined effect of all the elements and performance of Cutflower firms was tested with the Regression Model in equation 1, below:

$$y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$$

Where;

Y = Organization Performance

α = Constant

$\beta_1 \ldots \ldots \beta_{5d}$ = Parameter Estimates

X_1 = Strategic Direction

X_2 = Balanced Organizational Controls

X_3 = Organization Resource Portfolio

X_4 = Ethical Practices

X_5 = Organization Culture

ε = The Error of Prediction.

CHAPTER FOUR

FINDINGS AND DISCUSSIONS

4.1 Introduction

The chapter presents the results of the analysis effect of strategic leadership components on performance of Kenya Cutflower Sector, taking the case of Cutflower firms in Nakuru County in relation to each objective and hypothesis. The field research conducted between October and November 2017 and quantitative data collected from CEO of the Cutflower Firms on specific areas of the study. First, the general characteristics of the respondents are presented followed by the objectives and hypotheses, and finally a summary of the results. The results on each hypothesis are presented, discussed and then the hypothesis either rejected or accepted.

4.2 Instruments Return Rate and Demographic Characteristics of Respondents

4.2.1 Instruments Return Rate

The study used questionnaire to collect data from the 35 CEOs in the Cutflower Firms in Nakuru County. The instrument return rate was based on the 35 questionnaires distributed. Out of the 35 of the questionnaires distributed to CEOs the researcher was able to collect all of them representing 100% return rate which was high and able to answer the set objectives of the study.

4.2.2 Demographic Characteristics of Respondents

This section presents the findings from the demographic characteristics of the population including; the population age bracket, gender, work experience and level of education.

Table 4.1: Respondents Age Bracket

Age Bracket	Frequency	Percent
18-25 years	1	3
26-35 years	2	6
36-45 years	8	23
>46 years	24	69
Total	35	100

Note. From Field Data (2018)

Table 4.1 presents the results of the analysis of respondents' age bracket as one of the respondents' demographic characteristics. The study established that majority of the respondents at 69% were >46 years of age bracket, 23% were 36-45 years of age bracket, 6% were 26-35 years of age bracket and 3% were 18-25 years of age bracket. This finding showed that CEOs working in Cutflower firms in Nakuru County were mature and were towards the 60 years retirement age. This age bracket is related to effective and motivated employees as strategic leadership component.

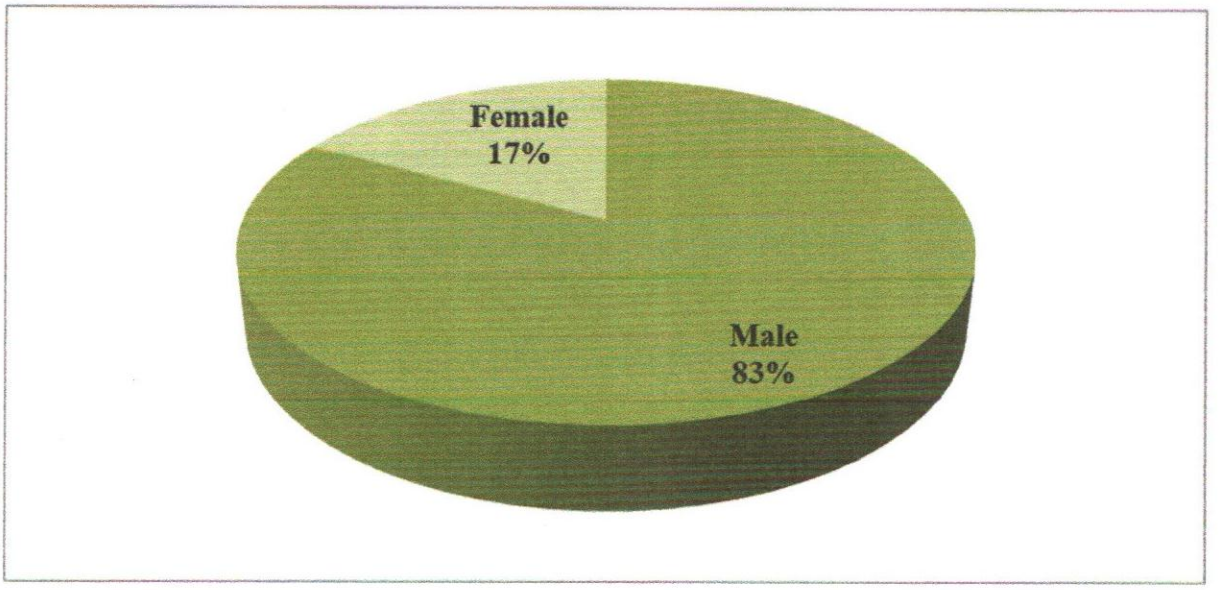


Figure 4.1: Respondents Gender parity

The study established that majority of the respondents 83% were male compared to 17% who were female. The finding indicates that men dominated the top management of Cutflower firms.

Table 4.2: Respondents Education Level

Level	Frequency	Percent
A-Level	1	3
Undergraduate Degree	27	77
Masters	7	20
Total	35	100

Note: From Field Data (2018)

Table 4.2 was used by the study to present the results of respondents' level of education. Level of education is important as far as understanding organizations strategic leadership where the CEO is the head who gives the strategic direction. The study established that majority of the respondents 77% had undergraduate degree qualification, 20% had masters' qualification and 3% had A-Levels and therefore moved through the ranks based on experience to become the CEOs. On work experience, the study established that the employees had worked for an average of 6 years, an experience important to the study to allow the respondents give information about their organizations' strategic leadership based on experience. This finding showed that the respondents who were the CEOs of the firms had university education, the level where organizations strategic leadership is taught and therefore had an idea what the study entailed.

4.3 Cut flower Firms' Organizations Strategic Leadership

This section present the results of the respondents view on; their awareness of concepts in organizations strategic leadership, Strategic direction measured in terms of; long term vision, functional mission statement, strategic objectives, understanding the environment the firms operated in, availability of a functioning strategic plan, understanding very well firms core competence. The section also presented balance organizational control measured in terms of; availability of various business units, each business unit having internal control parameters, each business unit working complementarily, the CEO being the main coordinator of all the units, each business unit being responsible for its successes and failures and heads of business units in control by making decisions for the success.

Organization Resource Portfolio results are also presented in terms of; existence of effective and motivated employees, stringent management of the firms finances, availability of physical resources are well maintained and managed, technological resources continuous improvement, new technologies coming with new training needs which are executed and availability of leverage of competencies across all our businesses. The section also presents the results of ethical practices measured in terms of; effective corporate governance systems, ethical values being shared among employees, organization free from corruption, availability of rules that govern employees behaviors, breaking of rules of conduct not tolerated and Our competitors and peers recognizes our ethical practices.

Last, this section presents organizational culture which is key element of strategic leadership measured in term of; availability of organizational norms which are practiced by every employee, availability of have shared entrepreneurial culture among employees, existence of culture of the customers first, culture of customers first and culture that protects environment where the business of Cutflower exist and is supported.

4.3.1 Awareness of the Concept Organizations Strategic Leadership

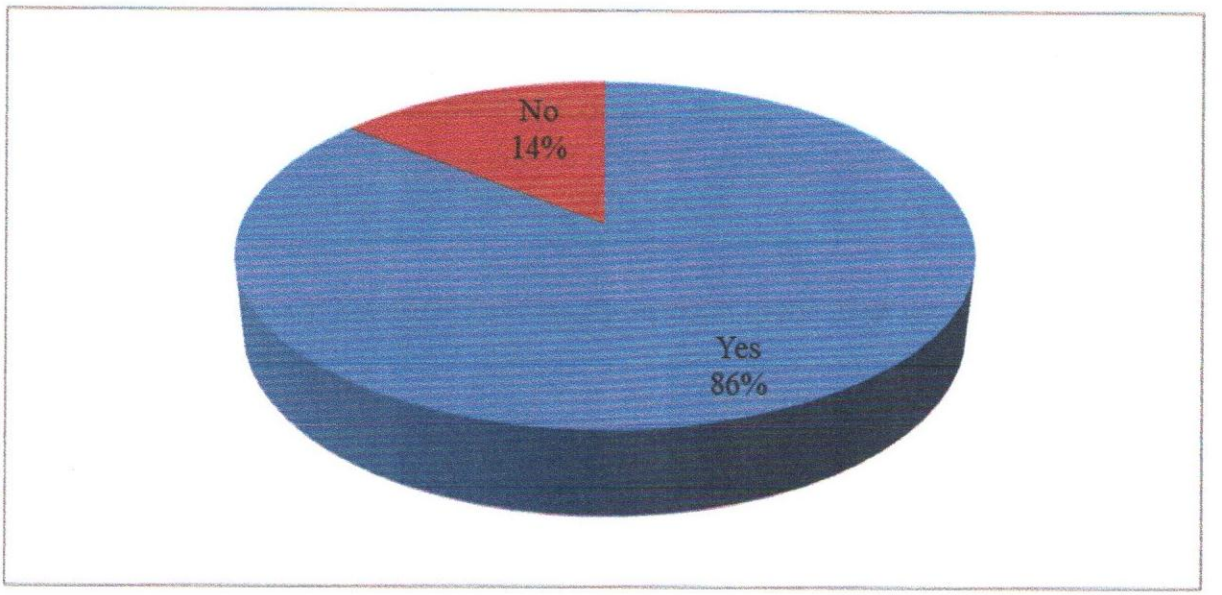


Figure 4.2: Respondents Awareness of the Concept Organizations Strategic Leadership

The study found out that majority of respondents 86% were aware of the Concept Organizations Strategic Leadership compared to 14% who were not aware. This finding was important since CEOs being the main respondents in the study were able to give accurate information concerning Organizations Strategic Leadership in Cutflower firms and how it affected the firms' performance.

Table 4.3: Elements of Strategic Leadership Respondents Aware of

Element	Frequency	Percent
Strategic Direction	19	54
Balance organizational control	2	6
Organizational resource portfolio	2	6
Ethical practice	5	14
Organizational culture	4	11
Total	32	91

Note. From Field Data (2018)

Table 4.3 presents the elements of Strategic Leadership the CEOs were aware of. The study established that majority of respondents 54% were aware of the firms strategic direction, 14% were aware of ethical practices, 11% were aware of organizational culture and 6% were

aware of balance organizational control and organizational resource portfolio respectively as elements of strategic leadership. This finding indicated that although the CEOs were involved in providing strategic leadership to the entire operations of the Cutflower firms most of them were not fully aware of ethical practices, organizational culture and balance organizational control and organizational resource portfolio which are very important elements of strategic leadership.

Table 4.4: Elements of Strategic Leadership Applied in the Management of Cutflower Firms

Element	Frequency	Percent
Strategic Direction	27	77
Balance organizational control	6	17
Organizational culture	2	6
Total	35	100

Note. From Field Data (2017)

The study established that out of the 5 strategic leadership elements, only three were practiced in Cutflower firms in Nakuru County representing 60% whereas 40% were not practiced. The study went a step further to establish the proportion of the elements practiced by the CEOs. The study further established that 77% of the CEOs practiced strategic direction element, 17% practiced balance organizational control and 6% practiced organizational ethics. This finding indicated that the CEOs working in Cutflower firms in Nakuru County practiced more than half of the strategic leadership elements creating knowledge gap of the strategic leadership elements. Secondly, out of the 3 elements practiced, not all the CEOs fully practiced the three elements creating practice gap by the CEO.

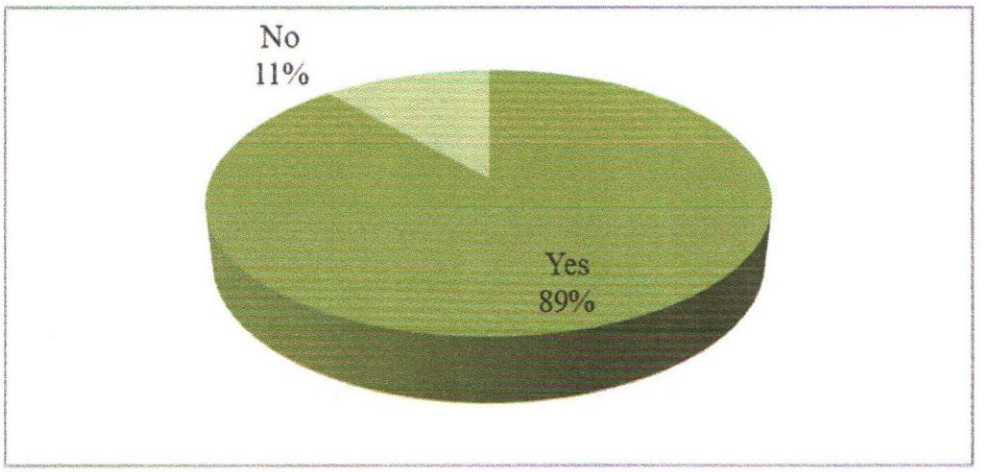


Figure 1.3: Respondents' Awareness that Strategic Leadership Effect Performance

Although two of the five strategic leadership elements were not practiced by the CEOs, the study established that majority of the CEOs 89% agreed that all the elements of strategic leadership affect organizational performance in terms of sales performance, quality performance and brand performance compared to 11% who were not aware. This finding indicated that the CEOs were able to relate the strategic leadership elements to organizational performance of which they are responsible.

4.3.2 Cutflower Firms' Strategic Direction

Table 4.5: CEOs Views on Cutflower Firms' Strategic Direction

Strategic Direction	SA (%)	A (%)	NS (%)	D (%)	SD (%)
Long term vision	31	57	3	6	3
Functioning mission statement	29	57	3	7	4
Strategic objectives	26	49	11	6	8
Understand the environment	43	37	11	3	6
Functioning strategic plan in place	31	57	3	6	3
Understand core competence	26	49	11	6	8

Note. From Field Data (2018)

Key: SA= Strongly Agree, A = Agree, NS = Not Sure, D = Disagree, SD = Strongly Disagree

Table 4.5 was used to analyze the CEOs Views on Cutflower Firms' Strategic Direction. The key elements of strategic direction analyzed in this section included; long term vision, functional mission statement, strategic objectives, understanding the environment the firms

operated in, availability of a functioning strategic plan, understanding very well firms core competence.

The study established that majority of the respondents 88% agreed that their firms was operating with long-term vision and functioning strategic plan respectively compared to 9% who disagreed and 3% who were not sure. Concerning functioning mission statement, the study established that majority of respondents 86% agreed that their firms operated with functioning mission statement compared to 11% who disagreed and 3% who were not sure. Further, the findings established that majority of the respondents 75% agreed that operated based on strategic objectives and that they understood very well firms core competence of their firms respectively compared to 14% who disagreed and 11% who were not sure. Concerning the understanding of the environment the business operated in, the study established that majority of respondents 81% agreed that they understood the environment the business operated in compared to 11% who were not sure and 9% who disagreed.

4.3.3 Cutflower Firms' Balanced Organization Controls

Table 4.6: CEOs Views on Cutflower Firms' Balanced Organization Controls

Balanced Organizational Control	SA (%)	A (%)	NS (%)	D (%)	SD (%)
Various business units	31	54	3	6	6
Each business unit has internal control parameters	31	34	3	3	9
Each business units work complementarily	6	37	3	17	37
The CEO co-ordinates all the units	31	34	3	3	9
Each business unit responsible for successes and failures	26	60	0	14	0
Heads of business units make decisions for the success	23	54	0	3	20

Note. From Field Data (2018)
Key: SA= Strongly Agree, A = Agree, NS = Not Sure, D = Disagree, SD = Strongly Disagree

The section presents the second element of strategic leadership which is balanced organizational control measured in terms of; availability of various business units, each business unit having internal control parameters, each business unit working complementarily, the CEO being the main co-coordinator of all the units, each business unit being responsible for its successes and failures and heads of business units in control by making decisions for the success.

The study established that majority of the respondents 85% agreed that the Cutflower firms had various business units and that each business unit having internal control parameters and also that the CEO being the main co-ordinator of all the units compared to 12% who disagreed and 35 who were undecided. Further findings showed that slightly more than half of the respondents 54% disagreed that each of the business units worked complementarily to support the business functions of all other units within the firms compared to 42% who agreed and 3% who were not sure. Concerning decision making, the study established that majority of respondents 74% agreed that heads of business units were in control by making decisions for the success of the units.

These findings indicated that the Cutflower firms in Nakuru County employed most of the elements of balanced organizational control apart from the heads of business units being in control by making decisions for the success of the units. The elements of balanced organizational control that were employed by the Cutflower firms in their strategic leadership agenda were; availability of various business units, each business unit having internal control parameters, each business unit working complementarily, the CEO being the main co-ordinator of all the units and that each business unit being responsible for its successes and failures.

4.3.4 Cutflower Firms' Managed Organization Resource Portfolio

Table 4.7: CEOs View on Cutflower Firms' Managed Organizational Resource Portfolio

Organizational Resource Portfolio	SA (%)	A (%)	NS (%)	D (%)	SD (%)
Effective and motivated employees	23	57	0	6	14
Stringent management of the firms finances	17	46	0	23	14
Physical resources are well maintained and managed	23	57	0	5	15
Technological resources are continuously improved	31	57	3	3	6
New technologies new training needs which is executed	26	68	0	3	3
Leverage of competencies across all our businesses	26	68	0	3	3

Note. From Field Data (2018)
Key: SA= Strongly Agree, A = Agree, NS = Not Sure, D = Disagree, SD = Strongly Disagree

This section presents the third element of strategic leadership which is organizational resource portfolio measured in terms of; existence of effective and motivated employees,

stringent management of the firms finances, availability of physical resources are well maintained and managed, technological resources continuous improvement, new technologies coming with new training needs which are executed and availability of leverage of competencies across all our businesses.

On organizational resource portfolio, the study established that majority of the respondents 80% agreed that Cutflower firms in Nakuru County had effective and motivated employees, stringent management of the firms finances compared to 20% who disagreed. Further findings indicated that majority of the respondents 63% agreed that there was availability of physical resources is well maintained and managed compared to 37% who disagreed. Concerning technological resources, the study established that majority of respondents 88% agreed that the firms technological resources were continuous improvement compared to 9% who disagreed and 3% who were undecided. Concerning new technology and leveraging competencies, the study found out that majority of respondents 94% agreed that the firms employed a strategy of adopting new technologies alongside new training needs which were executed to match the new technologies and also existence of leverage of competencies across all our business units.

These findings showed that the Cutflower firms in Nakuru County employed all the elements organizational resource portfolio as an element of strategic leadership including; ensuring effective and motivated employees, adopting stringent management of the firms finances, ensuring that the physical resources are well maintained and managed, making sure that technological resources were continuously improved, matching new technologies with new training needs which are executed to ensure that the technologies are optimally used in the firms' business operations and lastly leveraging competencies across all our business units for maximization of performance.

4.3.5 Cutflower Firms' Ethical Practices

Table 4.8: Cutflower Firms' Ethical Practices

Ethical Practices	SA	A	NS	D	SD
	(%)	(%)	(%)	(%)	(%)
Effective corporate governance systems	31	54	3	6	6
Ethical values are shared among employees	31	54	3	3	9
Organization is free of corruption	6	37	3	17	37
Rules that govern our behaviors	31	54	3	6	6
Breaking of rules of conduct is not tolerated	26	60	0	7	7
Competitors and peers recognizes our ethical practices	31	54	3	3	9

Note. From Field Data (2018)

Key: SA= Strongly Agree, A = Agree, NS = Not Sure, D = Disagree, SD = Strongly Disagree

This section presents the fourth element of strategic leadership which is firms' ethical practices measured in terms of; effective corporate governance systems, ethical values being shared among employees, organization free from corruption, availability of rules that govern employees behaviors, breaking of rules of conduct not tolerated and firms' competitors and peers recognizes our ethical practices.

The study established that majority of respondents 85% agreed that Cutflower firms had effective corporate governance systems with ethical values being shared among employees and also availability of rules that govern employees behaviors and firms' competitors and peers recognizes our ethical practices respectively compared to 9% who disagreed and 3% who were not sure. Concerning corruption, the study established that about 54% of respondents agreed that the firms were free from corruption compared to 43% who agreed and 3% who were not sure. Further findings indicated that majority of respondents 86% agreed that breaking of rules of conduct were not tolerated compared to 14% who agreed.

These findings showed that the Cutflower firms in Nakuru County employed all the elements ethical practice as an element of strategic leadership including; having effective corporate governance systems with ethical values being shared among employees, availability of rules that govern employees behaviors, firms' competitors and peers recognizes our ethical practices, the firms were free from corruption and that breaking of rules of conduct were not tolerated in the firms.

4.3.6 Cutflower Firms' Organization Culture

Table 4.9: CEOs View of Organization Culture Practice

Organizational Culture	SA (%)	A (%)	NS (%)	D (%)	SD (%)
Organizational norms	31	57	3	3	6
Norms are practiced by every employee	29	54	0	9	8
Shared entrepreneurial culture among employees	31	57	3	3	6
Culture of honesty	31	57	3	3	6
Culture of the customers first	17	57	0	14	12
Culture that protects our environment	17	57	0	14	12

Note. From Field Data (2018)

Key: SA= Strongly Agree, A = Agree, NS = Not Sure, D = Disagree, SD = Strongly Disagree

This section presents the fifth element of strategic leadership which is firms' organizational culture practices measured in terms of; existence of organizational norms which are practiced by every employee, existence of shared entrepreneurial culture among employees, existence of culture of the customers first, the practice of the culture of customers first and culture that protects environment where the business of Cutflower exist and is supported.

The study established that majority of respondents 88% agreed that the Cutflower Firms have organizational norms that guide their operations, existence of shared entrepreneurial culture among employees and existence of culture of honesty respectively compared to 9% who disagreed and 3% who were not sure. Majority of respondents 83% agreed that norms are practiced by every employee without discrimination compared to 17% disagreed. Concerning customers and environmental protection, majority of the respondents 74% agreed that the firms have the culture that puts customers first and also promotes the protection of environment compared to 26% who disagreed.

These findings showed that the Cutflower firms employed all the elements organizational culture practice as an element of strategic leadership including; existence of organizational norms which are practiced by every employee, existence of shared entrepreneurial culture among employees, existence of culture of the customers first, the practice of the culture of customers first and culture that protects environment where the business of Cutflower exist and is supported.

4.4 Cutflower Organizational Performance

This section presents the descriptive statistics on the cut firms' organization performance measured in terms of sales performance, quality and brand performance.

Table 4.10: Descriptive Statistics of Cutflower Firms' Performance

Performance	N	Minimum	Maximum	Mean	Std. Deviation
Brand Performance	35	2	5	4	0.82
Sales Performance	35	2	6	4	0.98
Quality Performance	35	2	6	4	0.95

Note: From Filed Data (2018)

Table 4.10 shows that the means of performance variables had minimum and maximum scores ranging from 1 to 5. All mean scores were found to be 4, which according to Likert Scale indicate that the variables are important and that the respondents agreed that Cutflower firms in Nakuru County had brands that had better performance and of quality with good sales performance.

4.5 Hypothesis Testing

This section presents the analysis of the hypothesis test. The study used five null hypothesis related to the firms' set strategic direction, balanced organizational control, managed organizational resource portfolio, cultivated ethical practices and sustained organizational culture. The study also used the multiple regression to test the combined effect of the five strategic leadership components on the firm's performance.

Table 4.11: VIF for the 4 Independent Variable

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Resource Portfolio	.998	1.002
Organizational control	.992	1.046
Ethical Practice	.992	1.008
Organizational Culture	.994	1.006
Strategic Direction	.996	1.004

Since the Variable Inflation Factor (VIF) was less than 10, there was evidence that the data used had no multicollinearity (correlation between predictors) in the regression analysis.

Table 4.12: VIF of all Independent Variable

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Strategic Objective	.073	3.684
	Environmental Scanning	.121	8.291
	Strategic Plan	.294	3.403
	Core Competence	.398	2.512
	Motivated Employee	.384	2.607
	Stringent Financial Management	.484	2.066
	Resources Well Maintained	.271	3.690
	Technology With New Training	.486	2.057
	Leveraging Competencies	.461	2.169
	Effective Corporate Governance	.007	4.313
	Free Of Corruption	.628	1.593
	Rules That Govern Behavior	.006	3.736
	Breaking Rules Not Tolerated	.626	1.598
	Recognized Our Ethical Value	.573	1.744
	Norms Practiced	Norms Practiced	Norms Practice
	Entrepreneurial Culture	.057	7.416
	Culture Of Honesty	.526	1.900
	Customers First	.266	3.758
	Culture To Protect Environment	.510	1.960

Since the Variable Inflation Factor (VIF) was less than 10, there was evidence that the data used had no multicollinearity (correlation between predictors) in the regression analysis.

4.5.1 Effect of Set Strategic Direction on Performance

This section presents the analysis and hypothesis test of effect of strategic direction on performance of Cut flower firms in Nakuru County. The study carried out in-depth analysis to the specific elements strategic direction elements and how they related with Cutflower firms' performance.

Table 4.13: R-Squared for Effect of Set Strategic Direction on Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.990[a]	.980	.977	.15107

The R-value was 0.990 whereas R-Squared was 0.980, which indicated a high degree of correlation. The R^2 value indicates how much of the dependent variable, "Cutflower firms' performance", was explained by the elements of independent variables, "set strategic direction". In this case, 98.0% was the R Squared, which was very large indicating high degree of correlation.

Table 4.14: ANOVA for Effect of Set Strategic Direction on Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.22	5	6.64	291.14	.000[b]
	Residual	0.66	29	0.02		
	Total	33.89	34			

Predictors "long term vision, functional mission statement, strategic objectives, understanding the environment the firms operated in, availability of a functioning strategic plan, understanding very well firms core competence" Dependent variable "Cutflower firms performance. Table 4.14 indicated that the regression model predicted the outcome variable significantly with p=0.000, which was less than 0.05, and indicated that; overall, the model statistically and significantly predicted the outcome variable.

Table 4.15: Effect of Set Strategic Direction on Performance

	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	T	Sig.
(Constant)	-.254	.208		-1.222	.231
Long term vision	.946	.057	.871	16.565	.000
Strategic objective	.141	.054	.137	2.598	.015
Environmental scanning	-.013	.024	-.016	-.563	.578
Strategic plan	-.026	.029	-.029	-.906	.372
Core competence	.010	.023	.012	.445	.659

The study established that two of the elements of strategic direction that is 'long term vision' and 'strategic objective' had $p<0.05$. Therefore, there was evidence to reject the $\mathbf{H_{O1}}$: Strategic direction does not significantly affect performance of Cut flower firms in Nakuru County. In order for the study to influence the practice, the regression analysis was also used to indicate which of the elements of strategic direction had greater effect on Cutflower firms' performance. According to the finding long-term vision $r=0.946$, $p=0.000<0.05$ had great effect than strategic objective $r=0.141$, $p=0.015<0.05$.

4.5.2 Effect of Balanced Organization Controls on Performance

This section presents the analysis and hypothesis test of effect of balanced organizational control on performance of Cut flower firms in Nakuru County. The study carried out in-depth analysis to the specific elements balanced organizational control elements and how they related with Cutflower firms' performance.

Table 4.16: R Square Effect of Balanced Organization Controls on Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.309[a]	.096	-.060	1.007

The R-value was 0.309 whereas R-Squared was 0.096, which indicated a low degree of correlation. The R^2 value indicates how much of the dependent variable, "Cutflower firms' performance", was explained by the elements of independent variables, "balanced organizational control". In this case, 9.6% was the R Squared, which was low indicating low degree of correlation.

Table 4.17: ANOVA Effect of Balanced Organization Controls on Performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.115	5	.623	.614	.690[b]
	Residual	29.432	29	1.015		
	Total	32.546	34			

Predictors "availability of various business units, each business unit having internal control parameters, each business unit working complementarily, the CEO being the main co-ordinator of all the units, each business unit being responsible for its successes and failures

and heads of business units in control by making decisions for the success." Dependent variable "Cutflower firms' performance. Table 4.17 indicated that the regression model did not predict the outcome variable significantly with p=0.690>0.05, which was far greater than 0.05, and indicated that; overall, the model did not statistically and significantly predicted the outcome variable.

Table 4.18: Effect of Balanced Organizational Control on Performance

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	3.001	1.057		2.840	.008
Various business unit	-1.095	1.288	-1.183	-.850	.402
Business units complement each other	.049	.121	.073	.407	.687
CEO coordinate all business units	1.082	1.227	1.243	.882	.385
Each unit responsible for success or failure	.045	.154	.057	.288	.775
Heads of units make successful decisions	.116	.130	.169	.890	.381

The study established none of the elements of balanced organizational control had effect on organization performance, there was evidence to accept the $\mathbf{H_{O2}}$: Organization controls do not significantly affect performance of Cut flower firms in Nakuru County. In order for the study to influence the practice, the regression analysis was also used to indicate any other elements of balanced organizational control, which had greater effect on Cutflower firms' performance.

4.5.3 Effect of Managed Organization Resource Portfolio on Performance

This section presents the analysis and hypothesis test of effect of organization resource portfolio on performance of Cut flower firms in Nakuru County. The study carried out in-depth analysis to the specific elements organization resource portfolio elements and how they related with Cutflower firms' performance.

Table 4.19: R Square for Effect of Balanced Organization Controls on Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.497[a]	.247	.085	.936

The R value was 0.497 whereas R Square was 0.247, which indicated a low degree of correlation. The R^2 value indicates how much of the dependent variable, "Cutflower firms' performance", was explained by the elements of independent variables, "organizational resource portfolio". In this case, 24.7% was the R Squared, which was fairly small indicating low degree of correlation.

Table 4.20: ANOVA Effect of Balanced Organization Controls on Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.026	6	1.338	1.527	.206[b]
	Residual	24.520	28	.876		
	Total	32.546	34			

Predictors "existence of effective and motivated employees, stringent management of the firms finances, availability of physical resources are well maintained and managed, technological resources continuous improvement, new technologies coming with new training needs which are executed and availability of leverage of competencies across all our businesses." Dependent variable "Cutflower firms' performance. Table 4.20 indicated that the regression model did not predicted the outcome variable significantly with $p = 0.206 > 0.05$, which was greater than 0.05, and indicated that; overall, the model did not statistically and significantly predicted the outcome variable.

Table 4.21: Effect of Managed Organizational Resource Portfolio on Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.052	1.537		4.590	.000
	Effective and motivated employee	-.205	.151	-.272	-1.355	.186
	Stringent financial management	.212	.140	.300	1.521	.139
	Physical resources well maintained and managed	-.184	.215	-.167	-.855	.400
	Technological resources continuously improved	-.371	.179	-.378	-2.076	.047
	New technology accompanied with new training	-.191	.208	-.155	-.919	.366
	Leveraging competencies across business	-.081	.227	-.071	-.355	.725

The study established 1 of the elements of organization resource portfolio that is 'effective technological resources continuous improvement' had r=-0.37, p=047<0.05, there was evidence to reject the $\mathbf{H_{O3}}$: Organization resource portfolio does not significantly affect performance of Cutflower firms in Nakuru County. In order for the study to influence the practice, the regression analysis was also used to indicate which of the elements of strategic direction had greater effect on Cutflower firms' performance.

4.5.4 Effect of Cultivated Ethical Practice on Performance

This section presents the analysis and hypothesis test of effect of ethical practice on performance of Cut flower firms in Nakuru County. The study carried out in-depth analysis to the specific elements ethical practice elements and how they related with Cutflower firms' performance.

Table 4.22: R Square Effect of Cultivated Ethical Practice on Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.404[a]	.163	.019	.899

The R-value was 0.404 whereas R-Squared was 0.163, which indicated a low degree of correlation. The R^2 value indicates how much of the dependent variable, "Cutflower firms' performance", was explained by the elements of independent variables, "ethical practice". In this case, 16.3% was the R Squared, which was very low indicating low degree of correlation.

Table 4.23: ANOVA Effect of Cultivated Ethical Practice on Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.115	5	.623	.614	.690[b]
	Residual	29.432	29	1.015		
	Total	32.546	34			

Predictors "having effective corporate governance systems with ethical values being shared among employees, availability of rules that govern employees behaviors, firms' competitors and peers recognizes our ethical practices, the firms were free from corruption and that breaking of rules of conduct were not tolerated in the firms." Dependent variable "Cutflower firms performance. Table 4.23 indicated that the regression model did not predicted the outcome variable significantly with $p=0.690>0.05$, indicated that; overall, the model did not statistically and significantly predicted the outcome variable.

Table 4.24: Effect of Cultivated Ethical Practice on Performance

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.001	1.057		2.840	.008
	Effective corporate governance	-1.095	1.288	-1.183	-.850	.402
	Ethical practice - free of corruption	.049	.121	.073	.407	.687
	Rules that govern behavior	1.082	1.227	1.243	.882	.385
	Breaking rules not tolerated	.045	.154	.057	.288	.775
	Competitors recognizes ethical practices	.116	.130	.169	.890	.381

The study established none of the elements of ethical practices had effect on firms' performance there was evidence to accept the $\mathbf{H_{O4}}$: Ethical practices do not significantly affect performance of Cutflower firms in Nakuru County.

4.5.5 Effect of Sustained Organization Culture on Performance

This section presents the analysis and hypothesis test of effect of organizational culture on performance of Cutflower firms in Nakuru County. The study carried out in-depth analysis to the specific elements organizational culture elements and how they related with Cutflower firms' performance.

Table 4.25: R-Squared Effect of Sustained Organization Culture on Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.489[a]	.240	.108	.924

The R-value was 0.489 whereas R-Squared was 0.240, which indicated a low degree of correlation. The R^2 value indicates how much of the dependent variable, "Cutflower firms' performance", was explained by the elements of independent variables, "organization culture". In this case, 24.0% was the R Squared, which was fairly small indicating low degree of correlation.

Table 4.26: ANOVA for Effect of Sustained Organization Culture on Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.796	5	1.559	1.827	.139[b]
	Residual	24.750	29	.853		
	Total	32.546	34			

Predictors "existence of organizational norms which are practiced by every employee, existence of shared entrepreneurial culture among employees, existence of culture of the customers first, the practice of the culture of customers first and culture that protects environment where the business of Cutflower exist and is supported." Dependent variable "Cutflower firm's performance. Table 4.26 indicated that the regression model did not predicted the outcome variable significantly with p = 139>0.05, which was greater than 0.05, and indicated that; overall, the model did not statistically and significantly predicted the outcome variable.

Table 4.27: Effect of Sustained Organization Culture on Performance

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.989	1.120		5.347	.000
	Norms practiced by everybody	.141	.207	.171	.679	.503
	Share entrepreneurial culture	-.157	.219	-.160	-.716	.480
	Culture of honesty	-.062	.143	-.076	-.434	.668
	Culture of customers first	-.391	.188	-.507	-2.084	.046
	Culture to protect environment	-.171	.143	-.213	-1.195	.242

The study established 1 of the elements of organization culture that is 'culture of customers first' had r=-0.391, p=0.046<0.05, there was evidence to reject the $\mathbf{H_{O5}}$: Organization culture does not significantly affect performance of Cut flower firms in Nakuru County.

4.5.6 Combined Effect of Strategic Leadership Components on Organization Performance

This section presents the analysis and hypothesis test of combined effect of strategic leadership components on performance of Cutflower firms in Nakuru County. The study carried out multiple regression analysis to the specific elements strategic leadership elements (strategic direction, balanced organizational control, organization resource portfolio, ethical practice and organization culture) and how they affected with Cutflower firms' performance.

Table 4.28: R-Squared for Combined Effect of Strategic Leadership Components

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.587[a]	.344	.257	.843

The R-value was 0.587 whereas R-Squared was 0.344, which indicated an average degree of correlation. The R^2 value indicates how much of the dependent variable, "Cutflower firms' performance", was explained by the elements of independent variables, "strategic leadership". In this case, 34.4% was the R Squared, which was average indicating average degree of correlation.

Table 4.29: ANOVA Combined Effect of Strategic Leadership Components on Organization Performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	11.208	4	2.802	3.939	.011[b]
	Residual	21.338	30	.711		
	Total	32.546	34			

Predictors "strategic direction, balanced organizational control, organization resource portfolio, ethical practice and organization culture." Dependent variable "Cutflower firms performance. Table 4.29 indicated that the regression model predicted the outcome variable significantly with $p=0.11<0.05$, and indicated that; overall, the model statistically and significantly predicted the outcome variable.

Table 4.30: Combined Effect of Strategic Leadership Components on Organization Performance

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.578	1.872		2.981	.006
	Managed Organizational Resource Portfolio	-.062	.258	-.036	-.241	.811
	Cultivated Ethical Practice	.635	.239	.395	2.660	.012
	Balanced Organizational Control	-.596	.271	-.326	-2.201	.036
	Sustained Organizational Culture	-.408	.265	-.228	-1.538	.134
	Set Strategic Direction	.503	.284	.366	1.771	.001

The study established three of the elements of strategic leadership that is "set strategic direction" r=0.503, p=0.001<0.05, 'Cultivated ethical practice' r=0.635, p=0.012<0.05 and 'balanced organizational control' had r=-0.596, p=0.036<0.05, there was evidence to reject the $\mathbf{H_{O6}}$: The combined effect of strategic leadership components does not significantly affect performance of Cut flower firms in Nakuru County. In order for the study to influence the practice, the regression analysis was also used to indicate which of the elements of strategic direction had greater effect on Cutflower firms' performance. This finding is supported by Lear (2012) who established that in order for employees to effectively understand and deploy strategy throughout the organization, they must have a clear understanding of what the strategy is. The results indicate that employees have a moderate understanding of the strategy throughout the organization, which therefore does not translate into people development and processes that are focused on customer needs. Useful information about customer needs is not provided to employees, and this tends to impact on the implementation of all the other alignment constructs. The results indicate that investment in top management team place a greater focus on strategy than employees' experience of the other three alignment constructs, with the lowest focus on processes. While it can be argued that strategy is the focus of leadership, failure to deploy the strategy throughout the organization will influence organizational effectiveness and performance.

The finding is further supported by Nthini (2013) who found that strategic leadership practices have correlated highly with customer satisfaction, return on investment, net profit margin and low annual employee turnover. The correlation analysis that tested the level and

significance of relationships of research variables confirmed that effective strategic leadership affects organizational performance. This study did not analyze effect of strategic leadership in Cutflower sector, which is the main aim of the current study.

4.5.7 Summary of Hypotheses Test

Summary on hypotheses test indicated that $\mathbf{H_{O1}}$: Strategic direction does not significantly affect performance of Cutflower firms in Nakuru County was rejected because 2 of the elements of strategic direction that is 'long term vision' and 'strategic objective positively affect firms' performance although long term vision had great effect than strategic. $\mathbf{H_{O2}}$: Organization controls do not significantly affect performance of Cutflower firms in Nakuru County was accepted because none of the elements of strategic direction had positive effect on performance. $\mathbf{H_{O3}}$: Organization resource portfolio does not significantly affect performance of Cut flower firms in Nakuru County was rejected because 1 of the elements of organization resource portfolio that is 'technological resource improvement' having effect on firms' performance. $\mathbf{H_{O4}}$: Ethical practices do not significantly affect performance of Cutflower firms in Nakuru County was accepted because none of the element had effect on firms' performance. $\mathbf{H_{O5}}$: Organization culture does not significantly affect performance of Cutflower firms in Nakuru County was rejected because 1 of the elements of organization culture that is 'culture of customer first' element of ethical practices had effect on firms' had positive effect on firms' performance. The study established 3 of the elements of strategic leadership that is "set strategic direction" $r=0.503$, $p=0.001<0.05$, 'ethical practice' $r=0.635$, $p=0.012<0.05$ and 'balanced organizational control' had $r=-0.596$, $p=0.036<0.05$, there was evidence to reject the $\mathbf{H_{O6}}$: The combined effect of strategic leadership components does not significantly affect performance of Cut flower firms in Nakuru County. In order for the study to influence the practice, the regression analysis was also used to indicate which of the elements of strategic direction had greater effect on Cutflower firms' performance.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

Strategic leadership is the road map for achieving organization performance. The aim of this study was to analyze effect of strategic leadership components on performance of Kenya Cutflower Sector, taking the case of Cutflower firms in Nakuru County. The achieved this aim by specifically analyzing ; the effect of strategic direction, organization controls, organization resource portfolio, ethical practices, organization culture on performance of Cut flower firms in Nakuru County. In order to show which of the strategic objective highly correlated with performance, the study carried out an analysis of the combined effect of strategic leadership components on performance. The following therefore were the summary of the major findings of the study.

First, although the CEOs were involved in providing strategic leadership to the entire operations of the Cutflower firms most of them were not fully aware of ethical practices, organizational culture and balance organizational control and organizational resource portfolio which are very important elements of strategic leadership. Second, the CEOs working in Cutflower firms in Nakuru County practiced more than half of the strategic leadership elements creating knowledge gap of the strategic leadership elements. Secondly, out of the 3 elements practiced, not all the CEOs fully practiced the three elements creating practice gap by the CEO. The CEOs were also able to relate the strategic leadership elements to organizational performance of which they are responsible.

Findings on strategic direction component of strategic leadership established that the Cutflower firms in Nakuru County employed strategic direction as an element of strategic leadership including; having long term vision to steer their firms directional growth, functional mission statement to exhibit the reasons their firm currently exist in terms of the services offered, products produced, the customers/clients served and the business operative strategies employed, strategic objectives, understanding the environment the firms operated in terms of political, economic, social, legal and technological environment; availability of a functioning strategic plan as a blue print that guides the road map of their business and also understood very well the firms' core competence which they can leverage to face any competition that may arise.

Findings on balanced organizational control established that the Cutflower firms in Nakuru County employed most of the elements of balanced organizational control apart from the heads of business units being in control by making decisions for the success of the units. The elements of balanced organizational control that were employed by the Cutflower firms in their strategic leadership agenda were; availability of various business units, each business unit having internal control parameters, each business unit working complementarily, the CEO being the main co-ordinator of all the units and that each business unit being responsible for its successes and failures.

Further, findings on organizational resource portfolio established that the Cutflower firms in Nakuru County employed all the elements organizational resource portfolio as an element of strategic leadership including; ensuring effective and motivated employees, adopting stringent management of the firms finances, ensuring that the physical resources are well maintained and managed, making sure that technological resources were continuously improved, matching new technologies with new training needs which are executed to ensure that the technologies are optimumly used in the firms' business operations and lastly leveraging competencies across all our business units for maximization of performance.

Findings on ethical practice established that the Cutflower firms in Nakuru County employed all the elements ethical practice as an element of strategic leadership including; having effective corporate governance systems with ethical values being shared among employees, availability of rules that govern employees behaviors, firms' competitors and peers recognizes our ethical practices, the firms were free from corruption and that breaking of rules of conduct were not tolerated in the firms.

On organizational culture, the study established that the Cutflower firms employed all the elements organizational culture practice as an element of strategic leadership including; existence of organizational norms which are practiced by every employee, existence of shared entrepreneurial culture among employees, existence of culture of the customers first, the practice of the culture of customers first and culture that protects environment where the business of Cutflower exist and is supported. The study found out that the Cutflower firms in Nakuru Count had better based on had brands that had better performance based on quality production performance and sales performance.

5.2 Conclusion

This section presents the conclusion on analyze effect of strategic leadership components on performance of Kenya Cutflower Sector, taking the case of Cutflower firms. The conclusion was based on multiple regression analysis to the specific elements strategic leadership elements (strategic direction, balanced organizational control, organization resource portfolio, ethical practice and organization culture) and how they affected the Cutflower firms' performance. The study established that the combined effect of set strategic direction, balanced organizational control, managed organization resource portfolio, cultivated ethical practice and sustained organization culture had significant effect on performance of Cutflower firms in Nakuru County.

In order for the study to influence the practice, the regression analysis was also used to indicate which of the elements of strategic direction had greater effect on Cutflower firms' performance. This was based on empirical evidence that three of the elements of strategic leadership that is 'set strategic direction' 'cultivated ethical practice' and 'balanced organizational control' had positive effect on Cutflower firms performance. The 'set strategic direction' had greatest influence on organization performance of Cutflower firms followed by 'cultivated ethical practice' and 'balanced organizational control' respectively. Organization resource portfolio and organization culture did not have significant effect on Cutflower firms' performance.

5.2 Recommendations

Based on the findings and the conclusions on effect of strategic leadership components on performance of Kenya Cutflower Sector, taking the case of Cutflower firms in Nakuru County, the study came up with the following recommendations to enhance strategic leadership in the Cutflower firms in Kenya:

5.3.1 Recommendations for Policy

Components of strategic leadership such as set strategic direction, cultivated ethical practices and balanced organization controls were found to have significant effect on the performance of Cutflower firms. Budgetary resource allocation should be committed as a matter of policy to enable builds the strategic leadership competency among the CEOs and senior top management who remain vital in determining the vision, mission, values, and objective of the organization. The survival and above average performance is solely dependent on full

implementation of strategic leadership within organization that operate in turbulent and unpredictable business environments such us experienced in Kenyan Cutflower.

5.3.2 Recommendations for Practice

The department of Horticulture of the Ministry of Agriculture should streamline Cutflower management to comply with the principal of strategic leadership especially Organizational Resource Portfolio and Organizational Culture components that had no positive effect on the firms' performance. To improve practice of strategic leadership, the study recommends that the management of Cutflower firms should train its employees on the components of strategic leadership so that the concept can be embraced and applied by every employee in the firms. Strategic leadership being a complex concept, the study recommends that the firms should develop strategic management monitoring and evaluation tool that will be able to track the milestones of its implementation and also evaluate its impact as far as the firms' performance is concern.

5.3.3 Recommendations for Further Research

A study on factors affecting effective implementation of the components of strategic leadership in Cutflower firms in Kenya. The findings from the study will supplement the findings of the current study and also address implementation challenges that this study did not consider.

REFERENCES

Abdullah, S., Musa, C. I., & Azis, M. (2017). The Effect of Organizational Culture on Entrepreneurship Characteristics and Competitive Advantage of Small and Medium Catering Enterprises in Makassar. *International Review of Management and Marketing,* *7*(2), 409-414.

Adler, R. W. (2017). Strategic Performance Management: Accounting for Organizational Control. New York: Routledge Publishers.

Alaimo, S. P. (2011). Role of Nonprofit Leaders in Setting the Values, Visions, and Missions of the Organization. In K. A. Agard (Ed.), Leadership in Nonprofit Organizations (pp. 595- 603). Thousand Oaks, CA: SAGE Publication Inc.

Bahati, K. (2013). Organizational Cultural Change and Its Impacts on Performance in Public Institution: The Case of Tanzania Public Services College. Dar es Salaam, Tanzania: The Open University of Tanzania.

Bass, B. M. (2007). Executive and Strategic Leadership. *International journal of business, 12(1),*

Ball, D., Zimmerman, A., & Veen, M. (2003), Supermarket giant Ahold ousts CEO in big accounting scandal. *Wall Street Journal, February 25, A1, A10.*

Barney, J. B. (1986). Organizational Culture: Can it be a Source of Sustained Competitive Advantage? *Academy of Management Review, 2*(3), 656-665.

Barney, J. B. (1991). Firm Resources and sustained Competitive Advantage. *Journal of Management*, *17*(1), 99-120.

Barney, J. B., Ketchen, D. J., & Wright, M. (2011). The Future of Resource-Based Theory: Revitalization or Decline? *Journal of Management*, 37(5), 1299-1315.

Barrientos, S., Dolan, C., & Tallontire, A. (2003). A Gendered Value Chain Approach to Codes of Conduct in African Horticulture. *World Development, 31*(9), 1511-1526.

Birasnav, M., Rangnekar, S., & Dalpati, A. (2009). Transformational Leadership and Human Capital Benefits: The Role of Knowledge Management. *Leadership & Organization Development Journal*, *32*(2), 106-126.

Boal, K. B., & Hooijberg, R. (2001), Strategic Leadership Research: Moving on. *Leadership Quarterly. 11*(4), 515-549.

Bogdanowicz, M. (2014). Organizational Culture as a Source of Competitive Advantage: Case Study of a Telecommunication Company in Poland. *International Journal of Contemporary Management, 13*(3), 53-66.

Brady, M., & Walsh, A. (2007). Setting Strategic Direction: a Top-Down or Bottom-Up Process? *Business Strategy Series, 9*(1), 5-11.

Byrd, R. E. (1987). Corporate leadership skills: A new synthesis. *Organizational Dynamics, 16*(1), 34-43.

Chin, C.O. Gu, J. & Tubbs, S. L. (2001). "Developing Global Leadership Competencies. *Journal of Leadership & Organizational Studies, 7*(4), 20-31.

Chiţu, A., & Opriş, M. E. (2014). Importance of financial perspective indicators in Balanced Scorecard in a leasing company. *Journal of Theoretical and Applied Economics, 21*(8), 60-68.

CIPD. (2017). Human Capital Theory: Assessing the Evidence for the Value and Importance of People to Organisational Success. London, U.K: Ulster University.

Collins, J. C. (2001). Good to Great: Why Some Companies Make the Leap ... and Others Don't. London: Random House.

Cronbach, L. J., & Meehl, P. E. (1955). Construct validity in psychological tests. *Psychological Bulletin, 52*(4), 281-302.

David, F. R. (2015). Strategic Management Concepts and Cases (16th ed.). New Delhi: Pearson Higher Education.

Davids, M. (1995). Where style meets substance. *Journal of Business Strategy, 16*(1), 48-60.

Deardorff, D.K. (2004). *The Identification and Assessment of Intercultural Competence as a Student Outcome of Internationalization at Institutions of Higher Education in The United States. Unpublished Dissertation.* Raleigh, NC: North Carolina State University.

Dess, G., Eisner, A., & Lumpkin, G. T. (2008). Strategic Management: Creating Competitive Advantages. In G. Dess, A. Eisner, & G. T. Lumpkin (Eds.), Strategic Management: Texts and Cases (pp. 4-33). New York: McGraw Hill Publishers.

Distefano J. J., & Maznevski L. M. (2003), *Developing global managers integrating theory, behavior, data and performance, Advances in Global Leadership.* Oxford UK: Elsevier science, Ltd.

Dolan, C. and Humphrey, J., (2004). Governance and trade in fresh vegetables: The impact of UK supermarkets on the African horticultural industry. *Journal of Development Studies* 37 (2), 147-176.

Drejer, A. (2002). Strategic Management and Core Competencies: Theory and Application. Westport, CT: Greenwood Publishing Group.

Drucker, P.F. (1999). *Management Challenges for the 21st century*, Amsterdam: Elsevier.

Elenkov, G.; William, J. & Peter, W. (2005). Strategic Leadership and Executive Innovation Influence: An International Multi-Cluster Comparative Study, *Strategic Management Journal, 26*(7), 665-668.

Finkelstein, S & Hambrick, D.C. (2008). *Strategic Leadership: Top Executives and their Effects on Organizations.* St. Paul, MN: West Publishing Company.

Fitzsimons, P. (2017). Human Capital Theory and Education. In M. A. Peters (Ed.), *Encyclopedia of Educational Philosophy and Theory*. Singapore: Springer Publisher.

Kenya Flower Council (2008). *Annual Report*

Funda, Ö. and Cihan, T. (2014). Effect of Strategic Leadership Styles on Firm Performance: A study in a Turkish SME. *Social and Behavioral Sciences 150*(1), 778-784.

Gottschalk, P. (2005). Strategic Knowledge Management Technology. Hershey: Idea Group Publishing.

Grant, R.M. (1991): "The Resourced-based Theory of Competitive Advantage: Implications for Strategy Formulation." *California Management Review. 33*(3), 114-135.

Grisham, T. (2006). *Cross-Cultural Leadership. A Thesis Submitted in Fulfillment of the Requirements for the Degree of Doctor of Project Management.* [Online]. Available from:http://adt.lib.rmit.edu.au/adt/uploads/approved/adt-VIT20061116.125205/public/02whole.pdf [Accessed 2 December 2017]

Guillot, M. W. (2003). Strategic Leadership: Defining the Challenge. *Air & Space Power Journal, 17*(4), 67-75.

Hagen, A.F., Hassan, M.T. & Amin, S.G. (1998). Critical Strategic Leadership Components: an Empirical Investigation. *SAM Advanced Management Journal, 63*(3), 39-44.

Hale, A., & Opondo, M. (2005). Humanising the Cutflower chain: Confronting the Realities of Flower Production for Workers in Kenya. *Antipode, 37*(2), 301-323.

Hamel, G., & Prahalad, C. K. (1993). Strategy as Stretch and Leverage. *Harvard Business Review, 71*(2), 75-84.

Hamel, G., & Prahalad, C. K. (1989). Strategic Intent. *Harvard Business Review, 67*(3), 63-76.

Harris, A. (2008). *Distributed Leadership: Developing Leaders for Tomorrow*. London: Routledge Press.

Hale, A., & Opondo, M. (2005). Humanising the Cutflower Chain: Confronting the Realities of Flower Production for Workers in Kenya. *Antipode, 37*(2), 301-323.

Hill, C.W., Jones, G.R., & Schilling, M.A. (2015). Strategic Management: Theory & Cases: An Integrated Approach (11th ed.). Stamford, CT: Cengage Learning.

Hitt, M.A., Hoskisson, R.E., & Harrison, J.S. (1991). Strategic Competitiveness in the 1990s: Challenges and Opportunities for U.S. Executives. *Academy of Management Executive, 5*(2), 7-22.

Hitt, M.A., & Keats, B.W. (1992). Strategic Leadership and Restructuring; A Reciprocal Interdependence, in Phillips, R. L., & Hunt, J. G. (Eds.) *Strategic leadership, A multiorganizational-level perspective*. (pp. 45-61). Westport, CT: Quorum books.

Hitt, M.A., Ireland, R.D., & Hoskisson, R.E. (1995). *Strategic Management: Competitiveness and Globalization Concepts*. St. Paul, MN: West Publishing Company.

Hitt, M. A., Ireland, D. R., & Hoskisson, R. E. (2016). Strategic Management: Competitiveness & Globalization (12th ed.). Boston, MA: Cengage Learning.

Hoskisson, R.E., & Johnson, R.A. (1992). Corporate Restructuring and Strategic Change: The Effect on Diversification Strategy and R&D Intensity. *Strategic Management Journal. 13*(8), 625-634.

Hunt, J. G. (1991). *Leadership: A New Synthesis*. Newbury Park, CA: SAGE Publications.

Huey, J. (1994, February, 21). The New Post-Heroic Leadership. *Fortune. 42-50.*

International Monetary Fund. (2010). *Kenya: Poverty Reduction Strategy Paper IMF Country Report.* Washington, DC.

Jabbouri, N.I., & Zahari, I. (2014). The Role of Core Competencies on Organizational Performance: An Empirical Study in the Iraqi Private Banking Sector. *European Scientific Journal, 1*(1), 130-139.

Javidan, M.; Dorfman, P.W.; Luque, M.S. & House, R.J. (2006). In the Eye of the Beholder: Cross Cultural Lessons in Leadership from Project GLOBE, *Academy of Management 20*(1), 67-90.

Jensen, M.F. (2005). Capacity Building for Pro-Poor Trade: Learning from the Limitations in Current Models. *Human Development Report 2005*

Johnson, J.P., Lenartowicz, T. & Apud, S. (2006). Cross-cultural Competence in International Business: Toward a Definition and a Model. *Journal of International Business Studies. Palgrave Macmillan, 37*(4), 525-543.

Jooste, C. & Fourie,B. (2009). The role of strategic leadership in effective strategy implementation: Perceptions of South African strategic leaders. *Southern African Business Review. 13*(3), 51-68.

Kamaamia, A. T. (2017). The Effect of Organizational Culture on Organizational Performance: a Case of Kenya School of Monetary Studies. Nairobi, Kenya: United States International University-Africa.

Kaplan, R.S. & Norton D.P. (2001). *The Strategy-Focused Organization: How Balanced Scorecard Companies Thrive in the New Business Environment*. Boston, MA: Harvard Business School Publishing Corporation.

Kehinde, O.J. (2010). Effects of Ethical Behavior on Organizational Performance: Evidence from Three Service Organizations in Lagos, Nigeria. *Journal of Research in National Development, 8*(1), 1-16.

Kets de Vries, M., Hellwig, T., Guillen Ramo, L., Florent-Treacy, E., & Korotov, K. (2008). Long-Term Effectiveness of a Transitional Leadership Development Program: An Exploratory Study. *INSEAD Working Paper 2008/24/EFE.*

Kerr, J., & Jackofsky, E. (1989). Aligning Managers with Strategies: Management Development versus Selection. *Strategic Management Journal, 10*(S1), 157-170.

Khan, R.A., Khan, F.A., & Khan, M.A. (2011). Impact of Training and Development on Organizational Performance. *Global Journal of Management and Business Research, 11*(7), 1-7.

Kjelin, E. (2009). A Concept Analysis for Strategic Leadership. *EBS Review No. 26, 37-57.*

Klenke, K. (2008). *Qualitative Research in the Study of Leadership*. United Kingdom: Emerald.

Koech, P.M., & Namusonge, G. S. (2012). The Effect of Leadership Styles on Organizational Performance at State Corporations in Kenya. *International Journal of Business and Commerce, 2*(1), 1-12.

Kothari, C.R. (2010). *Research Methodology* (3rd ed.). New Delhi, India: New Age International.

Kotter, J.P. (1990). What leaders really do? *Harvard Business Review. 68*(3), 103-111.

Ksoll, C., Macchiavello, R., & Morjaria, A. (2009). Guns and roses: The impact of the Kenyan post-election violence on flower exporting firms. *CSAE Working Paper Series. Centre for the Study of African Economies, University of Oxford.*

Lear, L.W. (2012). *The relationship between strategic leadership and strategic alignment in high-performing companies in South Africa*. Unpublished PhD, Business Leadership, University of Southern Africa.

Lei, D., Hitt, M.A., & Bettis, R.A. (1990). *Core Competencies and the Global Firm*. Unpublished Working Paper, Southern Methodist University.

Liang, C.-J., Lin, Y.-L., & Huang, H.-F. (2013). Effect of core competence on organizational performance in an airport shopping center. *Journal of Air Transport Management, 31*(1), 23-26.

Loeb, M. (1993, February 22). *It is time to invest and build*. Fortune. 4.

Mai, Ngoc Khuong; Vo A., Linh and Vo Minh Du (2015). The Effects of Transformational and Ethics-Based Leaderships on Employee's Loyalty towards Marketing Agencies in Ho Chi Minh City, Vietnam. *International Journal of Innovation, Management and Technology, 6*(3), 158-165.

Malik, M.S., Awais, M., Timsal, A., & Qureshi, U.H. (2006). Impact of Ethical Leadership on Employees' Performance: Moderating Role of Organizational Values. *International Review of Management and Marketing, 6*(3), 590-595.

Mansoor, H.S., Shah, F.T., Ateeq-ur-Rehman, & Tayyaba, A. (2015). Impact of Training and Development on Organization Performance with Mediating Role of Intention to Quit as Human Resource Quality Cost. *European Online Journal of Natural and Social Sciences, 4*(4), 787-797.

McCann, J. & Holt, R. (2009). Ethical Leadership and Organizations: An Analysis of Leadership in the Manufacturing Industry Based on the Perceived Leadership Integrity Scale. *Journal of Business Ethics, 87*(2), 211-220.

McCauley, C.D., & Van Velsor, E. (2004), *Handbook of leadership development* (2nd ed.).. San Francisco, CA: Jossey-Bass.

McWilliams, A., & Siegel, D. S. (2011). Creating and Capturing Value. *Journal of Management, 37*(5), 1480-1493.

Maruca, R.F. (1994). The Right Way to go Global: An Interview with Whirlpool CEO David Whitwam. *Harvard Business Review, 72*(2), 136-154.

Memon, M. A., Mangi, R. A., & Rohr, C. L. (2009). Human Capital a Source of Competitive Advantage "Ideas for Strategic Leadership". *Australian Journal of Basic and Applied Sciences, 3*(4), 4182-4189.

Mendonca, M. (2001). Preparing for Ethical Leadership in Organizations. *Canadian Journal of Administrative Sciences, 8*(4), 266-276.

Marques, J., & Dhiman, S. (Eds.). (2018). Engaged Leadership: Transforming through Future-Oriented Design Thinking. Cham, Switzerland: Springer International Publishing.

Muhammad, A. (2009). Would African countries benefit from the termination of Kenya's Economic Partnership Agreement (EPA) with the EU? An analysis of EU demand for imported roses. *Journal of Agricultural Economics, 60*(1), 220-238.

Mugenda, O.M. & Mugenda, A.G. (1999). *Research Methods: Quantitative and Qualitative Approaches.* Nairobi: ACTS Press.

Mugenda, O. M., & Mugenda, A.G. (2009). *Research methods: Quantitative and Qualitative Approaches.* Nairobi: Acts Press.

Nassaum, B. (1988, September 19). Needed: Human Capital. *Business Week, 100-2.*

Nassiuma, D.K. (2000). *Survey sampling: Theory and methods.* Nairobi: University of Nairobi Press

Nel, C. & Beudeker, N., (2009), *Revolution: How to create a high performance organization.* Cape Town: The Village of Leaders Products.

Nel, C. (2008), *High performing organizations.* Unpublished document. Stellenbosch: University of Stellenbosch.

Ng'ang'a, L.W. (2016). Influence of Strategic Direction on Organizational Performance in Tourism Government Agencies in Kenya. *International Journal of Business and Commerce, 6*(4), 18-36.

Nthini, E.K. (2013). *Effect of strategic leadership on the performance of commercial and financial State Corporations in Kenya.* Unpublished MBA, University of Nairobi.

Odita, A.O., & Bello, A. (2015). Strategic Intent and Organizational Performance: A Study of Banks in Asaba, Delta State Nigeria. *International Journal of Information and Knowledge Management, 5*(4), 60-71.

Ondieki, E.M. (2017). The Effect of the Balanced Scorecard on Organizational Performance in the Public Sector in Kenya: A Case of Kenya Bureau of Standards. Nairobi, Kenya: United States International University-Africa.

Olaniyan, D. A., & Okemakinde, T. (2008). Human Capital Theory: Implications for Educational Development. *Pakistan Journal of Social Sciences*, *5*(5), 479-483.

O'Reilly, B. (1994, January 24). Reengineering the MBA. *Fortune, 38-47.*

Orodho, J.A. (2005). *Element of Education and Social Science Research Methods*. Nairobi: Masola Publishers.

Panico, C.R. (2004). Global cosmetics industry. http://www.TheCosmeticSite.com (accessed 3 July 2016).

Pearce, J. A., & Robinson, . B. (2011). Strategic Management: Formulation, Implementation, and Control (11th ed.). New York: McGraw-Hill Irwin.

Porter, M.E. (1980), *Competitive Strategy. Techniques for Analyzing Industries and Competitors*. New York, NY: The Free Press.

Project Management Institute (2013). *The Standard for Portfolio Management* (3th ed.). Newtown Square, PA: Project Management Institute.

Prokesch, S.E. (1997), Unleashing the Power of Learning: An Interview with British Petroleum's John Browne. *Harvard Business Review, 75*(5), 146-68.

Resick, C.J., Hanges, P.J., Dickson, M.W. & Mitchelson, J.K. (2006). A Cross-cultural Examination of the Endorsement of Ethical Leadership. *Journal of Business Ethics*, *63*(4), 345-359.

Richard, P.J., Devinney, T.M., Yip, G.S., & Johnson, G. (2009). Measuring Organizational Performance: Towards Methodological Best Practice. *Journal of Management, 35*(3), 718-804.

Rea, L. M., & Parker, R. A. (2014). Designing and Conducting Survey Research: A Comprehensive Guide (4th ed.). Hoboken, NJ: Jossey-Bass Publishers.

Robbins, S., Judge, T. and Campbell, T. (2010). *Organizational Behavior*. Harlow: Pearson Publishers.

Roggers, E. (2005). *Diffusion of Innovation*. London, UK: The Free Press Publishers

Rowe, W.G. 2001. Creating Wealth in Organizations: The Role of Strategic Leadership. *Academy of Management Executive, 15*(1), 81-94.

Rowe, G. W., & Nejad, M. H. (2009). Strategic Leadership: Short-Term Stability and Long-term Viablity. *Ivey Business Journal*, *3*(1), 1-7.

Rowe, G. W., & Guerrero, L. (2011). Cases in Leadership (2nd ed.). Thousand Oaks: SAGE Publications Inc.

Rubina, M.; Yukl, G. & Prussia, G.F. (2006). Human Capital, Efficiency, and Innovative Adaptation as Strategic Determinants of Firm Performance. *Journal of Leadership & Organizational Studies 18*(2), 229-246.

Russo, M., & Cesarani, M. (2017). Strategic Alliance Success Factors: A Literature Review on Alliance Lifecycle. *International Journal of Business Administration*, *8*(3), 1-9.

Serfontein, J.J. (2009). *The Impact of Strategic Leadership on the Operational Strategy and Performance of Business Organizations in South Africa*. DBM thesis, University of Stellenbosch, Stellenbosch.

Sabir, S.M., Iqbal, J.J., Rehman, K.U., Shah, K.A., & Yameen, M. (2012). Impact of Corporate Ethical Values on Ethical leadership and Employee Performance. *International Journal of Business and Social Science*, *3*(2), 163-171.

Sanchez, H. & Benoit, R. (2010). Measuring Portfolio Strategic Performance Using Key Performance Indicators. *Project Management Journal. 41*(5), 64-73.

Sauser, W. I. (2005). Starting your own business? Prepare for success. *Management in Practice, 3*(1), 1-4.

Sinclair, A. (1993). Approaches to Organizational Culture and Ethics. *Journal of Business Ethics 12*(1), 63-73.

Sorcher, M. & Brant, J. (2002). Are you picking the right leaders? *Harvard Business Review, February: 78–85.*

Teller, J., Unger, B.N., Kock, A. & Gemünden, H.G. (2012), Formalization of project portfolio management: The moderating role of project portfolio complexity. *International Journal of Project Management, 30*(5), 596-607.

Ting, K.-S. (2011). Research on the Influence of Organizational Culture and Organizational Restructuring on Organizational Performance: Taking Old Folks Nursing Organization in Taiwan as an Example. *The Journal of Human Resource and Adult Learning*, *7*(2), 96- 109.

Treviño, L.K., Hartman, L.P. & Brown, M. (2000). Moral person and moral manager: How Executives Develop a Reputation for Ethical Leadership. *California Management Review, 42*(4), 128-142.

Van Hemert, N. (2005). *E-business and the Dutch Flower Industry: A survey for strategic opportunities*, IAMA paper, INHOLLAND University [online] (Accessed 5 July 2016) Available at https://www.ifama.org/events/conferences/2005/cmsdocs/1172_Paper_final.pdf

Van Uffelen, R. L. M. and de Groot, N. S. P. (2005). *Floriculture World Wide; production, trade and consumption patterns show market opportunities and challenges*. Wageningen University and Research centre Agriculture Economics Institute. [online] (Accessed 3 July 2014) Available at http://econpapers.repec.org/paper/agsaerips/29148.html

Vecchio, R.P. (1997). It's not easy being green: Jealousy and envy in the workplace. In R. P. Vecchio (Ed.), *Leadership: Understanding the dynamics of power and influence in organizations* (pp. 542-562). Notre Dame, IN, US: University of Notre Dame Press.

Wheelen, T. L., & Hunger, J. D. (1998). *Strategic Management and Business Policy*. New York, NY: Addison-Wesley Publishers.

Wheeler, S., McFarland, W. & Kleiner, A. (2007). A Blueprint for Strategic Leadership. *Strategy and Business, 49*(2), 1-13.

West, K. (1994, April 9). *The New Jet Set*. Dallas Morning News, 1f, 2f.

World Bank (2005). *Kenya Growth and Competitiveness*

Yang, D. J., & Rothman, A. (1993, March 1). Reinventing Boeing: Radical changes and crisis. *Business Week, 60-67.*

Yukl G. (1998). *Leadership in Organizations* (4th ed.). Englewood Cliffs, NJ: Prentice-Hall Publishers.

Yukl, G. (2006). *Leadership in Organization* (6th ed.). Englewood Cliffs, NJ: Prentice Hall Publishers

APPENDICES

Appendix I: List of flower firms in Nakuru County

SN	NAME	SN	NAME
1	Beautyline Kenya Limited	18	Buds and Blooms Ltd
2	Benev Flora Ltd	19	Homegrown Ltd
3	Bilashaka Flowers Ltd	20	Kenya Highlands
4	Bigot Flowers (K) Ltd	21	Sian Roses
5	Blooming Africa Ltd	22	Ravine Roses
6	Cenacle Kenya Ltd	23	Longonot Horticulture
7	Chain Creek (K) Ltd	24	Kudenga Ltd
8	Florafresh Kenya Ltd	25	Morop Flowers Ltd
9	Florensis (K) Ltd	26	Roseto Ltd
10	Groove Ltd	27	De Ruiter East Africa
11	Hamwe Limited	28	Lake Naivasha Growers Group
12	Live Wire Ltd	29	Primarosa Zuri Ltd.
13	Maaskant Flowers Limited	30	Kongoni River Farm Ltd – Kinangop Division
14	Maridadi flowers ltd	31	Kongoni River Farm Ltd. – Star Division.
15	Mult Grow Investments	32	Wildfire Ltd
16	Molo River Roses Ltd	33	Oserian Dev. Co. Ltd
17	Nini Ltd	34	Plantation Plants K. Ltd
		35	Ol Njorowa Ltd

Source: Kenya Flower Council Database (2016)

Appendix II: Specimen Introductory Letter to the Respondents

Egerton University,
P.O. Box 536-20115
Egerton, Kenya

Dear Sir/Madam

I am a postgraduate student pursuing Masters in Business Administration (Strategic Management) at Egerton University. I am currently carrying out a research project on "Effect of strategic leadership components on organization performance: a case of Cutflower firms in Nakuru County, Kenya"

The purpose of this questionnaire is to gather information from the Chief Executive Officers in the Cutflower sector in Nakuru County, Kenya. You have been selected as one of the respondents with that kind of knowledge and experience which will assist the researcher in providing the necessary data for the study. My supervisors and I assure you that the information supplied will be used for research purposes only and your name and views will be treated with confidentially. Thank you for your cooperation.

Sincerely

William Kurere

CM11/0451/09

MBA Student

Appendix III: Research Clearance Permit

CONDITIONS

1. The License is valid for the proposed research, research site specified period.
2. Both the Licence and any rights thereunder are non-transferable.
3. Upon request of the Commission, the Licensee shall submit a progress report.
4. The Licensee shall report to the County Director of Education and County Governor in the area of research before commencement of the research.
5. Excavation, filming and collection of specimens are subject to further permissions from relevant Government agencies.
6. This Licence does not give authority to transfer research materials.
7. The Licensee shall submit two (2) hard copies and upload a soft copy of their final report.
8. The Commission reserves the right to modify the conditions of this Licence including its cancellation without prior notice.

REPUBLIC OF KENYA

NACOSTI

National Commission for Science, Technology and Innovation

RESEARCH CLEARANCE PERMIT

Serial No.A 16115

CONDITIONS: see back page

THIS IS TO CERTIFY THAT:
MR. WILLIAM - KURERE
of EGERTON UNIVERSITY, 0-20105 MOGOTIO,has been permitted to conduct research in *Nakuru County*

on the topic: *EFFECT OF STRATEGIC LEADERSHIP COMPONENTS ON ORGANIZATION PERFORMANCE - CASE OF FLOWER FIRMS IN NAKURU COUNTY, KENYA*

for the period ending:
12th October,2018

Permit No : NACOSTI/P/17/79536/19641
Date Of Issue : 12th October,2017
Fee Recieved :Ksh 1000



.....
Applicant's Signature

.....
Director General
National Commission for Science, Technology & Innovation

Appendix IV: Research Authorization Letter

NATIONAL COMMISSION FOR SCIENCE,
TECHNOLOGY AND INNOVATION

Telephone: 020 400 7000,
0713 788787,0735404245
Fax: +254-20-318245,318249
Email: dg@nacosti.go.ke
Website: www.nacosti.go.ke
When replying please quote

NACOSTI, Upper Kabete
Off Waiyaki Way
P.O. Box 30623-00100
NAIROBI-KEN

Ref No. **NACOSTI/P/17/79536/19641**

Date: **12th October, 2017**

William Kurere
Egerton University
P.O. Box 536-20115
EGERTON.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on ***"Effect of strategic leadership components on organization performance-Case of flower firms in Nakuru County, Kenya"*** I am pleased to inform you that you have been authorized to undertake research in **Nakuru County** for the period ending **12th October, 2018.**

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

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit **a copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.

GODFREY P. KALERWA MSc., MBA, MKIM
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Nakuru County.

The County Director of Education
Nakuru County.

National Commission for Science Technology and Innovation is ISO 9001: 2008 Certified

Appendix V: Questionnaire

Section A: Respondents Demographic Characteristics

Tick you age ☐ 18-25 ☐ 26-35 ☐ 36-45 ☐ >46

Tick your gender ☐ M ☐ F

For how many years have you been working.....

What is your level of education?

O-Levels ☐ A-Levels ☐ Degree ☐

Masters ☐ PhD ☐

Section B: Knowledge of Strategic leadership

Are you aware about strategic leadership? Yes ☐ No ☐

Are you aware of the following elements in strategic leadership?

Strategic direction ☐

Balanced organizational controls ☐

Organization Resource Portfolio ☐

Ethical Practices ☐

Organization culture ☐

Please tick the components of strategic leadership that the management of your firm is using currently:

Strategic direction ☐

Balanced organizational controls ☐

Organization resource portfolio ☐

Ethical practices ☐

Organization culture ☐

Do you think that these specific strategic leadership components will affect your job performance?

Yes ☐ No ☐

Section C: Effect of the components of strategic leadership on performance of Cutflower firms

The table below shows the effect of the elements of strategic leadership on performance of Cutflower firms. You are required to give your level of agreement on each of the elements by ticking where; 1 SD – Strongly Disagree, 2– D – Disagree, 3 – NS – Not Sure, 4 – A – Agree, 5– SA – Strongly Agree,

Strategic Direction	1 SD	2 D	3 NS	4 A	5 SA
Our firm has a long term vision					
We have functioning mission statement					
We have strategic objectives					
We understand the environment we operate in					
We have a functioning strategic plan in place					
We understand very well our core competence					
Balanced Organizational Controls	1 SD	2 D	3 NS	4 A	5 SA
We have various business units					
Each business unit has internal control parameters					
Each business units work complementarily					
The CEO co-ordinates all the units					
Each business unit is responsible for its successes and failures					
Heads of business units make decisions for the success					
Organization Resource Portfolio	1 SD	2 D	3 NS	4 A	5 SA
There is effective and motivated employees					
There stringent management of the firms finances					
Physical resources are well maintained and managed					
Technological resources are continuously improved					

New technologies come with new training needs which is executed					
There is leverage of competencies across all our businesses					
Ethical Practices	1 SD	2 D	3 NS	4 A	5 SA
We have effective corporate governance systems					
Ethical values are shared among employees					
Our organization is free of corruption					
We have rules that govern our behaviors					
Breaking of rules of conduct is not tolerated					
Our competitors and peers recognizes our ethical practices					
Organization Culture	1 SD	2 D	3 NS	4 A	5 SA
We have our organizational norms					
Our norms are practiced by every employee					
We have shared entrepreneurial culture among employees					
We have culture of honesty					
We have culture of the customers first					
We have culture that protects our environment					

Section D: Organization performance

The table below shows performance indicators in your company. You are required to give your level of agreement on each of the indicators by ticking where; 1 SD – Strongly Disagree, 2– D – Disagree, 3 – NS – Not Sure, 4 – A – Agree, 5– SA – Strongly Agree,

Organization performance	1 SD	2 D	3 NS	4 A	5 SA
Sales Volume					
We efficiently achieve our sale volume target					
Our cost input is far much less than the achieved gross sales					
Our annual sales volume is normally beyond expectation					
Our sales volume is above 50% of market share in Kenya					
Quality					
We produce based on a set quality standard					
Our production process is efficient and precise					
Our production system conforms with global standards					
Our standards is far much above all our competitors					
Brand equity					
Our brands are on demand in the world market					
Our brands speak for our firm					
We have developed strong brands in the market					
Our brands market our firm					

EGERTON UNIVERSITY
LIBRARY