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# STRATEGY IMPLEMENTATION IMPERATIVES AS DETERMINANTS OF ORGANIZATIONAL PERFORMANCE IN LOCAL AUTHORITIES IN THE WESTERN REGION OF KENYA

EGESSA, ROBERT K. WANYAMA

MOI UNIVERSITY

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**STRATEGY IMPLEMENTATION IMPERATIVES AS DETERMINANTS OF  
ORGANIZATIONAL PERFORMANCE IN LOCAL AUTHORITIES IN THE  
WESTERN REGION OF KENYA**

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**A THESIS SUBMITTED TO THE SCHOOL OF BUSINESS AND ECONOMICS,  
MOI UNIVERSITY, IN PARTIAL FULFILLMENT OF THE REQUIREMENTS  
FOR THE AWARD OF DOCTOR OF PHILOSOPHY  
IN BUSINESS MANAGEMENT**

**NOVEMBER 2012**

**DECLARATION**  
**DECLARATION BY CANDIDATE**

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## **DEDICATION**

This work is dedicated to my father, the Late John E. Owana whose support, encouragement and challenge has enabled me to strive to reach the zenith of intellectual pursuits.

## **ACKNOWLEDGEMENT**

I thank the Almighty God for having brought me up to this level. I am indebted to my supervisors, Professor Peter Kibas of Kabarak University and Dr. Thomas Cheruiyot of the School of Business and Economics of Moi University for their guidance throughout my thesis writing. I am also indebted to my wife Janet for her encouragement during my PhD coursework and thesis writing. To Carole my daughter, your presence has been a major inspiration to me during the hours I put in the data collection, analysis and report writing phase of this study.

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To you all, Thank you and may God bless you.

## ABSTRACT

Organizations have adopted strategic management as the approach of enhancing their competitiveness and ensuring superior organizational performance. Although an organization may formulate a comprehensive strategic plan, the extent to which it is successfully implemented will influence organizational performance. This study sought to establish the extent to which strategy implementation imperatives determined organizational performance in Local Authorities in the Western region of Kenya. In order to achieve this purpose, it was hypothesized that Organizational performance in local authorities is determined by employee training, leadership style, organizational rewards, organization structure and organizational culture. It was also hypothesized that this relationship was moderated by organizational size and age. The study was guided by the Theory of planned behavior as postulated by Ajzen and the Planning School model of strategy as advanced by Mintzberg, Ahlstrand and Lampel . Descriptive survey design was used to elicit data from 322 Local Authorities' employees and 216 small scale entrepreneurs, selected Town clerks and the Regional Local Government Officer who had been selected to form the study sample through stratified, simple random and purposive sampling techniques. Structured questionnaires, interview schedules and document analysis were the main data collection tools. Validity and reliability of these instruments was established through conducting a pilot study, exploratory factor analysis, Cronbach alpha tests and getting expert opinions. The questionnaires for Local Authorities' employees and that of small scale entrepreneurs gave Cronbach alpha coefficients of  $\alpha=0.898$  and  $\alpha=0.808$  respectively, an indication of a high level of reliability. The collected data was then coded and analyzed using the SPSS version 16 computer program. Data was analyzed using descriptive statistics such as frequencies, percentages, means and standard deviations and Inferential statistics such as Pearson's Product Moment Correlation Coefficient test, Analysis of Variance (ANOVA), Chi square, Exploratory Factor Analysis and Multiple Regression Analysis (MRA). Multiple Regression Analysis results showed that strategy implementation imperatives significantly determined organizational performance. Leadership style ( $\beta=0.357$ ;  $p=0.000$ ) had the greatest determining effect followed by organizational rewards ( $\beta=0.195$ ;  $p=0.000$ ) and organizational culture ( $\beta=0.136$ ;  $p=0.007$ ). Local Authorities' age and size did not significantly moderate the relationship between strategy implementation imperatives and organizational performance in Local authorities). The study concluded that strategy implementation imperatives determined organizational performance in local authorities in the Western region of Kenya. Leadership style and organizational rewards were the major determinants of organizational performance. Employee training however did not significantly affect organizational performance. The study also empirically established that organization age did not moderate the relationship between strategy implementation imperatives and organizational performance. Organization size did not also moderate the relationship between organization culture, rewards, employee training and leadership style and organizational performance in local authorities. However, organization size moderated the relationship between organization rewards and organizational performance. The study recommends that Local authorities should enhance utilization of strategy implementation imperatives for better organizational performance.

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**ABBREVIATIONS AND ACRONYMS**

ANOVA:	Analysis of Variance
CLARION:	Centre for Law and Research International
GOK:	Government of the Republic of Kenya
KACC:	Kenya Anti Corruption Commission
KIM :	Kenya Institute of Management
LA:	Local Authority
LASDAP:	Local Authority Service Delivery Action Plan
LATF:	Local Authority Transfer Fund
MRA:	Multiple Regression Analysis
USA:	United States of America

### **OPERATIONAL DEFINITION OF TERMS**

**Employee training-** Deliberate process undertaken to improve an employees' knowledge, skills, attitudes and work related behaviours.

**Leadership Style-** Perceived co-operation or non co-operation of the leader with employees in strategy implementation.

**Local Authority-**Organizations established under the Local Government Act(Cap 265 of the Laws of Kenya) to offer specialized services such as water, sewerage and drainage, lighting, transport infrastructure, educational, public health and recreational facilities.

**Organizational culture-** Values, beliefs and procedures that guide employee behavior at the workplace.

**Organizational performance-** Process and extent to which an organization attains what it planned to achieve in a given period in terms of revenue collection, service delivery and employee satisfaction.

**Organization Structure** –This is the way an organization is divided into sections and the hierarchical relationship between the various positions.

**Performance Contract-**a written agreement between the government and a state agency or government ministry wherein quantifiable targets are explicitly specified for a period of one financial year and performance measured against agreed targets.

**Rewards-**Benefits given to an employee for successful strategy implementation, for example, bonuses, awards or promotion.

**Service Delivery-**Provision of the required services to citizens by an organization.

**Service Delivery Charter-**A written statement committing an organization to offer statutory services to citizens and outlining periods within which they will do so.

**Strategic Plan-**A formal plan that is developed by an organization through a systematic process and which is to be used to guide the attainment of its goals over a specified period of time.

**Strategy implementation-** the sum total of the activities and choices required for the execution of a strategic plan of an organization by putting its strategies and policies into action (Hunger and Wheelen, 2007).

**Strategy Implementation Imperatives-**Critical internal organizational factors that should be taken into consideration and addressed for successful implementation of strategy. They include Leadership style, Employee training, Organizational culture and Organizational rewards.

**Strategy Implementation Orientation-**Act of an organization ensuring imperative factors such as leadership style, organization structure, culture, staff training and rewards are taken into consideration during strategy implementation.



## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.0 Overview**

This chapter focuses on the background to the study, statement of the problem, research objectives, research hypotheses, significance of the study and the scope of the study on the relationship between strategy implementation imperatives and organizational performance in local authorities.

#### **1.1 Background to the Study**

Organizations are continuously being confronted by various forces in their environment that compel them to rethink the way they conduct business. According to DeNisi , Hitt and Jackson (2003) , Compton (2004) , Gachunga (2008) and Garvin, Edmondson and Gino (2008) , increasing business complexity , advances in technology , shifts in customer preferences and globalization have led to cut throat competition among these entities as they strive to survive. Climate change issues are also being brought to the fore with businesses expected to treat them not only as corporate social responsibility issues but also as a business problem (Porter and Reinhardt, 2007). The above scenario has globally affected both the public and private sectors alike. Attaining productivity and maintaining performance standards has therefore become an area of prime importance to these organizations.

Various perspectives of what constitutes organizational performance have emerged with each placing emphasis on different aspects(Akinyele and Fasogobon,2007;Barney,2002; Stoner, Freeman and Gilbert, 2007; Pearce and Robinson, 2008). Some researchers place emphasis on financial excellence, fulfillment of stakeholders' expectations and desires

while others see it as securing the long-run survival of the firm. Other scholars see it as the ability of the organization to meet its objectives efficiently and effectively. Whereas the private sector places emphasis on financial excellence, the public sector underscores quality service delivery to the citizens of a given country ( Pretorious and Schurink, 2007; Kimoli, 2008; Obong'o, 2009).

As a result, organizations have used various approaches in pursuit of attaining the requisite performance standards. These approaches include Total Quality Management, Business Process Re-engineering and Strategic Management among others. Out of these approaches, strategic management is being adopted by many organizations as a priority mechanism for managing their performance to ensure their continued existence (GOK, 2006; GOK, 2007; Gachunga, 2008; Collis and Montgomery, 2008; Kirimi and Munyinyi, 2008). Strategic Management is a process involving planning, implementation and control of strategies chosen by a given organization which determine its long run performance (Hunger and Wheelen, 2007).

For a long time, business enterprises globally have formulated and implemented strategies which they have ensured that the objectives they formulate and pursue appreciate their capabilities , constraints , opportunities and threats that exist in their environment (Yabs,2007;Hunger and Wheelen 2007). Strategy implementation has enabled them to report a considerable measure of improved performance (Mintzberg , 1994; Ansoff , Miller and Cardinal ,2001 ; Eastlack and McDonald ,2002) . This is however dependent on the extent to which strategy implementation imperatives are incorporated and utilized in strategy implementation. The success of the exercise has led

to government ministries, local authorities and other public sector enterprises to adopt the practice (Muthaura , 2006; GOK 2006 ;Kobia and Mohamed,2006; GOK 2007; Akinyele and Fasogobon,2007;Nafukho *et al* 2009)

Strategic planning and implementation in the public sector and its linkage to performance can be traced to France where performance contracting was used in the 1970's (Nafukho *et al* 2009). The success of the practice in enhancing service delivery to citizens has made the practice to spread across various countries such as Canada, Pakistan, India, Nigeria, Ghana and Senegal among others (Kobia and Mohamed, 2006).In the United States of America, the passage of the Government Performance and Results Act of 1993 compelled federal agencies to develop strategic plans that were to be implemented and tied them to budgets and performance measures (Zanneti and Cunningham, 1999; Poister and Streib, 2005)

In Kenya, strategic planning and implementation was embraced by the government through the Economic Recovery Strategy for Wealth and Employment Creation (GOK, 2003; GOK, 2006). This endeavor affected government ministries and departments who were compelled to formulate and implement strategic plans. It was aimed at enhancing service delivery and utilization of resources on clearly identified activities through enhanced accountability and focusing on attainment of key national policy priorities (GOK, 2006; GOK, 2007; Obong'o, 2009) .The previous government development plans that were formulated at five year intervals since independence in 1963 lacked such accountability mechanisms. Strategy implementation by government ministries and departments has been undertaken through the introduction of Results Based Management

and Performance Contracting to ensure that whatever the public sector planned was implemented. This has helped in the achievement of targeted results (GOK 2003; Kobia and Mohamed, 2006; Mutunga, 2008; GOK 2008).

In implementing strategy, each government ministry, local authority, government agency or department derive their annual work plans and budgets from their five year strategic plans (GOK 2006). Performance targets to be achieved by departments and employees are identified in line with the work plans. Individual accountabilities are then put in the annual performance contracts that are signed between the accounting officers and the government (GOK 2006, Muthaura 2006; Nafukho *et al.*, 2009). The plans are then implemented with the performance being monitored on a quarterly basis and a final annual assessment being done at the end of the year (Kobia and Mohamed, 2006; Muthaura, 2006; Kimoli, 2008; Nafukho *et al.*, 2009).

As Marwa and Zairi (2009) note, implementing chosen strategies, measuring performance and rewarding good performance has stimulated competition among public entities in Kenya and ensured superior public service delivery. Whereas their study has emphasized rewards as a strategy implementation imperative factor that can determine good performance, research shows other imperatives such as leadership style, employee training and organization culture also play a role in determining organizational performance (Dooley *et al.*, 2000). Embracing strategy implementation has enabled Government Ministries, Local Authorities, Government agencies and departments to greatly improve their service delivery. It resulted in the Government of Kenya being given the United Nations 2007 Public Service Award (Gachunga, 2008; Mutunga, 2008).

This award recognized the government for improved transparency, accountability, responsiveness to citizens and service delivery.

Local Authorities have been in the forefront of adopting implementation of strategic plans since 2004. These are organizations set up by the Local Government Act, Cap 265 of the Laws of Kenya (GOK, 1986) to provide community, social and economic services such as road construction and maintenance, water and sanitation, housing, markets, bus parks, pre-primary education, health facilities, street lighting and garbage collection among others (Odhiambo *et al.*, 2005; GOK, 2006; CLARION 2007). They source the funds to run their operation from the central government through the Local Authorities Transfer Fund (LATF), the Fuel Levy and also from taxes and levies which they charge in their jurisdiction (GOK 1999; Odhiambo *et al.*, 2005; CLARION, 2007).

These councils are governed by policies formulated by councilors headed by a mayor or a chair person for municipalities and county councils respectively. They make decisions that guide development, planning, priority setting, allocation and management of resources and the selection, implementation and monitoring of projects (Odhiambo *et al.*, 2005; CLARION, 2007). The strategies and policies are implemented by employees headed by town clerks. The first local authorities to adopt the strategic management approach and sign performance contracts to guide their strategy implementation initiatives in 2004 were the City Council of Nairobi and the municipalities of Mombasa, Nakuru and Eldoret (GOK 2006; Kobia and Mohamed, 2006). The rest of the 175 local authorities followed in the 2005 /2006 financial year.

Strategic management in local authorities entails the councils analyzing their environment to identify key services to prioritize for delivery to citizens within the planning period (Pretorius and Schurink, 2007; Odhiambo *et. al.*, 2005; CLARION, 2007). This exercise is expected to have inputs from citizens, employees and other stakeholders within the authority's jurisdiction. Purser and Cabana (1997) emphasize employee involvement in strategic planning for organizations seeking customer loyalty and satisfaction since strategies that have their input usually yield success in future and are willingly implemented. Citizens in Kenya participate in identifying specific activities to be under taken in the implementation of identified projects in their local wards during the formulation of plans (Odhiambo *et al*, 2005; CLARION, 2007). This contribution is then incorporated in the local Authority's strategic plans. Service delivery charters are also formulated to accompany the strategic and action plans outlining the Authority's obligation to the citizens in service delivery.

The strategic plans are then implemented where strategy implementation imperatives are emphasized. Performance is monitored by various groups such as the Kenya National Audit Office and the Performance Contracting Secretariat in the Prime Minister's office (CLARION, 2007; Kimoli, 2008). The local authorities sector in Kenya has therefore been active in the formulation and implementation of strategic plans.

## **1.2 Statement of the Problem**

The Kenya Vision 2030 and its predecessor, the Economic Recovery Strategy for Wealth and Employment Creation emphasize the need for the public service, including Local Authorities to be accountable and efficient in service delivery to the citizens (GOK 2003;

GOK 2007, Kithinji 2009). Implementation of strategic and work plans by the local authorities as well as the inculcation of a culture of performance among public servants have been identified as means of ensuring this is attained (Muthaura,2006; GOK,2006; GOK, 2008). The performance of local authorities could be attributed to a wide array of external factors such as politics, social, economic, environmental and legal factors .Internal factors such as resource availability, leadership style, staffing, organizational culture and employee rewards among others also influence performance as evidenced by research findings.

Although the implementation of strategic plans with the aid of appropriate strategy implementation imperatives has been embraced by local authorities in Kenya since 2004 to improve their performance, complaints still abound about their poor service delivery. Roads are poorly maintained, garbage collection is irregular, traders lack markets, there is poor street lighting in most urban areas, many are in financial distress and corruption is rampant in them (Kirimi and Munyinyi, 2004; KACC 2007; Kabathi, 2009; Transparency International, 2009). This is despite the fact that these local authorities commit themselves to delivering the services as outlined in their strategic plans, service delivery charters and performance contracts that are annually signed between them and the Ministry of Local Government (Ndambuki, 2006). Such a scenario highlights the existence of a paradoxical situation that calls for an in-depth analysis to determine the extent to which strategy implementation imperatives are emphasized during strategy implementation by these entities.

Despite research on the linkage between strategy implementation imperatives and organizational performance being reported (Ansoff *et al.*, 2001; Viseras, *et al.*, 2005; Akinyele and Fasogbon, 2007; Obong'o 2009), most of it has tended to focus on the business and the general public sector. Such research concerning local authorities has been done in the USA but the focus was on the extent to which the strategy implementation imperatives were linked to the budget and decision making activities (Poister and Streib, 2005; Plant, 2009). Whereas the findings of such studies in the USA can be generalized, their applicability to the Kenyan context may not be possible given the legal, social, political and economic disparities existing between the two countries. Research findings have also not highlighted the factors that moderate the relationship between strategy implementation imperatives and organizational performance. An empirical gap therefore exists where extant literature is lacking on the moderating effects of organizational age and size on the relationship between strategy implementation imperatives and organizational performance.

Research done in Kenya on local authorities focused specifically on how the Local Authority Transfer Fund is managed by local authorities but not on strategy implementation imperatives (Odhiambo *et al.*, 2005). Little attention has also been paid to specific bundles of strategy implementation imperatives to establish the extent to which they determine organizational performance in local authorities. For instance, there was need to establish which one amongst the strategy implementation imperatives identified by Dooley *et al.* (2000) and Li *et al.* (2008) such as organizational structure, employee training, culture, leadership style and rewards or a combination of them played a major role in determining organizational performance in local authorities in Kenya.



Also, the moderating effects of the age and size of local authorities on such a relationship had not been empirically established in Kenya.

This study therefore sought to fill this empirical gap by establishing the effect strategy implementation imperatives have in determining the performance of local authorities in Western region of Kenya.

### **1.3 Research Objectives**

#### **1.3.1 General Objective**

This study sought to establish the effects of strategy implementation imperatives on organizational performance in local authorities in the Western region of Kenya.

#### **1.3.2. Specific Objectives**

- i) To assess the effect of leadership style on organizational performance in local authorities.
- ii) To examine the effect of organization rewards on organizational performance in local authorities.
- iii) To examine the effect of organization culture on organizational performance in local authorities.
- iv) To evaluate the effect of employee training on organizational performance in local authorities.
- v) To determine the effect of organization structure on organizational performance in local authorities.

- vi) To establish the moderating effect of organizational age on the relationship between strategy implementation imperatives and organizational performance in local authorities.
- vii) To establish the moderating effect of organizational size on the relationship between strategy implementation imperatives and organizational performance in local authorities.

#### **1. 4. Study Hypotheses**

The study tested the following null hypotheses:

- H<sub>01</sub>: Leadership style does not significantly affect on organizational performance in Local authorities.
- H<sub>02</sub>: Organization rewards do not significantly affect organizational performance in local authorities.
- H<sub>03</sub>: Organization culture does not significantly affect organizational performance in local authorities.
- H<sub>04</sub>: Employee training does not significantly affect organizational performance in local authorities.
- H<sub>05</sub>: Organization structure does not significantly affect organizational performance in local authorities.
- H<sub>06</sub>: Organizational age does not significantly affect the relationship between strategy implementation imperatives and organizational performance in local authorities.

H<sub>07</sub>: Organizational size does not significantly affect the relationship between strategy implementation imperatives and organizational performance in local authorities.

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

This study was important because its findings will assist the government and other policy makers in the review and improvement of strategy implementation initiatives in local authorities to make them responsive to Vision 2030. This will in turn improve services delivery of local authorities to citizens within their jurisdictions. With the promulgation of the new constitution in August 2010, county governments as well as urban areas and cities were established under articles 176 and 184 respectively (GOK, 2010) and the Urban Areas and Cities Act, 2011. The findings of this study will be useful in helping these new bodies to promote social and economic development through appropriate formulation and implementation of strategic plans.

It will also contribute to the advancement of academic knowledge on the utilization of appropriate strategy implementation imperatives in enhancing organizational performance in local authorities. Specifically, the study will provide empirical evidence on the moderating effects of organization size and age on the relationship between strategy implementation imperatives and organizational performance in local authorities. It will also enable utilization of the theory of planned behavior in strategy implementation.

The study will also provide information to guide donors and other well wishers who may be interested in funding local authority programmes so that their assistance may be of

benefit to the majority of the citizens. The findings will also enable local authorities to make future decisions on strategy implementation based on the concrete knowledge on strategy implementation imperatives backed by research findings instead of relying on subjective perception and intuition.

## **1.6 Scope of the Study**

The study was conducted in local authorities in the Western region of Kenya. Western region of Kenya was chosen because it has all the three types of local authorities prevalent in Kenya, that is municipal, county and town councils. The council chief officers and employees were the main focus of the study as well as small scale entrepreneurs identified as beneficiaries of their services.

External and internal factors affect the performance of any organization (Hunger and Wheelen, 2007). External factors such as political and legal policies, economic factors such as inflation as well as environmental factors such as the weather may vary the performance of local authority at any one time. These factors are usually outside the control of the organization. However, internal factors are within the control of the organization and can be adjusted accordingly to achieve desired performance. This study specifically focused on internal factors that are a prerequisite to successful strategy implementation. These included leadership style, staff training to align their competencies with chosen strategy, organizational structure, culture and rewards. It also sought to establish if organization age and size moderated the relationship between strategy implementation imperatives and organizational performance. The study also

utilized the causal research design since it sought to establish to cause effect relationship of the independent variables on the dependent one.

## **CHAPTER TWO LITERATURE REVIEW**

### **2.0 Introduction**

This chapter reviewed literature related to strategy implementation imperatives and organizational performance in local authorities. The concepts of organizational performance and strategy implementation were defined and analyzed in relation to the study. The relationship between the concepts was discerned. A conceptual framework was then generated showing the relationship between the variables. The gaps to be filled by the study were also highlighted.

### **2.1 Concept of Organizational Performance**

Organizational performance has attracted considerable interest from scholars for some time. They have sought to quantify the outputs of organizations as well as examine the extent to which they satisfy the expectations of stakeholders (Compton, 2005; Whitford and Coetsee, 2006; Sheng and Li, 2006). Organizational performance should be ascertained and measured. According to Artley and Stroh (2001) performance measures are tools that help us to understand, manage and improve what organizations do. Measurement of organizational performance is done to ensure employees are meeting objectives, staff are motivated, budget priorities are determined, comparison is done in

relation to competitors' activities, individual and organizational objectives are aligned and plans for performance improvement are formulated among others (Behn, 2003; Armstrong, 2006; Dimba *et.al*, 2008).

Debate has emerged among management practitioners and scholars centered on the definition of organizational performance. Although organizational performance has traditionally been defined in terms of financial measures, the construct has lately been expanded to include non financial measures (Murby and Gould, 2005; Dimba *et al.*, 2008). Organizational performance has been defined as an increase or decrease in a firm's revenue and profitability (Edmonds *et al*, 2000; Rahman, 2001; Noreen and Seal, 2003), organization's sales, market share, competitiveness and employment level, product and service quality, company image and interpersonal relations (Anderson and Sohal, 1999; Dimba *et. al* 2008).

Other scholars such as Esu and Inyang (2009), while acknowledging how performance is a multidimensional construct, hold that organizational performance refers to results to be achieved by the organization and which have to be closely related to its vision. This definition, by looking at performance both as a process emanating from vision formulation as well as an output where the end results are analyzed, differs from earlier definitions that addressed only the output perspective.

This study defined organizational performance as the process and extent to which an organization attains what it planned to achieve in a given period. It majorly utilized non financial measures of performance since according to Shank and Govindarajan (1993), they have strength and are more directly traceable to the strategy of the organization

unlike financial measures that may be irrelevant due to accounting period delay or too summarized as a result of the length of the accounting period (Dimba *et al.*,2008). Financial statements of local authorities were however also used to triangulate the study. Organizational performance should not just be concerned with attainment of targets but also upholding values such as concern for quality and people, having ethical operations and aligning them to individual and organizational objectives (Armstrong, 2006). Organizational objectives differ from one organization to another. Whereas financial objectives may play a central role in a business organization (Cronje and Vermaak, 2006; Akinyele and Fasogbon, 2006; Afzal, Khan and Ali, 2009), public organization emphasize service delivery objectives (Dzimbiri, 2008; Obong'o, 2009), hence the use of non financial measures to assess performance of local authorities.

## **2.2 Organizational Performance Models**

Researchers have advanced different theories and models in trying to explain why and how organizations seek, pursue and attain performance. Due to divergent pursuits of organizations and the emphasis they place on their various objectives, managers face challenges in measuring performance (Edmonds *et al.* 2000; Maltz, Shenhar and Reilly, 2003; Cronje and Vermaak, 2004). According to Niven (2005), there is growing recognition that using performance measures to gauge success is vital to any organization, be it in the public or private sector. This is because organizations are set up to pursue and attain certain goals and performance standards. Goals and performance standards that are to be gauged using various measures differ based on the type of organization and their key purpose. Those of a business enterprise may focus on profitability while non profit and public organizations focus on service delivery. Theories

and models that have been advanced on performance and which guided this study include the 360 degrees feedback theory and the Balanced scorecard model.

### **2.2.1. 360 Degrees Feedback Model**

The 360 degrees feedback model is a performance measurement tool that seeks to measure the performance of employees based on data from multiple sources (Armstrong, 2006; Nelson and Quick, 2009). An employee's performance is evaluated based on feedback obtained from superiors, peers, followers and customers. This multiplicity of raters removes bias and gives a broad picture of an individual's skills and performance, highlighting gaps in his abilities that ought to be addressed (Shipper *et al.*, 2007).

When applied to organizational performance, the 360 degrees feedback perspective evaluates organizational performance based on the views of its stakeholders such as the managers, shareholders, employees and customers. Given that organizations clearly spell out their goals and objectives in their strategic plans, the evaluation by these multiple raters will be based on how well they have satisfied these constituencies and attained the set goals and objectives. In a Local Authority, the evaluators of performance may include employees, customers, government ministries, business people in a locality, rate payers, the council managers and citizens at large. This theory was therefore useful in guiding the study in as far as it sought to measure organizational performance of local authorities based on data from multiple raters, that is, employees and small scale entrepreneurs as beneficiaries of their services.



### **2.2.2. Balanced Score Card Model**

The Balanced Score Card (BSC) model is a goal setting and performance model that has gained general acceptance and wide use in measuring organizational performance. It looks at the performance of an organization from four perspectives namely financial, customer, internal business processes and learning and growth (Kaplan and Norton, 2001; Murby and Gould, 2005; Sheng and Li, 2006). It borrows from the goal setting theory by setting goals in the four areas where performance will be evaluated. It therefore gives a more elaborate and balanced view of an organization's performance by linking it to the organization's processes, objectives and major stakeholders.

This tool was developed by Kaplan and Norton in the early 1990s (Kaplan and Norton, 2001; Murby and Gould, 2005; Sheng and Li, 2006; Andreadis, 2009). It was initially developed for the private sector to improve performance measurement (Kaplan and Norton, 2001; Andreadis, 2009), clarify and update strategy, align individual goals to organizational strategy, link objectives to long term targets and rapidly and effectively implement chosen strategies (Kaplan and Norton 2001; 2005; Gekonge, 2004; Armstrong, 2006). Its use has nowadays spread to the non-profit and public sector (Sheng and Li, 2006; Niven, 2005; Cronje and Vermaack, 2004; Murby and Gould, 2005)

The BSC Model seeks to give a balanced report of an organization performance using both financial and non financial measures (Armstrong, 2006). It allows managers to evaluate the financial, customers, learning and growth and internal business processes (Gekonge, 2004; Cronje and Vermaak, 2004; Murby and Gould, 2005; Pearce and Robinson, 2008). At the centre of the score card is an organization's vision and strategy. It is surrounded by the four perspectives listed above that form the basic measures of

organizational performance evaluation. For profit oriented organizations, the financial perspective is of prime importance hence placed at the top of the score card whereas for public sector organizations, the customer perspective is given prominence (Murby and Gould, 2005; Sheng and Li, 2006).

Because local authorities offer services to citizens that are not profit motivated, the performance of such entities has to be evaluated using both financial and non financial measures. The Balanced score card was therefore useful in providing this study with three perspectives of organizational performance namely the financial, internal business processes and customer satisfaction perspectives. The customer perspective was addressed by getting views from both the internal customer represented by the employee and the external customer, represented by the small scale entrepreneurs as beneficiaries of the services of local authorities. The financial perspective was looked at based on the revenue collection of these entities while the time taken to provide services and effectiveness of provision of those services was used to gauge the internal business processes.

### **2.3. Performance improvement in the Public Sector**

The quest for productivity, quality, speed, operational effectiveness and efficiency in the public sector worldwide has led to the use of a myriad of management techniques and tools. These include total quality management, performance contracting, bench marking and the Balanced Score Card among others to attain the feat (Cronje and Vermaak, 2004; Obong'o 2009; Esu and Iyang, 2009; Nafukho, *et al*, 2009). Some countries such as the United States of America have legislated performance improvement in the public service

through the Government Performance and Results Act (Esu and Inyang, 2009, Artley and Stroh, 2001). Others such as India, Australia, Pakistan, Nigeria, South Africa Botswana, China and Kenya have adopted performance management systems that seek to plan, implement, monitor and evaluate the performance of the public sector ( Dzimhiri, 2008; Kobia and Mohammed, 2006; Obong'o, 2009; Esu and Inyang, 2009). The Balanced Score Card has been adopted and used in the public sector such as in the UK National Health Services (Murby and Gould 2005), Public Health department in China (Sheng and Li,2006), University performance management in Australia (Cronje and Vermack, 2004) and in local authorities (Cronje and Vermack, 2004;Plant, 2009; Poister and Streib, 2005).

In Kenya, the performance contracts that are signed annually between public sector players such as Ministries, local authorities, parastatals and other government agencies seek to improve the performance of these entities. These contracts have measures that focus on the overall performance of an organization (Ndambuki, 2006; Mutunga, 2008; Kimoli 2008). They include financial, non financial, operations, services delivery and organizational capacity measures. The implementation of results based management and performance contracting has greatly improved the performance of the public service in Kenya (Muthaura, 2006; Mutunga 2008; Kimoli 2008).

The systems the government and its agencies have adopted as they seek to improve services delivery are in many instances derivatives of the Balanced Score Card Model. In adopting the balanced score card model to evaluate performance in the public sector, scholars face challenges since these organizations have multiple goals and serve various

constituencies. Each body in the public sector has varying needs, values, expectations, leadership and communication problems as well as problems in goal setting processes and motivation for performance management (Niven, 2002; Plant, 2009). Moreover, many such organizations as noted by Kaplan and Norton (2001) do not have clear missions and strategies resulting in programmes and initiatives rather than outcomes that the organizations seek to achieve. It may also be difficult to define who the customers of a public organization are due to multiple stakeholders such as government, funding bodies and citizens yet this group forms the core perspective of public sector organizations (Murby and Gould, 2005). As a result, only certain aspects of the balanced scorecard can be emphasized, adopted and customized to measure the performance of these entities.

Organizations, whether public or private, ought to be accountable to their customers or consumers of their products and services. An evaluation of the organization's performance from time to time helps us to find out to what extent it is fulfilling its mandate (Kaplan and Norton, 1996; Pretorious and Schurink, 2007; Ndambuki, 2006; Akinyele and Fasogbon, 2007; Obong'o, 2009). The performance will be dependent on the extent to which the organization will have implemented its chosen strategies. This calls for an analysis of the strategy implementation process, its adherence to implementation imperatives and identification of the bottlenecks that the process encounters.

This study was therefore guided by the some of the Balanced score card model perspectives in measuring organizational performance in the local authorities sector.

Financial, internal business processes and customer perspectives were adopted for this purpose. Revenue collection, employee job satisfaction and customer service delivery respectively were used as appropriate measures in this endeavour. Employee job satisfaction and aspects of customer service delivery such as reduction in customer complaints were used to measure performance from the customer perspective. Aspects of customer service delivery such as timely provision of services, provision of quality services and effectiveness in delivery of required services were used to measure performance from an internal business processes perspective. Improvement in revenue collection was used as a measure of performance from the financial perspective. The measures that were used by the study to measure organizational performance are discussed in the subsequent sections that follow.

### **2.3.1 Employee Job Satisfaction**

This is the extent to which employees are satisfied with their work, organizational Human resource policies and practices (Armstrong, 2006). Others see it as positive feelings evoked in the employee by the job, working conditions, opportunities to satisfy important needs and outcomes of their job performance (Moorman, 1993). Employee job satisfaction is best expressed through the attitudes they have towards their work, pay, treatment received from the organization as well as their views in general about the firm. Dissatisfaction with the workplace may lead to reduction in the employee's output hence affecting the general performance of the organization in terms of efficiency and effectiveness. Because employees are the internal customers of the organization, employee job satisfaction can therefore be a major measure of organizational performance.

Job satisfaction was measured in terms of cognitive and affective feelings employees had about the job, opportunities offered by the job and their outcomes. Various satisfaction measures have been developed to measure employee job satisfaction. They include the Job descriptive Index, Minnesota Satisfaction Questionnaire and the Faces Scales (Moorman, 1993; Nelson and Quick, 2009). The study measured employee job satisfaction using questions adopted from the Minnesota Satisfaction Questionnaire. This questionnaire has items that seek information from employees on their level of satisfaction in relation to their jobs, supervision, degree of autonomy, opportunities for advancement and remuneration among others (Moorman, 1993; Nelson and Quick, 2009).

### **2.3.2 Customer Service Delivery**

Amongst an organization's key stakeholders are the customers. They determine to a great extent the degree to which they will patronize an organization's products or services. In the services sector that most local authorities belong to, customer service delivery is of prime importance since it leads to customer satisfaction. According to Valerie, Zaithaml and Bitner (2005), customer satisfaction is the customer's evaluation of a service or product in terms of whether it meets his needs or expectations. When the services are of a lower level than expected, they end up dissatisfied and hence look for alternatives (KIM, 2009). As the organization seeks to deliver services to customers, it should be aware of the fact that customer satisfaction is influenced by factors such as perception of equity and fairness in treatment, fast delivery time, customer emotions as well as the views of family members, friends or co-workers (Valerie *et al.*, 2005). The extent to which the local authorities meet the expectations of the citizens by delivering the required services

plays a major role in determining their performance. Customers of these entities are both internal and external. Employees form the pool of internal customers of the organization while the other consumers of the local authorities' services form the external pool. The extent to which these entities meet the needs of these groups determines the extent to which customer services are adequately delivered.

### **2.3.3. Revenue Collection**

Financial measures have always been considered as a measure of organizational performance (Akinyele and Fasogbon, 2007; Gekonge, 2004). Many organizations are set up to pursue the profit motive hence hold financial measures as the prime measures of performance. Non profit organizations such as local authorities are not premised on the pursuit of the profit motive. Whereas the financial measures may not be their main determinant of organizational performance, they still have certain financial measures which they use in defining organizational performance. These include compliance with set budgets, cost reduction and revenue collection (Pretorius and Schurink, 2007; Performance Contracting Department, 2010). Of prime importance of these measure is the revenue collection one since these organizations ought to raise revenue in order to run their programmes.

The local authorities may have certain revenue collection targets to be met as outlined in their strategic plans. The performance of such entities therefore was therefore measured based on the extent to which they meet or surpass the set targets of revenue collection. In general therefore, this study viewed local authorities as being bodies set up to provide community, social and economic services to citizens within their jurisdictions. It

evaluated their performance using the above three measures, namely, employee job satisfaction, customer service delivery and revenue collection.

#### **2.4 Concept of Strategy Implementation**

With increase in competition in the global environment, organizations have to think strategically in order to remain relevant. This has not only affected the private sector but also public sector organizations (Poister and Streib, 2005; Akinyele and Fasogbon, 2007; Plant, 2009). Strategies have to be formulated and implemented as planned for attainment of an organization's objectives (Yabs, 2007; Pearce and Robinson, 2008).

Strategy was defined by Pitts and Lei (2006) and Barney (2002) as ideas, plans and support that firms employ to compete successfully against rivals hence gain a competitive advantage. It is an organization's game plan that provides a framework for managerial decisions that are future oriented and concern the interaction of the organization with its competitive environment as it seeks to achieve organizational objectives (Pearce and Robinson, 2008).

Strategy theory can be traced to the early sixties in the works of Chandler (1962), Andrew and Guth (1969) and Ansoff (1965) as cited in Haugstad (1999). All these works had a positivist view of knowledge, emphasized centralized planning processes in pursuit of attaining organizational strategic goals and had managers playing the leading role in the process. There is growing recognition that the most important problems in the field of strategic management are not related to strategy formulation, but to strategy implementation. Research indicates that the high failure rate of organizational initiatives



in a dynamic business environment is primarily due to poor implementation of new strategies (Flood *et. al.*, 2000).

Arriving at a single definition of strategy implementation has been a debatable issue that has occupied scholars for a quite some time. This seems to result from the various facets presented by the concept to the extent that some view it as eclectic (Noble, 1999). There are those who emphasize the process aspects by defining strategy implementation as a process of turning plans and strategies into actions to accomplish organizational objectives through utilization of its resources (Pride and Ferrell, 2003; Harrington, 2006). Others emphasize the behavioral aspect by defining it as an action oriented human behavioral activity that calls for managerial skills and executive leadership in transforming a working plan into concrete reality (Schaap, 2006). Some authors emphasize organization structures and systems in turning plans into action (Pearce and Robinson, 2008; Thompson and Strickland, 1995) while others stress communication and cultural aspects of the desired outcomes from executing desired strategies (Noble, 1999; Ikavalko and Aaltonen, 2001).

This study combines the above perspectives by adopting the definition of Hunger and Wheelen (2007) who see strategy implementation as the sum total of the activities and choices required for the execution of a strategic plan by an organization by putting strategies and policies into action. It entails communication, interpretation, adopting and enactment of strategic plans (Noble, 1999).

For successful implementation of strategy, the chosen strategy must be translated into guidelines for daily activities of the firm's members and be reflected in the way the firm

organizes its activities, values and beliefs with managers being in charge of directing and controlling actions and outcomes (Pearce and Robinson, 2008). This calls for managers and employees to be involved and play their role in decision making, communicating and executing chosen strategies (Purser and Cabana, 1997; David, 2003). They should prioritize the utilization of strategy implementation imperatives in this endeavour.

## **2.5. Strategy Implementation Theories and Models**

Various theories and models inform strategy formulation and implementation. They try to give an insight on how organizations come up with strategies, highlight the key players in accomplishing the tasks and the areas of emphasis in carrying out the exercise. Some of these theories and models that guided the study include the Theory of Planned Behaviour and the Planning school model of strategy.

### **2.5.1. Theory of Planned Behaviour**

The Theory of Planned Behaviour was advanced by Ajzen (2002). It is an extension of the Theory of Reasoned Action that was advanced by Ajzen and Fishbein (1975). According to this theory, the intention to perform a given behavior is the immediate antecedent of that behavior. The behavior intention is characterized by the attitude one has towards the behavior, his or her subjective norms and the perceived behavioural control.

According to Ajzen, behavior intention is the amount of effort one puts in order to engage in a given behavior. Attitude as a determinant of behavior intention looks at the extent to which an individual has a favourable or unfavourable evaluation of the behavior in question or whether the behavior will result in a preferred outcome. Subjective norm as a

determinant of behavior intention on its part looks at the perception one has of the social pressure geared towards the behavior or the extent to which the person thinks others want him or her to perform the behavior. It is based on the normative beliefs of the person. The third determinant of behavior intention is perceived behavioural control which can be defined as the ease or perceived difficulty of carrying out intended behavior. It looks at one's beliefs about the presence of factors that may facilitate or impede the performance of behavior.

This theory is useful in explaining behavior and has been utilized to predict behavior in a variety of studies. In the field of entrepreneurship, it was used to predict entrepreneurial intentions of business students where entrepreneurial alertness and financial security explained entrepreneurial intentions (Gelderen *et al.*, 2008). It has also been used in predicting technology acceptance (Venkaesh *et al.*, 2003; Bobbitt and Dabholkar, 2001) and consumer acceptance of online video and television services (Truong, 2009).

The usage of this theory in predicting successful strategy implementation based on strategy implementation imperatives is however uncommon. This study therefore extended the usage of this theory by utilizing it in predicting successful strategy implementation as determined by strategy implementation imperatives that leads to organizational performance. In the study, successful strategy implementation that results in superior organizational performance was the desired behavior. This depended on attitudes of employees on training and their subjective norms resulting from the prevalent organization culture and rewards given for exemplary performance. Perceived behavioural control that was viewed in terms of the organization structure and leadership style also determined the attitude employees had towards superior organizational

performance. The strategy implementation imperatives therefore were viewed as playing a major role in determining the intention of organization members towards successful strategy implementation resulting in superior organizational performance.

### **2.5.2. Planning School Model of Strategy**

The Planning School model of strategy is a perspective of strategic management advanced by Mintzberg, Ahlstrand and Lampel (2000). The planning school has its origins in the systems theory, strategic choice theory and the works of Ansoff (1965) as cited in Mintzberg *et al* (2009). According to this school of thought, strategic management is a formal process that entails internal and external environmental assessment of an organization's environment, choice of strategy and formulation of objectives that will enable strategy attainment followed by strategy implementation (Mintzberg, *et al*, 2000; Macmillan and Tampoe, 2000). Strategy implementation is therefore one of the distinct, clear and logical steps of strategic management that seeks to ensure proper attainment of an organization's chosen goals.

According to Mintzberg *et al* (2009), the planning school of strategy is premised on the fact that strategies emanate from controlled and conscious processes of planning, divided into distinct steps and supported by various techniques. To them, the staff planners are in charge of strategic planning and execution although the overall responsibility for the whole process lies with the chief executive officer of the organization. Through scenario building, organizational members are able to analyze new realities in the organization's internal and external environment and use information gathered to refine strategic plans and implement them. This school of thought has however been criticized for being rigid,

static, prescriptive and one that views strategy as a detached and systematic process of formal planning (Mintzberg, 1994).

The planning school model is important in ensuring that strategies are formulated and executed in a planned and formal manner. The model therefore principally guided this study with respect to strategy implementation by gauging to what extent strategic plans were implemented, taking into account the effect of the imperative factors of strategy implementation on organizational performance.

## **2.6 Strategy Implementation Imperatives**

Strategy implementation imperatives are defined by this study as the critical internal organizational factors that should be taken into consideration and addressed for successful strategy implementation. They are the factors that determine the extent to which planned strategies will yield desired results in a given organizational context. These imperatives include the organization's structure, staffing, leadership, culture and rewards (Dooley, Fryxell and Judge, 2000; Pearce and Robinson, 2008; Hunger and Wheelen, 2007; Li, Guohui and Eppler, 2008). An organization that practices strategy implementation orientation therefore strives to ensure that these imperatives are internally taken into consideration by the organization during strategy implementation.

### **2.6.1 Organization Structure**

Organization structure refers to the grouping of activities and jobs in an organization into departments and linking them together to enable attainment of organizational goals (Nelson and Quick, 2009; Weihrich, Cannice and Koontz, 2008; Dubrin, 2009). According to Chandler (1962) and Gupta (1987) as cited in Hunger and Wheeler (2007),

strategy should precede structure. This will ensure that the structure adopted by the organization enables faster communication and accomplishment of tasks by the firm's employees.

Studies show that the relationship between an organization's different units or departments and different strategy levels significantly affects the outcome of strategy implementation (Al – Ghamdi, 1998; Chimhanzi and Morgan, 2005; Hunger and Wheelen, 2007). Studies done in South African local authorities by Pretorius and Schurink (2007) showed that there was lack of a clear functional distinction between services to be offered by district and local municipalities. The study also noted that structural difficulties in the separation of powers between politicians and administrators affected strategy implementation and service delivery. In Kenya, studies by Odhiambo *et al.* (2005) also concluded that the structure of local authorities had resulted in conflicts between the executive and legislative arms of those entities resulting in weakened organizational performance occasioned by slacked service delivery.

Based on the perspectives highlighted by these studies, organization structure ought to be arranged in such a way that it supports the chosen strategy. How departments are set up and their number depends on the strategy being implemented and where emphasis is being placed. For example, a company implementing a diversification strategy would change its structure to divisions rather than relying on a functional organization structure (Siciliano and Hess, 2009). One emphasizing customer care will have to establish a customer relations division.

Based on the strategies to be implemented, the structure chosen therefore may include functional, divisional, product, territorial, customer group or matrix organizational structures (Wehrich, *et.al*, 2008; Dubrin, 2009; Pearce and Robinson, 2008). Care ought to be taken when designing an organization structure to ensure availability of functional competencies, appropriate allocation of resources, effective decision making participation, departmental communication and coordination, ease of implementation of policies and accomplishment of tasks.

Whereas the preceding studies emphasize the importance of structure in determining organizational performance, the study by Viseras *et al.*, (2005) on key success factors in strategy implementation showed that success depended more on human factors and less on organization structure

Local authorities in Kenya currently have a uniform structure as provided for by the Local Government Act (Odhiambo *et al*, 2005). They have the elected arm composed of councilors who form the policy making wing and an executive arm consisting of appointed officers and employees who execute the policies and offer services to the citizens. Given the conflicting findings reported in the previous studies that have been highlighted on whether structure as strategy implementation imperative affects organizational performance, it was prudent to determine the extent to which organizational structure affected organizational performance in local authorities..

### **2.6.2 Employee Training**

With a relevant organizational structure in place, the organization ought to ensure it has people with relevant knowledge, skills and attitudes to implement the chosen strategies.

This calls for proper selection and utilization of employees (Hunger and Wheelen, 2007; DuBrin, 2009). Where the required skills are absent in the organization, the firm can source for them outside the organization or initiate a training programme to attain the chosen goals. Research by the US Department of Labour (1993) showed that organizations with training programmes perform better than those without. Schaap (2006) also found out that senior level managers who had been trained in strategic planning and implementation were more likely to attain the performance targets set for the company. Employee training can therefore be seen to be an important strategy implementation imperative.

Different strategies call for different managers and employees with different competencies. For example, a diversification strategy calls for a manager with an analytical mind and knowledge of other industries while stability strategies seek one with experience in controlling budgets (Hunger and Wheeler, 2007). Firms in trouble will prefer managers from outside to turn them around while those performing well usually have management succession relying on home grown managers identified and prepared through performance appraisal, mentoring, coaching and assessment centres. Training therefore ensures the organization has the required quality and quantity of staff for effective strategy execution.

Debate has been on going on the extent to which employee training as a strategy implementation imperative determines organizational performance. Scholars such as Wan, Kok and Ong (2002), Subramanian and Anjani (2011), Anvari and Amin (2011) and Khan (2010) hold that extensive strategic training activities positively affects



organizational commitment and performance. Others such as Kodjo and Dai (2009) who studied 320 enterprises in Ivory Coast further concluded that investment in training as a strategy implementation imperative, career management of employees and alignment to organizational goals were principal drivers of organizational performance. These perspectives were however disputed by Nikandrou, Aspospori, Ledastvrou and Papalexandis (2008) who conducted studies across countries and organizational contexts covering 14 European Union countries and 5189 organizations. Their findings led them to conclude that there is no significant relationship between training as a strategy implementation imperative and organizational performance. Their views were supported by Jones (2004). With such contradictions, there was need to empirically establish the effect of employee training as a strategy implementation imperative on organizational performance.

### **2.6.3 Leadership Style**

Leadership involves motivating people to use their abilities and skills most effectively and efficiently to attain organizational objectives. Pearce and Robinson (2008) hold that a leader should ensure that there is common understanding among organization members about the organization's priorities and clear clarification of responsibilities among managers and different units. He should gain personal commitment from managers and employees to pursue a shared vision. He should also empower managers and other employees to enable task accomplishment and reward those who attain the strategic objectives.

Nutt as cited in Li, Guohui and Eppler (2008) identified four tactics that can be used by managers as leaders to implement strategy. These are intervention, participation,

persuasion and edict. Intervention involves strategy adjustment during implementation stage by introducing new norms and practices. Participation consists of articulating strategic goals and nominating a task force that develops and proposes implementation options. Persuasion consists of using the involved parties to convince the employees about the decided course of action while edicts involves issuing directives without relying on any participation by employees. His study revealed that intervention had the best results though was least used, persuasion and participation were the next most effective tactics and commonly used while edict was the least effective resulting in poor implementation of strategy.

Other approaches to leadership in strategy implementation include the one proposed by Bourgeois and Brodwin as cited in Li *et al*, (2008) and Ikavalko and Aaltonen (2001). They say that a leader can use the commander, change, collaborate, cultural or creative model to implement strategy. In the commander model, the leader makes the strategic decision and tells employees to implement strategy. Change model entails the manager planning new organization structures, personnel changes and culture and implementing them. In the collaborative model, different managers are brought together as a team to input and implement agreed strategies. The cultural model seeks to make the goals and strategies to be seen as intertwined to the vision of the organization hence make strategy to be part of the corporate culture.

Lastly in the Creative model, strategy comes upward from the bottom of the organization to the top. The leader's role is to broadly define the purpose of the organization with other organization members participating in selecting projects or strategy alternatives that

will attain the broad organizational purpose. The leadership style employed by the manager therefore plays a critical role in determining the successful implementation of strategies hence an appropriate leadership style should be chosen and used for the exercise.

Leadership style as defined by Wang, Chich-Jen and Mei-ling(2010) is the approach, method and capability displayed by a leader that is aimed at making followers attain organizational targets and make an impact on organizational activities. Two major leadership styles, that is, transactional and transformational leadership styles, dominate the management field as identified by Magutt (2011).

According to Avolio, Walumbwa and Weber (2009), Transformational leadership refers to leadership behavior that transforms and inspires followers to perform beyond expectations while transcending self interest for the good of the organization. A leader displaying such a leadership style is visionary, creative, promotes participatory decision making, is charismatic and seeks to deconstruct the prevailing order and install new values, beliefs, ideals and ethical standards (Magutt, 2011). Leaders displaying such a style combine charisma, inspirational leadership and intellectual stimulation to help organizations and people to make positive changes in the way they act.

By so doing, transformational leadership style transforms the socio- economic well being of those involved and that of their organizations, making them transcend their own self interests for the good of their organizations. The extent to which a leader is transformational is determined by the influence he /she has on his followers (Bass, 1990). He/she is expected to make followers to trust, admire and respect him/her. Robbin and

Judge (2008) argue that transformational leadership style is complementary to and built on transactional leadership style.

Transactional leadership style on the other hand is a style characterized by the leader guiding and motivating the followers towards attainment of established goals by clarifying task and role requirements and appealing to their self interests, intervening when standards are not met and perpetuating patronage ( Magutt,2011; Zhu, Sosik, Riggio and Yang,2012). It uses formal rewards and punishment to engage in deal making and contractual obligations (Nelson and Quick, 2009). It does not therefore set high expectations for the followers, is uninspiring and emanates from the formal responsibility and authority of the position the leader holds in the organization.

The leadership styles adopted by managers determine the extent to which the employees as followers will pursue and attain organizational goals. If they display transformative leadership style where they are visionary, consultative, emphasize employee participation, win the support of those they lead through communicating the strategic goals and activities as well as facilitate their attainment, organizational performance will improve (Macmillan and Tampoe, 2000). If however they use transactional style where they only emphasize organizational rules and regulations in strategy implementation, appeal to individual self interest and encourage patronage, they may encounter resistance resulting in reduced organizational performance.

Various studies done in the past that have sought to establish the linkage between the leadership style as an imperative factor in strategy implementation and organizational performance have concentrated on public and privately owned enterprises and sectors of

the economy(Ogbonna and Harris,2000; Fleenor and Byrant,2002; Wang *et al.*,2010) as well as educational institutions (Siddique, Aslam, Khan and Fatima, 2011). In most of these studies, the scholars sought to establish the extent to which leadership style determined the way employees accepted or rejected the implementation of leadership decisions, were motivated and satisfied with their job and how these positively influenced them to contribute to the performance of their organizations.

The findings of the studies by Siddique *et al.* (2011), Mehdi and Mosa (2011), Wang *et al* (2010) and Ogbonna and Harris (2000) indicated that leadership style as a strategy implementation imperative determined organizational performance. Transformational leadership style was identified as the key determinant of positive organizational performance during strategy implementation in these studies. Another study by Rao,Manohar and Mellam(2008) in banks, pharmarcies,airlines and biscuit manufacturing firms that were state and privately owned concluded that although leadership style positively affected organizational performance in private enterprises, the situation was not similar in state owned enterprises. The study found that in the public sector, the leadership style did not significantly affect organizational performance during strategy implementation or the job satisfaction of the leader and the followers. The need for further empirical studies arising from these contradictory results therefore arises.

#### **2.6.4 Organizational Culture**

Organization culture has been cited as a major strategy implementation imperative that affects successful strategy implementation (Aldehayyat and Anchor, 2010; David, 2003; Hunger and Wheelen, 2007). This concept has been defined by Moorhead and Griffin (2000) as the set of values that helps the organization's employees understand which

actions are considered acceptable or unacceptable. According to Li *et al* (2008) , culture is the dominant ideologies, traditions, values and standards that define an organization. This study adopts the definition of Schein as cited in Nelson and Quick (2009) that sees organization culture as a pattern of basic assumptions that are considered valid and that are taught to new members as the way to perceive, think and feel in the organization.

Organization culture will often resist changes since it seeks to preserve stable relationships and patterns of behavior. As a result, when implementing strategy, care should be taken to assess the strategy – culture link compatibility. Culture as a strategy implementation imperative should follow strategy unless strategy is in line with the existing culture. If the planned strategy is in line with existing culture, strategy implementation becomes easier (Siciliano and Hess, 2009; Moorhead and Griffin, 2000). However, if it is incompatible with the new strategy, culture- changing activities will have to be undertaken. These include training and development, hiring of new managers who are compatible with the new strategy and instituting minor structural modifications among others (Pearce and Robinson, 2008; Nelson and Quick, 2009).

According to Hunger and Wheelen (2007) and Pearce and Robinson (2008), communication can be used to manage organization culture during strategy implementation. This can be through speeches, newsletters, encouraging dissemination of stories and legends about core values and institutionalizing practices that systematically reinforces desired beliefs and values. Culture can also be reinforced through aligning it with formal and informal recognition, monetary rewards or other incentives (Ikavalko and Aaltonen, 2001; Nelson and Quick, 2009).

Empirical studies have been conducted by scholars in the quest to establish the relationship between organizational culture as a strategy implementation imperative and organizational performance. Studies by Lok and Crawford (2003), Fleenor and Byrant (2002), Aluko (2003) and Rose *et al* (2008) found that organizational culture significantly affect organizational performance in both private and public enterprises. Specifically, the study conducted by Rose *et al* (2008) in American, Japanese, Malaysian and European multinational corporations operating in Malaysia found out that a high degree of organizational performance during strategy implementation was related to an organization that has a strong culture with well integrated and effective set of values, beliefs and behaviours.

Other studies by Lim (1995) and Lewis (1998) as cited in Fleenor and Byrant (2002) did not find any significant effect of organizational culture as a strategy implementation imperative on organizational performance. Further studies by Ogbonna and Harris (2000; 2002) concluded that organizational culture as a whole did not positively affect organizational performance during strategy implementation. To them, only competitive and innovative culture had a significant effect on performance. Community and bureaucratic cultures did not influence organizational performance. They however recognized the leader's role in shaping an appropriate organizational culture that can guide organizational members towards attaining desired goals during strategy implementation. Another study by Aluko (2003) on Nigerian firms also concluded that although a significant relationship existed between organizational culture and organizational performance, other factors also contributed to organizational performance, not just culture.

### **2.6.5 Organizational Rewards**

Strategy implementers should be adequately rewarded to enable them maximize shareholder wealth through pursuit and achievement of selected strategies. Various reward plans have been suggested. These include stock options where employees are offered an opportunity to purchase company stocks hence make them co-owners and bonus and commission payments where successful attainment of strategic goals attracts extra cash payments (Pearce and Robinson, 2008). Others include non cash incentives such as recognition, awards, prizes (Armstrong, 2006), opportunities to grow and promotions for officers whose divisions excel in strategy implementation. This appreciation of employees' output and effort encourages them to perform to the best of their abilities and aligns their effort towards strategic goals' attainment (Pitts and Lei, 2008).

The Kenya Government has an annual award ceremony where the best performing Ministries are recognized and rewarded to motivate them towards always accomplishing what is set out in their strategic plans (Obong'o, 2009; Standard Team, 2010). According to Obong'o (2009), the ranking of public agencies is an indicator of the ability of each agency and its management to meet agreed performance targets. This has enhanced healthy competition among public agencies hence improve their performance and service delivery.

Previous studies on the relationship between organizational rewards as a strategy implementation imperative and organizational performance have identified various forms of intrinsic and extrinsic rewards that an organization can give to its employees and how such rewards affect performance. According to Oluyeye (2011) and Doina (2011),



rewards given during strategy implementation phase positively affect organizational performance. In studies conducted by Oluyeye (2011) in private firms in Pakistan, it was established that there was a significant relationship between extrinsic rewards such as salaries and employee motivation and reduction in turnover intentions, enhanced employee efficiency and overall organizational performance. Other studies by Anvari *et al* (2011) and Khan, Farooq and Ullah (2010) found that intrinsic rewards had a positive and significant effect on organizational commitment and performance. To them, rewards that enhance employees' self esteem, challenging jobs and recognition fulfilled an employees' psychological contract resulting in reciprocity from the employee in terms of affective organizational commitment and performance.

However, a study by Hafiza *et al.* (2011) concluded that although a positive and significant relationship had been shown to exist between extrinsic rewards and employee motivation and performance by the study, there also existed a negative relationship between intrinsic rewards and employee motivation and performance. With such contradictions, there was need to conduct further empirical studies to ascertain how organizational rewards as a strategy implementation imperative determines organizational performance.

Research identifies various barriers to strategy implementation. These include resource scarcity, weak management role, inadequate capabilities, unexpected obstacles, lack of communication and lack of commitment to the strategy (Aldehayyat and Anchor, 2010; Ikavalko and Aaltonen, 2001; Siciliano and Hess, 2009). Other researchers such as Al-Ghamdi (1998) identify poor coordination of implementation activities as well as

distractions caused by competing activities and unclear strategy. Implementors of strategy have to be alive to the fact that such barriers exist hence it is their obligation to strive to minimize or eliminate such barriers for successful strategy implementation.

## **2.7. Relationship between Strategy Implementation Imperatives and Organizational Performance**

Various studies have been done in an effort to establish the relationship between strategy implementation imperatives and organizational performance. Most of these studies have concluded that organizational performance depended on successful strategy implementation through utilization of appropriate strategy implementation imperatives.(Ansoff *et al.*,2001; Compton ,2005; Li *et al.*,2008; Aldehayyat and Anchor,2010). Other scholars hold that other factors determine organizational performance apart from the strategy implementation imperatives. Some of these factors include degree of employee involvement in organizational affairs, budgetary constraints (Plant, 2009), the relationship that exists among an organization's employees (Afzal, Khan and Ali, 2009), excessive controls, regulations and poor management (Obong'o, 2009).

In the public sector, the introduction of performance management by many governments has necessitated the undertaking of strategy formulation and implementation by government ministries, parastatals and other public agencies (Poister and Streib, 2005; Plant, 2009; Kobia and Mohamed, 2006; Obong'o, 2009). In the United States of America (USA), the Government Performance and Results Act of 1993 requires that

federal agencies develop and implement strategic plans and tie them to performance measures (Poister and Streib, 2005).

In Botswana, Nigeria and Kenya, the governments have also ensured strategic plans of government ministries and other public agencies are implemented with their performance being monitored and evaluated through performance contracting. This practice entails ministries, local authorities and government agencies implementing annual work plans drawn from their strategic plans. The implementing officers sign performance contracts binding them to working towards attaining the targets. (Kobia and Mohammed, 2006; GOK, 2006; Dzimbiri, 2008; Esu and Inyang, 2009; Obong'o 2009). Unlike in the USA, this has not been made into law by these governments. In Kenya, the practice of strategic planning and implementation in the public sector was adopted in 2004 through the Economic Recovery Strategy for Wealth and Employment Creation (GOK, 2003; GOK, 2006).

With the emergence of the trend of implementing chosen strategies in the public sector and the exercise being aligned to performance, debate rages on how it should be carried out in terms of content, scope and degree of participation by employees and other stakeholders (Franklin, 2001; Hatry, 2002; Plant 2009). In Local authorities, research on strategy implementation imperatives and its effects on performance of local authorities has been reported in the United States of America where it resulted in better communication with stakeholders, improvement in target setting and utilizing evaluation tools, improved financial performance, operational effectiveness and quality of service (Poister and Streib, 2005; Plant, 2009). In Africa, studies by Pretorius and

Schurink (2007) emphasized the need for leadership in enhancing service delivery in local authorities.

In general, empirical studies have been conducted globally in the quest of establishing the relationship between strategy implementation imperatives and organizational performance (Magauta and Mosia, 2004; Hrebiniak, 2008; Okumus, 2003). In most of these studies, strategy implementation imperatives that determined the success of strategy implementation were identified to be organizational structure, leadership, training, organizational rewards and incentives, linkages of budgets to strategic plans, organizational culture, resource availability and information technology. In the same studies, organizational performance was measured in financial and non financial terms such as return on investment, profitability, market growth, service delivery, customer satisfaction, employee job satisfaction, enhanced revenue collection and improved competitive position among others.

Studies by Magauta and Mosia(2004),Hrebiniak(2008),Sorooshian *et al.* (2010) and Ogummokun *et al.* (2005) concurred that well formulated and properly implemented strategies played a major role in determining organizational performance in the private sector. This was however dependent on the extent to which various imperative factors were adhered to during strategy implementation (Aldehayyat and Anchor, 2010; Gavrea *et al.*, 2011; Jooste and Fourie, 2009; Okumus, 2003). It also depended on the extent to which performance management was institutionalized and practiced in these firms (Whitford and Cootsee, 2006; Sorooshian *et al.*, 2010).

In the public sector, the implementation of strategies relied on defining responsibilities and commitment of the players through performance contracting (Obong'o, 2009; Kobia and Mohammed, 2006). It also depended on the extent to which the strategic management concept was adopted by stakeholders (Poister and Streib, 2006) and the use of an appropriate leadership model to enhance service delivery and organizational performance (Pretorious and Schurink, 2007). In general the reviewed literature showed that strategy implementation imperatives greatly determined organizational performance in the public and private sectors.

## **2.8. Moderating Factors**

Organizations differ in terms of age, number of employees, management levels, geographical spread, resource pool and strategic intent among others. Some scholars are of the opinion that these organizational factors influence organizational performance (Pearce and Robinson, 2008). According to them, the resources an organization possesses its geographical location vis-à-vis that of its competitors and customers, the levels of management and its chosen strategic path among others determines its success or failure. Research shows that factors such as age and size of the organization moderate the relationship between strategy implementation imperatives and organizational performance.

### **2.8.1 Size of the organization**

Organization size has been conceptualized in many studies in terms of the number of people employed by an organization (Alledayat & Anchor, 2010; Ismael *et al.*, 2010; Ketokivi and Schroeder, 2004). In these studies, the moderating effect of organizational size on organizational performance has been tested. The study by Ismael *et al.* (2010) on

the relationship between strategy implementation from a competitive advantage perspective and organizational performance in 127 manufacturing firms in Malaysia concluded that the size of the firm did not moderate the relationship between strategy implementation and organizational performance. Similar studies by Ainuddin *et al.* (2007) did not also find any moderating effects of organization size on the relationship between strategy implementation targeting attainment of competitive advantage and organizational performance.

However, studies by Ketokivi and Schroeder (2004) conducted in the manufacturing sector found that organization size significantly moderated the relationship between strategy implementation and organizational performance. Similar results were highlighted by the study by Alledayat & Anchor (2010) who found that organization size affected the relationship between strategy implementation problems and organizational performance in Jordanian firms. Studies focusing specifically on the moderating effect of organization size on the relationship between strategy implementation imperatives and organizational performance were lacking. Moreover, given the fact that the reviewed studies were done in the Middle East, there was need for empirical evidence on the moderating effect of organization size on the relationship between strategy implementation imperatives and organizational performance in local authorities in the African and Kenyan contexts.

### **2.8.2 Age of the Organization**

Managers of organizations that have existed for a longer time are likely to be more knowledgeable about the industry they operate in (Gilley *et al.*, 2000). As a result, they may assist an organization to overcome challenges facing strategy implementation by

ensuring that strategy implementation imperatives are emphasized during strategy implementation. By so doing, they tap into the resources and capabilities that an organization has accumulated over the years to attain organizational success. This may suggest that organization age has the capability of moderating the relationship between strategy implementation imperatives and organizational performance.

According to Wang and Li (2008) and Ketokivi and Schroeder (2004), organization age moderates the relationship between strategy and organization performance. A study by Ismael *et al.* (2010) also posted similar results when it studied the manufacturing industry in Malaysia. Another study Gilley *et al.*, (2000) on the influence of the Board of directors on entrepreneurial firms' performance established that organization age moderated the relationship between the board's influence on strategy implementation and organizational performance.

Given the foregoing, extant literature is rich with studies on the moderating effects of organization age on the relationship between the influence of the board and organizational performance and strategy implementation and organizational performance. It however lacks empirical evidence on the moderating effect of organization age on the relationship between strategy implementation imperatives and organizational performance. Also, given that most of the studies on the moderating effects of organization age were done outside Kenya and in the private sector, the need to establish if these findings can be replicated in the local government sector in the Kenyan context was found to be essential.

## 2.9. Summary and Research Gap

Current research has dwelt on the impact of strategy implementation imperatives on organizational performance in banks (Akinyele and Fasogbon, 2007), manufacturing firms (Viseras, Baines and Sweeney, 2005; Ansoff *et al*, 2001; Magauta and Mosia, 2004; Sorooshian *et al*, 2010) and in the public sector through the practice of performance contracting (Kobia and Mohammed, 2006; Obong'o 2009; Nafukho *et al*, 2009) as shown on Table 2.1. Little attention has been paid to this relationship in local authorities despite the crucial role they play in essential service delivery to the citizens at the grassroots. Even where research on the linkage between strategy implementation imperatives and organizational performance has been reported in local authorities, it has focused on outside Africa (Poister and Streib, 2005; Plant, 2009) or on how leadership style affects service delivery (Pretorius and Schurink, 2007). The study done on local authorities in Kenya focused specifically on how the Local Authority Transfer Fund is managed by local authorities (Odhiambo et al, 2005).

Moreover, in the studies that have been reviewed, although specific bundles of strategy implementation imperatives have been isolated and tested to establish the extent to which they determined organizational performance in local authorities, the moderating effects of organization age and size have not been examined. This study therefore sought to fill this gap by assessing how specific strategy implementation imperatives determined organizational performance in local authorities in the Western region of Kenya and the extent to which organization age and size moderated the relationship between strategy implementation imperatives and organizational performance.



Strategy implementation imperatives were measured through finding the extent to which the imperatives such as employee training, organization culture, leadership style and organizational rewards are practiced in the organizations. Organizational performance was measured based on employees' and customers' perception of the levels of employee satisfaction, customer service delivery and revenue collection. Organization age was measured in terms of years the local authorities' had existed while organization size was seen in terms of the number of people employed by the local authorities.

**Table 2.1: Summary of earlier studies and identified Research Gap**

<b>Author/s</b>	<b>Purpose/context</b>	<b>Reported findings</b>	<b>Research gap</b>
Ansoff(1965;1987), Chandler(1962), Andrews(1971)	-Studied the reasons behind the success of American firms before and after the Second world war	-Strategic planning is crucial in enhancing attainment of organizational financial goals.  However, strategic planning should be done by top managers with divisional managers being the implementers	-focused only on financial performance measures and the private sector
Porter(1980;1985)	-Sought to establish how industry factors determine organizational performance	-Industry characteristics, structure and competitive positioning determine organizational performance	- Ignores strategy implementation imperatives  -focused on the private sector
Barney(1991), Prahalad and Hamel(1990)	-Establish factors that determine organizational performance	-Firm level resources and capabilities and not industry characteristics determine organizational performance	-Looked at performance from a financial perspective and mainly focused on the private sector.  -Did not address leadership style
Mintzberg(1994)	-Explain how strategic planning affected organizational goals'	-Strategic planning blurs strategic thinking and in the process its pitfalls affect strategy implementation	-Focused more on strategy formation than implementation

	attainment		
-Magauta and Mosia(2004), -Sooroshian <i>et al</i> (2010), -Jooste and Fourie(2009), -Ogunmokun <i>et al</i> (2005), -Gavrea <i>et al</i> (2011), -Whitford and Coetsee(2006)	-Determine if strategy implementation factors have an effect on organizational performance in the private sector	-There were varied effects of strategy implementation imperatives on organizational performance with some enhancing it while others did not.	-Most of these studies measured organizational performance from a financial perspective. -Some studies emphasized some strategy implementation imperatives over others. -Mixed results on the effect of strategy implementation imperatives on organizational performance.
-Okumus(2003), -Hrebiniak(2008), -Aldehayyat and Anchor(2010)	-Establish impediments to strategy execution	-Various factors impede strategy implementation e.g. culture, leadership and inappropriate rewards	-Focused more on impediments than on how strategy implementation factors such as leadership style, staff training and organizational rewards affect performance
Dimba <i>et al</i> (2008)	-Find out how strategic	-SHRM practices affect organizational	-Ignored financial measures

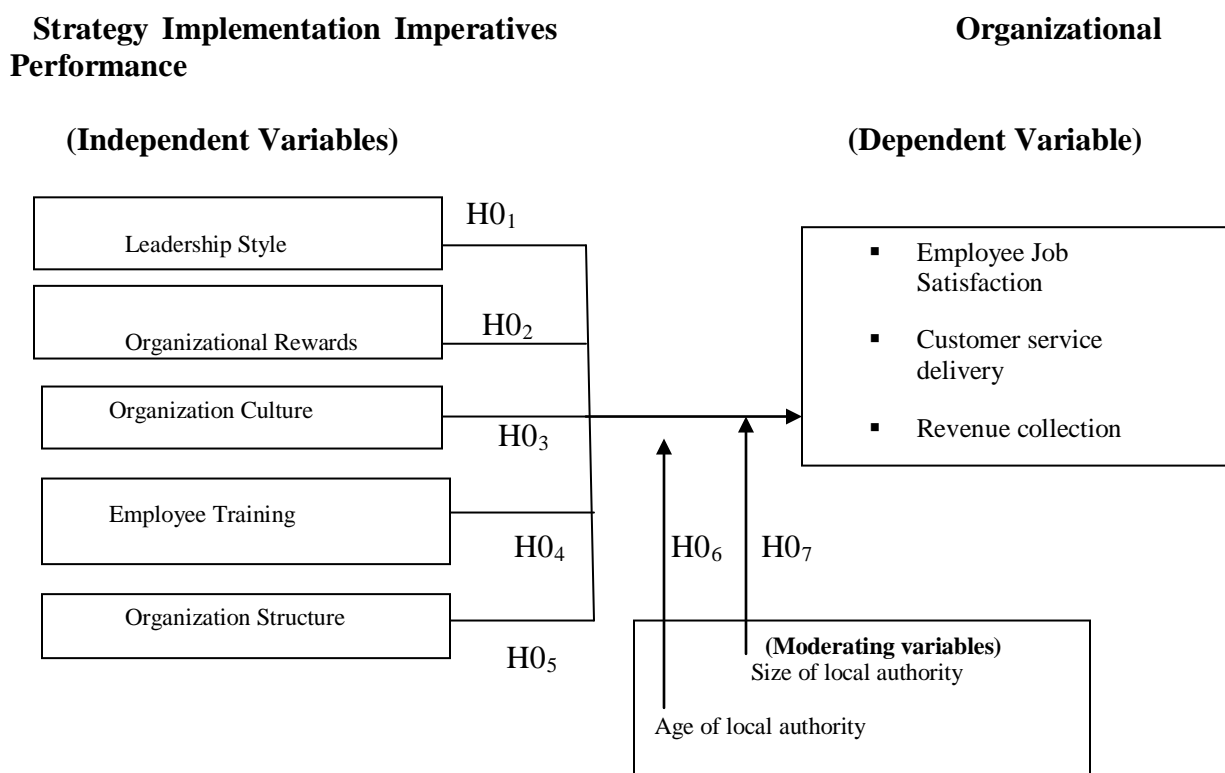
	Human Resource Management(SHRM) practices affect organizational performance	performance but the relationship is mediated by motivation	of performance. -Did not look at how culture and leadership style affect organizational performance
-Pretorius and Schurink(2007), -Poister and Streib(2005)	-Determine effect of strategy implementation on organizational performance in the public sector	-Leadership qualities,rewards,culture of performance and good governance enhance service delivery	-Looked at performance from a service delivery perspective.
-Kobia and Mohammed(2006), -Obong'o(2009)	-Assess the successes and challenges of implementing performance contracting in the public sector	-Performance Contracting improved public organizations' performance and employee job satisfaction	-Did not address strategy implementation imperatives such as leadership style, organizational culture and staff training. -Ignored financial measures
Odhiambo <i>et al</i> (2005)	Assessed how LATF was managed by local authorities in Kenya	LATF was not properly managed by local authorities although they had strategic and action plans to guide the usage.	-Did not address how leadership style, staff training, organizational culture and rewards affect performance

*Source: Research study, 2011*

## 2.10. Conceptual Framework

From the reviewed literature, the study developed a conceptual framework to show the relationship between the dependent and independent variables. The independent variables were the imperative factors that facilitate strategy implementation. These included employees' training, leadership style, organizational rewards and facilitative organization culture. The dependent variable was organizational performance. This was determined in terms of levels of employee job satisfaction, revenue collection and customer service delivery. This relationship was conceptualized to be moderated by the size and age of local authorities. This conceptual framework is shown on figure 2.1:

**Fig 2.1: Conceptual Framework of the relationship between strategy implementation and organizational performance**



*Source: Study conceptualization, 2011*

## 2.11. Operationalization of the Study Variables

The way the key variables were measured and operationalised in the study is shown on Table 2.2

**Table 2.2 Operationalization of the Study Variables**

<b>Variable</b>	<b>Operationalization of variable</b>	<b>Indicator</b>	<b>Operationalization on the survey questionnaire</b>
Strategy Implementation Imperatives	<b>Organizational rewards</b> Awards, recognition, financial and non financial benefits given to employees by the organization	<i>Extent to which there is :</i> -Fairness in the reward system -relating of rewards to performance -reward has improved job performance	Appendix 2 PART D. c)
	<b>Organizational Culture</b> Values, beliefs, rules and procedures that guide employee behavior at the workplace and their job performance	<i>Extent to which:</i> -Presence of rules, values and procedures guide strategy execution -Values, rules and procedures are inculcated in new employees -values, rules and procedures have enabled successful strategy implementation	Appendix 2 PART D. d)
	<b>Employee Training</b> Deliberate process undertaken to improve an employee's knowledge, skills, attitudes and work related behavior	<i>Extent to which:</i> -training needs assessment is done before training -Number of employees who have undertaken various forms of training in the last one year -Councils fund employees' training -successful training graduates have been promoted	Appendix 2 PART D. a)
	<b>Organization structure</b> The way in which the organization is divided into sections and the	<i>Extent to which:</i> -organization is divided into sections and departments	Appendix 2 PART D. e)

	hierarchical relationship between positions	-roles and duties performed harmoniously supported by the reporting relationships	
	<b>Leadership style</b> Perceived cooperation of the leader with employees in strategy implementation	<i>Extent to which the leader :</i> -involves employees in decision making -rewards them for attaining targets -addresses complaints of employees	Appendix 2 PART D. b)
Organizational Performance	<b>Employee job Satisfaction</b> Positive feelings evoked in the employee by the job, working conditions, opportunities to satisfy important needs and outcomes of their job performance	<i>Extent to which employee is satisfied with:</i> -the working conditions -quality of supervision -degree of autonomy -importance of the job -the job in general	Appendix 2 PART E. c)
	<b>Customer Service Delivery</b> Provision of required statutory services to citizens in the council's jurisdiction area	<i>Extent to which there is :</i> -effectiveness in delivery of required services to citizens as is in the service charter -reduction in customer complaints -Timely provision of services -provision of quality services	Appendix 2 PART E. a) Appendix 3,Part B
	<b>Revenue Collection</b> Financial resources raised by the local authorities through charging various levies and fees	<i>Extent to which there is :</i> -Improvement in revenue collection	Appendix 2 PART E. b)
Moderating Variables	<b>Size of local authority</b> Number of employees that a local authority has.	Number of employees	Appendix 2 PART B. Question 4.
	<b>Age of local authority</b> Period local authority has been in existence	Number of years the local authority has existed	Appendix 2 PART B. Question 3



*Source: Research study, 2011*

## **CHAPTER THREE RESEARCH METHODOLOGY**

### **3.0 Introduction**

This section looks into the procedures and methods that were used to obtain, analyze and present data on the effect of strategy implementation imperatives on organizational performance in local authorities in the Western region of Kenya. Specifically, it includes the study area, research design, target population, sampling design, data collection procedures and instruments, data analysis, limitations and ethical considerations of the study.

### **3.1. Study Area**

This study was conducted in local authorities in Western Region of Kenya. The Western Region as shown in Appendix 7 borders the Rift valley and Nyanza regions of Kenya and the country of Uganda. It is made up of 24 districts in four counties. It has 23 local authorities eight of which are county councils, seven are municipalities and eight are town councils. Local authorities in the Western Region were chosen for the study because among them, they have a mix of the three types of such entities found in the country. They also have within their jurisdiction a mix of manufacturing, agricultural and commercial activities being undertaken hence enabling them to have a diversified source of revenue to fund their activities. The councils are spread all over the regions' 24 districts. They are administered by town and county clerks while policies are formulated by councilors led by mayors for municipalities and chairpersons for county and town councils respectively.

### **3.2. Research Design**

The study was conducted using the causal survey design. According to Polonsky and Waller (2005) and Saunders, Lewis and Thornhill (2009), this type of research design enables rapid data collection from the sample population and has the ability to help people to understand the population from a part of it. The design entails collecting data from a sample population and analyzing it in order to establish causal explanations between the independent and dependent variables. It does this by establishing relationships between the independent and dependent variables (Kombo and Tromp, 2006; Mugenda, 2008).

It assumes that there is empirical association between the variables and that the relationship is non spurious (Elahi and Dehdashti, 2011). By enabling a study to establish a linkage between the variables it enables it to predict occurrences. The findings can also be used to make generalizations. For the purpose of this study, the survey design helped in ensuring relevant data was obtained from sampled population which was later used to make generalizations on the target population.

### **3.3. Target Population**

The target population of this study included employees of local authorities and small scale entrepreneurs operating within the jurisdictions of those institutions.

#### **3.3.1 Employees of Local Authorities**

The target population of employees was the 5017 employees of local authorities in the Western region of Kenya. This group of people is involved in the planning and implementation of strategic plans of local authorities. The plans have to be in conformity

with the Vision 2030's political pillar (GOK 2007).The study drew its sample from thirteen local authorities in Western region, that is, four county councils ( Kakamega, Bungoma, Mt. Elgon and Busia), six municipal councils(Mumias, Busia, Bungoma, Vihiga, Kakamega and Kimilili) and three town councils namely Malaba,Malava and Nambale. This accessible population had similar characteristics to those of the other local authorities in the country in terms of composition, task performance and performance standards.

The study also included the Regional Local Government Officer since he is the one who co-ordinates the affairs of local authorities in the region on behalf of the Ministry of Local Government.

### **3.3.2 Small scale entrepreneurs**

For small scale entrepreneurs, the target population comprised of all the small scale entrepreneurs operating within the jurisdictions of all local authorities in the Western region of Kenya.

### **3.4. Sampling Design**

The correct sample size usually depends on the purpose of the study, availability of time and resources, heterogeneity of the population, the required confidence level and sampling error among others ( Kasomo, 2007; Kothari, 2004).Purposive sampling was used to choose the Regional local government officer and selected town clerks. This was in recognition of the special role they play in the coordination of Local authorities' activities in the various councils in the region. Other sampling methods were used to

select employee and small scale entrepreneur respondents as discussed in the subsections that follow.

### 3.4.1 Employees of local authorities

In order to get a representative sample of employee respondents for the study, stratified and simple random sampling methods were used in sample selection. Using a confidence level of 95% and a sampling error of 5%, the study chose a sample size of 357 employees from the population of 5017. This sample size was based on the sample size determination table commonly used in social sciences (Kasomo, 2007; O' Leary, 2007; Saunders, Lewis and Thornhill 2009) as shown on Table 3.1.

**Table 3.1: Sample sizes for different populations**

<b>Population size</b>	<b>Sample size at 95% confidence level</b>
2000	322
3000	341
4000	351
<b>5000</b>	<b>357</b>
10000	370
20000	377

*Source: Kasomo (2007)*

The sample size is determined based on the formula:  $n = (k \times S/E)^2$

Where k=desired confidence level

S=sample standard deviation

E=required level of precision

n= sample size

Most local authorities have two departments namely the Town clerk's and Treasurer's departments. These are further subdivided into sections with the number differing from one council to another. The study dealt with four sections in each council under study namely revenue, social services, administration and environment/public health. These were the sections concerned with policy implementation, revenue collection and service delivery hence was crucial to the focus of the study. Samples were chosen using stratified sampling to ensure each section in the councils was proportionally represented (Kombo and Tromp, 2006; Mutai, 2006). The samples from each section of the councils were then chosen using simple random sampling as shown on Table 3.2.

**Table 3.2: Respondents of the study**

<b>Councils</b>	<b>County</b>	<b>Municipal</b>	<b>Town</b>	<b>Total</b>	<b>%</b>
Heads of sections	36	24	12	72	20.17
Non management employees	142	95	48	285	79.83
<b>TOTAL</b>	178	119	60	357	100

*Source: Research study 2011*

### **3.4.2 Small scale entrepreneurs**

Purposive sampling was used in selecting two hundred and sixty small scale entrepreneurs to participate in the study. Twenty small scale entrepreneurs operating in each of the selected thirteen local authorities' jurisdiction were selected based on the executive positions they held in small scale entrepreneur associations in those areas. This was in recognition of the role they played of benefiting from services of local authorities. Purposive sampling was chosen because the small scale entrepreneurs selected, being officials and representatives of others would give dependent and accurate information. The data from these respondents was meant to triangulate the study. This data was descriptively analyzed.

## **3.5. Data Collection Methods and Procedures**

### **3.5.1. Sources of Data**

Data was collected from both primary and secondary sources. Secondary data was obtained through document analysis of the records from Local Authorities, their newsletters and government reports. Primary data was collected using structured questionnaires and interview schedules. These were administered on employees and the selected small scale entrepreneurs.

### **3.5.2. Data Collection Instruments**

Three data collection instruments were used. These were the questionnaire, interview schedule and document analysis. Questionnaires were developed from the objectives of the study and were administered on the respondents. They had five point likert scale items and also open ended and closed ended questions. They sought personal information of the respondents and that concerning strategic implementation and

organizational performance in local authorities. They were distributed to respondents by the researcher and research assistants giving respondents sufficient time to answer the questions. This method was appropriate for the respondents given that they were literate, the information needed could be provided in writing and it was easy to classify and analyze the data collected especially on closed ended questions. It also catered for the population since it was large in relation to the available time ( Oso and Onen, 2005; Kasomo, 2007).

Similarly, structured questionnaires were also administered on small scale entrepreneurs. Questionnaires were therefore appropriate for this study since they enabled collection of data from a large sample of respondents and upheld confidentiality (Kombo and Tromp, 2006). Interview schedules were also prepared based on the research objectives and administered on the Town clerks and the Regional Local Government Officer. It was expected that through them, the respondents would offer clarifications and explanations on matters related to the study objectives. This method was appropriate for the study given that it gave the researcher control in the line of questioning as he sought clarifications on issues and obtain historical information (Mugenda and Mugenda, 1999; Kothari, 2004; Mugenda, 2008). Document analysis was used in getting information from the local authorities' strategic plans, budgets, financial statements, brochures and newsletters and annual LATF Reports.

### **3.5.3 Research Procedures**

Both descriptive and quantitative data were collected using the questionnaires and interview schedules from the respondents and interviewees. Because of the large number



of respondents, the study recruited and trained four research assistants to assist in administering the questionnaires on the respondents.

A research permit was sought from the National Council for Science and Technology allowing the study to be conducted in the region. The researcher liaised with the Town Clerks of the institutions from which samples were drawn to be allowed to administer his research instruments on the concerned subjects personally and through the research assistants. He also sought permission and interviewed the Regional Local Government Officer and selected town clerks.

### **3.6 Validity and Reliability of instruments**

Although the data collection methods selected above were appropriate for the study, there was need to ensure they were valid and reliable. Validity is the extent to which a research instrument measures what it was intended to measure (Nsubuga, 2000; Mugenda, 2008). Reliability on the other hand is the extent to which a given instrument yields consistently the same results when repeated measurements are taken from the same subjects in a research under the same conditions (Kombo and Tromp, 2006; Mutai, 2006; Saunders *et al*, 2009).

#### **3.6.1 Reliability**

To ensure reliability of the study, respondents were randomly selected to give each member of the target population an equal chance of participating in the study. The study then conducted a pilot study at the Webuye Municipal Council. The scores obtained from respondents were then correlated using the Statistical Programme for Social Sciences (SPSS) computer software. Internal consistency of measures was established through

computation of the Cronbach's Alpha Coefficient. The values of this test usually lie between 0 and 1 (Hair, Anderson, Tatham and Black, 2006; Jooste and

Fourie, 2009). According to Hair *et al* (2006), a Cronbach Alpha coefficient value of 1.0 indicates perfect reliability while that of below 0.70 may be deemed to be low.

The coefficient for the whole employee questionnaire was 0.898. These results indicated signaling a high level of reliability of the tool. The Cronbach Alpha coefficient for the questionnaire for traders was 0.808, indicating a high level of reliability. This helped to establish consistency among the items in measuring the concepts of interest.

### **3.6.2 Validity**

Content validity is the extent to which the instruments adequately cover the full range of the concept's meanings. To achieve this, the study reviewed literature to identify the relevant concepts. This enabled the study to identify different concepts and dimensions related to strategy implementation imperatives and organizational performance. Expert opinion and suggestions were also sought from senior researchers and academicians at Moi University and based on their input, improvements of the research instruments was done.

Construct validity is defined by Kothari (2004) as the extent to which a set of items in the questionnaire reflect the theorized constructs it is supposed to measure. This was established through a review of theories informing the major themes of the study to establish the existence of the constructs. Expert opinion was also sought to review the questionnaires for the same purpose.

Discriminant validity was also established. According to Cooper and Schindler (2003), this type of validity seeks to isolate a construct so that it measures what others do not. This was established by the study through subjecting the questionnaire items to Exploratory Factor Analysis. This reduced the items into a set of uncorrelated items to measure strategy implementation imperative constructs as well as those of organizational performance. The new constructs were then renamed and subjected to further analysis.

Lastly, the study also ensured external validity. According to Kasomo(2007),this type of validity is the extent to which the findings of the study can be generalized. Given that the samples had been representatively chosen, the study generalized the findings to the population of local authorities from which the samples had been drawn.

### **3.7. Data Analysis**

Data analysis was done using both quantitative and qualitative methods. The data collected was edited, coded and then analyzed using the SPSS version 16 computer programme. This computer software enabled the study to manipulate and transform variables into desired forms and through its set of procedures, the collected data was comprehensively analyzed.

Descriptive data analysis techniques comprising of means and standard deviation were used to measure central tendencies and dispersion where applicable. It was then presented in tables, pie charts and bar graphs in terms of frequencies and percentages in chapter four. This was used on both the questionnaires for employees and that of small scale entrepreneurs. Data from interviews was analyzed under various themes and was

used to cross validate and complement the answers from the structured questionnaires. The same was done for data from questionnaires that were open ended in nature.

The study also quantitatively analyzed the collected data. First, the data was analyzed using Pearson's product moment correlation tests to establish the relationships between the independent and dependent variables. The effect of specific independent variables on the dependent variable as had been hypothesized in hypotheses one to five was then tested using Multiple regression analysis. One way Analysis of Variance (ANOVA) was also used to test differences in respondents' views on job satisfaction (Polonsky and Waller, 2005; Kasomo, 2007; O'leary, 2007). Exploratory Factor Analysis was done to select items for regression analysis. Finally, hierarchical multiple regression analysis was conducted to establish the moderating effect of organization age and size on the relationship between strategy implementation imperatives and organizational performance as posited in hypotheses six and seven.

### **3.7.1 Pearson's Product Moment Correlation test**

The study performed correlation analysis using the Pearson's Product Moment correlation test to establish the relationship between the independent and dependent variables. This parametric test is performed on data that is normally distributed, having been obtained from a random sample of a population (Cooper and Schinder, 2003; Mugenda, 2008). The test also operates on assumptions that there is linearity of data and that ratio or interval measurement scales were used to measure the data (Polonsky and Waller, 2005).

The data that was used to test hypotheses one to five was measured on a five point attitudinal likert scale. Such data, according to Cooper and Schindler (2003) is presumed to be interval in nature. The study however went further to transform the data collected for each independent and dependent variable measure into a composite measure for each variable by getting a sum mean score that was later grouped on interval scale for further analysis. The way the sample for the study was randomly selected and the measurement of the data on the interval scale enabled the study to use this data analysis technique. After relationships were established, the data was subjected to multiple regression analysis.

### **3.7.2 Analysis of Variance**

One way Analysis of Variance (ANOVA) was also used in the study. This test is used for testing for differences among means of populations by examining the amount of variation within each of these samples relative to the amounts of variation between samples (Polonsky and Waller, 2005; Oso and Onen, 2005; Kothari, 2004; Mugenda, 2008). The test was used in the study to establish variations in employees' perceptions on job satisfaction across the three categories of local authorities.

According to Gall *et al* (2003) as cited in Maru (2010) and Cooper and Schinder (2003), this test should be performed on data that is normally distributed, the dependent variables are quantitative in nature and samples are drawn from a normally distributed population.

### **3.7.3 Multiple Regression Analysis**

Multiple regression analysis was used to test hypothesis one to five. Multiple regression analysis is a parametric test that is performed on data that has linearity, is normally

distributed and has been measured on interval or ratio scale. Normality of the data can be ascertained by checking the skewness and kurtosis of the data. This study used multiple regression analysis (MRA) tests. This test was preceded by Pearson's Product Moment Correlation Coefficient test and Exploratory Factor Analysis test which was done to reduce the data in preparation for the MRA test. The exploratory factor analysis test was also used to confirm factor validity of the strategy implementation imperatives items. Items that had a loading of greater than 0.5 were transformed into new variables that were used in the MRA.

The principal aim of the study was to examine the effects of strategy implementation imperatives on organizational performance in local authorities in Western Region of Kenya. The dependent variable was assessed on a likert scale of 1 to 5 ranging from 1-: strongly disagree to 5-: strongly agree respectively for customer service delivery and revenue collection. Employee job satisfaction was measured on a likert scale of 1 to 5 ranging from 1-: very dissatisfied to 5-: very satisfied respectively as seen in Appendix 2.

Each respondent's score on items chosen after exploratory factor analysis was then aggregated into a composite score which was afterwards divided by the maximum possible score for all items measuring the dependent variable and then placed on an interval scale. This was done to reduce the measures into a single composite index called organizational performance index for ease of analysis as was done by Poister and Streib(2005) and Otii, Ng'ang'a and Ondieki(2011). A similar operation was done on the independent variables and resulted in employee training index, organizational culture index, leadership style index, organization structure index and organizational rewards

index. The moderating variables of namely, size of local authority and age of local authority were also used in the hierarchical multiple regression analysis.

Multiple Regression Analysis (MRA) was then used to test the effect of strategy implementation imperatives on organizational performance in local authorities. This method is used to predict the relationship between a dependent and independent variables (Oso and Onen, 2005; Kothari, 2004). According to Maru (2010), the independent and dependent variables are to be checked to ensure their linearity and constant variance. They are also to be checked for skewness and kurtosis so as to ensure normality in the data distribution.

The study tested the multiple regression equations it had formulated to test the general objective of the study:

$$O_p = \alpha + \beta_1 E_t + \beta_2 L_s + \beta_3 O_r + \beta_4 O_c + \beta_5 O_s + e$$

Where:

$O_p$  = estimate value of organizational performance

$\alpha$  = point of intercept on y axis

$L_s$  = leadership style

$O_r$  = Organizational rewards

$O_c$  = Organizational culture

$E_t$ =Employee Training

$O_s$ =Organization structure

$O_f$  = Organizational factors

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$  = slopes associated with the independent variables

$e$ =the error term

The study first looked at the F- statistic and its associated significance to determine if the regression equation was statistically appropriate (Polonsky and Waller, 2005) before proceeding to analyze the relationship between variables. It then used the R and  $R^2$  values to determine the fitness of the model. If the observed value of R was higher than zero, it indicated that the dependent and independent variables were correlated.  $R^2$  was used to interpret the degree of correlations which in turn determined the model fit based on its comparison with predicted values. The higher the  $R^2$  value, the higher the variance in the dependent variable (Polonsky and Waller, 2005; Cooper and Schinder, 2003).

The observed values of coefficients of the regression model ( $\beta$ ) and (t) statistic were also noted and used to interpret the degrees and direction of the relationship between the dependent and independent variables.

The p-values were also noted to determine if the study could confidently report that the coefficients were statistically different from zero. From these inferential analyses, the study was able to draw conclusions concerning the relationships found in the research results and made several recommendations.



#### **3.7.4. Hierarchical Multiple Regression Analysis**

Hierarchical multiple regression analysis was used to test the effect of the moderating factors on the relationship between strategy implementation imperatives and organizational performance in local authorities as hypothesized in hypothesis six and seven. Moderating effects of organization size and age were tested using moderated strategy implementation imperative variables. Linear by linear interaction terms were created by multiplying the proposed moderators by the intended variables (Stone and Hollenbeck, 1998). The first model had only independent variables interacting with the dependent variable. In the second model, the multiplicative terms were then added and interacted with the dependent variable. The multiplicative terms were then examined for significance to determine the moderating effect.

#### **3.8 Limitations of the Study**

In an ideal situation, this study should have been carried out in all local authorities in Kenya. The localization of the study to selected local authorities in Western Region of Kenya may limit the applicability of the findings to local authorities in other parts of the country. However, all local authorities operate under the Local Government Act and receive funding from the Ministry of Local Government (GOK, 1999; Odhiambo *et al* 2005; CLARION, 2007). As a result, the findings may be generalized since the study involved all the categories of local authorities. The findings will therefore be a useful starting point of debate on the role played by strategy implementation in organizational performance in local authorities.

Local authorities' employees and small scale entrepreneurs were the main respondents of the study. This may have affected the overall findings of the study since other stakeholders of the local authorities such as councilors, industrialists and trade associations were left out. However, interviews conducted on the selected town clerks of local authorities and the Regional local government officer helped to triangulate and countercheck the information given hence enabled objective conclusions to be made.

Measurement of the study variables using perceptions of respondents was another limitation. However, the study triangulated the findings by incorporating financial statements of local authorities from the Ministry of local government records.

### **3.9. Ethical Considerations**

In order to protect the rights and welfare of respondents and to ensure that the study does not psychologically, socially and financially harm them as emphasized by Mugenda (2008) and Polonsky and Waller (2005), the study got informed consent from respondents and interviewees before they participated in it. They were made aware of the purpose of the research and expected benefits of the research. They were also assured of their anonymity, privacy and confidentiality of the information they gave. The instruments for data collection were also designed in such a way that the above was achieved.

## **CHAPTER FOUR FINDINGS OF THE STUDY**

### **4.0 Introduction**

This chapter presents and interprets analyzed data that was collected from the respondents of the study. The study sought to establish the extent to which strategy implementation imperatives determined organizational performance in local authorities in the Western Region of Kenya. The respondents of the study were employees of local authorities, small scale entrepreneurs within areas of jurisdiction of those local authorities, selected town clerks and the Regional Local government officer. The findings are presented in terms of the response rate, data preparation and screening, demographic characteristics of respondents, effects of strategy implementation imperatives on organizational performance and challenges facing strategy implementation in local authorities in Kenya. The findings include both descriptive and inferential analysis results.

### **4.1 Response Rate**

The study sought to get the views of how strategy implementation imperatives determined organizational performance from 357 employees of local authorities and 260 small scale entrepreneurs in the Western Region of Kenya. Out of these, 322 local authorities' employees and 216 small scale entrepreneurs filled and returned their questionnaires, representing a 90.2 % and 83.1 % response rate respectively. Of the 322 questionnaires returned from the local authorities' employees, the majority were from Municipal councils (n=190, 59 %) followed by county councils (n=76, 23.6 %). Town councils had the least number (n=56, 17.4 %). The reliability of the questionnaire items, established through the Cronbach alpha coefficient test ( $\alpha=0.898$  for the employees'

questionnaire and 0.808 for the small scale entrepreneurs, questionnaire), was higher than 0.7 as suggested by Hair *et al* (2006), indicating a high level of reliability for the items.

Data from three town clerks and the Regional local government officer was obtained through interview schedules. The study also analyzed relevant documents related to the study such as the Annual Local Authority Transfer Fund reports.

## **4.2 Data Preparation and Screening**

The data was prepared for analysis by ensuring it met the minimum requirements for qualitative and quantitative analysis. The questionnaires were therefore checked for missing values and unfilled parts as well as for normality of the distribution.

### **4.2.1. Missing data and values**

The questionnaires from both the employee of local authorities and small scale entrepreneurs were checked to ensure they had been properly filled and had no missing data or values. None of the questionnaires had missing values. Only two questionnaires for employees had unfilled items that sought the views of the employee respondents on the challenges facing strategy implementation and the ways in which the councils could improve delivery of service to citizens.

Since this was to be descriptively analyzed, the study excluded them in the analysis of the answers to the two questions and utilized the others that had answers to the questions.

### **4.2.2 Normality of the distribution**

The study data was also checked for normality using skewness and kurtosis tests. According to Cutti (2011), skewness is the measure of the extent to which a distribution

of values deviates from the symmetry around the mean. A value of zero indicates the distribution is symmetric or normal. A positive skew indicates a great number of small values just as a negative skew indicates a large number of larger values. Kurtosis on the other hand is a measure of peakedness or flatness of a distribution (Cooper and Schindler, 2003). A value of zero indicates a shape that is normal while that close to zero indicates a shape close to normal. A negative value indicates a shape that the distribution is more peaked than normal while a positive kurtosis indicates a shape that is flatter than normal.

Whereas there are no formal cut off points on the levels of skewness and kurtosis to show that the variables are no longer regarded as being normal, Cutti (2011) holds that a kurtosis or skewness value of + or -1 is considered a very good measure of normality although a + or -2 value is also acceptable as an indicator of normal distribution. The questionnaire items for strategy implementation imperatives and organizational performance were therefore subjected to skewness and kurtosis tests. As it is shown in the in the descriptive analysis of the study data, all skewness and kurtosis values did not exceed the absolute values of +2 or - 2. This meant that the data met the threshold of normality.

The data was then subjected to further qualitative and quantitative analysis. The results of these analysis as well as that of hypotheses tests are presented in sections that follow.

### **4.3 Demographic Profiles of Respondents**

The demographic profiles of the employees of local authorities as well as that of small scale entrepreneurs' respondents were analyzed.

### 4.3.1 Demographic profiles of employee respondents

The demographic profiles of respondents working for local authorities were analyzed using four characteristics namely: gender, age, highest academic/professional qualifications, the duration they had worked for their local authorities and the type of local authorities they worked for. This is presented in Table 4.1

**Table 4.1 Demographic characteristics of local authorities' respondents**

Characteristics	N=322	Frequency	(%)
Gender	Male	176	54.7
	Female	<u>146</u> <b><u>322</u></b>	<u>45.3</u> <b><u>100</u></b>
Age	Below 25 years	16	05
	25-34 years	97	30.1
	35-44 years	138	42.9
	45-54 years	67	20.8
	55 years and above	<u>4</u> <b><u>322</u></b>	<u>1.2</u> <b><u>100</u></b>
Level of Education	Secondary education	84	26.1
	Certificate	72	22.4
	Diploma/CPA	121	37.6
	Bachelors degree	24	7.5
	Postgraduate Diploma	4	1.2
	Masters degree	2	0.6
	Others	<u>15</u> <b><u>322</u></b>	<u>4.7</u> <b><u>100</u></b>
Duration of Employment	Below 1 year	21	6.5
	2-5 years	91	28.3
	6-10 years	66	20.5
	11-14 years	55	17.1
	15 years and above	<u>89</u> <b><u>322</u></b>	<u>27.6</u> <b><u>100</u></b>
Respondents' type of Local Authority	County	76	23.6
	Municipal	190	59
	Town Council	<u>56</u> <b><u>322</u></b>	<u>17.4</u> <b><u>100</u></b>

*Source: Research study 2011*

The study found out that majority of the employee respondents were male, 176(54.7%) while females constituted 146(45.3%) members of the sample. A majority of the

respondents were in the age bracket of 35-44 years while the least number of respondents, 4(1.2%), were in the age bracket of above 55 years .Of the total sample, more than half of them, 251(78%), were in the youthful and productive ages of 44 years and below. This age group being youthful in nature provides an opportunity for an organization to develop an appropriate organizational culture that can support positive organizational performance.

A large number of the respondents, 121(37.6%) had Diploma or Certified Public Accountant qualifications. This figure was however lower when compared to the combined number of respondents who had secondary level, 84(26.1%) and certificate, 72 (22.4%) qualifications. The study also found out that a few of the local authorities' employees had primary education qualifications only as was confirmed by all the 15(4.6%) respondents in the 'others' category. Twenty four respondents, (7.5%), had Bachelors degree. Only 2(0.6%) respondents had a Master's degree with four (1.2) having post graduate diploma qualifications.

The study found out that a large number of respondents, 91(28.3%), had worked for the local authorities for between two to five years, 66(20.5%) respondents for six to ten years, 55(17.1%) respondents for eleven to fifteen years and 89(27.6%) respondents for above 15 years. Only 21(6.5%) respondents had worked for below one year. The respondents of the study came from the three types of local authorities found in Kenya namely county councils, municipal councils and town councils. Municipal councils were represented by 190(59%) of the respondents, county councils 76(23.6%) and town councils had 56(17.4%) respondents.

### 4.3.2 Demographic characteristics of the small scale entrepreneurs

Most of the respondents were male, 150 (69.4%) and many were aged between 25 and 34 years as shown on Table 4.2.

**Table 4.2: Demographic profile of small scale entrepreneur respondents**

Demographic profile	Frequency	Percentage(%)
<b>Gender:Male</b>	150	69.4
Female	<u>66</u> <u>216</u>	<u>30.6</u> <b><u>100</u></b>
<b>Age: Below 25 years</b>	30	13.9
25-34 years	108	50.0
35-44 years	60	27.8
Above 45 years	<u>18</u> <u>216</u>	<u>8.3</u> <b><u>100</u></b>

*Source: Research Study, 2011*

A small percentage of the small scale entrepreneurs (18, 8.3%) were aged above 45 years.

This shows that a majority of the entrepreneurs were young people.

## 4.4 Descriptive Analysis of Study Data

The data collected by the study from employees, town clerks, the regional local government officer and small scale entrepreneurs using questionnaires, interview schedules and document analysis was subjected to descriptive analysis and was presented under the various sections that follow.

### 4.4.1 Services Offered By Local Authorities

The small scale entrepreneurs acknowledged receiving a variety of services from the local authorities in whose jurisdiction they operated as shown on Table 4.3.



**Table 4.3 – Services provided by local authorities**

<b>Services provided</b>	<b>Response</b>	<b>Frequency</b>	<b>Percentage(%)</b>
Garbage collection	Yes	126	58.3
	No	<u>90</u> <b>216</b>	<u>41.7</u> <b>100</b>
Public toilets	Yes	132	61.1
	No	<u>84</u> <b>216</b>	<u>38.9</u> <b>100</b>
Market stalls	Yes	126	58.3
	No	<u>90</u> <b>216</b>	<u>41.7</u> <b>100</b>
Road improvement	Yes	102	47.2
	No	<u>114</u> <b>216</b>	<u>52.8</u> <b>100</b>

*Source: Research Study, 2011*

Most of the small scale entrepreneur respondents acknowledged that local authorities offered garbage collection services, 126 (58.3%), public toilets, 132 (61.1%) and market stalls, 126(58.3%). However, most of them, 114(54.8%) held the view that those local authorities did not regularly improve roads in their jurisdiction.

According to the respondents, other services they got from local authorities apart from the above included fire fighting brigade services, parking facilities, street lighting provision, town cleaning, slaughter houses, housing, water wells and springs and provision of recreational facilities such as stadiums and parks. The local authorities also used part of their resources in putting up classrooms in primary schools, planting trees to beautify their towns, building dispensaries and maternity wings as well as offering bursaries to bright and needy students in their areas.

#### **4.4.2 Employees' Perceptions of Leadership Style on Organizational Performance**

The study used several statements to gauge the perceptions of employees on the leadership style of the supervisors of employees in the local authorities under study. The perception results of the respondents are presented in Table 4.4. The data collected in relation to establishing the effect of leadership style on organizational performance was normally distributed since it had skewness values of between -0.658 and -1.271 and kurtosis values of between -0.001 and 1.615. These values are within the -2 and +2 range as suggested by Cutti (2011) for normal distribution. Chi square tests that were performed on the indicators of leadership style were all significant at 1% level with a p value=0.001. This showed evidence of leadership style affecting organizational performance.

The results of frequencies, percentages, mean scores and standard deviations show that most of the respondents agreed, 207(64.3%,) and strongly agreed, 35(10.9%) with the statements that their supervisors sought their views and held meetings with them to plan on how to perform duties as outlined in their strategic plans and work plans ( Mean=3.56, standard deviation=1.113). They also had words of encouragement for those who performed their duties well (Mean=3.94 ,standard deviation=0.894) and addressed complaints raised by employees on issues related to their work environment as soon as such issues were reported (Mean=3.72 ,standard deviation=1.098). This was confirmed by 172(53.4%) and 71(22%) of the respondents who agreed and strongly agreed with the statements respectively.

Most supervisors handled employees with respect as was confirmed by 190(59%) and 58(18%) of the respondents who agreed and strongly agreed with the statement on the

issue respectively (Mean=3.78, standard deviation=0.0.965). The general feeling among respondents of the study was that the leadership style used by their supervisors in their local authority had greatly improved their council's performance (Mean=3.61, standard deviation=1.089).

**Table 4.4: Employees' responses to statements on the leadership styles of local authorities**

STATEMENTS	1 f (%)	2 f (%)	3 f (%)	4 f (%)	5 f (%)	Mean (S.D)	Kurtosis S.E=0.271	Skewness S.E=0.136	$\chi^2$ df=4, p=0.001
My section head regularly seeks views from employees and holds meetings where we plan how to perform our duties.	26 (8.1)	46(14.3)	8 (2.5)	207 (64.3)	35(10.9)	3.56(1.113)	0.160	-1.104	406.727
My supervisor encourages employees to perform their duties well.	5(1.6)	33(10.2)	10(3.1)	203(63)	71(22)	3.94(0.894)	1.615	-1.271	415.019
My supervisor addresses complaints raised by employees as soon as they are reported to him/her	16(5)	45(14)	21(6.5)	172(53.4)	68(21.1)	3.72(1.098)	0.144	-0.968	251.447
My supervisor handles employees with respect	10(3.1)	34(10.6)	30(9.3)	190(59)	58(18)	3.78(0.965)	-0.936	-1.103	324.273
My supervisor praises employees who meet their targets in performance of their duties.	28(8.7)	62(19.3)	23(7.1)	158(49.1)	51(15.8)	3.44(1.212)	-0.718	-0.658	189.460
The leadership style of supervisors in my organization has improved the performance of my council	18(5.6)	47(14.6)	30(9.3)	174(54)	53(16.5)	3.61(1.089)	-0.001	-0.899	252.689

Note : 1=Strongly Disagree, 2=Disagree, 3=Fairly Agree, 4=Agree, 5=Strongly Agree, .D.=Standard Deviation, S.E=Standard Error

*Source: Research study 2011*

#### **4.4.3 Employees' perception of Organizational Rewards in Organizational Performance**

The study found that local authorities rewarded employees who met performance targets. This usually happened after the Annual Rapid Results Initiatives programmes that were undertaken to enhance service delivery. However, the study noted that due to financial difficulties, the rewards were not adequate motivators. The rewards included promotions and letters of commendation. In some councils, lack of clear performance measures and evaluation criteria hampered objective assessment of employee performance.

The employee respondents used a likert scale of 1: *strongly disagree* to 5: *strongly agree* to answer questions that sought to gauge if local authorities rewarded employees who successfully implemented its strategic plans and its effect on organizational performance. The data collected through questionnaires in relation to establishing the effect of organizational rewards on organizational performance was normally distributed since it had kurtosis values of between 0.991 and -1.197 and skewness values of between -0.207 and 0.280. Chi square tests that were performed on the indicators of organizational rewards were all significant at 1% level with a p value=0.001. This showed evidence of organizational rewards affecting organizational performance.

The results of frequencies, percentages, mean scores and standard deviations as shown in Table 4.5 indicate that a majority of employees, 122(37.9%) respondents feel that the local authorities lack a fair system of identifying employees who perform their duties well(Mean=2.90,standard deviation=1.197). Only 27(8.4%) respondents strongly agreed with the statement on the fairness of the system of identifying good performance. The

respondents further held that employees who meet their performance targets were not given rewards, for example, in the form of cash, certificates or promotion (Mean=2.64, standard deviation=1.254). This is illustrated by the 126(39.1%) respondents and 60(18.6%) respondents who disagreed and strongly disagreed respectively with the statement that employees who met their performance targets were rewarded.

As a result, the rewards the councils gave out to employees failed to motivate them into giving a superior performance and meeting targets as was highlighted by 117(36.3%) respondents and 50(15.5%) respondents who disagreed and strongly disagreed respectively with the statement stating the contrary (Mean=2.70, standard deviation=1.188).

Rewards given by local authorities to employees therefore ended up playing a minor role in improving service delivery as indicated by 27 (8.4%) and 85 (26.4%) who strongly agreed and agreed with the statement that rewards given to employees had improved service delivery (Mean=2.79, standard deviation=1.219).

**Table 4.5: Employees' responses to statements on organizational rewards of local authorities**

STATEMENTS	1 f (%)	2 f (%)	3 f (%)	4 f (%)	5 f (%)	Mean (S.D)	Kurtosis S.E=0.271	Skewness S.E=0.136	$\chi^2$ df=4, p=0.001
My organization has a fair system of identifying employees who perform their duties well.	33(10.2)	122(37.9)	39(12.1)	101(31.4)	27(8.4)	2.90 (1.197)	-1.197	0.133	119.366
Employees who meet their targets are given rewards (for example: certificates, cash awards, promotion)	60(18.6)	126(39.1)	33(10.2)	77(23.9)	26(8.1)	2.64 (1.254)	-1.063	0.389	99.894
Rewards given to employees have motivated them to work hard to meet their targets.	50(15.5)	117(36.3)	56(17.4)	77(23.9)	22(6.8)	2.70 (1.188)	0.991	0.280	77.658
Rewards given to employees have improved service delivery.	46(14.3)	114(35.4)	50(15.5)	85(26.4)	27(8.4)	2.79 (1.219)	-1.100	-0.207	74.988

Note : 1=Strongly Disagree, 2=Disagree, 3=Fairly Agree, 4=Agree, 5=Strongly Agree, S.D.=Standard Deviation, S.E=Standard Error

Source: Research study 2011



#### **4.4.4 Employees' perception of Organizational Culture in Organizational Performance**

The study found out that most local authorities had a performance oriented culture where employees were expected to deliver services to the citizens. In all the councils sampled, the study found that they had a customer service desk that eased information flow and offered direction to people seeking council services. It was however noted that due to the perceived civic leaders' interference in the recruitment and selection processes of staff, some members of staff in the local authorities were not conforming to the required ethical and cultural standards. This was due to the fact that they expected protection from these leaders in case they were cautioned or reprimanded for exhibiting behaviours that were contrary to the effective pursuit of organizational goals.

To gauge the effect that organizational culture had on organizational performance as had been highlighted in the reviewed literature, the study posed several questions on the issue to the employee respondents through the questionnaire. The respondents were to answer on a likert scale of: *1:- Strongly disagree* to *5:- strongly agree*. The results of the exercise are shown on Table 4.6. The data collected in relation to establishing the effect of organizational culture on organizational performance was normally distributed since it had kurtosis values of between -0.406 and -1.196 and skewness values of between 0.138 and 0.861. Chi square tests that were performed on the indicators of organizational culture were all significant at 1% level with a p value=0.001. This showed evidence of organizational culture affecting organizational performance.

**Table 4.6: Employees' responses to statements on the Organizational culture of local authorities**

STATEMENTS	1 f (%)	2 f (%)	3 f (%)	4 f (%)	5 f (%)	Mean (S.D)	Kurtosis S.E=0.271	Skewness S.E=0.136	$\chi^2$ df=4, p=0.001
The council has a culture that guides our performance of duties and behavior.	33(10.2)	49(15.2)	21(6.5)	183(56.8)	36(11.2)	3.43 (1.180)	-0.406	0.861	279.180
Rewards are given to employees who adopt the desired culture	64(19.9)	118(36.6)	44(13.7)	78(24.2)	18(5.6)	2.59 (1.210)	-1.043	0.340	87.379
The council's management regularly introduces changes to the organizational culture	33(10.2)	62(19.3)	47(14.6)	152(47.2)	28(8.7)	3.25 (1.168)	-0.803	0.553	159.832
Employees adopt the new culture without complaints.	47(14.6)	125(38.8)	52(16.1)	82(25.5)	16(5)	2.67 (1.150)	-1.003	0.279	105.298
The culture of my council has enabled employees to perform their duties effectively.	41(12.7)	91(28.3)	45(14)	118(36.6)	27(8.4)	3.00 (1.224)	-1.196	0.138	91.665

Note : 1=Strongly Disagree, 2=Disagree, 3=Fairly Agree, 4=Agree, 5=Strongly Agree, S.D.=Standard Deviation, S.E=Standard Error

Source: Research study 2011

The results of frequencies, percentages, mean scores and standard deviations in Table 4.6 indicate that there was agreement amongst most of the respondents that their local authority had a culture that guided their behavior and performance of duty as was affirmed by 36(11.2%) respondents who strongly agreed and agree 183 (56.8%) respondents respectively who agreed with the statement on the issue (Mean=3.43, standard deviation=1.180). This culture underwent changes from time to time as initiated by the management as was supported by 152 (47.2%) and 28(8.7%) respondents who agreed and strongly agreed with the statement respectively (Mean=3.25, standard deviation=1.168).

According to the study however, the changes to the prevailing organizational culture were not wholeheartedly accepted without complaints as was affirmed by 125 (38.8%) respondents and 47(14.6%) respondents who disagreed and strongly disagreed with the statement that stated the contrary (Mean=2.67, standard deviation=1.150). The respondents further disagreed with the view that rewards were given to employees who adopted the desired culture (Mean=2.59, standard deviation=1.210).

In general, the high mean score shows there was unanimity as to the extent to which the organizational culture helped in enabling employees to perform their duties effectively (Mean=3.00, standard deviation=1.300). Whereas 27(8.4%) and 118(36.6%) of the respondents strongly agreed and agreed respectively with the statement that organizational culture had enabled employees to perform their duties effectively, representing 55% of the respondents, another 41% of the respondents strongly disagreed or disagreed with the statement on the issue.

#### **4.4.5 Employees' perception of Employee Training in Organizational Performance**

Most of the local authorities had adequate employees in terms of quantity but many had qualitative deficiencies in that they lacked required training, skills and knowledge. For example, few of the fire fighters in local authorities with fire brigades were trained in the field. As a result in some of these councils, rationalization of staff was required so as to have adequate employees in terms of quantity and quality. Political interference by civic leaders was also reported to affect the deployment of staff hence affecting service delivery.

The councils however had funds for staff capacity development statutorily provided for at 2% of the total revenue of the council. As a consequence of this, many councils had staff undertaking various career development programs in colleges and universities beneficial to the councils. The councils also granted study leaves to such employees.

The study sought to establish the effect employee training had on organizational performance. This was deduced from the reviewed literature that suggested that employees that had undergone training in strategic planning and implementation were more likely to attain their performance targets (Schaap, 2006). The results of the exercise are shown on Table 4.7. The data collected in relation to establishing the effect of employee training on organizational performance was normally distributed since it had kurtosis values of between -0.349 and -1.456 and skewness values of between -1.226 and 0.288. Chi square tests that were performed on the indicators of employee training were all significant at 1% level with p value=0.001. This showed evidence of employee training affecting organizational performance.

**Table 4.7 : Responses of employees to statements on Employee Training in local authorities**

STATEMENTS	1 f (%)	2 f (%)	3 f (%)	4 f (%)	5 f (%)	Mean (S.D)	Kurtosis S.E=0.271	Skewness S.E=0.136	$\chi^2$ df=4, p=0.000
Employees in my section/department have relevant training that enables them carry out their duties effectively.	31(9.6)	104(32.3)	16(5)	135(41.9)	36(11.2)	3.13(1.250)	-1.309	-0.195	167.969
Appraisals are done to identify staff who are to undergo further training.	64(19.9)	79(24.5)	15(4.7)	139(43.2)	25(7.8)	2.94(1.336)	-1.438	-0.205	151.727
I have gone for further training within the last one year to improve my knowledge and skills.	63(19.6)	68(21.1)	10(3.1)	109(33.9)	72(22.4)	3.18(1.483)	-1.456	0.266	77.969
The training undertaken by staff is relevant to job requirements	29(9)	105(32.6)	9(2.8)	139(43.2)	40(12.4)	2.83(1.261)	-1.324	0.288	188.373
Those who successfully finish training are promoted.	41(12.7)	82(25.5)	22(6.8)	126(39.1)	51(15.8)	3.20(1.325)	-1.259	-0.289	102.938
My council pays training fees for employees undertaking further training.	22(6.8)	50(15.5)	20(6.2)	148(46)	82(25.5)	3.68(1.205)	-0.349	-0.840	175.081
The training received by staff has improved their job performance	13(4)	34(10.6)	13(4)	182(56.5)	80(24.8)	3.88(1.037)	1.037	-1.226	314.925

Note : 1=Strongly Disagree, 2=Disagree, 3=Fairly Agree, 4=Agree, 5=Strongly Agree, S.D.=Standard Deviation, S.E=Standard Error

Source: Research study 2011

The frequencies, percentages, mean and standard deviation scores results in Table 4.7 indicate that there was agreement among most of the employee respondents that appraisals were done to identify staff to undergo further training as highlighted by 139 (43.2%) and 25(7.8%) of the respondents who agreed and strongly agreed with the statement on the issue respectively(Mean=2.94,Standard deviation=1.336). This resulted in most of them being taken for further training as confirmed by 109(33.9%) and 72(22.9%) who agreed and strongly agreed with the statement on the issue(Mean=3.18,Standard deviation=1.483). The local authorities funded these training programmes as shown by 148(46%) and 82(25.5%) who agreed and strongly agreed with the statement on the issue(Mean=3.68,Standard deviation=1.205). In general the training received by employees had improved their job performance as was confirmed by 262(85.3%) of the respondents who agreed or strongly agreed with the statement on the issue (Mean=3.88, Standard deviation=1.037).

#### **4.4.6 Small scale entrepreneurs' perceived satisfaction with services offered by local authorities**

The study sought the views of the small scale entrepreneurs in relation to their perceived satisfaction with services offered by local authorities. They were asked on a likert scale of: *1- very dissatisfied* to *5- very satisfied* to state their levels of their satisfaction on the issue. The results are presented in Table 4.8. The data was normally distributed as indicated by the results of the Kurtosis test that ranged between-0.902 and -1.622 and Skewness test that ranged between-0.567 and 0.542.These were above the -2 and +2 threshold for normality as postulated by Cutti (2011).

**Table 4.8- Small scale entrepreneurs' levels of satisfaction with Local authorities' performance**

STATEMENTS	1 f (%)	2 f (%)	3 f (%)	4 f (%)	5 f (%)	Mean (Standard deviation)	Skewness SE=0.166	Kurtosis SE=0.330
The way the council handles any complaints and problems I have with their services	60 (27.8)	72 (33.3)	6 (2.8)	78(36.1)	0	2.47(1.239)	0.198	-1.598
The way the council addresses issues affecting the business people in its strategic plan and service delivery charter	24(11.1)	78(36.1)	30(13.9)	60(27.8)	24 (11.1)	2.92(1.236)	0.160	-1.170
The council allows me easy access to required information from their offices	36(16.7)	54(25)	6(2.8)	96(44.4)	24 (11.1)	3.08(1.344)	0.292	-1.366
The fees and levies the council charges businesses	36(16.7)	60(27.85)	12(5.6)	96(44.4)	12 (5.6)	2.944 (1.271)	-0.224	-1.401
The way the council provides citizens with relevant services, eg. Markets	42(19.4)	84(38.9)	12(5.6)	60(27.8)	18(8.3)	2.67(1.294)	0.329	-1.227
The way the council addresses complaints raised by traders	30(13.9)	108(50)	12(5.6)	54(25)	12(5.6)	2.58(1.166)	0.542	-0.902
The way the council holds Meetings with citizens to address various issues and complaints of traders	48(22.2)	90(41.7)	12(5.6)	60(27.8)	6(2.8)	2.47(1.192)	0.415	-1.145
The time taken by the council to offer services to people	60(27.8)	54(25)	24(11.1)	78(36.1)	0	2.56(1.234)	0.005	-1.622
Employees of the council being ready to help anyone requiring their assistance	30(13.9)	36(16.7)	24(11.1)	102(47.2)	24 (11.1)	3.25(1.285)	-0.567	-0.918
Employees of the council being friendly, caring and courteous	24(11.1)	72(33.3)	0	102(47.2)	18 (8.3)	3.08(1.259)	-0.567	-0.918
In general, how satisfied are you with the services of your local council?	30(13.9)	60(27.8)	12(5.6)	78(36.1)	36 (16.7)	3.14(1.360)	-0.243	-1.391

Note: 1=Very Dissatisfied, 2 = Dissatisfied, 3= Fairly satisfied, 4= Satisfied, 5= Very Satisfied

Source: Research Study, 2011

The results of the frequencies, mean scores and standard deviations in Table 4.8 show that a majority of the respondents were dissatisfied with the way the local authorities handled any problems they had with their services as was voiced by 72 (33.3%) and 60 (27.8%) of the respondents who were dissatisfied and very dissatisfied respectively (Mean=2.47, Standard deviation=1.239). However, many respondents, 96(44.4%), were satisfied with the way the councils allowed them to access information from their offices (Mean=3.08, Standard deviation=1.344), the time taken by the councils to offer services (Mean=2.56, Standard deviation=1.238), 78(36.1%) and employees of these entities being ready to offer assistance to the small scale entrepreneurs as was reported by 102(47.2%) respondents.

The study found that respondents' were dissatisfied with the way the councils addressed issues affecting business people in their strategic plans and service delivery, charters as was noted by 78(36.1%) respondents (Mean=2.92, Standard deviation=1.236), the way the council addressed complaints raised by small scale entrepreneurs from time as indicated by 108 (50%) respondents (Mean=2.58, Standard deviation=1.166) and the way council meetings were conducted with traders to address the business community issues and complaints (Mean=2.47, Standard deviation=1.193).

In general, most small scale entrepreneurs were satisfied with the services offered by local authorities, with 78(36.1%) and 36(16.7%) respondents being satisfied and very satisfied respectively. The respondents also expressed satisfaction with the conduct of employees of local authorities where 102(47.2% and 18(8.3%) respondents respectively were satisfied and very satisfied with employees' friendliness and caring nature.



#### **4.4.7 Employees' perception of customer service delivery**

In order to measure the performance of local authorities, employee respondents were asked to answer questions that gauged their perception towards the effectiveness of customer service delivery by local authorities. The results are presented in Table 4.9. Chi square tests that were performed on the indicators of employee perception of customer service delivery were all significant at 1% level with a p value=0.001. This showed evidence of enhanced service delivery which in turn affected organizational performance. The data was also normally distributed as indicated by the results of the skewness and kurtosis tests.

The results indicate that most respondents agreed, 183 (56.8%) and strongly agreed, 34 (10.6%) respectively with the statement that stated that local authorities had been able to effectively deliver services to residents as outlined in their service charters (mean=3.49, standard deviation=1.048).

They had also computerized their activities to ensure service delivery to the customers was accomplished at a faster pace as was confirmed by 157(48.8%) and 68(21.1%) respondents who agreed and strongly agreed respectively with sentiments on the issue (mean=3.61, standard deviation=1.169). This had enabled the local authorities to meet the required needs of the residents on time. The local authorities also allowed residents access to information on its performance as was affirmed by 181(56.2%) and 32(9.9%) of the respondents who agreed and strongly agreed respectively with the statement on the issue (mean=3.47, standard deviation=1.082).

**Table 4.9 Employee perception of customer service delivery**

STATEMENT	1 f(%)	2 f(%)	3 f(%)	4 f(%)	5 f(%)	Mean (standard deviation)	Skewness S.E=0.136	Kurtosis S.E=0.271	$\chi^2$ df=4, p=0.001
My council has been able to effectively deliver services to residents as outlined in the service charter	10(3.1)	72(22.4)	23(7.1)	183(56.8)	34(10.6)	3.49(1.048)	-0.703	-0.571	306.230
The council has computerized its activities to enable faster service delivery	16(5.0)	65(20.2)	16(5.0)	157(48.8)	68(21.1)	3.61(1.169)	-0.718	-0.586	206.106
My council has been able to meet the required needs of the residents on time	32(9.9)	108(33.5)	36(11.2)	121(37.6)	25(7.8)	3.00(1.193)	-0.071	-1.242	132.193
There are no complaints from my council's customers concerning my council's services	26(8.1)	157(48.8)	30(9.3)	98(30.4)	11(3.4)	2.72(1.086)	0.347	-1.137	236.230
The council allows residents to access information on its performance	21(6.5)	53(16.5)	35(10.9)	181(56.2)	32(9.9)	3.47(1.082)	-0.846	-0.220	272.099

Note : 1=Strongly Disagree, 2=Disagree, 3=Fairly Agree, 4=Agree, 5=Strongly Agree, S.D.=Standard Deviation, S.E=Standard Error

*Source: Research Study, 2011*

#### **4.4.8 Employees' Perception of Job Satisfaction**

Employees' perception of job satisfaction among the local authorities' employees was also used as a measure of determining organizational performance. In order to determine employees' perception of job satisfaction in the local authorities, the study posed eight questions that measured the issue on a five point likert scale ranging from 1 – very dissatisfied to 5- very satisfied. The results are shown on Table 4.10. Chi square tests that were performed on the indicators of employee job satisfaction were all significant at 1% level with a p value=0.001. This showed evidence of high levels of employee job satisfaction which in turn affected organizational performance. The data was also normally distributed as indicated by the results of the skewness and kurtosis tests.

The results indicated that most respondents were satisfied with the working conditions in their councils (mean=3.36, standard deviation=1.077) as confirmed by 185(57.5%) and the pay and benefits they received from their local authorities (mean=3.36, standard deviation=1.100) as affirmed by 169 (52.5%) of them who expressed satisfaction. Out of the employee respondents, 200(62.1%) of them were satisfied with the autonomy allowed in working (mean=3.51, Standard deviation=0.960) and the way they were handled by their supervisors as confirmed by 188 (58.4%) respondents (mean=3.49, Standard deviation=1.018).

**Table 4.14: Employees perception of Job Satisfaction factors**

STATEMENTS	1 f (%)	2 f (%)	3 f (%)	4 f (%)	5 f (%)	Mean (standard deviation)	Kurtosis S.E=0.271	Skewness S.E=0.136	$\chi^2$ df=4, p=0.001
The working conditions in my council	15(4.7)	82(25.5)	18(5.6)	185(57.5)	22(6.8)	3.36 (1.077)	-0.813	-0.658	329.894
The pay and benefits I receive when compared to the work I do	16(5)	80(24.8)	28(8.7)	169(52.7)	29(9)	3.36 (1.099)	-0.842	-0.560	250.081
Being given a chance to freely use my ability and judgment when working	9(2.8)	60(18.6)	32(9.9)	200(62.1)	21(6.5)	3.51 (0.961)	-0.105	-0.917	379.025
The way the supervisor handles employees	10(3.1)	67(20.8)	28(8.7)	188(58.4)	29(9)	3.49 (1.018)	-0.414	-0.768	323.311
Opportunities available for employees to go for further training	12(3.7)	48(14.9)	19(5.9)	181(56.2)	62 (19.3)	3.72 (1.054)	-0.972	0.203	290.019
The respect and fair treatment I get from my supervisor	2(0.6)	44(13.7)	39 (12.1)	201(62.4)	36 (11.2)	3.70 (0.835)	0.309	-0.891	389.025
The support and guidance I receive from my supervisor	2(0.6)	36(11.2)	41 (12.7)	203(63)	40 (12.4)	3.75 (0.835)	0.678	-0.936	380.025
The praise I get for doing a good job and accomplishing tasks	18(5.6)	80(24.8)	41 (12.7)	153(47.5)	30(9.3)	3.30 (1.110)	-0.897	-0.452	185.981

Note : 1- Very Dissatisfied,2=Dissatisfied,3=Fairly satisfied,4=Satisfied,5=Very satisfied, S.E=Standard Error

Source: Research study 2011

A majority of the respondents, 181(56.2%), were also satisfied with the opportunities for training availed by the local authorities (mean=3.72, Standard deviation=1.054), the respect and fair treatment they got from their supervisors (mean=3.70, Standard deviation=0.835) as affirmed by 201(62.4%) respondents and the support and guidance such supervisors gave them that helped them to accomplish job tasks (mean=3.75, Standard deviation=0.835). The praise the employees got for doing a good job and accomplishing tasks also satisfied a majority of the respondents as was confirmed by 153(47.5%) and 30(9.3%) who were satisfied and very satisfied respectively with the statement on the issue.

The responses of the respondents on the job satisfaction items were then subjected to one way Analysis of Variance (ANOVA) test to establish if variations existed in their perceptions on job satisfaction across the three types of local authorities at 0.05 level of significance. The results are presented in Table 4.11.

The results indicate that most employees' perceptions of job satisfaction items varied significantly across the three types of local authorities. These significant variations of perception were noted on items on the working conditions in the local authority ( $F = 9.023$ ,  $df = 2$ ,  $p = 0.000$ ), the pay and benefits received ( $F = 4.686$ ,  $df = 2$ ,  $p = 0.010$ ), the respect and fair treatment given by supervisors ( $F = 7.273$ ,  $df = 2$ ,  $p = 0.001$ ), the support and guidance given by supervisors ( $F = 4.272$ ,  $df = 2$ ,  $p = 0.015$ ) and the praise the respondents got for doing a good job and accomplishing tasks ( $F = 5.115$ ,  $df = 2$ ,  $p = 0.007$ ).

**Table 4.11: Variations of respondents Perceived job satisfaction across Local Authorities**

		ANOVA				
		Sum of Squares	df	Mean Square	F	Sig.
The working conditions in my council	Between Groups	19.943	2	9.971	9.023	.000
	Within Groups	352.545	319	1.105		
	Total	372.488	321			
The pay and benefits I receive when compared to the work I do	Between Groups	11.073	2	5.536	4.686	.010
	Within Groups	376.856	319	1.181		
	Total	387.929	321			
Being given a chance to freely use my abilities and judgement when working	Between Groups	1.667	2	.833	.902	.407
	Within Groups	294.805	319	.924		
	Total	296.472	321			
The way my supervisor handles employees	Between Groups	3.642	2	1.821	1.767	.173
	Within Groups	328.845	319	1.031		
	Total	332.488	321			
Opportunities available to employees to go for further training	Between Groups	5.284	2	2.642	2.400	.092
	Within Groups	351.117	319	1.101		
	Total	356.401	321			
The respect and fair treatment I get from my supervisor	Between Groups	10.458	2	5.229	7.273	.001
	Within Groups	229.322	319	.719		
	Total	239.780	321			
The support and guidance I receive from my supervisor	Between Groups	5.833	2	2.916	4.272	.015
	Within Groups	217.785	319	.683		
	Total	223.618	321			
The praise I get for doing a good job and accomplishing tasks	Between Groups	12.299	2	6.149	5.115	.007
	Within Groups	383.481	319	1.202		
	Total	395.780	321			

*Source: Research Study 2011*

However, there were no significant variations in respondents' perception on satisfaction across the three types of local authorities with respect to opportunities given for further training ( $F=2.400, df=2, p=0.092$ ), the way supervisors handle other employees ( $F=0.902, df=2, p=0.407$ ), and being given a chance to freely use their judgment and abilities while working ( $F=2.400, df=2, p=0.092$ ).

The study then computed the employee job satisfaction index from summing the means of job satisfaction items and coming up with a new scale. This scale was then subjected to one way ANOVA. This was meant to gauge the overall respondents' perception on employee job satisfaction across the three types of local authorities. The results of the test are presented in Table 4.12.

**Table 4.12: Variations of respondents' overall perceived job satisfaction across the local authorities**

	Sum of Squares	df.	Mean Square	F	Sig.
Between Groups	8.323	2	4.161	7.537	.001
Within Groups	176.127	319	.552		
Total	184.450	321			

*Source: Research study 2011*

The results of the ANOVA test indicate that the overall perceived employee job satisfaction varied significantly across the three types of local authorities ( $F = 7.537, df 2, p = 0.001$ ). The study concluded that employees' perceptions towards job satisfaction were varied across the three types of local authorities.



#### **4.4.9 Revenue collection by Local authorities**

The study found out that the revenue collected by local authorities had increased over the preceeding one year. This was confirmed by 78(24.2%) employee respondents who strongly agreed and 186(57.8%) respondents who agreed with the statement on the issue. The high mean score (mean=3.92, Standard deviation=0.940) also affirms the case as shown on Table 4.13.

**Table 4.13: Employees' perception of revenue collection in local authorities**

<b>STATEMENTS</b>	<b>1</b> <b>f (%)</b>	<b>2</b> <b>f (%)</b>	<b>3</b> <b>f (%)</b>	<b>4</b> <b>f (%)</b>	<b>5</b> <b>f (%)</b>	<b>Mean</b> <b>(standard</b> <b>deviation)</b>	<b>Kurtosis</b> <b>S.E=0.271</b>	<b>Skewness</b> <b>S.E=0.136</b>
The revenue collected by my local authority has increased in the past one year	6 (1.9)	34 (10.6)	18 (5.6)	186 (57.8)	78 (24.2)	3.92 (0.940)	-1.150	1.096

*Note: 1- Strongly Disagree, 2= Disagree, 3=fairly agree, 4= Agree, 5=strongly agree, S.E=Standard Error*

*Source: Research study 2011*

The study further scrutinized the annual LATF Reports for the years 2008 and 2009 and the Western regional local government Annual Report of 2011 in a bid to establish the actual revenue collection of the local authorities in the western region of Kenya. The results of the analysis are presented in Table 4.14.

**Table 4.14 - Local Annual Revenue Collection by Local Authorities from 2006 – 2009**

<i>Local Authority</i>	<i>2006-2007 Financial year.</i>	<i>2007-2008 Financial year.</i>	<i>2008-2009 Financial year.</i>
<b>Municipal councils</b>			
Mumias	35,528,212	34,964,752	39,866,512
Busia	39,855,206	39,948,484	51,161,561
Bungoma	49,172,953	51,010,188	65,382,441
Kakamega	60,891,994	58,249,469	73,229,847
Kimilili	13,278,112	14,340,993	16,940,575
Vihiga	22,273,615	36,362,505	25,764,578
Webuye	24,361,966	25,653,214	26,679,854
<b>Town councils</b>			
Malaba	36,459,785	43,407,205	53,164,300
Malava	9,601,148	9,261,395	15,595,383
Nambale	5,930,282	7,479,290	12,554,658
<b>County Councils</b>			
Busia	12,950,156	14,324,159	20,810,619
Bungoma	30,242,927	39,219,666	59,252,610
Mt. Elgon	3,892,363	3,144,040	7,360,740
Kakamega	21,814,181	32,443,066	37,464,623

*Source: Western Regional Local Government Officer's office, 2011 and LATF Annual reports, 2006-2009*

The results of this analysis indicate that revenue collection by local authorities actually kept on increasing during the 2006-2009 financial years.

#### 4.4.10 General Organizational Performance of Local Authorities

The small scale entrepreneurs' respondents were asked whether they were generally satisfied with service delivery of local authorities in an effort to gauge the local authorities' performance. Most of them, 78(36.1%) were very satisfied and 36(16.9%) were satisfied respectively (Mean= 3.14, Standard deviation=1.360) with the service delivery as shown on Table 4.8. Similar sentiments were expressed by employee respondents as seen in Table 4.15

**Table 4.15 Employees' perception of the Overall Performance of Local Authorities**

STATEMENT	1 Yes f (%)	2 No f (%)	Mean (Standard deviation)	Kurtosis	Skewness
Has the overall performance of your council improved over the last one year?	268(83.3)	54(16.8)	1.17(0.374)	1.12	1.787

*Source: Research study 2011*

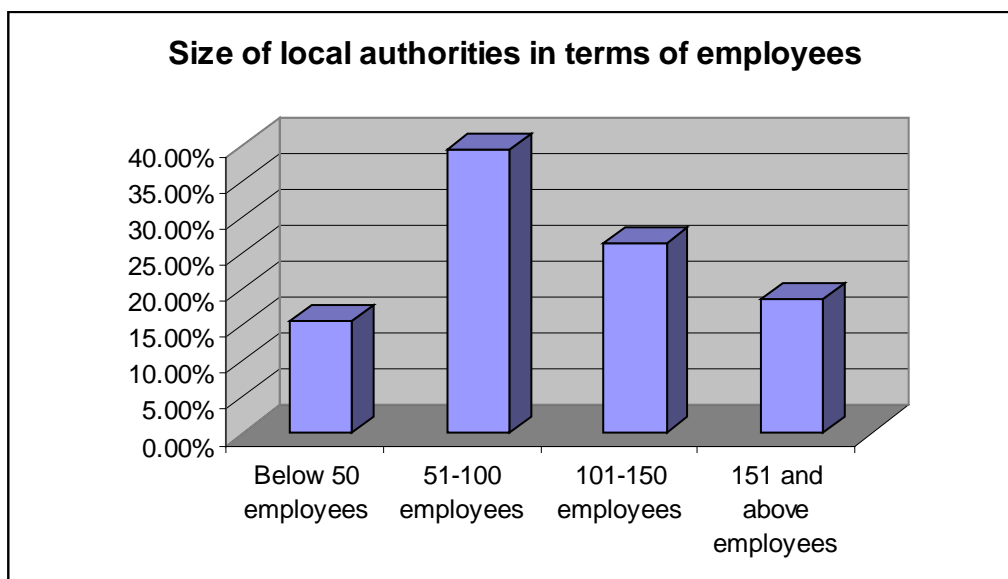
The results indicate that most respondents, 268(83.3%) believed that the overall performance of the local authorities had improved in the preceeding one year (Mean= 1.17, Standard deviation=0.374). Results of interviews with Town Clerks and the Regional Local Government Officer elicited similar views. They held the view that strategy implementation imperatives played an important role in enhancing organizational performance.

In general, sentiments of the various respondents such as the employees of local authorities, Town clerks, the Western Regional Local Government officer and the small scale entrepreneurs revealed that Organizational performance of local authorities had improved compared to the preceding year.

#### 4.4.11 Employee perceptions on organization size and age of local authorities

The study sought to establish whether organizational factors affected organizational performance. Organizational factors were measured in terms of the number of employees a local authority had (size) and the period the local authority had existed (Age). The results of the size of local authorities in terms of number of employees are shown on Figure 4.1.

**Figure 4.1: Size of local Authority**

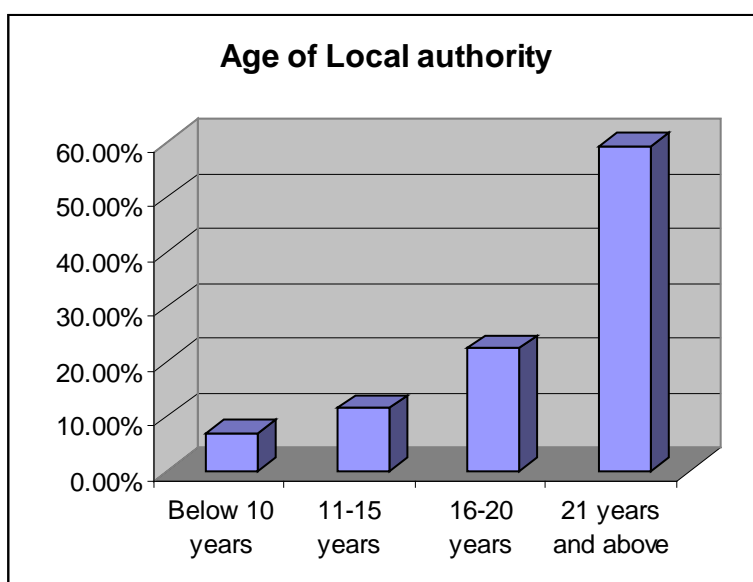


*Source: Research study 2011*

The results show that a majority of the respondents came from local authorities having 51 – 100 employees, 127 (39.4%), 50 (15.5%) from those having below 50 employees, 85 (26.4%) from those having 101-150 employees, with the least coming from those having 151 employees and above, that is 60 (18.7%) respondents.

The study also looked at the age of local authorities in terms of the years these entities had existed. The results are presented in Figure 4.2

**Figure 4.2: Age of local Authority**



*Source: Research study 2011*

Most local authorities have existed for over twenty one years as confirmed by 191 (59.3%) of the respondents. Only a few respondents said their local authorities had existed for under 10 years, 22 (6.8%).

#### **4.4.12 Challenges Facing Strategy Implementation**

Respondents in the study revealed that all local authorities had strategic plans. The plans were formulated after involvement of employees, civic leaders and citizens of the affected area in general had presented their proposals or what they expected the affected local authority to do for their area. Through Local Authority Service Delivery Action Plan (LASDAP) meetings that were held in the wards to select and prioritize projects to be implemented, all the proposals were analyzed and concretized into a strategic plan.

The interview with the RLGO's noted that there is a serious staffing problem in the RLGO's office. The office had only two officers to supervise the region's 24 local authorities. This is despite the fact that the office played a key role in supervising local authorities to ensure they had strategic plans and that their budgets were implemented as proposed in line with the strategic plans. Despite this set back, the office had noted various problems facing local authorities in the region that affected strategy implementation by these authorities in particular and their performance in general. These included resource scarcity where a lot of revenue collected goes into meeting recurrent expenditure instead of service delivery, large workforces in most local authorities, lack of a performance culture where some employees did not recognize the service delivery role of councils, non-participation of citizens in LASDAP meetings yet they later complained of poor project prioritization, huge debts of these councils and the viability of some councils, especially town councils.

In general, the respondents of the study namely the employees, town clerks and the Regional Local Government Officer identified various factors that affected effective

strategy implementation and local authorities' performance. These challenges were looked at from the resource availability, political, structural and human resource management perspectives.

From a resource availability perspective, the study found out that local authorities had resource limitations. They lacked adequate personnel with required skills and knowledge to man the various departments of these bodies. Most of these entities also lacked firm revenue sources hence relied on the Local Authorities Transfer Fund (LATF) disbursements from the Central Government to run their affairs. In many instances, these disbursements delayed hence affecting the scope and pace of implementation of strategic plans. Others had weaknesses in revenue collection systems hence affecting their revenue base. Some were also heavily indebted with the debts dating to the 1970s. Most of the councils also lacked adequate machinery, tools and protective equipment for employees to effectively discharge their duties.

Politically, many of the study's respondents reported that political interference by civic leaders had affected strategy implementation hence resulting in poor organizational performance. The interference was noted in projects location, variation in amounts allocated for projects and project prioritization. They also interfered in staff recruitment, selection and placement hence affected the quality of staff in terms of skills, knowledge and experience. This resulted in lack of cohesion among employees in some local authorities. In others, it resulted in frequent transfers of Town clerks and Treasurers hence affecting the quality and pace of strategy implementation. There was also a lot of bureaucratic red tape reported in policy making where the by –laws and other policy



decisions arrived at by local authorities to improve revenue collection and service delivery had to be approved the Minister for Local Government. This ended up affecting the pace of strategy implementation in particular and ultimately organizational performance.

The study also noted structural weaknesses in the way the departments in local authorities coordinated their activities. It was perceived by some respondents that some departments, especially the Revenue Department in most local authorities were seen to be superior to others hence played a role in influencing resource allocation to other departments. These, coupled with personality clashes in some local authorities were identified as a major impediment to prompt strategy implementation. Individual employees in these councils also lacked work plans that were connected to the departmental work plans which were in turn meant to be derived from the organization's strategic plans.

As a result, despite a majority of the respondents, 278 (86.3%), reporting that they were involved in coming up with the respective strategy plans for their local authorities.

The respondents also identified poor enforcement of by-laws and other council policies as a major challenge facing strategy, implementation. In many local authorities the enforcement departments existed although their impact was not greatly felt. Customers of local authorities were also perceived to be ignorant of the roles they were expected to play in strategy formulation. Whereas they were expected to participate in the formulation of strategic plans and project identification through the Local Authority Service Delivery Action Plan (LASDAP) meetings, few members of the public attended such meetings. As a result, they could not make follow ups to know how projects were

being implemented. Most councils had a public relations section where the public could get information on the activities of local authorities but a majority of the councils' customers did not make use of such offices.

Human resource management issues were also identified by respondents as being a factor in impeding effective strategy implementation. Some staff respondents reported poor working conditions where they were not adequately provided with tools and equipment to perform their duties. They also complained of delays in salaries, stagnation in one job grade for a long time and lack of proper job descriptions as some of the factors that affected their morale and job performance. Some complained of lack of opportunities for capacity development despite 2% of the total local authorities' revenue being statutorily designated for such purposes. In some local authorities, some respondents highlighted poor staff deployment as an impediment to organizational performance.

The organization structures of the councils were found to be effective according to the respondents in enabling the councils to attain their objectives. However, the interference of the political wing of the council, whose mandate was policy making in the operational decisions of strategy implementation had affected strategy implementation in some local authorities.

In general, the study noted through the interviews that the Central Government had tried to address some of the problems facing the councils through training of the councils staff on various issues and funding some council activities through LATF. It also carries out periodic evaluation of councils' performance to ensure they abided by their work plans and strategic plans, it had developed policies to guide budgeting by these bodies, ensured

they operated as per the provisions of the Local Government Act and had established the Local Government Reform Programme Secretariat to monitor the quarterly performance of Local authorities.

All these efforts had gone a long way in ensuring that local authorities implemented their strategic plans and diligently offer required services to the citizens. The study respondents perceived that strategy implementation had been effective in enhancing the performance of local authorities.

#### **4.5 Preliminary Quantitative Analysis of Data**

Preliminary analysis of the study data was undertaken before embarking on testing the five study hypotheses. Specifically, the study conducted normality tests, Cronbach alpha coefficient tests, Kaiser-Meyer-Olkin test of sampling adequacy, Bartlett's test of Sphericity, Factor Analysis using Principal component analysis and collinearity tests.

##### **4.5.1 Normality tests**

Before embarking on the Multiple Regression Analysis, the strategy implementation imperatives were subjected to skewness and kurtosis tests to establish normality of the data as seen in section 4.2.2. All the results of skewness and kurtosis gave values that are below +2 or - 2. According to Cutti(2011),this indicates that the variables meet the assumptions of normal distribution.

##### **4.5.2 Construct Reliability Tests**

Cronbach alpha coefficient tests were used to establish the construct reliability of the strategy implementation imperatives items as well as on the organizational performance

constructs. This was aimed at establishing internal consistency of the items. The values of this test usually lie between 0 and 1 (Jooste and Fourie, 2009). According to Hair *et al* (2006), a Cronbach alpha value of 1.0 is indicative of perfect reliability, that of above 0.70 is regarded as being indicative of good reliability while that of below 0.70 may be considered as being low. A summary of the Cronbach alpha tests are shown on Table 4.16.

**Table 4.16 Summary of Reliability test results**

<b>Constructs</b>	<b>Cronbach's alpha coefficient</b>
<b><i>Strategy implementation imperatives (Independent variables)</i></b>	
Leadership style	0.851
Organizational culture	0.754
Organizational rewards	0.895
Staff training	0.720
Organization structure	0.701
<b><i>Organizational Performance (Dependent variables)</i></b>	
Service delivery	0.732
Revenue collection	0.829
Employee job satisfaction	0.898

*Source: Research study, 2011*

The results indicate that all the constructs were reliable since they all had Cronbach alpha values of above 0.70. These indicated the questionnaire items have a high level of internal consistency.

### 4.5.3 Kaiser Meyer Olkin and Bartlett's test of Sphericity

Kaiser-Meyer- Olkin test of sampling adequacy was performed on both strategy implementation imperatives and organizational performance items to establish if the sample size was adequate for factor analysis. Bartlett's test of sphericity was also performed on the independent and dependent variables' constructs to establish if sufficient correlations existed among the constructs. The results of the Bartlett's test of sphericity and Kaiser-Meyer-Olkin measure of sampling adequacy for strategy implementation imperatives is shown on Table 4.17(a).

**Table 4.17(a): Results of Bartlett's test of sphericity and Kaiser-Meyer-Olkin Test for Strategy Implementation Imperatives**

KMO and Bartlett's Test	
Kaiser-Meyer –Olkin Measure of sampling Adequacy	0.846
Bartlett's test of sphericity	3229.560
d.f.	190
Sig.	0.000

*Source: Research study, 2011*

The results of the Bartlett's test of sphericity (significant at 0.05) which was done to ensure sufficient correlations existed among the variables was significant ( $X^2=3229.560$ ,  $df=190$ ,  $p=0.000$ ). This meant sufficient correlations existed among the constructs. The results of the Kaiser-Meyer-Oklin measure of sampling adequacy ( $KMO=0.846$ ) was above the required threshold of 0.5 as suggested by Hair *et al* (2006). This showed that the sample size was adequate for the variables to be factor analyzed.

Similar tests performed on organizational performance constructs produced the results shown on Table 4.17(b). The results of the EFA done on the organizational performance items showed that the Kaiser-Meyer-Olkin measure of sampling adequacy (KMO=0.829) was above the required threshold of 0.5 as suggested by Hair *et al* (2006). This showed that the sample size was adequate for the variable to be factor analyzed.

**Table 4.17(b): Results of Bartlett’s test of sphericity and Kaiser-Meyer-Olkin Test for Organizational Performance**

KMO and Bartlett’s Test	
Kaiser-Meyer –Olkin Measure of sampling Adequacy	0.829
Bartlett’s test of sphericity	1678.996
d.f.	120
Sig.	0.000

*Source: Research study, 2011*

The Bartlett’s test of sphericity (significant at 0.05) which was done to ensure sufficient correlations existed among the constructs of organizational performance was significant ( $X^2=1678.996$ , d.f=120,  $p=0.000$ ). This confirmed that sufficient correlations existed among the constructs.

#### 4.5.4 Collinearity Tests

Collinearity tests were also performed on the strategy implementation items. Collinearity is a situation where independent variables are highly correlated. Multicollinearity may reduce the effectiveness of multiple regression analysis. Collinearity tests are therefore important to be undertaken before multiple regression. Serial correlation tests using the Durbin Watson test were also undertaken. The results are presented on Table 4.18.

**Table 4.18 Collinearity and Durbin Watson test results**

Strategy Implementation Imperatives	Collinearity Statistics
Organizational Rewards	1.577
Organization structure	1.412
Organizational Culture	1.402
Leadership Style	1.661
Employee Training	1.482
Durbin Watson( D-W ) statistic= 1.920	

*Source: Research Study, 2011*

From the results, it can be deduced that the Variable Inflation Index (VIF) indices were 1.577, 1.402, 1.661 and 1.412 for organizational rewards index, organizational culture index, leadership style index , staff training index and organization structure respectively. These VIF statistics were below the threshold of 10.0 as suggested by Cooper and Schindler (2003) hence showing the variables were not correlated. This meant that the beta coefficients of the multiple regression analysis could be used as indicators of the relative importance of the predictor variables.

Serial correlation was also tested. The Durbin Watson (D-W) statistic was 1.920. According to Kellogg School of Management (2005), a D-W statistic of close to 2 indicates no serial correlation hence the study data was not serially correlated. These results permitted the study to undertake multiple regression analysis.

#### **4.6 Exploratory Factor Analysis**

Exploratory Factor Analysis (EFA) was done on the independent and dependent variables for the purpose of discerning underlying dimensions of the variables using principal component analysis and orthogonal varimax rotation method with Kaiser Normalization. It sought to discern the underlying dimensions of the independent and dependent variables and summarise the variables into a smaller number of factors for further quantitative analysis. This was preceded by the Bartlett's test of sphericity (significant at 0.05) and the Kaiser-Meyer-Okin measure of sampling adequacy as was shown in section 4.5.3.

##### **4.6.1 Exploratory Factor Analysis for Strategy Implementation imperatives**

Exploratory Factor Analysis for the strategy implementation imperative items indicated that rotations converged in six iterations and five components with Eigen values of 9.022, 1.792, 1.526, 1.273 and 1.092 being extracted. These components accounted for 65.072% of the variance. This was above the 50% threshold (Hair *et al*, 2006), indicating the model fits the data appropriately as shown on Table 4.19.



**Table 4.19 Strategy Implementation Imperatives Total Variance Explained**

Component	Initial Eigenvalues			Extraction sums of squared loadings			Rotation sums of squared loadings		
	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %
LSI	9.022	41.393	41.393	9.022	41.393	41.393	3.324	13.850	30.688
ORI	1.792	7.466	48.859	1.792	7.466	48.859	2.646	11.027	41.715
OCI	1.526	6.358	55.218	1.526	6.358	55.218	2.240	9.335	51.050
STI	1.273	5.305	60.523	1.273	5.305	60.523	1.724	7.185	58.235
OSI	1.092	4.549	65.072	1.092	4.549	65.072	1.641	6.837	<b>65.072</b>

Note: LSI= Leadership style index, ORI= Organizational rewards index, OCI=Organizational culture index, STI= staff training index,

OSI=Organization structure Index

Extraction method: Principal Component Analysis

*Source: Research study 2011*

From the results of the factor analysis in Table 4.19, five components of the strategy implementation imperatives emerged. This meant that there were four separate underlying dimensions of strategy implementation imperatives namely employee training, leadership style, organizational culture, organization structure and organizational rewards as identified earlier through literature review. The independent variables were then renamed as Employee training index, Leadership style index, Organizational rewards index, Organization structure index and Organizational culture index. The Employee training index (ETI) had four items, Leadership style index (LSI) had six items, Organizational rewards index (ORI) had three items, Organization structure Index (OSI) had two items while Organizational culture index had five items.

Factor loadings for these strategy implementation imperatives are shown in Table 4.20.

**Table 4.20 Rotated factor loadings for Strategy Implementation Imperatives**

Item Description	Component				
	LSI	ORI	OCI	ETI	OSI
My supervisor seeks views from employees and holds meetings where we plan how to perform our duties.	<b>.724</b>				
My supervisor encourages employees to perform their duties well.	<b>.796</b>				
My supervisor addresses complaints raised by employees as soon as they are reported to him/her	<b>.702</b>				
My supervisor handles employees with respect	<b>.765</b>				
My supervisor praises employees who meet their targets in performance of their duties.	<b>.640</b>				
The leadership style of supervisors in my organization has improved the performance of my council	<b>.606</b>				
My organization has a fair system of identifying employees who perform their duties well for rewards.		<b>.884</b>			
Employees who meet their targets are given rewards (for example: certificates, cash awards, promotion)		<b>.865</b>			
Rewards given to employees have motivated them to work hard to meet their targets.		<b>.904</b>			
The culture of my council has enabled employees to perform their duties effectively			<b>.832</b>		
The council has a culture that guides our performance of duties and behavior.			<b>.539</b>		
Rewards are given to employees who adopt the culture			<b>.526</b>		
The management regularly introduces changes to the culture			<b>.676</b>		
Employees adopt the new culture without complaints.			<b>.764</b>		
Employees in my department have relevant training that enables them carry out their duties effectively.				<b>.723</b>	
Appraisals are done to identify staff that are to undergo further training.				<b>.665</b>	
I have gone for further training within the last one year to improve my knowledge and skills.				<b>.699</b>	
The training received by staff has improved their job performance				<b>.539</b>	
The way the council is divided into departments has enabled employees to perform their duties well					<b>.580</b>
There is no conflict over roles and duties of the various sections and departments in the council					<b>.792</b>

**Note:** LSI= Leadership style index, ORI= Organizational rewards index, OCI=Organizational culture index, ETI= Employee training index, OSI= Organization structure index

*Source: Research Study, 2011*

#### **4.6.1 Exploratory Factor Analysis for Organizational Performance**

Exploratory Factor Analysis was also conducted on the organizational performance items. Rotations converged in seven iterations and four components with Eigen values of 5.009, 1.968, 1.352 and 1.008 were extracted. These components accounted for 58.362 % of the variance. This was above the 50% threshold (Hair *et al*, 2006), indicating the model fits the data appropriately as shown on Table 4.21.

**Table 4.21 Total Variance Explained for Organizational performance**

Component	Initial Eigenvalues			Extraction sums of squared loadings			Rotation sums of squared loadings		
	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %
ENFM	5.009	31.308	31.308	5.009	31.308	31.308	3.730	23.311	23.311
CF	1.968	12.300	43.607	1.968	43.607	43.607	2.568	16.049	39.360
EFM	1.352	8.452	52.059	1.352	52.059	52.059	1.603	10.017	49.377
RC	1.008	6.303	58.362	1.008	58.362	58.362	1.438	8.985	<b>58.362</b>

Note: ENFM= Employee Non financial motivation, CF= Customer focus, EFM= Employee Financial motivation and RC= Revenue collection

Extraction method: Principal Component Analysis

*Source: Research study 2011*

From the results of the factor analysis, four components of organizational performance emerged. The Organizational performance components were then recoded Non financial motivation (NFM), Customer focus (CF), Financial motivation (FM) and Revenue collection improvement (RC). Non financial motivation (NFM) had seven items, Customer focus (CF) had four items, financial motivation (FM) had one item and Revenue collection (RC) also had one item. These factors were more than the three constructs of organizational performance that had been conceived by the study from the review of literature

Factor loadings for these new factors that were indicators of organizational performance are shown in Table 4.22.

**Table 4.22 Rotated factor loadings for Organizational Performance**

Item Description	Component			
	ENFM	CF	FM	RC
The working conditions in my council	.534			
Being given a chance to freely use my abilities and judgement while working	.692			
The way my supervisor handles employees	.724			
Opportunities available for employees to go for further training	.564			
The respect and fair treatment I get from my supervisor	.835			
The support and guidance I receive from my supervisor	.849			
The praise I get for accomplishing tasks	.650			
My council has been able to effectively deliver services to residents as outlined in our service charter		.515		
My council has been able to meet the required needs of customers on time		.797		
There are no complaints from my council's customers concerning my council's services		.652		
The council allows residents access to information on its performance		.566		
The pay and benefits I receive when compared to the work I do			.561	
The revenue collected by my council has increased in the past one year				.842

Note: ENFM= Employee Non financial motivation, CF= Customer focus, EFM= Employee Financial motivation and RC= Revenue collection

*Source: Research Study, 2011*

From the factor analyses carried out, the four strategy implementation imperatives selected items were then summated to form interval scales for Staff training index ranging from 4.00 to 20.00, Leadership style index ranging from 6.00 to 30.00, Organizational rewards ranging index ranging from 3.00 to 15.00, Organization structure index ranging from 2.00 to 10.00 and Organizational culture ranging from 5.00 to 25.00. The organizational performance selected items comprising of Non financial motivation, Customer focus, Financial motivation and Revenue collection factors were also summated to form a composite Organizational performance index that was measured on an interval scale ranging from 13.00 to 65.00.

The strategy implementation imperatives indices and the organizational performance index were then subjected to inferential tests such as Pearson's product moment correlation coefficient tests and multiple regression analysis where appropriate to test the study's hypotheses.

#### **4.7 Strategy Implementation Imperatives as Determinants of Organizational Performance**

The study was guided by seven hypotheses. The first five hypotheses tested the effect of strategy implementation imperatives namely employee training, organizational culture, leadership style, organization structure and organizational rewards on organizational performance. The sixth hypothesis tested the moderating effect of organization age on the relationship between strategy implementation imperatives and organizational performance in local authorities while the seventh hypothesis tested the moderating effect



of organization size on the relationship between strategy implementation imperatives and organizational performance in local authorities.

Pearson's product moment correlation coefficient tests were performed to establish the relationship between strategy implementation imperatives and organizational performance in local authorities. These were done as preliminary tests in preparation for multiple regression tests that were to be performed on the independent and dependent variables.

#### **4.7.1 Relationship between leadership style and organizational performance**

Pearson's product moment correlation coefficient test was used to establish the relationship between leadership style and organizational performance in local authorities.

The Leadership style index was correlated with the organizational performance index.

The results are presented in Table 4.23.

**Table 4.23: Results of Pearson's product moment correlation test on the relationship between Leadership style and Organizational performance**

		Organizational Performance Index
Leadership Style	Pearson's Correlation	0.586**
Index	Sig.(2 -tailed)	.000
	N	322

\*\* Correlation significant at the 0.01 level (2-tailed)

*Source: Research study 2011*

The results on Table 4.23 indicate that a moderately strong, positive and significant relationship existed between leadership style and organizational performance in local authorities ( $r=0.586$ ,  $p= 0.000$ ). This meant that leadership style influenced organizational performance in local authorities.

#### **4.7.2 Relationship between Organizational Rewards and Organizational Performance**

Pearson's product moment correlation coefficient test was also used to establish the relationship between organizational rewards and organizational performance in local authorities. The Organizational rewards index was correlated with the organizational performance index. The results are presented in Table 4.24.

**Table 4.24: Results of Pearson's product moment correlation test on the relationship between Organizational Rewards on organizational performance**

		Organizational Performance Index
Organizational Rewards Index	Pearson's Correlation	0.507**
	Sig.(2 -tailed)	.000
	N	322

\*\* Correlation significant at the 0.01 level (2-tailed)

*Source: Research study 2011*

The results in Table 4.24 indicated that a moderately strong, positive and significant relationship existed between organizational rewards and organizational performance in

local authorities ( $r = 0.507$ ,  $p = 0.000$ ). This meant that organizational rewards influenced organizational performance in local authorities.

#### 4.7.3 Relationship between Organization culture and Organizational Performance

The study later used Pearson's product moment correlation coefficient test to establish the relationship between organization culture and organizational performance in local authorities. The Organization culture index was correlated with the organizational performance index. The results are presented in Table 4.25.

**Table 4.25: Results of Pearson's product moment correlation test on the effect of organizational Culture on organizational performance**

		Organizational Performance Index
Organizational Culture Index	Pearson's Correlation	0.421**
	Sig.(2 -tailed)	.000
	N	322

\*\* Correlation significant at the 0.01 level (2-tailed)

*Source: Research study 2011*

The results shown in Table 4.25 indicated that a positive and significant relationship existed between organizational culture and organizational performance in local authorities ( $r = 0.421$ ,  $p = 0.000$ ). This meant that organizational culture influenced organizational performance in local authorities.

#### 4.7.4 Relationship between Employee training and Organizational Performance

The study also used Pearson's product moment correlation coefficient test to establish the relationship between employee training and organizational performance in local authorities. The Employee training index was correlated with the organizational performance index. The results are presented in Table 4.26.

**Table 4.26: Results of Pearson's product moment correlation test on the relationship between employee training on organizational performance**

		Organizational Performance index
Employee Training index	Pearson's Correlation	0.418**
	Sig.(2 -tailed)	.000
	N	322

\*\* Correlation significant at the 0.01 level (2-tailed)

*Source: Research study 2011*

The results indicate a positive and significant relationship existed between employee training and organizational performance in local authorities ( $r = 0.418$ ,  $p = 0.000$ ). This meant that employee training influenced organizational performance in local authorities.

#### 4.7.5 Relationship between Organization structure and Organizational Performance

The study also used Pearson's product moment correlation coefficient test to establish the relationship between organization structure and organizational performance in local

authorities. The Organization structure index was correlated with the organizational performance index. The results are presented in Table 4.27.

**Table 4.27: Results of Pearson’s product moment correlation test on the relationship between organization structure and organizational performance**

		Organizational Performance index
Organization structure index	Pearson’s Correlation	0.421**
	Sig.(2 -tailed)	.000
	N	322

\*\* Correlation significant at the 0.01 level (2-tailed)

*Source: Research study 2011*

The results indicate that a positive and significant relationship existed between employee training and organizational performance in local authorities ( $r = 0.421$ ,  $p = 0.000$ ). This meant that organization structure influenced organizational performance in local authorities.

#### **4.7.6 Effect of strategy implementation imperatives on organizational performance**

The main aim of the study was to establish the effect of strategy implementation imperatives on organizational performance. The study identified Employee training, organizational rewards, leadership style and organizational culture as the imperative factors that determined organizational performance as highlighted in the reviewed

literature. These independent variables were then subjected to Multiple Regression Analysis (MRA) to establish their effect on organizational performance which was the dependent variable.

The variables were also checked for normality, collinearity and serial correlation as seen in Section 4.5. The results therefore permitted the study to undertake the MRA. This was done to test the effect of Strategy implementation imperatives on organizational performance in local authorities. The study formulated the multiple regression analysis (MRA) model:

$$O_p = \alpha + \beta_1 L_s + \beta_2 O_r + \beta_3 O_c + \beta_4 E_t + \beta_5 O_s + e, \text{ Where:}$$

$O_p$  = Organizational performance

$\alpha$  = Constant

$E_t$  = Employee training

$L_s$  = Leadership style

$O_r$  = Organizational rewards

$O_c$  = Organizational culture

$O_s$  = Organization structure

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$  = slopes associated with the independent variables

$e$  = Error term

The dependent variable in the MRA model was organizational performance, represented by organizational performance index. The independent variables were employee training, leadership style, organizational rewards and organizational culture represented by employee training index, leadership style index, organization structure index and organizational culture index respectively. The results of the multiple regression analysis are shown in Table 4.28.

**Table 4.28: Multiple regression analysis results of the effect of strategy implementation imperatives on organizational performance in local authorities**

Factor	Unstandardized coefficients		Std. coefficients	t	Sig.	Collinearity Statistics VIF
	B	Std. Error	Beta			
(Constant)	1.333	.157		8.480	.000	
Employee Training Index	0.067	.046	.075	1.464	.144	1.482
Leadership Style Index	0.286	.043	.357	6.582	.000	1.661
Organizational rewards Index	0.132	.036	.195	3.691	.000	1.577
Organizational culture Index	0.107	.039	.136	2.729	.007	1.402
Organization structure index	0.081	.038	.106	2.129	.034	1.412

*Dependent variable:* Organizational performance

*Predictors:* (Constant), Employee training index, leadership style index, organizational rewards index, Organization structure

index, Organizational culture index,

( $R=0.664$ ;  $R^2=0.441$ ; Adjusted  $R^2=0.432$ ,  $F=49.853$ ,  $df.=4$ ,  $p=0.000$ ; Durbin Watson=1.920)

*Source: Research Study, 2011*

The ANOVA results of the MRA show that the regression equation is statistically appropriate to examine the relationship ( $F = 49.853$ ;  $df = 5$ ;  $p = 0.000$ ) at 0.05 level of significance. The model summary showed that the model can explain 44.1 % variation in organizational performance that was occasioned by any changes in the strategy implementation imperative factors ( $R^2 = 0.441$ ; Adjusted  $R^2 = 0.432$ )

Further analysis of the results indicated that different individual strategy implementation imperative factors affected organizational performance differently. From the beta coefficients for these individual imperative factors, the study found out that there was a 35.7 % increase in organizational performance caused by every unit change in leadership style, a 19.5% increase in organizational performance with every unit increase in employee rewards, 13.6% increase in organizational performance with every unit increase in the organizational culture variable, 10.6% increase in organization performance with every unit increase in organization structure and an 18.7% increase in organizational performance occasioned by an increase in employee training by one unit when all other factors are held constant. All the strategy implementation imperative factors considered in the MRA model were significant at 0.05 level of significance. Based on the results, the MRA model will be:

$$O_p = 1.333 + 0.067 E_t + 0.286 L_s + 0.132 O_r + 0.107 O_c + 0.081 O_s + e.$$

From these findings, the study concluded that strategy implementation imperatives determined organizational performance.



## 4.8 Hypotheses tests

The study had formulated seven hypotheses to be tested using multiple regression and hierarchical multiple regression. The tests for hypotheses one to five was done using multiple regression while those for hypotheses six and seven were done using hierarchical multiple regression.

### 4.8.1 Hypotheses Test Results for the effects of Strategy implementation Imperatives on organizational performance in local authorities

The study tested the effects of strategy implementation imperatives on organizational performance in local authorities using multiple regression analysis after establishing relationships existed between strategy implementation imperatives and organizational performance using Pearson's Product Moment Correlation Coefficient tests. The summary of the test is presented on Table 4.29.

**Table 4.29 Hypotheses test results using Multiple Regression Analysis on the effect of Strategy Implementation Imperatives on Organizational Performance**

Independent variables	Standardized Beta coefficients	Sig. $p \leq 0.05$	Null Hypothesis	Decision
Leadership style	.357	.000	H <sub>01</sub>	Rejected
Organizational rewards	.195	.000	H <sub>02</sub>	Rejected
Organization culture	.136	.007	H <sub>03</sub>	Rejected
Employee training	.075	.144	H <sub>04</sub>	Affirmed
Organization structure	.106	.034	H <sub>05</sub>	Rejected

*Dependent variable:* Organizational performance

*Source:* Research Study, 2011

From the results in Table 4.29, the study affirmed the fourth null hypothesis and rejected the first, second, third and fifth null hypotheses. This led the study to conclude that

leadership style, organizational rewards, organization culture and organization structure as strategy implementation imperatives significantly affected organizational performance at  $p \leq 0.05$  level of significance. . However, employee training as a strategy implementation imperative did not significantly affect organizational performance in local authorities in the Western region of Kenya.

#### **4.8.2 Hypothesis test results of the moderating effects of organization age on the relationship between strategy implementation imperatives and organization performance.**

The study conducted a hierarchical multiple regression analysis to test hypothesis six which stated that organization age moderated the relationship between strategy implementation imperatives and organizational performance in local authorities. The two-step multiple regression analysis was carried out where in the first model, the effects of strategy implementation imperatives on organizational performance was established. In the second model, organization age as a moderating variable was introduced into the model. Organization age as moderator was obtained by creating moderator variables through multiplying organization age and each strategy implementation imperative and entered into the model. The results are presented in Table 4.30.

**Table 4.30 Moderating effects of organization age on the relationship between strategy implementation imperatives and organization performance**

Independent variables	MODEL 1		MODEL 2	
	Std. Beta coefficients	Sig. p≤0.05	Std. Beta coefficients	Sig. p≤0.05
Constant	1.333	.000	1.339	
Leadership style	.357	.000	.650	.016
Organizational rewards	.195	.000	.587	.048
Organization culture	.136	.007	-.099	.701
Employee training	.074	.144	.011	.968
Organization structure	.106	.034	-.266	.232
Age*Leadership style			-.396	.270
Age*Organizational rewards			-.454	.182
Age*Organization culture			.302	.339
Age*Employee training			.056	.876
Age*Organization structure			.507	.079
R <sup>2</sup>	.441		.454	
Adjusted R <sup>2</sup>	.432		.436	
R <sup>2</sup> change			.013	
F	49.853		25.823	

*Source: Research Study, 2011*

The results in Table 4.30 indicate that organization age did not moderate the relationship between strategy implementation imperatives and organizational performance in local authorities in the Western region of Kenya. The beta values for all the moderated strategy implementation imperatives were not significant. This led the study to affirm the sixth hypothesis and conclude that organization age did not moderate the relationship between strategy implementation imperatives and organizational performance in local authorities.

#### **4.8.3 Hypothesis test results of the moderating effects of organization size on the relationship between strategy implementation imperatives and organization performance.**

The study conducted a hierarchical multiple regression analysis to test hypothesis seven which stated that organization size moderated the relationship between strategy implementation imperatives and organizational performance in local authorities. The two-step multiple regression analysis was carried out where in the first model, the effects of strategy implementation imperatives on organizational performance was established. In the second model, organization size as a moderating variable was introduced into the model. Organization size as moderator was obtained by creating moderator variables through multiplying organization size and each strategy implementation imperative and entered into the model. The results are presented in Table 4.31.

**Table 4.31 Moderating effects of organization size on the relationship between strategy implementation imperatives and organization performance**

Independent variables	MODEL 1		MODEL 2	
	Std. Beta coefficients	Sig. p≤0.05	Std. Beta coefficients	Sig. p≤0.05
Constant	1.333	.000	1.311	
Leadership style	.357	.000	.348	.023
Organizational rewards	.195	.000	.494	.001
Organization culture	.136	.007	.091	.447
Employee training	.074	.144	-.052	.735
Organization structure	.106	.034	.034	.776
Size*Leadership style			.056	.841
Size*Organizational rewards			<b>-.437</b>	<b>.025**</b>
Size*Organization culture			.049	.802
Size*Employee training			.241	.374
Size*Organization structure			.140	.514
R <sup>2</sup>	.441		.458	
Adjusted R <sup>2</sup>	.432		.441	
R <sup>2</sup> change			.017	
F	49.853		26.326	

Note: \*\* significant at p≤0.05

*Source: Research Study, 2011*

The results in Table 4.31 indicate that in general, organization size did not moderate the relationship between strategy implementation imperatives and organizational performance in local authorities in the Western region of Kenya. Specifically, organization size did not moderate the relationship between employee training, leadership style, organization culture and organization structure and organizational performance. However, organization size had a moderating effect on the relationship between organization rewards and organizational performance at p≤0.05 level of significance. This means that organization size affected the relationship between organization rewards and organization performance.

In general therefore, the study affirmed the seventh hypothesis and concluded that organization size did not moderate the relationship between strategy implementation imperatives and organizational performance in local authorities.

## **CHAPTER FIVE DISCUSSIONS OF FINDINGS**

### **5.0 Introduction**

This section discusses the findings of the study based on the data collected from the respondents namely employees, traders, town and county clerks and the regional local government officer. The findings were obtained after analysis of the data using qualitative and quantitative methods. The discussions are centred on the demographic profiles of local authorities' employees, the effect of leadership style, employee rewards, organizational culture and employee training on organizational performance, the relationship between strategy implementation imperatives and organizational performance in local authorities, traders perception of organizational performance in local authorities and the challenges facing strategy implementation hence organizational performance in local authorities.

### **5.1 Demographic Profiles of Local Authorities' Employees**

The study in Table 4.1 noted that a majority of the respondents were male, 176 (54.7%), compared to 146 (45.3%) females. These findings highlight gender disparities and mirror earlier studies carried out by Chege and Sifuna (2006) in Kenyan public primary and secondary schools where the female proportion of the teaching force in primary and secondary schools stood at 40% and 35% respectively. The same study found out that women occupied a small proportion of academic and administrative positions in public universities. Another study by Kobia and Mohammed (2006) carried out in the Public sector in Kenya also found out that public servants attending a senior management course at the Kenya Institute of Administration were 231 (82.5%) male and 49(17.5%) female respectively.

Although gender disparity in the current study is not wide, there is need to close the gender gap in the employment sector for workplaces to benefit from this form of workforce diversity. Affirmative action by the Government of Kenya that seeks to ensure that all public appointments have at least 30% of the female gender will go a long way in correcting this misnomer.

On the issue of age, majority of the respondents were found to be in the age groups of below 44 years. This groups comprised of 251 (78%) of the respondents' sample population. This age group is made up of youthful and productive members which if well utilized could be instrumental in moulding and perpetuating an appropriate organizational culture that can enhance positive organizational performance. This can be attained through appropriate attitude and skills development programmes being undertaken that specifically addresses the identified needs of the organization and matched them to the needs and capabilities of the organizations employees. Since the study showed that 156 (48.4%) of the respondents had secondary school and certificate level academic and professional qualifications with 121(37.6%) having diploma level qualifications, well designed capacity development programmes may enhance their skills, knowledge and competencies. Earlier studies have shown that such programmes enhance organizational performance (Anvari and Amin, 2011; Khan, 2010; Kodjo and Dai, 2009).

The study also found out that 210 (65.8%) of the respondents had worked in the local authorities for above six years. This is an indicator of organizational commitment among the employees. With less turnover intentions among employees, the management of these entitles can mould a performance culture which can be used to sustain positive



organizational performance. Those employees with leadership characteristics can be earmarked for succession planning while others can be offered training that is relevant to the development of skills needed to attain the local authorities' long term strategies. As noted by Jones (2004), only organizations that implement such programs will be assured of continuous positive performance.

Care should however be taken in dealing employees who have been in a given organization for a long time. This is because their stay in such an organization results in the development of a strong culture that encourages internal cohesiveness among employees. Studies done by Ogbonna and Harris (2000) and Lim (1995) as cited in Fleenor and Byrant (2002) conclude that a strong organizational culture and internal cohesiveness does not necessarily result in superior organizational performance. Instead, such a culture may impede the implementation of changes and strategies of the organization which, although well intentioned to give the organization a competitive advantage, may go against the status quo.

## **5.2 Effect of Leadership Style on Organizational Performance**

The findings of this study on the effect of leadership style on organizational performance concur with similar studies done earlier by Siddique *et al.* (2011), Rao *et al.* (2008) Mehdi and Mosa (2011) and Wang et al (2010). These studies were conducted both in public and privately owned enterprises and concluded that leadership styles used by managers positively influenced employee satisfaction, organizational commitment and resulted in positive organizational performance. According to Rao *et. al* (2010), leadership style in state owned enterprises did not affect the job satisfaction of employees

hence did not positively influence organizational performance. The findings of the current studies therefore contradict these findings since local authorities can be considered to be public organizations.

The study findings further show that leaders who are participative, empathetic, charismatic and supportive of employees as they pursue attainment of the vision, goals and objectives of the organization positively influence organizational performance. According to Mehdi and Mosa (2011) and Wang *et. al* (2010), such transformational leaders inspire commitment and organizational citizenship in the followers resulting in superior performance. Those emphasizing Laissez faire or transactional leadership style which puts a premium on rules, regulations, policies, working within time and budgets are useful for making routine decisions. They however fail to utilize the knowledge, ideas and potentialities of subordinates thus reducing them to unmotivated implementers of organizational strategies.

Since leadership is an art of instigating and motivating followers towards attainment of organizational objectives (Siddique et al 2011) Leaders ought to provide a vision and support to the followers so that they can attain levels of achievement beyond the expected. They can make the appreciation of individual differences and the tapping of each employee's potentialities part of the organization's culture. This is based on the findings of the study by Ogbonna and Harris (2000) that found out that organization culture mediates the relationship between leadership style and organizational performance. As the results of the MRA equation in this study indicate, leadership style is

a major strategy implementation imperative since one unit change in leadership style resulted in 35.7% change in organizational performance (Table 4.28).

The answers given by respondents on leadership style show that participative or transformational leadership style therefore goes a long way in contributing to successful strategy implementation which in turn leads to superior organizational performance. What organizational leaders say and do goes a long way in influencing the subordinates, resulting in changes in the status quo, especially where the prevailing culture is not results oriented. This culminates in superior strategy implementation and organizational performance.

### **5.3 Effects of Organizational Rewards on Organizational Performance**

The findings of the study showed that rewards have a positive effect on organization performance. These results confirm earlier findings of studies on the relationship between organizational rewards and organizational performance that have been documented (Oluyeye, 2011; Hafiza *et al*, 2011, Won *et al*, 2002; Anvari *et al* (2011). According to Oluyeye (2011) and Won *et al* (2002), salary structure and performance based pay positively influence organizational commitment and performance. As the findings by the study by Hafiza *et al* (2011) point out, such extrinsic rewards play a significant role in motivating organizational staff leading to superior performance.

The findings of the current study, while appreciating that rewards positively affect organizational performance also highlighted the disaffection caused by lack of clear policies and criteria to use when handling reward issues. Only 27(8.4%) of the respondents strongly agreed with the suggestion that the reward system was fair. This

tended to make the rewards given not to play their expected role in ensuring successful strategy implementation (Hafiza *et al*, 2011; Khan Farook and Ullah; 2010).As noted by Doina (2011), rewards affect employees perceptions, attitudes and behaviours in many ways hence affecting organizational efficiency and effectiveness. Reward systems that do not uphold the equity concept demotivate employees hence affecting their organizational commitment and resultant output.

As managers design reward systems care should be taken to include both intrinsic and extrinsic rewards. Intrinsic rewards should focus on employees self esteem so as to integrate individual goals to those of the organization (Doina, 2011; Reio and Callahon, 2004). Intrinsic rewards here include employees being given challenging tasks upon whose completion they are feted, empowerment and appreciation. Extrinsic rewards such as benefits incentives and training and development programmes nomination should also be incorporated to attract talented employees and enhance organizational commitment in the existing ones (Khan *et al*, 2011).

It should however be appreciated that organizations face various challenges that impede their provision of appropriate intrinsic and extrinsic rewards. According to Hafiza *et al* (2011) and Doina (2011) some of these issues include competitive labour market constraints government regulations, organizational constraints and competitive influences among others. These challenges tally with those revealed by the study where local authorities reward systems are affected by financial constraints and lack of a clear performance criterion.

Managers should therefore design rewards systems that relate to employees job performance in consultation with employees (Mendonca, 2002; Doina, 2011). Where possible, organizations should design performance targets that are quantifiable where possible (Oluyeye, 2011), provide both intrinsic and extrinsic rewards (Reio and Callahon, 2004; Doina 2011) and ceremonially present rewards upon successful attainment of goals to motivate others (Khan *et al*, 2010). This will ensure employees feel a sense of motivation equity and fairness and work towards attaining set goals, a factor which was found lacking in the current study. In general however, the findings affirm previous studies' findings that showed that organizational rewards positively affect organizational performance.

#### **5.4 Effect of Organizational Culture on Organizational Performance**

The findings of this study point out that local authorities had a culture that guided their behavior and performance of duty. This culture consisted of a pattern of values, rules, beliefs, assumptions, ceremonies, rites and procedures that ensured things are done in a given manner.

These findings are similar to earlier findings of studies by Rose, Kumar, Abdulla and Ling (2008), Fleenor and Byrant (2002), Aluko (2003) and Lock and Crawford (2003). All these studies affirm the existence of a positive relationship between organizational culture and organizational performance with changes in the former effecting changes in the latter. The findings of this study were however contrary to those of Lim (1995) and Lewis (1998) as cited in Fleenor and Byrant (2002) who hold that culture does not lead to enhanced organizational performance. Ogbonna and Harris (2002) also hold that only

competitive and innovative organizational cultures are positively linked to organizational performance and not community and bureaucratic cultures.

According to Aluko (2003), organizational culture can be measured based on the beliefs, attitudes, norms and values held by members of a given organization. The leadership of any organization is expected to develop a strong organizational culture that is result oriented and which encompasses these elements in order to attain its strategic objects. With changes in the environment, such leadership is expected to undertake cultural changes to enable the organizations to cope (Thompson and Strickland, 2001).

The current study findings confirm that the leadership of local authorities spearheaded cultural changes from time to time in line with environmental changes. However, these changes were not wholly embraced by all employees as was affirmed by 125 (38.8%) and 47(14.6%) who disagreed and strongly disagreed respectively with the statement that stated the contrary. For a given organizational culture to influence organizational performance, the values of that culture must be shared to a great degree by organizational members (Ogbonna and Harris, 2000).

The results of this study in the descriptive analysis show that there was no unanimity on the extent to which the cultures of local authorities had enabled employees to perform their duties effectively. Although 118(36.6%) and 27(8.4%) of the respondents agreed and strongly agreed respectively that the culture of their councils had enabled them to perform their duties effectively, another 41(12.7%), 91 (28.3%) and 45(14.0%) respondents respectively strongly disagreed, disagreed and fairly agreed with that suggestion (Table 4.6). This may partly explain why complaints abound about poor

service delivery by beneficiaries of local authorities' services as highlighted by the views by small scale entrepreneurs.

This lack of unanimity in the upholding and sharing of beliefs, values, attitudes and norms may be contributing to employees lack of focus towards strategic goals attainment. The chief officers as leaders of these organization are expected to play a role in moulding this culture (Thompson and Strickland, 2001; Wang, Chich-Jen and Mai-Ling, 2010) Through providing visionary leadership, appropriate rewards, role modeling, encouragement, employee empowerment and a conducive work environment, organizational members will pull together. They will also exhibit a strong culture that will give the organization a competitive advantage. As the study by Fleenor and Byrant (2002) found out, strong organizational culture influences organizational success regardless of the sector, size, industry or age of the organization.

The political interference by civic leaders in the administrative running of local authorities that was noted in the findings resulted in frequent transfers of the councils' chief officers. This explains why the town clerks and treasurers may not prioritize the building of a strong organization culture since they are uncertain of their tenure in a given station. Alternatively, the frequent changes of these managers may result in frequent overhauls of the organization cultures already established by previous office holders, even when they enhance strategy attainment.

The findings also pointed out the fact that rewards were not being used to reinforce desired culture in local authorities. As noted by Doina (2011), rewards assure an organization of employees' commitment to the organization. This may in turn foster a

competitive culture that is a driver of organizational performance (Ogbonna and Harris, 2000; 2002). Local authorities therefore need to put in place mechanisms such as the use of rewards to reinforce the acquisition and maintenance of desired culture. Such a culture would play a major role in ensuring effective strategy implementation which would enhance organizational performance.

### **5.5 Relationship between Employee Training and Organizational Performance**

The findings of the study showed that the local authorities had adequate employees in quantitative terms but had deficiencies in terms of levels of skills. With changes in the operating environment where service delivery to citizens requires proper project conceptualization, prioritization and implementation, these local authorities ought to seriously undertake employee training initiatives.

The study found out from the Pearson's Product Moment Correlation coefficient test that a moderately positive relationship existed between employee training and organizational performance. These findings are in agreement with those of similar studies by Wan, Kok and Ong, 2002; Nik and Rov *et al*, 2008; Kodjo and Dai, 2009, Anvari and Amin, 2011). However, the MRA findings indicated that whereas employee training increased organizational performance by 7.5%, this increase was not significant at  $p \leq 0.05$  level of significance. This means that although employee training is important in ensuring strategy implementation results in superior organizational performance, its effects are not significant.

According to Wan *et al*. (2002), an organization ought to chart its strategic direction and offer proactive training which will ensure that employees contribute to the corporate



goals of their organizations. Looking at the study findings, most local authorities employees ought to be taken for further training to enhance their capabilities. Such training should be preceded by appropriate appraisals done to identify training needs. In the study, 49.1% of the respondents strongly disagreed, disagreed or fairly agreed with the statement that appraisals were done to identify employees to undergo further training. This meant that some of the employees undertaking further training were doing so yet the skills they were to acquire were not in line with the strategic goals of the local authorities.

According to Schultz (2002) and Rust (2004) as cited by Anvari *et al* (2011), if training being undertaken is related to the development of skills specific to the organization, it will lead to lower staff turnover intentions. The local authorities should therefore ensure that the training pursued by the staff is aligned to their strategic intentions, appropriate training is then undertaken and evaluated. According to Nikandrou *et al.* (2008) who studied employee training across countries and organizational contexts, this will be a strategic investment that will assure an organization of sustained positive performance.

The study also found that at the policy level, local authorities were expected to use 2% of their total revenue on employee training and development initiatives. This explains the high number of respondents, 109(33.9%) and 72(22.4%), who agreed and strongly agreed respectively with the statement that they had undergone further training in the past one year to improve their knowledge and skills.

According to the respondents, successful completion of the training initiatives resulted in promotions. Majority of the respondents (81.3%) felt that the training received by staff had improved their job performance. The fact that local authorities encouraged training of

employees and paid part of the training fees for those undertaking further training contributed to low turnover intentions given the big number of respondents who had worked for the local authorities for over six years. It also contributed to the high levels of job satisfaction.

The findings therefore highlight the importance attached to employee training by local authorities and the benefits that have accrued to those employees who have undergone such training. Whereas the councils funds some of these programs, grants leave to employees attending such exercises and promoted those who successfully complete the undertakings, there was need to improve the appraisals done to identify those to undergo training. There was also need to ensure that the training undertaken was relevant to the strategic needs of the organizations. In general, employee training played a significant role in determining organizational performance in local authorities.

#### **5.6. Effect of organization structure on organization performance**

The study established that organization structure had an effect on organizational performance during strategy implementation. These findings concur with the postulations of earlier studies Al-Ghamdi (1998), Dooley *et al.* (2000) and Pretorious and Schurink (2007) which highlight the centrality of organization structure in strategy implementation. The study found the current structure of local authorities was an impediment to strategy implementation hence affected organizational performance. Unless the structure of local authorities is reconfigured to improve power relations between their executive and legislative wings and duties and responsibilities clearly and

distinctively outlined, strategy implementation and organizational performance will continue to be hampered.

### **5.7 Traders Perception of Organizational Performance of Local Authorities**

From the questionnaires that were administered on small scale entrepreneurs, the study found out that local authorities offered a variety of services to residents in their jurisdiction such as garbage collection, public toilets, market stalls, fire fighting services, road improvement, abattoirs, rental houses, improvement of water springs and wells and construction of classrooms in primary schools among others. However, some respondents were not happy with the services offered by these councils with some holding that road improvement was not being regularly done.

Interview results with the Town clerks and the Regional Local Government officer showed that resource limitations hampered local authorities' service delivery. This findings mirror earlier studies done by Odhiambo *et al* (2005) who found out that citizens complained about poor service delivery by local authorities. These local authorities have however not fully exploited their revenue potential with many of them concentrating on traditional revenue sources identified earlier. As a result, reliance on LATF and traditional revenue sources has led to revenue scarcity hence making many LAs to be unable to actualize their strategic plans. Corruption that was rampant in local authorities as highlighted by Transparency International (2009) also contributed to this resource scarcity hence making effective and efficient service delivery a mirage.

The study also found that a fair number of the respondents were dissatisfied with the performance of local authorities. They felt that their complaints were not addressed in

time nor were their pertinent needs and issues incorporated in the councils' strategic plans, service delivery charters and work plans. This was despite the fact that citizen participation in LASDAP formulation was mandatory. As a result, whatever strategy that was implemented seemed alien to the traders. These findings concur with those of Odhiambo *et al* (2005) and CLARION (2007) who found that there was citizens' apathy in participation in LASDAP since they felt that LASDAP meetings did not result in implementation of the projects they had prioritized. Instead, such meetings were held to fulfill regulatory requirements of LATF which was needed to enable the councils to access LATF disbursements from the central government.

Moreover, citizens' participation in LASDAP and local authorities' strategy formulation, implementation, monitoring and evaluation had not been institutionalized. The final decision on the councils' strategic plans and projects to be funded and prioritized was largely made by chief officers and civic leaders. This had resulted in situation where the traders viewed local authorities as alien and a body which they could not relate with and demand for services. This situation needed to be reversed to enable the development of areas administered by local authorities.

In general, more than half of the small scale entrepreneur respondents were satisfied with local authorities, an improvement in perception compared to an earlier study by Odhiambo *et al.* (2005) who were dissatisfied with the services provided by local authorities. This implied that local authorities had improved their performance with the adoption of strategic planning and management and performance contracting (Ndambuki, 2006; GOK, 2006). What was needed to enhance their performance to meet the

expectations of the small scale entrepreneurs, customers and other stakeholders was enhanced incorporation of strategy implementation imperatives that were identified by the study into their service delivery under takings.

### **5.8. Relationship between Strategy Implementation and Organizational Performance.**

The study sought to determine the effect of strategy implementation imperatives on organizational performance. The results of the MRA model showed that strategy implementation imperatives explained 44.1% variation in organizational performance (Table 4.28). These findings are similar to studies done in Canada, Asia and Africa by various scholars on the relationship between strategy implementation imperatives and organizational performance in both public and private organizations.

According to the findings of Siciliano and Hes (2009), Sorooshian *et al.* (2010) and Gavrea *et al* (2011), leadership style and the way employees are handled by their managers affects organizational performance. As the Beta coefficients in the MRA model indicate, leadership style is the greatest determiner of organizational performance in local authorities since a change in its one unit of leadership style resulted in 35.7% enhancement of organizational performance. Strategy implementers in the public sector, especially in local authorities should therefore pay keen interest on how managers of these entities are leading the strategy implementation process. A leader is expected to mould the structure, utilize the existing organizational culture or amend it and motivate strategy implementers towards the desired strategic goals (Pearce and Robinson, 2008).

The study found out that local authorities have almost similar structures prescribed by the Local Government Act hence there is very little the Town clerks and Treasurers may do to alter them. However, such chief officers may use their leadership capabilities to ensure that strategies are formulated and implemented to attain superior organizational performance. As shown by the findings of studies in local authorities by Pretorius and Schurink (2009) in South Africa and Poister and Streib (2006) in the United States of America (USA), the leadership qualities, style of management, organization culture and the rewards leaders prescribe and give employees for successful contribution to strategy implementation greatly contributes to organizational performance.

The leader is expected to be a team player who maximally utilizes the capabilities of his/her followers for organizational benefit. The findings revealed that the leadership styles of the supervisors had contributed to superior organizational performance as was acknowledged by 174 (54%) and 53 (16.5%) of the respondents who agreed and strongly agreed respectively with the statement on the issue (Table 4.4). Such a leadership style that displayed transformational leadership style attributes was the panacea for superior performance. According to the respondents, the praise and encouragement they got for meeting targets, the way they were handled with respect by their superiors, the way their views were sought by their superiors in planning and implementing tasks and the way their complaints were addressed by their leaders affected their output. Leaders are therefore expected to craft a strong organizational culture where accountability, employee involvement, a feeling of equity and prudent allocation of scarce resources is upheld (Jooste and Fourie, 2009; Whitford and Coolsee, 2006; Magauta and Mosia, 2004)

Apart from leadership style, superior organizational performance also depends on other factors. The study found out that organizational rewards, organizational culture and staff training contributed to organizational performance. The study revealed that a unit change in organizational rewards given in the form of incentives, promotions, certificates of commendation and other benefits increased organizational performance by 19.5%. These findings concur with those of Ogunmokun *et al* (2005) who did a study in private hospitals in Australia and Poister and Streib (2005) who researched in municipalities in the USA.

The challenge of this imperative factor of strategy implementation was that local authorities lacked adequate resources to effectively appreciate the performance of employees through rewards. As a result, some of the employees felt that the rewards given were not commensurate to their performance. As the interview results revealed, frequent changes of chief officers also tended to alter reward schemes since such organizations lacked clear policies on incentives hence such schemes relied on the benevolence of the chief officers. There was also a deficiency in objective performance evaluation hence some employees felt that the rewards were given to undeserving recipients.

With the adoption of performance contracting by the Government of Kenya where ministries, local authorities and other government agencies annually set and pursue performance targets (Kobia and Mohammed, 2006; Obongo, 2009), such anomalies should be corrected so that rewards are given objectively to deserving recipients. This is

because local authorities are expected objective targets that are measurable and achievable during this exercise.

The study also deduced from the MRA model that organizational culture affected organizational performance in local authorities. One unit change in organizational culture resulted in 13.6 % enhancement of organizational performance. These findings are similar to those by Okumus (2003), Jooste and Fourie (2009) and Magauta and Mosia (2009) who acknowledge the positive role played by organization culture in organizational performance.

As seen earlier, the leaders of these organizations are expected to spearhead the adoption of a strong culture that supports strategic goals' attainment. As the questionnaires administered on traders and employees as well as interviews of town clerks revealed, the councils had tried in building a performance culture where they sought to promptly address customers' complaints and also implement prioritized projects. Interference by civic leaders was identified as the major impediment to successful development and sustenance of the culture since it resulted in frequent transfers of chief officers, reprioritization of projects and in some cases indiscipline and unethical behavior of some employees who felt protected by the civic leaders. The stakeholders in local authorities ought to recognize the important role organizational culture plays in strategy implementation success hence prioritize the development of a performance oriented organizational culture.

Previous studies have highlighted the major role played by employee training in strategy implementation (Kobia and Mohammed, 2006; Hrebiniak, 2008; Dimba *et al* 2008;



Joosta and Fourie, 2009). This study contradicted this by revealing that employee training did not significantly affect organizational performance (Table 4.28). A unit change in employee training resulted in only 7.5 % increase in organizational performance and this effect was not significant. This suggests that other strategy implementation imperatives played a more prominent role in determining organizational performance.

With the services demanded from local authorities being almost routine done, these skills possessed by employees are fairly adequate to implement their chosen strategic. Relating these findings to the Theory of Planned Behavior, it can be seen that strategy implementation imperatives had an effect in determining employee behavior intentions which in turn affected their contribution to strategy implementation and hence organizational performance. Specifically, their subjective norms represented by organization rewards and perceived behavioural control represented by leadership style greatly determined their behavior intention and ultimate behavior towards strategy implementation. Organizations that have leaders who display transformational leadership style attributes and which allocate adequate resources towards organizational rewards for appreciating employees' efforts towards successful strategy implementation will attain desired organizational performance.

The study also sought to find out if organization size and age moderated the relationship between strategy implementation imperatives and organizational performance. The results on Table 4.30 and 4.31 indicated that these factors did not significantly affect the relationship. Only organization size moderated the relationship between organizational rewards and organizational performance. This suggests that the larger the size of the local

authority, the greater the moderating effects of such size on the rewards given to employees for implementing strategies. These findings tally with those of Fleenor and Byrant (2002) and Alledayat and Anchor (2010) who held that the effect of strategy implementation factors on organizational performance was not affected by organizational size or age. These findings are however different from those of Wang and Li (2008), Ismael *et al.*(2010), Ketokivi and Schroeder (2004) and Ainnudin *et al.*(2007) whose findings pointed to the moderating effects of organization age and size on the relationship.

In general therefore, strategy implementers in local authorities in particular and other organization in general should accord a lot of attention to leadership styles and organizational rewards when seeking superior organizational performance. They should also ensure that organizational cultures that support positive strategy implementation and relevant employee training are pursued in order to attain desired performance. The style of leadership is critical to the success of strategy implementation since other strategy implementation imperative factors identified by the study are dependent on his/her initiatives. As O' Reilly *et al* (2010) identified in their study, the leaders are expected to translate the vision and strategy into operational terms, develop appropriate structures, systems and culture, ensure the organization's resources are properly allocated and gain the commitment of other managers and employees towards attainment of strategic goals.

### **5.9 Challenges Facing Strategy Implementation in Local Authorities**

The study found out that strategy implementation faced various challenges. These challenges were classified into broad categories namely financial, political, structural and human resource management challenges.

Financially, data from questionnaires administered on employees and interviews conducted on town clerks and the Regional Local Government Officer revealed that many local authorities were in financial distress. Several of them were highly indebted hence relied on LATF disbursements to run their recurrent expenditures. As a result, very little money was set aside for service delivery to citizens. Although LATF conditionality had helped in ensuring that at least 65% of the councils' revenue was used for service delivery to citizens, weaknesses in revenue collection systems, lack of new revenue sources and poorly conceived revenue enhancement plans had resulted in poor revenue collection hence making dependence on LATF unavoidable.

As a result, few conceived projects were completed in time with delays in disbursement of LATF by the Ministry of Local Government affecting the scope and pace of implementing chosen strategies. This concurs with earlier studies by Odhiambo *et al* (2005) and CLARION (2007) that found out that local authorities were poor at resource mobilization and debt collection, a situation that hampered service delivery, Engaging professional debt collectors, enforcing by-laws on taxes curbing corrupt practices of dishonesty by revenue collectors and having realistic budgets would ensure the councils operated within available resources.

Politically, the study found out that there was a lot of interference perpetuated by civic leaders on the operations of local authorities. These officials interfered with the recruitment, selection and placement of employees resulting in staff over establishment in some local authorities. As a consequence, these councils had huge numbers of staff but their quality in terms of technical competencies was lacking. Interference by these leaders was also noted in project conceptualization, location, prioritization and implementation resulting in the chosen strategies not being effectively implemented by local authorities. As was affirmed by the study by Poister and Streib (2006), allowing the chief officers to keep the councils focused on the implementation of strategic goals and objectives without interference ensures that local authorities improve their performance. Objective recruitment, selection and employee placement procedures also ensure proper utilization of talents within the councils.

Structural challenges were also noted by the study as being a major hindrance to effective strategy implementation. In some local authorities there was poor co-ordination among departments resulting in lack of focus towards service delivery to citizens. As a result, by-laws were not being enforced. Some traders also seemed ignorant on the roles they were to play as customers of local authorities resulting in their lack of input into the councils' strategy formulation and implementation processes.

Apathy or poor participation in LASDAP processes by the traders as was found in Odhiambo *et al* (2005) was also noted. This highlighted the disconnect existing between local authorities and the citizens in as far as strategy formulation and implementation was concerned. With an active public relations office to facilitate forward and backward

information sharing, the participation of the local authorities' customers in strategy formulation and implementation could be harnessed. This would be possible if these customers were made to feel that their contribution was valued and was incorporated into the councils' strategic plans and LASDAP. At the time of the study, this feeling of exclusion had bred their apathy to councils' activities. Moreover, single forums held by local authorities in the electoral wards for LASDAP prioritization was inadequate.

On the human resource management front, strategy implementation in local authorities faced many challenges. First there was over establishment in some local authorities especially of non skilled staff with such councils having staff quantity but not quality. This was partly blamed on interference in recruitment and selection of staff by civic leaders. As a result, many local authorities lacked technical staff. Secondly, poor staff deployment sometimes resulting from lack of clear job descriptions also affected service delivery. A wrongly placed employee will not deliver the desired result and may have to be taken for appropriate training in order to perform.

The study also noted low morale in some local authorities as a result of lack of adequate tools, machines, protective equipment and objective performance criteria resulting in inequity of rewards. Salary delays and stagnation in one grade for a long time also contributed to low staff morale. Some respondents could not relate their roles to the councils' strategic plans hence could not formulate work plans that tallied with organizational goals. Without developing the feeling of organizational citizenship and commitment, employees of local authorities will remain in the service of these entities for lack of an alternative, but not to effectively deliver services. Ways of motivating them to

enhance their output should be sought and implemented to ensure they play their role in strategy implementation.

In general, challenges facing strategy implementation in this study were found to be similar to those found in other related studies in the public and private sectors (Kobia and Mohammed, 2006; Obong'o, 2009; Aldehayyat and Anchor, 2010).

### **5.10. Chapter Summary**

The findings discussed in this chapter highlighted the demographic characteristics of the councils' staff respondents and the relationship between strategy implementation imperatives and organizational performance in local authorities in the Western region of Kenya. The demographic characteristics of employees of local authorities indicated the existence of a gap in the gender composition of the workforce and the need for employee capacity development since most respondents had either secondary school level and certificate education (48.4%) or diploma certification (37.6%). Employee commitment to the organization was also found to be high with 65.8% of the respondents having worked in their councils for more than six years.

The study found out that strategy implementation imperatives namely leadership style, staff training, organizational culture and organizational rewards significantly determined organizational performance. These imperatives explained 46.2% variation in organizational performance in local authorities.

Further analysis of the data collected also indicated that organizational size (in terms of the number of employees) only moderated the relationship between organization rewards

and organization performance but not the relationship between the other strategy implementation imperatives. However, organization age (in terms of years of existence) did not moderate the relationship between strategy implementation imperatives and organizational performance.

The study findings also revealed that more than half of the customers and beneficiaries of councils' services, represented by respondents who were small scale traders, were satisfied with services delivery by these entities (52.8%). Complaints however still arose with respect to involvement of citizens in strategic planning and implementation of local authorities' activities. Customer apathy was noted in LASDAP meetings.

The study further identified various challenges that faced strategy implementation initiatives in local authorities. They included financial, political, human resource management and structural challenges. Addressing these challenges and enhancing the use of the identified strategy implementation imperatives in strategy implementation would go a long way in ensuring enhanced organizational performance in local authorities.

## CHAPTER SIX

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 6.0. Introduction

This chapter presents a summary of the major findings of the study sequentially in relation to the study objectives. From the summary, appropriate conclusions were drawn and recommendations given on the effects of strategy implementation imperatives on organizational performance in local authorities in Kenya.

#### 6.1. Summary of Findings

The study sought to find out the extent to which strategy implementation imperatives determined organizational performance. In order to attain this feat, the study formulated seven objectives to be pursued and tested seven hypotheses related to the objectives. Each objective addressed specific strategy implementation imperatives and moderating factors and how they affected organizational performance.

The study found out that most local authorities were made up of more male than female employees. Also, most respondents from local authorities had only secondary school level or certificate academic and professional qualifications. There was also organizational commitment among employees since most of the respondents had worked for their local authorities for over six years.

The study also established that local authorities provided services to citizens in their jurisdictions in line with their strategic plans as was acknowledged by employee and small scale entrepreneur respondents. However, the citizens they served were only fairly



satisfied with their services in terms of quality from the promptness, courtesy and responsiveness perspectives among other measures. This created a need for these entities to improve their service delivery by utilizing the requisite strategy implementation imperatives.

The study also found out that strategy implementation imperatives namely leadership style, organization rewards, organization culture and organization structure significantly determined organizational performance in local authorities. Specifically, leadership style and organization rewards had the greatest effect with a unit change in leadership style occasioning a 35.7% change in organizational performance and a unit change in organizational rewards effecting a 19.5% change in organizational performance respectively.

The study further established that organization age did not significantly moderate the relationship between strategy implementation imperatives and organizational performance in local authorities. Organization size did not also moderate the relationship between leadership style, organization culture, organization structure and employee training and organizational performance. It was however established by the study that organization size moderated the relationship between organization rewards and organizational performance.

Finally, the study established that local authorities faced a myriad of challenges that were human resource management related, political, structural and socially oriented. These challenges affected effective strategy implementation resulting in organizational

performance that did not meet the desired expectations and standards. Due to these challenges, prioritization, pace and implementation of chosen strategies was affected.

## **6.2 Conclusions**

Based on the study objectives, hypotheses and conceptual framework, various conclusions were drawn.

### **6.2.1 Conclusions on the Objectives of the Study**

Based on the study findings, it was concluded that strategy implementation imperatives determined organizational performance in local authorities in the Western region of Kenya. Of these strategy implementation imperatives, Leadership styles used by the management staff of these entities and organizational rewards were the main determinants of organizational performance. The combined force of the strategy implementation imperatives explained 44.1 % change in organizational performance in local authorities in the Western Region of Kenya.

The study further concluded that organization size did not significantly moderate the relationship most of the strategy implementation imperatives namely leadership style, organization structure, employee training and organization culture had with organizational performance in local authorities in the Western Region of Kenya. However, organization size significantly moderated the relationship between organization rewards and organization performance in those entities.

In general, the study concluded that organization size and age did not significantly moderate the relationship between strategy implementation imperatives and organizational performance in local authorities in the Western region of Kenya.

### **6.2.2 Conclusions on Validation of the Conceptual Model and implications on Theory**

Based on the findings of the study, it was concluded that strategy implementation imperatives determined organizational performance in local authorities as was postulated in the conceptual model. Only employee training did not significantly determine organizational performance. Of these strategy imperatives, leadership style and organizational rewards had the greatest effect on performance of these entities. The study also concluded that organization size and age did not significantly moderate the relationship strategy implementation imperatives and organizational performance in local authorities in the Western region of Kenya. However, organization size significantly moderated the relationship between organization rewards and organization performance in those entities.

This implied that strategy implementors tasked with the duty of implementing their chosen strategy in local authorities in the Western region of Kenya could attain superior organizational performance if they ensured that the appropriate identified strategy implementation imperatives were in place, namely organization structure, organization rewards, leadership style and organization culture. Of these, they should emphasize the use of appropriate leadership styles and organizational rewards to achieve that performance. Utilization of these strategy implementation imperatives would generally

not be affected by organizational size and age. However, organization size affected how organization rewards determined organizational performance in local authorities in the Western region of Kenya.

### **6.3. Recommendations**

In line with the findings and conclusions arrived at, the study recommends that:

- i. Local authorities should embrace a participatory approach in strategy implementation. All stakeholders such as civic leaders, local authorities' employees and citizens in their jurisdiction should be involved in these processes such as task implementation, continuous monitoring and review of strategies in an institutionalized manner.
- ii. Local authorities should also improve their organizational rewards systems for employees. Rewards that are given for exemplary performance should have both intrinsic and extrinsic value and should only be given to deserving employees based on an objective criteria. Where possible, such rewards should be publicly given during an award ceremony organized specifically for a purpose. This will encourage hard work among employees, motivate them and enhance equity and transparency. Salary delays should also be avoided.
- iii. Organization structures should be aligned to the chosen strategy to ensure effective strategy implementation since they are an important determinant of organizational performance in local authorities. Conflicts touching on the various positions in the structure should be resolved. Duties and responsibilities of the various office holders should be demarcated to enhance accountability.

- iv. Deliberate action should also be undertaken to develop strong organizational cultures geared towards organizational performance. Although local authorities have core values articulated in their strategic plans, the leadership of these entities should strive to build strong organizational cultures that support superior performance through revising policies and procedures to ensure that they build the desired culture and praising and rewarding those displaying newly advocated norms. They can also employ new staff who not only possess qualifications and experience needed to fill vacancies in the organization but also exhibit desired cultural values. They can also use every available opportunity such as meetings to tell stories and pass messages to stakeholders on the benefits of adopting the desired culture.
- v. Managers of local authorities should utilize appropriate leadership styles to ensure employees effectively pursue and attain the strategic goals of their organizations. They should ensure departments are effectively coordinated to enable the chosen strategy to be implemented. They should also improve communication within the organization and with the outside world. This can be through memoranda, meetings, open days, public notices and suggestion boxes among others.
- vi. Viable revenue enhancement plans should also be crafted to ensure resource availability. This will help alleviate the current scenario where there is overwhelming reliance on the Central government for financial resources for strategy implementation through LAFT disbursements.
- vii. Local authorities should also create awareness about their activities, by-laws, strategic plans and other services through meetings and open days. This will

enhance citizens' participation in the form of ideas and prompt payments of required levies hence improve their strategy implementation initiatives. These entities can also bench mark their activities with others performing local authorities through tours of stake holders to such organizations.

- viii. With the promulgation of the new constitution in Kenya in August 2010 and the passing into law of the Urban Areas and Cities Act, 2011 to regulate the management of Counties, Urban areas and Cities, the policies formulated to actualize these legal frameworks should emphasize the importance of strategy implementation. Such policies should capture the importance of leadership styles, organizational culture, organization structure, organizational rewards and employee training in strategy implementation so that the desired organizational performance is attained.

#### **6.4. Areas for further Research**

Given that this study concentrated on five major strategy implementation imperatives namely leadership styles, organizational rewards, organizational culture, organization structure and employee training, further research can be undertaken that can include other imperative factors such as resource adequacy. Other studies can also be done using other measures of organizational performance as well as test different moderating factors other than those highlighted by the study.

Further studies can also be conducted in other public institutions in general or other local authorities in other parts of the country especially those categorized as cities which were not covered by this study. Other studies can also be undertaken utilizing other data

analysis methods that were not utilized in this study such as structural equation modeling to determine the appropriate strategy implementation imperatives that determine organizational performance in local authorities.

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**APPENDIX 1: INTRODUCTORY LETTER**

Moi University,  
School Of Business and Economics  
P.O. Box 3900,  
Eldoret.

Dear Participant/Respondent,

I am a post graduate student in the Department of Marketing and Management Science in the above School of Moi University. I am pursuing a Doctor of Philosophy (PhD) degree in Business Management (Strategic Management). I am undertaking a research study titled, ‘ *Strategy Implementation Imperatives as determinants of Organizational Performance in Local Authorities in Western Region of Kenya.*’ I humbly request you to participate in this study as a respondent.

The purpose of the study is to find out how strategy implementation affects the performance of local authorities in Kenya. The results of this study will help local authorities to improve the way they formulate and implement their strategic plans hence enable them to improve their service delivery to citizens.

I am therefore requesting you to provide honest and accurate responses to the questionnaires and interviews. I promise you that the information you will provide will be handled confidentially. You are free to seek any clarification where necessary during the study.

Thank you in advance for accepting.

Yours faithfully,

ROBERT K. WANYAMA EGESSA

Reg. No. SBE/Dphil./039/07

Tel. 0722-672264

## APPENDIX 2: QUESTIONNAIRE FOR EMPLOYEES OF LOCAL AUTHORITIES

Name of your local authority.....

### PERSONAL DETAILS

**Please tick in the appropriate boxes.**

1. What is your gender? Male  Female
2. What is your age? Below 25years  25-34 years  35-44 years   
45-54 years  Above 55years
3. What is your job title?.....
4. a) What is your highest level of education? Secondary education  certificate   
Diploma  Bachelors degree  Masters Degree  Others   
b) If other, please explain.....  
.....
5. How long have you worked for this local authority/council?  
Below 1 year  2-5 years  6-10 years  11-15 years   
Above 15years

### Part B: Organizational Data

1. What is the category of your local Authority?  
County council  Municipal council  Town council
2. For how long has your local authority existed?  
Below 5 years  6-10 years  11-15 years  16-20 years   
Above 20 years

3. What is the approximate number of employees in your council?

Below 50  51-100 employees  101-150 employees

151-200 employees  above 200 employees

**Part C: Strategy Formulation.**

1a) Did employees give suggestions to the council when it was coming up with the strategic plan and departmental work plans? Yes  No

b) If yes, were some of the employees suggestions put into the strategic plans & work plans?

Yes  No

2. Do you feel that the activities of your organization are carried out in line with the Council's Mission statement?

To a very large extent  Large extent

Moderate extent  Small extent  Not at all

**PART D: STRATEGY IMPLEMENTATION IMPERATIVES**

The following statements indicate how various factors affect implementation of strategic plans by local authorities. Please tick in the boxes to what extend you agree or disagree with the statements.

**Key: Strongly Disagree (SD) Disagree (D) Fairly agree(FA) Agree (A) Strongly Agree (SA)**



*a) Employee Training*

NO	STATEMENTS	SD	D	FA	A	SA
1.	Each department/section has enough employees to carry out its activities.					
2.	Employees in my section/department have relevant training that enables them carry out their duties effectively.					
3.	Appraisals are done to identify staff who are to undergo further training.					
4.	I have gone for further training (seminars, workshops and college/university education) within the last one year to improve my knowledge and skills.					
5.	Those who successfully finish training are promoted.					
6.	My council pays training fees for employees undertaking further training.					
7.	The training received by staff has improved their job performance					

***b) Leadership Style***

NO	STATEMENTS	SD	D	FA	A	SA
1.	My section head regularly seeks views from employees and holds meetings where we plan how to perform our duties.					
2.	My supervisor encourages employees to perform their duties well.					
3.	My supervisor addresses complaints raised by employees as soon as they are reported to him/her					
4.	My supervisor handles employees with respect					
5.	My supervisor praises employees who meet their targets in performance of their duties.					
6.	The leadership style of supervisors in my organization has improved the performance of my council					

***c) Organizational Rewards***

NO	STATEMENTS	SD	D	FA	A	SA
1.	My organization has a fair system of identifying employees who perform their duties well.					
2.	Employees who meet their targets are given rewards (for example: certificates, cash awards, commissions, promotion)					
3.	Rewards given to employees have motivated them to					

	work hard to meet their targets.					
4.	Rewards given to employees have improved service delivery.					

***d) Organizational Culture***

NO	STATEMENTS	SD	D	FA	A	SA
1.	The council has a culture (certain pattern of values, beliefs, assumptions, ceremonies, rites, rules and procedures /the ways things are normally done at my council) that guides our performance of duties and behavior.					
2.	Rewards are given to employees who adopt the culture					
3.	The council's management regularly introduces changes to the culture(way things are done at the council)					
4.	Employees adopt the new culture without complaints.					
5.	The culture of my council has enabled employees to perform their duties effectively.					

***e) Organization structure***

NO	STATEMENTS	SD	D	FA	A	SA
1.	There is no conflicts over roles and duties between the various departments and sections in the council					
2.	The way the council is divided into sections and					

	departments has enabled employees to perform their duties well					
3.	The organization is divided into different sections and departments relevant to the organization’s strategy					
4.	Each department has autonomy in undertaking its tasks					

Please suggest ways in which implementation of work plans and strategic plans can be improved

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**PART E: ORGANIZATIONAL PERFORMANCE**

**3 a) Customer Service delivery.**

NO	STATEMENTS	SD	D	FA	A	SA
1.	My organization has been able to effectively deliver services to residents as outlined in our service charter.					
2.	The council has computerized its activities to enable faster service delivery					
3.	My organization has been able to meet the required					

	needs of residents on time.					
4.	There are no complaints from our customers concerning our services.					
5.	The council allows residents to access information on its performance.					

***b) Revenue collection***

NO	STATEMENTS	SD	D	FA	A	SA
1.	The revenue collected by the council has increased in the past one year					

***c) Employee job satisfaction***

The following statements indicate the extent to which you are satisfied with your job.

**KEY: VD: Very dissatisfied**

**D: Dissatisfied**

**FS: Fairly satisfied**

**S: Satisfied**

**VS: Very Satisfied**

Please tick the degree to which you are **satisfied** with the following:

NO.	STATEMENTS	VD	D	FS	S	VS
1.	The working conditions in my council					
2.	The pay and benefits I receive when compared to the work I do					
3.	Being given a chance to freely use my ability and					

	judgement when working					
4.	The way the supervisor handles employees					
5.	Opportunities available for employees to go for further training					
6.	The respect and fair treatment I get from my supervisor					
7.	The support and guidance I receive from my supervisor					
8.	The praise I get for doing a good job and accomplishing tasks					

Has the overall performance of the council improved over the last one year  Yes

No

**PART F: CHALLENGES FACING EFFECTIVE STRATEGY IMPLEMENTATION**

Please list any challenges that prevent employees from effectively performing tasks as outlined in the strategic plan and departmental work plans

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5.) Suggest ways in which the council can improve its delivery of services to citizens.

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**THANK YOU**

### APPENDIX 3: QUESTIONNAIRE FOR SMALL SCALE ENTREPRENEURS

#### PART A: PERSONAL DETAILS

Please tick in the appropriate boxes.

1. What is your sex? Male  Female
2. a) What is your age? Below 25years  25-34 years  35-44 years   
 45-54 years  Above 55years
- b) What business are you involved in?.....
3. a) Do you get the following services from your local authority?
  - i) garbage collection Yes( ) No ( )
  - ii. Public toilets Yes( ) No ( )
  - iii) Market stalls Yes( ) No ( )
  - iv) Road improvement and maintenance Yes( ) No ( )
4. What other services do you get from your local authority?.....  
 .....

#### PART B: RELATIONSHIP WITH THE LOCAL AUTHORITY

The following statements indicate various issues affecting the relationship between the business community and the local authorities(municipal/county/town council).

**KEY: VD: Very dissatisfied**

**D: Dissatisfied**

**FS: Fairly Satisfied**

**S: Satisfied**

**VS: Very Satisfied**



Please indicate the extent to which you **SATISFIED** with your local council in the following areas:

NO.	STATEMENTS	VD	D	FS	S	VS
1.	The way the council handles any complaints and problems I have with their services					
2.	The way the council addresses issues affecting the business people in its strategic plan and service delivery charter					
3.	The council allows me easy access to required information from their offices					
4.	The fees and levies the council charges businesses					
5.	The way the council provides citizens with relevant services, eg. Markets, roads, licences etc.					
6.	The way the council addresses complaints raised by traders					
7.	The way the council holds Meetings with citizens to address various issues and complaints of traders					
8.	The time taken by the council to offer services to people					
9.	Employees of the council being ready to help anyone requiring their assistance					
10.	Employees of the council being friendly, caring and courteous					

NO.	STATEMENTS	VD	D	FS	S	VS
11.	In general, how satisfied are you with the services of your local council?					

8. Please suggest how local authorities services can be improved.....

.....

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**THANK YOU**

**APPENDIX 4: INTERVIEW SCHEDULE FOR TOWN CLERKS**

1. What is the name of your Local Authority?
2. How long has it been in existence?
3. Explain how your Local Authority formulated its strategic plan.
4. Briefly explain how the following factors affect strategy implementation in your Local Authority:- Leadership
  - Organization structure
  - Organization culture.
  - Staffing
  - Employee rewards
5. a) What challenges has your council faced in implementing its strategic plan?  
b) How has it addressed the challenges?
6. How successful has the council been in providing its statutory services?
7. Briefly explain the impact your Council's Strategic plan implementation has had on the overall performance of your organization.

**APPENDIX 5: INTERVIEW SCHEDULE FOR THE REGIONAL LOCAL  
GOVERNMENT OFFICER**

1. What is the role of your office in the management of Local Authorities?
2. What role does your office play in ensuring that Local Authorities in the province have strategic plans?
3. How is your office involved in strategy implementation in Local Authorities in the province?
4. What challenges have the Local Authorities faced with regard to implementation of their strategic plans and work plans?
5. How has the government addressed the problems faced by Local Authorities in strategy implementation?
6. Comment on the performance of Local Authorities in Western Region.

## APPENDIX 6: LETTER OF AUTHORIZATION TO CONDUCT RESEARCH

REPUBLIC OF KENYA



### NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY

Telegrams: "SCIENCETECH", Nairobi  
Telephone: 254-020-241349, 2213102  
254-020-310571, 2213123.

Fax: 254-020-2213215, 318245, 318249  
When replying, please quote  
**NCST/PR/12/1/SS-011/1296**

P.O. Box 30623-00100  
NAIROBI-KENYA

9<sup>th</sup> September, 2011

Date:

Our Ref: Robert Kennedy W. Egessa  
Moi University  
P.O Box 3900  
**ELDORET**

#### **RE: RESEARCH AUTHORIZATION**

Following your application for authority to carry out research on **"Strategy implementation imperatives as determinants of organizational performance in local authorities in Western region of Kenya"** I am pleased to inform you that you have been authorized to undertake research in **Western Province** for a period ending **31<sup>st</sup> August, 2012**.

You are advised to report to **the Provincial Commissioner and the Provincial Director of Education** of **Western Province** before embarking on the research project.

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

  
**P. N. NYAKUNDI**  
**FOR: SECRETARY/CEO**

Copy to:

The Provincial Commissioner  
Western Province

The Provincial Director of Education  
Western Province

### APPENDIX 7: MAP OF KENYA SHOWING THE WESTERN REGION

