



STRATEGIC LEADERSHIP AND ORGANIZATIONAL PERFORMANCE OF TEA ESTATE COMPANIES IN NANDI COUNTY, KENYA

Kiplangat Kemboi Titus, (MR.)
Laikipia University, Kenya

Kipkemoi Cheruiyot (MR.)
Laikipia University, Kenya

ABSTRACT

Organizational performance is imperative to survival of any organization. Poor performance institutions face difficulties in carrying out its daily activities. The tea industry is faced with a lot of challenges that threaten its survival. These challenges include competition, changing customer tastes and preferences, efficiency in utilization of resources and also employee dissatisfaction. The study sought to examine the effect of strategic leadership on organisational performance in tea estates with case study of tea estates in Nandi County. It was guided by the following objectives; to establish the effect of visionary leadership, to examine the role of managerial leadership, to investigate the influence of inspirational leadership and to establish the effect of transformational leadership on organizational performance of tea estate companies in Nandi County, Kenya. The research used Hertzberg's two factor theory, the Transformational leadership theory and Path goal theory of leadership. The study is beneficial to policymakers in the Kenyan tea subsector. It provides information on approaches and how to improve performance of tea estate companies in Kenya. The findings of the study enables the government appreciates the importance of visionary, managerial, inspirational and transformational leadership aspects in the tea sector in promoting production and efficiency which help the country expand its production capabilities. The management of the tea subsector benefits from the findings of the study. Descriptive survey research design was used in this study with target population of nineteen (19) tea estates. The study used stratified which comprises of 19 top level managers, 38 middle level managers and 57 bottom level managers from these estates and simple random sampling techniques. The sample size of 36 respondents was therefore selected and 32 of the respondents filed and return questionnaire representing and a response rate of 89% which was adequate to continue with data analysis. The data was collected using closed and open-ended questionnaires whose reliability and validity was determined. The study concluded that strategic leadership affects organizational performance in the organization. The study found out that the most significant factor in influencing performance in Tea estate companies in Nandi County is visionary leadership, followed by inspirational leadership, transformational leadership and managerial leadership respectively.

INTRODUCTION

Background of the Study

Tea sector in Kenya has been facing a downward trend in performance with regard to bonus declaration, competition with other tea producing countries, lack of committed employees and leadership and above all inefficiency in production and lack of market for their produce over the last decade despite tea being the second most imported commodity in Kenya. Farmers have not able to receive adequate returns from their investments. The Kenya tea industry and specifically tea companies in Nandi County usually focus on the challenges that hinder performance in the tea industry. Some of these challenges include leadership styles at different situations, inadequate experienced managers, non-commitment of employees, ineffective use of resources, minimal innovativeness and creativity of the

workforce, shortage of labour skills, inappropriate career development procedures, not rewarding best performing employees, failure by the management to retain top performing employees, unclear goals and objectives and unclear vision and mission statement (Hitt, Hoskisson, and Ireland 1994).

Azhar, Ikram, Rashid and Saqib (2013) contends that performance of organizations is determined by the choice of strategy and the way the strategy is executed, which in turn is determined to a great magnitude by the nature of leadership and more so the strategic leadership of an organization. If there is no efficient and effective strategic leadership, the ability of a firm to achieve or sustain a competitive advantage therefore superior performance is significantly constrained. Strategic leadership is the most critical factor in the success of any organization. It stands at the centre of



organizational running and success by harmonizing the long term and short term strategies of the business, since the short term strategies are derivatives of the long term strategies.

Proper strategic leadership result to better organizational performance. One of the organisational internal competitive superiorities is leadership style. Strategic leadership have been widely accepted as popular leadership styles visible that plays an effective role and significant role in attaining effective and efficient organisation performance (Miron, Erez and Naveh 2004). High failure rate of companies in operation is well acknowledged, and hindrances to efficient and effective strategy leadership exist.

Jooste and Fourie (2009) argued that strategic leadership is a key driver to effective strategy implementation. The increased failure rate of businesses in operation is a basis for great concern in organizations. Managers of companies need to consistently update performance reports to monitor progress and measure operational success. Performance can be measured based on employees overall impact, production capability of a company, efficiency and the ability to implement the best practises. Poor performance in many organizations results to insufficient production of output and inefficiency in carrying out daily activities of the firm. This is caused by absence of visionary, managerial, inspirational and transformational leadership. Therefore this study sought to examine strategic leadership and organisational performance in Tea estates in Nandi County.

Objective

To investigate the influence of strategic leadership on organizational performance of tea estate companies in Nandi County, Kenya.

METHODOLOGY

Research Design

The study used descriptive survey research design. This research design answers questions such as who, what, when, where or how much. Descriptive research design try to find data giving prevailing phenomena by asking persons about their observation,

perceptions, approach, attitude. This type of research design leads to responses that are of high quality and low denial rates. The design also does not consume a lot of time and therefore it was fit for this study as argued by Cooper and Schindler, (2008).

Target Population

There are nineteen tea estate companies in Nandi County, the smallholder farmers' agency, KTDA, has two factories in Nandi County-Chebut in Kapsabet and Kaptumo in Nandi Aldai Sub County. Multinational firms have sixteen tea state companies while the state-owned Nyayo Tea Zones Development Corporation has one at Kipchabo in Chesumei Sub County, Tuwei and Tully (2016)

The target population consisted of top, middle and lower level managers of the tea estate companies in Nandi County since they act as the strategic leaders. The respondents were one top level manager, two middle level managers and three lower level managers from each tea estate company in Nandi County. According to report of tea board of Kenya of 2014, the target population was 114.

Data Collection Instruments

The study used questionnaires for collecting data, which was constructed based on the research objectives. This is because they are convenient and easy to gather information from a huge number of participants and also enable the researcher get information from the (Kothari 2004)

RESULTS AND DISCUSSION

The study had a sample size of 36 to whom questionnaires were administered. 32 employees responded to the study questionnaires, giving the study a response rate of 89%.

Reliability

Since the research used multiple Likert questionnaires in data collection, it was therefore necessary to test interior steadiness. The researcher used Cronbach's alpha. Results are as shown in table 4.1.



Table 4.1: Reliability Statistics on Visionary leadership

Variables	Cronbach's Alpha ^a	N of Items
Visionary leadership	0.812	9
Managerial leadership	0.845	12
Inspirational leadership	0.715	11
Transformational leadership	0.764	8
Overall score 0.789		

Source: Research data (2018)

The statistical package for social science computed Cronbach's alpha for visionary leadership, managerial leadership, inspirational leadership and transformation leadership was 0.812, 0.845, 0.715 and 0.764 respectively which were all above the least acceptable measure of reliability of 0.70. There overall reliability score were 0.789. The items therefore indicate a high level of internally consistency.

Inferential Statistics

Inferential statistics were performed to determine the effect of strategic leadership on organizational performance.

4.5.2 Regression Analysis

The model summary was used to predict the value of dependent variable using independent variables. The independent variables were the visionary, managerial, inspirational and transformational leadership.

Table 4.8 Coefficient of Determination Computed Using SPSS16

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.912 ^a	.832	.825	2.942

a. Predictors: (Constant), Visionary leadership, Managerial leadership, Inspirational leadership, transformational leadership

Source: Research Data, (2018)

The results show that the linear correlation coefficient R is 0.912 which indicates a strong linear relationship between the dependent and the independent variables (Visionary leadership, Managerial leadership, inspirational leadership, and Transformational leadership). This means that the dependent variable and the predictors have a strong linear relationship and when the independent variables increase the dependent variable increases and a reduction will also result in a decrease in the dependent variable R^2 equals 0.832 which means that 83.2% of variation in organizational performance (dependent variable) can be explained by the independent variables in the equation (Mugenda and Mugenda, 2004). Adjusted R^2 = 0.825, which means that 82.5 % of variance of the dependable variable (organization performance) was explained. The

standard error of the estimate represents the average distance that the observed values fall from the regression line (2.941) which means the data points on average are 2.941% away from the line of fit which is okay because it's less than 5% which is considered high. Durbin Watson is a number that tests auto correlation in the residuals from a statistical regression analysis and ranges between 0 – 4, the study's was 1.660 which is closer to 2 meaning there was no auto correlation in the sample.



Multiple Regression Analysis

Table 4.13: Coefficient Computed Using SPSS Version 16

Model		Un-standardized Coefficients		Standardized Coefficients	
		B	Std. Error	Beta	T Sig.
1	(Constant)	4.113	1.750		2.350 .021
	Visionary leadership	.485	.154	.292	3.143 .002
	Managerial leadership,	.190	.141	.144	1.346 .181
	Inspirational leadership,	.454	.099	.324	4.568 .000
	Transformational leadership	.366	.101	.272	3.634 .000

a. Dependent Variable: Organizational Performance

Source: Research data, (2018)

From the regression results, the model becomes;

$$Y = 4.113 + 0.485X_1 + 0.190X_2 + 0.366X_3 + 0.454X_4 + \epsilon$$

According to the regression equation above, taking all variables, visionary leadership, managerial leadership inspirational leadership and transformational leadership to be constant at zero organizational performance in tea estate companies in Nandi County will be 4.113. The data findings analyzed also showed that taking all other independent variables at zero, a unit increase in visionary leadership other factors remaining the same will lead to a 0.485 units increase in organizational performance with p-value of 0.181 which was more than the alpha value of 0.05 implying that although they are positively correlated, it is not a significant determinant; a unit increase in managerial leadership will lead to a 0.190 units increase in organizational performance with p-value of 0.002 which was less the alpha value of 0.05 implying that it is a significant determinant of performance; holding all factors constant, a unit increase in inspirational leadership lead to 0.454 units increase in performance with p-value of 0.000 which was less than the alpha value of 0.05 implying that it is significant determinant of performance in tea estates in Nandi County; holding other factors constant, a unit increase in transformational leadership holding all other factors constant will lead to a 0.366 units increase in organizational performance with p-value of 0.000 which was less than the alpha value of 0.05 implying that, it is no significant determinant of performance;

According to Bass (2005) the transformational theory postulates that leaders must be able to motivate the workers for the employees to work beyond the expectation and thereby resulting to good performance

since the market has become very competitive, while a unit increase in inspirational leadership other factors constant will lead to a 0.454 units increase in organizational performance. Visionary leadership contributes most to the organizational performance followed by leadership, transformational leadership and managerial leadership respectively.

CONCLUSION

Visionary leadership was significant in determining organizational performance and positively correlated. Managerial leadership was not a significant determinant of organizational performance and too was positively correlated to organizational performance. Inspirational leadership was a significant determinant of organizational performance and positively correlated to organizational performance. Transformational leadership was a significant determinant of organizational performance. It had a positively correlation with organizational performance Managers should inspire and encourage employees to work effectively and move in the same direction to reach objectives of the companies. Tea estate companies in Nandi County leaders should embrace change and implement strategies intended to position the organization to succeed in future. In addition they should stress toward the mission and vision all the time in order to achieve above average performance by creating an effective strategy.



REFERENCES

1. Azhar, A., Ikram, S., Rashid, S., & Saqib, S. (2013). *The role of leadership in strategy formulation and implementation. International Journal of Management and Organizational Studies*, 1(2).
2. Bass, B. M. (2005). *Transformational leadership theory. JB Miner. Organizational behavior. Essential theories of motivation and leadership*, 361-385.
3. Cooper, J., & Schindler, M. (2008). *Perfect Sample Size in Research*. New Jersey.
4. Hitt, M. A., Hoskisson, R. E., & Ireland, R. D. (1994). A mid-range theory of the interactive effects of international and product diversification on innovation and performance. *Journal of management*, 20(2), 297-326.
5. Jooste, C., & Fourie, B. (2009). The role of strategic leadership in effective strategy implementation: Perceptions of South African strategic leaders. *Southern African Business Review Journal*, 13(3).
6. Kothari, C. R. (2003). *Research methodology: Methods and techniques*. New Age International.
7. Miron, E., Erez, M., & Naveh, E. (2004). Do personal characteristics and cultural values that promote innovation, quality, and efficiency compete or complement each other? *Journal of Organizational Behavior*, 25(2), 175-199.
8. Mugenda, O. M. & Mugenda, A. G. (1999). *Research Methods: Quantitative and Qualitative Approaches*, Nairobi: Acts Press.
9. Tully, M., & Tuwei, D. (2016). We are one Kenya: representations of the nation, leadership, and de-ethnicized identity on reality TV. *Media, Culture and Society*, 38(8), 1119-1135.