IMPROVING ORGANISATIONAL EFFECTIVENESS OF PUBLIC ENTERPRISES INKENYA

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Submitted in fulfilment of the requirements for the degree of Doctor in Business Administration in the Faculty of Business and Economic Sciences of the Nelson Mandela Metropolitan University

Promoter: Prof CA Arnolds

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PORT ELIZABETH
DECLARATION

I hereby declare that the work contained in this thesis is my original work and has not been previously in its entirety or in part been submitted at any other University or institution for a degree. All references in the text have been duly acknowledged.

Signed  -------------------------------------------------------                        ----------------------
Alice Nyambura Koigi                                                     Date

This thesis has been submitted for examination with my approval as the promoter.

Signed  --------------------------------------------------------                      -----------------------
Prof CA Arnolds                                                    Date
DEDICATION

This thesis dedicated to family: My mother Edith Wamathwe Kamau; my late father Andrew Kamau, who must be smiling from where he is - He always told me that, with determination, everything is possible; my husband Robinson Koigi; and my sons Njau Koigi, Kamau Koigi and Kubai Koigi.
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I owe special gratitude to my family for their great moral and technical support: My sister, Joyce, for her insistence that a “graduation should be held soon”; my husband, Robinson Koigi, for his love, support and understanding; and my great “technical team and research associates”, my sons, Njau, Kamau and Kubai. I thank them very much for their support and their great love during the whole project.

Finally, I owe it all to my Lord and Saviour. With Him, everything is possible in and out of season. I owe it all to Him and this is for His glory.
To achieve effectiveness and efficiency in public enterprises, change is needed. Due to the rapid changing global environment and increasing demand for service delivery, continuous change is needed. Changes have been taking place in the Kenyan public sector since 2003. The public enterprises in Kenya, like in most countries in Sub-Saharan Africa, have been characterised by slow and bureaucratic processes that retard organisational performance. Employees and managers in these enterprises have been perceived as not performing as they should. Kenyan public enterprises are important to the economy of the country. They provide social services to the Kenyan population and employ about 654 200 people. The latter translated in a wage bill of 84 378 million Kenyan Shillings (Ksh 80 = 1 US dollar). There is therefore a need to investigate ways to improve individual and organisational performance, collectively viewed as organisational effectiveness in this study, in these enterprises.

It is generally accepted that leadership and organisational culture play a critical role in managing the effectiveness of enterprises. In this study, leadership style (transactional and transformational), leadership personality (Machiavellianism, narcissism, masculinity, femininity, individualism and collectivism) and organisational culture (entrepreneurial and market-orientation), strategic management, corporate ethics are investigated determinants of organisational effectiveness.

A survey approach was used to collect data from 670 senior executives from 134 Kenyan public (state) enterprises. Two hundred and fifty-six (256) useful survey responses from 53 public enterprises were received. Structural equation modelling (SEM) statistical technique was used to test the hypothesised relationships between the above-mentioned determinants and the dependent variables (individual performance intention and organisational performance). The
descriptive statistics of the raw data were also analysed to ascertain the managers’ perceptions about these determinants in the public enterprises.

The empirical results revealed that transformational leadership exerts a positive influence on both organisational performance and individual performance intention; that self-deceptive narcissism motivates individual performance intent but decreases organisational performance; that an entrepreneurial, market and strategic management orientation positively influences organisational performance; and that strategy implementation positively influences individual performance intent.

In view of these findings, the study concludes that it is critical that leadership styles and leadership personalities be taken into account in leadership recruitment and development process in Kenya public enterprises. Kenyan public enterprises will also improve their organisational performance if they implement entrepreneurial, market and strategic management principles.
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CHAPTER 1

SCOPE OF THE STUDY

1.1 INTRODUCTION

All enterprises, whether they are in the private or public sector, continuously strive to achieve and sustain business success. For private enterprises, success at primary objective level is often expressed in terms of the maximisation of profitability, return on investment and shareholders’ wealth, while success at the secondary objective level is expressed in terms of the maximisation of productivity and sales, organisational growth, socio-economic goals, etcetera (Bosch, Tait and Venter, 2006). While striving to achieve more or less similar objectives, public enterprises have the added responsibility to deliver various services to the public in the most effective and efficient manner (Bryan, Fraser, Oppenheim and Rall, 1999; World Bank Group, 2007).

To achieve effectiveness and efficiency, change in the public sector is needed. The bureaucratic and slow public enterprises need to change into fast, effective and efficient organisations. According to Flynn (2007), the Kenyan state enterprises are performing below expectations. There is therefore a need to investigate ways of improving these public enterprises, which is the objective the present study seeks to achieve.

1.2 BACKGROUND TO THE STUDY

The Kenyan public sector includes the government ministries, departments and public enterprises. The public enterprises are important to the Kenyan economy as they not only provide products and services to Kenyans, but they also offer employment to Kenyans. According to the Kenyan National Bureau of Statistics
(2006), some 654,200 people were employed in the public sector in 2005, representing 36 percent of the registered wage employment. About 20 percent of these are employed in public enterprises (Kenya National Bureau of Statistics, 2006; International Monetary Fund, 2008).

According to the World Bank Group's (2007) country assessment report, the quality of service in the Kenya public sector was very low prior to 2003 due to inadequate accountability and responsibility, as well as poor governance. Poor management of the public assets led to an almost total collapse of infrastructure, decline in productivity and an increase in poverty (close to 56 percent of the population were living with incomes of less than US$2 per day) (Kenya National Bureau of Statistics, 2006). Some public servants would also not attend to their duties diligently and it was common to find members of the public waiting to be served while there was no one in the office. The poor service delivery was also due to unclear direction and non-existent strategic plans. Where plans were present, there was no effective implementation and monitoring system. The lack of accountability was caused by an organisational culture characterised by negative values among staff (Republic of Kenya, 2003a; 2004; 2006).

There was relatively low discipline in management and some of the enterprises that were previously successful went into liquidation such as, for example, the Kenya National Assurance and the Kenya Taxis Company, KENATCO (Republic of Kenya, 2005).

Many of the public enterprises that wished to expand were limited by their ability to raise venture capital. Their ownership structure demanded they obtain government approval for such expansion. Most potential investors were discouraged by rigidity in the decision-making process in the public sector, especially against the backdrop of an ever-changing market environment that demanded agility in order to remain relevant and competitive. This was the prevailing situation in Kenya prior to 2003.
In 2003, reform programmes were instituted to change the situation. Public enterprises were now expected to finance their operations without reliance on the state to bail them out. The rising demand and expectation of improved services by the taxpayers prompted more changes in the management of the public enterprises (Henry, 2001; Flynn, 2007). Strategic planning and performance contracts were instituted, which improved the management of public enterprises (Kenya Institute of Management, 2008: 10).

While a general improvement in service delivery in Kenya has been noted (World Bank Group, 2007; International Monetary Fund, 2008), there is still a need for further reforms and improvements particularly in leadership, governance, productivity and organisation culture. According to the Minister of Public Service, a lot more remains to be done to improve service delivery, especially as far as rewarding excellent service on the part of public sector employees is concerned. The results based management approach and the implementation of performance related remuneration, which the government has adopted, are expected to change the operations of the public service (Kenya Institute of Management, 2008: 10).

Although a changing environment in itself necessitates changes, public sector organisations appear to have inherently less ability to act as freely as private sector organisations (Henry, 2001: 87). The present study seeks to investigate, among other issues, how effective the existing public sector changes have been and how sustainable they are. The study also aims to investigate the factors that impact the effectiveness of these changes.

Furthermore, while it is reported that the application of strategic management has increased in the African public sector (Mitiku, 1982; Woodburn, 1984; Adegbite, 1986; Fubura, 1986, Kangaro, 1998), there has been no evidence of research that directly links strategic planning to organisation effectiveness in public enterprises in Kenya. There have also been no previous studies done on the
relationships between strategic management, corporate ethics, corporate leadership, organisational culture, on the one hand, and organisational effectiveness in Kenyan public enterprises, on the other hand. The present study addresses these research gaps by investigating the factors that influence organisational effectiveness in Kenyan public enterprises.

1.3. CONCEPTUAL MODEL TO IMPROVE ORGANISATIONAL EFFECTIVENESS IN PUBLIC ENTERPRISES

Every enterprise is established with clear business goals to be achieved. These business goals can only be achieved if the business succeeds in meeting the expectations of various stakeholders, including customers (goods and services), shareholders (return on investment), employees (employment) and the general public (social responsibility) (Johnson and Scholes, 1999: Drurry, 2000). In public enterprises, the stakeholders are generally the taxpayers and the customers who buy goods and services from them.

Covey (2004) suggests that an enterprise that provides the required goods and services through the optimal utilisation of its resources is an effective organisation. One of the key resources in any enterprise, including public enterprises, is its employees, because without the mental and physical input of employees, production or service delivery cannot take place. The job performance of employees is therefore a key determinant of the effectiveness of organisations, including public enterprises. Job performance has been described as the extent to which an employee accomplishes assigned tasks (Cascio, 1992: 260). The accomplishment of tasks is however integrally linked to absenteeism and resignations (employee turnover). It is against this background that Boshoff and Arnolds (1995) define organisational effectiveness as the intent to increase and maintain optimal job performance by individual employees and to decrease and maintain low turnover and absenteeism levels. The present study concurs that performance intent is one indicator of organisational effectiveness, the other
being organisational performance. In this study, organisational effectiveness is therefore defined as managers’ performance intent, as well as the overall performance of their organisations.

**FIGURE 1.1: CONCEPTUAL MODEL TO IMPROVE ORGANISATIONAL EFFECTIVENESS**

**Leadership style:**
- Transformational
- Transactional

**Leadership personality:**
- Collectivism
- Machiavellianism
- Narcissism
- Masculinity
- Femininity

**Organisational culture:**
- Entrepreneurial
- Market-oriented

**Organisational effectiveness:**
- Organisational performance
- Performance intent of managers

**Strategic management**

**Corporate ethics**

Source: Researcher’s own construct

### 1.3.1 The conceptual model to improve organisational effectiveness

The present study suggests that organisational effectiveness in public enterprises is not achieved due to the absence or lack of key ingredients such as strategic management, corporate leadership, corporate ethics and organisational culture.
Figure 1.1 illustrates the conceptual model to improve organisational effectiveness in public enterprises. All the variables of the conceptual model are discussed next.

1.3.1.1 Performance intent

An employee's job performance is viewed as a concept encompassing various job behaviours such as work quality, work quantity, learning ability, safety, interpersonal relations, job interest, initiative, conduct, perseverance, attendance and appearance of employees (Tharenou, 1993: 274). When employees therefore improve their job performance at the individual level, they will automatically improve the productivity of their units and finally the effectiveness of the organisation (Carkhuff, 1986: 92).

Business concerns, including public enterprises, need high-performing employees to achieve production of goods of acceptable quality in order to realise their economic, societal and employee-related goals. Firms need employees who are not only willing to exert high levels of effort, but also have the intention to render the required performance levels to achieve production and service delivery. Several studies have reported these predispositions and behaviours, namely perceived work effort and performance intentions, as reliable predictors of job performance (Cranny, Smith and Stone, 1992: 198; Weiner and Vardi, 1980: 89; Shore, Newton and Thornton, 1990: 64). The present study suggests that by reinforcing an employee's positive performance intentions the performance of both the employee and the organisation can be improved.

1.3.1.2 Organisational performance

According to Harvey (2007: 16), profitability is a measure of the effectiveness of business as it indicates what profit the business made from its sales or money invested in the firm. Profit maximisation, return on investment and
shareholders’ wealth are regarded as the primary objectives of businesses, while secondary objectives include productivity, business growth, sales maximisation, safety and security and socio-economic goals (Bosch, Tait and Venter, 2006). The achievement of these objectives is therefore a measure of organisational effectiveness.

Another important indicator of a firm’s financial performance and therefore its organisational effectiveness is the increase or decrease of its market share (Shaw and Merrick, 2005: 39). Market share is a measure of how dominant a firm is in its industry. Market share is often expressed as a firm’s revenues for a specific product or service as a percentage of the industry’s overall revenues for similar products or services. Some public enterprises are monopolies in their countries, a situation that provides them with the dominant market share. The extent to which these enterprises maintain and increase their market shares would be an indication of their effectiveness.

In the present study, organisational performance will be used as a measure of organisational effectiveness. This includes perceptions about: achieving sales success, new products and services, successfully increasing market share, achieving the highest possible profit margins, successfully servicing and retaining major clients and successfully achieving sales with long-term profitability.

1.3.1.3 Leadership

Burnes (2004:503) suggests that the key variable that distinguishes successful from not so successful organisations is the presence of a dynamic and effective leadership. A distinction is often made between management and leadership, but empirical evidence does not support this proposition (Yukl, 2002:5). Those, however, who distinguish between the two concepts, suggest that leaders appear to be visionary while managers have a short-term view of issues. Leaders
continuously question the status quo and initiate change, while managers more often seek goal achievement within the existing policies and procedures (Navahandi, 2000; Rowe, 2001; Burnes, 2004).

One of the most influential theories on management, namely the managerial grid (later called the leadership grid) by Blake and Mouton (1985), identified two types of leadership behaviours, namely concern for people and concern for production or task. According to the managerial grid, various combinations of these two leadership behaviours result in five leadership styles, namely team, task, country club, middle-of-road and impoverished leadership. Team leadership is concerned with high productivity and high concern for people. The objective is to achieve high levels of both performance and job satisfaction. The task leadership is more concerned about production with low concern for people. The concern of task leadership is to achieve high productivity through planning, organising and directing in such a way that human considerations are kept to a minimum. Research has shown that a successful leader will exhibit both task and people-oriented leadership behaviour and that the one style would dominate depending on the situation (Blake and Mouton, 1985; Burnes, 2004; Pierce and Newstrom, 2008: 195).

Burns (1978) combined history and politics with leadership theory and in the process identified two leadership styles, namely transactional and transformational leadership. The transactional leader maintains the status quo while a transformational leadership is focused on changing the status quo. Transformational leaders disturb the status quo and bring about radical changes in organisations. According to Peters and Waterman (2004: 82), a transformational leader is involved in mentoring, shaping values of an organisation, and leading by example, and is a communicator and a finder of meaning. The difference between a manager and a leader, according to Peters and Waterman (2004: 82), is that the former is concerned with bringing about stability while the latter is concerned with bringing about change. Research has
however shown that transformational leadership in particular is critical for the future success of firms (Shamir, House and Arthur, 1993; Luthans, 1998). The present study investigates how leadership styles affect the effectiveness of public enterprises.

Not only does leadership style influence the performance of individuals and organisations, but leadership personality does too (Pierce and Newstrom, 2008). Leadership personalities, reflecting such traits as Machiavellianism, narcissism, collectivism, masculinity and femininity have been identified as determinants of individual and organisational performance (Pierce and Newstrom, 2008).

Machiavellianism reflects a person’s general strategy for dealing with other people. People with a high Machiavellian orientation feel that others can be easily manipulated in interpersonal situations. They are cunning, deceptive and use expediency as an influence technique. Highly Machiavellian orientated individuals are said to be less emotionally involved with others in sensitive issues. Gemmill and Heisler (1972) reported that highly Machiavellian leadership was negatively related to job satisfaction and positively associated with job stress which can affect individual job performance.

Narcissism refers to a distorted view of self. Narcissists feel that they need power and prestige and they enjoy manipulating others. This need leads them to positions of leadership but at the extreme level. Extreme leadership can be destructive to both individuals and organisations (Kets de Vries and Miller, 1985; Pierce and Newstrom, 2008: 445).

The collectivistic leadership personality reflects the feeling that the group or the society and not the individual should be given priority as opposed to the individualistic leadership personality that believes that the individual should be the centre of everything. Studies have shown that the collectivism-individualism leadership continuum has an influence on how leaders make decisions, consult
and negotiate (Dorfman, Howell, Hibino, Lee, Tate and Bautista, 1999: Pierce and Newstrom, 2008).

Finally, all people, including leaders therefore, have a masculine and/or feminine orientation (Hofstede, 1980; Pierce and Newstrom, 2008). Masculinity refers to a leadership that emphasises assertiveness and acquisition of money and material objects coupled with a de-emphasis on caring for others (Pierce and Newstrom, 2008: 231). On the other hand, femininity is concerned with personal relationships, a concern for others and high quality of life. Assertiveness, materialism and caring interpersonal relationships are traits that would definitely influence how leaders lead organisations and must therefore be considered in studying organisational performance.

Adeyemo (2009) suggests that leadership on the African continent, whether in politics or business, is littered with destructive power, prestige and self-love issues. This factor is often blamed for the violence and poverty on the African continent. The present study therefore investigates the influence of leadership styles and personality traits on the performance of individuals and organisations.

### 1.3.1.4 Organisational culture

The conceptual model of the present study suggests that organisational culture is a key determinant of organisational effectiveness. Hill and Jones (2004: 417) define organisational culture as a collection of values and norms shared by people and groups in an organisation. Values are beliefs and ideas about what kinds of goals members of an organisation should pursue and about the appropriate kinds of standards of behaviour organisation members should use to achieve these goals. Managers enforce organisational culture through their projection of the vision, mission and codes of ethics of their businesses, as these documents should reflect the values of organisations (Greenberg and Baron, 2003: 31).
Businesses with positive organisational cultures are more likely to survive in a competitive environment and should have higher performance than businesses with negative organisational cultures (Hill and Jones, 2004: 419; Plumeri, 2006: 6). A well-planned organisational culture strategy leads to improved financial performance, reduced operating costs and enhanced corporate reputation (Greenberg and Baron, 2003: 31). A positive organisational culture also improves entrepreneurship, creativity, adaptability, dynamism and service quality (Richard and Ravi, 2006: 20).

Hellriegel et al. (2004) identified two types of organisational culture that have a profound impact on the performance of an enterprise, namely entrepreneurial and market culture. An entrepreneurial organisational culture is characterised by risk taking, dynamism and creativity, while a market culture is characterised by hard-driving competitiveness and profit orientation (Hellriegel et al., 2004). The present study investigates to what extent these culture types influence organisational effectiveness.

1.3.1.5 Strategic management

Having a strategic management orientation is also a very important organisational variable in the pursuit of organisational effectiveness. Studies in business strategy suggest that firms need to seek strategic fit between their internal resources (their strengths and weaknesses), and their external environment (opportunities and threats) (Andrews, 1977; Bennet, 1999; Prahalad, 2000). The external environment, at the macro level, includes influences from the political-legal, economic, social, ecological and technological arenas. The external environment, at the market level, includes influences from customers, suppliers, competitors and intermediaries. The internal environment consists of systems, policies, resource capacity and organisational culture that influence the performance of businesses. In order to
remain competitive, relevant and sustainable, firms need to formulate and implement strategies that will balance the two environments. Due to constant changes in the environment, firms need to continuously adapt their activities to the realities in the environment otherwise their future success may be in jeopardy (Aosa, 1998; Prahalad, 2000). Surprises in the external environment are a risk no firm, however strong and rich, can afford to ignore. Firms of all sizes therefore need strategies and plans in order to be successful and sustainable (David, 2001).

Important benefits are derived from strategic management (Thompson, Strickland and Gamble, 2007). These include focusing the energies of an organisation in a common direction. The process of formulating strategies forces managers to identify internal strengths and weaknesses and work on these while confounding the threats and taking up the opportunities that are identified. It also helps in the allocation of resources. Strategies also provide the business with criteria against which to evaluate performance as well as a basis for evaluating long-term investments. Arising from this, it is clear that strategic management is a major determinant of performance in organisations.

1.3.1.6 Corporate ethics

Business and industry are part and parcel of the society and as such, the activities, ethical or otherwise, and the health of the organisation directly affect the economy and the country (Prasad, 2008). Organisations, whether private or public, must therefore be governed ethically. More than ever, it seems that the success of organisations and the well-being of society are affected by ethical choices made by managers in organisations (Fredrickson and Ghere, 2007; 49). Corporate ethics have been tested in the past decade with scandals such as the Enron and WorldCom ones. In the Enron case, the natural gas company resorted to questionable accounting. The managers conducted fake trading to trick analysts to think business was good while that was not the case. In WorldCom,
the giant telecommunication company, managers manipulated financial statements due to the pressure to project a healthy financial position. According to the Securities and Exchange Commission, these two companies had to apply for bankruptcy resulting in losses for many investors (Securities and Exchange Commission, 2002).

Ethics refers to the values and principles which are manifested in one's behaviour to another (Prasad, 2008: 59). According to Avolio (1999), ethical values such as honesty, integrity and trustworthiness are some of the important components of a transformational leader’s idealised influence. In other words, an ethical organisational culture is created and maintained by the example that leaders set. Yukl (2002) concurs that, from a social learning perspective, leaders influence the ethical conduct of followers through role modelling. Yukl (2002) found that ethical leadership engenders trust and extra work effort that impact individual and organisational performance outcomes. In the present study, corporate ethics is therefore included in the conceptual model to improve the organisational performance of public enterprises in Kenya.

1.4 THE PROBLEM STATEMENT

Governments have realised the importance of strategic management in their organisations. In fact, the management of public institutions, called public management, brings together two concepts, namely public administration and business management. On the one hand, public administration involves the set of rules and procedures of the political system that governs public institutions (Henry, 2001; Flynn, 2007; Scharter, 2008). Business management, on the other hand, involves the business functions (marketing, finance, purchasing and logistics, production, etcetera) and management tasks (planning, organising, leading and control) that need to be performed to achieve business goals (Bosch et al., 2006). Research however shows that strategic management (planning and implementation of strategic plans) is not being effectively done in public
enterprises. According to Henry (2001), although strategic planning has been described as a “public-sector perennial” there is relatively little empirical research about how strategic planning is used in the public sector. Henry (2001) further argues that although strategic planning gives direction to an organisation, it appears that strategic planning in its public mode is of limited use in the public sector as opposed to the private sector (Henry, 2001: 313-315).

Implementation of strategies is equally important. It involves the allocation of responsibilities; having the right people in the right jobs; preparation and allocation of budgets; scheduling of activities on an annual or periodic basis; establishing of review points on how progress will be evaluated; determining the procedures for altering the plan as circumstances change; and measuring and rewarding the attainment of the envisioned outcomes (Bennett, 1999; Kotter, 1998; Lake, 2002). According to Kotter (1998), employees often understand the new vision and want to make it happen, but blockages in the path of achieving the vision often occur. One such blockage is a lack of support and leadership by senior executives. Another hurdle is poor execution of strategies (Bossidy and Charan, 2002). Martin (2010) states that for strategies to be seen as good, they must actually be executed and that the failure in drawing a line between strategy and execution almost guarantees failure in achieving business success. The present study therefore investigates strategic management (formulation and implementation of strategic plans) as a determinant of organisational performance in Kenyan public enterprises.

Public enterprises are often characterised by relatively poor leadership that can affect change to improve service delivery in these institutions (Blake and Mouton, 1985; Burnes, 2004). This situation could be an indication of an imbalance between leadership styles and what is expected in the organisation. The correct balance between transformational and transactional leadership is often offered as a possible solution to improve the effectiveness of organisations (Burnes, 2004).
The present study explores the possibility of this imbalance existing in public enterprises.

It has also been suggested that leadership personality is an important factor when it comes to the governance of private and public enterprises in African countries. The unstable political and business environments on the Africa continent are often attributed to destructive personality issues surrounding power, prestige and self-love (Adeyemo, 2009). These leadership personality traits are also considered in the present study.

The importance of organisational culture is often not recognised as far as the success of businesses is concerned. Gillmor (2003) revealed that many businesses need fine-tuning to match their organisational cultures to their present and future goals. These firms are consequently missing out on the benefits of a synergetic organisational culture. In Kenya, similar sentiments have been expressed and are being addressed through anti-corruption, anti-economic crimes and public officer ethics legislation, which acknowledges the importance of organisational culture in achieving organisational goals (Republic of Kenya, 2003a; 2003b). The present study investigates the role that organisational culture plays in achieving organisational effectiveness.

Innovation, customer service and speed of delivery are important determinants of competitiveness (Daft, 2008). These elements are often associated with entrepreneurial and market-oriented organisations (Bennett, 1999; Prahalad, 1994; Markides, 2000). An entrepreneurial organisational culture empowers staff at all levels always to search for change, respond to it and exploit it as an opportunity (Drucker, 2001). Market-oriented organisations are driven by market-related targets such as increased sales, profitability and market share. Public enterprises, on the other hand, are not known for innovation, customer service, speed of delivery and market-related targets. The present study suggests that the pursuance of an entrepreneurial and market-oriented organisational culture
will improve the employee and organisational performance of Kenyan public enterprises, and it therefore investigates this assertion.

There is no doubt that adhering to practices and behaviour that promote ethics and integrity increases the performance of organisations (Chew and Gillan, 2007; Fredrickson and Ghere, 2007). Many surveys on unethical practices and corruption have reported high levels of prevalence of these practices with Kenya being ranked number 146 out of 180 countries, with a Corruption Perception Index of 2.2 (Transparency International, 2009). No empirical studies have however been conducted to establish how this impacts on individual and organisational performance in Kenyan public enterprises. The present study will attempt to address this research gap.

In summary: The problem statement of this study is whether organisational effectiveness in public enterprises can be improved by the management of variables such as strategic management, corporate leadership and organisational culture. The study suggests that these are the main determinants of the reported weak organisational performance of public enterprises in Kenya. The study further suggests that by conducting this study in Kenya, a significant contribution will be made to the improvement of effectiveness in public enterprises.

1.5 RESEARCH OBJECTIVES

In order to address the above-mentioned research problem, the following research objectives were pursued:

1.5.1 The primary objective

The primary objective of this study is to improve organisational effectiveness of public enterprises by investigating the determinants of such effectiveness. More
specifically, the study explores the influence of strategic management, leadership (style and personality) and organisational culture (entrepreneurial and market-orientated) and corporate ethics on organisational effectiveness (as measured by overall organisational performance and the performance intent of managers).

1.5.2 Secondary objectives

The secondary objectives included the following:

- To conduct a thorough literature review of the nature, strengths and weaknesses of public enterprises in Kenya;
- To assess the progress of the strategic management interventions conducted by the Kenyan government since 1993;
- to conduct a thorough literature review on the concept of organisational effectiveness and its determinants;
- to investigate the main determinants of organisational effectiveness in public enterprises among the variables selected for the conceptual model; and
- to provide recommendations on how to improve the effectiveness of public enterprises.

1.5.3 Research design objectives

To achieve the above-mentioned research objectives, the following research design objectives were pursued:

- To conduct a thorough secondary literature review on the variables included in the conceptual model;
- to construct a preliminary research instrument to measure the variables included in the conceptual model;
- to conduct a pilot study among 50 participants to test the reliability and improve the measuring instrument;
- to construct the final questionnaire;
- to conduct a mail survey of a sample of senior executive managers in the Kenyan public enterprises;
- to capture and analyse the raw data; and
- to interpret the results, draw conclusions and discuss the strategic implications for managers of public enterprises.

1.6 THE HYPOTHESES

Based on the conceptual model to improve organisational effectiveness in public enterprises (see Figure 1.1 above), the following null hypotheses were formulated. This hypothesised model is graphically illustrated in Figures 1.2 and 1.3.

H01a: Leadership style (as measured by transformational leadership) exerts no influence on organisational effectiveness (as measured by perceived organisational performance)

H01b: Leadership style (as measured by transformational leadership) exerts no influence on organisational effectiveness (as measured by the performance intent of managers)

H02b: Leadership style (as measured by transactional leadership) exerts no influence on organisational effectiveness (as measured by perceived organisational performance)

H02b: Leadership style (as measured by transactional leadership) exerts no influence on organisational effectiveness (as measured by the performance intent of managers)
H03a: Leadership personality (as measured by Machiavellianism) exerts no influence on organisational effectiveness (as measured by perceived organisational performance)

H03b: Leadership personality (as measured by Machiavellianism) exerts no influence on organisational effectiveness (as measured by the performance intent of managers)

H04a: Leadership personality (as measured by narcissism) exerts no influence on organisational effectiveness (as measured by perceived organisational performance)

H04b: Leadership personality (as measured by narcissism) exerts no influence on organisational effectiveness (as measured by the performance intent of managers)

H05a: Leadership personality (as measured by collectivism) exerts no influence on organisational effectiveness (as measured by perceived organisational performance)

H05b: Leadership personality (as measured by collectivism) exerts no influence on organisational effectiveness (as measured by the performance intent of managers)

H06a: Leadership personality (as measured by masculinity) exerts no influence on organisational effectiveness (as measured by perceived organisational performance)

H06b: Leadership personality (as measured by masculinity) exerts no influence on organisational effectiveness (as measured by the performance intent of managers)
H07a: Leadership personality (as measured by femininity) exerts no influence on organisational effectiveness (as measured by perceived organisational performance)

H07b: Leadership personality (as measured by femininity) exerts no influence on organisational effectiveness (as measured by the performance intent of managers)

H08a: Organisational culture (as measured by entrepreneurial orientation) exerts no influence on organisational effectiveness (as measured by perceived organisational performance)

H08b: Organisational culture (as measured by an entrepreneurial orientation) exerts no influence on organisational effectiveness (as measured by the performance intent of managers)

H09a: Organisational culture (as measured by a market orientation) exerts no influence on organisational effectiveness (as measured by perceived organisational performance)

H09b: Organisational culture (as measured by a market orientation) exerts no influence on organisational effectiveness (as measured by the performance intent of managers)

H010a: Strategic management exerts no influence on organisational effectiveness (as measured by perceived organisational performance)

H010b: Strategic management exerts no influence on organisational effectiveness (as measured by the performance intent of managers)
H011a: Corporate ethics exert no influence on organisational effectiveness (as measured by perceived organisational performance)

H011b: Corporate ethics exert no influence on organisational effectiveness (as measured by the performance intent of managers) the performance intent of managers)
Figure 1.2: Model to improve organisational effectiveness as measured by performance intent – the null hypotheses

Leadership Style
- Transformational
- Transactional

Leadership Personality
- Machiavellianism
- Narcissism
- Collectivism
- Masculinity
- Femininity

Organisational Culture
- Entrepreneurial
- Market-orientated

Strategic Management

Corporate Ethics

Performance intent

Source: Researcher’s construct
FIGURE 1.3: MODEL TO IMPROVE ORGANISATIONAL EFFECTIVENESS AS MEASURED BY ORGANISATIONAL PERFORMANCE – THE NULL HYPOTHESES

Source: Researcher’s construct
1.7 METHODOLOGY OF THE STUDY

1.7.1 The research paradigm

According to Collis and Hussey (2003), there are basically two research paradigms ranging on a continuum from a positivistic to a phenomenological approach. The positivistic approach attempts to explain social phenomena by establishing a relation between variables which are information converted into numbers, hence the reference to this approach as quantitative research. The phenomenological paradigm, on the other hand, suggests that social reality lies within the unit of research, and that the act of investigating the reality has an effect on that reality. This paradigm pays considerable regard to the subjective or qualitative state of the individual, hence the reference to this approach as qualitative research.

The research objective of the present study is to investigate the influence of selected variables on the organisational effectiveness of public enterprises. Therefore the aim, which is to quantify the significance of the relationships among the stated variables, dictated that the positivistic, or quantitative, approach be used in this study.

1.7.2 The sampling design

Convenience sampling was used to select five senior executive managers from the 134 public enterprises in Kenya. In other words, the sampling frame consisted of 670 senior executive managers. A mail survey was conducted of all 670 senior executive managers, but only 256 usable questionnaires were returned from 53 enterprises. This translated into a response rate of about thirty-eight percent (38.2%).
1.7.3 The measuring instruments

Instruments with acceptable psychometric properties were used to measure the variables in the hypothesised models to improve organisational effectiveness. These instruments were sourced from previous studies which reported acceptable reliability and validity properties for these instruments. Self-constructed instruments were used to measure corporate ethics and strategic management. All the above-mentioned instruments are discussed in detail in Chapter 6.

1.7.4 Data analysis

The STATISTICA Version 9.0 (2009) and LISREL 8.7 for Windows (Jöreskog and Sörbom, 2004) statistical software package were used to analyse the data.

The analyses consisted of four phases, namely:
- A reliability analysis to assess the internal reliability of the measuring instruments;
- an exploratory factor analysis to test for discriminant validity;
- structural equation modelling to measure the relationships among the variables included in the hypothesised model; and
- an analysis of the descriptive statistics to assess the respondents’ industry-related perceptions.

1.8 TERMINOLOGY

The following variables are defined in the present study as follows:

**Organisational effectiveness**: the extent to which an enterprise succeeds in achieving positive job performance intentions from its managers, as well as a
positive assessment of the enterprise's overall organisational performance by these managers.

**Performance intentions:** managers' intentions to improve their individual job performance.

**Perceived organisational performance:** the perceived extent to which an enterprise achieves sales/service targets, increases market share and generates sales of products/services with long-term profitability.

**Strategic management:** the extent to which an enterprise successfully formulates and implements strategic plans and enters into strategic alliances.

**Transformational leadership:** a leadership style characterized by inspirational motivation, intellectual stimulation, idealised influence and individualised consideration (Hellriegel et al., 2004).

**Transactional leadership:** a leadership style characterised by a focus on routine work transactions, such as achieving work targets and rewarding members for achieving standards and targets.

**Corporate ethics:** the extent to which an enterprise achieves an ethical climate in the enterprise.

**Corporate culture:** an enterprise’s personality as expressed in the values to which such an enterprise subscribes.

**Entrepreneurial culture:** an organisational culture characterised by risk taking, dynamism and creativity.
**Market culture**: an organisational culture characterised by hard-driving competitiveness and profit orientation.

**Collectivism**: a leadership personality characterised by the extent to which an individual feels more satisfied when contributing to a group effort; places more value on the comfort and mutual support of a group; is more cooperative; prefers harmony and humility in pursuit of goals; and prefers recognition of group rather than individual performance.

**Masculinity**: a leadership personality characterised by an emphasis on assertiveness and the acquisition of money and other material things (Luthans, 1998).

**Femininity**: a leadership personality characterised by an emphasis on relationships among people, concern for others and quality work life (Luthans, 1998).

**Narcissism**: a leadership personality characterised by love of self, vanity, self-importance and self-preservation.

**Machiavellianism**: a leadership personality characterised by the manipulation of people as an influence technique and the general strategy for dealing with interpersonal situations.

### 1.9 OUTLINE OF THE STUDY

The thesis is divided into seven chapters.

Chapter 1 outlines the scope of the study, the problem statement, the objectives, hypotheses and methodology.
In Chapter 2, the nature, importance and challenges in the Kenyan public enterprises are reviewed.

In Chapter 3, the nature and challenges of African political and economic leadership are briefly reviewed.

In Chapter 4, the nature, quest for and determinants of organisational effectiveness in Kenyan public enterprises are explored.

Chapter 5 is devoted to a discussion of the hypothesised model to improve organisational effectiveness in public enterprises.

Chapter 6 outlines the research methodology, which includes the research paradigm, sampling design and measuring instruments. Issues of scale reliability and validity are also discussed in this chapter.

In Chapter 7, the empirical results are presented.

In Chapter 8, the empirical findings are interpreted and summarised and managerial implications discussed.
CHAPTER 2

NATURE, IMPORTANCE AND CHALLENGES OF THE KENYAN PUBLIC ENTERPRISES

2.1 INTRODUCTION

The present study is conducted in the Kenyan public enterprise sector. The aim of the study is to improve the organisational effectiveness of this sector. In this chapter, the nature, historical perspectives and the importance of public enterprises in Kenya and other Sub-Saharan countries are explored. This provides a background to the importance of the study.

2.2 THE HISTORICAL PERSPECTIVES OF PUBLIC ENTERPRISES IN SUB-SAHARAN AFRICA

In all countries, in both developed and emerging economies, it is their governments’ responsibility to deliver services such as education, health, policing, water, electricity and sanitation. These services are offered either directly by the government departments and ministries or through public enterprises or state-owned agencies. For the purpose of this study, state-owned enterprises and public enterprises have the same meaning. These agencies are a catalyst of development and play a vital role in the social and economic development of countries. In the Kenyan context and in many African and emerging economies, public enterprises were established in high numbers after the political independence of the respective countries to propel socio-economic development (Hanson, 1972; Ugorji, 1995; Adeyemo and Salami, 2008). According to Hanson (1972), these public enterprises became obstacles to economic development in the post-independent states, due to their ineffectiveness and the large amounts of financial resources required to run
them. The public sectors of a selected few Sub-Saharan countries are briefly explored to illustrate the importance of the present study in trying to improve the organisational effectiveness of public enterprises in Kenya.

2.2.1 Public enterprises in Ghana

In Ghana, public enterprises date back to the colonial period and particularly after the World War II when the then colonial government organised a number of public utilities such as water, electricity, postal, rail and road networks. These included entities such as the Agriculture Development Corporation, Industrial Development Corporation, and others. In the post-colonial period and specifically after independence, other corporations such as the Ashanti Goldfields Corporation, Ghana Consolidated Diamonds, and others were established (United States Library of Congress, 2009).

According to the United States Library of Congress (2009) reports, there were 235 public enterprises in Ghana by 1984. Ghana’s economic performance was poor and the public enterprises were blamed for the poor condition of the national economy, because they were heavily subsidised and were draining away much of Ghana’s loan capital (United States Library of Congress, 2009). This situation triggered public sector reforms which started in 1988. Central to these reforms was the need for public servants to change how they regarded their jobs, their mission and how they interacted with citizens (Doe, 2005: 3). In other words, a strong human dimension underpinned Ghana’s public sector reforms.

2.2.2 Public enterprises in Nigeria

In Nigeria, as in most developing economies, the expansion of public enterprises into diverse economic sectors was seen as an important strategy for accelerating economic growth and development. The Nigerian public enterprises were established to propel socio-economic development and to guard against control
from foreign domination and exploitation (Jerome, 2002; Adeyemo and Salami, 2008). By 1990, there were 1,500 public enterprises in Nigeria. Six hundred (600) of these enterprises were owned by the federal government while the remaining 900 enterprises were owned by state and local governments (Jerome, 2002: 2).

Nigeria’s indigenisation policy of 1972 accelerated the growth in public enterprises in that country. This policy provided the legal basis for active government participation in various sectors of the economy through public enterprises. The high number of enterprises required resources to run them. As in Ghana, it became necessary to initiate public sector reforms in Nigeria in the 1990s, because of a need to reduce the government resources required to sustain the high number of public enterprises. The enterprises had accumulated huge financial losses which drained the Nigerian government’s coffers (Jerome, 2002).

2.2.3 Public enterprises in South Africa

In South Africa, the government created a number of public enterprises in the early 20th century, while others were created in recent years. These public enterprises, among others, include ESKOM (electricity), the Nuclear Energy Corporation of South Africa – NECSAR (nuclear energy), DENEL (defence weaponry), TRANSNET (transport), ALEXCOR (alluvial gold), TELKOM (fixed and mobile telecommunication), SABC (communication and broadcasting), SAFCO (forestry), AVENTURA (resorts and hospitality) and SAPO (ports) (Ministry of Public Enterprise, 2009).

Public sector reforms were also necessary in South Africa. The main reasons for these reforms were to improve the access of the historically disadvantaged to public services, to increase efficiencies, to reduce costs and to reduce public debt (SouthAfrica.info, 2009). Despite improvements to the policy framework
that underpins service delivery by the public sector, however, there are still many challenges in the delivery of public services. According to Luthuli (2009), an improved public policy to deliver service alone is not enough if not supported by effective systems and processes for actual delivery, as well as effective leadership that leads and ensures the delivery of such services. Improving the organisational effectiveness of public enterprises is therefore important even in South Africa.

2.2.4. Public enterprises in Namibia

Namibia had twelve public enterprises in 1990 at the time of independence (Motinga, 2004). In 2009, Schedule 1 of the State-owned Enterprises Governance Act listed 52 public enterprises (Kakujaha-Matundu, 2009). These public enterprises included the following (Sherbourne, 2009):

- Commercial enterprises that provide services directly to consumers as private companies do;
- Lending and other financial institutions which work like private banks but are subsidised by the State;
- Regulatory agencies and boards which regulate activities of particular sectors in the economy;
- State-owned media;
- Welfare public enterprises which provide specific services that cannot be offered on a commercial basis;
- Educational and cultural establishment bodies; and
- Other state-owned enterprises that do not exactly fit into any of the above categories.

While the above-mentioned public enterprises are providing important services, sound financial management appears to be elusive in most of them (Motinga, 2004). To overcome this challenge, efforts have been made to privatise some of
these public enterprises. The objectives of privatisation are to downsize the public sector, to reduce the government deficit and to improve efficiency (Murray, 2000).

The Namibian government has also enacted the State-Owned Enterprise Governance Amendment Act of 2008 to improve performance and governance in the public enterprises (Republic of Namibia, 2008). This Act provides for the appointment of Boards of public enterprises which are obliged within a specified time to submit to the respective portfolio Minister a statement on the investment policies, standards and procedures of state-owned enterprises and all incidental matters.

2.2.5. Public enterprises in other Sub-Saharan countries

In Uganda, Tanzania, Botswana and Zambia, public enterprises were also formed at one time or another to play a catalytic role in economic development. In Uganda and Tanzania, public enterprises continue to control a large part of the economy following their establishment in the period from 1962 to the 1990s (Temu and Due, 2000). Many of these public enterprises have been found wanting in performance as they depend on government funding for their revenues. Reforms have therefore been instituted to improve their efficiency (Temu and Due, 2000).

Most of Botswana’s public enterprises were established after independence in 1966. They included the National Development Bank, Botswana Saving Bank, Air Botswana, Botswana Telecoms, Botswana Development Corporation, and others. Besides the usual challenges facing all public enterprises, most public enterprises in Botswana are reported to be effectively and efficiently governed both in terms of operations and service delivery. This has contributed to Botswana’s reputation as a country with sound organisational management (Hope, 1996). This sound organisational management could be attributed to
leadership that is held accountable. According to the *Public Reforms in Africa, Lessons Learned Report*, produced by the Economic Commission of Africa (2003: 21), Botswana is among the few African countries to have adopted the principles of accrual accounting which hold managers responsible for outcomes and the associated costs.

### 2.2.6 Public enterprises in Kenya

According to the report commissioned by His Excellency the President to study the public enterprises in Kenya in 1982 (commonly referred to as the “Ndegwa Report”), the establishment of public enterprises in Kenya was part of a deliberate government policy to participate directly in the productive activities of its economy in order to decolonise the latter and to promote development and regional economic balance in the country (Republic of Kenya, 1982). The purpose was also to increase the citizens’ participation in the economy and ensure greater public control of the economy. These objectives are stated in *The Session Paper Number 10 of 1965 on African Socialism and its Application to Planning in Kenya* and in several National Development Plans of the government (Republic of Kenya 1965, 1982).

The Kenyan government set out to strengthen the public enterprises inherited at the time of independence and also created new ones to perform specific functions in the economy. In some cases there were direct investments made in private companies in order to stimulate the diversification of economic activity in new fields (Republic of Kenya, 1982: 40). The Report on the Evaluation of Performance of Public Agencies for the Financial Year 2006/2007 indicates that by 2007 there were 134 public enterprises established under specific Acts of Parliament and the State Corporation Act (Republic of Kenya, 2007). The report reveals that the performances of some of these public enterprises have been mixed. Some have been privatised while others are earmarked for privatisation.
New public enterprises were being established, such as the Brand Kenya Board which was established early in 2009.

To summarise: the preceding review of public enterprises in Sub-Saharan countries reveals that such enterprises were established to fulfil important roles, but that they are beset with operational and service delivery challenges. Reforms that are being instituted to address these challenges revolve around management and leadership issues. In some countries, the public enterprises are being privatised, as it is believed that more business-oriented approaches will address these challenges more effectively. The present study seeks to ascertain how business-oriented approaches such as strategic management, the management of organisational culture and business leadership could be harnessed to address performance challenges in the Kenyan public sector.

2.3 THE IMPORTANCE OF THE PUBLIC SECTOR

The public sector comprises public enterprises established by governments to perform certain functions. Each country seems to decide what it considers to be a public enterprise. Laleye (1985) suggests that the bewildering number and types of public enterprises in Nigeria and their different contents and rationale, makes it difficult to define them. Sosna (1983) states that one of the difficulties in formulating a uniform definition of public enterprises could be because such enterprises are established at different times to fulfil different purposes.

Efange (1987) defines public enterprises as institutions or organisations which are organised by the state, or in which the state owns a majority interest. Their activities are of a business nature, they provide services or produce goods and they have their own distinct management (Adeyemo and Salami, 2008: 401).

In Kenya, the State Corporation Act, Chapter 446, defines a state corporation [PE] as a body corporate to perform the functions specified in the order (Republic
of Kenya, 1987). This Act specifies that the President of the Republic of Kenya has a mandate to establish a state corporation which will have perpetual succession; can sue and be sued; be capable of holding and alienating movable and immovable property; assign Ministerial responsibilities; and appoint a board of directors.

Following the Kenyan example, a public enterprise in the present study is defined as an enterprise with a business or social orientation established by the government; in which the government has direct majority control; and in which the government has the responsibility for appointing a board of directors.

2.3.1 The scope of enterprises

Public enterprises exist in both developed and emerging economies. They offer either commercial services or socio-economic oriented services. In Japan there are public enterprises such as Japan Post and NIPON, the telecommunication public enterprise. In France there are public enterprises such as the Groupe La Poste and French Rail, while in the United States of America there are the United States Postal Services and such organisations as the Tennessee Valley Authority. In the United Kingdom, there is British Rail, while in Lesotho there are the Lesotho Post Bank, the Post Office, the Lesotho Pharmaceuticals Corporation and National Drug Supply Organisation, and others. In Singapore, the Singapore Airlines, Singapore Bus Services and Singapore Telcom are all public enterprises.

According to the 2006/2007 performance evaluation report for the public sector (Republic of Kenya, 2007), there were 134 public enterprises or quasi government entities in Kenya. These are regulated by state corporation legislation. They are incorporated either under specific Acts of Parliament to offer specific services to the public or through the companies legislation. The public enterprises are either one hundred percent owned by the government or are
partially privatised, and are found in every sector of the economy, from finance, research, agriculture, and the manufacturing to service industries.

There are 15 public enterprises offering financial related services which include regulatory public enterprises such as the Retirement Benefits Authority (RBA) which regulates all the pension funds in Kenya, the Capital Markets Authority which regulates the stock market, a further 31 in the commercial and manufacturing sector and 26 offering regulatory services. The regulatory public enterprises include, among others, enterprises such as the Export Promotion Council, the Communication Commission of Kenya (CCK), and the Kenya Bureau of Standards, and are responsible for regulating the operations of public and private enterprises in the respective field. There are also 22 universities, tertiary training and research institutions which are run as public enterprises. In addition, there are 25 public enterprises that provide public utilities such as water and power generation, and tourism and library services. As Kenya has a diverse geographical and resource endowment, there are six regional development authorities, also run as public enterprises, which offer specific services to specific regions, particularly the dry areas.

Some of the public enterprises are privatised, while others are dependent on the state for funding their operations. The State is often called upon to bail out public enterprises when operational losses are incurred and service delivery is threatened. These public enterprises report to their respective ministries on the functional level. The Controller and Auditor General (CAG) in Kenya’s National Audit Office has, in terms of the public audit legislation, oversight powers over the ministries and the public enterprises. The CAG holds a constitutional office and is appointed by the Executive, just like the ministers. The chief executive officers of the various public enterprises are appointed and report to the respective Ministers. Figure 2.1 shows how public enterprises fit into the overall Kenyan public sector.
There are forty ministries and each public enterprise reports to the relevant ministry depending in its mandate and the service it offers. Some ministries have several public enterprises reporting to them while others have a few. Figure 2.2 shows a typical ministry and the number of the public enterprises reporting to it. Appendix 1 shows a list of public enterprises in their service category.
In Kenya, public enterprises are found in the following sectors:

- Financial sector: Kenya Post Office Savings Bank (also known as Postbank), Consolidated Bank, Kenya Re-Insurance and the Capital Markets Authority, the Development Bank, the Industrial Development
Bank, Retirement Benefits Authority, Kenya Investments, Kenya Revenue Authority etcetera.

- Research, education and training sector and services sector: Kenya Agriculture Research Institute, Kenya Forest Research Institute and Kenya Medical Research Institute, public universities, colleges, polytechnics, research institutions etcetera.


- The regional development sector: The Coast Development Authority, Ewaso Ngiro South Development Authority, Lake Basin Development Authority, and others.

- Health services sector: The Kenyatta National Hospital.


- Specific industry sector: The Tea Board, Coffee Board and others.

The preceding review of the scope of public enterprises shows that the latter provide services that are critical to the Kenyan population. Improving the effectiveness of these enterprises is therefore of the utmost importance. Lack of effectiveness in these enterprises has extremely detrimental consequences. The World Bank, for example, reported that thirty African countries experience chronic power outages, while 560 million people in Sub-Saharan Africa lack access to modern energy (World Bank, 2009). This has a great impact on education and
health. It is reported that power outages hamper the refrigeration of medicine, the use of educational technology and industrial operations as outlined in the article “Wake-Up Africa, it is time to transform this continent's infrastructure” (World Bank, 2009: 13).

Public enterprises also provide important regulatory services to sectors such as communications, agriculture, pensions and the stock market. For instance, if the communication sector is not regulated, the socio-cultural fibre of countries could be detrimentally affected as information harmful to the society could be released to the public. If the stock market, stock brokers and related stakeholders are not regulated, the interests of the investing public are unprotected. Research-based public enterprises are important to support the agricultural and health sectors in identifying new and improved agricultural products and new ways of treating diseases like malaria which is a major health hazard in Sub-Saharan Africa.

2.3.2 Provision of employment opportunities and social equity

As seen in Appendix 1, public enterprises in Kenya are diverse and cover many sectors of the economy. They are different in size and scope and impact the economy differently. They not only offer the specific services they were established to provide, but they also offer employment to Kenyans. According to the Kenya National Bureau of Statistics (KNBS), out of about 653,500 employees in the civil service, the public enterprises employ an estimated 125,000 people (Kenya National Bureau of Statistics, 2010).

According to Adeyemo and Salami (2008), state-owned enterprises enable government to pursue goals of social equity that the market normally ignores. This is because public enterprises are used as employers of the last resort in Nigeria (Adeyemo and Salami 2008: 402.). This situation is similar in most African countries, where from the statistics cited above, close to 20% of public service employees are to be found in public enterprises.
2.3.3 Contribution to economic development

According to the World Bank Group (WBG) evaluation report on the support the Group has extended towards public sector reforms, effectiveness and efficiency of a country's public sector (under which public enterprises are to be found) is vital to the success of the development activities (World Bank, 2008). Sound financial management, an efficient civil service and administrative policy, efficient and fair collection of taxes and transparent operations that are relatively free from corruption could all contribute to good delivery of public service (World Bank, 2008).

The United Nations argues that the long-term sustainability of Africa lies in the ability to create more employment and economic diversification (United Nations News Centre, 2010). According to the World Bank reports, the public sector is the highest spender and employer in virtually all developing countries and sets the development agenda for the economy (World Bank, 2008). The Kenyan case is no different and the public sector contributes significantly to providing employment opportunities, a trend which is growing over time as shown in Table 2.1 below.

From Table 2.1 it is evident that public enterprises contribute significantly to the provision of wage employment in the Kenyan public sector and contribute to about 20% of the employment in the sector. The growth rate between 2008 and 2009 was equal to the national growth in the public service of 2.4%.

<table>
<thead>
<tr>
<th>Sector</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>Annual [%] Change 2009/2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Government</td>
<td>192.3</td>
<td>196.8</td>
<td>200.6</td>
<td>1.9</td>
</tr>
<tr>
<td>Teachers Service Commission</td>
<td>234.6</td>
<td>236.8</td>
<td>245.4</td>
<td>3.6</td>
</tr>
<tr>
<td><strong>Public Enterprises</strong></td>
<td><strong>119.4</strong></td>
<td><strong>122.1</strong></td>
<td><strong>125</strong></td>
<td><strong>2.4</strong></td>
</tr>
<tr>
<td>Local Government</td>
<td>81.9</td>
<td>82.3</td>
<td>82.6</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>628.1</td>
<td>638.0</td>
<td>653.5</td>
<td>2.4</td>
</tr>
</tbody>
</table>

Note: Amounts expressed in KSh thousand
Source: Adopted from the Kenya National Bureau of Statistics (2010: 71)

The public enterprises contributing to these employment numbers vary in size. There are some that are large like the power distribution and postal service provider that have over 7,000 and over 4,000 employees respectively. Others with a large work force are the railway and ports services providers with thousands of employees while others like banks and regulatory enterprises have a smaller number of employers. These employees with disposable incomes positively impact on the demand for goods and services and contribute to economic growth even as they pay taxes that go towards developing the economy. Table 2.2 shows the total wage payments in the public sector.

TABLE 2.2: TOTAL WAGE PAYMENTS IN THE PUBLIC SECTOR AND PARTICULARLY IN PUBLIC ENTERPRISES: 2007-2009

<table>
<thead>
<tr>
<th>Sector</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Government</td>
<td>46,370.3</td>
<td>50,741.6</td>
<td>57,891.3</td>
</tr>
<tr>
<td>Teachers Service Commission</td>
<td>68,180.2</td>
<td>77,191.6</td>
<td>79,699.6</td>
</tr>
<tr>
<td><strong>Public Enterprises</strong></td>
<td><strong>70,342.3</strong></td>
<td><strong>76,809.5</strong></td>
<td><strong>84,378.1</strong></td>
</tr>
<tr>
<td>Local Government</td>
<td>18,237.3</td>
<td>20,683.6</td>
<td>21,863.8</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>203,130.1</td>
<td>225,426.3</td>
<td>234,832.8</td>
</tr>
</tbody>
</table>

Note: Amounts expressed in KSh million. Ksh 80 = 1USD
Commercial public enterprises do contribute to economic development through paying corporate taxes and declaring dividends to the government as the sole shareholder or as the major shareholder. In the power distribution enterprise, for example, the Government of the Republic of Kenya is a holder of redeemable preference stock which receives a fixed rate of return per annum (Kenya Power and Lighting Company, 2010). While of some of the other public enterprises depend on the exchequer for their operations, some like the power generation, power distribution and oil distribution corporations and financially based institutions, such as those in insurance, revenue collection and banking, telecommunication etcetera are profitable and declare dividends to the Government on an annual basis. The preceding literature review shows that the Kenyan public sector plays a catalytic role in spurring social and economic development in the country.

2.4 CHALLENGES OF PUBLIC ENTERPRISES IN KENYA

Public enterprises in Kenya face several challenges. These challenges revolve around, among others: employee productivity and job performance; performance management; the complexity of the external organisational environment; organisational control and decision making; and governance.

2.4.1 Employee productivity and job performance

It is argued that one of the most important measures of economic performance is productivity (Samuelson and Nordhaus, 2004). Productivity is defined as the ratio between the output of a process and inputs of resources needed for that process (Kopelman, 1986: 3; Samuelson and Nordhaus, 2004). These inputs could include labour, land or capital. The two important variants are labour productivity which measures the amount of output per unit of labour, and total factor productivity, which measures output per unit of total inputs. Productivity grows when outputs are increased with the same or reduced levels of input.
Productivity is also increased when output levels are maintained with reduced levels of inputs.

On the input side, Kenyan public enterprises face challenges in the areas of labour and capital. As far as labour is concerned, the challenges appear to be in governance, the fostering of innovation and the changing of employee attitudes towards effective service delivery (Minister of State for Public Service, 2010). On the capital input side, the embracing and the effective use of technology appear to be challenges (Minister of State for Public Service, 2010).

The Federation of Kenya Employers [FKE] reported that low levels of productivity measured in output and innovation, were hurting the much needed growth in business firms as well as in the public sector (Economy suffers low worker output, 2010). Continuous efforts are therefore required to improve the output of employees in order to improve the effectiveness of public enterprises in delivering services to the public.

The individual outputs of employees are dependent on their individual job performance. The job performance of an employee is viewed as involving various job behaviours and attitudes, such as work quality, work quantity, learning ability, interpersonal relations, job interest, initiative, conduct, perseverance, attendance and appearance of employee (Tharenou, 1993: 274; Steers, 1997: 50). An improvement in productivity at the individual employee’s level will result in better productivity of the organisation itself (Carkhuff, 1986: 92; Arnolds, 1995).

### 2.4.2 Performance management

There is a general perception across the world that the public sector is lethargic in its performance as compared with the private sector (Henry, 2001). It has been reported that one of the main reasons for this lethargy is the absence of effective performance management systems (Halligan, 2008). In recognition of the
importance of performance management, the Kenyan government has introduced the Balanced Score Card [BSC] performance measurement tool (Republic of Kenya, 2004). In accordance with the BSC, employees enter into performance contracts with their managers. This tool both measures the individual performances of employees as well as the performances of the public enterprises. The results from this performance scoring tool are used to rank the government ministries and the public enterprises on how they scored over a specified reporting period.

While the BSC has been operational in the Kenyan public enterprises for the past four years, it seems however not to be fully understood or fully accepted by all the stakeholders (KWS boss queries latest score card, 2008: 40). This might be an indication of the incompetence of leaders in helping their subordinates to understand and support the BSC. It could even suggest that some leaders are deliberately sabotaging the performance management system. The present study explores whether leadership issues are indeed affecting the effectiveness of Kenyan public enterprises.

2.4.3 Complexity of external environment

According to Henry (2001), unlike the private or corporate world, the public sector operates under a different external environment that affects its performance. Henry (2001) claims that, unlike the private organisations whose external environment amounts to little more than the market place itself, public enterprises must endure “an environment comprised of far more complex, aggressive and intrusive forces among them politics, culture, law, economics and organisation inter-dependences not present in the corporate world” (Henry, 2001:66-67).

The Kenyan situation is no different from what Henry (2001) observes. From the legal framework viewpoint, there is heavy control on public enterprises, particularly the commercial ones through the State Corporations Act, Public
Procurement Act, and others. This over-controlled environment stifles flexibility and innovativeness. From an interdependence point of view, the public enterprises in Kenya have multiple reporting requirements to the parent Ministry, the Treasury, Inspectorate of State Corporations and performance contracting secretariat. There are many principals to report to (State Corporations Advisory Committee, 2009b). All these challenges affect the effectiveness of the public enterprises in Kenya.

2.4.4 Controls and decision making

Public enterprises are also characterised by more control and bureaucracy than private corporations. This is so because private corporations have the bottom line or profitability as the measure of performance, while most public enterprises do not have a profit motive but a social one. Public enterprises therefore have to institute internal rules and controls for spending, compliance, monitoring and producing of reports. This in turn calls for more layers of staff making the public enterprises more bureaucratic (Henry, 2001).

Against the above-mentioned background, decision making in public enterprises is also slower than in private corporations, because more transparency in public enterprises is required due to public scrutiny. Decisions are therefore made after a series of consultative meetings unlike in the private sector where consensus is not required to the same level as in public enterprises. This consultative process that is often intense, sporadic, highly interactive, collegial and slow can disrupt the public sector and reduce the quality of decision making in the public enterprises (Henry, 2001:69).

2.4.5 Corporate governance

The PSCGT or Private Sector Corporate Governance Trust (2009: 1), the premier governance training institution in Kenya, defines corporate governance as “the
processes, systems, practices and procedures - the formal and informal rules that govern institutions, the manner in which these rules and regulations are applied and followed and the relationships that these regulations create and the nature of these relationships”. Corporate governance spells out how an institution should be led and therefore also refers to:

- the manner in which the power of corporations is exercised in the stewardship of the corporation’s total portfolio of assets and resources with the objective of maintaining and increasing shareholder values and satisfaction of all stakeholders in the context of the institution’s mission; and

- the manner in which a balance between economic and social goals and between individual and communal goals is created, while the efficient use of resources, accountability in the use of power and stewardship are encouraged to align the interests of individuals, corporations and society (Private Sector Corporate Governance Trust, 2009: 1).

Kenyan public enterprises are however challenged as far as corporate governance is concerned. Leaders of Kenyan public enterprises are often taken to court for fraud and financial mismanagement (Kenya Tourist Board scandal: who knew what, 2009: 5). To reduce and eventually eliminate corruption, the Kenyan Anti-Corruption Commission was established in 2003 and the Economics Crime Act enacted. In 2005, Kenya became a signatory to the United Nations Convention against Corruption ([United Nations, 2005).

2.4.6 Regulatory and supervisory framework

The regulatory framework in which Kenyan public enterprises operate harbours challenges of multiple registrations and accountability, as well as a multiplicity of accountability agencies. In Kenya, public enterprises are established under the
State Corporation Act [SCA] Cap 446 (Republic of Kenya, 1987), in other words they are registered as state enterprises. Public enterprises are also established in terms of their specific Acts of parliament. Some public enterprises are banks which have to be incorporated as companies due to the nature of the business they are involved in and due to the fact that they may be partly privatised. This requires them to be registered as companies under the Company’s Act Cap 486 Laws of Kenya (Republic of Kenya, 1987). It is therefore possible that some public enterprises operate under three different registrations: the Company’s Act, the State Corporation Act and their specific Act of Parliament. This situation leads to a multiplicity of agencies and accountability.

The operations, management and performance of public enterprises are controlled and regulated through many agencies spread across the government. The State Corporations Act Cap 446 (Republic of Kenya, 1987) grants the President of Kenya the role of assigning ministerial powers, appointment of chairpersons of the board and the board members and revocation of these appointments. The State Corporation Act Cap 446, section 26 recognises the establishment of the State Corporations Advisory Committee (SCAC). The functions of SCAC as outlined in section 27 of the SCA include advising the President, in consultation with the Attorney General and the Treasury, on the establishment, reorganisation or dissolution, remuneration and categorisation of public enterprises, as well as reviewing and investigating the affairs of public enterprises including among others functions (Republic of Kenya, 1987).

With regard to reporting on the periodic performance of public enterprises, there is a complex reporting structure. Public enterprises present performance review reports on a quarterly basis to their parent Ministry, as well as to the Inspectorate of State Corporations (ISC). ISC is the supervisory agency that advises the Kenyan government on matters relating to the effective running of public enterprises. The Controller and Auditor General (Corporations) (CAGC) also needs to audit the accounts of public enterprises annually in accordance with
Part VII of the Exchequer and Audit Act and section 14 (3) of the SCA Cap 446 (Republic of Kenya, 1987). The CAGC has the statutory obligation to report the results to the shareholders, who are the taxpayers or the Kenyan public through the relevant parliamentary committee, namely the Public Investment Committee (Republic of Kenya, 1987).

While the above-mentioned reporting structure is guided by the principle of separation of duties between government agencies and is therefore part of good corporate governance, it results in many centres of reporting. Though there is no empirical evidence, the researcher, being a high-ranking governmental official, observed that this multiplicity of reporting often present challenges to the chief executive officers of public enterprises. For example, when major structural and governance changes in public enterprises are required, or when changes in any of the provisions of the enabling Acts are pursued, this change process can be lengthy and can at times outlive the three-year tenure of a chief executive officer. This makes carrying through meaningful transformational changes a challenge particularly for public enterprises that compete directly with private sector players that are more agile.

The current regulatory and supervisory framework for Kenyan public enterprises is a given, but the success of public enterprises depends on how managers govern and lead within this framework. The influence of the regulatory and supervisory framework on the organisational effectiveness of Kenyan public enterprises is therefore not investigated in the present study. The study focuses rather on how leadership influences organisational effectiveness within this regulatory and supervisory framework.

2.4.7 Organisational culture

An important challenge which public enterprises in general are facing concerns their organisational culture. Firstly, there is the question of whether the culture is
one of continuous learning. According to Govender (2009), managers in the public sector in South Africa find it difficult to promote a culture of continuous learning in an effort to enhance the effectiveness of their organisations.

According to Armstrong (2005), continuous learning is a deliberate form of learning from everyday experience, challenges and activities. This is premised on the fact that every task an individual performs provides a learning opportunity. This however can only happen if people take time to reflect on these learning opportunities or they are helped to reflect on what they have done and how they have done it so that they gain references for future behaviour.

Organisational learning is beneficial to both organisation and the staff as a lot can be learnt within a short time within the workplace without staff taking real time off to go to a classroom. The workplace becomes the learning place and learning becomes a productive activity (Armstrong, 2005: 559). Managers however often leave learning to chance in the form of unplanned and unsystematic training (Armstrong, 2005). Although no empirical study has been done on the continuous learning culture in Kenyan public enterprises, the researcher has observed a lack of such culture in public enterprises. There are clear government guidelines on off-work training, but it appears that very little learning is shared to improve the effectiveness of the departments in which employees find themselves. Departments and employees operate in silos. The present study asserts that the inculcation of an organisational learning culture in Kenyan public enterprises is an issue of leadership and therefore explores this assertion.

The second cultural ingredient that organisations should aspire for is summed up in the attitudes and behaviours surrounding innovation and creativity. According to Peters and Waterman (2004), these attributes are often found in firms with an entrepreneurial culture. Such firms are always exploring new ways of meeting the changing needs of customers. The fostering of innovation and the changing employee attitudes towards effective service delivery have been identified as an
important goal for Kenyan public enterprises (Minister of State for Public Service, 2010). The present study explores to what extent the fostering of an entrepreneurial culture would impact the organisational effectiveness of Kenyan public enterprises.

The third organisational cultural ingredient that often separates a public enterprise from a private company is that the latter is driven to achieve increased sales and bigger market share (Henry, 2001), in other words, has a market-oriented culture. The latter culture is however not generally reflected in the nomenclature of public enterprises. On the other hand, some public enterprises (for example in public broadcasting and electricity generation and telecommunications) are often in direct competition with private companies in delivering these services. Public enterprises should therefore also strive to maximise their income and market reach in order to maximise service delivery to their communities. The present study therefore explores what role market-oriented culture could play in improving the organisational effectiveness of Kenyan public enterprises.

2.4.8 Formulation and implementation of plans

The formulation and execution of long-term, medium-term and short-term plans are critical to achieve the goals of any organisation. According to Bossidy and Charan (2002), execution is the discipline of getting things done and is usually the missing link between the formulated strategy and reality. To ensure success in organisations, formulation and execution of strategies cannot be separated as indeed these are the key role of a leader (Martin, 2010).

Ngarachu (2008) asserts that African countries are known for the formulation of plans, but they lack in achieving timely action or they procrastinate in executing these plans. The researcher has first-hand experience in this regard as far as Kenyan public enterprises are concerned. This issue appears to be both a
matter of leadership and of strategic management, consequently both these issues are explored in an effort to improve the organisational effectiveness of public enterprises in Kenya.

2.5 SUMMARY

This chapter has discussed public enterprises as critical contributors to the economic development of Kenya. The nature and importance of public enterprises in the Kenyan context were discussed. Eight key challenges that face Kenyan public enterprises were highlighted. They included challenges surrounding employee productivity and job performance; performance management; the complexity of the external organisational environment; controls and decision making; corporate governance; regulatory and supervisory framework; and the formulation and execution of plans. The next chapter explores the issue of political and business leadership in Kenya.
CHAPTER 3

POLITICAL AND BUSINESS LEADERSHIP IN KENYA

3.1 INTRODUCTION

The political and business leadership in any country plays an important role in the economic development of that country. The political leadership is supposed to provide an environment conducive to business. Such an environment should include the policy and legal framework and infrastructure to underpin business growth. It is then the task of business leadership, within this framework, to use scarce resources optimally in order to produce goods and services which the population needs or wants. This chapter reviews what role Kenyan political and business leadership has been playing in improving the organisational effectiveness of both private and public enterprises.

In this chapter, leadership from an historical perspective is briefly reviewed. This is followed by account of the various leadership phases and how these leadership phases influence the leadership style and the image of African leaders. The leadership link to the socio-economic challenges being experienced in Africa and how these challenges are being addressed are issues which are also reviewed.

3.2 LEADERSHIP IN AFRICA – AN HISTORICAL PERSPECTIVE

Prior to the 17th century, there were kingdoms and chieftains all over Africa that ruled the land. The 17th century heralded the coming of colonialists who overthrew these kingdoms and set up colonial rule. Much of Africa was under colonial rule up to the mid-20th century when many states started agitating for
independence (Bienen and Herbst, 1996; Mazrui, 2007; Maisiri, 2009; Schmidt, 2005).

During colonial rule, the political leadership in Africa evolved in three phases (Maisiri, 2009):

a) era of passivity
b) military era
c) current era

3.2.1 Era of passivity

During the 17th and the 18th centuries, according to Maisiri (2009), the colonists encountered little or no effective resistance in many parts of Africa. Some of the indigenous people offered some sporadic resistance, but their inferior weapons were no match for the superior weapons of the colonialists. Lack of resources weakened their resistance and they remained suppressed as the colonialists claimed large tracks of land for themselves. The colonialists went into mining, manufacturing and claimed many wealth resources while the indigenous people were downgraded to second class citizens in their countries. Maisiri (2009) argues that the African leadership then was passive to the colonialists in order to preserve their people. Any resistance then was dealt with by the superior power of the colonialists. Many Africans were taken as slaves to other countries (Mazrui, 2007; Maisiri, 2009; Schmidt, 2005).

3.2.2 Military era

By middle of the 20th century, the situation changed. The education levels of the Africans had increased and they began to resist the subjugation of the indigenous people. The 1950s and 1960s heralded the era of de-colonisation of Africa with Ghana leading the way. Other African countries followed soon
afterwards. More and more resistance movements sprang up agitating for independence. In most cases the gain of independence was through bloody wars. In Kenya, for example, the Mau Mau movement was one of the first resistance movements to fight for independence. In Tanzania, there was the Maji Maji rebellion and in Zimbabwe, guerrilla wars were led by the Zimbabwe African National Union (ZANU). In other countries, such as Mozambique, there was the Freedom Liberation Movement (FRELIMO) with the South West Africa Peoples Organisation (SWAPO) in Namibia (Maisiri, 2009).

After independence, African countries experienced coups and counter-coups which instituted military governments in some countries. The military leadership concentrated on spending large amounts of resources in beefing up the military at the expense of socio-economic development. The previously passive people now realised that they could be independent of their colonial masters. Leaders were chosen on the basis of their military prowess and their ability to lead nationalist resistance movements. The military coups, violence and heavy spending on military equipment retarded the socio-economic development of some of the African countries (Maisiri, 2009: 8; Schmidt, 2005; Sirleaf, 2006).

3.2.3 Current era

It was expected that after independence, the new national states would settle down and provide services to their citizenry and that the problems experienced during the colonial era would be over. Indeed it was not expected that problems of poverty, high rates of unemployment and little or no economic growth would mount as they have done after independence (Maisiri, 2009; Schmidt, 2005). Many initiatives were taken to resolve the problems. These include the structural adjustment programmes prescribed by institutions like the World Bank and IMF in the 1970s and 1980s which yielded little or no solution to Africa’s problems.
According to Maisirı (2009), one of the greatest failures of the Africa political leadership has been their insensitivity towards political reformation. This is often attributed to the leadership roles that were expected during colonialism (Maisirı, 2009; Schmidt, 2005). The era of passivity required African leaders to maintain peace and coexistence with the colonialists, while the military era expected them to be militant and intolerant of subjugation. The current era is characterised by the need to deliver services to their populations, globalisation and competitiveness. Unfortunately, according to Maisirı (2009), Adeyemo (2009), Yew (2008) and Obasanjo and D’Orville (1990), political leaders in many Africa countries have continued with military characteristics in an era that now requires equity, and economic and social development. Obasanjo and D’Orville (1990) argue that most African governments spend too great a portion of their annual budget on military expenditure and they therefore call for a drastic revision of that state of affairs. Obasanjo and D’Orville (1990) further argue that one reason for the success story of Japan’s economic development in the four decades preceding 1990 could be found in the very small portion of national expenditure that is spent on defence.

Against the above-mentioned background, it appears that colonialism played a big role in how leadership was and is viewed and executed in Africa today. Henry Kissinger, the former Secretary of State in the United States government, observes in his foreword to the book “From Third World to First” (Yew, 2008), that the institutions in the West (political and economic) were developed gradually over centuries and the civil society developed side by side with the modern states. This made possible the growth of representative institutions which limited the state power to those matters that the society could not deal with. In this way, the political conflicts were moderated (Yew, 2008: 8). The opposite happened in the many post-colonial states, most of which are to be found in Africa and Asia. Due to socio-economic backlogs left by colonial rule, what took the western states centuries to accomplish had to be accomplished in a much shorter time (one or two decades) and under much more complex circumstances in post-
colonial states. In addition, post-colonial states were made up of diverse ethnic groups brought together by colonial rule. The political landscape after independence was therefore based on these ethnical differences (Maisiri, 2009), except for Guinea, where the liberation movement transcended ethnic, gender and religious lines (Schmidt, 2005). Strong and visionary leadership was required in these post-colonial countries to build nations and to develop these new states (Schmidt, 2005; Yew, 2008: 9).

Unfortunately African countries are still riddled with poor leaders who plunder economic resources. It is an enigma why a continent endowed with rich natural resources of gold, diamonds and other minerals, as well as huge rivers that can produce a large capacity of hydro-electric power, should remain poor (Adeyemo, 2009; Maisiri, 2009: 5; World Bank, 2009a). These rivers could also be used to irrigate large tracts of arable land to produce food for the African population and for export. It believed that Africa has the potential to be the world’s food basket; its about 900 million people can provide the labour for food production and manufacturing; and its people can provide the market for the goods produced (World Bank, 2009b). The present study suggests that answers to this enigma should be sought in the role that leadership plays. The next section therefore reviews what role leadership style and personality have played in the post-colonial era.

3.3 POLITICAL LEADERSHIP ROLE, STYLE AND IMAGE

Immediately after independence, leadership role, style and image were based on charisma, ability to mobilise the people, aristocracy, ability to reconcile opposing forces, technocracy and patriotism.
3.3.1 Charismatic leadership

Le Vine (1977) argued that the styles in Africa political leadership relate to significant changes in the political environment, the expectations of the followers and the salience and validity of important symbols. According to Le Vine (1977), leaders in Africa, like elsewhere in the world, have deliberately adopted role images that induce submission, acquiescence or support as well as satisfying their own role recognition. One common African form of image projection is found in the praise titles that leaders have chosen for their evocative power. These titles describe the nature of the relationship between the leader and the followers and often evoke historical, traditional or cultural connections between leaders and followers. Titles such as the “Burning Spear”, “the Lion”, “Mzee” (which means the wise elder who leads by example and who counsels and arbitrates), “the Father of the Nation”, “Mwalimu” (teacher or respected teacher), “the elephant” meaning the “great one” are examples of titles used to describe political leaders in Kenya and Tanzania and Guinea (French West Africa) soon after independence (Le Vine, 1977; Schmidt, 2005). These titles resonated with the pre-colonial African traditions, which explain their power and acceptability among followers after independence.

In Ghana, the first Premier, Doctor Kwame Nkrumah, used affective role images to unify the country after independence. He used the praise titles from several Ghanaian royal traditions such as “Osagyefo” (victorious in war or the redeemer), “Oyeadeeyie” (one who puts things right), “Asondwehene” (peace maker), “Nkrumah of Africa” to convey his aspirations for pan-African leadership. In Malawi, Doctor Kamusi Banda adopted the title “Ngwazi” (champion or conqueror) and “The Doctor” (in reference to his profession as a medical doctor) to unify the fellow countrymen and women into a new nation and to mobilise them to work towards the economic development of their country. Other post-colonial charismatic leaders included Nnamdi Azikiwe of Nigeria, Jomo Kenyatta of Kenya, Julius Nyerere of Tanzania, Gamal Abdel Nasser of Egypt, Felix

Idi Amin Dada of Uganda had the charisma that enabled him to survive in power for eight years from 1971 to 1979 until he was overthrown by a foreign army from Tanzania (Mazrui, 2007). Idi Amin, however, exhibited the dark side of charismatic leadership as he was a brutal ruler who nevertheless captivated a substantial following, both in Uganda and abroad. He was among the African leaders who were obsessed with titles irrespective of what they represented. While the majority of African leaders were awarded honorary degrees by their local universities, President Idi Amin preferred a string of military titles and medals.

A more recent charismatic leader in Africa is Nelson Mandela, the first democratically elected president of South Africa. Nelson Mandela exhibits a patriarchal style and a leadership based on integrity and morality. According to Mazrui (2007), the patriarchal style resonates well with followers of these leaders as pre-colonial Africa was characterised by a patriarchal system of leadership.

3.3.2 Aristocratic leadership

There were post-independence leaders who followed the aristocratic governance systems of their colonial masters (Mazrui, 2007). Dr Kamuzu Banda of Malawi, for example, instituted a monarchical system in which unquestionable political allegiance to the monarchical leadership was demanded. Jean Bedel-Bokassa of the Central Africa Republic styled his leadership after that of Emperor Napoleon Bonaparte of France. Monarchical tendencies were also seen in the Democratic Republic of Congo and in Zanzibar in the form of sons succeeding their fathers.

According to Ellen Johnson Sirleaf, the President of the Republic of Liberia, most post-independence leaders of African states were nationalistic, selfless and
visionary (Sirleaf, 2006). They inspired their people and exuded a high sense of patriotism in most of their activities. Sirleaf (2006) however holds the view that the exit of the post–independence leaders ushered in a decline in the “quality of Africa leadership and start of a generation of military rulers with little or no vision”. Many of the new African leaders now dehumanize, terrorise and impoverish their population by looting their countries’ treasuries (Sirleaf, 2006:3).

Sirleaf (2006) suggests that most of the new African leadership fear losing power. They therefore do not invest in human capacity, food production or shelter for the millions of homeless, but instead invest heavily in military hardware, lavish lifestyles and grandiose projects of little relevance to economic performance. Most of these leaders also add many trappings to the Presidency to such an extent that they make the Presidency a semi-god-like institution (Sirleaf, 2006). Ultimately, in perpetuating their positions of power, they ushered in a cycle of military coups and violence that has ended only recently.

To summarise: colonial leadership in Africa was based on efforts to maintain the peace and submitting to the authority of the coloniser in order to protect their followers. After independence, (post-colonial) leaders emerged due to the brave wars they fought against their colonial masters. These leaders were seen as war heroes, redeemers, fathers of the nation, teachers and counsellors. They were held in awe and used this charisma to unify and economically develop their countries.

With the exit of these leaders, a new leadership characterised by greed and power hunger emerged. It is believed that the seeds for this greed and power hunger were already planted during the post-independence charismatic and aristocratic leadership phases. During these leadership phases, the notion of leaders for life had already taken root. It seems that it was viewed as unthankful and disrespectful to replace war heroes and fathers of the nation. In a monarchy, the succession of kings is determined by monarchical rules. New leaders
aspired to become leaders and hold on to power as long as possible. It is this unhealthy love for themselves and for power that has stifled the political and socio-economic development of many African countries, including Kenya.

Meanwhile the realisation has dawned on African leadership that charismatic war heroes, patriotism and aristocratic leaders for life without economic growth and service delivery to people are not sustainable (Sirleaf, 2006). New leadership paths through reconciliation and technocracy need to be explored.

3.3.3 Reconciliatory and technocratic leadership

During the past two decades, therefore, two leadership styles have characterised the African political and economic arena, namely reconciliatory and technocratic leadership. The best examples of the reconciliatory leadership style are Nelson Mandela of South Africa and Yukubu Gowon of Nigeria who, through reconciliation, brought their countries out from apartheid and military rule, respectively (Mazrui, 2007).

The technocratic leadership style is best exhibited by President Mwai Kibaki of Kenya, Thabo Mbeki of South Africa, Jerry Rawlings of Ghana and Yoweri Museveni of Uganda (Mazrui, 2007). Technocratic leadership favours market or competitiveness orientation that results in economic growth. The cited examples are leaders with solid technical backgrounds which they have utilised to bring their countries to noticeable economic growth (Mazrui, 2007).

3.4 PERSPECTIVES ON LEADERSHIP SUCCESSION

Leadership succession is an important issue in a number of African countries, especially as far as political leadership is concerned. This also applies to leadership in public and private enterprises (Kauzya, 2007). The concern is that
this is an indication that African leaders have the tendency to cling to power and privilege (Nyerere, 1998).

Succession planning is one of the key responsibilities of leadership. Leaders must take proactive steps to plan for the future leadership of the organisation or State in terms of competencies that are required to fill these positions. Having a debriefing conversation between a leaving and incoming executives at whatever level and more so at chief executive officer level is critical to the continuity of a business (Friél and Duborff, 2009; Maxwell, 2002 Welsch, Vermas and Jordaan, 2009). At government level in a country, this could be ensured by leaving a constitution in place that clearly spells out how the next leaders will be appointed.

Succession planning assists in preventing corporate scandals caused by vacuums left by sudden resignations due to whatever reason. When leadership talent leaves an organisation it is not just the talent that is lost, it is the wisdom and the organisational memory that become lost (Friél and Duborff, 2009). For leaders to succeed in succession planning, they need to empower others through information sharing and mentoring (Friél and Duborff, 2009; Maxwell, 2002; Welsch, Vermas and Jordaan, 2009).

In other words, great leaders empower their followers to such an extent that the subordinates do things without their leaders. Conger (2008), however, points out that in a situation where there is a very strong personality as a leader, subordinates usually develop dependencies and it is usually difficult for others with leadership potential to grow under such leaders. Some leaders dislike sharing the limelight of leadership, and losing power often goes together with bruised egos. This leads to the darkside behaviours of leadership (manipulation, deception, dishonesty and so on) according to Conger (2008) and Friél and Duborff (2009).
Good leaders therefore do not cling to power. Political leaders in Africa are perceived to be inclined to cling to power. Luiz (2006) reported that between 1960 and 1999, almost 60% of state presidents in Africa were overthrown by coup, invasion, war or assassination, while only 7% were removed by election. According to Luiz (2006), the average tenure of office of state presidents in Africa in 2000 was 7.2 years compared with the European average of 3.2. In 2000, 14 presidents of African countries had held office for one to 20 years and nine of them for more than 20 years (Luiz, 2006). This clinging to power is often an indication of a narcissistic self-love and hunger for power. African leadership is often driven by tribal and ethnic biases and wanting to get rich quickly (Adeyemo, 2009: 20). These leaders more often than not become comprised and involve themselves in impropriety with schemes to attain wealth (Adeyemo, 2009). Questions of whether such leaders are still concerned with the welfare of the collective and ethical issues arise in this context. The present study therefore explores the influence of corporate ethics in governance and collectivism versus individualism as leadership personality traits on the performance of managers and organisations in Kenyan public enterprises.

African leadership is also still biased towards the male gender and is also perceived to run in families (Adeyemo, 2009; Schmidt, 2005; Sirleaf, 2006). The gender bias is slowly changing as evidenced in the election of Her Excellency, Ellen Johnson Sirleaf becoming the first female head of state in Liberia. There are however family dynasties where leadership reigns in certain families whether they are capable of being effective leaders or not. African leaders are therefore also perceived to be elitist (Adeyemo, 2009; Schmidt, 2005). In the context of the present study, it is therefore important to explore the influence of leadership personality traits, such as masculinity and femininity on the performance of managers and organisations in the Kenyan public sector.
3.5 ECONOMIC LEADERSHIP IN AFRICA

In the twentieth century, Africa produced effective leaders of liberation movements who fought against great odds to gain political independence. Mazrui (2007) however argues that liberation leaders were not necessarily leaders of development. African liberation was about improving the economic lot of the citizens of the new nations most of whom lived in poverty. It was about providing health facilities, national pride, performance for results and merit and giving hope of a new dawn.

As the new century progresses, however, in most African governments and governmental agencies, bureaucracy stifles service delivery and there is unequal distribution of wealth (Kipng’etich, 2009). Mazrui (2007) argues that Africa has been served well by leaders of liberation, but that is not enough as leaders for development and democracy are needed.

3.5.1 Least developed countries

Africa is endowed with many natural resources, yet many people in Africa live in abject poverty. According to the United Nations Office of the High Representative for the Least Developed Countries (UNOHR, 2009), there are 49 countries classified as Least Developed Countries [LDCs] in the world. According to the United Nations 2009 data, 33 of these 49 or about 80% of LDCs are found in Africa, 15 in Asia and 1 in Latin America and the Caribbean (UNOHR, 2009). Table 3.1 shows the 49 LDCs in the world as at 2009.
According to any poverty criteria, Africa countries fair rather badly compared with the rest of the world in income per capita, nutrition, access to health services, access to potable water, life expectancy, access to education, etcetera. The structural weaknesses of these economies and the lack of capacity related to
growth, compounded by structural handicaps, hamper efforts of these countries to improve the quality of life of their people (Kauzya 2007; UNOHR, 2009).

High population growth rate is one of the other factors that affect the economic growth rate. This is because a high population growth results in many mouths to feed and for which to provide health care, education and other social services with already stretched resources. According to the World Population Data Sheet produced by the Population Reference Bureau (2009), 5,577,872,000 people out of the world population of 6,809,972,000 or 81% of the world population live in the LDCs. The more developed countries contribute to only 1,232,100,000 or about 19% of the world population.

Most of the LDCs depend on foreign investments and assistance from the more developed countries. This technically means that 19% of the world population is to a great extent supporting about 81% of the population. Moreover, the high population growth rate in LDCs is projected to result in doubling the population therein by 2050 (Population Reference Bureau, 2009). It is further estimated that the world’s youth population will be concentrated in Africa and Asia by 2050 with nine out of 10 youths being found in the developing countries. This growth rate calls for improved planning so that the LDCs can be able to provide medical services and education and to create jobs for the increasing population (United Nations Population Division 2009; Population Reference Bureau, 2009).

One of the most accepted criteria of measuring the wellbeing of citizens in any country is the per capita Gross Domestic Product [GDP]. According to the United Nations Statistics Division, National Accounts Section, the GDPs for selected countries in Africa and the world for 2008 (United Nations, 2008) reflect the magnitude of poverty in Africa compared with other parts of the world.

Table 3.2 shows the per capita GDP for some African countries compared with a selection of other more developed countries. As can be seen from the per capita
GDP in Table 3.2, most African countries have very low per capita income. The Northern Africa countries appear to fair well, with Libya leading at USD 14,400 in the same league with Algeria, Egypt, Morocco and Tunisia. Mauritania, though with a relatively lower GDP compared with other Northern Africa states, has a higher per capita GDP than that of any of the Eastern African states of Kenya, Tanzania, Uganda, Rwanda etcetera.

Indeed the situation for most other Eastern and Central African states is very different compared with the Northern African states as they appear to be lagging behind with Zimbabwe at USD 318, Congo Democratic Republic at USD 181, Eritrea USD 300, Ethiopia USD 319, Madagascar at USD 488, Somalia at USD 298 and Burundi at USD 138. Sudan, Djibouti and Zambia seem to be the only exceptions in the Eastern and Central Africa region with a capita GDP exceeding the 1,000 mark to stand at USD 1 700, USD 1 155 and USD 1 144 for Sudan, Djibouti and Zambia respectively. Congo is leading in this group with a capita of USD 2 934.

Gabon leads the western African states with a capita GDP of USD 9,888 followed by the island state of Cape Verde at USD 3,439 followed by Senegal, Nigeria and Cameroun at USD 1,988, 1,450 and 1,218. Ghana, The Gambia, Mali, Sierra Leone follow with capita GDP of USD 709, USD 636, USD 677 and 418 respectively. Niger and Liberia are at the tail end with a capita GDP of USD 354 and USD 219 respectively.

In the Southern part of Africa, the southern African island of Mauritius leads the pack with a capita GDP of USD 7,450. From the mainland southern African states, Botswana leads with over USD 6,000 closely followed by South Africa at USD 5,000, Namibia at USD 4,143 and Swaziland, Angola following closely at USD 2,369, USD 1,942 respectively. Lesotho and Mozambique at USD 788 and USD 440 are at the tail end.
### Table 3.2: Per Capita GDP for Selected African and Some More Developed Countries As at 2008

<table>
<thead>
<tr>
<th>Country</th>
<th>Per Capita GDP (US$)</th>
<th>Country</th>
<th>Per Capita GDP (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>African Countries</strong></td>
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<td><strong>African Countries</strong></td>
<td></td>
</tr>
<tr>
<td>1 Algeria</td>
<td>4,959</td>
<td>25 Libya</td>
<td>14,430</td>
</tr>
<tr>
<td>2 Angola</td>
<td>1,942</td>
<td>26 Madagascar</td>
<td>488</td>
</tr>
<tr>
<td>3 Benin</td>
<td>767</td>
<td>27 Malawi</td>
<td>278</td>
</tr>
<tr>
<td>4 Botswana</td>
<td>6,108</td>
<td>28 Mali</td>
<td>677</td>
</tr>
<tr>
<td>5 Burkina Faso</td>
<td>522</td>
<td>29 Mauritania</td>
<td>1,017</td>
</tr>
<tr>
<td>6 Burundi</td>
<td>138</td>
<td>30 Mauritius</td>
<td>7,450</td>
</tr>
<tr>
<td>7 Cameroon</td>
<td>1,218</td>
<td>31 Morocco</td>
<td>2,740</td>
</tr>
<tr>
<td>8 Cape Verde</td>
<td>3,439</td>
<td>32 Mozambique</td>
<td>440</td>
</tr>
<tr>
<td>9 Central Africa Republic</td>
<td>464</td>
<td>33 Namibia</td>
<td>4,143</td>
</tr>
<tr>
<td>10 Chad</td>
<td>765</td>
<td>34 Niger</td>
<td>354</td>
</tr>
<tr>
<td>11 Comoros</td>
<td>802</td>
<td>35 Nigeria</td>
<td>1,450</td>
</tr>
<tr>
<td>12 Congo</td>
<td>2,934</td>
<td>36 Rwanda</td>
<td>458</td>
</tr>
<tr>
<td>13 Cote d'Ivoire</td>
<td>1,137</td>
<td>37 South Africa</td>
<td>5,566</td>
</tr>
<tr>
<td>14 Democratic Republic of Congo</td>
<td>181</td>
<td>38 Senegal</td>
<td>1,988</td>
</tr>
<tr>
<td>15 Djibouti</td>
<td>1,155</td>
<td>39 Sierra Leone</td>
<td>418</td>
</tr>
<tr>
<td>16 Egypt</td>
<td>2,031</td>
<td>40 Somalia</td>
<td>298</td>
</tr>
<tr>
<td>17 Eritrea</td>
<td>300</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 Ethiopia</td>
<td>319</td>
<td>41 Sudan</td>
<td>1,700</td>
</tr>
<tr>
<td>19 Gabon</td>
<td>9,888</td>
<td>42 Swaziland</td>
<td>2,369</td>
</tr>
<tr>
<td>20 Gambia</td>
<td>636</td>
<td>43 Tunisia</td>
<td>3,876</td>
</tr>
<tr>
<td>21 Ghana</td>
<td>709</td>
<td>44 Uganda</td>
<td>500</td>
</tr>
<tr>
<td>22 Kenya</td>
<td>788</td>
<td>45 United Republic of Tanzania</td>
<td>502</td>
</tr>
<tr>
<td>23 Lesotho</td>
<td>788</td>
<td>46 Zambia</td>
<td>1,144</td>
</tr>
<tr>
<td>24 Liberia</td>
<td>219</td>
<td>47 Zimbabwe</td>
<td>314</td>
</tr>
<tr>
<td><strong>Some Developed Countries</strong></td>
<td></td>
<td><strong>Some Developed Countries</strong></td>
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</tr>
<tr>
<td>1 Hungary</td>
<td>15,448</td>
<td>6 Mexico</td>
<td>9,964</td>
</tr>
<tr>
<td>2 India</td>
<td>1,061</td>
<td>7 Republic of Korea</td>
<td>19,296</td>
</tr>
<tr>
<td>3 Italy</td>
<td>38,640</td>
<td>8 Saudi Arabia</td>
<td>18,555</td>
</tr>
<tr>
<td>4 Japan</td>
<td>38,578</td>
<td>9 Singapore</td>
<td>39,423</td>
</tr>
<tr>
<td>5 Malaysia</td>
<td>8,197</td>
<td>10 Sweden</td>
<td>52,035</td>
</tr>
</tbody>
</table>

Comparing the per capita GDP for African states with those of a few selected states in the developed countries as shown in the lower part of Table 3.2, big disparities and relative poverty in Africa are evident. Comparing the natural resource endowment for some countries in Africa with the natural resources of the city state of Singapore, it becomes apparent that it is not the natural resources that are the key contributor to the economic development of states. The leaders of the African countries have to ensure more productivity and better use of domestic resources so that the poverty levels can be reduced. Some of the reasons for this poor state of affairs could be linked to leadership. Some of the ways African countries can reverse the trend are discussed in the sections below.

3.5.2 The challenge of economic development in Africa

The challenge of the economic development of Africa is an ongoing one. In 1988, during the inaugural programme on Africa Leadership Forum [ALF], President Babaginda of Nigeria observed that Africa finds itself in debt overhang equivalent to 44% of its gross domestic product (Babaginda, 1988). Babaginda expressed the urgency for African countries to recover from the debt situation, reduce hunger, poverty and disease. To achieve this, Africa would need leaders who are strong and self-confident, creators of ideas who are totally committed to the development of their countries and to the imperative for peace (Africa Leadership Forum, 1988: 5). He further stated that history has demonstrated that nations without strong leaders have no enduring philosophy and remain vulnerable to external pressure.

In the same Africa Leadership Forum in 1988, General Obasanjo observed that Sub-Saharan Africa has become marginalised as the third world countries of East Asia get their niche in manufacturing, using their abundant cheap labour (Obasanjo, 1988). These East Asian countries have become industrialised at a time when African countries continue to be dependent on Bretton Wood
institutions, namely the World Bank and International Monetary Fund through which they continue to accumulate more debts.

Obasanjo (1988) suggested four areas in which Africa could develop itself economically. These areas include the following:

(a) Foster creativity among the people;
(b) establish democratic political institutions with necessary legitimacy to safeguard against violent overthrow;
(c) form regional economic associations; and
(d) pursue serious scientific and technological development by developing indigenous talent.

It is important to note that these remedies were suggested two decades ago (1988) and are still mooted today through the New Partnership for Africa’s Development [NEPAD] (Luiz, 2006). According to Yew (2006), these are also the same remedies used in other third-world countries to kick-start their economic development. Following these remedial programmes, Singapore has been able to move from a third to a first-world country with a capita gross domestic product [GDP] of USD 37,040, while the capital GDP for most Africa countries is less than USD 2,000 (see Table 4.2 above). Ironically, Singapore and some of the African countries won their independence around the same time in the late 1950s and early 1960s. The question is therefore why these remedies have worked in Singapore but not in many countries in Africa? The present study asserts, like Bolden and Kirk (2005), that the answer lies in the leadership. Leadership is the glue that holds people and communities together in their efforts to achieve common goals and move from one level of development to another (Bolden and Kirk, 2005).

In a presentation to leaders of government departments and state corporations in Kenya, Kipng’etich (2009) encouraged leaders to play their leadership role more
effectively by transforming the institutions they lead and adding value to their commodities particularly those in agriculture production. African leaders must encourage increased agricultural production in order to feed their populations, as well as for processing and further export. In this way, Africa will use her abundant population in production, will create employment in the process and thus create demand for more produce (see Figure 3.1) even as part of the produce is exported (Muhitha, 1988; Kipng’etich, 2009).

African countries allocate only about 4% of their budgets to the agriculture sector. Only 18 out of the 53 African states have adopted the 2003 Maputo Declaration that requires signatory countries to increase agricultural production to overcome hunger. Schmidt (1988) suggested that African countries should also diversify their production and reduce their over-reliance on a few commodities. Schmidt (1988) further suggested the development of management capacity to manage businesses, as well as the reduction of military expenditure in favour of expenditure on economic development. By doing so, African countries will reduce hunger and poverty (Schmidt, 1988). In short, Africa needs effective leadership to ensure its economic development.
3.5.3 Current leadership interventions

The current leadership in Africa has recognized the need to tackle Africa’s problems through economic development. One initiative in this regard is the New Partnership for Africa’s Development [NEPAD], which is the vision and strategic framework adopted by African leaders to address poverty and underdevelopment throughout the African continent (United Nations, 2009). NEPAD was adopted by the 36th Heads of States and Government Assembly of the Organisation of African Unity in Algeria in 2000. NEPAD has recently been integrated into the...
African Union processes and structure and renamed NEPAD Planning and Coordinating Agency [NPCA].

NPCA’s strategy aims to address the current challenges facing the African continent in two keys areas: (a) poverty eradication and (b) improved governance through the Africa Peer Review Mechanism [APRM]. Furthermore, African leaders also subscribe to the Millennium Development Goals in order to contribute to the socio-economic development of their countries.

3.5.3.1 Eradication of poverty

In the poverty eradication agenda, NPCA aims at placing African countries both individually and collectively on a path to sustainable growth and development. Secondly, by halting the marginalisation of Africa in the globalisation process, the NPCA aims to increase the continent’s full and beneficial integration into the global economy (United Nations, 2009). In this regard, according to the Office of the Special Adviser on Africa [OSA] at the United Nations, NEPAD’s priorities are the following:

(a) Establishing the conditions for sustainable development by ensuring peace and security; democracy and sound political, economic and corporate governance; regional cooperation and integration; policy reforms and increased investment in the following sectors: agricultural development; human capital development with a focus on health, education, science and technology; building and improving infrastructure; promoting diversification of production and exports, especially in agro industry, manufacturing, mining and mineral processing and tourism; accelerating trade among African countries and improving access to their exports to markets of other more advanced countries; a clean and healthy environment.
(b) Mobilising resources by increasing domestic savings and investments; improving Africa’s share of global trade; attracting more foreign direct investments; increasing capital flows through further debt reduction and enhanced aid.

Some advances were made in achieving the above-mentioned priorities, but the 2009 global financial and economic crisis had a negative impact on the progress made. The United Nations [UN] report on the World Economic Situation and Prospects for 2010 (United Nations, 2009) observed that the global financial and economic crisis impacted more on the low income workers and the vulnerable who are still facing a decline in household income, rising unemployment and the effects of dwindling government revenues on social services. This was as a result of reduced demand for commodities produced in the developed world and also reduced inflows of direct financial investments. The International Monetary Fund (IMF) suggests that although Africa was better prepared for the crisis, the dependency on commodities export has negatively impacted its economy. The International Monetary Fund (2009) proposes that entrepreneurship and business acumen be fostered in order to process these commodities so that employment opportunities could also be created. The present study therefore assesses the entrepreneurial orientation of managers in Kenyan public enterprises.

3.5.3.2 The Africa Peer Review Mechanism [APRM]

One of the other key components of NEPAD is the African Peer Review Mechanism [APRM]. This is an instrument mutually agreed upon by member states of the African Union for self-monitoring. It entails periodic review of the policies of participating countries to ascertain progress made towards achieving mutually agreed goals in the areas of democracy and political governance; economic governance and management; corporate governance; and socio-economic development (United Nations, 2009).
The Office of the Special Adviser on Africa (2007) reported that some countries had voluntarily acceded to APRM. These twenty-seven countries are listed in Table 3.3. Although only 12 out of those reviewed openly shared their peer review results, there appears to be a willingness on the part of African leaders to improve the leadership and governance in their countries despite the initial challenges and constraints they encounter at this early stage (Hansungule, 2007).

**TABLE 3.3: COUNTRIES THAT AGREED TO PEER REVIEW**

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<td>1</td>
<td>Algeria*</td>
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<td>Kenya*</td>
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<td>2</td>
<td>Angola</td>
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<td>Lesotho*</td>
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<td>Burkina Faso*</td>
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<td>Mali*</td>
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<td>5</td>
<td>Cameroun</td>
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<td>Mauritania</td>
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<td>6</td>
<td>Cape Verde</td>
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<td>Zambia</td>
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<td>7</td>
<td>Djibouti</td>
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<td>Mozambique*</td>
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<td>Rwanda*</td>
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<td>8</td>
<td>Egypt</td>
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<td>9</td>
<td>Ethiopia</td>
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<td>Republic of Congo</td>
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<td>10</td>
<td>Ghana*</td>
<td>20</td>
<td>Sao Tome and Principe</td>
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* = Countries that have been peer reviewed and openly shared their results

3.5.3.3 The Millennium Development Goals

African countries are also involved in the Millennium Development Goals [MDGs], which were launched in July 2005 as a global intention to halve the number of people living on less than USD 1 per day by 2015 (United Nations, 2009). The eight MDGs adopted by the United Nations (2009) are:
a) Eradicate extreme poverty and hunger
b) Achieve universal primary education
c) Promote gender equality and employment of women
d) Reduce child mortality
e) Improve maternal health
f) Combat HIV/AIDS, malaria, and other diseases
g) Environmental sustainability
h) Global partnership for development

Most of the poor people live in Africa and although some advances have been made, much remains to be done (United Nations, 2009). Huge efforts are required from all leaders in the political, community and business spheres to make a contribution to Africa’s development.

3.5.4 Fostering an environment conducive to business in Africa

The World Bank (2010) considers ability to do business in a country as one of the ways whereby economic growth can be generated. According to the World Bank (2010), there are nine criteria that define the ease with which businesses can be started and operated. These criteria are: starting business; getting credit; paying taxes; trading across borders; enforcing contracts; dealing with construction permits; closing a business; protecting investors; and employing workers.

The World Bank (2010) reported that it was becoming increasingly easy to do business in Sub-Saharan Africa. This is a result of an increasing acknowledgement of the importance of proper corporate governance in both public and private enterprises (Rossouw, 2005). According to Rossouw (2005), there is now wider recognition among African leaders that corporate governance can contribute to economic success of corporations and their long-term sustainability; that good corporate governance can enhance corporate responsibility, improve the reputation of countries and increase foreign
investments; good corporate governance is a deterrent to the corruption and unethical business practices that scar the Africa business image; and that the market discipline that can result from good corporate governance can further drive the quest for good governance in Africa.

According to Rossouw (2005), obstacles to good corporate governance in most African countries include the following:

- Lack of an effective regulatory and institutional framework to ensure enforcement of standards of good governance;
- Lack of transparency and market discipline which deter private owned companies from listing on the stock markets; and
- Incompetence and lack of independence (due to politically motivated appointments) of members of the boards of public enterprises.

Some improvements have however been taking place in that a number of African countries have already developed national codes for corporate governance. For example, in South Africa there are the various versions of the King Report on Corporate Governance (Institute of Directors, 1994; 2002: 2009); in Kenya, the Private Sector Corporate Governance Trust (1999); in Uganda, the Manual of Corporate Governance (1999); in Ghana, the Manual on Corporate Governance (2003); in Nigeria, the Code of Corporate Governance (2003); and in Tanzania, the Steering Committee on Corporate Governance (2000). Zambia, Zimbabwe, Egypt, Botswana, Morocco and Sierra Leone have developed similar codes for corporate governance (Rossouw, 2005: 97).

### 3.6 SUMMARY

This chapter has taken an historical journey of leadership in African from pre-colonial times to the current era. The chapter reviewed how these historical phases influenced the leadership styles, roles and image of African leaders.
Leadership was linked to the socio-economic challenges of Africa which brought to the fore the acknowledgement by leaders of the interventions and changes that are necessary to address these challenges. Leadership interventions such as NEPAD and the African Peer Review Mechanism have for instance been discussed.

More important for the present study was the emergence of the following themes:

- That the love of power and self-interest akin to Machiavellianism and Narcissism respectively could be leadership personalities’ factors influencing how African leaders lead;
- that elements of masculinity (the dominance of male views and perspectives) could be influencing how leaders in Africa operate;
- that the collective interests of a population are often undermined by the selfish interest of leaders in Africa;
- that the former influences such leaders’ ability to transform themselves and institutions;
- that entrepreneurial interventions and a market orientation (a focus on consumer needs, innovation and service delivery) are needed to contribute to the economic development of African countries; and
- that good and ethical corporate governance is needed to foster a business environment conducive to promoting both public and private enterprises.

In the next chapter, the nature and quest for determinants of organisational effectiveness in Kenyan public enterprises are discussed.
CHAPTER 4

THE NATURE, QUEST FOR AND DETERMINANTS OF ORGANISATIONAL EFFECTIVENESS IN KENYAN PUBLIC ENTERPRISES

4.1 INTRODUCTION

In the previous chapter, the nature and importance of public enterprises in Kenya, as well as the challenges they face were discussed. In this chapter, the factors that impact the effectiveness of Kenyan public enterprises are reviewed. Firstly, a definition of organisational effectiveness is offered. Secondly, determinants of organisational effectiveness, such as strategic management, corporate ethics, organisational culture and leadership are reviewed.

4.2 CONCEPTUALISATIONS AND DETERMINANTS OF ORGANISATIONAL EFFECTIVENESS

There are diverse perspectives on and definitions of what organisational effectiveness is. Broadly speaking, organisational effectiveness has been defined as the extent to which organisations achieve their mission through their core strategies (McCann, 2004: 1). More specifically, organisational effectiveness has been defined as the amount of physical output produced for each of the units of productive input (Miller, 2004). According to Miller (2004), there are four input factors that should be managed well to maximise outputs. These input factors include:

- Design of the organisation. This, for instance, refers to whether an organisation has a centralised or decentralised decision-making system. A
centralised system causes delays in the decision-making process and causes inertia, while a decentralised decision-making system could result in faster decision making.

- The state of technological development. This refers to the information strategy and its implementation and the tools and processes in place.

- Human resources. This refers to the work styles and performance levels of employees and managers. Various human attitudes and behaviours, such as human needs, job satisfaction, job involvement, organisational commitment, absenteeism and intention to resign have been linked to the performances of employees and organisations (Steers, 1991; Arnolds and Boshoff, 2004; Miller, 2004). Effective reward systems are also important elements to ensure human resource efficiency and the effective achievement of organisational objectives.

- Physical work environment. This includes the spatial dispersion of facilities, work environment design and layout of facilities, individual or group arrangements.

No one of the mentioned factors contributes singularly to organisation effectiveness, but they all do jointly (Miller, 2004). The extent to which these four factors are successfully managed in achieving organisational outputs is therefore an indication of an organisation’s effectiveness.

An organisation’s effectiveness would also depend on how successfully its internal processes surrounding the above-mentioned four factors are managed. That is why the successful reduction of absenteeism and resignation intentions among employees was used as a measure of organisational effectiveness by Arnolds and Boshoff (2004). This approach is supported by Steers (1991: 10) who stated that high absenteeism erodes performance efficiency and
effectiveness in organisations. In addition, the formulation and implementation of effective internal operational systems and codes of best practice, such as Total Quality Management (TQM), KAIZEN, and Sigma have been regarded as measures of organisational effectiveness (Haid, Sims, Schroeder-Saulmier and Wang, 2009; Kanter, 1993; Kenya KEIZEN Institute, 2010).

Finally, organisational effectiveness has also been defined as successful achievement of financial performances such as increased sales, profitability and market share. Profitability is a measure of the effectiveness of business as it indicates what profit the business has made from its sales or money invested in the firm (Harvey, 2007: 16). Profit maximisation, return on investment and shareholders’ wealth are regarded as the primary objectives of businesses, while secondary objectives include productivity, business growth, sales maximisation, safety and security and socio-economic goals (Bosch, Tait and Venter, 2006). The achievement of these objectives is therefore a measure of organisational effectiveness.

The increase or decrease of the market share a firm controls is another important indicator of a firm’s financial performance and therefore its organisational effectiveness (Shaw and Merrick, 2005: 39). Market share is a measure of how dominant a firm is in its industry and Porter (1990) argues that this gives a firm a competitive edge in the industry. Market share is often expressed as a firm’s revenues for a specific product or service as a percentage of the industry’s overall revenues for similar products or services. Some public enterprises are monopolies in their countries, a situation that provides them with the dominant market share. The extent to which these enterprises maintain and increase their market shares would be an indication and a determinant of their effectiveness.

In the present study, organisational effectiveness will be measured by the perceived extent to which Kenyan public enterprises achieve various financial and market-related objectives such as sales with long-term profitability,
innovative new products and services, increased market share, highest possible profit margins, servicing and retaining major clients. The reason for choosing the above-mentioned objectives as measures of organisational effectiveness is, as will be discussed in the next section, the fact that the Kenyan Ministry of Public Service bases the public service reform process on the profitable delivery (selling) of services to the public to ensure increased taxes to the State (Minister of State for Public Service, 2009).

In the present study, organisational effectiveness will be further measured by assessing the performance intentions of the managers in the public enterprises. This is in line with the views on organisational effectiveness of Arnolds and Boshoff (2004) and Miller (2004). Arnolds and Boshoff (2004) used positive performance intentions, believed to be potent precursors to actual improved job performance, as measures of organisational effectiveness. Miller (2004) regards positive job attitudes as one of the important human resource input factors to achieve the maximisation of outputs, in other words organisational effectiveness.

4.3 THE QUEST FOR ORGANISATIONAL EFFECTIVENESS IN KENYAN PUBLIC ENTERPRISES

A clarion call has been sounded to improve the effectiveness of Kenyan public enterprises to such an extent that performance contracts have been entered into between the Kenyan Prime Minister and the Ministers, Permanent Secretaries and CEOs of public enterprises (Office of the Prime Minister, 2009). While signing these performance contracts, the Prime Minister announced that the public sector would be reformed to ensure that the citizens of Kenya receive quality and timely services. The Prime Minister further highlighted a warning that public servants would be dismissed if they fail to perform.

Each Ministry and public enterprise has its mandate and budget. If these institutions delivered on their mandate, then the citizens would receive products
and services from the government in the expected quality and quantity and on a timely basis. There would be less wastage. This would ultimately result in economic development. According to the Kenyan Minister for Public Service, the philosophy that underpins the Kenyan public sector reforms can be summarised as follows (Minister of State for Public Service, 2009):

- Public enterprises must deliver services according to their mandate;
- by doing so, they would be more profitable and would be able to pay dividends to the shareholder (the government), which in turn would have more funds for development;
- a growing public sector would also buy goods and services from the private sector and this would result in economic development; and
- a growing public sector would also increase employment opportunities, create an increased demand for consumer goods and assist the development of all sectors in the economy.

By instituting these performance contracts, the Kenyan government has been aligning itself with the long-term international trends which have supported the ascendancy of performance ideas as a dominant force in public management (Halligan, 2008). A trend in the developed economies has been noted since the 1980s to move from public administration to public management. The move from public administration to public management has resulted in a paradigm shift that has been brought about by increasing demand for efficiency in the public sector and reflects the growing saliency of market values in the public sector (Lane, 1994). In the more recent past and following this paradigm shift, more and more countries and government agencies have been developing a performance focus by the implementation of performance management systems, which are based on the following elements (Halligan, 2008; Ostroff, 2006):

- Revisiting the relationship between the output and outcome. This review would help to improve the information with respect to specifications of the
performance framework and the quality of measures and reporting for results. This review would be done regularly in order to ensure that results are being measured appropriately and that the organisation does not have a mission drift or end up becoming captive to measurements that may be at variance with the organisation’s mission.

- Renewing the culture for sustaining a systematic performance focus that is backed by incentives. By incentivising the teams, a high performance culture can be maintained and sustained in the long run. This would help employees re-discover the reason the organisation was created. This would improve organisational effectiveness.

- Aligning planning of internal goals with performance management. This alignment would result in an integrated and participatory approach instead of performance management being perceived as a matter of producing documents to show compliance. This would help win over the external and internal stakeholders.

- Balancing performance and trust. Most performance-based control systems rely on measurement systems that are used to give the level of performance. Halligan (2008) suggests that more attention should be given to trust-based control systems which rely on tradition, professionalism, standard operating procedures which are cost-effective and ownership within the vertical responsibilities. Leadership is an important ingredient for building trust. Leaders should be trusted and they equally should trust employees and do things in a transparent manner (O’Toole and Bennis, 2009: 56).

The above-mentioned four elements reinforce the reason why strategic management, organisational culture and leadership were chosen as the variables that need to be investigated as the determinants of organisational effectiveness
in Kenyan public enterprises. The strategic management variable would indicate to what extent there is clarity of vision and mission and the degree to which the latter are aligned with strategies and performance indicators. The organisational culture variables would provide an indication of the extent to which market-orientated goals are being pursued, as well as to what degree entrepreneurial values of risk-taking, innovation and profit-making underpin decisions in the public enterprise. Leadership personality and styles will assist the study in assessing what role leaders play in matters of trust and the managerial and organisational performance of Kenyan public enterprises. Corporate ethics and governance will give an indication of the public enterprise’s moral and ethical environment in which it operates.

The preceding review points to the quest for improved effectiveness in Kenyan public enterprises as a national goal. It is therefore important that the determinants of such efficiency be explored. It is also important that a theoretical model be developed to achieve organisational effectiveness in Kenyan public enterprises. The present study pursues these objectives in the next sections of this chapter and ensuing chapters.

4.4 THE SELECTED DETERMINANTS OF ORGANISATIONAL EFFECTIVENESS – THEORETICAL MODEL

As indicated in section 4.3 above, four broad variables were selected for a proposed theoretical model to increase organisational effectiveness (as measured by sales success) in Kenyan public enterprises. The four broad variables include strategic management, corporate governance and ethics, organisational culture and leadership. The selection of these variables is based on the literature on public management (as opposed to public administration) which suggests that for public enterprises to deliver on their mandates, they should institute these variables in their operations (Halligan, 2008; Ostroff, 2006). Numerous other literature sources point to the importance of the selected
variables for the effectiveness of enterprises (Halligan, 2008; Ostroff, 2006; Kim and Mauborgne, 2009; Frederickson and Ghere, 2007; Haid et al., 2009; Slocum, Hellriegel, 2007; Hamm, 2006; Brickley, Smith and Zimmerman, 2005; De Leon, 2007; Institute of Directors South Africa, 2009; Prasad, 2008; Private Sector Centre for Corporate Governance, 2010).

4.4.1 Strategic management

According to Thompson, Strickland and Gamble (2010), crafting and executing strategy are the heart and soul of managing business enterprises. The process involves setting the direction of the organisation as well as charting a strategic direction, setting targets and choosing a strategy capable of producing the desired outcomes which gives it a competitive advantage through a configuration of its resources. The right configuration of resources gives the organisation a competitive advantage within a changing environment, helps in meeting the needs of its markets and fulfils stakeholder expectations (Johnson and Scholes, 1999; Thompson et al., 2010).

The two definitions raise key issues relating to the following:

- the direction the enterprise intends to take,
- the scope in terms of products/services and geographical outreach,
- the long-term nature of strategies and therefore the uncertainties that are in the future, and
- the advantage or competitive edge it achieves.

Accordingly, enterprises need effective strategic management to enhance their success. Organisations that are effectively aligned in terms of their external environment, overall strategy and organisational design always outperform the competition or are more effective than their competitors (Haid et al., 2009).
The main elements of strategic management according to the Thompson, et al., (2010) model include a five-phase model as shown here below.

a) Developing a strategic vision. This provides a bird’s eye view of where the enterprise is going, charts a strategic path and moulds the organisation identity. The strategic vision provides managers with the direction and reference point for making strategic decisions that prepare the enterprise for the future. With the developing of the vision comes development of the mission. The mission is a statement of the products and scope and purpose of the business. The vision and mission also include the values that guide the business.

b) Setting objectives. This involves converting the strategic vision into specific measurable targets or outcomes that the management wishes to achieve. For an organisation to perform at its full potential, the targets should be stretching in order to deliver the best possible results.

c) Crafting the strategic plan. This involves the formulation of strategies to answer the questions of how to grow the business, how to out-compete rivals and how to respond to the ever changing customer needs and business environment. These strategies are divided into corporate, business, functional and operating strategies. The process of crafting the strategic plan should involve staff at all levels in order to ensure their buy-in and their ownership of the strategic plan.

d) Executing the strategy. This phase is the test of managers’ ability to direct organisational change, motivate employees and built competencies and competitive capacities. This is really where the proverbial rubber meets the road. This phase includes staffing, allocation of resources, motivating people to achieve higher results as well as creating a company culture and climate conducive to successful strategy implementation.
e) *Evaluating performance and initiating corrective adjustments.* This involves evaluating the external environment and the progress being made in the enterprise and deciding whether there is any need for adjustment or change of the vision, objectives, strategy execution methods, etcetera.

This strategic management model is shown diagrammatically in Figure 4.2.

**FIGURE 4.2: THE STRATEGIC MANAGEMENT PROCESS**

Source: Researcher’s construct based on Thompson, Strickland and Gamble (2010: 24)

Developing strategic visions, developing objectives and crafting strategies to achieve the set vision and implementing strategies are now gaining currency in Kenyan public enterprises. For some of the Kenyan public enterprises, the formulation of strategies is a phenomenon as recent as five years after the
introduction of the performance contracting management dispensation in the public sector. Against the above-mentioned background, the implementation of strategic management principles in Kenyan public enterprises is expected to improve their organisational effectiveness.

4.4.2 Corporate ethics

Ethics refers to decisions on what is good or bad and encompasses values like honesty, integrity, fairness and commitment to the task at hand and absence of fear or favour in treatment (Chew and Gillan, 2007: 112; Prasad, 2006; Frederickson and Ghere, 2007). Ethics is therefore concerned with moral principles and how individuals should conduct themselves. Business or corporate ethics is the discipline that provides the value framework that guides moral decisions and behaviours in businesses (Goodall, 2008). The ethical value framework to which a business subscribes becomes part of the governance of the business. Governance on the other hand refers to how the organisation is governed, the decision-making process and how responsibilities are shared in an organisation (Goodall, 2008). For an organisation to be effective there has to be good governance as well as ethical practices in place.

In recent times, there have been reports from all parts of the world on unethical behaviour that has resulted in the collapse of great corporations like Enron and WorldCom in the United States of America and loss of huge amounts in the respective countries through such scandals as the Morduch, the Goldenberg scandals (Einstein Law, 2008; Kenya Anti-Corruption Commission, 2010; De Leon, 2007). The fall of such enterprises has been attributed to poor governance and unethical practices, such as bribery, fraud, misrepresentation of financial results, tender corruption and theft (De Leon, 2007). The consequences of these unethical practices and negative governance issues have a detrimental impact on the organisation to the extent that an entire enterprise could collapse. In other words, these practices reduce organisational effectiveness, while, on the other
hand, ethical behaviour helps to create shareholder value. Accordingly, business ethics and corporate governance should be investigated as determinants of organisation effectiveness in Kenyan public enterprises.

For this reason, the Kenyan government established the Kenya Anti-Corruption Commission and enacted the Kenya Anti-Corruption and Economic Crime Act in 2003. The Kenya Anti-Corruption Commission has the mandate to identify, investigate and report on corrupt and fraudulent activities. The Economic Crime Act defines what corruption is and what behaviour is expected of employees in public enterprises to avoid corruption (Republic of Kenya, 2005a). The Economic Crime Act also includes a code of ethical conduct for boards of directors of public and private enterprises (Republic of Kenya 2005b).

The Private Sector Centre for Corporate Governance [PSCCG] was set up to deal with, among other issues, governance in boards of directors. The stipulations of the PSCCGS provide for the following to curb unethical behaviours in public and private enterprises:

(a) The enforcement of the responsibility of boards of directors to draw up a Board Charter which governs the conduct of boards of directors. This Charter should provide clear guidelines on the competitive recruitment of an enterprise’s chief executive officer (CEO) and the remuneration of staff. The Charter should also provide for the establishment of Board Committees which deal with the various issues on behalf of Boards and to assist the directors in their work. Committees for Auditing, Compensation and Risk are examples of such committees.

(b) A clear separation of roles and responsibilities between the Board, management and staff so as to eliminate conflict of interest and to ensure clear unambiguous and overlapping roles.
(c) The responsibility of Boards in ensuring the integrity and adequacy of the accounting and financial systems. This includes the responsibility to ensure that competent staff members are properly appointed to perform these functions. It is also the responsibility of Boards to ensure that managers provide reports when required.

Despite these governmental interventions to curb unethical conduct in Kenyan public and private enterprises, incidents of impropriety in the public enterprises are regularly reported (Kenya Anti Corruption Commission, 2010). The present study therefore investigates to what extent corporate ethics and good governance play a role in the organisational effectiveness of Kenyan public enterprises.

4.4.3 Organisational culture

Organisational culture is the learned patterns of behaviour, shared over a period of time and from one generation to another, and includes values and assumptions shared by organisational members about what is right and what is good and important (Masood, Dani, Burns and Backhouse, 2006). Masood et al. (2006) regard organisational culture as the "glue" that holds an organisation together and is a source of identity and distinct competence.

According to Slocum and Hellriegel (2007), organisational culture is made up of the unspoken rules and traditions operating 24 hours a day in an organisation and is critical to the long-term success of that organisation. A strong organisational culture is underpinned by strong and positive values, which, if well thought through, should help in the execution of the strategy (Slocum and Hellriegel, 2007).

Slocum and Hellriegel (2007) identify four types of organisational culture, namely:
(a) hierarchical or bureaucratic culture
(b) clan
(c) market and
(d) entrepreneurial or ‘adhocracy’ culture

A hierarchical organisational culture is characterised by continuous monitoring, administering, coordinating and reinforcing rules, as well as maintaining efficiency. The long-term concerns of a hierarchical organisational culture are stability, predictability and efficiency. Formal rules and policies hold the organisation together. Most public sector institutions in Kenya are characterised by a hierarchical organisational culture.

The key attributes of the clan culture include tradition, loyalty, personal commitment, extensive socialising, teamwork and social influence. Usually the long-term members act as mentors to newcomers. In the clan culture, there is a level of belonging to a membership, and an employee’s long-term commitment to the organisation is compensated by a long-term organisational commitment to the individual's security, with salary increases and promotions and other forms of recognition (Slocum and Hellriegel, 2007: 110). In this organisational culture, the most effective leaders are seen as parent figures, team builders, facilitators, nurturers, mentors, who are warm and supportive. Most employees in public enterprises in Kenya are perceived to have worked in these organisations for long periods and exhibit some sort of loyalty to the organisation and, in return, the organisation provides them with some level of security.

An organisation that has a market culture sees itself as being dictated to by the market (Masood et al., 2006; Slocum and Hellriegel, 2007). Whatever the market wants, the organisation provides. Market-oriented organisations strive for competitiveness which requires a clear purpose and an aggressive strategy to increase productivity and profitability. It is result oriented, is characterised by
toughness and a will to win. Having a strong position in the market is very important for market-oriented organisations.

Entrepreneurial organisational culture is characterised by being visionary, creative, taking risks, and being focused and futuristic (Masood et al., 2006; Slocum and Hellriegel, 2007). People in entrepreneurial cultures are committed to experimentation, innovation and creating change. Their major concern is to be on the leading edge of new knowledge, products and services. Initiating change and meeting new challenges is important to them. Entrepreneurial organisations’ long-term emphasis is on rapid growth and the acquisition of new resources to produce new and original or unique products and services.

Entrepreneurial organisations empower and cascade the innovative spirit to all organisational levels (Peters and Waterman, 2004). Open communication is therefore emphasised through both informal and formal means and failure in the process of creating innovation is tolerated by management.

Phelps and Tillman (2010) suggest that historically, the United States’ ability and proclivity to innovate has over the years resulted in economic inclusion and creation of real prosperity. Organisations therefore need to be entrepreneurial to create new possibilities and to change with the changes in customer needs and tastes. Technological development and globalisation call for more innovative ways of doing things. Organisations need to be nimble, agile and flexible to move with the changing times and be able to exploit opportunities as soon as they are identified. To achieve this, these organisations should restructure to find synergies, open boundaries to form strategic alliances, create new ventures from within and encourage innovation and entrepreneurship.

The public enterprises in Kenya have also come to the realisation that they should become more entrepreneurial if they want to be competitive in the global market place (Republic of Kenya, 2008b). It is suggested that these enterprises
form alliances or partnerships with private and other public enterprises (Koigi, 2002). The long-term development blueprint for Kenya called Vision 2030 identifies innovation in business collaborations, particularly private-public partnerships, as one of the ways the public and private sector can collaborate and leverage on each others' strengths and competencies. Public enterprises in Kenya should therefore take the opportunity and be more innovative and entrepreneurial in how they do business.

In the present study, the focus will be on investigating the role market-orientated and entrepreneurial organisational culture would play in improving the organisational effectiveness of Kenyan public enterprises. The reason for this is that the choice of these types of organisational cultures has been a deliberate one in the Kenyan Vision 2030 to improve service delivery in their public sector. The clan and hierarchical organisational cultures are therefore not included in the theoretical model to improve organisational effectiveness in Kenyan public enterprises in this study.

4.4.4 Leadership

Most of the literature on the concept, defines leadership as the ability that some people have to influence, motivate, support, facilitate, empower and encourage others to act together towards achieving a common goal (Lefrey, 2009; Rooke and Torbert, 2005; Friel and Duborff, 2009; Pierce and Newstrom, 2008). To be a leader, there must be others who willingly follow the leader's direction (Pierce and Newstrom, 2008).

4.4.4.1 A review of the research focus on leadership

The link between leadership and the successes of individuals or groups of people and organisational effectiveness has been studied over centuries (Pierce and Newstrom, 2008). This is evident from Greek, Egyptian and Chinese classical
history and Biblical scriptures (Pierce and Newstrom, 2008). The traits and behaviors of Biblical leaders, such as King David, Moses, Joseph and others leaders like Alexander the Great, Napoleon, Winston Churchill, Mahatma Gandhi etcetera, have been well studied to determine what made them good leaders.

Initially much emphasis was placed on leadership traits such as physical appearance (height and strength), intelligence and personality (Bernard, 1926). While these traits play a small part in the success of leaders, the trait theory increasingly lost support, as it was found that bad leaders also possess these traits. This shifted the focus to the study of leadership behaviors, and to what leaders do (Shartle, 1956) by which two important leader behaviors were identified, namely task and people orientated behaviors. According to some of the earlier studies, goal achievement was also a concern (Cowley, 1928) and the successful leader must be both concerned about accomplishing the task and reaching production targets, while also being concerned with how he/she treats people. Indeed in business, leadership is associated with performance, and effective leaders are seen to be those that increase the company’s profits or outcomes. The basis of leadership is motivating and inspiring others through action, supervision and communication (Shartle, 1956; Cowley, 1928; Davis 1942).

Table 4.1 summarises the research focus on leadership during the period between 1920 and 1960. Table 4.1 shows that the research focused on how leaders influence the actions of followers through their personalities; by being the pivotal point of group action; by how instrumental they are in achieving common group goals; how they interact with their followers; how they initiate structure in tasks to be done to achieve common goals; and how they influence and persuade others and wield power. It is therefore evident from these earlier writings that leaders play an important role of the performance of groups and the individuals that constitute these groups.
TABLE 4.1: RESEARCH FOCUS ON LEADERSHIP FROM 1920 TO 1960

<table>
<thead>
<tr>
<th>Approach</th>
<th>Meaning and evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus of group process</td>
<td>Leaders as the hub, nucleus and pivotal point of group activity (Chapin, 1924)</td>
</tr>
<tr>
<td>Personality and its effects</td>
<td>Leadership in terms of personality attributes or strength of the leader him/herself (Bernard, 1926)</td>
</tr>
<tr>
<td>An act of behaviour</td>
<td>Focuses on the question “what do leaders do?” (Shartle, 1956)</td>
</tr>
<tr>
<td>Goal achievement</td>
<td>The instrumental value of leadership (how successful leaders contribute to the achievement of organisational goals) (Cowley, 1929; Davis, 1942)</td>
</tr>
<tr>
<td>Emerging effect of an interaction</td>
<td>Leadership as an effect/outgrowth of an interaction of a group interaction (Bogardus, 1929)</td>
</tr>
<tr>
<td>A differentiated role</td>
<td>From the role theory and perception that different members of a social group play different roles and leadership is one of the differentiated roles (Sherif and Sherif, 1956)</td>
</tr>
<tr>
<td>An initiation of a structure</td>
<td>A continuation of the role perspective of leadership. Effective leaders initiate structure in the pursuit of goals (Stogdill, 1959)</td>
</tr>
<tr>
<td>Art of inducing compliance</td>
<td>Moulding the group in accordance with the will, intentions and wishes of the leader (Allport, 1924; Bundell, 1930)</td>
</tr>
<tr>
<td>An exercise of influence</td>
<td>Influencing others to follow by speech and the communication process and example, for example Gandhi’s emphasis on leading by example (Tead, 1935; Tannenbaum, Welchler and Massarik, 1961)</td>
</tr>
<tr>
<td>Persuasion</td>
<td>Deciding what needs to be done and getting others to want to do it (Lippmann, 1922; Larson, 1969)</td>
</tr>
<tr>
<td>Power relationship</td>
<td>The key role played by power and in differences in power relationships among members of a group (French and Raven, 1959; Janda, 1960)</td>
</tr>
</tbody>
</table>

Source: Researcher’s own construct based on Pierce and Newstrom (2008: 7-11)
TABLE 4.2: RESEARCH FOCUS ON LEADERSHIP FROM 1970 TO 2000

<table>
<thead>
<tr>
<th>Approach</th>
<th>Meaning and evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relationship between leader and follower</td>
<td>Leadership as providing service to others or servant leadership the key proponent of this approach (Greenleaf, 1977)</td>
</tr>
<tr>
<td>(service to others, providing meaning to</td>
<td>Aligning followers to leaders’ value system (Burns, 1978)</td>
</tr>
<tr>
<td>others, influencing value system and</td>
<td>Provides meaning by framing meaning and reality to others (Smirch and Morgan, 1982)</td>
</tr>
<tr>
<td>facilitating a learning organisation)</td>
<td>Focuses on leaders as teacher, designer, steward, that shape the new earning in organisations. Competitiveness is derived from continuous learning and leaders have to create opportunities for continuous learning (Senge, 1990)</td>
</tr>
<tr>
<td>Interaction between two or more members</td>
<td>Interactions between people where leaders become agents of change. They affect other people more than other people affect them and they become agents of change (Bass, 1990)</td>
</tr>
<tr>
<td>Super-leadership</td>
<td>Focuses on changing from a “follow me” leadership to engaging others to lead themselves and attain by themselves (Manz and Sims, 1991)</td>
</tr>
<tr>
<td>Leadership behaviour</td>
<td>Relationship that involves networks, support and conflict management, influencing, motivating clarifying roles and communication (Yukl, 1989)</td>
</tr>
<tr>
<td>Darkside of leadership</td>
<td>Leadership with poor/ negative influence (Clement, Washbush, 1999; Palmer, 1994)</td>
</tr>
<tr>
<td>Trust and team performance</td>
<td>Relationships based on fairness, openness, consideration and citizenship behaviour (Bennis and Nanus, 1985; Podsakoff, Mackenzie, Moorman and Fletter, 1990; Rich, 1997; Zand, 1997)</td>
</tr>
<tr>
<td>Transformational and transactional</td>
<td>Transformational leadership is charismatic, inspiring and motivational, empowers and results in organisational change, while transactional leadership results in maintenance of status quo and contingency rewards (Bass, 1985; Burns, 1978; Leithwood, Jantzi and Stenibach, 1999; Yukl, 1989; Bass and Avolio, 1993)</td>
</tr>
<tr>
<td>leaderships</td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher’s own construct based on Pierce and Newstrom (2008: 7-11)
Table 4.2 summarises the research focus on leadership during the period 1970 to 2000. Table 4.2 shows that research studies focused on how leaders influence the actions of followers through the relationship they have and how they provide meaning and a learning culture. Leaders do this by being change agents, empowering others to self lead, facilitating networking, clarifying roles, communicating with the team, maintaining the status quo, rewarding others and inspiring others. It is therefore evident from these writings that leaders play an important role in the performance of individuals and groups by the way they behave towards these people.

Research studies during and after 1970 appear to focus on how leaders could change (transform) organisations. The research studies focused on transformational versus transactional leadership. During this period, Burns (1978) introduced the concept of a transformational leader who is different from the transactional leader (Pierce and Newstrom, 2008). The transformational leader raises the influence of the other people and motivates them to higher levels of outcomes as she/he shares her/his vision with the others.

Transformational leaders use their values, vision, commitment to a mission and passion to energize and empower and to move others. It is argued that this type of leadership produces admiration from others and a trust that results in them going beyond expectation, and gets followers to transcend their personal interest. On the other hand, the transactional leader’s interest is in maintaining the status quo and exchanges rewards and promises for effort and is responsive to staff’s immediate self-interests if they can be met by getting the work done (Bass, 1990; O’Toole and Bennis, 2009; Pierce and Newstrom, 2008)
TABLE 4.3: RESEARCH FOCUS ON LEADERSHIP AFTER 2000

<table>
<thead>
<tr>
<th>Approach</th>
<th>Meaning and evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical</td>
<td>Focus on ethical conduct (Bass and Avollio, 2000; Bono and Judge, 2003; Conger, 1999; Trevino, Brown and Hartman, 2003)</td>
</tr>
<tr>
<td>Servant leadership revisited</td>
<td>Focus on service to others like a servant (Yew, 2008)</td>
</tr>
<tr>
<td>Participative, emergent and situational leadership; succession planning</td>
<td>Focus on total participation of all members in teams, the types of situations that may require active participation of the leader, and succession planning (Yun, Faraj and Sims, 2004; Pierce and Newstrom, 2008).</td>
</tr>
<tr>
<td>Externalities and transparency</td>
<td>Focus on need for transparency in times of externalities such as pollution, carbon emissions and health concerns (Meyer and Kirby, 2010).</td>
</tr>
<tr>
<td>Extreme negotiations</td>
<td>Focus on identifying of risks and how to collaborate or negotiate in certain extreme situations (Weiss, Danigian and Hughes, 2010; Useem, 2010)</td>
</tr>
</tbody>
</table>

Source: Researcher’s own construct based on Pierce and Newstrom (2008).

In the twenty-first century (from 2000 onwards), the focus of research studies shifted to contemporary issues in leadership such as ethics, service, succession planning and extreme negations. Table 4.3 summarises the focus of research studies after the year 2000.

4.4.4.2 Focus on transformational and transactional leadership in the Kenyan context

The preceding literature review traced the research focus on leadership from classical historical writings to the 21st century. The present study however focuses on two leadership styles, namely transformational and transactional, because the Kenyan public sector needs leaders who can get the work done (transactional leadership) and who can transform these enterprises or institutions into productive and profitable ones. Emphasising the need for transactional leadership, the Prime Minister announced that public servants would be dismissed if they fail to deliver on their performance contracts (Office of the Prime
Minister, 2009). Furthermore, while there have been changes in the recent past in Kenyan public enterprises, there is a need for passion, energy and commitment that goes beyond the line of duty. There is a need for transformational leadership, as this type of leadership gets followers to transcend their self-interest and eventually results in the transformation of enterprises (Bass, 1990; O’Toole and Bennis, 2009; Pierce and Newstrom, 2008). In addition, according to Halligan (2008) and Ostroff (2006), to improve the performance of public enterprises, trust-based control systems, which rely on the tenets of professionalism, standard operating procedures, cost-effectiveness and responsibility, should be implemented. To build this trust, transformational leadership is important, because this leadership is what “builds trust” (Hellriegel et al., 2007:195). The present study therefore investigates to what extent transformational and transactional leadership styles play a role in the performances of both managers and organisations in the Kenyan public sector.

4.4.4.3. Focus on leadership personality in the Kenyan context

In addition to the above evaluation of what type of leadership is necessary in Kenyan public enterprises, there is the general perception that leadership personality plays an important role in the performances of organisations on the African continent. Firstly, Maisiri (2009) suggests that one of the biggest failures in Africa is the unwillingness of political leaders to accept political reformation. As many members of the top management of public enterprises are often political appointments, that suggestion could also be applicable to business leaders in public enterprises in Africa. Secondly, Sirleaf (2006), Makhanya (2010) and Tabane (2010) suggest that narcissistic personality tendencies underlie the self-enrichment, power hunger and lavish life styles of African leaders. The prevailing self-importance at the expense of the poor population also suggests a moving away from a personality of collectivism to individualism. Thirdly, an approach to life based of the aggressive pursuit of material wealth suggests a masculine, as opposed to a feminist (caring for the needs of others) personality (Pierce and
Newstrom, 2008). Against this background, the present study investigates to what extent leadership personality plays a role in the managerial and organisational performance of Kenyan public enterprises.

*Narcissism*

Narcissism refers to excessive love of self. Narcissistic leaders think highly of themselves and exhibit overt grandiosity, self-focus, and behaviour of self-importance and are usually not humble but have a high self-opinion. They love being recognised and being admired by others (American Psychiatric Association, 2000). Conger and Kanungo (1998) assert that most charismatic leaders possess characteristics associated with narcissism. These characteristics can lead them to promote highly self-serving and grandiose aims. When this happens, the leader’s behaviour can be exaggerated, lose touch with reality or become a “vehicle for personal gain” (Conger and Kanungo, 1998: 211) even as they exaggerate their levels of achievement. These tendencies are not conducive to team work and may affect the performance of others and hence affect the performance of the individual and the organisation.

This overpowering sense of self-importance may lead a narcissistic leader to ignore the opinions of others within the organisation as they think they are better than others. This will harm not only the leader but also the followers and thus affect the performance of the individual and the organisation.

According to King (2007: 184), the fourth edition of the American Psychiatric Association’s Diagnostic and Statistical Manual of Mental Disorders identifies nine traits associated with narcissism. Some of these are lack of empathy, envy, arrogance, rudeness and snobbish behaviour towards others. With these kinds of traits, leaders with narcissist orientation have fantasies of unlimited success or power, they have a need for admiration (Blair, Hoffman and Helland, 2008: 205).
These tendencies rub followers up the wrong way and this will impact on the individual follower’s performance and that of the organisation.

*Machiavellianism*

According to Marriam - Webster Collegiate Dictionary (1964), Machiavellianism is characterised by shrewdness and manipulation or the capacity of an individual to modify the behaviour of others in a manner which he/she desires and at the same time resist modifying his/her own behaviour in a manner which he/she does not desire (Miles, 1961; Calhoon, 1969). Machiavellianism is perceived to be a conniving and cold-blooded means of arriving at selfish ends (Calhoon, 1969: 205). It reflects on a person’s general strategy for dealing with people in a manipulative way, in other words, by flattering people and by telling them what they want to hear, regardless of whether it is the truth or otherwise (Pierce and Newstrom, 2008: 428).

Leaders with Machiavellian orientation are cunning, sly and believe that cutting corners is the only way to get along in life (Pierce and Newstrom, 2008). Such leaders believe only the stupid get caught in a criminal act or when cutting corners. To them, cunningness and getting away with it is the order of the day. In fact, Nicollo Machiavelli himself believed that the success or failure of governments depended on the quality traits of leaders (Conger, 2008). It is therefore important that this and other personality traits should be investigated in the Kenyan public sector context.

*Femininity and Masculinity*

Different communities around the world have different roles for females and for males and therefore there are stereotypes of what females are capable of or nor capable of doing. The cultural differences between femininity and masculinity are
based on the various traits leaders exhibit and not on gender or sex issues (Eagly, Johanness-Schmidt and Engen, 2003).

Masculinity in this context is represented by assertiveness, acquisition of money and property/things and not caring for others, or quality of life or people. Masculinity is also associated with strongly defending one’s beliefs. High masculinity is associated with a high performance orientation and fast decision making. On the other hand, femininity cultural values relate to the extent of caring for others, being nurturing, tender and loving, and manifesting gentleness and cheerfulness.

According to Eagly et al., (2003), female leaders are more transformational than male leaders. Leadership qualities that relate to effectiveness also manifest more in men than women (Judge and Piccolo, 2004). Leaders therefore exhibit different traits despite their gender and it is important to find out how these differences affect their performances. Masculinity versus femininity as a personality trait is often substituted for cultural traits in the sense of evaluating to what extent the dominant values in society are masculine or feminine. It is therefore important to assess to what extent masculinity and femininity play a role as personality traits of leaders, as such an assessment would also point to the cultural values that emanate from such leadership.

*Individualism versus Collectivism*

Individualism implies a loosely knit social framework in which people are supposed to take care of themselves and their immediate families only. An individualist believes that involvement with an organisation is calculative (Pierce and Newstrom, 2008).

Collectivism, on the other hand, is characterised by a tight social framework in which people distinguish between in-group and out-group. They expect their in-
group to take care of them. The in-group could be their family, their clan, the organisation or the government which they support. In exchange for the support they feel they owe absolute and unquestioning loyalty to the organisation or the entity. Collectivists believe that there is a moral basis in their involvement with an organisation (Pierce and Newstrom, 2008).

Leaders in Africa are often perceived as having moved away from the tenet of leading for the benefit of all. The present study explores the effects of leaders leading from a collectivistic versus an individualistic personality base.

4.5. SUMMARY

In Chapter 3, the nature, quest for and determinants of organisational effectiveness in Kenyan public enterprises were reviewed. The pursuance of organisational effectiveness in public enterprises was highlighted as a national goal in Kenya. Determinants of organisational effectiveness, such as strategic management, corporate ethics, organisational culture, leadership types and leadership personality were identified as important factors playing a part in the effectiveness of Kenyan public enterprises.

The present study suggests that an overriding factor in the pursuit of organisational effectiveness in Kenyan public enterprises is leadership. The present study asserts that all plans and interventions to achieve this national goal would succeed or fail at the hands of the leadership in these public enterprises. Chapter 5 is therefore devoted to an evaluation of the above themes which form the basis of developing a theoretical model to improve individual performance for managers and the performance of their organisations.
CHAPTER 5

THE THEORETICAL MODEL TO IMPROVE ORGANISATIONAL EFFECTIVENESS IN KENYAN PUBLIC ENTERPRISES

5.1 INTRODUCTION

In Chapter 4, the nature of organisational effectiveness was explored. The potential determinants of organisational effectiveness in Kenya were also reviewed. In Chapter 5, previous research findings are reviewed in order to develop a theoretical model to increase organisational effectiveness of public enterprises in Kenya. These research findings will provide the basis on which hypotheses will be developed between the factors that influence organisational effectiveness (the independent variables), on the one hand, and the indicators of organisational effectiveness (the dependent variables), on the other hand. This hypothesised model will be subjected to rigorous statistical analysis in order to achieve the primary research objective: improving the organisational effectiveness in Kenyan public enterprises.

5.2 THE HYPOTHESESSED MODEL TO IMPROVE ORGANISATIONAL EFFECTIVENESS IN KENYAN PUBLIC ENTERPRISES

The present study suggests that the organisational effectiveness of Kenyan enterprises can be measured by an assessment of the perceived organisational performance of the public enterprises, as well as the perceived job performance intent of the managers. In other words, perceived organisational performance and perceived job performance intent of manager are used as surrogate measures of organisational effectiveness in this study.
The present further asserts that the main determinants of organisational effectiveness in Kenyan public enterprises are leadership styles, leadership personality, organisational culture, strategic management and corporate ethics. The sub-measures of leadership style will be transformational and transactional leadership, while for leadership personality the sub-measures will be narcissism, Machiavellianism, collectivism (versus individualism), masculinity and femininity. The sub-measures for organisational culture will be entrepreneurial and market-orientation, while the remaining selected determinants of organisational effectiveness will be strategic management and corporate ethics.

5.2.1 The influence of transformational leadership on organisational performance and performance intent of managers

Hancott (2005) reported that the relationship between some dimensions of transformational leadership and organisational performance is significant and positive. Hancott’s (2005) study involved 79 chief executive officers and managers from large public firms in Canada. Hancott (2005) found that transformational leadership elements, such as intellectual stimulation of and individual consideration given to followers, were positively correlated to the individual performance outputs of employees and the work units they belong to. These findings confirmed what Burns (1978) and Bass (1985) had suggested over a decade earlier that transformational leadership led to performance beyond expectations in an organisational setting. Xenikou and Simosi (2006) found similar results as far as intellectual stimulation of followers was concerned. Bass (1985) defined a transformational leader as one who motivates followers to do more than their original expectations. They motivate followers through communicating a shared vision and getting the followers to prioritise larger organisational goals rather than individual interests. Asgari, Silong, Ahmad and Samah (2008) concur that employees who are motivated to fulfil a collective vision without immediate personal reward, would work toward meeting corporate goals. Howel and Avolio (1992) also concluded from their empirical research that
there is a positive relationship between transformational leadership attributes and organisational effectiveness.

A study by Xenikou and Simosi (2006) in the financial sector of Greece found that transformational leadership aspects, such as the active orientation of followers towards the fostering of goal-oriented behaviour through intellectual stimulation and the encouragement of new ways of solving problems, had a positive influence on the performances of employees. Avey, Hughes, Norman and Luthans (2008) reported that leadership support had a significantly positive influence on employee commitment, job performance, organisational citizen behaviour and job satisfaction. Supporting the efforts of followers is an important aspect of transformational leadership.

Bass (1985) suggests that transformational leadership increases the morale levels and adaptability to change of both the leader and the follower. Transformational leaders show their followers new ways of solving difficulties and help them to see difficulties as problems to be solved in a morally upright way and a creative way. This empowers followers and motivates and inspires them to performance beyond expectation (Bass, 1985). Yukl (1989) is of the view that the reason why transformational leaders succeed in motivating followers to perform beyond expectation is because the followers trust and respect them. Beugre, Aca and Braun (2006) argue that an environment of trust and respect fosters a culture of innovation and high intent to perform.

According to Krishnan (2003), leadership based on moral principles, akin to both moral and transformational leadership, was significantly related to extra effort from followers. Avey et al., (2008) and Eagly (2007) reported that transformational leadership increases the support to the followers, provides mentoring and increases their trust and confidence in leaders (Eagly 2007). All these affect the performance of employees positively. The study of Purvanova, Bono and Dzeweczynski (2006) found that transformational leadership enhances
organisational citizenship behaviour of courtesy, sportsmanship, organisational spontaneity, job dedication, persistence with enthusiasm and extra effort. In other words, transformational leadership has a positive influence on the job performance of people.

Against the background of the preceding literature review, the following hypotheses were formulated:

H1A: A transformational leadership style exerts a positive influence on organisational performance.

H1B: A transformational leadership style exerts a positive influence on performance intent of managers

5.2.2 The influence of transactional leadership and organisational performance and performance intent of managers

According to Bass (1997), transactional leadership has four components: (1) contingent reward where good work is rewarded and non-conformity to performance requirements penalised, (2) management by exception (passive) whereby leaders wait until something goes wrong and then act on the errors, (3) management by exception (active) where leaders actively look out for deviations in order to take corrective action immediately, and (4) laissez-faire whereby leaders abdicate their responsibility to manage performance. In this regard, Rowold and Schlotz (2009) found that the management by exception (passive) subscale of transactional leadership was positively related to four indicators of chronic stress. In other words, a leader who waits for mistakes to occur and therefore does not proactively manage performance, influences the performance of employees and therefore the organisation negatively. Leaders should therefore actively set performance objectives, initiate structure and support performance actions.
Initiating structure is the degree to which a superior’s activity defines her/his role as well as the role of the followers towards the attainment of the group and the organisations’ goals. Initiating structure is therefore a leader’s behaviour which emphasises the accomplishment of tasks’ objectives through the minimisation of role ambiguity and conflict. This would include assigning and defining of tasks, defining procedures and generally showing followers how things should be done as well as detailing the measure of performance (Davenport, 2010; Burke, Stagl, Klein, Goodwin, Sala and Halpin, 2006). Initiating structure clarifies expectations which in turn results in higher levels of organisational commitment (Dale and Fox, 2008). Organisational commitment, on the other hand, fosters an environment of support, respect and trust (Davenport, 2010).

Transactional leadership influences the job intentions of employees via how their performances are rewarded (Bass, 1997). The study of Podsakoff, Bummer, Podsakoff and Mackenzie (2006) supported this assertion that the way in which the punishment and reward are administered is a critical determinant of employees’ job performance intent. Spinelli (2006) found that, although employees exerted more effort when they perceive the leader to reflect transformational rather than transactional leadership, both these leadership styles are positively related to exerting extra work effort. Spinelli (2006) also found that the laissez-faire subscale of transactional leadership was negatively related to exerting extra work effort. In other words, active transactional leadership is necessary to increase the job performance of employees. Eagly (2007) concurs by arguing that transactional leadership is in the interest of the follower, because through it healthy leader-follower relationships are established, responsibilities and roles are clarified, the achievement of performance targets is rewarded and performance failures are corrected.

Against the background of the preceding literature review, the following hypotheses were formulated:
H2A: A transactional leadership style exerts a positive influence on organisational performance
H2B: A transactional leadership style exerts a positive influence on performance intent of managers

5.2.3 The influence of Machiavellianism on organisational performance and performance intent of managers

The concept of Machiavellianism was introduced by Christie and Geis (1970) and is related to the basic ideas of Nicollo Machiavelli. Machiavellianism is associated with mistrust in human nature, lack of conventional morality, opportunism and lack of effective interpersonal relationships. It is also conceptualised as the propensity to distrust others, to engage in amoral manipulation, to seek control over others and to seek status for oneself (Dahling, Whitaker and Levy, 2009; Drory and Gluskinos, 1980). People with high Machiavellianism (high Mach) were found to lead their groups to a higher level of group performance compared with low Mach leaders. Relationships with followers whether positive or negative have an impact on their performance levels.

A study by Gemmill and Heisler (1972) found that High Mach leaders gave more orders than low Mach leaders; were least concerned about group maintenance; and least concerned about reducing tension within groups. It is argued that these behaviours would negatively affect the individual and team performances of employees. It was therefore hypothesised that:

H3A: A Machiavellianism leadership personality exerts a negative influence on organisational performance.
H3B: A Machiavellianism leadership personality exerts a negative influence on performance intent of managers
5.2.4 The influence of narcissism on organisational performance and performance intent of managers

Narcissism refers to an above average love for oneself. There are three levels of narcissism: reactive narcissism, self-deceptive and constructive narcissism (Kets de Vries and Miller, 1985). Leaders with a reactive narcissistic personality are exhibitionist, love grandiosity, are ruthless and cold, and feel abnormally entitled to everything including respect and love. They ignore the needs of followers and are enraged by criticism. A self-deceptive narcissistic personality is exploitive, lacks empathy, is insecure, has a fear of failure and is preoccupied with his/her own needs. This type of personality is conservative and risk averse. A constructive narcissistic personality, on the other hand, has a sense of acceptance, is less manipulative, is ambitious and has energy.

From a performance point of view, the reactive narcissists are demanding taskmasters who have a strong desire to compete. They gravitate towards followers who are sycophants and they ignore the opinion of others. A reactive narcissist cares little about exploiting others in pursuit of his/her own advancement. He/she does not accept blame if things go wrong and likes to blame others. The self-deceptive narcissist gathers information but is afraid to make decisions and his/her disposition is transactional rather than transformational (Kets de Vries and Miller, 1985). Narcissism (constructive narcissism to a lesser degree) is generally destructive to the psychosocial health of groups and would hurt organisational performance (Resick, Whitman, Weingarden and Hiller 2009; Godkin and Allcorn, 2009).

While constructive narcissists are believed to be inspirational and could be good mentors, they are also stubborn and proud, and they dislike criticism. Self-destructive narcissists are believed to be over-cautious, risk averse, lack resolve and prefer non-critical followers. Reactive narcissists see no problem in crushing
their opponents; they use scapegoats, are enraged by criticism, and are poor listeners (Kets de Vries and Miller, 1985 Maccoby, 2000).

The egoistic need for power and admiration set narcissistic leaders apart from other leaders. They hunger for recognition and they take all the credit for all success while they blame others for failure. Although they are power hungry, they usually emerge as leaders in strange situations and under strange circumstances, which brings problems to organisations and negatively affects the performance of employees (Brunell, Gentry, Campbell, Hoffman, Kuhnert and Demarree, 2008; Conger, 1990).

Against the above-mentioned background, the following hypotheses were formulated:

H4A: A narcissistic leadership personality exerts a negative influence on organisational performance
H4B: A narcissistic leadership personality exerts a negative influence on job performance intent of managers

5.2.5 The relationship between collectivism (versus individualism) and organisational performance and performance intent of managers

Collectivism and individualism originated from Hofstede’s (1980) research on the cultural differences between nations. Although Hofstede’s (1980) findings have been met by criticism due to classification of nations through cultural differences while there were differential representative samples etcetera, the studies still serve as a reference point on cultural and personality differences (Hofstede, 1980; Hofstede, 2001; Zagorsek, Jaklic and Stough, 2004).

Individualism in a cultural sense refers to the level of working in groups or as individuals in a society. In an individualist society, ties between individuals are
loose and people look out for themselves or to their immediate family. In a collectivistic society, on the other hand, people are from birth socialised and integrated into a strong and cohesive in-group which protects them in exchange for loyalty.

In the present study, collectivism and individualism are used as descriptions of personality types. A leader with a collectivistic personality feels more satisfied when contributing to a group effort; places more value on the comfort and mutual support of a group; is more cooperative; prefers harmony and humility in pursuit of goals; and prefers recognition of group rather than individual performance. In other words, the present study suggests that a collectivistic leader’s behaviour is determined by his/her collectivistic cultural orientation and that the combined effect of culture and behaviours projects a collectivistic personality. On the other hand, a leader with an individualistic personality believes that the individual should be the centre of everything.

Research has shown that managers in individualistic societies use less directive and supportive behaviour compared with collectivistic societies (Wendt, Euwema and Van Emmerik, 2009; Fincher, Thornhill, Murray and Schaller, 2008). In other words, a leader with a collectivistic orientation would be more supportive of employees’ efforts than an individualistic leader. Supportive leadership behaviour would positively influence the individual job performance of employees. Moreover, Goncalo and Staw (2005) argue that collectivistic values promote cooperation and productivity while individualism invites destructive conflict and opportunism. It was therefore hypothesised that:

H5A: A collectivistic leadership personality exerts a positive influence on organisational performance
H5B: A collectivistic leadership personality exerts a positive influence on performance intent of managers
5.2.6 The influence of masculinity and femininity on organisational performance and performance intent of managers

Masculine leadership personality is characterised by aggressiveness, toughness, confidence, self-directing, getting the job done, cognitive focus and materialism (Eagly, 2007; Gershenoff and Foti, 2003). Research studies have revealed that masculinity is associated with perceived higher individual performance.

There is debate whether there is any difference between leaders of different genders. Kanter (1977) argued that gender does not influence leadership style. Eagly and Johnson (1990) however argue that male and female leaders lead differently as a result of gender differences in personality traits and behaviour tendencies. Eagly and Johnson (1990) argue that men and women leaders differ in their interpersonal styles due to differences in feminine and masculine personality.

A masculine personality is characterised by assertiveness, acquisition of money and material objects and a de-emphasis on caring for others (Pierce and Newstrom, 2008). Femininity, on the other hand, is associated with personal relationships, a concern for others and high quality of life.

Feminine leadership has been found to be more participatory and democratic, while leaders with masculinity traits were more directive and autocratic (Eagly and Johnson, 1990). The present study suggests that assertiveness, materialism and caring interpersonal relationships are traits that would definitely influence how leaders lead employees to achieve organisational objectives. Feminine and masculine traits would therefore influence the performances of individuals and organisations.

In his research on the balance of things, Lietaer (2003) argues that organisations need both female and male leaders and that a leader should actually possess
both feminine and masculine personality traits. The business world often requires that female leaders be more aggressive, while male leaders are required to be more caring of relationships. Against this background, the present study suggests that both femininity and masculinity would have a positive influence on organisational and individual performances. It was therefore hypothesised that:

H6A: A masculine leadership personality exerts a positive influence on organisational performance

H6B: A masculine leadership personality exerts a positive influence on performance intent of managers

H7A: A feminine leadership personality exerts a positive influence on organisational performance

H7B: A feminine leadership personality exerts a positive influence on performance intent of managers

5.2.7 The influence of entrepreneurial organisational culture on organisational performance and performance intent of managers

Research studies suggest that there is interplay between organisational culture and organisational and individual performance (Cooke and Rousseau, 1988; Cooke and Szumal, 2000, Xenikou and Simosi, 2006). Entrepreneurial enterprises adhere to group norms that promote achievement, self-actualization, participatory decision making, co-operation, and teamwork (Cooke and Szumal, 2000).

Hamel (2006) argues that competitiveness is critical in the globalised business world and is dependent on the enterprise’s capacity and ability to re-invent itself before it is forced to do so by change. Therefore, having an entrepreneurial culture is critical to maximise opportunities and to ensure an enterprise’s long-term performance and survival (Kuratko and Welsch, 2004; Vermaas, Van der Merwe and Jordaan, 2009).
According to Kathrine (2010), an organisation that supports innovation, is willing to take risks and challenge the ways things have always been done and that is an entrepreneurial organisation, is rewarded by employees committed to and engaging in behaviours that further the goals of the organisation. In other words, an entrepreneurial organisational culture should have a positive influence on organisations as a whole as well as on the individual job performances of employees. It was therefore hypothesised that:

H8A: A perceived entrepreneurial organisational cultural orientation exerts a positive influence on organisational performance

H8B: A perceived entrepreneurial organisational cultural orientation exerts a positive influence on performance intent of managers

5.2.8 The influence of a market-orientated organisational culture on organisational performance and performance intent of managers

Many scholars and researchers recognise that organisational culture has a powerful effect on the performance and long-term effectiveness of organisations in both the private and public sector (Masood, Dani, Burns and Backhouse, 2006: 943). In a market-orientated organisational culture, managers are good at directing, producing results, negotiating and motivating for performance (Slocum and Hellriegel (2007). Such an organisation is orientated towards the external environment and focuses on measurable and demanding goals, especially financial goals like profitability, market share etcetera (Slocum and Hellriegel, 2007). This results-driven approach provides the dynamo for increased organisational performance. According to Yiing and Ahmad (2009) and Peters and Waterman (2004), a market-orientated organisational culture plays an important role in generating commitment and enhanced individual performance from employees. Against this background, it was hypothesised that:
H9A: A perceived market organisational cultural orientation exerts a positive influence on organisational performance
H9B: A perceived market organisational cultural orientation exerts a positive influence on performance intent of managers

5.2.9 The influence of strategic management on organisational performance and performance intent of managers

Creating value for customers is one of the core objectives of enterprises in both the private and public sector. This is done through service delivery of products and services that meet customers’ expectations in quality and quantity utilising the existing internal and external resources. To do this successfully, strategies need to be formulated and executed after analysing the internal and external strengths, weaknesses, opportunities and threats of the enterprise (Lake 2002; Thompson et al., 2010). Through its strategic plan, an enterprise commits itself to follow a set of particular actions to grow the business, to maintain and grow the client base and to outperform its competition (Thompson et al., 2010).

Chien (2010) argue that strategic management is not only important in private enterprises, but that the success of public enterprises also depends on establishing clear strategic objectives, performance measures and operational processes. In other words, strategic management is important to achieve organisational success (performance).

According to Thompson et al. (2010), the communication and consultation processes that accompany strategy formulation and execution, as well as the motivation reward systems implemented to ensure the execution of the strategic plan all play a role in fostering the commitment of employees to work towards achieving the set objectives. In other words, strategic management also positively influences the performance intentions of employees. It was consequently hypothesised that:
H10A: The perceived implementation of strategic management exerts a positive influence on organisational performance
H10B: The perceived implementation of strategic management exerts a positive influence on performance intent of managers

5.2.10 The influence of corporate ethics on organisational performance and performance intent of managers

Integrity, business ethics and corporate governance have become critical topics of discussion in the corporate world today. It seems, more than ever before, that the success of organisations and the wellbeing of society “are affected by the ethical choices made by all in the organisation” (Wittmer, 2007: 49).

The integrity of individuals is important in creating a culture of trust in organisations. According to O’Toole and Bennis (2009), no organisation can be honest with the public if it is not honest inside. People with honesty, transparency and integrity build trusting relationships with each other (O’Toole and Bennis, 2009). Integrity builds consensus through shared values and team spirit, which in turn results in personal effectiveness (Wittmer, 2007). Duggar (2009) reported that a culture of integrity creates a highly valued work environment and a foundation for long-term financial performance. Duggar (2009) further reported that an ethical work climate impacts the quality of corporate governance and provides a foundation for solid long-term performance and organisational effectiveness, as employees have high morale, their intent to resign declines and their productivity increases. A culture of integrity also positively affects the relationship with customers and all other stakeholders (Duggar, 2009).

Codes of ethics and board charters usually form part of corporate governance. Rossouw (2005) found that when the board of directors and management work with shared values towards shared goals within a shared decision making
framework, stakeholder interests are respected and attained. Economic success for the long-term sustainability of the firm/corporation is thereby enhanced (Rossouw, 2005). Conversely, poor ethics and governance results in high employee turnover rates, lack of trust (suspicion and paranoia), lack of transparency, unexpected financial events, pilferage and buck passing (Duggar, 2009; Rossouw, 2005).

The above-mentioned literature review points to corporate ethics having a positive influence on both organisational and individual performance. It was therefore hypothesised that:

H11A: The perceived prevailing corporate ethics exerts a positive influence on organisational performance

H11B: The perceived prevailing corporate ethics exerts a positive influence on performance intent of managers

The above-mentioned hypothesised relationships are graphically depicted in Figure 5.1
FIGURE 5.1: THE HYPOTHESESSED MODEL TO IMPROVE ORGANISATIONAL EFFECTIVENESS IN KENYAN PUBLIC ENTERPRISES

- **Transformational leadership style**
  - H1B+
  - H1A+

- **Transactional leadership style**
  - H2B+
  - H2A+

- **Machiavellian leadership personality**
  - H3B-
  - H3A-

- **Narcissistic leadership personality**
  - H4B-
  - H4A-

- **Collectivistic leadership personality**
  - H5B+
  - H5A+

- **Masculine leadership personality**
  - H6B+
  - H6A+

- **Feminine leadership personality**
  - H7B+
  - H7A+

- **Entrepreneurial organisational culture**
  - H8B+
  - H8A+

- **Market-orientated organisational culture**
  - H9B+
  - H9A+

- **Strategic management**
  - H10B+
  - H10A+

- **Corporate ethics**
  - H11B+
  - H11A+

**Performance intent** → **Organisational performance**
5.3 SUMMARY
The basic premise of the present study is that organisational effectiveness in public enterprises in Kenya can be enhanced by focusing on leadership types and personality and by embracing an entrepreneurial and market-orientated organisational culture, strategic management and corporate ethics. Literature reviews were conducted to establish the possible relationship between these independent variables and organisational effectiveness. The latter was conceptualised as the perceived organisational performance of Kenyan public enterprises and the performance intent of their managers. Based on these reviews, certain hypotheses have been formulated. In the next chapter, the measuring instruments used to measure the various variables in the hypothesised models are discussed.
CHAPTER 6

THE METHODOLOGY OF THE STUDY AND PRELIMINARY EMPIRICAL RESULTS

6.1 INTRODUCTION

In Chapter 5 a theoretical model to increase organisational effectiveness of public enterprises in Kenya was developed. The methodology used to research this model will now be discussed. This includes the research paradigm, sample, measuring instruments, pilot study and preliminary empirical results on the reliability and validity of the measuring instruments.

6.2 RESEARCH PARADIGM

In the world of science, two main approaches to research are distinguished, namely the positivistic and the phenomenological approaches (Collis and Hussey, 2003). The positivistic or quantitative approach attempts to explain social phenomena by establishing a relation between variables, which are information converted into numbers. To put it somewhat differently: by assigning numeric values to observed phenomena and counting the frequency of those phenomena, some conclusions about the characteristics of the populations may be inferred (Collis and Hussey, 2003). In terms of the quantitative approach, clearly constructed hypotheses are formulated about the relationship between two or more variables. Data about these variables are collected through methods such as questionnaires, focus groups, interviews, case studies and experiments. The relationships between the variables are measured by means of statistical methods such as multiple regression analysis, structural equation analysis and the Pearson product-moment correlational analysis (Struwig and Stead, 2001).
The phenomenological or qualitative research paradigm suggests that social reality is within the unit of research, and that the act of investigating the reality has an effect on that reality. This paradigm pays considerable regard to the subjective state of the individual. Researchers applying the phenomenological approach focus on the meaning rather than the measurement of social problems (Collis and Hussey, 2003). Qualitative research concerns itself with approaches such as ecological psychology, symbolic interactionism and postmodernism and employs statistical methods, such as observation, archival source analysis, interviews, focus groups and content analysis (Struwig and Stead, 2001).

The research objective of this study is to improve the performance of public enterprises by investigating the factors that influence the success of these enterprises. With the intention of achieving this objective, the two research paradigms were considered. As the aim was to quantify the significance of the relationships and influence among the stated variables, the positivistic or quantitative approach was chosen.

In the next section, the questionnaire design, which included a pilot study, and the sample procedure are described.

6.3 THE MEASURING INSTRUMENTS

The Podsakoff, Mackenzie, Moorman and Fetter (1990) instruments were used to measure transactional and transformational leadership. The transactional leadership instrument consists of four items, while the transformational leadership consists of fourteen items. Both instruments were anchored to a five-point scale ranging from (1) strongly disagree to (5) strongly agree. Podsakoff et al. (1990) reported that these instruments exhibited acceptable psychometric properties.
Machiavellianism was measured with the instrument developed by Christie and Geis (1970). The instrument comprises eight items and is anchored to a five-point scale ranging from (1) strongly disagree to (5) strongly agree and was also successfully used in the Drory and Gluskinos (1980), and Gemmill and Heisler (1972) studies.

Two subsets of eight femininity and seven masculinity items were selected from the Bem Sex Role Inventory (Pierce and Newstrom, 2008) to measure these variables. These items were adapted to serve the purposes of the present study. The anchoring scales, “never, or almost never true” to “always, or almost always true”, were changed to (1) strongly disagree to (5) strongly agree and the questionnaire statements were prefaced accordingly. Reliability coefficients ranging from 0.90 to 0.94 were reported for the above-mentioned instruments in the Kent and Moss (1994) study.

The instrument developed by Matsumoto, Weissman, Preston, Brown and Kupperbausch (1997) was used to measure collectivism. Twelve items were selected from the original 25 items of the Matsumoto et al. (1997) instrument. These items are constructed in such a way that low collectivism scores indicate high individualism scores. In the present study the questionnaire statements were anchored to a five-point scale ranging from (1) strongly disagree to (5) strongly agree. Triandis, McCusker and Hui (1990) reported an interrater reliability of 0.97% for the above-mentioned collectivism instrument.

Narcissism was measured by using the modesty scale from the NEO-PI-R instrument. The instrument consists of eight items anchored to a five-point scale ranging from (1) strongly disagree to (5) strongly agree. Reliability coefficients ranging from 0.87 to 0.92 were accepted for the NEO-PI-R instrument (Sharpe and Desai, 2001).
Organisational effectiveness in the present study is defined as a combination of the managers’ perceived job performance intentions and the perceived organisational performance of their public enterprises. Performance intent was measured with the instrument developed by Arnolds (1995). This instrument produced a Cronbach alpha of 0.74 in the Arnolds (1995) study. The perceived organisational performance of the enterprise was measured by an adapted version of the sales success instrument developed by Arnolds, Tait and Dayan (2006). The measurement items were adapted to change the focus from sales success to organisational performance. In the Arnolds et al. (2006) study, a reliability coefficient of 0.85 was reported for the sales success instrument. These instruments therefore demonstrate acceptable internal reliability for use in the present study. The performance intent and organisational performance instruments consisted of seven items each and all anchored to a five-point scale, which ranged from (1) strongly disagree to (5) strongly agree.

The instruments developed by Dayan and Arnolds (2008) were used to measure the entrepreneurial and market-orientated organisational cultural characteristics of public enterprises. The entrepreneurial and market-orientation instruments produced internal reliability coefficients of 0.79 and 0.52 respectively in the Dayan and Arnolds (2008) study. The anchoring scale for both instruments ranged from (1) strongly disagree to (5) strongly agree.

Self-constructed scales were used to measure corporate ethics and strategic management. The corporate ethics instruments were designed to capture three basic elements of corporate ethics, such as separating the roles of the board of directors from those of executive managers, the institutionalisation of a board charter and the facilitation of joint-decision making via board committees (Frederickson and Ghere 2007; Prasad 2008; Private Sector Corporate Governance Trust 1999). Three more ethical organisational behaviours (Kreitner and Kinicki, 1998) are also included in the measure of corporate ethics, namely adhering to clearly understood ethical values, instituting a code of conduct and
appointing a dedicated person or division to monitor corporate ethics. The strategic management instrument was designed to include the elements of the strategic management process as described in Hellriegel et al. (2004). The questionnaire statements of both instruments were anchored to a five-point scale ranging from (1) strongly disagree to (5) strongly agree.

6.4 THE PILOT STUDY

A questionnaire was constructed based on the above-mentioned instruments. Using this questionnaire, a pilot study was conducted with 38 executive managers of a cross-section of public enterprises in Kenya. Preliminary Cronbach alphas were calculated which rendered the following results: Collectivistic leadership personality (0.74), corporate ethics (0.73), entrepreneurial organisational culture (0.78), feministic leadership personality (0.75), Machiavellian leadership personality (0.70), market-orientated organisational culture (0.77), masculine leadership personality (0.53), organisational performance (0.66), strategic management (0.72), transactional leadership style (0.61), transformational leadership style (0.81), performance intent (0.64) and narcissistic leadership personality (0.61). The Cronbach alphas indicated acceptable reliability of the measuring instruments above the 0.50 level required for basic research (Tharenou, 1993; Pierce and Dunham, 1987). Based on the feedback from the respondents in the pilot sample, improvements were made to the questionnaire items. This improved questionnaire (see Appendix 2) was used in the actual data collection.
### TABLE 6.1: DEMOGRAPHIC COMPOSITION OF THE SAMPLE

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>213</td>
<td>83.2</td>
</tr>
<tr>
<td>Female</td>
<td>43</td>
<td>16.8</td>
</tr>
<tr>
<td>Total</td>
<td>256</td>
<td>100.0</td>
</tr>
<tr>
<td>Age in years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20-29</td>
<td>6</td>
<td>2.3</td>
</tr>
<tr>
<td>30-39</td>
<td>69</td>
<td>26.9</td>
</tr>
<tr>
<td>40-49</td>
<td>112</td>
<td>43.8</td>
</tr>
<tr>
<td>50-59</td>
<td>68</td>
<td>26.6</td>
</tr>
<tr>
<td>60+</td>
<td>1</td>
<td>0.4</td>
</tr>
<tr>
<td>Total</td>
<td>256</td>
<td>100.0</td>
</tr>
<tr>
<td>Level of Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secondary/matriculation</td>
<td>5</td>
<td>2.0</td>
</tr>
<tr>
<td>Graduate</td>
<td>125</td>
<td>48.8</td>
</tr>
<tr>
<td>Masters</td>
<td>117</td>
<td>45.7</td>
</tr>
<tr>
<td>Doctorate/Prof</td>
<td>9</td>
<td>3.5</td>
</tr>
<tr>
<td>Total</td>
<td>256</td>
<td>100.0</td>
</tr>
<tr>
<td>Tenure in years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 5</td>
<td>70</td>
<td>27.3</td>
</tr>
<tr>
<td>5-9</td>
<td>37</td>
<td>14.5</td>
</tr>
<tr>
<td>10-14</td>
<td>50</td>
<td>19.5</td>
</tr>
<tr>
<td>15-19</td>
<td>68</td>
<td>26.6</td>
</tr>
<tr>
<td>20+</td>
<td>31</td>
<td>12.1</td>
</tr>
<tr>
<td>Total</td>
<td>256</td>
<td>100.0</td>
</tr>
<tr>
<td>Job experience in years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 5</td>
<td>9</td>
<td>3.5</td>
</tr>
<tr>
<td>5-9</td>
<td>29</td>
<td>11.3</td>
</tr>
<tr>
<td>10-14</td>
<td>76</td>
<td>29.7</td>
</tr>
<tr>
<td>15-19</td>
<td>80</td>
<td>31.3</td>
</tr>
<tr>
<td>20+</td>
<td>62</td>
<td>24.2</td>
</tr>
<tr>
<td>Total</td>
<td>256</td>
<td>100.0</td>
</tr>
</tbody>
</table>
6.5 THE DATA COLLECTION PROCESS

Convenience sampling was used to select five senior executive managers from the 134 public enterprises (see Appendix 1) in Kenya. In other words, the sampling frame consisted of 670 senior executive managers. A mail survey was conducted of all 670 senior executive managers, but only 256 usable questionnaires were returned from 53 enterprises. This translated into a response rate of about thirty-eight percent (38.2%).

A bundle of five questionnaires was mailed to a chief executive officer (CEOs) or managing director (MDs) of a public enterprise with a request that the questionnaires be distributed to any other four senior executive managers of that enterprise. The request was that the CEO or MD plus any other four senior executive managers complete the questionnaire. These participants were further requested to return the completed questionnaires in a prepaid self-addressed envelop that was provided for that purpose.

The participants were under no obligation to complete and return the questionnaires. The confidentiality and anonymity of those who did return completed questionnaires were guaranteed by them sending the questionnaires directly to the researcher in the prepaid envelope.

Table 6.1 shows the demographic composition of the sample. Table 6.1 shows that the sample consisted of 83.2% males and 16.8% females. Most of the respondents were aged between 40-49 years representing 43.8%, with 26.9% in the 30-39 age bracket and 26.6% in the 50-59% age bracket. Most of the respondents (48.8%) had a first degree qualification and 45.7% had a master's degree.

About twenty-seven percent (26.6%) of the responds had job tenures at their current employer ranging between 15 and 19 years. Nineteen percent (19.5%) of
the respondents had job tenure of between 10 and 14 years, while 27.3% had job tenure of below 5 years. Those with tenure of over 20 years in their current employer constituted 12.1% of the respondents. Fourteen percent (14.8%) of the respondents had tenure of between 5 and 9 years with the current employer. About eighty-five percent (85.2%) of the respondents had job experience of 10 years and more. The sample is a fair reflection of the executive management profile in Kenya. Most of these managers are males, well qualified and have been working for a long time in the public sector.

Table 6.2 indicates that 53 of the 134 public enterprises responded, which represents about thirty-eight percent (38.2%) of all public enterprises in Kenya. Nachmias and Nachmias (2002) posit that response rates for mail surveys are usually no more than 50% even when follow up has been done. Scientists do not seem to agree on a minimum response rate for a mail surveys (Nachmias and Nachmias, 2002). Assuming most response rates do not exceed 50%, then the response rate of 38.2% reported in this study could be regarded as acceptable.

**TABLE 6.2: SECTOR REPRESENTATION**

<table>
<thead>
<tr>
<th>Sector</th>
<th>No. of PEs in sector</th>
<th>No. of PEs who responded</th>
<th>[%] of Kenyan public sector</th>
<th>[%] of PEs in sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>18</td>
<td>13</td>
<td>72.2</td>
<td>24.5</td>
</tr>
<tr>
<td>Commercial manufacturing</td>
<td>34</td>
<td>9</td>
<td>26.5</td>
<td>17.0</td>
</tr>
<tr>
<td>Universities, education, training</td>
<td>23</td>
<td>5</td>
<td>21.7</td>
<td>9.4</td>
</tr>
<tr>
<td>Utility /services i.e. water and ferry</td>
<td>29</td>
<td>15</td>
<td>51.7</td>
<td>28.3</td>
</tr>
<tr>
<td>Regulatory</td>
<td>26</td>
<td>10</td>
<td>38.5</td>
<td>18.9</td>
</tr>
<tr>
<td>Regional Development</td>
<td>6</td>
<td>1</td>
<td>16.7</td>
<td>1.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>136</strong>*</td>
<td><strong>53</strong></td>
<td><strong>39.3</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

*Note: One more public enterprise (PE) had been established at the time of data collection and 1 was being wound up, leaving 134 PEs in the survey.*
From the sector distribution perspective, the respondents were mostly from the financial sector (72.2%), followed by the utility services (51.7%), regulatory (38.5%), commercial manufacturing (26.5%), universities, education and training (21.7%) and regional development (16.7%) sectors. However, in the sample, the respondents were mostly from the utility services sector (28.3%), followed by the financial (24.5%), regulatory (18.9%), commercial manufacturing (17.0%), universities, education and training (9.4%), and regional development (1.9%) sectors. The above-mentioned statistics also reflect an acceptable sector representation.

6.6 DESCRIPTIVE STATISTICS OF THE RAW DATA

The raw data were analysed to assess the general responses to the questionnaire statements on the variables as they were originally defined for the study. This was done to explore the extent of prevalence these variables enjoy in the Kenyan public enterprises. This analysis was also necessary to assess to what extent the selected determinants of organisational effectiveness (organisational performance and performance intent) as identified in the literature review were prevalent in the Kenyan public enterprises. The results, which include the means scores on a 5-point scale, standard deviations (SD) and the average percentage disagree versus agree responses, of these analyses are reported next. The results are interpreted as follows: a mean score of more than 3.00 is regarded as a reasonably good assessment of a latent variable; a score between 2.50 and 2.99 reflects an average assessment of the latent variable; and a score of below 2.50 reflects weak areas or aspects of concern.
6.6.1 The perceived prevailing transactional leadership style

Table 6.3 shows that the respondents viewed themselves as exhibiting high levels of transactional leadership. The average mean score on a 5-point scale on the questionnaire statements regarding transactional leadership was 4.15 and 83.2% of the respondents agreed with these statements. In terms of previous research (Bass, 1997; Spinelli, 2006; Eagly, 2007) findings, transactional leadership is important to achieve increased organisational and individual performance. Managers in Kenyan public enterprises should therefore be encouraged to adhere sufficiently to transactional leadership behaviours.

<table>
<thead>
<tr>
<th>QUESTIONNAIRE STATEMENTS</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACTION1 I always give positive feedback when others perform well</td>
<td>4.34</td>
<td>0.72</td>
</tr>
<tr>
<td>ACTION2 I give special recognition when other's work is very good</td>
<td>4.06</td>
<td>0.94</td>
</tr>
<tr>
<td>ACTION3 I praise others when they do a better than average job</td>
<td>3.98</td>
<td>0.92</td>
</tr>
<tr>
<td>ACTION4 I personally compliment others when they do outstanding work</td>
<td>4.20</td>
<td>0.80</td>
</tr>
<tr>
<td>AVERAGE</td>
<td>4.15</td>
<td>0.85</td>
</tr>
</tbody>
</table>

PERCENTAGE OF RESPONDENTS DISAGREEING WITH ABOVE-MENTIONED QUESTIONNAIRE STATEMENTS

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>5.5%</td>
</tr>
<tr>
<td>Neutral</td>
<td>11.3%</td>
</tr>
<tr>
<td>Agree</td>
<td>83.2%</td>
</tr>
</tbody>
</table>

6.6.2 The perceived prevailing transformational leadership style

Table 6.4 shows that the respondents viewed themselves as exhibiting high levels of transformational leadership. The average mean score on a 5-point scale on the questionnaire statements regarding transformational leadership was
4.05 and 75.7% of the respondents agreed with these statements. Previous research findings (Bass, 1985; Yukl, 1989; Xenikou and Simosi, 2006; Eagly, 2007) revealed that transformational leadership is important to achieve increased organisational and individual performance. It is therefore important that transformational leadership behaviours be encouraged and supported in Kenyan public enterprises.

**TABLE 6.4: DESCRIPTIVE STATISTICS ON PERCEIVED TRANSFORMATIONAL LEADERSHIP STYLE**

<table>
<thead>
<tr>
<th>QUESTIONNAIRE STATEMENT</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>FORM1 I have a clear vision of where I want the firm to go</td>
<td>4.57</td>
<td>0.70</td>
</tr>
<tr>
<td>FORM2 I am always seeking new opportunities for my firm</td>
<td>4.02</td>
<td>1.01</td>
</tr>
<tr>
<td>FORM3 I inspire others with my future plans for the firm</td>
<td>4.05</td>
<td>0.79</td>
</tr>
<tr>
<td>FORM4 I am able to get others to be committed to my vision for the firm</td>
<td>3.78</td>
<td>0.84</td>
</tr>
<tr>
<td>FORM5 I lead by doing rather than by telling</td>
<td>4.14</td>
<td>0.96</td>
</tr>
<tr>
<td>FORM6 I insist only on the best performance</td>
<td>4.05</td>
<td>0.83</td>
</tr>
<tr>
<td>FORM7 I behave in a manner thoughtful of the personal needs of others</td>
<td>3.91</td>
<td>0.77</td>
</tr>
<tr>
<td>FORM8 I stimulate others to rethink the way they do things</td>
<td>4.03</td>
<td>0.79</td>
</tr>
<tr>
<td>FORM9 I often suggest ideas that challenge others to re-examine some of their basic assumptions about work</td>
<td>3.87</td>
<td>0.86</td>
</tr>
<tr>
<td><strong>AVERAGE</strong></td>
<td><strong>4.05</strong></td>
<td><strong>0.84</strong></td>
</tr>
</tbody>
</table>

**PERCENTAGE OF RESPONDENTS DISAGREEING/AGREEING WITH THE ABOVE-MENTIONED QUESTIONNAIRE STATEMENTS**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>6.7%</td>
</tr>
<tr>
<td>Neutral</td>
<td>17.6%</td>
</tr>
<tr>
<td>Agree</td>
<td>75.7%</td>
</tr>
</tbody>
</table>
6.6.3 The perceived prevailing narcissistic personality traits among the managers

Table 6.5 shows that managers in the Kenyan public enterprises generally (45.3% of them) do not regard themselves as exhibiting narcissistic leadership personality traits. Two of the questionnaire statements on this variable produced a mean score of below 2.50, except for NARC1 (I don’t mind bragging about my talents and accomplishments = 2.87), NARC2 (like to talk about myself and my achievement = 2.65), NARC3 (I’m better than most people and I know it = 2.95). NARC4 (I am not a humble person= 2.52) and NARC5 (I have a very high opinion of myself =3.59). The average mean score for the total narcissism variable of 2.68 however reflects that on average the Kenyan public sector managers do however exhibit narcissistic personality traits. The influence of this on organisational and individual performance will be further investigated in Chapter 7.

**TABLE 6.5: DESCRIPTIVE STATISTICS ON PERCEIVED NARCISSISTIC LEADERSHIP PERSONALITY**

<table>
<thead>
<tr>
<th>QUESTIONNAIRE STATEMENT</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>NARC1 I don’t mind bragging about my talents and accomplishments</td>
<td>2.87</td>
<td>1.18</td>
</tr>
<tr>
<td>NARC2 I like to talk about myself and my achievements</td>
<td>2.65</td>
<td>1.15</td>
</tr>
<tr>
<td>NARC3 I’m better than most people, and I know it</td>
<td>2.95</td>
<td>1.22</td>
</tr>
<tr>
<td>NARC4 I am not a humble person</td>
<td>2.52</td>
<td>1.40</td>
</tr>
<tr>
<td>NARC5 I have a very high opinion of myself</td>
<td>3.59</td>
<td>1.22</td>
</tr>
<tr>
<td>NARC6 I feel that I am better than others, no matter what their condition</td>
<td>2.38</td>
<td>1.23</td>
</tr>
<tr>
<td>NARC7 I would rather be praised than praise others</td>
<td>1.95</td>
<td>1.23</td>
</tr>
<tr>
<td>NARC8 I’m a superior person</td>
<td>2.52</td>
<td>1.14</td>
</tr>
<tr>
<td>AVERAGE</td>
<td>2.68</td>
<td>1.22</td>
</tr>
</tbody>
</table>

PERCENTAGE OF RESPONDENTS DISAGREEING/AGREEING WITH THE ABOVE-MENTIONED QUESTIONNAIRE STATEMENTS

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>45.3%</td>
</tr>
<tr>
<td>Neutral</td>
<td>26.0%</td>
</tr>
<tr>
<td>Agree</td>
<td>28.7%</td>
</tr>
</tbody>
</table>
6.6.4 The perceived prevailing Machiavellian personality traits among the managers

Table 6.6 shows that managers in the Kenyan public enterprises generally (49.0% of them) do not regard themselves as exhibiting Machiavellian personality traits. Most of the questionnaire statements on this variable produced a mean score of below 2.50, except for MACH1 (I never tell anyone the real reason I did something unless it is useful = 2.94), MACH3 (it is safest to assume that all the people have a vicious streak and it will come out when they are given a chance = 3.33), and MACH4 (Generally speaking, people won’t work hard unless they are forced = 2.94). The average mean score for the total Machiavellian variable of 2.56 however reflects that on average the Kenyan public sector managers do however exhibit Machiavellian personality traits. The influence of this on organisational and individual performance will be further investigated in Chapter 7.

<table>
<thead>
<tr>
<th>QUESTIONNAIRE STATEMENT</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>MACH1 I never tell anyone the real reason I did something unless it is useful</td>
<td>2.94</td>
<td>1.03</td>
</tr>
<tr>
<td>MACH2 The best way to handle people is to tell them what they want to hear</td>
<td>1.76</td>
<td>1.01</td>
</tr>
<tr>
<td>MACH3 It is safest to assume that all the people have a vicious streak and it will come out when they are given a chance</td>
<td>3.33</td>
<td>1.14</td>
</tr>
<tr>
<td>MACH4 Generally speaking, people won’t work hard unless they are forced to do so</td>
<td>2.94</td>
<td>1.24</td>
</tr>
<tr>
<td>MACH5 The biggest difference between most criminals and other people is that criminals are stupid to be caught</td>
<td>2.30</td>
<td>1.41</td>
</tr>
<tr>
<td>MACH6 It is wise to flatter important people</td>
<td>2.25</td>
<td>1.84</td>
</tr>
<tr>
<td>MACH7 It is hard to get ahead without cutting corners here and there</td>
<td>2.38</td>
<td>1.25</td>
</tr>
<tr>
<td>AVERAGE</td>
<td>2.56</td>
<td>1.27</td>
</tr>
</tbody>
</table>

**TABLE 6.6: DESCRIPTIVE STATISTICS ON PERCEIVED MACHIAVELLIAN LEADERSHIP PERSONALITY**

**PERCENTAGE OF RESPONDENTS DISAGREEING/AGREEING WITH THE ABOVE-MENTIONED QUESTIONNAIRE STATEMENTS**

- Disagree: 49.0%
- Neutral: 25.1%
- Agree: 25.9%
6.6.5 The perceived prevailing masculine personality traits among the managers

Table 6.7 shows that the respondents viewed themselves as exhibiting high levels of masculine leadership personality. The average mean score on a 5-point scale on the questionnaire statements regarding masculine leadership personality was 3.92 and 73.5% of the respondents agreed with these statements. Masculine leadership was reported to be important to achieve increased organisational and individual performance (Eagly, 2007; Eagly and Johnson, 1990; Gershenoff and Foti, 2003). The empirical findings in Kenyan situation therefore indicate positive signs.

**TABLE 6.7: DESCRIPTIVE STATISTICS ON PERCEIVED MASCULINE LEADERSHIP PERSONALITY**

<table>
<thead>
<tr>
<th>QUESTIONNAIRE STATEMENT</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>MASCU1 I am known to defend my own belief</td>
<td>4.03</td>
<td>0.95</td>
</tr>
<tr>
<td>MASCU2 I am a very assertive person</td>
<td>3.85</td>
<td>0.80</td>
</tr>
<tr>
<td>MASCU3 I am always willing to take risks</td>
<td>3.92</td>
<td>0.86</td>
</tr>
<tr>
<td>MASCU4 Making decisions comes easily to me</td>
<td>3.89</td>
<td>0.89</td>
</tr>
<tr>
<td><strong>AVERAGE</strong></td>
<td><strong>3.92</strong></td>
<td><strong>0.88</strong></td>
</tr>
</tbody>
</table>

**PERCENTAGE OF RESPONDENTS DISAGREEING/AGREEING WITH THE ABOVE-MENTIONED QUESTIONNAIRE STATEMENTS**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>5.9%</td>
</tr>
<tr>
<td>Neutral</td>
<td>20.6%</td>
</tr>
<tr>
<td>Agree</td>
<td>73.5%</td>
</tr>
</tbody>
</table>
6.6.6 The perceived prevailing feminine personality traits among the managers

Table 6.8: DESCRIPTIVE STATISTICS ON PERCEIVED FEMININE LEADERSHIP PERSONALITY

<table>
<thead>
<tr>
<th>QUESTIONNAIRE STATEMENT</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>FEMIN1 I have a cheerful nature</td>
<td>4.00</td>
<td>0.83</td>
</tr>
<tr>
<td>FEMIN2 I am an affectionate person</td>
<td>3.91</td>
<td>0.77</td>
</tr>
<tr>
<td>FEMIN3 I am a very loyal person</td>
<td>3.63</td>
<td>1.08</td>
</tr>
<tr>
<td>FEMIN4 I have a sympathetic nature</td>
<td>3.78</td>
<td>0.88</td>
</tr>
<tr>
<td>FEMIN5 I am sensitive to the needs of others</td>
<td>4.06</td>
<td>0.72</td>
</tr>
<tr>
<td>FEMIN6 I have an understanding nature</td>
<td>4.00</td>
<td>0.75</td>
</tr>
<tr>
<td>FEMIN7 I have a gentle nature</td>
<td>3.01</td>
<td>0.93</td>
</tr>
<tr>
<td>AVERAGE</td>
<td>3.77</td>
<td>0.85</td>
</tr>
</tbody>
</table>

PERCENTAGE OF RESPONDENTS DISAGREEING/AGREEING WITH THE ABOVE-MENTIONED QUESTIONNAIRE STATEMENTS

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>8.1%</td>
</tr>
<tr>
<td>Neutral</td>
<td>21.9%</td>
</tr>
<tr>
<td>Agree</td>
<td>70.0%</td>
</tr>
</tbody>
</table>

Table 6.8 shows that the respondents viewed themselves as exhibiting high levels of feminine personality. The average mean score on a 5-point scale on the questionnaire statements regarding transactional leadership was 3.77 and 70% of the respondents agreed with these statements. Findings of Eagly and Johnson (1990) and Lietaer (2003) showed that feminine behaviours positively influence organisational and individual performance. These behaviours should therefore be encouraged in Kenyan public enterprises.

6.6.7 The perceived prevailing collectivistic personality traits among the managers

Table 6.9 reveals that the managers in Kenyan public enterprises exhibit above average collectivistic personality traits (average mean score of 3.48 and 54.5% of respondents agreeing with the relevant questionnaire statements). This means that the managers in Kenyan public enterprises are generally inclined to share
the blame for the failure of colleagues; to respect and honour the traditions and customs of colleagues; to be loyal to their colleagues; to exhibit correct behaviours towards colleagues regardless of how they really feel towards their colleagues; to co-operate with their colleagues; and to save their colleagues from embarrassment. The respondents however are reluctant to sacrifice their own goals (mean score = 2.70) and possessions (mean score = 2.71) for colleagues.

### TABLE 6.9: DESCRIPTIVE STATISTICS ON PERCEIVED COLLECTIVISTIC LEADERSHIP PERSONALITY

<table>
<thead>
<tr>
<th>QUESTIONNAIRE STATEMENT</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>COLEC1 It is important to share blame for the failure of your colleagues</td>
<td>3.14</td>
<td>1.31</td>
</tr>
<tr>
<td>COLEC2 It is important to respect and honour traditions and customs among your colleagues</td>
<td>3.55</td>
<td>0.99</td>
</tr>
<tr>
<td>COLEC3 It is important to be loyal to your colleagues</td>
<td>3.74</td>
<td>1.04</td>
</tr>
<tr>
<td>COLEC4 It is important to sacrifice your goals for your colleagues</td>
<td>2.70</td>
<td>1.21</td>
</tr>
<tr>
<td>COLEC5 It is important to sacrifice your possessions for your colleagues</td>
<td>2.71</td>
<td>1.71</td>
</tr>
<tr>
<td>COLEC6 It is important to exhibit correct behaviour (proper manners and etiquette) regardless of how you really feel towards your colleagues</td>
<td>4.12</td>
<td>1.20</td>
</tr>
<tr>
<td>COLEC7 It is important to co-operate with your colleagues</td>
<td>4.18</td>
<td>0.85</td>
</tr>
<tr>
<td>COLEC8 It is important to save your colleagues from embarrassment</td>
<td>3.67</td>
<td>1.05</td>
</tr>
<tr>
<td><strong>AVERAGE</strong></td>
<td><strong>3.48</strong></td>
<td><strong>1.17</strong></td>
</tr>
</tbody>
</table>

**PERCENTAGE OF RESPONDENTS DISAGREEING/AGREEING WITH THE ABOVE-MENTIONED QUESTIONNAIRE STATEMENTS**

- Disagree: 22.4%
- Neutral: 23.1%
- Agree: 54.5%

Previous studies have suggested that leaders with a collectivistic orientation would be more supportive of employees' efforts than individualistic leaders and that supportive leadership behaviour would positively influence the individual job performance of employees (Wendt et al., 2009; Fincher et al., 2008). Goncalo and Staw (2005) have also found that collectivistic values promote co-operation and productivity while individualism invites destructive conflict and opportunism. Against the background of the empirical findings of the present study, it could be
expected that the collectivistic orientation of leaders in the Kenyan public sector would exert a positive influence on the performances of the managers and the organisations. This relationship is investigated in Chapter 7 and will be reported there.

6.6.8 The perceived prevailing entrepreneurial organisational culture in Kenyan public enterprises

Table 6.10 reflects the respondents’ perceptions about the extent to which an entrepreneurial organisational culture is prevalent in Kenyan public enterprises. The empirical results reveal that 59.5% of the respondents believe that an entrepreneurial organisational culture prevails in Kenyan public enterprises. This statement also produced a mean score of 3.67. The strong entrepreneurial aspects identified by the respondents are the fact that people from different departments are strongly encouraged to work together in order to achieve organisational goals; that managers believe in creating change rather than react to change; and that managers are strongly committed to the innovation of products and services. This bodes well for the Kenyan Public Service’s vision to improve service delivery through innovative products and services.

The managers also scored the rewarding of individual initiative (3.18) and flexibility (3.60) highly. This reflects a move away from the typical public sector bureaucracy that could stifle individual and organisational performance. In Chapter 7, the impact of an entrepreneurial organisational culture on the latter performances will be investigated.
### TABLE 6.10: DESCRIPTIVE STATISTICS ON THE PERCEIVED PREVAILING ENTREPRENEURIAL ORGANISATIONAL CULTURE

<table>
<thead>
<tr>
<th>QUESTIONNAIRE STATEMENT</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENTRE1 My firm is characterized by a culture of creativity</td>
<td>3.45</td>
<td>0.97</td>
</tr>
<tr>
<td>ENTRE2 Our management has a strong commitment to the innovation of products and services</td>
<td>3.87</td>
<td>0.94</td>
</tr>
<tr>
<td>ENTRE3 In my firm, we believe in creating change rather than reacting</td>
<td>3.89</td>
<td>0.89</td>
</tr>
<tr>
<td>ENTRE4 My firm is characterized by a culture of flexibility</td>
<td>3.60</td>
<td>0.82</td>
</tr>
<tr>
<td>ENTRE5 In my firm, individual initiative is rewarded</td>
<td>3.18</td>
<td>1.15</td>
</tr>
<tr>
<td>ENTRE6 In my firm, individual departments are allowed to develop and run with their own ideas</td>
<td>3.46</td>
<td>1.19</td>
</tr>
<tr>
<td>ENTRE7 In my firm, people from different departments (marketing, production, finance, etc.) are strongly encouraged to work together in order to achieve organisational goals</td>
<td>4.25</td>
<td>0.87</td>
</tr>
<tr>
<td><strong>AVERAGE</strong></td>
<td><strong>3.67</strong></td>
<td><strong>0.98</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PERCENTAGE OF RESPONDENTS DISAGREEING/AGREEING WITH THE ABOVE-MENTIONED QUESTIONNAIRE STATEMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
</tr>
<tr>
<td>Neutral</td>
</tr>
<tr>
<td>Agree</td>
</tr>
</tbody>
</table>

#### 6.6.9 The perceived prevailing market-orientated organisational culture in Kenyan public enterprises

Table 6.11 reflects the respondents’ perceptions about the extent to which a market-orientated organisational culture is prevalent in Kenyan public enterprises. The empirical results reveal that 52.3% of the respondents believe that a market-orientated organisational culture prevails in Kenyan public enterprises. These statements also produced a mean score of 3.50. The strong market-orientated aspects identified by the respondents are the fact that their enterprises are driven by the achievement of market-related goals; that every department or division is expected to achieve monthly/quarterly/annual financial goals especially profitability; that competitiveness is strongly emphasised; and that if managers do not work hard, they would not fit into a market-orientated enterprise. This competitive spirit bodes well for Kenya’s national vision of
creating a globally competitive and prosperous nation by 2030. Public enterprises will play a major role in the drive towards this vision.

**TABLE 6.11: DESCRIPTIVE STATISTICS ON THE PERCEIVED PREVAILING MARKET-ORIENTATED ORGANISATIONAL CULTURE**

<table>
<thead>
<tr>
<th>QUESTIONNAIRE STATEMENT</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>MARKT1 My firm is driven by achievement of market-related goals</td>
<td>3.97</td>
<td>0.90</td>
</tr>
<tr>
<td>MARKT2 In my firm, everything is directed at achieving financial goals (sales growth,</td>
<td>3.12</td>
<td>1.02</td>
</tr>
<tr>
<td>profitability and market share)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MARKT3 Competitiveness is strongly emphasized in my firm</td>
<td>3.67</td>
<td>1.14</td>
</tr>
<tr>
<td>MARKT4 In my firm, every department or division is expected to achieve monthly /</td>
<td>3.57</td>
<td>1.28</td>
</tr>
<tr>
<td>quarterly/ annual financial goals, especially profitability with that performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MARKT5 If one does not work hard, one will not fit into my firm's culture</td>
<td>3.67</td>
<td>0.93</td>
</tr>
<tr>
<td>MARKT6 In my firm, increased performance is rewarded in accordance</td>
<td>3.29</td>
<td>1.10</td>
</tr>
<tr>
<td>MARKT7 In my firm, relations are based on performance-reward relationships instead of</td>
<td>3.23</td>
<td>1.19</td>
</tr>
<tr>
<td>social relationships.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>AVERAGE</strong></td>
<td>3.50</td>
<td>1.08</td>
</tr>
</tbody>
</table>

**PERCENTAGE OF RESPONDENTS DISAGREEING/AGREEING WITH THE ABOVE-MENTIONED QUESTIONNAIRE STATEMENTS**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>16.7%</td>
</tr>
<tr>
<td>Neutral</td>
<td>31.0%</td>
</tr>
<tr>
<td>Agree</td>
<td>52.3%</td>
</tr>
</tbody>
</table>

The managers also scored performance-based rewarding (3.29) and the drive to achieve financial goals (sales growth, profitability and market share) highly (3.12). This reflects a move away from the typical public sector reward for tenure and loyalty to results based management. This again resonates with Kenya’s national vision to become a competitive nation.
6.6.10 The perceived prevailing corporate ethics in Kenyan public enterprises

**TABLE 6.12: DESCRIPTIVE STATISTICS ON THE PERCEIVED PREVAILING CORPORATE ETHICS**

<table>
<thead>
<tr>
<th>QUESTIONNAIRE STATEMENT</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>CORPE1 In my firm there is a clear separation between the roles of the board and the roles of management</td>
<td>4.29</td>
<td>0.90</td>
</tr>
<tr>
<td>CORPE2 My firm has a board charter</td>
<td>3.70</td>
<td>1.34</td>
</tr>
<tr>
<td>CORPE3 Both the board and management are involved in decision making through board committees</td>
<td>4.29</td>
<td>0.85</td>
</tr>
<tr>
<td>CORPE4 My firm adheres to ethical values which are clearly understood by all</td>
<td>3.92</td>
<td>0.89</td>
</tr>
<tr>
<td>CORPE5 My firm has a clear code of conduct that is followed by all</td>
<td>3.63</td>
<td>1.17</td>
</tr>
<tr>
<td>CORPE6 In my firm there is a dedicated person or division that monitors</td>
<td>2.91</td>
<td>1.30</td>
</tr>
<tr>
<td><strong>AVERAGE</strong></td>
<td><strong>3.79</strong></td>
<td><strong>1.08</strong></td>
</tr>
</tbody>
</table>

**PERCENTAGE OF RESPONDENTS DISAGREEING/AGREEING WITH THE ABOVE-MENTIONED QUESTIONNAIRE STATEMENTS**

- Disagree: 15.2%
- Neutral: 18.7%
- Agree: 66.1%

Table 6.12 indicates that these managers perceive the corporate ethics in their public enterprises as reasonably good (mean score = 3.79). About 66.1% concur with this assertion. The strong aspects of corporate ethics according to the respondents are clear separation between the roles of the board and the role of management (mean score = 4.29) and the fact that both the board and management are involved in decision making through board committees (mean score = 4.29). An area that needs improvement is the fact that dedicated persons or divisions that monitor corporate ethics are often not present in Kenyan public enterprises (mean score = 2.91). Research literature (Hellriegel, Jackson and Slocum, 2006) reveals that enterprises which dedicate a person or division to monitor ethical conduct in the organisation improve the ethical climate in their organisations. Managers in Kenyan public enterprises should therefore consider improving the implementation of this aspect of corporate ethics.
6.6.11 The perceived prevailing strategic management in Kenyan public enterprises

**TABLE 6.13: DESCRIPTIVE STATISTICS ON THE PERCEIVED PREVAILING STRATEGIC MANAGEMENT**

<table>
<thead>
<tr>
<th>QUESTIONNAIRE STATEMENT</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>STRAT1 I put in a lot of effort developing the vision and mission of my firm</td>
<td>4.35</td>
<td>0.84</td>
</tr>
<tr>
<td>STRAT2 My firm spends a lot of effort in formulating its long-term goals</td>
<td>3.94</td>
<td>0.93</td>
</tr>
<tr>
<td>STRAT3 Conducting a SWOT analysis is a regular activity in my firm</td>
<td>3.43</td>
<td>0.97</td>
</tr>
<tr>
<td>STRAT4 My firm follows a clear strategic plan</td>
<td>4.26</td>
<td>0.87</td>
</tr>
<tr>
<td>STRAT5 My firm has clearly defined growth strategies</td>
<td>4.06</td>
<td>0.80</td>
</tr>
<tr>
<td>STRAT6 Managers below executive level work according to clearly defined tactical plans</td>
<td>3.71</td>
<td>0.82</td>
</tr>
<tr>
<td>STRAT7 Our executive managers spent a lot of effort in monitoring the implementation of strategic plans</td>
<td>3.74</td>
<td>0.96</td>
</tr>
<tr>
<td>STRAT8 My firm regularly reviews its strategic plan to adapt to changes in the environment</td>
<td>4.14</td>
<td>0.97</td>
</tr>
<tr>
<td><strong>AVERAGE</strong></td>
<td>3.95</td>
<td>0.90</td>
</tr>
</tbody>
</table>

**PERCENTAGE OF RESPONDENTS DISAGREEING/AGREEING WITH THE ABOVE-MENTIONED QUESTIONNAIRE STATEMENTS**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>6.8%</td>
</tr>
<tr>
<td>Neutral</td>
<td>23.2%</td>
</tr>
<tr>
<td>Agree</td>
<td>70.0%</td>
</tr>
</tbody>
</table>

Table 6.13 reflects the respondents’ perceptions about the extent to which the application of strategic management is prevalent in Kenyan public enterprises. The empirical results reveal that 70.0% of the respondents believe that strategic management is applied in Kenyan public enterprises. This statement also produced a mean score of 3.95. The strong strategic management aspects identified by the respondents are the fact that managers put a lot of effort into developing the vision and mission of their firm/enterprise (4.35); that their firms follow clear strategic plans (4.26) and their firms have clearly defined growth strategies (4.06). The managers also believe strongly that their firms regularly review strategic plans to adapt to changes (4.14). Linked to this, respondents agreed strongly that SWOT analyses are regularly conducted (3.43); that long-
term goals are formulated (3.94); and strategic plans are implemented and monitored (3.74). The application of strategic management bodes well for the Kenyan public sector, in the light of the result-based management and performance contracts that were recently institutionalised in Kenyan public enterprises. The results reflect also a move away from the situation where plans are formulated but not implemented or evaluated.

6.6.12 The perceived organisational performance in Kenyan public enterprises

**Table 6.14: Descriptive Statistics on the Perceived Organisational Performance**

<table>
<thead>
<tr>
<th>QUESTIONNAIRE STATEMENT</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORGP1 My firm is successfully achieving financial targets</td>
<td>3.63</td>
<td>0.92</td>
</tr>
<tr>
<td>ORGP2 My firm has successfully increased its market share</td>
<td>3.66</td>
<td>1.02</td>
</tr>
<tr>
<td>ORGP3 My firm has a strong position in the industry in which it operates</td>
<td>4.01</td>
<td>1.05</td>
</tr>
<tr>
<td>ORGP4 My firm is successfully developing products/services with long-term profitability</td>
<td>3.77</td>
<td>0.99</td>
</tr>
<tr>
<td>ORGP5 My firm is making products/services with high profit margins</td>
<td>3.15</td>
<td>1.06</td>
</tr>
<tr>
<td>ORGP6 My firm is successfully achieving high returns on investments</td>
<td>3.36</td>
<td>0.91</td>
</tr>
<tr>
<td>ORGP7 In my firm, shareholders wealth has increased over time</td>
<td>3.39</td>
<td>1.20</td>
</tr>
<tr>
<td><strong>AVERAGE</strong></td>
<td><strong>3.57</strong></td>
<td><strong>1.02</strong></td>
</tr>
</tbody>
</table>

**Percentage of respondents disagreeing/agreeing with the above mentioned questionnaire statements**

- Disagree: 14.3%
- Neutral: 31.6%
- Agree: 54.1%

Table 6.14 reveals that most of the respondents (54.1%) are satisfied with the organisational performance in Kenyan public enterprises. This means they believe that Kenyan public enterprises are succeeding in increasing their market share and profitability; that their firms have strong positions in the industries they operate in; that their firms are successfully developing products and/or services
with long-term profitability; and that their firms do well in achieving their financial targets.

High mean scores also emerged for indicators of organisational performance such as increasing of shareholders wealth over time (3.39) and achieving high returns on investments (3.36). This reflects a move towards managing for the benefit of various stakeholders and away from reliance on the Kenyan exchequer to self-sustainability.

6.6.13 The performance intent of managers in Kenyan public enterprises

<table>
<thead>
<tr>
<th>QUESTIONNAIRE STATEMENT</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERF1 I will probably do my best to perform on my job in the future</td>
<td>4.21</td>
<td>1.20</td>
</tr>
<tr>
<td>PERF2 I often think of improving my job performance</td>
<td>4.16</td>
<td>1.10</td>
</tr>
<tr>
<td>PERF3 I will actively improve my job performance in the future</td>
<td>4.36</td>
<td>0.80</td>
</tr>
<tr>
<td>PERF4 I intend to do a lot more work in the future</td>
<td>4.25</td>
<td>0.95</td>
</tr>
<tr>
<td>AVERAGE</td>
<td>4.25</td>
<td>1.01</td>
</tr>
</tbody>
</table>

Table 6.15 reflects the individual performance intentions of Kenyan public enterprise managers. With 82.6% of the respondents agreeing and a mean score of 4.25 on the 5-point scale, it is obvious that these managers exhibit strong intentions of improving their job performance. This is a very positive result which shows that there is a high level of job motivation.
6.7 THE PSYCHOMETRIC PROPERTIES OF THE MEASURING INSTRUMENTS

The primary objective of the present study was to investigate the relationships between selected variables (the determinants), on the one hand, and organisational performance and performance intent (the dependent variables and surrogate measures of organisational effectiveness), on the other hand. Structural equation modelling, which involves a rigorous statistical testing of relationships was envisaged. Therefore, a stringent testing of the psychometric properties of the measuring instruments was required. The next sections therefore report on the reliability and validity characteristics of the measuring instruments. The tests for the univariate and multivariate distribution of the data are also discussed.

6.7.1 The reliability of the measuring instruments

According to Collis and Hussey (2003: 57), a measuring instrument is reliable when the research results emanating from these instruments can be repeated. Zikmund (2000: 280) defines reliability as the degree to which measures are free from error and therefore yield consistent results. Malhotra (1999: 281) states that the ability of a measuring instrument to determine the proportion of systematic variation in the scores yielded by the instrument is a reflection of the reliability of that instrument. This is done by determining the association between the scores obtained from different administrations of the instrument. If the association is high, the instrument yields consistent results and is therefore reliable. Test-retest, split-half, equivalent-form and the Cronbach (1951) alpha coefficient are commonly used methods to assess reliability (Cant, Gerber-Nel, Nel and Kotze, 2003:122-124). In the present study, the Cronbach (1951) coefficient alpha was used to calculate the internal consistency (reliability) of the measuring scales.
Cronbach's alpha is the most widely used measure of the reliability of instruments in the social sciences. It indicates the extent to which a set of test items can be treated as measuring a single latent variable (Malhotra, 1999). It has also been reported that the Cronbach coefficient alpha formula is a more accurate and careful method of establishing internal consistency than the Spearman-Brown and Kuder-Richardson reliability measures (Parasuraman, 1991). In addition, the Cronbach coefficient alpha has the advantage of producing a reliability estimate with only one administration.

The Cronbach alpha is expressed in terms of a reliability coefficient. Although there is no prescribed standard, a scale that renders a reliability coefficient of above 0.70, is usually regarded as a reliable instrument (Nunnally and Bernstein, 1994). A Cronbach alpha of 0.50 has, however, been regarded in numerous other studies as acceptable for basic research (Tharenou, 1993; Pierce and Dunham, 1987).

A reliability coefficient of 0.80 means that 80 percent of the variance in observed scores (the actual scores obtained on the measure) is due to the variance in the true scores (the true amount of the trait possessed by the respondent). In other words, the score obtained from the measuring instrument is an 80 percent true reflection of the underlying trait measured.

The first step in the data analysis procedure was to assess the internal reliability of the measuring instruments by means of Cronbach alpha coefficients. The results, reported in Table 6.16, show that all the instruments returned alpha values of more than 0.50, which are acceptable for basic research (Tharenou, 1993; Pierce and Dunham, 1987).
### TABLE 6.16: CRONBACH ALPHA VALUES OF MEASURING INSTRUMENTS

<table>
<thead>
<tr>
<th>MEASURING INSTRUMENTS</th>
<th>ALPHA VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational leadership style</td>
<td>$\alpha = 0.81$</td>
</tr>
<tr>
<td>Transactional leadership style</td>
<td>$\alpha = 0.59$</td>
</tr>
<tr>
<td>Collectivistic leadership personality</td>
<td>$\alpha = 0.74$</td>
</tr>
<tr>
<td>Feminine leadership personality</td>
<td>$\alpha = 0.75$</td>
</tr>
<tr>
<td>Masculine leadership personality</td>
<td>$\alpha = 0.53$</td>
</tr>
<tr>
<td>Narcissistic leadership personality</td>
<td>$\alpha = 0.73$</td>
</tr>
<tr>
<td>Machiavellian leadership personality</td>
<td>$\alpha = 0.68$</td>
</tr>
<tr>
<td>Corporate ethics</td>
<td>$\alpha = 0.73$</td>
</tr>
<tr>
<td>Entrepreneurial organisational culture</td>
<td>$\alpha = 0.78$</td>
</tr>
<tr>
<td>Market-oriented organisational culture</td>
<td>$\alpha = 0.78$</td>
</tr>
<tr>
<td>Organisational performance</td>
<td>$\alpha = 0.68$</td>
</tr>
<tr>
<td>Performance intent</td>
<td>$\alpha = 0.64$</td>
</tr>
<tr>
<td>Strategic management</td>
<td>$\alpha = 0.68$</td>
</tr>
</tbody>
</table>

#### 6.7.2 The validity of the measuring instruments

Validity is often considered to be the single most important attribute of a measuring instrument (Cooper and Schindler, 2006; Zikmund, 2000), as an instrument should measure what it is supposed to measure. For example, kilogram is an invalid measure of height. According to Malhotra (1999), validity is the extent to which differences in observed scale scores reflect true differences among subjects on the characteristic being measured, rather than systematic or random errors. Perfect validity requires that there be no measurement error.
There are different ways in which validity can be assessed. According to Diamantopoulos and Schlegelmilch (2000), the main methods are content validity; criterion validity; nomological validity; construct validity; convergent validity; and discriminant validity. While all of the above-mentioned types of validity are important, construct validity is considered the most sophisticated and rigorous type of validity to establish (Diamantopoulos and Schlegelmilch, 2000). It is therefore also the type of validity most researchers recommend for social research.

Construct validity addresses the question of what construct or characteristic the scale is measuring. It seeks to answer theoretical questions of why a scale works and what deductions can be made concerning the theory of the basic scale. Construct validity includes convergent and discriminant validity. Convergent validity is the extent to which the scale correlates positively with other measures of the same construct, while discriminant validity assesses the extent to which a measure does not correlate with other constructs from which it is supposed to differ (Malhotra, 1999).

A measure has discriminant validity when it has a low correlation with measures of dissimilar concepts (Diamantopoulos and Schlegelmilch, 2000; Zikmund, 2000). Discriminant validity is calculated by means of one of the primary tools for establishing construct validity, namely a factor analysis. A factor analysis facilitates the identification of measuring items that have a high correlation among themselves, referred to as factors. The items which comprise the factors help determine the structure of the construct being measured.

In the present study, sufficient proof of content and criterion-related validity was established on the basis of the literature review. In the light of the importance of construct validity, as explained above, it was important to assess the discriminant validity of the measuring instruments. For this purpose three sets of exploratory factor analyses were conducted, using the STATISTICA Version 9.0 (2009).
6.7.3 The discriminant validity of the measuring instruments used in the present study

In the exploratory factor analyses, Principal Component Analysis was specified as the method of factor extraction and Varimax rotation of the original factor matrix was used in all instances. In the first instance, namely the factor analysing of the perceived leadership style and personality variables, the extraction of seven factors, namely transactional leadership, transformational leadership, collectivism, femininity, masculinity, Machiavellianism and narcissism were specified. It was surmised that each of the seven variables modelled were separate and distinct constructs but that their "separateness" needed to be empirically verified. The resultant empirical evidence did not, however, support this contention. After considering various factor solutions, it had to be concluded that the instruments used to measure the masculinity and Machiavellianism did not demonstrate sufficient evidence of discriminant validity. Five, instead of seven, distinctly separate leadership style and personality variables could be identified. The most interpretable factor structures for these leadership variables are reported in Table 6.17.

Table 6.17 shows that one transactional leadership item (ACTION2), one collectivism item (COLEC6), one transformational leadership item (FORM5), one Machiavellianism item (MACH4) and three narcissism items (NARC2, 4 AND 7) loaded on factor 1. It appears that all these items describe a type of narcissistic leadership personality called self-deceptive narcissism (Kets de Vries and Miller, 1985) and are therefore regarded as measures of that leadership personality.
**TABLE 6.17: ROTATED FACTOR LOADING: LEADERSHIP PERSONALITY AND STYLE**

<table>
<thead>
<tr>
<th></th>
<th>FACTOR 1*</th>
<th>FACTOR 2*</th>
<th>FACTOR 3*</th>
<th>FACTOR 4*</th>
<th>FACTOR 5*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Self-deceptive Narcissism</td>
<td>Transformational leadership</td>
<td>Collectivism</td>
<td>Constructive Narcissism</td>
<td>Feminism</td>
</tr>
<tr>
<td>ACTION1</td>
<td>0.253890</td>
<td>0.546749</td>
<td>-0.128322</td>
<td>-0.152018</td>
<td>0.259503</td>
</tr>
<tr>
<td>ACTION2</td>
<td>0.536258</td>
<td>0.162764</td>
<td>0.054833</td>
<td>-0.020294</td>
<td>0.322622</td>
</tr>
<tr>
<td>COLEC1</td>
<td>0.234011</td>
<td>-0.027462</td>
<td>0.753413</td>
<td>0.040656</td>
<td>-0.124144</td>
</tr>
<tr>
<td>COLEC2</td>
<td>0.246895</td>
<td>0.008068</td>
<td>0.017884</td>
<td>0.615660</td>
<td>0.102511</td>
</tr>
<tr>
<td>COLEC4</td>
<td>-0.261254</td>
<td>-0.048511</td>
<td>0.768032</td>
<td>0.061012</td>
<td>0.085362</td>
</tr>
<tr>
<td>COLEC6</td>
<td>0.677486</td>
<td>0.150541</td>
<td>-0.065367</td>
<td>0.181499</td>
<td>0.207946</td>
</tr>
<tr>
<td>FEMIN2</td>
<td>0.266335</td>
<td>0.252747</td>
<td>0.565257</td>
<td>0.101409</td>
<td>0.237705</td>
</tr>
<tr>
<td>FEMIN5</td>
<td>0.294125</td>
<td>0.224865</td>
<td>0.251936</td>
<td>-0.040534</td>
<td>0.543809</td>
</tr>
<tr>
<td>FEMIN7</td>
<td>0.043085</td>
<td>0.151528</td>
<td>-0.045507</td>
<td>0.264649</td>
<td>0.763887</td>
</tr>
<tr>
<td>FORM1</td>
<td>0.130002</td>
<td>0.527621</td>
<td>-0.200908</td>
<td>0.030125</td>
<td>0.177264</td>
</tr>
<tr>
<td>FORM2</td>
<td>0.134368</td>
<td>0.645349</td>
<td>-0.051720</td>
<td>0.120758</td>
<td>-0.024040</td>
</tr>
<tr>
<td>FORM3</td>
<td>0.122412</td>
<td>0.710410</td>
<td>0.004864</td>
<td>0.225168</td>
<td>0.056300</td>
</tr>
<tr>
<td>FORM4</td>
<td>0.363980</td>
<td>0.483179</td>
<td>0.104991</td>
<td>0.265964</td>
<td>0.041733</td>
</tr>
<tr>
<td>FORM5</td>
<td>0.549753</td>
<td>0.221189</td>
<td>0.113683</td>
<td>0.190925</td>
<td>-0.056567</td>
</tr>
<tr>
<td>FORM6</td>
<td>-0.076230</td>
<td>0.520733</td>
<td>-0.021280</td>
<td>-0.035719</td>
<td>-0.051462</td>
</tr>
<tr>
<td>FORM7</td>
<td>0.028159</td>
<td>0.565360</td>
<td>0.245225</td>
<td>0.120296</td>
<td>0.270811</td>
</tr>
<tr>
<td>FORM8</td>
<td>-0.130092</td>
<td>0.671598</td>
<td>0.76719</td>
<td>-0.117496</td>
<td>0.055318</td>
</tr>
<tr>
<td>MACH4</td>
<td>-0.667678</td>
<td>0.009685</td>
<td>-0.073314</td>
<td>-0.073517</td>
<td>0.232246</td>
</tr>
<tr>
<td>MACH7</td>
<td>-0.177039</td>
<td>-0.126357</td>
<td>0.050516</td>
<td>-0.121812</td>
<td>0.558644</td>
</tr>
<tr>
<td>NARC1</td>
<td>-0.041227</td>
<td>0.056993</td>
<td>0.100509</td>
<td>0.655493</td>
<td>-0.075505</td>
</tr>
<tr>
<td>NARC2</td>
<td>-0.670064</td>
<td>0.044806</td>
<td>-0.030860</td>
<td>0.342204</td>
<td>-0.153484</td>
</tr>
<tr>
<td>NARC4</td>
<td>-0.776051</td>
<td>0.040966</td>
<td>-0.106093</td>
<td>-0.114537</td>
<td>0.018387</td>
</tr>
<tr>
<td>NARC5</td>
<td>0.014128</td>
<td>0.018636</td>
<td>0.065669</td>
<td>0.775109</td>
<td>0.173284</td>
</tr>
<tr>
<td>NARC7</td>
<td>-0.627462</td>
<td>-0.028503</td>
<td>0.252718</td>
<td>0.026319</td>
<td>-0.025149</td>
</tr>
<tr>
<td>Eigen value</td>
<td>3.586457</td>
<td>3.117022</td>
<td>1.797209</td>
<td>1.907398</td>
<td>1.729066</td>
</tr>
</tbody>
</table>

Note * Loadings greater than 0.40 were considered significant.

The factor analysis further reveals that one transactional leadership item (ACTION1) and seven transformational items (FORM1 to 4 and 6 to 8) loaded on factor 2. It is clear that these items reflect a transformational leadership style and the latent variable is therefore labelled as such.
### TABLE 6.18: ROTATED FACTOR LOADING – ORGANISATIONAL VARIABLES

<table>
<thead>
<tr>
<th></th>
<th>FACTOR 1*</th>
<th>FACTOR 2*</th>
<th>FACTOR 3*</th>
<th>FACTOR 4*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Entrepreneurial organisational culture</td>
<td>Market-orientated organisational culture</td>
<td>Strategy implementation</td>
<td>Strategic management</td>
</tr>
<tr>
<td>CORPE1</td>
<td>0.392023</td>
<td>-0.102221</td>
<td>0.177680</td>
<td>0.538677</td>
</tr>
<tr>
<td>CORPE3</td>
<td>-0.014045</td>
<td>0.039357</td>
<td>0.147373</td>
<td>0.647766</td>
</tr>
<tr>
<td>CORPE5</td>
<td>0.342896</td>
<td>-0.020524</td>
<td>0.744850</td>
<td>0.098569</td>
</tr>
<tr>
<td>ENTRE1</td>
<td>0.765542</td>
<td>0.098811</td>
<td>-0.002208</td>
<td>0.278741</td>
</tr>
<tr>
<td>ENTRE2</td>
<td>0.348699</td>
<td>0.108931</td>
<td>0.134998</td>
<td>0.513001</td>
</tr>
<tr>
<td>ENTRE3</td>
<td>0.314870</td>
<td>0.224166</td>
<td>0.010650</td>
<td>0.488468</td>
</tr>
<tr>
<td>ENTRE4</td>
<td>0.252127</td>
<td>0.381696</td>
<td>-0.074544</td>
<td>0.441450</td>
</tr>
<tr>
<td>ENTRE5</td>
<td>0.138075</td>
<td>0.701987</td>
<td>0.101171</td>
<td>0.108856</td>
</tr>
<tr>
<td>ENTRE6</td>
<td>-0.316460</td>
<td>0.626865</td>
<td>0.105431</td>
<td>0.041616</td>
</tr>
<tr>
<td>ENTRE7</td>
<td>0.088795</td>
<td>0.143129</td>
<td>0.130456</td>
<td>0.634617</td>
</tr>
<tr>
<td>MARKT1</td>
<td>0.687905</td>
<td>0.114188</td>
<td>0.169710</td>
<td>0.085410</td>
</tr>
<tr>
<td>MARKT2</td>
<td>0.447421</td>
<td>0.333002</td>
<td>-0.059752</td>
<td>-0.061122</td>
</tr>
<tr>
<td>MARKT4</td>
<td>-0.127640</td>
<td>0.136989</td>
<td>0.783728</td>
<td>0.103322</td>
</tr>
<tr>
<td>MARKT5</td>
<td>0.207639</td>
<td>0.531556</td>
<td>0.150844</td>
<td>-0.016817</td>
</tr>
<tr>
<td>MARKT6</td>
<td>0.129256</td>
<td>0.754086</td>
<td>0.010720</td>
<td>0.105871</td>
</tr>
<tr>
<td>MARKT7</td>
<td>0.024623</td>
<td>0.787193</td>
<td>0.098848</td>
<td>0.118361</td>
</tr>
<tr>
<td>STRAT2</td>
<td>0.652062</td>
<td>-0.012984</td>
<td>0.222158</td>
<td>0.211193</td>
</tr>
<tr>
<td>STRAT3</td>
<td>0.169368</td>
<td>0.506810</td>
<td>-0.097480</td>
<td>0.247085</td>
</tr>
<tr>
<td>STRAT4</td>
<td>0.214205</td>
<td>0.183571</td>
<td>0.061122</td>
<td>0.663303</td>
</tr>
<tr>
<td>STRAT6</td>
<td>0.199397</td>
<td>0.202167</td>
<td>0.543763</td>
<td>0.225904</td>
</tr>
<tr>
<td>STRAT7</td>
<td>0.362827</td>
<td>0.056717</td>
<td>-0.056293</td>
<td>0.462781</td>
</tr>
<tr>
<td>STRAT8</td>
<td>0.153465</td>
<td>0.161838</td>
<td>0.228576</td>
<td>0.650715</td>
</tr>
<tr>
<td>Eigen Value</td>
<td>2.713738</td>
<td>3.110791</td>
<td>1.763285</td>
<td>3.191643</td>
</tr>
</tbody>
</table>

Note * Loadings greater than 0.40 were considered as significant

Factor 3 consists of two collectivistic (COLEC1 and 4) and one feminine (FEMIN2) leadership personality items. The factor is labelled **collectivism**, as the items describe that type of leadership personality.

Factor 4 comprises one collectivist leadership personality item (COLEC2) and two narcissistic leadership personality items (NARC1 and 5). The items
collectively reflect a **constructive narcissistic leadership personality** (Kets de Vries and Miller, 1985) and are therefore labelled as such.

In factor 5, the loadings include two feminine leadership personality items (FEMIN5 and 7) and one narcissistic leadership personality item (NARC1). The items reflect the characteristics of a **feminine leadership personality** and are therefore regarded as measures of that personality.

Based on the preceding discussion on the factor analyses, it can be concluded that a new factor structure has emerged for the leadership personality and style variables. This factor structure demonstrates acceptable discriminant validity. The five factors were thus distinct and separate latent variables.

The second set of exploratory factor analyses considered the separateness of the perceived organisational variables. Four factors, namely entrepreneurial organisational culture, market-oriented organisational culture, corporate ethics and strategic management were extracted. The empirical evidence does not support the surmised four variables as suggested in the literature. Four distinctly separate organisational variables could be identified, namely entrepreneurial organisation culture, market-orientated organisation culture, strategic management and strategy implementation. The corporate ethics variable did not emerge as a separate variable. The most interpretable factor structure for these variables is shown in Table 6.18.

Table 6.18 shows that two market-oriented organisational culture items (MARKT1 and 2) and one each of the entrepreneurial organisational culture (ENTRE1) and strategic management (STRAT2) items loaded on factor 1. These four items reflect an **entrepreneurial organisational culture** and are therefore labelled as such.
Factor 2 consists of three market-oriented organisational culture items (MARKT 5, 6 and 7), two entrepreneurial organisational culture items (ENTRE5 and 6) and one strategic management item (STRAT3). These items seem to centre on an orientation to strive for the achievement of market-related goals. This factor is therefore labelled to reflect a market-orientated organisational culture.

Factor 3 includes one item each of the following variables: corporate ethics (CORPE5), market-oriented organisational culture (MARKT4) and strategic management (STRAT6). The three items appear to describe perceptions of strategy implementation (every department striving for annual, quarterly and monthly goals; lower level managers working towards tactical goals; and managers adhering to clear codes of conduct). The factor is therefore labelled strategy implementation.

### TABLE 6.19: ROTATED FACTOR LOADING- DEPENDENT VARIABLES

<table>
<thead>
<tr>
<th></th>
<th>FACTOR 1*</th>
<th>FACTOR 2*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Organisational performance</td>
<td>Performance intent</td>
</tr>
<tr>
<td>ORGP2</td>
<td>0.718233</td>
<td>0.027468</td>
</tr>
<tr>
<td>ORGP3</td>
<td>0.605551</td>
<td>0.176052</td>
</tr>
<tr>
<td>ORGP4</td>
<td>0.624791</td>
<td>-0.067686</td>
</tr>
<tr>
<td>ORGP5</td>
<td>0.618056</td>
<td>-0.258854</td>
</tr>
<tr>
<td>ORGP6</td>
<td>0.766009</td>
<td>0.159055</td>
</tr>
<tr>
<td>ORGP7</td>
<td>0.666471</td>
<td>0.210082</td>
</tr>
<tr>
<td>PERF2</td>
<td>-0.118435</td>
<td>0.758420</td>
</tr>
<tr>
<td>PERF3</td>
<td>0.090875</td>
<td>0.763548</td>
</tr>
<tr>
<td>PERF4</td>
<td>0.243257</td>
<td>0.717045</td>
</tr>
<tr>
<td>Eigen Value</td>
<td>2.767319</td>
<td>1.845128</td>
</tr>
</tbody>
</table>

Note * Loading greater than 0.400000 were considered as significant.

Two corporate ethics items (CORPE 1 and 3), four entrepreneurial organisational culture items (ENTRE2, 3, 4 and 7) and three strategic management items (STRAT 4, 7 and 8) loaded on factor 4. The items reflect important elements of
strategic management. This latent variable is therefore labelled as strategic management.

The third set of exploratory factor analyses considered the dependent variables, namely organisational performance and the performance intent of managers. The factor loadings confirm that these two variables are distinct and separate. The most interpretable factor structure of this analysis is reported in Table 6.19.

Table 6.19 shows that all items (ORGP 2 to 7), except one (ORGP1), expected to measure organisational performance load on factor 1. This factor is therefore labelled perceived organisational performance.

All items regarded as measures of the performance intent of managers (PERF 2 to 4), except one (PERF1), loaded on factor 2. This factor is therefore labelled performance intent.

Based on the discussion of Tables 6.17, 6.18 and 6.19, the items summarised in Table 6.20 are regarded as measures of the latent variables and retained in the theoretical models. Only these items were used in all subsequent statistical procedures.

6.7.4 Reassessing the reliability coefficients of the empirical factor structure

The Cronbach reliability coefficients of the instruments as they emerged from the factor analyses were then re-calculated to confirm their internal consistency. Based on the factor analysis results and Cronbach alphas, certain latent variables were reconstructed or removed from the original theoretical model.
TABLE 6.20: THE FINAL EMPIRICAL FACTOR STRUCTURE

<table>
<thead>
<tr>
<th>LATENT VARIABLE</th>
<th>MEASUREMENT ITEMS AND CRONBACH ALPHA</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEADERSHIP PERSONALITIES:</td>
<td></td>
</tr>
<tr>
<td>Collectivism</td>
<td>COLEC 1, 4</td>
</tr>
<tr>
<td></td>
<td>FEMIN 2</td>
</tr>
<tr>
<td></td>
<td>$\alpha = 0.58$</td>
</tr>
<tr>
<td>Self-deceptive narcissism</td>
<td>ACTION 2</td>
</tr>
<tr>
<td></td>
<td>COLEC 6</td>
</tr>
<tr>
<td></td>
<td>FORM 5</td>
</tr>
<tr>
<td></td>
<td>MACH 4</td>
</tr>
<tr>
<td></td>
<td>NARC 2, 4, 7</td>
</tr>
<tr>
<td></td>
<td>$\alpha = 0.79$</td>
</tr>
<tr>
<td>Constructive narcissism</td>
<td>COLEC 2</td>
</tr>
<tr>
<td></td>
<td>NARC 1, 5</td>
</tr>
<tr>
<td></td>
<td>$\alpha = 0.55$</td>
</tr>
<tr>
<td>Femininity</td>
<td>FEMIN 5, 7</td>
</tr>
<tr>
<td></td>
<td>MACH 7</td>
</tr>
<tr>
<td></td>
<td>$\alpha = 0.38$</td>
</tr>
<tr>
<td>LEADERSHIP STYLE:</td>
<td>ACTION 1</td>
</tr>
<tr>
<td></td>
<td>FORM 1, 2, 3, 4, 6, 7, 8</td>
</tr>
<tr>
<td></td>
<td>$\alpha = 0.75$</td>
</tr>
<tr>
<td>ORGANISATIONAL VARIABLES:</td>
<td></td>
</tr>
<tr>
<td>Entrepreneurial organisational culture</td>
<td>ENTRE 1</td>
</tr>
<tr>
<td></td>
<td>MARKT 1, 2</td>
</tr>
<tr>
<td></td>
<td>STRAT 2</td>
</tr>
<tr>
<td></td>
<td>$\alpha = 0.66$</td>
</tr>
<tr>
<td>Market-orientated organisational culture</td>
<td>ENTRE 5, 6</td>
</tr>
<tr>
<td></td>
<td>MARKT 5, 6, 7</td>
</tr>
<tr>
<td></td>
<td>STRAT 3</td>
</tr>
<tr>
<td></td>
<td>$\alpha = 0.77$</td>
</tr>
<tr>
<td>Strategy implementation</td>
<td>CORPE 5</td>
</tr>
<tr>
<td></td>
<td>MARKT 4</td>
</tr>
<tr>
<td></td>
<td>STRAT 6</td>
</tr>
<tr>
<td></td>
<td>$\alpha = 0.60$</td>
</tr>
<tr>
<td>Strategic management</td>
<td>CORPE 1, 3</td>
</tr>
<tr>
<td></td>
<td>ENTRE 2, 3, 4, 7</td>
</tr>
<tr>
<td></td>
<td>STRAT 4, 7, 8</td>
</tr>
<tr>
<td></td>
<td>$\alpha = 0.82$</td>
</tr>
<tr>
<td>DEPENDENT VARIABLES:</td>
<td></td>
</tr>
<tr>
<td>Organisational performance</td>
<td>ORGP 2, 3, 4, 5, 6, 7</td>
</tr>
<tr>
<td></td>
<td>$\alpha = 0.75$</td>
</tr>
<tr>
<td>Performance intent</td>
<td>PERF 2, 3, 4</td>
</tr>
<tr>
<td></td>
<td>$\alpha = 0.63$</td>
</tr>
</tbody>
</table>
Due to inadequate discriminant validity the corporate ethics, masculinity, and transactional leadership style latent variables were removed from the final theoretical model. The narcissism latent variable was reconstructed into two new latent variables, namely self-deceptive and constructive narcissism. Strategy implementation emerged as a new latent variable.

Table 6.20 lists the final Cronbach alphas of the latent variables that were included in the final theoretical models. All the Cronbach reliability coefficients, except for femininity (0.38), were above the 0.500 cut-off point needed for basic research (Tharenou, 1993; Pierce and Dunham, 1987). The femininity latent variable was therefore excluded from all subsequent analyses. The remainder of the instruments mentioned in Table 6.20 were thus regarded as reliable for inclusion in the final theoretical model.

Based on the exploratory factor analysis results (Table 6.20), variables had to be redefined. For all subsequent analyses, the following variables were defined as follows:

- **Collectivistic leadership personality**: An affectionate individual who is willing to share the blame for failures of others as well as sacrifice his/her own goals for his/her colleagues.

- **Constructive narcissistic leadership personality**: An individual who has a very high opinion of himself/herself and who does not mind bragging about his/her own talents and accomplishments. This individual, however, also believes in respecting and honouring the traditions and customs of colleagues.

- **Self-deceptive narcissist leadership personality**: A leadership personality characterised by leading by doing rather than telling, giving special recognition for good work and exhibiting correct behaviours
regardless of how he/she feels towards his/her colleagues. This leader is, however, not humble, prefers to be praised rather than praise others; likes to talk about himself/herself and his/her achievements and believes that people would not work hard unless they were forced to.

- **Transformational leadership style:** A leadership style characterised by always giving positive feedback on work well done; having a clear vision for the organisation and getting others committed to that vision; always seeking new opportunities for the organisation and inspiring others with the future plans for the organisation; insisting on only the best performance from others, while being thoughtful of the needs of others; and stimulating others to rethink their ways of doing things.

- **Entrepreneurial organisational culture:** An organisational culture characterised by creativity and long-term market-related and financial goals.

- **Market-oriented organisational culture:** An organisational culture characterised by regular assessments of strengths, weaknesses, opportunities and threats (SWOT analyses) and performance driven by individual initiative, individual departments developing and executing their own ideas and rewarding based on performance rather than social networks.

- **Strategic management:** A management style or approach characterised by a clear separation and clarification of roles of the board of directors and executive managers; clear formulation of and regular monitoring and review of strategic plans; and a strategic commitment to innovation of products and services, pro-activeness, flexibility, departmental co-operation towards organisational goals.
• **Strategy implementation:** Managerial actions directed at ensuring that tactical plans are implemented in departments in order to achieve their annual, quarterly or monthly financial goals, within a clear code of conduct.

• **Organisational performance:** The extent to which the enterprise successfully achieves an increased market share, a strong competitive position in its industry, the development of products and services with high profit margins and with long-term profitability, high returns on investments and an increased shareholders’ wealth over time.

• **Performance intent of managers:** The extent to which managers have the intent to actively improve their job performance by exerting more effort to achieve more.

There was no need to redefine femininity, as this variable was omitted from subsequent analyses due to its low reliability score. All the remaining variables redefined above were included in subsequent analyses.

**6.7.5 The descriptive statistics after exploratory factor analysis**

Due to the redefinition of the variables after the exploratory factor analysis, the descriptive statistics of these variables needed to be reassessed. The results of this reassessment are reported next. The new variables which emerged from the exploratory factor analyses are discussed first. Secondly, the descriptive statistics of the variables which have undergone a conceptual change are discussed. Only the adjusted mean scores and response percentage on the total variable are reported for the second group of variables.
6.7.5.1 Self-deceptive narcissistic leadership personality

Table 6.21 reveals that managers in the Kenyan public sector believe that they are leading by doing rather than telling. They also believe that they exhibit proper manners and etiquette towards their colleagues and that they give special recognition when others do good work. These are generally speaking good leadership qualities and this bodes well for the work environment in Kenyan public enterprises.

**TABLE 6.21: THE PERCEIVED PREVAILING SELF-DECEPTIVE NARCISSISTIC PERSONALITY TRAITS AMONG KENYAN MANAGERS IN PUBLIC ENTERPRISES**

<table>
<thead>
<tr>
<th>QUESTIONNAIRE STATEMENT</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACTION2 I give special recognition when other’s work is good</td>
<td>4.06</td>
<td>0.94</td>
</tr>
<tr>
<td>COLEC6 It is important to exhibit correct behaviour (proper manners and etiquette) regardless of how you really feel towards your colleagues</td>
<td>4.12</td>
<td>1.20</td>
</tr>
<tr>
<td>FORM5 I lead by doing rather than by telling</td>
<td>4.14</td>
<td>0.96</td>
</tr>
<tr>
<td>MACH4 Generally speaking, people won’t work hard unless they are forced to do so</td>
<td>2.94</td>
<td>1.24</td>
</tr>
<tr>
<td>NARC2 I like to talk about myself and my achievements</td>
<td>2.65</td>
<td>1.15</td>
</tr>
<tr>
<td>NARC4 I am not a humble person</td>
<td>2.52</td>
<td>1.40</td>
</tr>
<tr>
<td>NARC7 I would rather be praised than praise others</td>
<td>1.95</td>
<td>1.20</td>
</tr>
<tr>
<td><strong>AVERAGE</strong></td>
<td><strong>3.19</strong></td>
<td><strong>1.02</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PERCENTAGE OF RESPONDENTS DISAGREEING/AGREEING WITH THE ABOVE-MENTIONED QUESTIONNAIRE STATEMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
</tr>
<tr>
<td>Neutral</td>
</tr>
<tr>
<td>Agree</td>
</tr>
</tbody>
</table>

The Kenyan public sector managers however generally speaking also believe that people would not work hard unless they were forced to do so. These managers generally also like to talk about themselves and their achievements and they are not humble. They would rather be praised than praise others. These are narcissistic behaviours that would not foster a healthy working environment. However, almost fifty percent (48.9%) of the respondents believed that the questionnaire statements listed in Table 6.21 above accurately express
the prevailing situation in Kenyan public enterprises. Self-deceptive narcissism should therefore be a concern to the leaders of Kenyan public enterprises. The effect of this leadership personality trait on organisational and individual performance is further explored in Chapter 7.

6.7.5.2 Constructive narcissistic leadership personality

Table 6.22 shows that 46.7% of the respondents agreed with the questionnaire items which measured constructive narcissistic leadership personality. The variable also produced a mean score of 3.33 on a 5-point scale. The results show that Kenyan managers in the public enterprises have a high opinion of themselves and an average inclination to brag about their talents and accomplishments. In other words, evidence of narcissism among Kenyan public sector managers has been found, as suggested by Sirleaf (2006), Makhanya (2010) and Tabane (2010), but it appears that it was narcissism of a constructive kind. The influence of this type of narcissism on organisational and individual performance will only become clear in Chapter 7.

<table>
<thead>
<tr>
<th>QUESTIONNAIRE STATEMENT</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>COLEC2 It is important to respect and honour traditions and</td>
<td>3.55</td>
<td>0.99</td>
</tr>
<tr>
<td>customs among your colleagues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NARC1 I don’t mind bragging about my talents and accomplishments</td>
<td>2.87</td>
<td>1.18</td>
</tr>
<tr>
<td>NARC5 I have a very high opinion of myself</td>
<td>3.59</td>
<td>1.22</td>
</tr>
<tr>
<td>AVERAGE</td>
<td>3.33</td>
<td>1.13</td>
</tr>
</tbody>
</table>

PERCENTAGE OF RESPONDENTS DISAGREEING/AGREEING WITH THE ABOVE-MENTIONED QUESTIONNAIRE STATEMENTS

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>23.3%</td>
</tr>
<tr>
<td>Neutral</td>
<td>30.0%</td>
</tr>
<tr>
<td>Agree</td>
<td>46.7%</td>
</tr>
</tbody>
</table>
6.7.5.3 Strategy implementation

A new variable, namely strategy implementation emerged from the exploratory factor analysis. It refers to what extent managers, within a clear code of conduct, ensure that tactical plans are implemented in departments in order to achieve their annual, quarterly or monthly financial goals. Table 6.23 indicates that 59.0% of the respondents agreed that this is done in their enterprises (mean score = 3.64). This is a positive finding, which suggests that the changes that were introduced in the Kenyan public enterprises are bearing fruit.

**TABLE 6.23: THE PERCEIVED STRATEGY IMPLEMENTATION IN KENYAN PUBLIC ENTERPRISES**

<table>
<thead>
<tr>
<th>QUESTIONNAIRE STATEMENT</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>CORPE5 My firm has a clear code of conduct that is followed by all</td>
<td>3.63</td>
<td>1.17</td>
</tr>
<tr>
<td>MARKT4 In my firm, every department or division is expected to achieve monthly/quarterly/annual financial goals, especially profitability</td>
<td>3.57</td>
<td>1.28</td>
</tr>
<tr>
<td>STRAT6 Managers below executive level work according to clearly defined tactical plans</td>
<td>3.71</td>
<td>0.82</td>
</tr>
<tr>
<td>AVERAGE</td>
<td>3.64</td>
<td>1.09</td>
</tr>
</tbody>
</table>

**PERCENTAGE OF RESPONDENTS DISAGREEING/AGREEING WITH THE ABOVE-MENTIONED QUESTIONNAIRE STATEMENTS**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>14.2%</td>
</tr>
<tr>
<td>Neutral</td>
<td>26.8%</td>
</tr>
<tr>
<td>Agree</td>
<td>59.0%</td>
</tr>
</tbody>
</table>

6.7.5.4 The adjusted original variables

The exploratory factor analyses caused the original variables to be redefined. The changes in mean scores and response percentages are reviewed in order to ensure that perceptions on the prevalence of the hypothesised variables have not changed as a result of the exploratory factor analyses. These redefined variables were already discussed in section 6.7.4 above.
Table 6.24 indicates that although redefined after the exploratory factor analyses, the listed variables all play an important role in the organisational effectiveness of Kenyan public enterprises. Table 6.24 reveal mean scores ranging from 3.25 to 4.26 with the majority of respondents agreeing (ranging from 47.4% to 82.5%) with the questionnaire statements which measure these variables.

### TABLE 6.24: DESCRIPTIVE STATISTICS OF REDEFINED VARIABLES

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>MEAN</th>
<th>DISAGREE</th>
<th>NEUTRAL</th>
<th>AGREE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational leadership</td>
<td>4.09</td>
<td>6.2</td>
<td>15.8</td>
<td>78.0</td>
</tr>
<tr>
<td>Collectivist leadership personality</td>
<td>3.25</td>
<td>23.7</td>
<td>28.9</td>
<td>47.4</td>
</tr>
<tr>
<td>Feminist leadership personality</td>
<td>3.45</td>
<td>28.2</td>
<td>15.5</td>
<td>56.3</td>
</tr>
<tr>
<td>Entrepreneurial organisational culture</td>
<td>3.62</td>
<td>12.6</td>
<td>30.9</td>
<td>56.5</td>
</tr>
<tr>
<td>Market orientated organisational culture</td>
<td>3.38</td>
<td>19.4</td>
<td>32.4</td>
<td>48.2</td>
</tr>
<tr>
<td>Strategic management</td>
<td>4.04</td>
<td>6.0</td>
<td>21.3</td>
<td>72.7</td>
</tr>
<tr>
<td>Organisational performance</td>
<td>3.56</td>
<td>15.0</td>
<td>31.4</td>
<td>53.6</td>
</tr>
<tr>
<td>Performance intent</td>
<td>4.26</td>
<td>6.4</td>
<td>11.1</td>
<td>82.5</td>
</tr>
</tbody>
</table>

6.7.6 Revising the hypothesised models

The theoretical models needed to be revised after the omission and reconstruction of the various variables in these models. The revised models are graphically depicted in Figures 6.1 and 6.2. The following revised hypotheses were formulated:

H4a1 Self-deceptive narcissistic leadership personality exerts a negative influence on organisational effectiveness (as measured by organisational performance)

H4b1 Self-deceptive narcissistic leadership personality exerts a negative influence on organisational effectiveness (as measured by performance intent of managers)
H4a2 Constructive narcissist leadership personality exerts a negative influence on organisational effectiveness (as measured by organisational performance)

H4b2 Constructive narcissistic leadership personality exerts a negative influence on organisational effectiveness (as measured by performance intent of managers)

H12a Strategy implementation exerts a positive influence on organisational effectiveness (as measured by organisational performance)

H12b Strategy implementation exerts a positive influence on organisational effectiveness (as measured by performance intent of managers)

There was no need to revise the other hypotheses, because they remained the same as they were formulated in Chapter 5 (see Figure 5.1). Figures 6.1 and 6.2 show the revised hypothesised model, which includes the revised and unrevised hypotheses. All subsequent analyses were based on the revised hypothesised model shown in Figures 6.1 and 6.2.
FIGURE 6.1: THE REVISED MODEL TO IMPROVE ORGANISATIONAL EFFECTIVENESS (AS MEASURED BY ORGANISATIONAL PERFORMANCE)
FIGURE 6.2: THE REVISED MODEL TO IMPROVE ORGANISATIONAL EFFECTIVENESS (AS MEASURED BY PERFORMANCE INTENT)

Source: Researcher’s construct
6.8 ASSESSMENT OF THE NORMAL DISTRIBUTION OF THE DATA

Before structural equation modelling could be conducted, the normal distribution of the data needed to be assessed. The normal distribution of the data was assessed by means of a test for (a) univariate and (b) multivariate normality.

The following hypotheses were formulated to assess the univariate and multivariate normality of the data:

H01: The distribution of the data is not skewed
HA1: The distribution of the data is skewed

H02: The distribution of the data is normal (kurtosis)
HA2: The distribution of the data is not normal (kurtosis)

To address these two hypotheses the t-values were calculated to assess skewness (measurement of symmetry) and kurtosis (measurement of peakedness or flatness) of the data. The results of this analysis are presented in Tables 6.25 and 6.26.

<p>| TABLE 6.25: THE RESULTS OF THE TEST FOR UNIVARIATE NORMALITY |
|---------------------------------|---------------|------------|-----------|--------|</p>
<table>
<thead>
<tr>
<th>ITEM</th>
<th>T-VALUE</th>
<th>SKEWNESS</th>
<th>KURTOSIS</th>
<th>P-VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACTION1</td>
<td>92.988</td>
<td>-0.946</td>
<td>0.563</td>
<td>0.000</td>
</tr>
<tr>
<td>COLEC1</td>
<td>38.396</td>
<td>-0.208</td>
<td>-1.005</td>
<td>0.000</td>
</tr>
<tr>
<td>COLEC2</td>
<td>57.007</td>
<td>-1.317</td>
<td>-0.312</td>
<td>0.063</td>
</tr>
<tr>
<td>COLEC4</td>
<td>35.749</td>
<td>-0.0207</td>
<td>-1.026</td>
<td>0.000</td>
</tr>
<tr>
<td>CORPE1</td>
<td>74.402</td>
<td>-1.143</td>
<td>0.644</td>
<td>0.000</td>
</tr>
<tr>
<td>CORPE3</td>
<td>78.895</td>
<td>-1.245</td>
<td>1.372</td>
<td>0.000</td>
</tr>
<tr>
<td>CORPE5</td>
<td>49.425</td>
<td>-0.580</td>
<td>-0.478</td>
<td>0.000</td>
</tr>
<tr>
<td>ITEM</td>
<td>T-VALUE</td>
<td>SKEWNESS</td>
<td>KURTOSIS</td>
<td>P-VALUE</td>
</tr>
<tr>
<td>------------</td>
<td>---------</td>
<td>----------</td>
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<td>-0.0413</td>
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</tr>
<tr>
<td>ENTRE2</td>
<td>64.867</td>
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<td>0.116</td>
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</tr>
<tr>
<td>ENTRE3</td>
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</tr>
<tr>
<td>ENTRE4</td>
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</tr>
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</tr>
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<td>T-VALUE</td>
<td>SKEWNESS</td>
<td>KURTOSIS</td>
<td>P-VALUE</td>
</tr>
<tr>
<td>----------</td>
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<td>STRAT8</td>
<td>66.908</td>
<td>-0.987</td>
<td>0.248</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Note: High t-values indicate low p-values (p < 0.000).

TABLE 6.26: THE RESULTS OF THE TEST FOR MULTIVARIATE NORMALITY

<table>
<thead>
<tr>
<th>SKEWNESS</th>
<th>KURTOSIS</th>
<th>SKEWNESS AND KURTOSIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>Z-score</td>
<td>P-value</td>
</tr>
<tr>
<td>452.437</td>
<td>33.032</td>
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</tr>
</tbody>
</table>

The two sets of hypotheses were tested by assessing the relevant p-values. Table 6.25 and Table 6.26 show that all the p-values are below the 0.05 level, indicating a rejection of both null hypotheses (HO1 and HO2). This means that the data in both the univariate and multivariate analyses are skewed and not peaked. Thus, the conclusion is that the data did not demonstrate sufficient evidence of normality. It is also further concluded that normal Maximum Likelihood technique could not be used and that Robust Maximum Likelihood technique had to be used in all subsequent Conformity Factor Analysis (CFA) and Structural Equation Modelling (SEM) analyses (Jöreskog and Sörbom, 2004).
6.9 CONFIRMATORY FACTOR ANALYSIS (CFA)

A Confirmatory Factor Analysis (CFA) was conducted by using the LISREL statistical software package LISREL 8.7 for Windows (Jöreskog and Sörbom, 2004). This analysis sought to establish further evidence of construct validity by confirming the empirical factor structure (see Table 6.7) that emerged from the exploratory factor analyses. The goodness-of-fit indices of the CFA are shown in Tables 6.27 and 6.28. The completely standardised solution for LAMBDA-X matrices was inspected, which indicated that the CFA results represent permissible solutions. The results show that both the CFA and LAMBDA-X solutions provide further evidence of construct validity.

| TABLE 6.27: RESULTS OF THE CONFIRMATORY FACTOR ANALYSIS AS MEASURED BY THE GOODNESS-OF-FIT INDICES: LEADERSHIP MODEL |
|---|---|---|---|
| SAMPLE SIZE | SATORRA-BENTLER CHI-SQUARE | Df | EXCEEDANCE PROBABILITY |
| 256 | 807.50 | 390 | 0.000 |

Root mean square error of approximation (RMSEA) = 0.065

| TABLE 6.28: RESULTS OF THE CONFIRMATORY FACTOR ANALYSIS AS MEASURED BY THE GOODNESS-OF-FIT INDICES: ORGANISATIONAL VARIABLES MODEL |
|---|---|---|---|
| SAMPLE SIZE | SATORRA-BENTLER CHI-SQUARE | Df | EXCEEDANCE PROBABILITY |
| 256 | 864.49 | 419 | 0.000 |

Root mean square error of approximation (RMSEA) = 0.065

The indices of fit depicted in Tables 6.27 and 6.28 indicate acceptable levels of fit. An RMSEA value of between zero (0) and 0.05 indicates a close fit, between 0.05 and 0.08 a reasonable fit, and above 0.08 a poor fit (MacCullum, Browne and Sugawara, 1996). Tables 6.27 and 6.28 show that the RMSEAs for the CFA analyses were 0.065, indicating reasonable fit.
The modification indices were inspected and there was no reason to make adjustments to the measurement models. The next phase of the data-analysis, namely structural equation modelling (SEM), could now be conducted on the measurement model.

6.10 SUMMARY

In this chapter, firstly, the descriptive statistics, which assessed industry related perceptions about the hypothesised determinants of organisational effectiveness, were reported. Generally speaking, most of these perceptions were positive. These results have provided a good status report on issues of leadership, corporate culture and ethics, among others, in the Kenyan public sector.

Secondly, the empirical results with regard to the reliability and validity of the measuring instruments were discussed. The Cronbach reliability coefficients at the initial assessment and after factor analyses were reported. The procedures followed in assessing the discriminant validity of the measuring instruments were also discussed. Revised hypothesised models were formulated based on the empirical factor structures that emerged from the factor analyses.

The data were also tested for normality and confirmatory factor analyses (CFA) were conducted to confirm for construct validity. It was concluded that the data distribution was not normal and that the Robust Maximum Likelihood technique was to be used in the CFA and SEM analyses. This conclusion was implemented in both analyses. In the next chapter, the SEM technique and results are discussed.
CHAPTER 7

THE EMPIRICAL RESULTS: THE MODELS TO IMPROVE
ORGANISATIONAL EFFECTIVENESS IN KENYAN PUBLIC
ENTERPRISES

7.1 INTRODUCTION

The main objective of the present study is to investigate the causal relationship between leadership types and leadership personalities, on the one hand, and indicators of organisational effectiveness (organisational performance and performance intent of managers), on the other hand. Firstly, the study investigates the influence of leadership style and personality (as revised) on organisational performance and performance intent of managers. Secondly, the influence of organisational variables (as revised, namely entrepreneurial and market-orientated organisational culture, strategy implementation, and strategic management) on organisational performance and performance intent of managers is investigated. This chapter now reports on the structural equation modelling [SEM] procedure and results.

7.2 CAUSATION OR CAUSALITY

Structural equation modelling is a technique for data analysis which seeks to measure the causal relationship between latent variables in social science studies. Thompson (2000) states that SEM serves the same purpose as multiple regression, but in a more potent manner, taking into account the modelling of interactions, nonlinearities, correlated independents, measurement error, correlated error terms, and multiple latent independents, each measured by multiple indicators.
While it is easier to establish causation in experiments in natural science studies, it is not so easy in the social sciences. In natural science studies, causation is more easily established since, for example, isolation of one chemical from the other is possible. The isolation of one social variable (for example, market culture) from another social variable (narcissism) is not that easy. Consequently, a causal technique, such as SEM, represents an important tool in the study of relationships between variables in social research (Thompson, 2000).

Comparing the use of SEM with the use of multiple regression analysis, SEM has advantages as it allows more flexible assumptions, allows use of confirmatory factor analysis, facilitates testing of the overall models rather than individual variables, has the ability to test models with multiple dependents and can incorporate mediating variables (O'Connor, 2000). Moreover, as causal research seeks to identify the cause-and-effect relationships between variables, in other words, how the occurrence of one event will cause the occurrence of another event, SEM satisfies this requirement by testing the relationship between variables which is based on a strong theoretical justification. Among the statistical data analysis techniques used in social research, SEM seems to satisfy the preconditions for causality the best and is therefore also regarded as a more comprehensive and rigorous approach to data analysis and thus has been used extensively by researchers such as Dayan and Arnolds (2008) and Njuguna (2010).

Use of SEM is also motivated by the fact that it makes path analysis possible. Path analysis to model development ensures that the independent variables are well fitted into the model. In the context of the present study, the proposed variables will be subjected to path analysis.
7.3 STRUCTURAL EQUATION ANALYSIS

SEM is a statistical data analysis technique that seeks to explain the relationships among multiple variables by examining the structure of interrelationships expressed in a series of multiple regression equations. The advantage of the structural equation over other models is that it incorporates multiple dependent and independent variables as well as the hypothetical latent constructs which are represented by clusters of observed variables. The model also provides a way to test the specified set of relationships among observed and latent variables as a whole and allows theory testing even when experiments are not possible (Hair, Anderson, Tatham and Black, 2006: 711; O'Connor, 2000).

7.3.1 The stages in structural equation modelling (SEM)

There are various stages of conducting SEM (Hair et al., 2006: 734-758) which are as follows:

a) Defining individual constructs,
b) developing the overall measurement model,
c) designing a study to produce empirical results,
d) assessing the validity of the measurement model,
e) specifying the structural model; and
f) assessing the validity of the structural model.

Step 1 - Defining individual constructs

A good measurement theory is a prerequisite base for SEM. In other words, there must be a sound theoretical justification in defining the constructs and their hypothesised relationships. To screen items for appropriateness, some pre-testing with respondents similar to those from the population to be studied, is necessary. These pre-tests also include the establishment of the reliability and the validity of the measuring instruments used to capture the constructs.
**Step 2 - Developing the overall measurement model**

In this step, each latent construct to be included in the model is identified and the measurement indicator variables assigned to each latent construct. Velicer, Eaton and Fava (2000) define latent variables as the *unobserved variables* or *constructs* or *factors*, which are measured by their respective indicators. This step also involves the specification of error items for each indicator. In Figure 7.1, an example of a basic measurement model is illustrated.

**FIGURE 7.1: VISUAL REPRESENTATION (PATH DIAGRAMME) OF A MEASUREMENT MODEL**

Source: Hair et al. (2006: 736)
Figure 7.1 shows a simple measurement model with a total of 17 estimated parameters (eight construct indicators, eight error estimates and one correlation estimate between the two constructs).

**Step 3 - Designing a study to produce empirical results**

This step involves making decisions about the research design that would facilitate the achievement of the research objectives. Such decisions include whether to use covariance or correlations in analysing the data; dealing with or how to handle missing data; deciding the sample size and the inherent implications; determining the model structure; estimating the model; and choosing the computer program to be used for the estimation.

With regard to correlation versus covariance, Hair *et al.* (2006: 738) recommend the use of the latter as covariance provides the researcher with far more flexibility due to the relatively greater information content it contains. It is important to address the issue of missing data, especially when the latter are in a non-random pattern or more than ten percent of the data items are missing. One approach to handle missing data is to use all of the available data, while the second is to eliminate a complete case when more than ten percent reason obtains.

With regard to the sample size, it is important to note that SEM requires a larger sample relative to other multivariate approaches. This is because some of the SEM algorithms are unreliable with small samples. Sample size also provides a basis for the estimation of sampling error and has implications for the distribution of the data; method of estimation (for example, Maximum likelihood versus Principal component analysis); model complexity allowed; amount of missing data allowed; and the amount of average error variance among the reflective indicators allowed.

In order to achieve the research objectives, determining and communicating the theoretical model structure to the SEM computer program is the most critical step
in the research design. This includes specifying the parameters (of the model) that are to be estimated. Specification of fixed and free parameters is a key difference between many other statistical techniques and SEM. A fixed parameter is one of which the value is specified by the researcher, while a free parameter is one that is left to the computer program to estimate. A fixed parameter is more often than not fixed to a value of one (1) which indicates a 100% correlation. For example, an independent variable could carry a fixed parameter of one, indicating that such a variable is 100% correlated to itself.

Having specified the model, the researcher must choose how the model will be estimated. In other words she/he must determine what mathematical algorithm will be used to identify estimates for each free parameter. These mathematical algorithms will be carried out by computers and the most widely used computer software program for SEM is LISREL (Linear Structural Relations).

**Step 4 - Assessing the measurement model validity**
In this step, an answer is sought to the question whether the measurement model used was valid. The measurement model validity depends on the goodness-of-fit of the measurement model and specific evidence of construct validity. Goodness-of-fit is a measure of how accurately the actual or observed input covariance matrix matches the matrix that the theoretical model predicts. Goodness-of-fit determines if the model being tested should be accepted or rejected. An example of a goodness-of-fit index is the Root Mean Square Error of Approximation (RMSEA) and is reported for the assessment of model validity.

**Step 5 - Specifying the structural model**
Step 5 entails the specification of the structural model by estimating the relationship between constructs based on the proposed theoretical model. To indicate the structural relationships among constructs, path diagrams are constructed. While the focus in this step is on the structural model, it is required that the estimation of the SEM model measurement specifications be included as
well. In this way, the structural model becomes complete as it represents both the measurement (constructs and their indicators) and structural part (relationships among constructs) of SEM in one overall model.

**Step 6 - Assessing structural model validity**

There is the old adage that the real test of a car is when the rubber hits the road. Equally the final step of SEM entails the test of how well a researcher's theory about the relationships among constructs really matches reality. Reality in the case of SEM is represented by an observed sample covariance matrix. In other words, this step answers the question as to whether the hypothesised relationships among constructs match the actual relationships estimated in the covariance matrix. This is a second assessment of fit and provides an evaluation of the overall fit of and the individual parameter estimates for the structural paths in the structural model.

**7.4 THE PATH MODELS INVESTIGATED IN THE PRESENT STUDY: THE EMPIRICAL RESULTS**

Structural equation models are models that permit an investigation into the causal relationship among latent variables or constructs. In the present study, four causal models were constructed to measure the relationships between leadership and organisational variables, on the one hand, and performance intent and organisational performance, on the other hand. The first model investigated the relationship between leadership (as measured by leadership personality and style) and the performance intent of managers. The second model investigated the relationship between the leadership (as measured by leadership personality and style) and the perceived organisational performance.

The third model investigated the effect of organisational variables (entrepreneurial organisational culture, market-oriented organisational culture, strategic management and strategy implementation) on the performance intent of
managers, while the fourth model investigated the relationship between the above-mentioned organisational variables and perceived organisational performance.

7.4.1 Path model for the influence of leadership on performance intent

The path model depicted in Figure 7.2 was constructed to investigate the relationship between leadership (as measured by leadership personality and style) and the performance intent of managers. The objective was to test the following null hypotheses:

H01b: Leadership style (as measured by transformational leadership) exerts no influence on organisational effectiveness (as measured by the performance intent of managers)

H04b: Leadership personality (as measured by narcissism) exerts no influence on organisational effectiveness (as measured by the performance intent of managers)

H05b: Leadership personality (as measured by collectivism) exerts no influence on organisational effectiveness (as measured by the performance intent of managers)

The revised hypotheses formulated in this regard were as follows:

H1b: Transformational leadership style exerts a positive influence on organisational effectiveness (as measured by the performance intent of managers)
FIGURE 7.2: PATH ANALYSIS MODEL FOR THE INFLUENCE OF LEADERSHIP ON PERFORMANCE INTENTIONS
H4b1: Self-deceptive narcissistic leadership personality exerts a negative influence on organisational effectiveness (as measured by the performance intent of managers)

H4b2: Constructive narcissistic leadership personality exerts a negative influence on organisational effectiveness (as measured by the performance intent of managers)

H5b: Collectivistic leadership personality exerts a positive influence on organisational effectiveness (as measured by the performance intent of managers)

In Figure 7.2, the latent variables, transformational leadership style and self-deceptive, constructive narcissistic and collectivistic leadership personalities, on the one hand, and performance intent, on the other hand, are depicted by the elliptic symbols, SDNAR, CONAR, TLEAD, CLEAD and JPERF respectively. The manifest variables, in other words, the scale items measuring the latent construct, are shown inside rectangular symbols. ACTION2 is for example a manifest variable measuring self-deceptive leadership personality; PERF2 is a manifest variable that measures performance intent. COLEC6 is a manifest variable measuring self-deceptive leadership personality. Other manifest variables measuring self-deceptive leadership personality (SDNAR) include FORM5, MACH4, NARC2, NARC4 and NARC7. The manifest variables are derived from the empirical factor structure which emerged from the factor analyses conducted in Chapter 6 (see Table 6.20).
FIGURE 7.3: PATH ANALYSIS MODEL FOR INFLUENCE OF LEADERSHIP ON PERFORMANCE INTENTIONS - EMPIRICAL RESULTS
The manifest variables COLEC2, NARC1 and NARC5 measure the latent variable, constructive narcissistic leadership personality, while transformational leadership is measured by manifest variables ACTION1, FORM1, FORM2, FORM3, FORM4, FORM6, FORM7 and FORM8. Collectivistic leadership personality (CLEAD) is measured by the manifest variables COLE1, COLEC4 and FEMIN2. PERF3 and PERF4 are manifest variables measuring performance intent (JPERF).

Small circles indicate measurement errors (compare E1 with E18). A single-headed arrow indicates a dependence relationship, for example, between JPERF...
and SDNAR. A numerical value 1.0, for example on E1 and ACTION2, indicates a fixed parameter along that path. The error term, denoted by the Z1 symbol, represents the error in the structural equation which results from either random error or systematic influences which are not explicitly specified in the model.

SDNAR, CONAR, TLEAD and CLEAD are exogenous (independent) variables because they emit single-headed arrows, while JPERF is an endogenous (dependent) variable, because it receives single-headed arrows. Double-headed arrows between the endogenous variables usually form part of the path model, but in the interest of presentation, are shown separately in Figure 7.4. Double-headed arrows symbolise a covariance relationship between two variables, for example the relationship between the self-deceptive leadership personality (SDNAR) and constructive leadership personality (CONAR). Figure 7.4 shows that in this path model all independent variables were significantly correlated with each other except transformational leadership style and collectivistic leadership personality. This means that a transformational leader does not necessarily have a collectivistic personality and that a leader with a collectivistic personality is not necessarily a transformational leader.

The path model depicted in Figure 7.2, including the correlations illustrated in Figure 7.4, was analysed by means of the LISREL statistical software package LISREL 8.7 for Windows (Jöreskog and Sörbom, 2004) and the results recorded in Figures 7.3 and 7.4.

Figure 7.3 shows a significant positive relationship (0.75, p < 0.001) between self-destructive narcissistic leadership personality and the performance intent of managers in Kenyan public enterprises. This means that the more these managers exhibit this leadership style the stronger their performance intent will be. Figure 7.3 also indicates a significant positive relationship (0.21, p < 0.01) between transformational leadership style and the performance intent of these managers. This means that Kenyan public enterprise managers who exhibit a
transformational leadership style will also exhibit stronger performance intentions.

The empirical results reveal that constructive narcissistic personality and a collectivistic leadership style do not significantly influence (NS) the performance intent of managers in Kenyan public enterprises. This means that these personality traits do not have a significant impact on the performance intent of these managers.

To establish the extent to which the proposed model represents an acceptable approximation of the data, the fit indices of the model need to be examined. The indices reported in the present study include the Satorra-Bentler Chi-square, RMSEA (root mean square error of approximation) and goodness-of-fit (GFI) index.

The Chi-square index is the “… conventional overall test of fit in covariance structure analysis [which] assesses the magnitude of the discrepancy between the sample and fitted covariance matrices” (Hoyle, 1995: 77). This measure of fit is still in popular use among researchers and extensively reported in international journals. The Chi-square has however been criticised on its ability to indicate the differences between equivalent models (Hair et al., 2006: 746). It has been established that the Chi-square exhibits the tendency to indicate significant differences between the predicted and actual matrices as the sample size increases. This would mean that the hypothesised fit would be rejected when not necessarily significant. Due to this shortcoming of the Chi-square, only the RMSEA and GFI indices will be used to assess overall fit of the subsequent models to be discussed in the present study. The Chi-square will however be recorded for the purposes of completeness and for the benefit of the interested reader.
The RMSEA gives an indication of the goodness-of-fit that can be expected if the hypothesised model is estimated in the population and not only in the sample and is not influenced by sample size. The RMSEA is therefore used because it eliminates the shortcomings of the Chi-square test (Hair et al., 2006: 748). An RMSEA value of between zero (0) and 0.05 indicates a close fit, between 0.05 and 0.08 a reasonable fit and above 0.08 a poor fit (MacCullum, Browne and Sugawara, 1996).

The GFI is believed to be one of the best absolute indices of model fit (Hoyle, 1995: 91). The GFI indicates the overall degree of fit of the hypothesised model on the data. The higher the GFI value in the range from 0 to 1, the better the goodness of fit. A GFI value of 0.90, for instance, represents a better fit than a value of 0.80.

The indices of fit for the model depicted in Figure 7.3 are shown in Table 7.1. The RMSEA and GFI indices indicate acceptable levels of fit. The RMSEA (0.065) falls within the reasonable fit range of 0.05 to 0.08, while the GFI (0.814) is reasonably high in the range of zero (0) to one (1).

<table>
<thead>
<tr>
<th>TABLE 7.1: FIT INDICES - THE INFLUENCE OF LEADERSHIP ON PERFORMANCE INTENTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAMPLE SIZE</td>
</tr>
<tr>
<td>---------------</td>
</tr>
<tr>
<td>256</td>
</tr>
</tbody>
</table>

Root mean square error of approximation (RMSEA) = 0.065

Goodness-of-fit index (GFI) = 0.814

Based on the empirical results (path coefficients) summarised in Figure 7.3, the null hypothesis (HO4b), that narcissistic leadership personality does not exert an influence on the performance intent of managers, is not supported. The empirical results show that self-deceptive narcissistic leadership personality exerts a positive influence on the performance intent of Kenyan public sector
managers. This means that the revised hypothesis (H4b1), that self-deceptive leadership personality exerts a negative influence on the performance intent of managers, is also not supported.

The empirical results however show that constructive narcissistic leadership personality exerts no significant influence on the performance intent of Kenyan public sector managers. This means that the revised hypothesis (H4b2), that constructive narcissistic leadership personality exerts a negative influence on the performance intent of managers, is also not supported.

The empirical results show that transformational leadership personality exerts a positive influence on the performance intent of Kenyan public sector managers. This means that the null hypothesis (HO1b), that transformational leadership personality exerts no influence on the performance intent of managers is not supported, while the revised hypothesis (H1b), that transformational leadership personality exerts a positive influence on the performance intent of managers, is supported.

Finally, according to the empirical results in Figure 7.3, the null hypothesis (HO5b), that collectivistic leadership personality exerts no influence on the performance intent of managers is supported. The empirical results show that collectivistic leadership personality exerts no significant influence on the performance intent of Kenyan public sector managers. This means that the revised hypothesis (H5b) is not supported.

### 7.4.2 The path analysis model for the influence of leadership on organisational performance

The path model depicted in Figure 7.5, including the correlations among the independent variables (see Figure 7.4), was constructed to investigate the relationship between leadership (as measured by leadership personality and
style) and the perceived organisational performance of Kenyan public enterprises. The objective was to test the following null hypotheses:

H01a: Leadership style (as measured by transformational leadership) exerts no influence on organisational effectiveness (as measured by organisational performance)

H04a: Leadership personality (as measured by narcissism) exerts no influence on organisational effectiveness (as measured by organisational performance)

H05a: Leadership personality (as measured by collectivism) exerts no influence on organisational effectiveness (as measured by organisational performance)

The revised hypotheses formulated in this regard were:

H1a: Transformational leadership style exerts a positive influence on organisational effectiveness (as measured by organisational performance)

H4a1: Self-deceptive narcissistic leadership personality exerts a negative influence on organisational effectiveness (as measured by organisational performance)

H4a2: Constructive narcissistic leadership personality exerts a negative influence on organisational effectiveness (as measured by organisational performance)

H5a: Collectivistic leadership personality exerts a positive influence on organisational effectiveness (as measured by organisational performance)
FIGURE 7.5: PATH ANALYSIS FOR THE INFLUENCE OF LEADERSHIP ON ORGANISATIONAL PERFORMANCE
FIGURE 7.6: PATH ANALYSIS MODEL FOR THE INFLUENCE OF LEADERSHIP ON ORGANISATIONAL PERFORMANCE - EMPIRICAL RESULTS
The path model depicted in Figure 7.5, including its correlations among the independent variables, was analysed by means of the LISREL 8.7 for Windows (Jöreskog and Sörbom, 2004) statistical software package. The results are recorded in Figure 7.6.

Figure 7.5 shows a significant positive relationship (0.74, p < 0.001) between transformational leadership and the organisational performance in Kenyan public enterprises. This means that the more these managers exhibit this leadership style the more positive the organisational performance will be. Figure 7.5 also indicates a significant negative relationship (-0.45, p < 0.01) between self-deceptive leadership personality and the organisational performance. This means that Kenyan public enterprise managers who exhibit a self-deceptive leadership personality affect organisational performance negatively.

The empirical results reveal that a constructive narcissistic personality and a collectivist leadership style do not significantly influence (NS) organisational and individual performance in Kenyan public enterprises. This means that this personality trait and collectivistic leadership style do not have a significant impact on the organisational performance of Kenyan public enterprises.

The indices of fit for the model depicted in Figure 7.6 are shown in Table 7.2. The RMSEA and GFI indices indicate acceptable levels of fit. The RMSEA (0.065) falls within the reasonable fit range of 0.05 to 0.08, while the GFI (0.81) is reasonably high in the range of zero (0) to one (1).
TABLE 7.2: FIT INDICES - THE INFLUENCE OF LEADERSHIP ON ORGANISATIONAL PERFORMANCE

<table>
<thead>
<tr>
<th>SAMPLE SIZE</th>
<th>SATORRA-BENTLER CHI-SQUARE</th>
<th>Df</th>
<th>EXCEEDANCE PROBABILITY</th>
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</thead>
<tbody>
<tr>
<td>256</td>
<td>807.544</td>
<td>391</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Root mean square error of approximation (RMSEA) = 0.065
Goodness-of-fit index (GFI) = 0.814

Based on the empirical results (path coefficients) summarised in Figure 7.6, the null hypothesis (HO4a), that a narcissistic leadership personality exerts no influence on organisational effectiveness (as measured by organisational performance), is not supported. The empirical results show that self-deceptive narcissistic leadership personality exerts a negative influence on the organisational performance in Kenyan public sector enterprises. This means that the revised hypothesis (H4a1), that self-deceptive narcissistic leadership personality exerts a negative influence on organisational performance, is supported.

The empirical results further show that constructive narcissistic leadership personality exerts no significant influence on the organisational performance in Kenyan public sector enterprises. This means that the revised hypothesis (H4a2), that constructive narcissistic leadership personality exerts a negative influence on organisational performance, is supported.

Figure 7.6 indicates that the null hypothesis (HO1a), that transformational leadership personality exerts no influence on organisational effectiveness (as measured by organisational performance), is not supported. The empirical results show that transformational leadership personality exerts a significant positive influence on the organisational performance in Kenyan public sector enterprises. This means that the revised hypothesis (H1a), that transformational leadership personality exerts a positive influence on organisational performance of Kenyan public sector, is supported.
Finally, according to the empirical results, the null hypothesis (HO5a), that leadership personality (as measured by collectivism) exerts no influence on organisational effectiveness (as measured by job performance intentions), is supported. According to the results, collectivistic leadership personality exerts no significant influence on the organisational performance in Kenyan public sector enterprises. This means that the revised hypothesis (H5a), that collective leadership personality exerts a positive influence on organisational performance, is not supported.

7.4.3 The path analysis model for the influence of organisational variables on performance intent

The path model depicted in Figure 7.7 was constructed to investigate the relationship between leadership (as measured by leadership personality and style) and the performance intent of managers in Kenyan public enterprises. The correlations among the independent variables, as shown in Figure 7.9, formed part of the above-mentioned path model. This model was developed to test the following null hypotheses:

H08b: Organisational culture (as measured by an entrepreneurial orientation) exerts no influence on organisational effectiveness (as measured by the performance intent of managers)

H09b: Organisational culture (as measured by a market orientation) exerts no influence on organisational effectiveness (as measured by the performance intent of managers)

H010b: Strategic management exerts no influence on organisational effectiveness (as measured by the performance intent of managers)
The following revised hypotheses accompanied this model:

H8b Entrepreneurial-orientated organisational culture exerts a positive influence on organisational effectiveness (as measured by the performance intent of managers)

H9b Market-orientated organisational culture exerts a positive influence on organisational effectiveness (as measured by the performance intent of managers)

H10b Strategic management exerts a positive influence on organisational effectiveness (as measured by the performance intent of managers)

H12b Strategy implementation exerts a positive influence on organisational effectiveness (as measured by the performance intent of managers)

The path model depicted in Figure 7.7, including correlations, was analysed by means of the LISREL 8.7 for Windows (Jöreskog and Sörbom, 2004) statistical software package. The results are shown in Figures 7.8 and 7.9.

Figure 7.7 shows a significant positive relationship (0.64, p < 0.001) between strategy implementation and the performance intent of Kenyan public enterprise managers. This means that the more these managers exhibit a focus on strategic implementation the stronger their performance intent will be. The empirical results reveal that a market-orientated and an entrepreneurial organisational culture do not exert a significant influence on these managers’ performance intent. The empirical results further show that strategic management has no significant influence on the performance intent of Kenyan public enterprise managers.
FIGURE 7.7: PATH ANALYSIS MODEL FOR THE INFLUENCE OF ORGANISATIONAL VARIABLES ON PERFORMANCE INTENT
FIGURE 7.8: PATH ANALYSIS MODEL FOR THE INFLUENCE OF ORGANISATIONAL VARIABLES ON PERFORMANCE INTENT - EMPIRICAL RESULTS
Figure 7.9 shows that all the independent variables are correlated. In other words, they affect the performance intent of managers through their effect on one another.

The indices of fit for the model depicted in Figure 7.8, including the correlations, are shown in Table 7.3. The RMSEA and GFI indices indicate acceptable levels of fit. The RMSEA (0.064) falls within the reasonable fit range of 0.05 to 0.08, while the GFI (0.80) is reasonably high in the range of zero (0) to one (1).
TABLE 7.3: FIT INDICES - THE INFLUENCE OF ORGANISATIONAL VARIABLES ON PERFORMANCE INTENT

<table>
<thead>
<tr>
<th>SAMPLE SIZE</th>
<th>SATORRA-BENTLER CHI-SQUARE</th>
<th>Df</th>
<th>EXCEEDANCE PROBABILITY</th>
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</thead>
<tbody>
<tr>
<td>256</td>
<td>863.806</td>
<td>420</td>
<td>0.000</td>
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</tbody>
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Root mean square error of approximation (RMSEA) = 0.064
Goodness-of-fit index (GFI) = 0.805

Based on the empirical results (path coefficients) summarised in Figure 7.8, the null hypothesis (HO8b), that organisational culture (as measured by an entrepreneurial orientation) exerts no influence on organisational effectiveness (as measured by the performance intent of managers), is supported. The empirical results show no significant relationship between an entrepreneurial organisational culture and the performance intent of managers. The revised hypothesis H8b, that an entrepreneurial organisational culture exerts a positive influence on performance intent), is therefore not supported.

Figure 7.8 also shows that the null hypothesis HO9b, that a market-orientated organisational culture exerts no influence on the performance intent of managers, is supported, as no significant relationship was found. The revised hypothesis H9b, that a market-orientated organisational culture exerts a positive influence on performance intent), is therefore not supported.

The empirical results reveal that the application of strategic management orientation does not lead to increased performance intent. This result supports the null hypothesis HO10b and does therefore not support the revised hypothesis H10b.

The empirical results however show that strategy implementation exerts a positive influence on performance intent. The revised hypothesis H12b is therefore supported.
7.4.4 The path analysis model for the influence of organisational variables on organisational performance

The path model depicted in Figure 7.9 was constructed to investigate the relationship between organisational variables (as measured by entrepreneurial organisational culture, market-orientated organisational culture, strategic management and strategy implementation) and the perceived organisational performance of Kenyan public enterprises. The correlations among the independent variables were included in the analysis of the above-mentioned path model. The objective was to test the following null hypotheses:

H08a: Organisational culture (as measured by entrepreneurial orientation) exerts no influence on organisational effectiveness (as measured by perceived organisational performance)

H09a: Organisational culture (as measured by a market orientation) exerts no influence on organisational effectiveness (as measured by perceived organisational performance)

H010a: Strategic management exerts no influence on organisational effectiveness (as measured by perceived organisational performance)

The accompanying revised hypotheses formulated in this regard were:

H8a Entrepreneurial-orientated organisational culture exerts a positive influence on organisational effectiveness (as measured by organisational performance)

H9a Market-orientated organisational culture exerts a positive influence on organisational effectiveness (as measured by organisational performance)
H10a Strategic management exerts a positive influence on organisational effectiveness (as measured by organisational performance)

H12a Strategy implementation exerts a positive influence on organisational effectiveness (as measured by organisational performance)

The statistical software package LISREL 8.7 for Windows (Jöreskog and Sörbom, 2004) was used to analyse the relationships depicted in Figure 7.10 and the correlations among the independent variables. The results are summarised in Figure 7.11.
FIGURE 7.10: THE PATH ANALYSIS MODEL FOR THE INFLUENCE OF ORGANISATIONAL VARIABLES ON ORGANISATIONAL PERFORMANCE
FIGURE 7.11: THE PATH ANALYSIS MODEL FOR THE INFLUENCE OF ORGANISATIONAL VARIABLES ON ORGANISATIONAL PERFORMANCE: EMPIRICAL RESULTS
Figure 7.11 shows a significant positive relationship (0.26, p < 0.05) between entrepreneurial culture and organisational performance in Kenyan public enterprises. This means that the more an enterprise has an entrepreneurial culture, the more positive the organisational performance will be.

The empirical results also show a significant positive relationship (0.34, p<0.001) between market-orientated organisational culture and organisational performance. This means the more an enterprise exhibits a market-oriented organisational culture, the more positive its organisational performance will be.

The empirical results further reveal a significant positive relationship between the application of strategic management (0.36, p<0.01) and organisational performance. This means that the more strategy formulation, evaluation and monitoring take place in Kenyan public enterprises, the more positive the organisational performance in these enterprises would be.

The empirical results show that strategy implementation exerts no significant (NS) influence on organisational performance. This means that having a clear code of conduct and expecting that Kenyan executive managers work according to clear tactical goals to achieve annual, quarterly or monthly financial goals, would not necessarily increase organisational performance in Kenyan public enterprises.

The indices of fit for the model depicted in Figure 7.11 are shown in Table 7.4. The RMSEA and GFI indices indicate acceptable levels of fit. The RMSEA (0.064) falls within the reasonable fit range of 0.05 to 0.08, while the GFI (0.80) is reasonably high in the range of zero (0) to one (1).
TABLE 7.4: FIT INDICES - THE INFLUENCE OF ORGANISATIONAL VARIABLES ON ORGANISATIONAL PERFORMANCE

<table>
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</tbody>
</table>

Root mean square error of approximation (RMSEA) = 0.064
Goodness-of-fit index (GFI) = 0.805

The empirical results summarised in Figure 7.10 shows that null hypothesis H08a, that organisational culture (as measured by entrepreneurial orientation) exerts no influence on organisational effectiveness (as measured by perceived organisational performance), is not supported. The empirical results show a significant positive relationship between an entrepreneurial organisational culture and organisational performance. The revised hypothesis H8a, that an entrepreneurial organisational culture exerts a positive influence on organisational performance, is therefore supported.

Figure 7.10 further shows that the null hypothesis H09a, that organisational culture (as measured by a market orientation) exerts no influence on organisational effectiveness (as measured by perceived organisational performance), is not supported. Market orientation exerts a positive influence on organisational performance (revised hypothesis H9a is supported).

The empirical results indicate no support for the null hypothesis H010a that strategic management exerts no influence on organisational effectiveness (as measured by perceived organisational performance). The empirical results reveal a positive relationship between a strategic management and organisational performance and support therefore the revised hypothesis H10a.

Finally, the empirical results do not support the revised hypothesis H12a that strategy implementation exerts a positive influence on organisational performance. This means that the successful implementation of strategies will
not necessarily increase organisational performance in Kenyan public enterprises.

7.5 THE EMPIRICAL RESULTS IN RELATION TO PREVIOUS RESEARCH FINDINGS

This section integrates the empirical findings of the present study with findings of previous studies. This step is important as it shows how the current findings contribute to the body of knowledge of the subject addressed by the present study.

The empirical results show that transformational leadership has a significantly positive influence on organisational performance. This result provides support to the finding of Hancott (2005) that transformational leadership exerts a positive influence on the organisational performance of public enterprises in Canada. The empirical results also support the findings of Xenikou and Simosi (2006) that transformational leadership had a positive influence on the organisational performance of financial institutions in Greece. The empirical result is also in line with the findings of Avey, Hughes, Norman and Luthans, (2007).

The empirical results indicate that transformational leadership would increase the individual performance intentions of Kenyan public sector managers. This result is consistent with the findings of Krishnan (2003) and Eagly (2007) that transformational leadership positively influences individual performance. It is also consistent with the findings of Purvanova, Bono and Dzieweczynski (2006) that transformational leadership enhances extra effort in individuals.

The empirical results revealed that constructive narcissistic leadership personality traits are not significant determinants of individual and organisational performance. This is inconsistent with the findings of Clement and Washbush (2008) that constructive narcissistic leaders can result in social good. It is also
inconsistent with the findings of Godkin and Allcon (2009) that constructive narcissism could benefit an organisation. This empirical result is also dissonant with Resick et al.'s (2009) finding that constructive narcissistic leadership relates negatively to organisational performance.

The empirical results showed self-deceptive narcissistic leadership to be a significantly positive determinant of the individual performance intentions of Kenyan public sector managers, but a negative influencer of organisational performance in Kenyan public enterprises. Kets de Vries and Miller (1985) found that the self-deceptive narcissists are usually eager to discover threats to their environment in order to protect themselves. They are insecure and afraid of failure. They are predominantly transactional and tend to procrastinate in making strategic decisions. They do their best in order to be admired. They are perfectionists and exhibit a hesitancy that could give rise to organisational stagnation. According to Kets de Vries and Miller (1985), this would relate negatively to organisational performance. The empirical results in the present study support this assertion.

The empirical results indicated that strategic management is significantly positively related to organisational performance, but not to the individual performance intentions of Kenyan public sector managers. The result supports the assertion of Breene, Breene, Nunes and Shill (2007) that strategic management is very important to achieve organisational objectives. Respondents in the Breene et al. (2007: 92) study emphasised that “money is made in execution”. They reiterated the common saying that “[they] can have the best plans in the world but if [they] cannot execute, [they] cannot pay the bills” (Breene et al., 2007:92). The empirical results of the present study do not support these respondents’ assertions about execution, as strategy implementation, as defined in the present study, did not impact on organisational performance significantly. Strategy implementation did however positively influence the performance intent of Kenyan public sector managers.
Entrepreneurial organisational culture was shown to be a significantly positive determinant of organisational performance. This result supports the finding of Habiby and Coyle (2010) that companies in Saudi Arabia that are entrepreneurial show exponential growth (up to an average of 40% a year for three consecutive years).

The empirical results however showed that entrepreneurial organisational culture did not significant influence the performance intent of Kenyan public sector managers. This result is inconsistent with the conclusions of Kathrine (2010) and Habiby et al. (2010) that entrepreneurial organisations have employees who are entrepreneurially inclined.

In the present study, market-orientated organisational culture influenced organisational performance significantly. Previous studies produced similar results (Cameron and Quinn, 1999; Slocum and Hellriegel, 2010; Yiing and Ahmed, 2008; Guyer, 2007). On the other hand, the present study indicated that a market-orientated organisational culture did not influence performance intent of managers significantly. This is inconsistent with Yiing and Ahmed’s (2008) findings that a market-orientated organisational culture positively affects the individual performance of employees.

Finally, the empirical results revealed that a collectivistic leadership personality exerted no significant influence on both organisational and the performance intent of managers. This result is inconsistent with the findings of Edith (2009), that collectivism strengthens organisational productivity, and of Goncalo and Staw (2005), that collectivist values promote co-operation and productivity among employees.
7.6 SUMMARY

In this chapter the empirical results of the present study were reported and compared with previous research findings in this regard. The impact on organisational performance and individual job performance among the various leadership and organisational variables was also discussed. In the next chapter these findings will be interpreted with particular reference to their implications for management.
CHAPTER 8

INTERPRETATION OF EMPIRICAL FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

8.1 INTRODUCTION

The primary objective of this study was to improve organisational effectiveness of public enterprises by investigating the determinants of such effectiveness. More specifically, the study explores the influence of strategic management, leadership (style and personality) and organisational culture (entrepreneurial and market-orientated) and corporate ethics on organisational effectiveness (as measured by organisational performance and the performance intent of managers).

The study also investigated the following secondary objectives:

- To conduct a thorough literature review of the nature, strengths and weaknesses of public enterprises in Kenya;
- To assess the progress of the strategic management interventions conducted by the Kenyan government since 1993;
- To conduct a thorough literature review on the concept of organisational effectiveness and its determinants;
- To assess the perceptions of public sector managers in Kenya about leadership (personality and styles) and organisational culture (entrepreneurial and market-orientation), corporate ethics and strategic management in public enterprises;
- To investigate the main determinants of organisational effectiveness in public enterprises among the variables selected for the conceptual model; and
- to provide recommendations on how to improve the effectiveness of public enterprises.

The achievement of the secondary objectives would provide an indication as to whether the primary objectives have been achieved. This, the final, chapter discusses therefore to what extent the empirical results have achieved the objectives. The empirical results are interpreted in terms of their managerial implications for Kenyan public sector managers and recommendations are provided accordingly. This chapter also discusses the contribution of this study to the body of knowledge on organisational performance in public enterprises as well as how this new knowledge could be used in improving the organisational effectiveness in the Kenyan public sector. Furthermore, the study identifies the limitations of the study and provides areas for future research.

8.2 DISCUSSION OF THE PRIMARY AND SECONDARY OBJECTIVES

This section reviews to what extent the empirical results have provided answers to the primary and secondary objectives. Sections 8.2.1 to 8.2.3 concern secondary objectives, while section 8.2.4 concerns both a secondary and the primary objective of the study.

8.2.1 Literature review on the nature, strengths and weaknesses of public enterprises in Kenya

The literature review (Chapter 2) showed that public enterprises in all countries were created to propel socio-economic development through the provision of social good such as education, health, water, electricity, financial services and so on. These enterprises also contribute to job creation which in turn creates a demand for goods and services. Income that emanates from employment and the manufacturing and retailing activities initiated to produce and distribute the goods and services are key drivers of economic development in countries.
For a long time prior to 2003, Kenyan public enterprises were seen as poorly run. Some of the challenges that faced these public enterprises included low productivity, lack of performance management, highly controlled and bureaucratic decision-making systems, weak corporate governance, complex regulatory and supervisory frameworks, organisational cultures not conducive to service delivery and performance, weak formulation and implementation of strategies (where these strategies existed) and generally relatively weak leadership (see Chapters 2, 3 and 4). Low levels of innovation and embracing of technology were also evident.

Since 2003, the Kenyan government has instituted major interventions to change the above-mentioned situation in public enterprises. These interventions included, among others, improved performance management systems, the establishment of the Kenya Anti-Corruption Commission (KACC) and the promulgation of the Economic Crimes Act of 2005. An empirical assessment of the successes of these interventions has not been done yet. This was the reason why the present study was conducted: to investigate whether these interventions are bearing fruit and which factors play a role in achievement or non-achievement thereof.

8.2.2 Literature review on the concept of organisational effectiveness and its determinants

Against the background discussed in section 8.2.1 above, a literature review was conducted on the nature and determinants of organisational effectiveness. The study proposed that the organisational effectiveness of Kenyan public enterprises needed to be increased if these enterprises were to play their expected role in the socio-economic development of that country. Various conceptualisations of organisational effectiveness were reviewed (see Chapter 4), including the net outcome of the input-output resource relationship, the successful management of internal human resource processes such as absenteeism and resignations, the
effective management of internal operating systems and best practices such as Sigma, total quality management and Kaizen, and the achievement of financial goals. The present study opted for measuring organisational effectiveness in terms of the extent to which positive job performance intentions prevailed among Kenyan public sector managers as well as the perceived performance of these enterprises in achieving financial goals such as maximising profit margins and return on shareholders’ wealth, achieving sales success, development and launching of new products and services, successfully servicing and retaining major clients. These measures of organisational effectiveness were chosen because, firstly, the change interventions of the Kenyan government emphasised a strong drive towards achieving financial goals, and secondly, because positive job performance attitudes are vital in achieving organisational effectiveness (see section 4.4 in Chapter 4).

Although there are many factors that could affect the organisational effectiveness of enterprises, the present study focused on two broad variables, namely leadership and organisational culture. These two variables were identified by strategic management experts, Thompson, Strickland and Gamble (2009), as very important ingredients for achieving organisational success and competitiveness. These two variables were also emphasised in the Kenyan government’s Vision 2030 as important factors in improving the organisational performance of public enterprises (see section 4.5 in Chapter 4 and the discussion on leadership in Chapter 3). Experts in public administration and management have also highlighted leadership and organisational culture as important factors in improving the organisational effectiveness of public enterprises (see section 4.4 in Chapter 4).

The present study specifically focused on leadership styles (transactional and transformational and various leadership personality traits that were reported to influence organisational performance (see section 4.5 in Chapter 4). The present study also explored the influence of organisational culture elements such as
entrepreneurial and market orientation, corporate ethics and strategic management on the organisational performance of Kenyan public enterprises.

8.2.3 Perceptions of public sector managers in Kenya about leadership and organisational culture in public enterprises

The present study set out to investigate the perceptions of Kenyan public sector managers about the selected leadership and organisational culture variables in this study. This was done to assess the level of progress made in these areas since the Kenyan government instituted the 2003 interventions to improve service delivery in their public enterprises. This investigation was also done to identify problem areas related to leadership and organisational culture in the Kenyan public sector.

The discussions below are based on the descriptive analyses of the participants’ responses. These responses are the raw (unanalysed) opinions or perceptions of the respondents and could be regarded as very truthful. However, provision should be made for social desirability in these responses. In other words, consideration must be given to the respondents projecting a favourable image about themselves and their organisations.

8.2.3.1 Transactional leadership

As far as leadership is concerned, more than eighty-three percent (83.2%) of the managers perceive themselves as exhibiting high levels of transactional leadership with an average mean score of 4.15 on a 5-point scale (see Table 6.3). The respondents agree it is important to give feedback on performance and give special recognition for work that was done well. This is good transactional leadership behaviour which should be encouraged. Although this study did not investigate and measure the aspect of initiating structure as a transactional leadership activity, it is recommended that managers be made aware of the need
to provide clear structure to tasks. It is also recommended that future research on transactional leadership in public enterprises include initiating structure as an element of that leadership style.

8.2.3.2 Transformational leadership

The managers believe that transformational leadership style is prevalent in the Kenyan public enterprises (see Table 6.4). Most of the respondents (75.7%) reported that they have a clear vision of their enterprise, they inspire others with this vision and get them committed to the said vision, they lead by example rather than by telling, they insist only on the best from others, they suggest ideas that challenge others to re-examine their basic assumptions about work and they seek opportunities for the enterprise. These are indeed good leadership behaviours that should be reinforced and cascaded to lower managerial levels as well.

8.2.3.3 Self-deceptive narcissistic leadership personality

As far as leadership personality is concerned, the empirical results identified the existence of two variants of narcissism among Kenyan public enterprise managers, namely self-deceptive and constructive narcissism. About forty-nine percent (48.9%) of managers in Kenya public enterprises believe they exhibit self-deceptive narcissistic characteristics (see Table 6.21). This means that despite their belief that they are leading by doing rather than telling, exhibiting proper manners and etiquette towards their colleagues and giving special recognition when others do good work, they also believe that people would not work hard unless they are forced to do so, they like to talk about themselves and their achievements, they are not humble and they would rather be praised than praise others. These are narcissistic behaviours that would not foster a healthy working environment. Self-deceptive narcissism should therefore be a concern to the leaders of Kenyan public enterprises.
8.2.3.4 Constructive narcissistic leadership personality

Almost half (47.7%) of the respondents exhibited constructive narcissistic personality traits (see Table 6.22). In other words they did not mind bragging about their talents and accomplishments and had a very high opinion of themselves. They however also believed that it is important to honour traditions and customs of others. This finding reinforces the notion that narcissistic leadership traits are prevalent among Kenyan public enterprise managers, although constructive narcissism has a more positive feel to it. It appears that there is therefore a need to discourage negative narcissistic tendencies and to replace them with more humble behaviours that are more supportive of service delivery.

8.2.3.5 Machiavellian leadership personality

A Machiavellian leadership personality is characterised by being cunning, sly, manipulative and deceitful and the use of others for expediency. Forty-nine (49%) percent of managers in Kenyan public enterprises exhibited Machiavellian personality traits (see Table 6.6). In the present study it meant that these managers never tell anyone the real reason they do something unless it is useful; they believe it is safest to assume that all people have a vicious streak that comes out when they are given a chance; and they believe that generally speaking people will not work hard unless they are forced to do so. These beliefs are not conducive to good leadership, because they destroy trust. Where there is no trust, performance suffers. Therefore there is a need to change the Machiavellian beliefs of Kenyan public enterprise managers. This could be accomplished through the encouragement of a more transparent organisational culture of information sharing with others and the promotion of trust through team-building interventions. Trust can be built through experiential learning and simulation exercises.
8.2.3.6 Masculine leadership personality

Masculinity is another leadership personality trait that was found to be prevalent among Kenyan public enterprise managers. About seventy-four (73.5%) percent of the managers agreed with the statements which measured a masculine predisposition (see Table 6.7). These statements captured characteristics of decisiveness, assertiveness, willingness to take risks and taking a stand for one's beliefs. These are leadership qualities that are often valued in firms and should therefore be encouraged and enhanced.

8.2.3.7 Feminine leadership personality

On the other hand, the empirical results indicate that 70% of managers in Kenyan public enterprises also exhibit feminine characteristics of being considerate, sympathetic, loyal and understanding of the needs of others (see Table 6.8). Researchers agree that both feminine and masculine leadership influences are necessary to achieve successful organisations (Lietaer, 2003; Eagly, 2007; Daft, 2008). It is therefore recommended that this apparently already existing balance between masculine and feminine leadership influences be maintained and enhanced in Kenyan public enterprises.

8.2.3.8 Collectivistic leadership personality

The empirical results revealed that 54.5% (see Table 6.9) of Kenyan public enterprise managers believe that it is important to share the blame for the failure of their colleagues; to respect and honour traditions and customs among colleagues; to be loyal to colleagues; to co-operate with colleagues; and to save colleagues from embarrassment. These are attributes of a collectivistic personality. The average response on a 5-point scale to these traits was 3.48. This result suggests that collectivistic traits are still to be found in Africa at a time that Africa has been perceived to have moved away from collectivism and
towards individualism (see Chapter 3). The above-mentioned empirical result further suggests that there is the possibility that Kenyan leadership still wants to work for the betterment of people and communities. This should be encouraged. There should however also be an effort to guard against the danger of tribalism and protecting group interests at all costs. The latter could result in protectionist tendencies and the concealment of negative activities that would have a destructive influence on any enterprise.

8.2.3.9 Entrepreneurial organisational culture

Table 6.10 showed that 59.5% of managers in Kenyan public enterprises believe an entrepreneurial culture is prevalent in their enterprises. The variable, entrepreneurial organisational cultural orientation, produced a mean score of 3.67 on a 5-point scale. This means that in most Kenyan public enterprises people from different departments are strongly encouraged to work together; they create change rather than react to change; and they have a strong commitment to innovation. This result augurs well for the Kenyan nation which aspires to be a prosperous and an industrialised nation by 2030. This result further shows a departure from the traditional public service that is seen as un-entrepreneurial and in which departments are working in silos where one does not know what the others are doing.

8.2.3.10 Market-orientated organisational culture

Table 6.11 indicates that a market-oriented organisational culture is also prevalent in Kenyan public enterprises (52.3% of the respondents agreed with an average response of 3.50 on the 5-point scale). This means that Kenyan public enterprises are organisations characterised by regular assessments of strengths, weaknesses, opportunities and threats (SWOT analyses); performance driven by individual initiative; individual departments developing and executing their own ideas; and rewarding based on performance rather than social networks. This is
a good development and a departure from the traditional public enterprises being perceived as bureaucratic, uncompetitive and not goal-driven. It can be concluded from this finding that the changes which are being undertaken in the Kenyan public sector through performance management and the emphasis on meeting specified targets are taking root and are being mainstreamed in these enterprises.

8.2.3.11 Corporate ethics

The empirical results (see Table 6.12) showed that 66.1% of the managers believe that Kenyan public enterprises have a board charter, that there is separation of roles between management and the Board of directors, that ethical values are maintained, that decision making is participatory between the board and management through board committees, that there is a clear code of conduct and that there is a person specifically assigned to manage corporate ethics. The average mean score on a 5-point scale was 3.79. This situation should be encouraged in all Kenyan enterprises through training and rewards.

8.2.3.12 Strategic management and strategy implementation

Most of the managers (about 70%) in Kenyan public enterprises believe that strategic management is prevalent in their enterprises (average mean score = 3.95). This means that these managers believe, among others, that they put a lot of effort in developing the vision and mission; they follow clear strategic plans; they regularly review these plans to adapt to changes in the environment; they have strong commitment to the innovation of products and services; and that departments work together in pursuit of organisational goals. Again, these are positive results which should be promoted widely in the Kenyan public sector.

The effectiveness of strategic management is however assessed by the extent to which strategies are implemented. The empirical results revealed three
important aspects which are important in the Kenyan public sector, namely having clear tactical goals, driving monthly, quarterly and annual goals and pursuing a clear code of conduct in doing so. About 59% believe that these are critical elements for strategy implementation in the Kenyan public sector context. These elements received an average mean score of 3.64 on the 5-point scale. These are good signs for Kenyan public enterprises as far as an understanding of the strategic management process is concerned. In other words, there is an understanding of breaking up strategic plans into tactical plans to achieve strategy execution. There is also an understanding that plans should be pursued within a code of conduct, which augurs well for the elimination of unethical behaviours in these enterprises.

8.2.3.13 Organisational performance and the performance intent of managers

The empirical results show that 53.6% of the managers (with an average mean score of 3.56) believe that their enterprises successfully achieve increased market share, strong competitive positions in the industry and the delivery of products and services with long-term profitability. They further believe that they succeed in maximising their profits, increasing shareholders wealth and achieving high returns on their investments. These are very good results and they project an awareness among the respondents about these performance indicators (market share, competitiveness, profitability and return on investment). These findings should however be compared with perceptions of public sector employees and the general public. These performance concepts should also be driven in the performance agreements of managers.

As far as the performance intent of Kenyan public enterprise managers are concerned, most of them (82.5%) scored themselves highly (average mean score = 4.26) on their intent to improve their current job performance. Barring social desirability, this result shows that Kenyan public sector managers wish to exert more effort in improving their job performance. Research literature has
revealed that performance intent is regarded as a direct motivational determinant of task performance (Hampton, Summer and Webber, 1982), a strong precursor to actual job performance (Shore et al., 1990) and a prerequisite for peak performance (Sumerlin and Norman, 1992). It is therefore recommended that these positive performance intentions be nurtured and supported. All managers should be trained in motivation studies so as to impart to them the techniques of motivating performance. Managers should be trained in the development of reward systems that reinforce good performance and provide support for underperformance.

8.2.4 The main determinants of organisational effectiveness in Kenyan public enterprises

The main determinants (positively or negatively) of organisational effectiveness in Kenyan public enterprises according to empirical results were self-deceptive narcissism, transformational leadership, strategic management, strategy implementation, entrepreneurial and market-orientated organisational culture. These findings emerged from the structural equation analyses conducted on the hypothesised models. These results show the relationships among the independent and dependent variables in these hypothesised models. In other words, these results do not show the extent of prevalence of the selected variables in the public enterprises, but rather how the independent variables (determinants) affect the dependent variables (organisational performance and the performance intent of managers).

8.2.4.1 Self-deceptive narcissism

Self-deceptive narcissism affects the performance intent of Kenyan public sector managers positively ($r = 0.75$, $p > 0.001$). This is not necessarily positive, as it shows that these managers are motivated by a narcissistic personality predisposition (especially believing people would not work hard unless they are
forced to; liking to talk about themselves and their achievements; not being humble; preferring to be praised than praise others). These self-deceptive narcissistic tendencies could strain working relationships to the extent that followers could decide to sabotage the efforts of the braggarts. Team work and goal achievement could as a consequence suffer because of this.

The empirical results revealed that self-deceptive narcissism influences the organisational performance of Kenyan public enterprises negatively ($r = -0.45$, $p > 0.001$). In other words, self-deceptive narcissistic behaviours and attitudes reduce the chances of achieving organisational performance as measured in this study (successfully achieve an increased market share, a strong competitive position in its industry, the development of products and services with high profit margins and with long-term profitability, high returns on investments and an increased shareholders wealth over time). Self-deceptive narcissism should be discouraged in these enterprises.

8.2.4.2 Transformational leadership

According to the empirical results, transformational leadership style affects the performance intent of Kenyan public sector managers positively ($r = 0.21$, $p > 0.01$). Transformational leadership style also influences the organisational performance of Kenyan public enterprises positively ($r = 0.74$, $p > 0.01$). This is a good sign, because it shows that these managers realise the importance of transformational leadership. They are also acting that way by: always giving positive feedback; having a clear vision for their firms; always seeking new opportunities for their firms; inspiring others with future plans they formulate for their firms; getting others committed to their visions for their firms; insisting on only the best; being thoughtful of the needs of others; encouraging others to rethink the ways they have been doing things. While these transformational behaviours are good, self-deceptive narcissism could reduce the effectiveness with which transformational leadership is exhibited by these managers, as was
found in the influence of self-deceptive narcissism on organisational performance (see section 8.2.4.2 above).

8.2.4.3 Strategic management and strategy implementation

Strategic management, according to the empirical results, influences the organisational performance of Kenyan public enterprises positively \((r = 0.36, p > 0.01)\). In other words, encouraging an organisational culture characterised by a clear separation and clarification of roles of the board of directors and executive managers; clear formulation of and regular monitoring and review of strategic plans; and a strategic commitment to innovation of products and services, pro-activeness, flexibility, departmental co-operation towards organisational goals, will increase organisational performance in Kenyan public enterprises.

The empirical results showed that strategy implementation affects the performance intent of Kenyan public sector managers positively \((r = 0.64, p > 0.001)\). This is a good result, because it shows that these managers realise the importance of strategy implementation. A strategic management approach and strategy implementation in particular should be encouraged in Kenyan public sector enterprises.

8.2.4.4 Entrepreneurial and market-orientated organisational culture

According to the empirical results, entrepreneurial organisational culture influences the organisational performance of Kenyan public enterprises positively \((r = 0.26, p > 0.05)\). In other words, fostering a culture of creativity; being market driven; gearing everything towards achieving financial goals; and putting a lot of effort into formulating long-term goals, will increase the organisational performance of Kenyan public enterprises. The empirical results further show that a market-orientated organisational culture also influences the organisational performance of Kenyan public enterprises positively \((r = 0.34, p > 0.001)\). In other
words, fostering an organisational culture characterised by regular assessments of strengths, weaknesses, opportunities and threats (SWOT analyses) and performance driven by individual initiative, individual departments developing and executing their own ideas and rewarding based on performance rather than social networks, will increase organisational performance in Kenyan public enterprises. The fostering of both entrepreneurial and market-orientated attitudes and behaviours should therefore be encouraged in Kenyan public enterprises.

To summarise and based on the empirical results, the framework in Table 8.1. is recommended to improve the organisational effectiveness of Kenyan public enterprises. Table 8.1 is discussed in the next section.

**TABLE 8.1: FRAMEWORK TO IMPROVE ORGANISATIONAL EFFECTIVENESS IN KENYAN PUBLIC ENTERPRISES**

<table>
<thead>
<tr>
<th>MANAGERIAL FOCUS</th>
<th>MANAGERIAL ACTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce self-deceptive narcissism</td>
<td>Encourage and train managers how to:</td>
</tr>
<tr>
<td></td>
<td>- give special recognition for good work.</td>
</tr>
<tr>
<td></td>
<td>- exhibit proper behaviour regardless of how they feel towards others.</td>
</tr>
<tr>
<td></td>
<td>- lead by doing rather than telling-they should learn to walk the talk.</td>
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<tr>
<td></td>
<td>- believe in the willingness of others to work hard even if they are not forced to</td>
</tr>
<tr>
<td></td>
<td>- Praise and talk more about others’ achievements rather than talk about themselves .</td>
</tr>
<tr>
<td>Foster an entrepreneurial organisational culture</td>
<td>Encourage and train managers how to:</td>
</tr>
<tr>
<td></td>
<td>- encourage creativity in their workplaces</td>
</tr>
<tr>
<td></td>
<td>- formulate and drive long-term financial goals.</td>
</tr>
<tr>
<td></td>
<td>- be market driven.</td>
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</tbody>
</table>
TABLE 8.1: FRAMEWORK TO IMPROVE ORGANISATIONAL EFFECTIVENESS IN KENYAN PUBLIC ENTERPRISES (CONTINUED)

<table>
<thead>
<tr>
<th>MANAGERIAL FOCUS</th>
<th>MANAGERIAL ACTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foster transformational leadership</td>
<td>Encourage and train managers how to:</td>
</tr>
<tr>
<td></td>
<td>- give positive feedback regularly.</td>
</tr>
<tr>
<td></td>
<td>- formulate a clear vision for their enterprises and getting the commitment of</td>
</tr>
<tr>
<td></td>
<td>others to it.</td>
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<tr>
<td></td>
<td>- regularly seek out new opportunities and inspire others with those new plans.</td>
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<tr>
<td></td>
<td>- be thoughtful of others’ needs.</td>
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<td></td>
<td>- get the best out of others, while stimulating them to rethink the ways they do</td>
</tr>
<tr>
<td></td>
<td>things.</td>
</tr>
<tr>
<td>Foster a market-orientated organisational culture</td>
<td>Encourage and train managers how to:</td>
</tr>
<tr>
<td></td>
<td>- stimulate and reward individual initiative, as individuals and departments.</td>
</tr>
<tr>
<td></td>
<td>- regularly assess strengths, weaknesses, opportunities and threats in their</td>
</tr>
<tr>
<td></td>
<td>enterprises.</td>
</tr>
<tr>
<td></td>
<td>- engender a climate of reward for performance rather than social networks.</td>
</tr>
<tr>
<td>Foster strategy implementation</td>
<td>Encourage and train managers how to:</td>
</tr>
<tr>
<td></td>
<td>- formulate and implement clear codes of conduct.</td>
</tr>
<tr>
<td></td>
<td>- formulate tactical plans to achieve monthly, quarterly and annual financial</td>
</tr>
<tr>
<td></td>
<td>goals.</td>
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</tbody>
</table>
TABLE 8.1: FRAMEWORK TO IMPROVE ORGANISATIONAL EFFECTIVENESS IN KENYAN PUBLIC ENTERPRISES (CONTINUED)

<table>
<thead>
<tr>
<th>MANAGERIAL FOCUS</th>
<th>MANAGERIAL ACTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promote strategic management</td>
<td>Encourage and train managers how to:</td>
</tr>
<tr>
<td></td>
<td>- engender a strong commitment to innovation of products and services</td>
</tr>
<tr>
<td></td>
<td>- formulate, monitor the implementation and review strategic plans.</td>
</tr>
<tr>
<td></td>
<td>- engender and facilitate interdepartmental co-operation towards the achieving of</td>
</tr>
<tr>
<td></td>
<td>organisational goals, facilitate change within a culture of flexibility and</td>
</tr>
<tr>
<td></td>
<td>remove silos</td>
</tr>
<tr>
<td></td>
<td>- Manage relationships between boards of directors and executive managers, more</td>
</tr>
<tr>
<td></td>
<td>specifically clearly separating the roles of boards and managers, as well as</td>
</tr>
<tr>
<td></td>
<td>boards and management involvement in decision making in board committees</td>
</tr>
</tbody>
</table>

8.3  MANAGERIAL IMPLICATIONS AND RECOMMENDATIONS

In this section the managerial implications of the empirical results are discussed. Recommendations are also offered on what actions Kenyan public sector managers should initiate to give effect to whatever solutions to problem areas which were identified in Kenyan public enterprises.
8.3.1 Managing self-deceptive narcissism

The empirical results showed that self-deceptive narcissism influences organisational performance negatively and thereby confirmed the assertions of Sirleaf (2006) and Makhanya (2010) and the findings of Kets de Vries and Miller (1985). The latter authors found that self-deceptive narcissists are insecure and afraid of failure, they are hesitant and tend to procrastinate, and they like to be admired. These are characteristics that need to be discouraged in the public enterprises in Kenya so that humble leadership that serves the Kenyan public is embraced. Servant leadership that is characterised by being humble and of service to others is what has made Singapore (Yew, 2008) develop fast and moved it from a third-world to a developed nation in a relatively short period compared with how long some of the African states have been independent. Servant leadership is needed to fast track the development agenda of Kenya in the next twenty years as it articulated in its Vision 2030 development blueprint. This could be done through leadership development in exposing leaders to servant leadership theory and through research on leadership best practice. Experiential learning could for example expose narcissistic leaders to situations which require them to trust others and not only themselves. Through coaching and mentoring, narcissistic leaders could also be guided away from the focus only on themselves.

To further minimise the effects of self-deceptive narcissism, managers should be encouraged to not only talk the walk but to walk the talk alongside their team members. They should also be encouraged to share power by empowering others through information sharing and exhibiting the confidence in their followers. Trust and honesty build team cohesion. Leaders with self-deceptive narcissistic predispositions should be encouraged to trust others and to provide relevant information relating to the various tasks (O’Toole and Bennis, 2009).
Self-deceptive narcissistic leaders should also be exposed to situations where leaders are humble so that they can recognise the importance of that in an organisation. These leaders should be made aware of the value chain and everyone’s contribution in it. They should be taught to talk of “we” rather than “I” and in that way recognise the contribution of others. Fostering teamwork, accountability and transparency will reduce suspicion and self-deceptive narcissistic tendencies as well.

Finally, self-deceptive narcissistic behaviours could also be reduced through an emphasis on goal achievement. This approach includes (1) setting realistic and clear goals, (2) getting a hundred percent buy-in for these goals and (3) strongly driving the achievement of these goals. The effect of negative personality traits that present obstacles in achieving these goals will be minimised when self-deceptive narcissistic leaders are exposed as hampering the achievement of commonly agreed goals.

8.3.2 Fostering transformational leadership

The empirical results indicated that both organisational and individual performance intent are positively influenced by transformational leadership. This is indeed a confirmation of many other previous studies (Hancott, 2005; Xenikou and Simosi, 2006; Avey et al., 2007) on the effect of transformational leadership on organisational performance. Accordingly, fostering, encouraging and mainstreaming transformational leadership at all levels in the organisation should be a priority for those who lead Kenyan public enterprises.

Transformational leadership can be developed through apprenticeship for interns and new entrants. Managers could also be placed or seconded to work with or under the supervision of transformational leaders. The recruitment process could also be changed in the Kenyan public enterprises to include evaluation of leadership disposition instead of assessing only the competency. Moreover, the
fostering of transformational leadership should include the alignment of the reward system to reward transformational leadership in public enterprises. Managers should be trained in perfecting this alignment. It is furthermore recommended that approaches such as experiential learning, case studies, job rotation and secondments to organisations where transformational leadership is already prevalent, should be used to develop transformational leadership Kenyan public enterprises.

Innovative thinking and exposing managers to new ways of thinking have also been shown in the empirical results as an important facet of transformational leadership. Pursuing and implementing new ideas often involve risk taking. Kenyan public sector managers should therefore be trained in how to manage risk taking, creative thinking and innovation in their departments.

8.3.3 Fostering an entrepreneurial organisational culture

The empirical results underscored the importance of an entrepreneurial culture in organisations. This culture includes the nurturing of innovation and being driven by market-related and financial goals. An entrepreneurial organisational culture also includes the pursuit of long-term goals. In other words, Kenyan public enterprise managers need to be trained in ways to manage the achievement of long-term goals. They should be trained in environmental scanning so that opportunities and treats could be identified timeously and so that the necessary medium and tactical plans could be developed to implement the changes necessary to achieve long-term plans, should the latter have changed.

To create an entrepreneurial organisational culture, Kenyan public enterprise managers should also be made aware of the role of new technologies and business models in the pursuit of new products and services. How to access information and feedback from customers (the public in this case) through research is also a critical skill that public sector managers need to be taught,
because only then would managers become aware of problems customers might have and develop products and services that address these problems.

According to the empirical results, an entrepreneurial organisational culture makes provision for ideas management whereby staff members are rewarded for suggesting innovative ideas on either cost containment or revenue maximisation. Public enterprises, as is the case in private enterprises, should therefore also make provision for ideas generation through suggestion boxes and enterprise-wide feedback loops.

8.3.4 Fostering a market-orientated organisational culture

The empirical results revealed that the promotion of a market-oriented organisational culture in Kenyan public enterprise would improve the organisational performance of those enterprises. In other words, the rewarding of individual initiatives undertaken by both individual employees and departments; the regular conducting of SWOT analyses; and the adherence to rewarding for performance rather than social networks, would improve the achievement of financial goals, such as increased market share, profitability and return on investment in Kenyan public enterprises. It is therefore important that managers in these enterprises promote these facets of market-orientation in their enterprises by ensuring that their human resource processes of induction and remuneration incorporate these facets.

Customers in the public sector context are the public. By instilling a market-orientated organisational culture (a focus on customer needs), public enterprises would improve service delivery. Against this background, public sector managers should be trained in marketing concepts such as market research, customer relations management and marketing (product, price, promotion and distribution) strategy.
8.3.5 Fostering strategy implementation

According to the empirical results, strategy implementation positively affects the performance intention of public enterprise managers in Kenya. It means that having clear tactical plans to achieve periodic (monthly, quarterly, and annual) financial targets within a clear code of conduct motivates the performance intentions of these managers. This is a clear indication that these managers ascribe to the efforts of the Kenyan government to improve strategy implementation in public enterprises in terms of service delivery. These efforts should be maintained and sustained through regular performance feedback to these managers. These strategy implementation efforts on the part of the public sector managers should be rewarded so as to reinforce these positive intentions.

Strategy implementation could be further enhanced by training managers in project management techniques which usually provide clear milestones to be achieved. The achievement of these milestones should be celebrated. Public sector managers should be made aware that they should also exhibit the necessary passion and exhibit energy towards strategy implementation in order to energise others in the process. In this regard, the 4E approach of Waters (2009) to enthuse followers is recommended. This approach entails that a manager should exhibit the necessary self-confidence and ability to make tough decisions (edge), the ability to cope with frantic change (energy), the ability to galvanise others and the organisation to action (energise) and the ability to always deliver products and services to stakeholders’ expectations (execution) to achieve effective strategy implementation. If managers do this with passion, continuous effective strategy implementation could be achieved (Koigi, 2010).

The empirical results further suggest that strategy implementation should be accompanied with clear codes of conduct. This is an indication that managers should guard against driving strategy implementation at all costs and in an unethical manner. There should therefore be checks and balances against
unethical (cutting corners) behaviours of employees in their pursuit of strategic objectives. This could be done through the promotion of integrity and the appointment of integrity officers. These officers are not a strange phenomenon in most Kenyan public enterprises today. The empirical results have indeed revealed that the respondents regarded the absence of such appointments as a weakness in Kenyan public enterprises (see Table 6.12 in Chapter 6).

When appointing these integrity officers, it should be ascertained whether they have already been trained in corporate governance. If not, training in corporate governance should be provided soon after appointment and before they start executing their directorship roles. The vacancies of public sector directorships should be advertised and directors not just be appointed by the respective Minister heading that sector of public service enterprise as is currently the case in Kenya. This could ensure that Kenyan public enterprise directors are appointed based on competency in corporate governance, ethics, strategic management and innovation. According to the empirical results, the implementation of the above-mentioned recommendations would go a long way in improving the organisational performance of Kenyan public enterprises.

8.3.6 Promote strategic management

The empirical results revealed that the principles of strategic management should be implemented in the Kenyan public enterprises, as it positively influences the organisational performance of these organisations. This objective could be achieved by making the strategy formulation and implementation an enterprise wide interaction process within departments. In this way, according to the empirical results the following will be achieved: having clear strategic plans which are regularly monitored and reviewed, as well as co-operation among departments to work towards common goals. The role of each department or division will clear, while a holistic approach to strategy execution is achieved.
Strategy implementation could be further supported by providing training to managers in project planning, monitoring and evaluation techniques.

According to the empirical results, strategy implementation also entails managing change. Strategic management is generally concerned with balancing an organisation’s internal and external capabilities and creating value for the organisation. With rapid socio-economic and technological change, and ever changing customer needs, organisations cannot afford to remain static, otherwise they will perish. According to Daft (2008) and Louw (2006), managers should be made aware that an organisation is in danger when the rate of change outside the organisation exceeds the rate of change inside the organisation. Managers therefore need to be trained how to manage change and in many cases reduce resistance to change. Managers must also be taught how to identify opportunities and how to build alliances in order to leverage competencies that they might be lacking to effectively exploit those opportunities.

According to the empirical results, strategic management also entails the effective management of the roles of boards of directors and executive managers. Kenyan public sector managers must be trained how to develop board charters that set out clearly the scope and the role of boards of directors. Board charters reduce conflict and ensure the smooth running of enterprises, as decision-making responsibilities are clarified.

In summary it can be said that the organisational effectiveness of Kenyan public enterprises would be significantly enhanced if the leadership in these enterprises implement the framework that emerged from this study. This assertion is based on the empirical results that emerged from this study.
8.4 CONTRIBUTION OF THE STUDY

The present study has made the following important contributions to the improvement of the organisational effectiveness of Kenyan public enterprises and to the body of knowledge of organisational effectiveness:

- The study has highlighted the perceptions about leadership, organisational culture, strategic management, organisational performance and the performance intent of Kenyan public enterprise managers. This provided the foundation on which recommendations could be forwarded in terms of how the organisational effectiveness of Kenyan public enterprises could be improved.

- The study has identified the factors that influence the performance intentions of managers in Kenyan public enterprises. One of the most important determinants that emerged from the study is self-deceptive narcissism that was shown to motivate the performance intentions of Kenyan public enterprise managers, while it negatively influences the organisational performance of these public enterprises. The study provided empirical confirmation of perceptions of narcissism that were generally held about African leadership. The present study also identified transformational leadership and strategic implementation as determinants of the performance intentions of Kenyan public enterprise managers.

- The study identified the determinants of organisational performance in Kenyan public enterprises, which were self-deceptive narcissism (discussed above), transformational leadership, entrepreneurial and market-orientated organisational culture, and strategic management. The study provided empirical evidence that the interventions by the Kenyan government to improve service delivery in Kenya are bearing fruit. The study also provides empirical support for the thinking that the fostering of
entrepreneurial and market-orientated principles, often found only in private enterprises, would improve the organisational performance of Kenyan public enterprises.

- Finally, the study provided, through rigorous structural equation modelling, empirical support of the role of leadership, organisational culture and strategic management in improving the performance of organisations, as espoused by strategic management experts, Thompson, Strickland and Gamble (2008). This empirical assessment is based on an extensive literature review and analysis of leadership in Africa. This in itself is an important contribution to understanding the perceived leadership challenges in African, and more specifically, Kenyan public enterprises.

8.5 LIMITATIONS OF THE STUDY AND RECOMMENDATIONS FOR FUTURE RESEARCH

Although the present study has made an important contribution to the body of knowledge on organisational effectiveness in public enterprises, certain limitations of the study need to be considered. Firstly, improved measuring instruments in comparison with the ones used in this study, could produce better results in future studies. Due to inadequate reliability and validity properties, a few important variables had to be omitted from the hypothesised model, such as corporate ethics, transactional leadership style, masculine leadership personality, feminine leadership personality and Machiavellian leadership personality, which are important in the context of this study. It is recommended that improved measuring instruments be used should this study be duplicated in future research.

Secondly, more qualitative research is necessary on solutions to performance failure in public enterprises. Although the present study has offered recommendations based on the empirical results as to how organisational
performance and the performance intent of managers could be improved in Kenyan public enterprises, an extensive qualitative study is needed to elicit recommendations for performance improvement from public sector employees and the public.

Thirdly, perceived organisational performance and performance intentions of managers were measured in the present study. These instruments could be improved in future studies to include indicators of actual performance targets. Also more indicators of organisational effectiveness, other than perceived organisational performance and performance intentions, should be included in a hypothesised model to improve organisational effectiveness in public enterprises.

8.6 CONCLUSION

This study set out to investigate how organisational effectiveness of public enterprises in Kenya could be improved. Service delivery and the organisational performance of public enterprises in Africa have been questioned for a long time. It was always speculated that the weaknesses in service delivery and organisational performance could be attributed to weaknesses in leadership, organisational culture, corporate ethics and strategic management. This study has provided empirical support that this assertion is true. The study also makes important recommendations on how these weaknesses could be addressed. The researcher believes that these recommendations could also be applied in public and private enterprises everywhere.
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APPENDIX 1

LIST OF PUBLIC ENTERPRISES IN KENYA

FINANCIAL
Agricultural Finance Corporation
Consolidated Bank
Deposit Protection Fund Board
Development bank of Kenya
Industrial and Commercial Development Corporation
Industrial Development Bank
Kenya Industrial Estates
Kenya National trading Corporation
Kenya Post Office Savings Bank
Kenya Re-Insurance Corporation
Kenya Revenue Authority
Kenya Roads Board
Kenya Tourist Development Corporation
National Bank of Kenya
National Hospital Insurance Fund
National Social Security Fund

COMMERCIAL/MANUFACTURING
Agro-Chemicals and Food Company
Chemelil Sugar Company
East African Portland Cement Company
Gilgil Telecommunications Industries
Jomo Kenyatta Foundation
Kenya Airports Authority
Kenya Broadcasting Corporation
Kenya Electricity Generating Company
Kenya Literature Bureau
Kenya Medical Supplies Agency
Kenya national Shipping Line
Kenya Ordinance Factories Corporation
Kenya Pipeline Company
Kenya Ports Authority
Kenya Power and Lighting Company
Kenya Railways Corporation
Kenya Safari Lodges and Hotels
Kenya Seed Company Limited
Kenya Wine Agencies
Kenyatta International Conference Centre
National Cereals and Produce Board
National Housing Corporation
National Oil Corporation of Kenya
National Water Conservation and Pipeline Corporation
Numerical machining Complex
Nzoia Sugar Company
Postal Corporation of Kenya
Pyrethrum Board of Kenya
School Equipment Production Unit
South Nyanza Sugar Company
Safaricom Ltd
Telkom Kenya Limited
University of Nairobi Enterprises and Services Limited

**REGULATORY**
Capital Markets Authority
Catering Training and Tourism Dev. Levy Trustees
Coffee Board of Kenya
Commission for Higher Education
Communications Commission of Kenya
Council for Legal Education
Electricity Regulatory Board
Export Processing Zones Authority
Export Promotion Council
Horticultural Crops Development Authority
Investment Promotion Centre
Kenya Civil Aviation Authority
Kenya Bureau of Standards
Kenya Dairy Board
Kenya Industrial Property Institute
Kenya Plant Health Inspectorate Services
Kenya Sisal Board
Kenya Sugar Board
Maritime Authority
National Environment Management Authority
National Irrigation Board
NGO Co-ordination Bureau
Retirement Benefit Authority
Tea Board of Kenya
Water Services Regulatory Board

PUBLIC UNIVERSITIES AND TERTIARY EDUCATION AND TRAINING
Egerton University
Jomo Kenyatta University of Agriculture and Technology
Kenyatta University
Maseno University
Moi University
University of Nairobi
Co-operative College of Kenya
Kenya College of Communications Technology
Kenya Medical Training College
Kenya Utalii College
Kenya Water Institute
Coffee Research Foundation
Kenya Agricultural Research Institute
Kenya Forestry Research Institute
Kenya Forestry Research Institute
Kenya Forestry Research Institute
Kenya Industrial Research and Development Institute
Kenya Institute of Administration
Kenya Institute of Administration
Kenya Institute of Public Policy Research and Analysis
Kenya Marine and Fisheries Research Institute
Kenya Medical Research Institute
Kenya Sugar Research Foundation
National Museums of Kenya
Tea Research Foundation

SERVICES
Agricultural Development Corporation
Bomas of Kenya
Central Water Services Board
Coast Water Services Board
Higher Education Loans Board
Kenya Accountants and Secretaries National Examination Board
Kenya Ferry Services
Kenya National Examination Council
Kenya National Library Services
Kenya Tourist Board
Kenya Wildlife Service
Kenyatta National Hospital
Lake Victoria North Water Services Board
Lake Victoria South Water Services Board
Local Authorities Provident Fund
Moi Teaching and Referral Hospital
Nairobi Water Services Board
National Aids Control Council
National Council for Law Reporting
National Sports Stadia Management Board
Northern Water Services Board
Rift Valley Water Services Board
Teachers Service Commission
Water Resources Management Authority
Water Services Trust Fund

REGIONAL DEVELOPMENT AUTHORITIES

Coast Development Authority
Ewaso Ng’iro North Development Authority
Ewaso Ng’iro South Development Authority
Kerio Valley Development Authority
Lake Basin Development Authority
Tana and Athi Rivers Development Authority
Dear Respondent

I am a post-graduate student studying towards my DBA (Doctor in Business Administration) at the Nelson Mandela Metropolitan University Business School. The aim of my study is to improve the organisational effectiveness of public enterprises in Kenya. I believe that my study would make a contribution to improving the management of public enterprises as well as the service delivery to the Kenyan population.

You are part of our selected sample of respondents whose views we seek on the above-mentioned matter. We would therefore appreciate it if you could answer a few questions. It should not take more than twenty minutes of your time and we want to thank you in advance for your co-operation.

There are no correct or incorrect answers. Please answer the questions as accurately as possible. For each statement, tick the number which best describes your experience or perception. For example, if you strongly agree with the statement, tick the number 5. If you strongly disagree with the statement, tick the number 1. **Tick only one answer for each statement and answer all questions please.** Please note also that the word “firm” refers to the corporation your work for.

Kindly facilitate that at least five managers from our firm complete the questionnaire.

Thank you very much.
A. Nyambura Koigi (Student no.: 208040947)
P.O. Box 61177, 0200
NAIROBI.
THE MEASURING INSTRUMENTS
(PRIOR TO THE EXPLORATORY FACTOR ANALYSIS)

TRANSACTIONAL LEADERSHIP STYLE

I always give positive feedback when others perform well
I give special recognition when other's work is very good
I praise others when they do a better than average job
I personally compliment others when they do outstanding work

TRANSFORMATIONAL LEADERSHIP STYLE

I have a clear vision of where I want the firm to go
I am always seeking new opportunities for my firm
I inspire others with my future plans for the firm
I am able to get others to be committed to my vision for the firm
I lead by doing rather than by telling
I insist only on the best performance
I behave in a manner thoughtful of the personal needs of others
I stimulate others to rethink the way they do things
I often suggest ideas that challenge others to re-examine some of their basic assumptions about work

NARCISSISTIC LEADERSHIP PERSONALITY

I don’t mind bragging about my talents and accomplishments
I like to talk about myself and my achievements
I’m better than most people, and I know it
I am not a humble person
I have a very high opinion of myself
I feel that I am better than others, no matter what their condition
I would rather be praised than praise others
I’m a superior person

**MACHIAVELLIANISTIC LEADERSHIP PERSONALITY**

I never tell anyone the real reason I did something unless it is useful
The best way to handle people is to tell them what they want to hear
It is safest to assume that all the people have a vicious streak and it will come out when they are given a chance
Generally speaking, people won’t work hard unless they are forced to do so
The biggest difference between most criminals and other people is that criminals are stupid to be caught
It is wise to flatter important people
It is hard to get ahead without cutting corners here and there

**MASCULINE LEADERSHIP PERSONALITY**

I am known to defend my own beliefs
I am a very assertive person
I am always willing to take risks
Making decisions comes easily to me

**FEMININE LEADERSHIP PERSONALITY**

I have a cheerful nature
I am an affectionate person
I am a very loyal person
I have a sympathetic nature
I am sensitive to the need of others
I have an understanding nature
I have a gentle nature

**COLLECTIVISTIC LEADERSHIP PERSONALITY**

It is important to share blame for the failure of your colleagues
It is important to respect and honour traditions and customs among your colleagues
It is important to be loyal to your colleagues
It is important to sacrifice your goals for your colleagues
It is important to sacrifice your possessions for your colleagues
It is important to exhibit correct behaviour (proper manners and etiquette) regardless of how you really feel towards your colleagues
It is important to co-operate with your colleagues
It is important to save your colleagues from embarrassment

**ENTREPRENEURIAL ORGANISATIONAL CULTURE**

My firm is characterized by a culture of creativity
Our management has a strong commitment to the innovation of products and services
In my firm, we believe in creating change rather than reacting to change
My firm is characterized by a culture of flexibility
In my firm, individual initiative is rewarded
In my firm, individual departments are allowed to develop and run with their own ideas
In my firm, people from different departments (marketing, production, finance, etc.) are strongly encouraged to work together in order to achieve organizational goals

**MARKET-ORIENTATED ORGANISATIONAL CULTURE**

My firm is driven by achievement of market-related goals
In my firm, everything is directed at achieving financial goals (sales growth
profitability and market share)
Competitiveness is strongly emphasized in my firm
In my firm, every department or division is expected to achieve monthly /quarterly/
annual financial goals, especially profitability
If one does not work hard, one will not fit into my firm’s culture
In my firm, increased performance is rewarded in accordance with that performance
In my firm, relations are based on performance-reward relationships instead of social relationships

CORPORATE ETHICS

In my firm there is a clear separation between the roles of the board and the roles of management
My firm has a board charter
Both the board and management are involved in decision making through board committees
My firm adheres to ethical values which are clearly understood by all
My firm has a clear code of conduct that is followed by all
In my firm there is a dedicated person or division that monitors corporate ethics

STRATEGIC MANAGEMENT

I put a lot of effort developing the vision and mission of my firm
My firm spends a lot of effort in formulating its long-term goals
Conducting a SWOT analysis is a regular activity in my firm
My firm follows a clear strategic plan
My firm has clearly defined growth strategies
Managers below executive level work according to clearly defined tactical plans
Our executive managers spent a lot of effort in monitoring the implementation of strategic plans
My firm regularly reviews its strategic plan to adapt to changes in the environment
ORGANISATIONAL PERFORMANCE

My firm is successfully achieving financial targets
My firm has successfully increased its market share
My firm has a strong position in the industry in which it operates
My firm is successfully developing products/services with long-term profitability
My firm is making products/services with high profit margins
My firm is successfully achieving high returns on investments
In my firm, shareholders wealth has increased over time

INDIVIDUAL PERFORMANCE INTENT

I will probably do my best to perform on my job in the future
I often think of improving my job performance
I will actively improve my job performance in the future
I intend to do a lot more work in the future
APPENDIX 4

THE MEASURING INSTRUMENTS
(AFTER THE EXPLORATORY FACTOR ANALYSIS)

TRANSFORMATIONAL LEADERSHIP STYLE

I have a clear vision of where I want the firm to go
I am always seeking new opportunities for my firm
I inspire others with my future plans for the firm
I am able to get others to be committed to my vision for the firm
I insist only on the best performance
I behave in a manner thoughtful of the personal needs of others
I stimulate others to rethink the way they do things
I always give positive feedback when others perform well

SELF-DECEPTIVE NARCISSIST LEADERSHIP PERSONALITY

I give special recognition when other’s work is good
It is important to exhibit correct behaviour (proper manners and etiquette) regardless of how you really feel towards your colleagues
I lead by doing rather than by telling
Generally speaking, people won’t work hard unless they are forced to do so
I like to talk about myself and my achievements
I am not a humble person
I would rather be praised than praise others
CONSTRUCTIVE NARCISSIST LEADERSHIP PERSONALITY

It is important to respect and honour traditions and customs among your colleagues
I don’t mind bragging about my talents and accomplishments
I have a very high opinion of myself

COLLECTIVISTIC LEADERSHIP PERSONALITY

It is important to share blame for the failure of your colleagues
It is important to sacrifice your goals for your colleagues
I am an affectionate person

ENTREPRENEURIAL ORGANISATIONAL CULTURE

My firm is characterized by a culture of creativity
My firm is driven by achievement of market-related goals
In my firm, everything is directed at achieving financial goals (sales growth profitability and market share)
My firm spends a lot of effort in formulating its long-term goals

MARKET-ORIENTATED ORGANISATIONAL CULTURE

If one does not work hard, one will not fit into my firm’s culture
In my firm, increased performance is rewarded in accordance with that performance
In my firm, relations are based on performance-reward relationships instead of social relationships
In my firm, individual initiative is rewarded
In my firm, individual departments are allowed to develop and run with their own ideas
Conducting a SWOT analysis is a regular activity in my firm
**STRATEGY IMPLEMENTATION**

My firm has a clear code of conduct that is followed by all. In my firm, every department or division is expected to achieve monthly/ quarterly/ annual financial goals, especially profitability. Managers below executive level work according to clearly defined tactical plans.

**STRATEGIC MANAGEMENT**

Our management has a strong commitment to the innovation of products and services. In my firm, we believe in creating change rather than reacting to change. My firm is characterized by a culture of flexibility. In my firm, people from different departments (marketing, production, finance, etc.) are strongly encouraged to work together in order to achieve organizational goals. My firm follows a clear strategic plan. Our executive managers spent a lot of effort in monitoring the implementation of strategic plans. My firm regularly reviews its strategic plan to adapt to changes in the environment. In my firm there is a clear separation between the roles of the board and the roles of management. Both the board and management are involved in decision making through board Committees.

**ORGANISATIONAL PERFORMANCE**

My firm has successfully increased its market share. My firm has a strong position in the industry in which it operates. My firm is successfully developing products/services with long-term profitability. My firm is making products/services with high profit margins. My firm is successfully achieving high returns on investments. In my firm, shareholders wealth has increased over time.
INDIVIDUAL PERFORMANCE INTENT

I often think of improving my job performance
I will actively improve my job performance in the future
I intend to do a lot more work in the future