

**STRATEGIC LEADERSHIP AND PERFORMANCE OF AGRICULTURAL
FINANCE CORPORATION IN KENYA**

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DECLARATION

This thesis is my original work and has not been presented for examination in any other university.

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DEDICATION

Thanks to my family for all the love, encouragement, and support they've given me over the years; without them, I would not have been able to complete this thesis. This is also a tribute to my family, especially my mom and siblings, who have always been there for me and who have never stopped believing in my abilities and working so hard to ensure that I succeed academically. Finally, I want to express my gratitude to the Almighty Father, who has provided me with the strength to complete my thesis and has kept me alive.

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ABBREVIATIONS AND ACRONYMS

AFC	Agricultural Finance Corporation
CNPC	China National Petroleum Corporation
CVM	Competing Values Model
KENGEN	Kenya Electricity Generating Company
KPI	Key Performance Indicators
MOALF	Ministry of Agriculture, Livestock and Fisheries
MOF	Ministry of Finance
NNPC	Nigerian National Petroleum Corporation
RBV	The Resource-Based View
SEM	Structural Equation Modeling
SMART	Specific, Measurable, Achievable, Relevant, And Time-Bound
VRIN	Valuable, Rare, Inimitable and Non-Substitutable

ABSTRACT

This study examined the influence of strategic leadership on the performance of Agricultural Finance Corporation. Strategic leadership, encompassing the establishment of strategic direction, the shaping of organizational culture, the implementation of strategic control mechanisms, and the facilitation of strategic decision-making, was hypothesized to play a pivotal role in enhancing organizational outcomes. The study was grounded in Contingency Theory, Strategic Fit Theory, the Resource-Based View, Stakeholder Theory and The Balanced Scorecard Theory. The study used a descriptive research approach and surveyed 204 AFC employees from different management levels. A simple random approach was also used in the investigation. Standardized questionnaires were used to collect primary data, while AFC's financial reports and other pertinent publications were used to gain secondary data on organizational performance. Strategic leadership drastically affected AFC's performance, according to the results. Improved financial performance, operational efficiency, and customer happiness were observed as outcomes of a clearly articulated and operationally aligned strategic goal. The study also revealed that an organizational culture aligned with strategic objectives fostered higher levels of employee engagement, innovation, and productivity. Moreover, the implementation of robust strategic control mechanisms was shown to be critical for maintaining alignment with strategic goals and ensuring sustained organizational performance. Finally, the study demonstrated that strategic decision-making processes that involved key stakeholders and were informed by comprehensive market analysis and risk assessment contributed significantly to better organizational outcomes. The study summarized that there is a significant positive relationship between strategic direction, organizational culture, strategic control and strategic decision-making on organizational performance within the Agricultural Finance Corporation. These results informed the study's recommendations for how public companies like AFC should improve their performance. As a first step, it was suggested that AFC's top brass should do a better job of communicating the company's long-term objectives to their staff. Secondly, the cultivation of a strong organizational culture that supports strategic objectives was advised, emphasizing the need for continuous innovation and employee engagement. Thirdly, the study suggested strengthening strategic control mechanisms through regular performance reviews and adaptive management practices. Lastly, it was recommended that AFC broaden its strategic decision-making processes to include diverse stakeholder input, thereby ensuring more balanced and effective strategic choices.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The larger area of leadership studies has long acknowledged the crucial role that leaders have in determining organizational results (Kong et al.,2018). A branch of leadership theory known as "strategic leadership" looks at how top executives shape their companies' futures through deliberate, long-term planning and execution. This style of leadership is defined by looking forward, being adept in navigating complicated situations, and being able to coordinate the strengths of the organization with its long-term goals. This field is gaining popularity since conventional methods of leadership might not work in today's fast-paced corporate world (Ali & Anwar, 2021).

According to Wakhisi (2021), one of the critical aspects of strategic leadership is the cultivation of an appropriate organizational culture. Organizational culture encompasses the shared values, beliefs, and norms that shape behavior within an organization. Strategic leaders play a pivotal role in influencing and shaping this culture to support the strategic objectives. By embedding desired values and behaviors through their actions and policies, leaders can create an environment that promotes innovation, accountability, and continuous improvement (Kinyua, 2024). A strong, strategically aligned culture can enhance organizational performance by facilitating coordination, reducing resistance to change, and encouraging behaviors that support strategic initiatives. Conversely, a misaligned culture can hinder performance, leading to inefficiencies and internal conflict (Pasaribu et al., 2021).

Strategic control is another vital component of strategic leadership, involving the processes and mechanisms used to monitor and manage the implementation of strategies. Effective strategic control ensures that organizational activities are consistent with the strategic plan and that deviations are identified and corrected promptly (Nyong'a & Maina, 2022). This involves setting performance metrics, conducting regular reviews, and adjusting as necessary to stay on course. Strategic leaders must balance the need for control with the flexibility to adapt to changing circumstances. This dynamic process of monitoring and adjustment is crucial for maintaining alignment with strategic goals and ensuring that the organization remains responsive to internal and external changes, thereby sustaining high levels of performance (Usaahawanitchakit, 2012).

Strategic decision-making, this process involves making choices that determine the long-term direction of the organization, including decisions about resource allocation, market positioning, and competitive strategies (Najmi et al., 2022). Strategic leaders must possess the ability to analyze complex information, anticipate future trends, and make informed decisions that will benefit the organization in the long run. Effective strategic decision-making requires a deep understanding of the external environment, organizational capabilities, and the potential risks and opportunities associated with different courses of action (Mailu & Kariuki, 2022). Leaders who excel in strategic decision-making can steer their organizations toward sustainable success by making choices that leverage strengths and mitigate weaknesses (Lola & Paul, 2022).

1.1.1 Global Perspective on Organizational Performance

Omondi et al. (2022) asserts that organizational performance in public entities is a critical measure of how effectively government-owned institutions achieve their mandates,

deliver public services, and manage resources. In developed economies such as the United States, United Kingdom, Canada, and Australia, public entities are evaluated based on their efficiency, financial sustainability, service delivery, and governance. In the U.S., organizations like the Government Accountability Office (GAO) and the Federal Reserve System are structured to ensure public funds are used effectively and services meet citizen expectations. Performance indicators such as cost-efficiency, service quality, transparency and stakeholder satisfaction play a significant role in assessing public institutions (Bilginoglu & Yozgat, 2022).

Similarly, in the U.K., public sector organizations, including the National Health Service (NHS) and Her Majesty's Revenue and Customs (HMRC), are measured through performance audits that emphasize operational effectiveness, fiscal discipline, and innovation in service delivery. These countries have adopted strategic management frameworks, including performance-based budgeting and digital transformation, to enhance organizational effectiveness, ensuring that public resources deliver maximum impact (Samad et al., 2021).

In Canada, public sector performance is heavily influenced by accountability mechanisms and strategic leadership. Entities such as the Canada Revenue Agency (CRA) and Public Services and Procurement Canada (PSPC) have incorporated performance evaluation systems that track financial prudence, customer satisfaction, and policy implementation efficiency. Canada has also emphasized public-private partnerships (PPPs) to improve infrastructure projects, healthcare services, and environmental sustainability, ensuring that public organizations remain efficient in their operations (Palladan et al., 2022). Meanwhile, in Australia, public sector performance management is driven by frameworks

such as the Public Governance, Performance, and Accountability Act, which mandates that government entities set strategic objectives, align them with national priorities, and measure their outcomes against performance benchmarks. The Australian Taxation Office (ATO) and Centrelink, a social security entity, exemplify how data-driven decision-making, automation, and process optimization have improved service delivery and financial management in public institutions (Ding & George, 2023).

The success of public entities in developed economies is often linked to strong governance, leadership accountability, and innovative public service models. Countries such as Germany and Japan have established high-performing public institutions that leverage strategic leadership and technological integration. Germany's Bundesbank and Deutsche Rentenversicherung (pension system) operate under structured performance management frameworks that emphasize efficiency, compliance and citizen-centered service delivery (Hamonangan et al., 2025). Japan, known for its bureaucratic efficiency, has implemented performance-driven governance in institutions such as the Japan External Trade Organization (JETRO) and Japan Post Holdings, ensuring that public sector organizations remain financially stable while advancing economic and social development. These entities adopt lean management principles, automation, and performance scorecards to ensure accountability, productivity, and innovation in government services (Ding & George, 2023).

1.1.2 Regional Perspective on Organizational Performance

The organizational performance of public entities in Africa varies across different regions, influenced by governance structures, economic stability, and institutional capacity. In South Africa, the performance of public entities such as Eskom and Transnet has been

hampered by financial mismanagement and operational inefficiencies, leading to challenges in service delivery. Eskom, the state-owned power utility, has struggled with load shedding due to poor maintenance and mismanagement, affecting industrial productivity and economic growth (Barkhuizen & Gumede, 2021). Despite government interventions through financial bailouts and restructuring efforts, the persistent issues highlight the impact of weak governance and accountability on public sector performance. The lack of strategic leadership and corruption has contributed to inefficiencies, showing the need for strong institutional reforms to improve performance.

In West Africa, Ghana presents an example of mixed performance among public entities. The Ghana Water Company Limited (GWCL) has made strides in expanding access to clean water, particularly in urban areas, but operational inefficiencies and financial constraints limit its effectiveness. Poor revenue collection mechanisms and high levels of non-revenue water—caused by leakages and illegal connections—have negatively impacted the company’s financial sustainability (Amoah et al., 2022). The government has introduced public-private partnerships (PPPs) to improve efficiency, yet bureaucratic red tape and regulatory inconsistencies continue to slow progress. The case of GWCL demonstrates how inadequate financial management and regulatory hurdles undermine the performance of public institutions, necessitating policy reforms to enhance service delivery.

In North Africa, Egypt's public sector has undergone significant transformations to improve efficiency and service delivery, particularly in transportation. The Cairo Metro, operated by the National Authority for Tunnels, has expanded its infrastructure to accommodate the growing urban population. Despite these improvements, challenges

such as overcrowding, delays, and maintenance backlogs persist due to underfunding and bureaucratic inefficiencies (Mohamed, 2022). To address these issues, Egypt has sought foreign investment and collaborations with international organizations, which have contributed to technological upgrades and service improvements. However, sustaining these efforts requires continuous investment in human capital, infrastructure maintenance, and anti-corruption measures to ensure long-term efficiency and reliability in public service delivery.

In East Africa, Tanzania's public entities have shown varying levels of performance, with the Tanzania Electric Supply Company (TANESCO) being a key example. TANESCO has faced significant operational and financial challenges, including aging infrastructure, high electricity losses, and inadequate tariff structures, which have hindered its ability to provide reliable power supply (Audax et al., 2025). To address these inefficiencies, the Tanzanian government has implemented reforms such as independent power producers (IPPs) and renewable energy projects to enhance the energy mix and improve service reliability. While progress has been made, the persistence of bureaucratic inefficiencies and political interference underscores the need for regulatory autonomy and strategic planning to optimize the performance of public utilities. These examples from different African regions highlight the complexities and challenges public entities face, emphasizing the need for governance reforms, financial discipline, and strategic investments to enhance organizational performance.

1.1.3 Local Perspective on Organizational Performance

The organizational performance of public entities in Kenya is shaped by governance policies, financial management practices, and institutional reforms. The Kenya Power and Lighting Company (KPLC) serves as a prime example of performance challenges faced by public entities in the energy sector. Despite being the sole electricity distributor in the country, KPLC has struggled with operational inefficiencies, financial mismanagement, and high levels of system losses due to power theft and outdated infrastructure (Chemirmir et al., 2023; Ochieng 2023). The company has repeatedly sought government bailouts to sustain its operations, raising concerns over accountability and corporate governance. Although reforms such as prepaid metering and regulatory oversight have been introduced, the persistence of inefficiencies underscores the need for enhanced operational restructuring and financial discipline to improve service delivery (Ochieng, 2023).

In the transport sector, the Kenya Railways Corporation (KRC) has witnessed both improvements and setbacks in its performance. The launch of the Standard Gauge Railway (SGR) in 2017 was expected to enhance the efficiency of freight and passenger transport, reducing reliance on road transport (Kurenkov & Raymond, 2024). While the SGR has improved connectivity between Nairobi and Mombasa, concerns over its financial sustainability and operational costs have persisted, as it has struggled to generate enough revenue to meet its loan obligations. Additionally, operational bottlenecks, such as high tariffs for cargo transport and disputes over mandatory freight haulage, have affected its competitiveness. The case of KRC highlights the importance of strategic planning and cost-effective resource utilization to ensure the long-term viability of public infrastructure projects (Githaiga, 2023).

In the agricultural sector, the National Cereals and Produce Board (NCPB) plays a crucial role in stabilizing food security and supporting farmers through grain storage and distribution. However, the entity has been plagued by mismanagement, corruption, and inefficiencies in stock management, leading to frequent maize shortages and pricing volatility (Kariuki & Wanjala, 2023). Scandals involving the misallocation of subsidized fertilizers and the fraudulent sale of strategic grain reserves have undermined public trust in the institution. To address these challenges, the government has introduced policy reforms aimed at restructuring NCPB's operations, including privatization of some of its functions and enhancing transparency in procurement processes (Odinga, 2022). The challenges facing NCPB illustrate the impact of governance failures on public sector performance and the need for accountability mechanisms to improve service delivery.

In the healthcare sector, the National Hospital Insurance Fund (NHIF) has been a key player in providing health insurance coverage to Kenyans. Over the years, NHIF has expanded its coverage and introduced new insurance packages, yet inefficiencies related to fraud, delayed claims processing, and poor service delivery have hindered its overall effectiveness (Klynveld, Peat, Marwick, Goerdeler [KPMG], 2022; Owuor et al; 2023). Reports of misappropriation of funds and fraudulent claims processing have resulted in financial losses, affecting its ability to provide timely services to beneficiaries. The introduction of digital claims processing and automation of services has been a step toward improving efficiency, but sustained reforms in governance and oversight are necessary to ensure that NHIF fulfills its mandate effectively (Wafula & Snilstveit, 2020). The performance of NHIF highlights the broader challenges within Kenya's public sector, where inefficiencies and governance failures undermine service delivery,

necessitating policy interventions and strategic reforms to enhance institutional effectiveness.

1.1.4 Agricultural Finance Corporation

At twenty-four percent (24%) of the total, the agricultural sector is directly and indirectly responsible for a significant chunk of Kenya's GDP (ASTGS, 2019–2029). Because of this sector, which accounts for 65% of Kenya's exports, the country's ability to provide food and nutritional security, as well as increase employment opportunities, is substantially enhanced. As part of "The Big Four Agenda" and the ten percent annual economic growth rate targeted by Kenya Vision 2030, the agriculture sector is of utmost importance. In order to help the agricultural sector reach the 10% annual economic development target outlined in Kenya Vision 2030, AFC is working to address the challenges that participants in the industry have when trying to secure funding. Supporting the "food and Nutritional Security" and "Agro-Manufacturing" pillars will enable AFC to meet its financial commitment and advance the Big Four Agenda. As a global organization, AFC works toward the Sustainable Development Goals (SDGs) by assisting in the eradication of hunger (SDG2) and poverty (SDG1). Rising Incomes and Reasonable Job Opportunities SDG No. 8 SDG10: We shall halve the income gap. Our usage and production of goods will be conducted ethically, according to SDG 12.

AFC provides over 150 credit products targeting different agriculture value chains for financing land, inputs, storage, processing and sales. Loans range from as low as KES 50,000 to KES 200 million and maturities of a few months to seven years. Almost all products are offered at concessionary fixed rate of 10% which is 3.5% below existing interest ceiling of 13.5% and 7.5% below the unregulated former market rates of 18%

(Nyong'a & Maina, 2022). As mandated by the AFC Act, the Corporation is fully funded by the government of Kenya by a combination of agency grants and loans. Eight per cent (8%) of the balance sheet is funded by donor agencies and multilateral DFIs. Other donors and DFIs provide credit guarantee for an additional 8% of the balance sheet. An “inclusive” transformation is advocated in Africa centered on supporting the expansion of agriculturally based SMEs; this will lead to increased food insecurity, decreased poverty and inequality, and the creation of numerous productive jobs and revenue. This makes agriculture and value chains more attractive to young people, improves nutrition and the environment, and makes them more resistant to climate change shocks (Wakhisi, 2021).

1.2 Statement of the Problem

Public companies in Kenya have a history of poor performance; in fact, their cumulative operational performance was negative for the 2019/2020 fiscal year (World Bank, 2021). The net profit of Kenyan state enterprises, such as Kenya Railways, fell by 9,484,000 million Kenyan Shillings in 2020 compared to 2019's net profit of 18,213,000 million Kenyan Shillings (World Bank, 2021). According to Nyong'a and Maina (2022), the operational losses for the KAA, KPLC, and KPA in 2019 were Kshs -2,764,000, Kshs -3,245,000, and Kshs -5,708,000, respectively.

AFC established under the Agricultural Finance Corporation Act, Cap 323, plays a crucial role in providing financial support to farmers, cooperative societies, and agribusiness enterprises. Its primary mandate is to enhance agricultural productivity, promote rural development, and improve food security by offering affordable credit (Jaleha & Machuki, 2021). However, despite this mandate, AFC has consistently struggled with financial sustainability, loan repayment challenges, and operational inefficiencies. One of the most

pressing concerns is the high loan default rate, which stood at 58.8% between 2015 and 2020, significantly above the 9% industry average (Ngaruiya et al.,2023). Such a high default rate threatens AFC's ability to extend credit to farmers, directly impacting agricultural productivity and the livelihoods of rural communities.

One of the primary causes of AFC's performance struggles is its ineffective credit management system, which includes poor loan appraisal, weak risk assessment, and insufficient monitoring mechanisms. Studies indicate that state corporations in Kenya face similar inefficiencies due to bureaucratic constraints, political interference, and inadequate financial autonomy (Financial Sector Deepening [FSD] 2023). AFC's failure to adapt modern risk assessment models, strengthen recovery mechanisms, and introduce innovative agricultural financing products has further exacerbated its poor performance. Additionally, the limited adoption of digital financial solutions and inadequate strategic leadership have constrained AFC's ability to expand its credit portfolio efficiently (Wakhisi, 2021).

The impact of various strategic leadership approaches on organizational performance has been examined in several research. Research such as Schnell et al. (2021) identified grievances at excessively bureaucratic procedures, but it did not ascertain the extent to which these issues had extended to operational processes. While several individuals have expressed reservations with the inadequate planning and information leakage of parastatals, critics such as Fuad and Shale (2024) have neglected to provide a comprehensive explanation of the policy framework implemented to tackle these problems or the many types of government assistance for performance. Kitonga (2016) study primarily assessed the direct correlation between strategic leadership practices and

performance characteristics in non-profit organizations in Nairobi County. However, this study has focused on non-profit organizations rather than the agricultural industry in Kenya. Academic studies at the local level have investigated several strategic leadership approaches such as control, communication, planning, and direction. These studies include the works of Mohamed (2019), Muriithi (2021), Mailu et al. (2022) and Munyao et al. (2020). This resulted in a vacuum in the study of the impact of strategic leadership on the performance of AFC.

1.3 Research Objectives

This study was guided by the following general and specific objectives:

1.3.1 General Objective

To determine the influence of strategic leadership on performance of agricultural finance corporation in Kenya

1.3.2 Specific Objectives

The specific objectives included:

- i. To examine the influence of strategic direction on performance of Agricultural Finance Corporation in Kenya.
- ii. To determine the influence of organization culture on performance of Agricultural Finance Corporation in Kenya.
- iii. To assess the influence of strategic control on performance of Agricultural Finance Corporation in Kenya.
- iv. To determine the influence of strategic decision making on performance of Agricultural Finance Corporation in Kenya.

1.4 Hypothesis of the study

The study was guided by the following hypotheses

H₀₁: Strategic direction has no significant influence on performance of Agricultural Finance Corporation in Kenya.

H₀₂: Organization culture has no significant influence on performance of Agricultural Finance Corporation in Kenya.

H₀₃: Strategic control has no significant influence on performance of Agricultural Finance Corporation in Kenya.

H₀₄: Strategic decision making has no significant influence on performance of Agricultural Finance Corporation in Kenya.

1.5 Significance of the Study

1.5.1 Policy Makers

Government agencies and policymakers can use the study's findings to formulate and implement policies that promote effective strategic leadership in public corporations. This can help in improving governance, reducing inefficiencies, and enhancing service delivery across various sectors.

1.5.2 Agricultural Finance Corporation

As the focal point of the case study, AFC will gain specific, actionable insights into how strategic leadership can enhance its performance. This can lead to more effective financial services, better resource allocation, and improved support for the agricultural sector.

1.5.3 Agricultural Sector Stakeholders

Farmers, agribusinesses, and other stakeholders in the agricultural sector can benefit from a more efficient and effective AFC. Enhanced financial services and support can lead to increased agricultural productivity, better financial inclusion, and sustainable agricultural development.

1.5.4 Researchers and Academicians

Researchers and scholars in the fields of public administration, strategic management, and organizational studies will benefit from the study by gaining access to new empirical data and insights. This can inspire further research and contribute to the academic literature on strategic leadership and organizational performance.

1.6 Scope of the Study

This study focused on the influence of strategic leadership on performance of AFC with a special focus on strategic direction, organization culture, strategic control, strategic decision and performance. This study targeted 12 senior management team, 76 middle management and 116 lower management and supervisors at AFC headquarters. The study was conducted for a period of three months (May 2024 to August 2024).

1.7 Limitations and Delimitations of the Study

The study encountered several limitations, primarily revolving around the participants' concerns about their identities being exposed. Some participants were worried that their

identities might be revealed, which led to the necessity of disclosing certain individuals' identities to ensure that they felt comfortable sharing information. This challenge was compounded by the demanding jobs and busy schedules of the participants, which continued to pose restrictions on their involvement in the study.

To address these challenges, the researcher extended the data collection period, allowing more time for participants to contribute. During this extended period, the participants were closely monitored. However, many still exhibited a noticeable level of fear and caution towards the investigator, likely due to concerns about the volume of detailed information they were expected to provide without bias.

These concerns were mitigated by offering the necessary reassurances and citing correspondence from Kenya Methodist University, which helped to alleviate participants' worries. Despite confidentiality being a particularly sensitive issue, leading to some difficulties, the researcher assured the participants that the information they provided would be used strictly for the purposes outlined in the study.

1.8 Assumptions of the Study

In conducting a study to determine the influence of strategic leadership on the performance of public corporations in Kenya, with a specific focus on the AFC, several foundational assumptions were made to guide the research process. Firstly, it was assumed that there was a clear and consistent understanding of what constituted strategic leadership within the context of AFC and similar public corporations in Kenya. This ensured that all stakeholders had a common framework for discussing and evaluating leadership practices.

Additionally, it was assumed that performance could be accurately measured using specific, quantifiable metrics relevant to AFC, such as financial performance, customer satisfaction, employee engagement, and service delivery efficiency. This assumption was crucial for establishing a concrete basis for assessing the impact of strategic leadership. Furthermore, it was presumed that strategic leadership practices indeed had a measurable impact on organizational performance, suggesting that variations in leadership strategies would correlate with changes in these performance metrics.

Another critical assumption was that reliable and accurate data on strategic leadership practices and organizational performance were available and could be accessed from AFC and relevant public records. This assumption underpinned the feasibility of conducting a thorough and valid investigation. The study also assumed that respondents, including AFC employees and leadership, would provide honest and unbiased responses during surveys, interviews, or other data collection methods. This was essential for obtaining valid and reliable data that accurately reflected the situation within the organization.

Temporal consistency was another assumption, with the expectation that the influence of strategic leadership on organizational performance would remain stable over the study period, avoiding significant changes that could skew the results. Furthermore, it was assumed that AFC would maintain relative stability in its operations and structure during the study period, without major disruptions such as leadership overhauls or organizational restructuring that could confound the findings.

Lastly, specific aspects of strategic leadership, such as vision setting, communication, decision-making processes, and leadership styles, were assumed to be identifiable and

isolatable for the purposes of the study. This allowed for a focused analysis of how each component of strategic leadership impacted organizational performance. These assumptions collectively provided a structured framework that supported the study's objectives, ensuring that the research was both feasible and robust.

1.9 Operational Definition of Key Terms

The research is based on the following basic terms as defined.

Organization Culture: The set of rules that everyone in a parastatal follows while they work together (Sahinidis & Bakaki, 2022).

Organizational Performance: It encompasses various metrics, such as financial performance, operational efficiency, service quality, and stakeholder satisfaction (Verka et al., 2025)

Public Corporations: Government-owned entities that operate in commercial markets but are designed to serve public interests (Yu et al., 2024).

Strategic Control: The processes and systems used by organizations to monitor and evaluate the implementation of their strategic plans (Smith et al., 2023).

Strategic Decision Making: Systematic process of formulating long-term strategies that determine the trajectory and

achievements of a company (Mailu & Kariuki, 2022).

Strategic Direction:

Is the vision and framework that guides the long-term goals and actions of a parastatal. It encompasses the organization's mission, vision, values, and overarching strategies that determine its path forward (Hamonangan et al., 2025)..

Strategic Leadership:

The ability of leaders within an organization to inspire and guide the organization towards achieving its strategic objectives (Martinez & Fernandez, 2022).

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter dealt with the theoretical framework, the conceptual framework, review of key variables, empirical review and explanation of variables.

2.2 Theoretical Framework

Theories that guided the study included Contingency theory, Strategic fit theory, the resource-based view theory, and Stakeholder theory to demonstrate the relationship that existed between the research variables and the organizational performance of the Agricultural Finance Corporation.

2.2.1 Contingency Theory

Theorists like Joan Woodward, Paul Lawrence and Jay Lorsch, and Fred Fiedler established contingency theory in the 1960s and 1970s. This paradigm is influential in strategic management. An organization's strategic approach's efficacy is contingent upon the unique circumstances and setting in which it functions, as stated by Han and Hong (2021) in their theory. The core tenet is that success for any given business hinges on how well its strategy, structure, and external environment mesh. Xanthopoulos et al. (2022) state that companies can improve their performance by understanding and adjusting to these contingencies and developing strategies that are better suited to their specific conditions. The AFC works in a fast-paced and frequently unpredictable industry, thus the capacity to adapt is crucial for them.

The external environment, which includes economic conditions, technical improvements, and regulatory changes, must be carefully considered while determining AFC's strategic orientation. According to contingency theory, AFC's plans need to be adaptable in order to deal with these outside influences (Kitonga et al., 2016). At times of economic prosperity, AFC may pursue rapid expansion, but during recessions, it may take a more cautious approach to lending in order to reduce risk. According to Okongo et al. (2024), this alignment guarantees that AFC can withstand changes in the external environment and keep performing well.

Leadership is crucial in contingency theory because it ensures that the organization's strategy is in line with its needs and capabilities. Strategic decisions should be based on leaders' ability to accurately assess the internal and external environments of their organizations (Smith et al., 2023). The key to improved performance is well-conceived and well-executed strategic direction, which is what good leadership guarantees. For instance, according to Andrieiev et al. (2024) in order for AFC to increase its market share in rural areas, top management should make sure that resources are distributed properly and that employees are trained to cater to the specific requirements of remote clients.

According to contingency theory, AFC's resource base determines how adaptable its strategy is. To achieve its strategic objectives, a company must make the most of its human, financial, and technological resources (Ambulkar et al., 2022). If AFC sees a chance to offer new financial products that are specifically designed for farmers, it needs to make sure it has the money to make, sell, and back these products. The ability of AFC to accomplish its goals and perform better overall can be improved by coordinating its resources with its strategic direction (Verka et al., 2025).

The impact of AFC's external stakeholders, such as clients, government bodies, and partners, on the organization's strategic direction is emphasized by contingency theory. The expectations and needs of these stakeholders should guide AFC's strategic decisions, so the organization must communicate with them (Wilson, 2023). For instance, in order to make sure that AFC's products are useful and relevant, the organization's strategy should mirror the demand for climate-resilient financing options expressed by farmers. Enhancing performance and maintaining strong relationships with key constituencies can be achieved by AFC by aligning its strategic direction with stakeholder needs (Yu et al., 2024).

Because of its focus on strategy formulation and implementation that is specific to the context, contingency theory is well-suited to explaining how AFC's strategic direction affects organizational performance. The theory offers a thorough framework for comprehending and improving AFC's performance by centering on the alignment of strategy with external factors, organizational structure, leadership, resources, culture, and stakeholder demands. Taking a flexible approach allows AFC to adapt its strategies to its specific situation, which helps it achieve its goals and stay successful in the long run.

2.2.2 Strategic Fit Theory

Strategic fit theory, proposed by Chandler in 1962, emphasizes the alignment between an organization's strategy and its internal environment, including its culture, structure, and processes, to achieve optimal performance (Yu et al., 2024). This theory posits that a harmonious alignment, or "fit," between strategic choices and organizational elements fosters higher efficiency and effectiveness. Strategic fit theory highlights the importance of adjusting organizational culture to support strategic goals, suggesting that culture is not

a static backdrop but a dynamic element that influences and is influenced by strategic decisions (Brown & Jackson, 2022).

Organizational culture, defined as the shared values, beliefs, and norms that influence the behavior of members within an organization, plays a crucial role in implementing strategies (Singphen et al., 2019). According to strategic fit theory, the culture of an organization must align with its strategic objectives to ensure coherence in actions and decisions (Joesph et al., 2022). For the AFC, a strong, strategically aligned culture can drive performance by ensuring that employees are motivated, engaged, and aligned with the organization's goals, thereby facilitating the effective implementation of strategies tailored to the agricultural finance sector (Bilginoglu & Yozgat, 2023).

An organization that provides financial services to the agricultural sector, the alignment of organizational culture with strategic objectives is paramount. The theory suggests that for AFC to excel, it must cultivate a culture that supports its strategic focus on agricultural finance (Echwa & Murigi, 2022). According to Mailu and Kariuki (2022), this involves promoting values such as innovation, customer-centricity, and sustainability. By fostering a culture that prioritizes these values, AFC can enhance its ability to develop innovative financial products, provide exceptional service to its clients, and promote sustainable agricultural practices, all of which are critical to its strategic success.

Strategic fit theory underscores the role of organizational culture in shaping employee behavior and organizational practices. At AFC, a culture that aligns with the organization's strategic goals can lead to better decision-making, improved problem-solving capabilities, and greater resilience in the face of challenges (Echwa & Murigi, 2022). For example, if AFC's culture emphasizes continuous learning and adaptability, employees are more

likely to embrace new technologies and methodologies that improve efficiency and service delivery, thereby enhancing the organization's performance (Schaedler et al., 2022).

According to Munyao et al. (2020), strategic fit theory also highlights the importance of cultural coherence across different levels of the organization. For AFC, ensuring that the strategic goals are reflected in the everyday practices and behaviors of its employees is crucial. This requires consistent communication of strategic objectives, as well as leadership that embodies and reinforces the desired cultural attributes. By aligning culture with strategy at all organizational levels, AFC can ensure that its workforce is united in pursuit of common goals, thereby enhancing overall performance. Additionally, the theory emphasizes the need for continuous alignment and realignment of culture with strategic objectives as the external environment evolves (Ngaruiya et al., 2023). For AFC, this means regularly assessing and adjusting its organizational culture to respond to changes in the agricultural finance sector, such as shifts in market demand, regulatory changes, and technological advancements. By maintaining a flexible and adaptive culture, AFC can remain competitive and responsive to emerging opportunities and challenges (Mailu & Kariuki, 2022).

The choice of strategic fit theory to explain the influence of organizational culture on the performance of AFC is justified by the theory's comprehensive framework for understanding the dynamic interplay between strategy and culture. Unlike other theories that may focus narrowly on either strategic planning or cultural development, strategic fit theory provides a holistic perspective that integrates both elements. This makes it particularly suitable for analyzing how AFC can leverage its organizational culture to

support its strategic objectives and enhance its performance in the agricultural finance sector.

2.2.3 Resource-Based View Theory

According to the Resource-Based View (RBV) paradigm, which was mainly put out by Jay Barney in 1991, the distinctive resources and competencies of a company are the source of its competitive advantage (Han & Hong, 2021). Firms can get a competitive advantage that lasts according to this idea if they make use of resources that are valued, scarce, inimitable, and non-substitutable. According to Schaedler et al. (2022), the RBV framework has solidified its position as a cornerstone of strategic management by placing an emphasis on internal resources rather than external market factors. According to the theory's advocates, strategic control which involves keeping tabs on and assessing how well plans are being put into action is vital for preserving and maximizing these assets in order to boost the performance of organizations (Verka et al., 2025).

According to Smith et al. (2023), strategic control involves the continuous assessment and adjustment of strategies to ensure they align with the organization's objectives and external environment. Within the context of the RBV theory, strategic control is essential for identifying and nurturing key resources that can provide competitive advantage. For the AFC, this means regularly evaluating financial, human, and technological resources to ensure they are utilized effectively. By doing so, the AFC can adapt to changes in the agricultural sector, ensuring its resources remain valuable and relevant (Akpa et al., 2021).

The influence of strategic control on organizational performance is profound, particularly when viewed through the lens of RBV. Effective strategic control ensures that the AFC can continually refine its resource allocation and strategic initiatives, leading to improved

performance (Ambulkar et al., 2022). For instance, by strategically managing its financial resources, the AFC can provide more tailored and effective financial products to its agricultural clients, thereby enhancing client satisfaction and loyalty. This alignment of resources with strategic objectives is a direct application of RBV principles, highlighting the interconnectedness of strategic control and resource management (Tumate & Njoroge, 2023).

The RBV theory underscores the importance of protecting and developing inimitable resources. For the AFC, strategic control mechanisms can help identify opportunities for innovation and development in agricultural finance, creating resources that competitors cannot easily replicate (Wilson, 2023). This can include proprietary financial models, specialized expertise in agricultural economics, and advanced technological platforms tailored to the needs of agricultural clients. By focusing on these unique resources, strategic control helps the AFC maintain its competitive edge and drive superior organizational performance (Smollan & Mooney, 2024).

The RBV theory emphasizes the importance of leveraging rare resources for strategic advantage. Strategic control at the AFC can identify and capitalize on such rare resources, such as unique partnerships with agricultural stakeholders, exclusive data on agricultural trends, or specialized knowledge in agricultural financing (Li & Wang, 2022). By strategically managing these rare resources, the AFC can enhance its service offerings and market positioning, thereby improving overall performance and achieving sustained growth (Martinez & Fernandez, 2022).

The RBV theory also highlights the need for integrating various resources to create synergistic advantages. Strategic control plays a critical role in ensuring that the AFC's

diverse resources are effectively coordinated and integrated (Smollan & Mooney, 2024). This can involve aligning human resources with technological tools, or financial capital with market intelligence, to create comprehensive solutions for agricultural clients. By fostering such integration, strategic control helps the AFC maximize the potential of its resources, leading to enhanced operational efficiency and better performance outcomes (Hamonangan et al., 2025).

Strategic control based on RBV principles ensures continuous improvement and learning within the AFC. By regularly reviewing and refining strategic initiatives, the AFC can enhance its resource base and capabilities over time (Ambulkar et al., 2022). This iterative process of evaluation and adjustment is crucial for maintaining competitive advantage in the rapidly evolving agricultural finance sector. By embedding the principles of RBV into its strategic control practices, the AFC can ensure that its resources remain dynamic and capable of driving long-term success (Martinez & Fernandez, 2022).

The Resource-Based View theory is an apt choice for examining the strategic control and organizational performance of the Agricultural Finance Corporation. The RBV framework provides a robust theoretical basis for understanding how the effective management and utilization of unique resources can drive competitive advantage. Strategic control, guided by RBV principles, enables the AFC to continuously adapt and optimize its resources, ensuring sustained organizational performance and growth. This alignment of theory and practice underscores the relevance of RBV in strategic management and its critical role in enhancing the effectiveness of strategic control mechanisms.

2.2.4 Stakeholder Theory

A foundational paradigm for comprehending and directing strategic decision-making inside businesses, stakeholder theory was first put out by R. Edward Freeman in 1984. All stakeholders whose interests are either directly or indirectly impacted by an organization's decisions should be considered, according to this approach (Awino et al., 2023). Among these groups are communities, suppliers, employees, and customers. The idea places an emphasis on a more inclusive method of managing organizations and developing strategies, which contradicts the traditional notion of shareholders as the most important stakeholders (Hamonangan et al., 2025).

In the context of strategic decision-making, stakeholder theory provides a comprehensive lens through which AFC can evaluate its actions and policies. Strategic decisions within AFC must account for the diverse interests and potential impacts on all stakeholders (Ambulkar et al., 2022). For example, when considering the introduction of new financial products for farmers, AFC must weigh the benefits to its shareholders against the potential effects on farmers' livelihoods, the environment, and local communities. This holistic consideration ensures that strategic decisions are balanced and sustainable (Ngaruiya et al., 2023).

Stakeholder theory underscores the importance of engaging stakeholders in the decision-making process. For AFC, this means actively involving farmers, government agencies, financial partners, and community representatives in discussions about strategic directions (Mailu & Kariuki, 2022). By fostering a participatory approach, AFC can gather valuable insights, build trust, and enhance the legitimacy of its decisions. This engagement helps mitigate risks, as stakeholders are more likely to support decisions they had a role in

shaping, thereby improving the implementation and effectiveness of strategic initiatives (Wilson , 2023).

The application of stakeholder theory in strategic decision-making can lead to improved organizational performance for AFC. By prioritizing stakeholder relationships and addressing their concerns, AFC can enhance its reputation, increase customer loyalty, and foster long-term sustainability. For instance, by developing financial products that meet the specific needs of smallholder farmers, AFC can drive higher adoption rates and better repayment performance, which positively impacts its financial health and operational efficiency (Yu et al., 2024).

Stakeholder theory also encourages AFC to adopt a proactive stance in identifying and managing potential conflicts among stakeholder interests. Strategic decisions often involve trade-offs, and by anticipating these conflicts, AFC can develop strategies that aim for consensus or at least a balance of interests (Sanda & Kuada, 2016). This proactive conflict management can reduce friction, enhance cooperation, and lead to more robust and resilient strategic outcomes. For example, negotiating fair terms with both farmers and investors ensures that neither party feels marginalized, fostering a more stable operational environment (Mailu & Kariuki, 2022).

The integration of stakeholder theory into strategic decision-making processes also helps AFC navigate the complex regulatory landscape of the agricultural finance sector. By considering the perspectives and requirements of regulatory bodies, AFC can ensure compliance while also advocating for policies that support its strategic goals (Verka et al.,2025). This alignment with regulatory expectations not only avoids legal pitfalls but also positions AFC as a responsible and forward-thinking organization that contributes to

broader policy objectives, such as rural development and financial inclusion (Martinez & Fernandez, 2022).

Stakeholder theory is an apt framework for guiding strategic decision-making at Agricultural Finance Corporation. It ensures that all relevant parties are considered, fostering a more inclusive and balanced approach to strategy formulation and implementation. By prioritizing stakeholder engagement, managing conflicts, aligning with regulatory standards, and supporting CSR, AFC can achieve sustainable growth and improved organizational performance. The theory's emphasis on long-term value creation and ethical considerations aligns well with the mission and operational realities of AFC, justifying its choice as the guiding framework for strategic decision-making. (Kamau et al., 2025)

2.2.4 Balanced Scorecard (BSC) Theory

Robert Kaplan and David Norton established the BSC Theory in the early 1990s as a framework for strategic management to evaluate the effectiveness of organizations using metrics other than financial ones. Kaplan and Norton (1992) argued that traditional financial metrics alone were insufficient in assessing the overall health of an organization, particularly in complex environments such as public sector entities. The BSC introduced four key perspectives: financial performance, customer satisfaction, internal business processes, and learning and growth, which together provide a holistic view of an organization's effectiveness. This framework has since been widely adopted in both private and public sector organizations as a tool for aligning strategy with performance measurement (Kaplan & Norton, 1992).

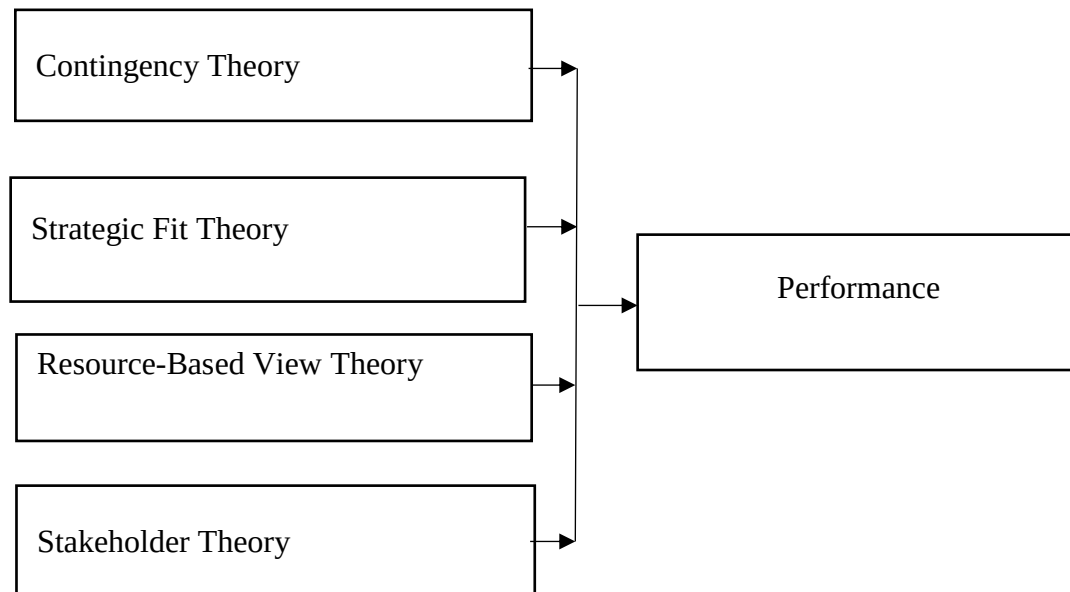
The financial perspective evaluates the ability of a public entity to utilize resources efficiently while maintaining fiscal discipline. In Kenya, state corporations such as the Kenya Power and Lighting Company (KPLC) have faced significant financial strain due to inefficiencies in revenue collection and debt accumulation (Ochieng, 2023). When financial sustainability is weak, service delivery is compromised, affecting long-term performance. Additionally, the customer perspective assesses public trust and citizen satisfaction with services provided. For example, the National Hospital Insurance Fund (NHIF) has struggled with service accessibility and transparency in claims processing, leading to public dissatisfaction (Owuor et al., 2023). When public entities fail to prioritize customer experience, their credibility diminishes, affecting overall performance and trust in government institutions.

The internal business processes perspective focuses on operational efficiency, regulatory compliance, and the effectiveness of service delivery. The Kenya Railways Corporation (KRC), for instance, has improved efficiency through the Standard Gauge Railway (SGR), which has enhanced transportation connectivity (Wekesa, 2022). However, bureaucratic inefficiencies and high operational costs have posed challenges to sustainability. The learning and growth perspective emphasize employee development, innovation, and institutional adaptability. Public entities such as the National Cereals and Produce Board (NCPB) have struggled with outdated management practices, limiting their ability to respond to market demands effectively (Lawendi, 2021; Silali, 2019). A workforce that lacks continuous professional development and technological adaptation hinders an entity's ability to evolve and improve service delivery.

The Balanced Scorecard (BSC) Theory is particularly suitable for evaluating the performance of public entities in Kenya because it provides a comprehensive approach that goes beyond financial metrics. Unlike traditional models that focus solely on cost efficiency, the BSC integrates multiple performance dimensions, ensuring that factors such as customer satisfaction, operational efficiency, and capacity building are considered (Kaplan & Norton, 2004). Given the governance and service delivery challenges facing Kenyan public entities, a multidimensional framework such as BSC is essential for driving strategic reforms and ensuring long-term institutional effectiveness. By applying BSC, policymakers and managers can develop targeted interventions that align financial sustainability, citizen satisfaction, and institutional efficiency, ultimately enhancing the performance of public organizations (Kimathi & Mwaura2023).

Figure 2.1:

Theoretical Framework



2.3 Empirical Literature Review

2.3.1 Strategic Direction and Performance

Okongo et al. (2024) examined youth empowerment organizations in Kenya that utilized government funding. The study examined the impact of strategic direction on the effectiveness of the groups. This study aimed to quantify goal attainment by applying the Balanced Scorecard methodology and the principles of strategic leadership. A total of 109 participants were randomly selected from five GSYEOs out of a population of 1,089 personnel for a descriptive research study. The correlation study findings indicate a positive correlation between strategic leadership and organizational performance. Analysis indicates that the senior executives of GSYEO should allocate sufficient funds to actualize the strategic direction.

Kitonga et al. (2016) set out to investigate the connection between strategic leaders' actions in setting company long-term goals and the results such executives got. A total of 328 nonprofit managers from Nairobi County, Kenya, participated in an embedded mixed-method study to determine the impact of a leadership variable on their organizations' ability to effectively set strategic direction. Companies that carefully consider their future course of action are more likely to succeed, according to the research. This study suggests that top-level management should clearly explain the nonprofit's strategic direction in order to reap major benefits. The purpose of this research was to examine how nonprofits in Nairobi County, Kenya, go about developing their strategic plans. It is recommended that similar outcomes be replicated in future research. By enhancing strategic leadership practices and, consequently, the performance of non-profit organizations, this study aims to propose research into strategic direction-setting (planning).

Based on the strategic leadership theory, Ngaruiya et al. (2023) demonstrated how pharmaceutical businesses in Kenya's organizational performance is affected by deciding

on a strategic path. A descriptive design based on positivism served as the study's foundation. In order to get an 82% response rate, 390 senior managers from three different types of organizations were selected using stratified simple sampling. These companies were local, generic, and research and development multinationals. Profitability, customer viewpoint, and learning and growth were the metrics used to evaluate organizational performance, while the leader's vision, purpose, and strategic objectives served to operationalize the strategic direction. The hypothesis was tested using five important tests: one-way ANOVA, chi-square test, ordinal logistic regression, and parameter estimates. A strong correlation between strategic direction and performance was found in the study. Organizational performance at Kenyan pharmaceutical businesses was shown to be positively impacted by leaders' vision, purpose, and strategic goals. Organizational performance is positively and substantially affected when the leader's strategic direction is understood, conveyed and coordinated across the board, according to the study's findings. As a result, the research concluded that executives should make sure their business is on the same page by incorporating their vision and purpose into their strategic goals.

Leadership styles and their effects on NGOs' operations were studied by Mailu and Kariuki (2022). Strategic direction was one of the objectives examined. Furthermore, 636 people serving as heads of financial departments at 159 non-governmental organizations (NGOs) were the intended recipients. The 244 participants who filled out the surveys were selected using a stratified sample technique. Leadership with a focus on strategy improved performance, according to Mailu and Kariuki (2022). On the other hand, innovation and customer happiness received just moderate backing.

Ng'ang'a et al. (2023) examined how tourism organizations in Kenya are influenced by strategic direction. In all, 420 members of the operations and management team were intended to be polled for this study. Three hundred and thirty-eight people took part in the study. Operations staff were involved in process development, according to Ng'ang'a et al. (2023), but management decided what to do. However, it turned out that the operations staff didn't get enough training to really put the strategic direction into action.

Munyao et al. (2020) looked at how the Africa Inland Church's theological training facilities in Kenya fared after receiving strategic guidance. A.I.C. theological training schools in Kenya administered both closed and open-ended surveys to their administration, staff, and third-year students in order to gather data. According to the research, when given a strategic direction, A.I.C. theological training institutions in Kenya performed better than average. The study's authors urged the top brass of Africa Inland Church's seminaries for theological education to face the economic storm head-on by planning ahead. However, first-, second-, and fourth-year students were not included in the study, even though they may have had a key part in the problem.

2.3.2 Organization Culture and Performance

Study by Akpa et al. (2021) demonstrated a connection between company culture and productivity. According to the research, firms may make more progress towards their objectives if their staff are dedicated and share their values and standards. This study compiles and synthesizes research on the topic of organizational culture and its impact on boosting performance and productivity. The study found that organizations with well-defined work ethics have employees who are very similar to one another in terms of beliefs

and values, as well as a strong emphasis on open and honest communication. This, in turn, boosts morale and productivity because workers feel more invested in their work.

A study conducted by Smollan and Mooney (2024) looked into the relationship between financial services company culture and performance. The researchers used a mixed-methods approach, surveying 200 workers at financial services companies quantitatively and conducting qualitative interviews with 20 upper-level supervisors. Qualitative interviews provide background and in-depth understanding, while quantitative data was evaluated using multiple regression techniques to probe the connection between company culture and performance indicators. According to the research, a company's productivity goes up when its employees work together. Employees were happier and the company did better financially for businesses that valued collaboration and open communication. In line with Nguyen and Hansen (2022) concept of organizational culture, which highlights the significance of shared beliefs and values in influencing employee conduct and organizational results, this is also the case. Since good leaders can set an example and reward teamwork, this study further emphasizes the importance of leadership in creating a welcoming work environment.

Martinez and Fernandez (2022) reviewed the organizational culture, corporate governance and performance in family businesses. The study utilized a survey method, collecting data from 120 family businesses and employing regression analysis to assess the impact of cultural values on governance practices and performance. The study found that a culture of trust and transparency within family businesses enhances governance practices and overall performance. This is in line with stewardship theory (Davis et al.,1997), which posits that a culture of trust and shared values can lead to superior organizational

outcomes. The findings also support the work of Dyer (1986), who highlighted that family businesses with strong, positive cultures often enjoy greater unity and better performance.

Utomo et al (2024) looked at how nonprofits' cultures affected staff engagement and productivity. In order to understand the influence of cultural characteristics on participation and performance, the study analyzed survey data from 150 nonprofit organizations using structural equation modeling (SEM). According to the study's findings, an organization's performance may be enhanced by fostering a mission-driven culture, which boosts employee engagement. This supports the idea that an organization's culture may provide a lasting advantage over the competition, which is in line with the RBV of the company (Awino et al., 2023). Findings from this study corroborate those of Njoroge (2023) who also discovered that nonprofit organizations can benefit from increased dedication and productivity when their missions and values are closely aligned.

In their study of manufacturing companies, Awino et al. (2023) looked at the relationship between company culture and long-term success. Two hundred and twenty manufacturing enterprises participated in the study, which used a cross-sectional survey approach to gather data. To evaluate the connection between cultural values and sustainable performance measures, data were examined using multiple regression approaches. Positive long-term performance was shown to be connected with a sustainability-oriented culture that places a premium on ethical behaviors and environmental responsibility, according to the study's authors. This lends credence to the idea that a company may reap ecological and financial rewards by making sustainability an integral part of its culture. The results also corroborate the natural resource-based perspective, which maintains that

companies may gain an edge in the market by focusing on sustainability-related competences.

Hamonangan et al. (2025) focused on organizational culture, leadership, and performance in healthcare organizations. The study conducted a longitudinal study over three years with 120 healthcare organizations, utilizing regression analysis to assess the impact of cultural dimensions on performance indicators such as patient satisfaction and operational efficiency. The study found that a patient-centered culture significantly improves patient satisfaction and operational performance. This aligns with Cameron and Quinn (2021) Competing Values Framework, emphasizing the importance of aligning organizational culture with strategic goals to achieve better performance. The findings also support the concept of the patient-centered medical home (PCMH) model, which integrates patient-centered principles into healthcare delivery to enhance care quality and patient outcomes.

Sanda and Kuada, (2016) assessed the role of organizational culture in enhancing employee performance in retail. Using a survey method, the study collected data from 180 retail employees and analyzed it using hierarchical regression models to explore the influence of cultural traits on employee performance. The study found that a customer-focused culture, characterized by high service quality and customer orientation, significantly boosts employee performance. These findings are consistent with the service-profit chain model (Ng'ang'a et al., 2025), which posits that employee satisfaction and performance are linked to customer satisfaction and organizational profitability. The research further underscores the importance of empowering employees and creating a culture that prioritizes customer needs, as highlighted in Mbirira et al. (2023) work on corporate culture and performance.

Wilson (2023) examined the cultural diversity and organizational performance in multinational corporations. The study conducted a survey among 100 multinational corporations, utilizing factor analysis and regression models to explore the impact of cultural diversity on performance. The study revealed that cultural diversity within organizations positively influences creativity and problem-solving, leading to improved performance. These findings are in line with the benefits of diversity highlighted by Kumar and Gupta (2023), which emphasize that diverse teams can bring varied perspectives and innovative solutions. The research also resonates with Baumann, et al. (2023). diversity perspectives model, which suggests that organizations that leverage diversity as a resource for learning and adaptation can achieve superior outcomes.

2.3.3 Strategic Control and Performance

Within the Chinese setting, Liang et al. (2025) studied the effects of operational and strategic control on the performance of new ventures. The research looked at 83 startups that were under eight years old when they made their initial public offerings (IPOs) and had equity financing from existing companies. These startups were created between 1993 and 2007. The study's findings indicate that new venture performance is positively correlated with operational control and negatively correlated with strategic control. The researchers also found that the new venture's political ties and the investor's industry relatedness moderated the relationships between the two forms of control and new venture performance. These findings hold true when compared to other metrics used to evaluate the success of new ventures.

When it comes to the federal government, Han and Hong (2021) looked at how accountability impacts performance. Three categories were examined in the study,

drawing from previous research: staffing, performance evaluation, and payment. Results showed that institutions encouraged responsibility for completed work, the exchange of information, the distribution of resources, and teamwork. Having performance measures in place allowed for better strategic management by allowing for positive evaluations of all new personnel and, if satisfied, incentive payments. Job termination was a tool used in cases of low satisfaction. That being said, the study's reliance on secondary data culled from publications to build conclusions is flawed.

Xanthopoulou et al. (2022) looked at the potential effects of culture on public institution performance and strategic control measures. Research on cultural strengths using the Competing Values Model (CVM) was conducted with 424 participants from 92 different Greek parastatal departments. The questionnaires were distributed electronically to the participants. Culture does not always impact the management and efficiency of a public organization, according to the findings. But the methods employed to get the data can cast doubt on the results. Possible alternative approaches that could provide different outcomes include focus groups, one-on-one interviews, or observation. Why? Because it's not enough to only look at what people say when evaluating a culture; you also need to see how they go about their daily lives.

Smith et al. (2023) carried out a study on strategic control mechanisms and organizational performance in technology firms. The study conducted a mixed-methods study involving quantitative surveys of 150 technology firms combined with qualitative case studies of five leading companies in the sector. The quantitative data were analyzed using multiple regression techniques to examine the relationship between strategic control mechanisms and performance outcomes, while the case studies provided in-depth insights into the

implementation and effects of these mechanisms. The study demonstrated that technology firms utilizing a combination of financial and non-financial strategic control mechanisms, such as balanced scorecards and strategic performance indicators, outperformed those relying solely on financial controls. This is in line with the balanced scorecard approach proposed by Kaplan and Norton (1996), which highlights the significance of combining financial and non-financial measures to offer a holistic perspective on the performance of a business. The findings also highlighted that firms with robust strategic controls could foster higher innovation rates, better market performance, and improved adaptability to technological changes.

Utomo et al. (2023) evaluated how strategic control works to make organizations more agile and productive. Using structural equation modeling (SEM), the research analyzed information from 200 different South Korean enterprises across five different sectors. Their investigation into the interplay between strategic control, organizational agility, and performance was facilitated by this approach. Strategic control procedures, agility indicators, and performance measurements including financial returns and market share were all part of the research. The study found that strategic control mechanisms positively impact organizational agility, defined as the ability to rapidly respond to market changes and uncertainties (Kanya & Johan, 2025). Enhanced agility subsequently led to improved overall performance. This suggests that strategic control is critical for maintaining competitive advantage in dynamic environments, as it supports rapid decision-making and flexible resource allocation. These findings resonate with dynamic capabilities theory, which underscores the importance of strategic processes in enabling firms to adapt and thrive amidst changing conditions.

Tumate and Njoroge, 2023) conducted a study on strategic control systems and organizational performance: evidence from the healthcare sector. The study carried out a longitudinal study spanning five years, collecting data from 120 healthcare organizations. They employed regression analysis to identify the impact of strategic control systems on performance metrics such as patient satisfaction, operational efficiency, and financial performance. The research indicated that healthcare organizations with robust strategic control systems, including regular performance reviews and strategic audits, exhibited higher levels of patient satisfaction and operational efficiency. These systems enabled better resource allocation, improved process management, and enhanced service delivery. The findings are consistent with the work of Lawendi (2021), who highlighted the role of strategic control systems in managing organizational processes and achieving strategic objectives. In the context of healthcare, strategic controls help align clinical and administrative functions with the overarching goal of patient care excellence.

Manyang (2023) examined a study on strategic control and performance in nonprofit organizations. The study employed a comparative case study approach, examining 50 nonprofit organizations through detailed interviews with managers and financial performance analysis. This approach allowed the study to explore how different strategic control mechanisms influenced various performance aspects, such as program effectiveness and donor retention. The study revealed that nonprofits with strategic control mechanisms, such as regular strategic planning sessions and performance evaluations, achieved higher donor retention rates and program effectiveness. This supports the view that strategic control is vital for nonprofits to remain mission-focused while ensuring operational efficiency (Bryson et al 2021). Effective strategic controls help these

organizations to systematically assess their activities, align them with their mission, and make informed decisions that enhance their impact and sustainability.

Liang (2025) conducted a study on strategic control, innovation capability and firm performance: Evidence from Chinese manufacturing firms. The study collected responses from 300 Chinese manufacturing firms. They applied multiple regression analysis. The survey included questions on the use of strategic controls, innovation activities, and performance outcomes. The study found that strategic control positively influences innovation capability, which in turn enhances firm performance. Firms that implemented strategic controls, such as performance monitoring and feedback systems, were better able to innovate and maintain competitive advantages in the market. This aligns with Schilling (2016) findings that strategic controls facilitate innovation by providing a framework for evaluating and guiding innovative activities. In the context of Chinese manufacturing firms, strategic controls helped navigate the competitive and often volatile market environment, leading to sustained performance improvements.

2.3.4 Strategic Decision Making and Performance

The effect of healthcare organizations' strategic decision-making on their performance was studied by Andrieiev et al. (2024). Data was collected from 80 healthcare organizations over the course of five years as part of the study's longitudinal approach. Using regression analysis, they looked at how strategic decision-making affected KPIs like financial stability and patient happiness. The research indicated that healthcare organizations with participative decision-making processes, involving key stakeholders such as physicians and nurses, achieved better performance outcomes. This supports the work of Bilginoğlu and Yozgat (2023) who highlighted the benefits of inclusive decision-

making in complex environments. The study also found that involving frontline staff in decision-making helps align strategic goals with operational realities, leading to more effective implementation.

Ambulkar et al., 2022) investigated the role of strategic decision making in enhancing performance in nonprofit organizations. The study utilized a comparative case study approach, examining 50 nonprofit organizations through detailed interviews with managers and financial performance analysis. The study revealed that nonprofits with strategic decision-making frameworks, such as logic models and theory of change, achieved higher donor retention rates and program effectiveness. This supports the idea that clear strategic frameworks help nonprofits articulate their goals and measure their impact more effectively. The research also underscores the importance of strategic clarity and alignment in resource-constrained environments.

Research by Wilson (2023) looked at how MNCs' strategic decisions affected their performances as an organization. The research used factor analysis and regression models to gauge responses from 100 MNCs. Results showed that MNCs performed better when their strategic decision-making procedures were adaptive, meaning they took local market conditions and cultural variations into account. In line with these results, the literature on global strategy stresses the need of adaptability and local responsiveness for multinational corporations (Amoah et al., 2022). The research highlights the significance of thoughtfully combining global integration with local adaptation when making strategic decisions.

Tumate and Njoroge (2023) reviewed the strategic decision making and financial performance in retail. The study conducted a survey of 180 retail firms, using hierarchical regression analysis to explore the impact of strategic decision-making processes on

financial performance indicators such as profit margins and return on investment. The research indicated that retail firms with comprehensive strategic decision-making processes, incorporating market analysis and competitive benchmarking, achieved higher financial performance. These findings support the strategic fit perspective, which suggests that aligning strategic decisions with market conditions and competitive dynamics is crucial for performance (Chemirmir et al.,2023). The study also emphasizes the role of strategic foresight in navigating market uncertainties.

Performance and strategic decision-making in educational institutions were studied by Brown and Jackson (2022). A mixed-methods study was carried out by the researchers, who polled 100 schools and also interviewed 15 principals in detail. Using multiple regression approaches, the quantitative data were examined, while the qualitative data offered valuable insights into the context. The research indicated that educational institutions with strategic decision-making processes that emphasize data-driven decision-making and stakeholder involvement achieved better academic performance and student outcomes. This aligns with the evidence-based management approach, which advocates for the use of empirical data and stakeholder inputs in making strategic decisions (Njoroge, 2023). The findings also support the concept of participatory leadership in education, which highlights the benefits of involving teachers and staff in strategic planning (Kanya & Johan, 2025).

Utomo et al. (2024) assessed the strategic decision making and innovation performance in technology firms. The study employed employed a survey method, collecting data from 120 technology firms and analyzing it using multiple regression techniques to assess the impact of strategic decision-making on innovation performance. The study found that

firms with strategic decision-making processes that emphasize innovation, such as R&D investment decisions and technology roadmapping, exhibited higher innovation outputs. This aligns with the work of Schilling (2016), who noted the critical role of strategic decision-making in fostering innovation capabilities. The findings also highlight the importance of strategic alignment in ensuring that innovation efforts are closely linked to overall business strategy.

Yu et al. (2024) focused on strategic decision making and employee well-being in the hospitality industry. The study collected data from 150 hospitality firms and analysed it using hierarchical regression techniques. The study found that strategic decision-making processes that prioritize employee well-being, such as decisions on work-life balance initiatives and employee development programs, significantly enhance organizational performance. This supports the human capital perspective, which posits that investing in employee well-being leads to higher productivity and performance (Becker, 2019). The research also highlights the importance of aligning strategic decisions with human resource practices to foster a supportive work environment.

The impact of strategic decision-making on energy companies' long-term viability was studied by Awino et al. (2023). One hundred thirty energy companies provided data for the study. The study used multiple regression approaches to evaluate the connection between sustainability performance measures and strategic decision-making processes. Energy companies that adopted sustainability-focused strategic decision-making procedures, such EIAs and sustainability reports, fared better in the long run, according to the research. This aligns with the triple bottom line approach Wakhisi (2021), which posits that firms should balance economic, environmental, and social goals. The research

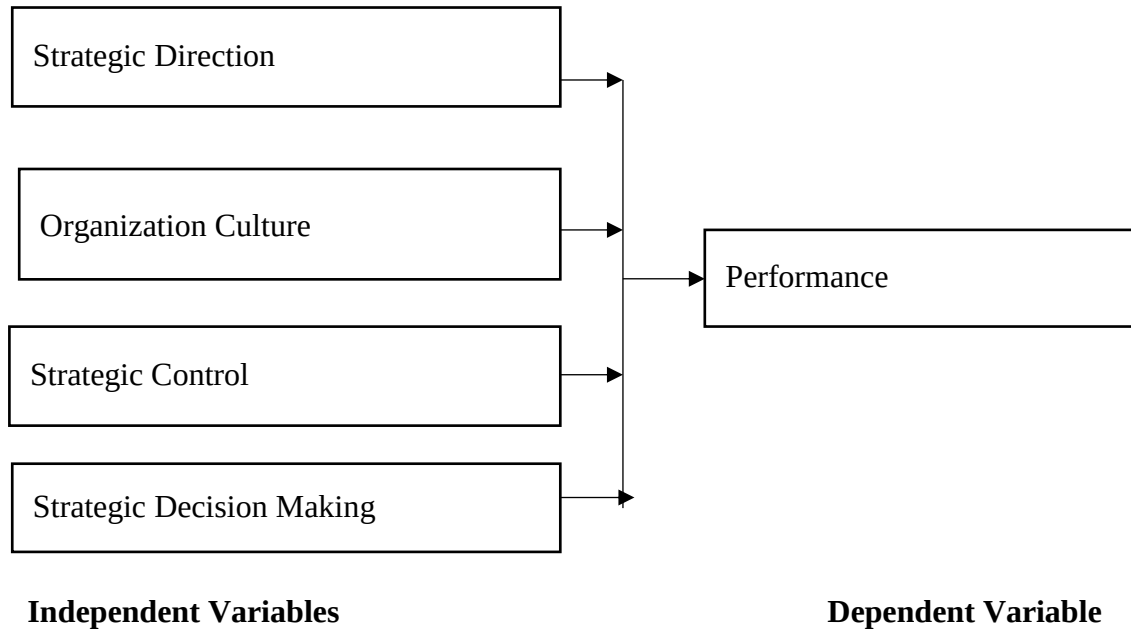
highlights the importance of integrating sustainability considerations into strategic decisions to drive holistic performance.

2.4 Conceptual Framework

An effort to graphically describe the character of research is known as a conceptual framework (Dzwigol, 2022). As a result, the purpose of Figure 2.1 illustrates how the predictor factors impact the response variable.

Figure 2.2:

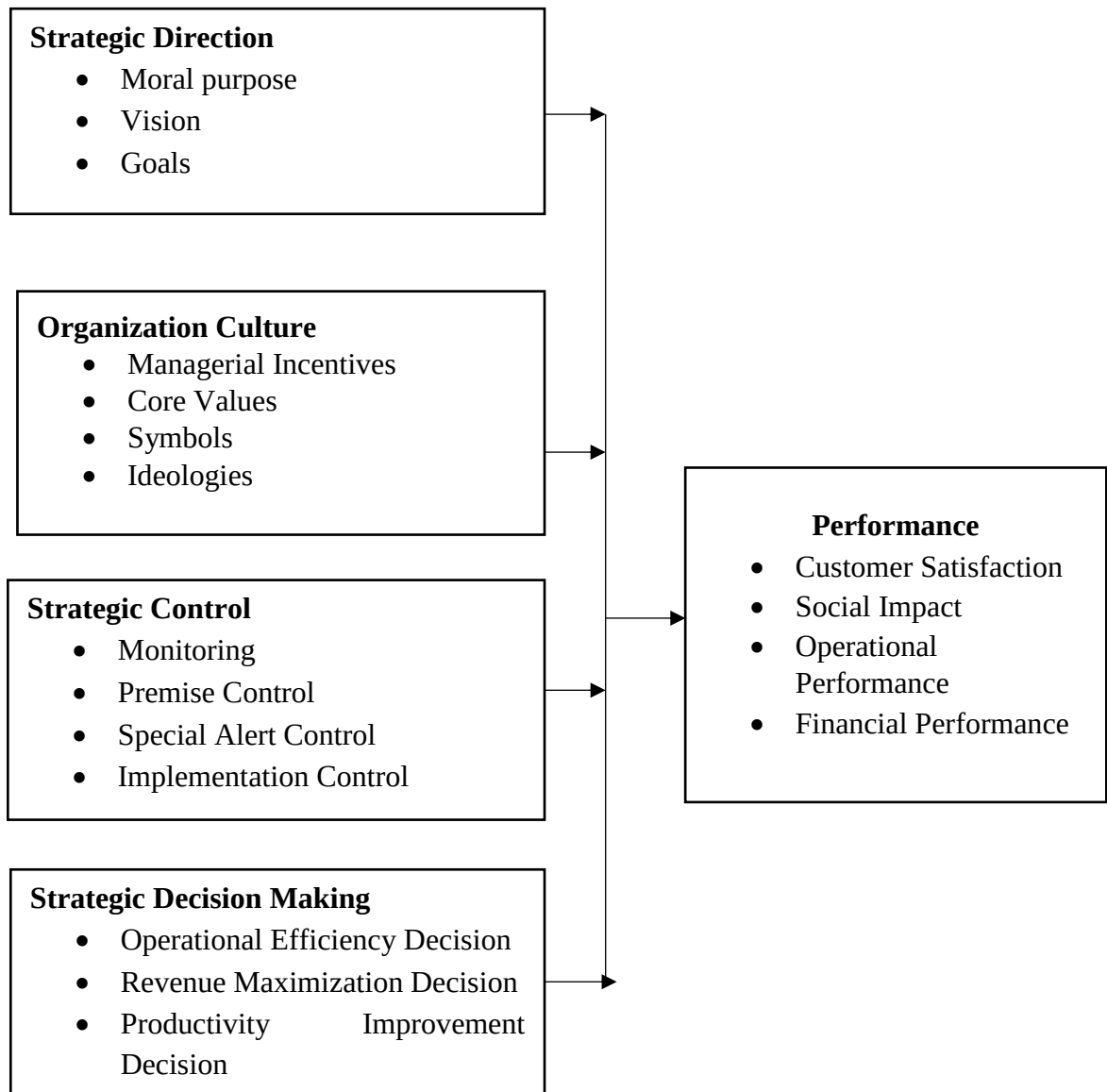
Conceptual Framework



2.5 Operational Framework

Figure 2.3:

Operational Framework



Dependent Variable

Independent Variables

2.6 Explanation of Variables

An explanation of the connection between the two sets of variables, dependent and independent, is provided by the framework.

2.6.1 Strategic Direction

Strategic direction in an organization is an essential compass guiding all its actions and decisions. It is anchored in three critical elements: moral purpose, vision, and goals. These components collectively shape an organization's strategic framework, influencing not only its internal dynamics but also its external engagements and performance (Martinez & Fernandez, 2022). Moral purpose defines the ethical foundation and societal contribution of an organization. Vision articulates a clear, aspirational future state, providing a long-term direction. Goals are specific, measurable targets that enable progress towards the vision. Each of these elements interplays to create a cohesive strategy that drives organizational success and sustainability

The effect of strategic direction on organizational performance is profound and multifaceted. A clear strategic direction ensures that all organizational efforts are aligned towards common objectives, minimizing wasted resources and maximizing efficiency (Ambulkar et al., 2022). Schnell et al. (2021) assert that a well-defined strategy differentiates an organization from its competitors, fostering a unique value proposition that attracts and retains customers. This differentiation is critical in achieving and sustaining competitive advantage. Additionally, a coherent strategic direction enhances decision-making processes, as it provides a consistent framework for evaluating options and making informed choices.

According to Utomo et al. (2024) organizations with a strong strategic direction also exhibit higher levels of employee engagement and satisfaction. Motivated and dedicated workers are the result of a clear understanding of and commitment to the organization's moral mission, vision, and objectives. This commitment translates into higher productivity, lower turnover rates, and a more cohesive organizational culture. Smith et al. (2023) suggest, organizational commitment is a critical predictor of employee retention and performance. Motivated workers not only increase output but also boost the company's image and appeal to potential new hires.

Strategic direction also plays a critical role in organizational adaptability and resilience. In a rapidly changing environment, organizations must be agile and responsive to new challenges and opportunities. A clear strategic direction provides the flexibility to adapt while staying true to the core mission and values (Akpa et al., 2021). Smollan and Mooney (2024) discussed dynamic capabilities as essential for organizational adaptability, highlighting the importance of strategic alignment in leveraging resources and capabilities effectively. Organizations with a well-defined strategic direction are better equipped to anticipate and respond to environmental changes, ensuring long-term sustainability and success.

The alignment of moral purpose, vision, and goals fosters innovation within the organization. When employees are motivated by a compelling vision and a strong ethical foundation, they are more likely to engage in creative problem-solving and innovative thinking. Nguyen and Hansen (2022) emphasizes the role of intrinsic motivation in fostering creativity, suggesting that a clear strategic direction can create an environment

conducive to innovation. This innovative capacity is crucial for maintaining competitiveness and relevance in a fast-paced, globalized market.

The strategic direction also enhances stakeholder relationships and external collaborations. An organization with a clear moral purpose and vision can attract partners and collaborators who share similar values and objectives. This alignment fosters trust and cooperation, leading to mutually beneficial partnerships and synergies. Freeman (2023) posits that stakeholder theory emphasizes the importance of aligning organizational interests with those of its stakeholders. Effective strategic direction ensures that the organization's actions resonate with its stakeholders, enhancing its social capital and external support.

Strategic direction, encompassing moral purpose, vision, and goals, is vital for organizational performance and sustainability. It provides a coherent framework that guides decision-making, aligns efforts, and fosters a culture of engagement, innovation, and resilience. By embedding ethical values and a compelling vision into the strategic fabric, organizations can enhance their reputation, attract and retain talent, and build strong stakeholder relationships. This holistic approach to strategic direction not only drives performance but also ensures long-term success and societal contribution, positioning the organization as a leader in its field.

2.6.2 Organization Culture

In order for a company to be efficient and successful, its culture must be strong. It consists of the things that everyone in the company believes and does based on a set of common principles. This culture profoundly influences various aspects of organizational performance, ranging from employee morale and productivity to innovation and

adaptability (Wilson , 2023). These elements collectively create a unique environment that impacts employee behavior, decision-making processes, and ultimately, organizational success. According to Schein (2021), organizational culture operates at multiple levels, from observable artifacts to deeply ingrained assumptions, making it a complex yet integral aspect of management studies.

Employee morale and motivation are greatly impacted by organizational culture. Job satisfaction and engagement levels increase when employees feel appreciated and respected within an inclusive and supportive culture (Liang et al., 2025). Employees that are enthusiastic about their work are more likely to go above and above, take the initiative, and remain loyal to the company. Because of the enthusiasm and dedication they bring to their work, the company is able to achieve more success. Employees are more invested in the success of the company and its mission when they are acknowledged and rewarded for their efforts and new ideas (Mailu & Kariuki, 2022).

Organizational culture also has a significant impact on innovation. Okongo et al. (2024) found that innovative goods, services, and processes may be developed in an environment that promotes creativity and the exploration of new ideas. An atmosphere where employees feel comfortable to try new things and be creative may be created by a culture that encourages risk-taking without punishing those who fail. In order to maintain a competitive edge and meet the evolving demands of the market, this is crucial for enterprises. Long-term success and expansion are the results of an innovation-driven culture's ability to adapt to shifting consumer preferences and industry conditions (Liang et al., 2025).

A strong organizational culture enhances collaboration and teamwork. A culture that promotes trust, respect, and mutual support among employees facilitates effective communication and cooperation (Martinez & Fernandez, 2022). When employees work well together, they can leverage each other's strengths and expertise, leading to more efficient problem-solving and decision-making. This collaborative environment is crucial for tackling complex challenges and achieving organizational objectives, ultimately boosting performance (Smith et al., 2023).

The alignment of organizational culture with strategic objectives is also essential for maximizing performance. When the culture of an organization is in sync with its strategic goals, employees are more likely to understand, embrace, and work towards these objectives (Verka et al. (2025) This alignment ensures that everyone is moving in the same direction, which enhances coherence and focus within the organization. Strategic alignment of culture and goals helps in achieving desired outcomes more effectively and efficiently (Wilson , 2023).

The leadership of an organization is crucial in creating and maintaining its culture. When leaders demonstrate the organization's principles in their daily actions, it sends a message to everyone else. Leaders that are effective at what they do inspire their teams to act in a way that is consistent with the organization's values and vision (Lola & Paul, 2022). Leadership commitment to maintaining a positive and productive culture is critical in driving organizational performance and achieving long-term success. Additionally, a positive organizational culture attracts and retains top talent. Employees are more likely to join and stay with an organization that offers a supportive and engaging work environment. High retention rates reduce turnover costs and maintain institutional

knowledge, which is beneficial for continuity and sustained performance. Organizations with strong cultures are seen as desirable employers, helping them to attract the best talent in the market (Echwa & Murigi, 2022).

External perception and reputation are also influenced by organizational culture. A positive culture enhances an organization's reputation among customers, partners, and the broader community. Stakeholders are more likely to trust and engage with an organization that demonstrates integrity, reliability, and a commitment to ethical practices. A strong reputation can lead to increased customer loyalty, better partnerships, and more opportunities for growth and success (Echwa & Murigi, 2022). According to Utomo et al. (2024) adaptability to change is another crucial aspect influenced by organizational culture. A culture that embraces continuous learning and flexibility can better navigate the complexities and uncertainties of the business environment. Organizations with adaptable cultures are more resilient in the face of change, whether it be technological advancements, regulatory changes, or market fluctuations. This adaptability ensures sustained performance and long-term viability.

2.6.3 Strategic Control

According to Verka et al. (2025) setting specific, attainable goals is the first step in strategic control. All following strategic initiatives are guided by these objectives, which serve as the criteria for corporate performance. The SMART framework ensures that goals are well-defined, quantifiable, relevant, and have a deadline. A business may decide that it wants to boost its market share by 10% in the next two years. Having such specific goals gives the company a sense of purpose and helps coordinate the activities of different divisions. Ensuring that every effort is directed towards the wider strategic goals, they

also make it easier to monitor success and identify areas that require improvement (Schaedler et al., 2022).

For organizations to track their progress towards these goals, key performance indicators (KPIs) must be set up. KPIs are numerical measures that capture important aspects of a successful endeavor. For businesses, they show how well they're doing in relation to their long-term objectives (Lola & Paul, 2022). For instance, in a customer-centric organization, KPIs might include customer satisfaction scores, churn rates, and average response times. KPIs should be regularly monitored to provide real-time insights into performance, enabling quick responses to emerging trends or issues. This continuous measurement ensures that the organization remains focused on its strategic priorities and can make informed decisions to stay on course (Ding et al., 2023).

To effectively utilize KPIs, organizations must implement robust monitoring systems. These systems involve the continuous collection and analysis of performance data. Advanced technology solutions, such as business intelligence software and real-time analytics tools, can facilitate this process by providing comprehensive data dashboards and automated reporting (Lola & Paul, 2022). Regular data analysis allows managers to detect performance deviations early and take corrective actions swiftly. For example, if sales figures start to decline, the monitoring system can highlight this trend, prompting an investigation into the causes and the development of strategies to counteract the decline. Effective monitoring systems ensure that organizations can maintain high performance by responding quickly to internal and external changes (Martinez & Fernandez, 2022).

Strategic control requires conducting regular strategic reviews to assess the effectiveness and relevance of current strategies. These reviews typically involve a comprehensive

analysis of the organization's performance, market conditions, competitive landscape, and internal capabilities (Manyang , 2023). During these reviews, leaders evaluate whether the strategic objectives are being met and whether the strategies in place are still aligned with the organization's mission and vision. For example, an annual strategic review might reveal that a competitor's new product is capturing market share, prompting the organization to innovate or re-strategize. The effectiveness and relevance of strategies in an ever-changing environment may be assured by regular strategic assessments (Han & Hong, 2021).

An essential element of strategic control is the ability to adapt to changes in the external environment. The business landscape is dynamic, with new opportunities and threats emerging regularly. Effective strategic control mechanisms ensure that organizations can pivot their strategies when necessary (Kumar & Gupta, 2023). This might involve reallocating resources to more promising areas, revising product offerings, or entering new markets. For example, a technology company may need to shift focus to emerging technologies to stay competitive. Being able to adapt quickly ensures that the organization can continue to progress towards its objectives despite changes in the external environment (Sanda & Kuada, 2016).

In strategic control, clear and consistent communication is key to making sure that all members of the company are on the same page with the long-term goals. One way to ensure that all workers are aware of the strategy goals and the significance of key performance indicators is through continuous and clear communication (Utomo et al., 2024). Because everyone knows what they need to do to contribute to the goals' realization, it encourages responsibility and pride in work. Regular updates and feedback

loops keep everyone informed about progress and challenges, facilitating a collaborative approach to strategy execution (Brown & Jackson, 2022).

Finding and controlling the risks that might derail the attainment of strategic goals is another part of strategic control. By assisting businesses in anticipating and reducing the impact of possible disturbances, risk management is an essential component of strategic control (Martinez & Fernandez, 2022). This requires the detection of possible dangers, evaluation of their severity, and formulation of plans to deal with them. A company expanding into a new market might conduct a risk analysis to identify regulatory challenges or market entry barriers and develop contingency plans. Proactive risk management ensures that the organization can navigate uncertainties and maintain its strategic direction (Kumar & Gupta, 2023).

2.6.4 Strategic Decision Making

Strategic decision making is a crucial process in any organization, shaping its long-term direction and success. Effective strategic decisions align with the organization's mission, vision, and goals, ultimately driving performance and competitive advantage (Kinyua, 2024). This process begins with a deep understanding of both the internal and external environments. Internally, organizations analyze their resources, capabilities, and current performance, while externally, they assess market conditions, competitive dynamics, and broader economic, social, and technological trends. Such comprehensive analysis informs strategic choices that enhance an organization's strategic positioning and performance (Martinez & Fernandez, 2022).

Setting clear objectives is fundamental to strategic decision making. These objectives should be SMART. They guide the organization's strategic initiatives and provide

benchmarks for performance evaluation (Nyong'a & Maina, 2022). For instance, an organization might aim to increase its market share by 15% over the next three years. Alongside these objectives, establishing KPIs is essential. KPIs are specific metrics used to track progress and performance relative to the strategic goals, providing a clear picture of whether the organization is on track and allowing for timely adjustments (Audax et al., 2025).

Strategic decision making directly impacts various aspects of organizational performance. It ensures optimal resource allocation, which is critical for maximizing efficiency and achieving strategic goals (Pasaribu et al., 2021). By prioritizing initiatives that align with strategic objectives, organizations can avoid wastage and ensure resources are directed towards high-impact activities. Strategic decision making encourages innovation by identifying opportunities for growth and improvement. Organizations that make strategic investments in research and development, new technologies, or new markets are better positioned to stay competitive and adapt to changing market conditions (Martinez & Fernandez, 2022). Strategic decision making involves assessing potential risks and developing strategies to mitigate them. This proactive approach to risk management helps organizations avoid or minimize disruptions, ensuring smoother operations and sustained performance (Bhardwaj et al., 2021).

Employee engagement and morale also benefit from strategic decision making. Involving employees in the process and clearly communicating strategic objectives enhances engagement and morale (Samad et al., 2021). When employees understand the strategic direction and their role in achieving it, they are more motivated and committed, positively impacting performance. Additionally, strategic decisions that focus on understanding and

meeting customer needs improve customer satisfaction and loyalty, strengthening the organization's market position and driving performance (Bilginoglu & Yozgat, 2023).

Leadership plays a critical role in strategic decision making. Effective leaders are visionary, capable of seeing the bigger picture and anticipating future trends. They foster a culture of strategic thinking, encouraging innovation and risk-taking (Bhardwaj et al., 2021). Leaders are also responsible for making tough decisions, balancing short-term pressures with long-term goals. Their ability to communicate the strategic vision and inspire employees to work towards it is crucial for successful implementation and performance (Bilginoglu & Yozgat, 2023).

The AFC in Kenya provides a practical example of how strategic decision making influences organizational performance. AFC's mission is to provide financial solutions to Kenya's agricultural sector (Omondi et al., 2022). Strategic decision making at AFC involves understanding the agricultural market, identifying trends, challenges, and opportunities, which helps in making informed decisions about product offerings and investment areas. AFC sets clear objectives, such as increasing the number of loans provided to smallholder farmers or expanding its reach to underserved regions, guiding its strategic initiatives and resource allocation (Echwa & Murigi, 2022).

Strategic decision making is an ongoing process that requires continuous monitoring and adaptation. Organizations need to regularly review and adapt their strategies in response to internal and external changes (Samad et al., 2021). This involves analyzing performance data, gathering feedback, and being willing to pivot or refine strategies as needed. By maintaining a vigilant and proactive approach to strategic decision making,

organizations can navigate complexities and uncertainties, ensuring sustained progress towards their goals and achieving long-term success (Lola & Paul, 2022).

These findings concur with Smith et al. (2023) who carried out a study on strategic control mechanisms and organizational performance in technology firms. The study conducted a mixed-methods study involving quantitative surveys of 150 technology firms combined with qualitative case studies of five leading companies in the sector. The quantitative data were analyzed using multiple regression techniques to examine the relationship between strategic control mechanisms and performance outcomes, while the case studies provided in-depth insights into the implementation and effects of these mechanisms. The study demonstrated that technology firms utilizing a combination of financial and non-financial strategic control mechanisms, such as balanced scorecards and strategic performance indicators, outperformed those relying solely on financial controls. Including both financial and non-financial measures in a balanced scorecard framework, as proposed by Kaplan and Norton (1996), is crucial for a complete picture of an organization's success. The findings also highlighted that firms with robust strategic controls could foster higher innovation rates, better market performance, and improved adaptability to technological changes.

Similarly, Verka et al. (2025) evaluated how strategic control works to make organizations more agile and productive. Using structural equation modeling (SEM), the research analyzed information from 200 different South Korean enterprises across five different sectors. Their investigation into the interplay between strategic control, organizational agility, and performance was facilitated by this approach. Strategic control procedures, agility indicators, and performance measurements including financial returns and market

share were all part of the research. The study found that strategic control mechanisms positively impact organizational agility, defined as the ability to rapidly respond to market changes and uncertainties (Audax et al.,2025). Enhanced agility subsequently led to improved overall performance. This suggests that strategic control is critical for maintaining competitive advantage in dynamic environments, as it supports rapid decision-making and flexible resource allocation. These findings resonate with dynamic capabilities theory, which underscores the importance of strategic processes in enabling firms to adapt and thrive amidst changing conditions.

2.7 Research Gap

The empirical literature reviewed provides strong evidence that strategic direction significantly impacts organizational performance across different industries, including youth organizations Okongo et al. (2024), nonprofits Kitonga et al. (2016), pharmaceutical companies Ngaruiya et al. (2023), NGOs Mailu and Kariuki, (2022), and theological institutions Munyao et al. (2020). While these studies confirm the positive correlation between strategic leadership and performance, they primarily focus on nonprofit organizations, private sector enterprises, and educational institutions, with limited emphasis on state-owned financial institutions such as the AFC in Kenya. The lack of literature examining how strategic leadership, particularly strategic direction, influences the performance of public agricultural financing institutions presents a critical research gap. Additionally, studies such as Ng'ang'a et al. (2023) indicate that operational teams are often inadequately trained to implement strategic direction effectively, suggesting a gap in how strategy execution is managed in organizations similar to AFC.

Another research gap arises from methodological inconsistencies in measuring the impact of strategic direction on performance. Many studies, such as Ahmed and El-Sayed, (2022), Kurenkov and Raymond (2024), Ngaruiya et al. (2023) and Wekesa (2022) have relied on descriptive and correlational research designs, failing to capture the causal relationship between strategic direction and performance. Additionally, studies such as Kimathi and Mwaura (2023). used the Balanced Scorecard methodology to quantify organizational effectiveness, but their focus was on youth empowerment organizations, which have different governance structures compared to state-owned financial institutions. Similarly, Munyao et al. (2020) only considered third-year students and administrators in theological institutions, neglecting other stakeholders who may have played a role in strategic implementation. These methodological gaps highlight the need for a more comprehensive, empirical approach to examining strategic direction within AFC to determine how it contributes to financial performance, governance efficiency, and service delivery in the agricultural sector.

Furthermore, strategic direction as an antecedent variable has not been explicitly examined in most studies, despite being a critical component of the strategy implementation process. Studies such as Ng'ang'a et al. (2023) and Mailu and Kariuki (2022) acknowledge that strategic direction is often set at the senior management level but is poorly executed at the operational level due to limited training, inadequate communication, and misalignment with organizational goals. However, none of these studies explicitly operationalized strategic direction as an antecedent variable in their frameworks. This study seeks to bridge this gap by clarifying how strategic direction precedes and influences the implementation of strategic control, organizational culture,

and strategic decision-making within AFC. By doing so, this research will extend the theoretical and empirical understanding of how strategic leadership shapes the performance of state-owned financial institutions in Kenya's agricultural sector.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Methodological considerations on the effects of strategic leadership on performance were discussed in this chapter. It outlined the procedure for gathering and analyzing data, as well as the study's design, population of interest, and sampling strategies. Tests for diagnostic accuracy, research instrument validity and reliability, and a pilot study were all discussed in this chapter.

3.2 Research Design

Researchers systematically conducted their studies using a predetermined plan known as the research design (Bickel, 2020). Dzwigol (2022) expanded on this by explaining that research designs served as comprehensive blueprints, shaping the structure of the study to meet its objectives. To depict the current state of affairs and gather, a descriptive research approach was employed. The descriptive research design was seen as fitting because it captured the characteristics of the event or situation in the real world with accuracy (Golder & Golder, 2021).

3.3 Target Population

According to Mehmetoglu and Jakobsen (2022), a target population is an exhaustive catalog of all the things or people in a certain sector that had at least one characteristic. As a result, research samples were often representative of the population as a whole (Tabachnick & Fidell, 2020). The participants in this study were 116 members of the supervisory and lower management teams, 76 members of the middle management team, and 12 members of the AFC senior management team. Executives were the only ones who should have been considered for positions of strategic leadership, as they were the ones who decided how the company would acquire and use its resources.

Table 3.1:

Target Population

Category	Population
Senior Management Team	12
Middle Management	76
Lower Management and Supervisors:	116
Total	204

Source: AFC HR Department (2024)

3.4 Sampling Frame

The sample frame was essentially a list of individuals from which the sample was drawn. For the AFC, this list was obtained from internal organizational records, which could have included human resources (HR) databases, employee directories, or payroll records. The HR department of the AFC was the most reliable source for obtaining the sample frame, as they maintained comprehensive records of all employees, categorized by their roles and

levels within the organization (Senior Management, Middle Management, and Lower Management and Supervisors).

3.5 Sample Size and Sampling Procedure

Sampling is the process of selecting a subset of units from a larger population (Golder & Golder, 2021). Choosing a subset of a population to represent the entire population is the standard operating procedure for sampling. For research to draw valid conclusions about the population, the study employed a sampling procedure to produce samples. A sampling formula developed by Yamane (1967) was employed by the researcher to ascertain the sample size for this investigation. The participants were chosen using a simple random selection method.

$$n = \frac{N}{1+N(e^2)}$$

$$n = \frac{204}{1+204(0.05^2)}$$

$$n = 135$$

Table 3.2:
Sample Size

Category	Population
Senior Management Team	8
Middle Management:	50
Lower Management and Supervisors:	77
Total	135

3.6 Data Collection Instruments

In order to accomplish the goal of the study, primary data was mostly gathered through surveys of participants. Quantitative data were utilized in this investigation. The goals of the study informed the development of the questionnaires. Answers to closed-ended questions tailored to the study's aims made up the bulk of the questionnaire used to gather data. Data collection using questionnaires was guided by the following considerations: the extent to which confidentiality was maintained, the amount of time saved, and the convenience of administration.

In order to supplement the original data with further context, background information, and validation, secondary data were gathered from established, trustworthy sources. The information was gathered from appropriate sources, including textbooks, online resources, periodicals, and scholarly publications worldwide that were up-to-date, accurate, adequate, and relevant.

3.7 Data Collection Procedures

The researcher obtained the necessary authorizations from the institution by means of an introductory letter. This letter served as an application for research permission at NACOSTI. While awaiting approval for the research permission, the researcher proceeded with the recruitment of two research assistants. The researcher provided guidance and instruction on the subject of conversation and the need to maintain confidentiality. Subsequently, the researcher-maintained communication with them, providing updates on the progress of the research at various stages. Upon obtaining the research permit, the researcher began the data gathering procedure. On the designated day of data collection, the researcher physically went to the primary headquarters located in Nairobi.

After obtaining consent, the researcher expeditiously delivered the questionnaires to be filled out by the individuals during their waiting period. The surveys that had been filled out were thereafter forwarded to the data analyzer for scrutiny. Nevertheless, in the event that the participants refused to take part, the researcher or research assistants did not exert any pressure on them but rather conveyed appreciation for their time.

3.8 Pre-Testing the Instrument

Due to the numerous advantageous characteristics associated with pilot testing, the researcher intended to carry out a pilot test that corresponded to 10% of the total sample size of the study. This experiment aimed to ascertain the duration required to conduct the research. The pilot testing exercise was done in a manner that closely resembled the real research. The data collected during the pilot test informed the refinement of the questionnaire's question structure. The pilot sample was deliberately chosen to expedite the process and eliminate time inefficiencies in both the gathering and processing of pilot data. Following the completion of the investigation, certain elements that appeared to lack clarity were modified or removed.

The pilot study was conducted at the AFC Nakuru Regional Office, which operates under similar governance structures and financial procedures as other AFC branches. This location was selected because it provides a comparable environment to the broader AFC network while ensuring that the respondents in the main study were not influenced by prior exposure to the research instruments.

3.8.1 Reliability

An analysis of the questionnaire data was used to assess the reliability of the measures. In this pilot experiment, the reliability of the questionnaire's measurement items was assessed using the internal consistency test, specifically Cronbach's alpha level. An appropriate value for Cronbach's alpha is 0.70 or above (Zhu, Sari & Lee, 2020). A higher Cronbach's alpha indicated a more reliable result. For each construct, Cronbach's alpha, an internal consistency test, was used to conduct the reliability test. Additionally, this study conducted reliability tests throughout the main study and report the results in chapter four (Williams et al., 2013).

3.8.2 Validity

Dzwigol (2022) defines face validity as an individual's subjective judgment of how a construct should be operationalized. In order to establish the validity criteria, the questions were worded and presented in a certain way, and the respondents will be asked to remark on these aspects. The final research also included additional tests for discriminant and convergent validity. In response to a few questions, participants were offered suggestions for improvements. The final research was not conducted until the questionnaire questions had been revised.

This study investigated two dimensions of data validity, namely sample adequacy and content validity. Bartlett's test of sphericity and KMO measurements were employed to verify the adequacy of the sample. In order to ascertain the content validity of the research instrument, statisticians, industry experts, and strategic leaders reviewed and assessed it for validity. The final metric was an average of all the ratings. Reviewers' feedback was also included in the research instrument to ensure that the study tool was free of extraneous

questions and statements that were confusing or ambiguous. The aim was to make the study instrument more user-friendly and clearer so that respondents would be more likely to fill it out, thereby improving the response rate.

3.9 Data Analysis and Presentation

A questionnaire was used to collect quantitative data in this study since primary data is important. The results were displayed in a tabular format, making it easier to compare and draw conclusions. Utilizing Pearson correlation analysis, the study investigated the relationship between the independent variables and the dependent variable. With the use of multiple regression analysis, the study established the joint link between the factors and the dependent variable at a significance level of 0.05. The following model was utilized to achieve this:

$$Y = B_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Y – Performance of AFC

‘ B_0 ’ – is a constant, the results when all variables X_1 to X_4 are zero.

X_1 – Strategic Direction

X_2 – Organization Culture

X_3 – Strategic Control

X_4 – Strategic Decision Making

‘ $b_1 - b_4$ ’ – Regression coefficients

ε – error term

3.10 Diagnostic Tests

3.10.1 Linearity Test

To ensure that the data were linear, the research used the analysis of variance (ANOVA) test before moving on to regression analysis. When two continuous variables were compared using the ANOVA test, the results visually indicated whether the relationship was linear or non-linear. For regression models to accurately estimate the relationship between the two sets of data, the link between the dependent and independent variables needed to be linear (Ghauri & Gronhaug, 2020).

3.10.2 Normality Test

The goals of this test were to determine if the data set fit well with a normal distribution and to assess the likelihood that a random variable followed a normal distribution. It investigated the possibility that some data points did not conform to the expected distribution. Researchers used tests like the Shapiro-Wilk and Kolmogorov-Smirnov to check if the data were normal. According to Gujarati (2020), a probability value greater than 0.05 indicated that the data were normally distributed.

3.10.3 Autocorrelation Test

In the absence of a persuasive rationale to suggest an alternative perspective, it was frequently taken for granted that the error terms exhibited independence. In instances where a temporal element was established for the collection of observations, this presumption was generally contravened. Creating a scatter plot of the residuals in relation to the time measurement for each observation represented the most straightforward method to ascertain any potential dependency, particularly if the data were arranged in a sequential temporal order. The residuals should have appeared to be randomly distributed around zero if the data were considered independent. However, if a pattern became apparent, especially if it was cyclical, there might have been a problem with dependence

(Mehmetoglu & Jakobsen, 2022). To check for autocorrelation, the present investigation employed the Durbin-Watson test.

3.10.4 Multicollinearity Test

When two or more input variables had a linear relationship, whether precise or almost exact, it was referred to as multicollinearity (Zhu et al., 2020). In most cases, an exact connection was the result of an oversight or misunderstanding. The primary causes of multicollinearity included the following: data collection methods, restricted populations or samples, inadequate model specifications, and model over-definition.

Diagnostics for multicollinearity were carried out, as it was anticipated that there would be correlations between the variables. Multicollinearity presented a significant challenge to researchers because it drastically reduced the amount of variation that could be explained by regression or extraction (R). The intercorrelation of the predictors further complicated the process of determining the significance of any one predictor. It also increased the variances of the regression coefficients, making the prediction equation less stable (Gujarati, 2020).

The first step in diagnosing multicollinearity was verifying the variance inflation factors (VIF). A predictor's VIF indicated whether all the other predictors had a strong linear correlation or not. Secondly, tolerance levels were verified, which measured how well the model's other predictors could forecast a single predictor (Dzwigol, 2022). To check for multicollinearity, VIF used a multivariate regression, in which each variable was treated as a dependent variable and regressed against other independent variables. According to Gujarati (2020), as a general guideline, a VIF value below 3 suggested no problem, a VIF value more than 5 suggested a potential problem, and a VIF value greater than 10 indicated

a major problem. During the study, variables that were found to have normalcy or multicollinearity were removed, as proposed by Williams et al. (2013). It was important to note the degree to which each independent (X) variable could be anticipated from the other X variables in order to evaluate multicollinearity. Both the individual R^2 and the VIF had monetary values. Multicollinearity impacted the fit when the R^2 and VIF values for any X variable were large.

3.11 Ethical Considerations

The researcher acted ethically at all times while interacting with study participants. Asking participants to willingly participate in the study was a kind and considerate approach. The Post Graduate School of KEMU and NACOSTI were contacted for an introduction letter and research permission, respectively, in relation to this project. The respondents' identities and names were disguised, allowing them to be referred to as respondents or by their gender. The idea of informed consent was based on the data from this investigation. Prior to the commencement of the study, the researcher contacted all participants. To cut down on plagiarism, citing other people's research was a top priority.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

In this chapter, both descriptive and inferential analyses were used to examine the data. The study's findings were shaped by the conceptual relationships outlined in the conceptual framework. Topics such as response rate, validity, reliability, and assumptions related to regression analysis were also covered.

4.2 Response Rate

Dawadi et al. (2021) emphasized that response rate analysis is crucial for determining whether a study has achieved the necessary number of participants to be considered valid, effective, and representative of the targeted population. One hundred thirty-five people were chosen to participate in this study. There was a return rate of 90.4% (122 out of 135 respondents) for the fully filled out surveys. On the flip side, a 9.6 percent non-response rate was achieved when 13 surveys were either not returned, were abandoned, or were incomplete. A response rate of 40% to 80% was deemed sufficient for drawing conclusions and making suggestions by Dawadi et al. (2021). To that end, the necessary condition was met by this investigation.

4.3 Pilot Results

4.3.1 Reliability Analysis

Table 4.1 displays the results of a reliability test that was performed on different research variables. Using Cronbach's Alpha, a statistical metric frequently employed to analyze the

internal consistency of a group of questions inside a survey or questionnaire, we may determine the reliability of each variable. It is generally accepted that items within a variable are consistently measuring the same underlying concept when Cronbach's Alpha is 0.7 or above.

Starting with the variable "Strategic direction," the Cronbach's Alpha value is 0.896. This is a very high level of internal consistency, suggesting that the seven items used to measure strategic direction are highly reliable. The strength of this reliability is significant as it implies that the questions or statements used in the survey are well-aligned and consistently reflect the concept of strategic direction within the organization.

For "Organization culture," the Cronbach's Alpha is 0.734. This value falls within the acceptable range, indicating a good level of reliability for the seven items associated with this variable. While slightly lower than that of strategic direction, this level of reliability still confirms that the items effectively capture the nuances of organizational culture. The consistency of these items is adequate for deriving meaningful insights about the cultural aspects of the organization.

The "Strategic control" variable has a Cronbach's Alpha of 0.723, which is also acceptable. With five items included in this variable, the reliability is on the lower end but still within the acceptable threshold. This suggests that while there is some variability among the items, they are generally consistent in measuring strategic control. The relatively lower Cronbach's Alpha might prompt a closer examination of the individual items to ensure they are all equally contributing to the overall construct.

The Cronbach's Alpha for "Strategic decision" is 0.778, reflecting a solid level of internal consistency across the six items measuring this variable. This reliability score suggests that the survey items are sufficiently cohesive and reliable in evaluating strategic decision-making processes within the organization. The consistency among these items supports their effectiveness in capturing the strategic decision-making aspect.

Finally, the eight items assessing "Organizational Performance" have a high level of dependability, as indicated by a Cronbach's Alpha of 0.812. This measure is a powerful indicator of the efficacy and outcomes within the company, since it consistently implies that the items are evaluating organizational performance reliably. The study's performance metrics were reliable, as shown by the reasonably high Cronbach's Alpha for this variable.

In conclusion, all the variables in the study; Strategic direction, Organization culture, Strategic control, Strategic decision, and Organizational Performance have Cronbach's Alpha values above 0.7, which means they are all accepted as reliable measures. The high levels of internal consistency indicate that the items within each variable are well-constructed and effectively measure the intended constructs. This reliability is crucial for ensuring that any conclusions drawn from the data are based on consistent and dependable measures, thereby enhancing the overall credibility and validity of the study's findings.

Table 4.1:

Reliability Test

Variable	Cronbach's Alpha	No. of Items	Comments
Strategic direction	0.896	7	Accepted
Organization culture	0.734	7	Accepted
Strategic control	0.723	5	Accepted

Strategic decision	0.778	6	Accepted
Performance	0.812	8	Accepted

4.3.2 Validity

Table 4.2 displays the outcomes of two important tests used to determine if data is suitable for factor analysis: the KMO Measure of Sampling Adequacy and Bartlett's Test of Sphericity. A result of 0.904 is produced by the KMO Measure of Sampling Adequacy. Using a scale from 0 to 1, the KMO test determines whether fraction of a set of variables' volatility might be attributable to shared variance. A score closer to 1 signifies that the variables share a considerable amount of variation, making the data highly appropriate for factor analysis. Standard practice states that a KMO rating of 0.8 or above is "meritorious," and that a value of 0.9 or higher is "superb." Hence, factor analysis is expected to provide reliable and distinct factors, as the data is well-suited to the procedure and the sample is more than enough (KMO = 0.904).

The KMO value of 0.904 suggests that the sample size and the shared variance among the variables are excellent, providing a solid foundation for identifying underlying factors. Meanwhile, Bartlett's Test of Sphericity indicates that the variables are indeed related, further supporting the suitability of the data for factor analysis.

These results are crucial because they validate the use of factor analysis, a statistical method that could be employed in the study to identify latent variables or underlying structures within the dataset. This validation enhances the robustness of any subsequent analyses and ensures that the findings derived from the factor analysis will be reliable and meaningful.

In summary, the high KMO value and the significant result of Bartlett's Test of Sphericity collectively suggest that the data is highly appropriate for factor analysis, which in turn would allow the study to uncover potentially important underlying factors or dimensions within the dataset. This reinforces the methodological soundness of the study and increases confidence in the validity of the resulting insights.

Table 4.2:

KMO and Bart Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.904
Bartlett's Test of Sphericity	Approx. Chi-Square	445.649
	df	10
	Sig.	.000

4.4 General Information of the Respondents

4.4.1 Level of Education

This data is essential for understanding the educational composition of the sample, which can offer insights into the respondents' qualifications, expertise, and potentially their perspectives on the topics addressed in the study.

The educational composition of the sample is diverse, with a majority of respondents holding undergraduate and master's degrees. This distribution indicates a well-educated sample, with a broad range of qualifications that can contribute to a comprehensive and well-rounded analysis. The representation of all levels of higher education, from college diplomas to PhDs, suggests that the study can draw on a wide spectrum of knowledge and expertise, enhancing the richness of the findings and ensuring that various perspectives

are considered. This diversity in educational background may also reflect a balanced approach to the study's topics, combining both practical and theoretical insights.

Table 4.3:

Level of Education

Level of Education	Frequency	Percent (%)
College Diploma	18	14.75
Undergraduate	53	43.44
Masters	38	31.15
PhD	13	10.66
TOTAL	122	100.0

4.4.2 Work Experience

This data offers valuable insights into the experience levels of the study's participants, which can significantly influence their perspectives and contributions to the research. The work experience distribution in the sample is broad, with the majority of respondents having over 11 years of experience. This suggests that the study is heavily informed by seasoned professionals who bring a wealth of knowledge and practical insights to the research. The substantial representation of individuals with over 16 years of experience ensures that the study's findings are grounded in long-term, practical understanding, while the inclusion of less experienced professionals provides a balanced view that incorporates both established practices and new perspectives. This diversity in work experience

enhances the depth and comprehensiveness of the study, making the findings more robust and applicable across different levels of professional expertise.

Table 4.4:

Work Experience

Operation Period	Frequency	Percent (%)
Less than 5 years	23	18.85
6-10 years	19	15.57
11 - 15 years	32	26.23
Above 16 years	48	39.34
TOTAL	122	100.0

4.5 Descriptive Results

In this study, descriptive statistics, including percentages, frequencies, means, and standard deviations, were used to analyze respondents' perceptions of strategic leadership and performance at AFC. Since the survey utilized a Likert scale ranging from "strongly agree" to "strongly disagree," the data was ordinal, meaning responses followed a ranked order but without precise intervals between categories. To compute the mean scores, numerical values were assigned to each response category: S.A (5), A (4), N (3), D (2), and S.D (1). The mean score for each variable was obtained by summing the assigned Likert values for all respondents and dividing by the total number of responses. This transformation allowed for quantitative analysis while maintaining the ordinal nature of the data.

The interpretation of the mean scores followed a structured approach to ensure clarity. A mean score between 4.50 and 5.00 indicated strong agreement with a statement, while a range of 3.50 to 4.49 signified general agreement among respondents. Scores between 2.50 and 3.49 were classified as neutral, suggesting mixed or moderate opinions, whereas mean values of 1.50 to 2.49 reflected disagreement, and scores below 1.50 indicated strong disagreement. Alongside the means, standard deviation (S.D.) was calculated to measure the variability of responses. A low standard deviation (≤ 1.00) suggested a high level of consensus among respondents, while a higher standard deviation (> 1.00) implied greater variability in perceptions.

4.5.1 Strategic direction

The initial assertion, "There exists a formal process for establishing direction (strategic plan) that culminates in a distinct strategic orientation," received an average score of 4.0984 with a S.D of 2.7431. The majority of respondents appear to believe that their organization possesses a methodical approach to strategic planning that successfully delineates a distinct trajectory, as indicated by this relatively elevated mean. While the majority perceive the strategic direction as unequivocal, there exists a notable variance in the intensity of individual sentiments, as evidenced by the moderate diversity in responses reflected in the standard deviation.

The second assertion, "There exists a documented mission statement that distinctly articulates our identity, our activities, and our target audience," exhibits a marginally lower mean of 3.8115 alongside a higher S.D of .81648. This suggests that a majority of respondents perceive their organization as having a clearly articulated purpose; however, a notable disparity in opinions indicates that some individuals may question the clarity or

effectiveness of this assertion. At 4.2295 with a S.D of.64008, the third statement, "The mission and vision statements are regularly reviewed and if necessary, revised," has an average score

The assertion, "Our decisions are incisive, informed, and bold at all levels of the organization," yields an average of 4.1311 with a standard deviation of .55968. The remarkably low standard deviation coupled with a high mean score indicates a consensus among the company members regarding the bravery and strategic nature of the decision-making process. The assertion that "Top management communicates policies to the employees regularly" yields a mean of 3.8361 with a standard deviation of .85629. The elevated standard deviation suggests a significant variability in the frequency or effectiveness with which this communication is perceived by different employees, despite the mean indicating a general consensus among respondents regarding this assertion.

With an average score of 4.2459 and a S.D of.51924, respondents' significant agreement with the statement "The workforce understands the organization's performance goals" suggests that employees have a clear awareness of these goals. Lastly, with an average score of 4.1148 and a S.D of.46704, the statement "Employees are encouraged to achieve goals" is presented. A high mean and low standard deviation suggest that everyone who took the survey thinks the firm encourages its workers to succeed.

Overall, the results shown in Table 4.5 suggest that most people think their company has a solid strategic plan, complete with well-defined objectives, consistent messaging, and formal procedures. A significant degree of agreement is shown by the fact that the mean scores for the majority of statements are more than 4.0. Opinions vary, though, on a number of issues, including how well senior management communicates policy and how

clear the goal statement is. In sum, these results imply that, although the organization is seen as having good strategic capabilities, there are certain places where clarity and communication might be improved to further establish its strategic course.

Consistent with previous research, this study found that strategic direction determination has a positive effect on the performance of Kenyan commercial banks (2024). The study's foundation is path-goal theory, which posits that effective leadership is fundamental for establishing and reaching long-term objectives. The descriptive survey that was the foundation of the study had an impressive response rate of 75% from the 577 strategic executives from various commercial banks who were questioned. A positive correlation between the banks' performance and strategic direction procedures, such as the creation and regular updating of mission and vision statements, was discovered in the study. According to the regression model, these strategic strategies accounted for around 13.8% of the variance in the bank's performance. The research shows that in order to get everyone in the company on the same page, senior management has to identify and communicate these strategic goals effectively. According to the research, in order for banks to be competitive, strategic direction procedures must be put into place and carried out effectively.

Comparatively, Abushaala and Amer (2024) looked at LIDCO to determine the strategic elements that affect performance efficacy. Researchers used a descriptive analytical strategy, assessing the business with instruments including SWOT analysis. According to the results, strategic factors more especially, how well-defined and in sync the company's goals are with one another play a crucial influence in boosting productivity. Research shows that projects go behind schedule and businesses are less competitive when there

isn't a clear strategic direction. Research also shows that companies have trouble with benchmarking against rivals and ongoing development when these strategic aspects are disregarded. Findings from the research highlight the importance of clearly defined objectives, backed by purpose and vision statements, in guiding organizations towards success, especially in fast-paced industries such as construction.

Table 4.5:

Strategic Direction

Statements	N	Min	Max	Mean	S.D
A strategic plan is a structured way to set direction that leads to clear strategic direction.	122	2.00	5.00	4.0984	.74312
Our goal statement defines who we are, what we do, and who we do it for	122	2.00	5.00	3.8115	.81648
There is a consistent cycle of reviewing and revising the mission and vision statements.	122	2.00	5.00	4.2295	.64008
All levels of the company make bold, educated judgments	122	2.00	5.00	4.1311	.55968
Senior management consistently conveys policies to the employees.	122	2.00	5.00	3.8361	.85629
Employees comprehend company performance targets	122	3.00	5.00	4.2459	.51924
Goal attainment is actively promoted among employees.	122	3.00	5.00	4.1148	.46704
Valid N (listwise)	122				

4.5.2 Organization Culture

The first statement, "Effective organization culture is stressed on all key managerial constituencies within the organization," had an average score of 3.9918 and a S.D of

55,776. The respondents generally believe that an effective company culture is prioritized throughout important managerial domains, as indicated by this mean. The low S.D indicates that this attitude is consistently held by respondents, which is a good sign because it shows that everyone agrees that management culture is important.

The second statement, "Adopting a culture that fosters positive performance is emphasized within the organization," has an average score of 3.6475 and a significantly higher S.D of 1.29156. The lower mean score suggests a moderate level of agreement among respondents that their organization emphasizes a performance-enhancing culture. However, the high S.D indicates considerable variability in responses, suggesting that while some respondents may strongly agree, others might perceive less emphasis on this aspect of organizational culture. This variability could point to inconsistencies in how different parts of the organization experience or perceive the emphasis on a performance-driven culture.

The average score for the statement, "The currently adopted organization culture effectively impacts customers, stakeholders, employees, and leadership at all levels," is 4.3443, while the S.D is .57165. Customers, stakeholders, and employees are all positively impacted by the organizational culture, according to this high mean. Based on the low standard deviation, it seems like this beneficial impact is acknowledged by most people in the company, which shows that the culture is generally effective.

The statement, "There exists a participative culture for key strategic decisions within the organization," has an average score of 4.1148 and a S.D of .46704. The high average score indicates that respondents generally agree that a participative culture is in place for making key strategic decisions. The low S.D reflects a strong consensus on this point, suggesting

that the participative nature of decision-making is a well-established and recognized aspect of the organizational culture.

Regarding the statement, "Core values are emphasized in the organization," the average score is 4.0328 with a S.D of .64198. This high mean indicates that core values are seen as important and are emphasized within the organization. The moderate standard deviation suggests that while most respondents agree, there may be some differences in how strongly these values are perceived to be emphasized across different areas of the organization.

The statement, "Symbols are emphasized in the organization," has an average score of 4.0410 and a S.D of .95690. The mean suggests that symbols are generally recognized as important within the organizational culture. However, the relatively higher standard deviation indicates variability in how respondents perceive the emphasis on symbols, which may reflect differences in the visibility or importance of symbols in various parts of the organization.

Finally, the statement, "Ideologies are shared within the organization," has an average score of 3.5656 and a S.D of 1.02035. The lower mean and higher standard deviation suggest that there is less agreement among respondents about the extent to which ideologies are shared within the organization. This variability could indicate that while some areas of the organization may have a strong ideological alignment, others may experience or perceive a lack of shared beliefs or values.

The emphasis on fostering a performance-driven culture and the sharing of ideologies show notable variability, indicating potential areas where the organization could improve

consistency or communication. Overall, the findings point to a strong organizational culture with certain areas that may benefit from more uniform emphasis or alignment across the organization.

The results are consistent with those of Abawa and Obse (2024), who investigated the function of work satisfaction as a mediator between organizational culture and performance. Researchers in Ethiopia used Structural Equation Modeling (SEM) to examine responses from 204 participants in a study that took place at the Cooperative Bank of Oromia. Involvement and adaptability are two cultural factors that have a direct impact on organizational performance, according to the study. The inclusion of work happiness as a moderating variable, however, greatly strengthens the connection between culture and performance. Employees' levels of job satisfaction are positively correlated with their performance, according to the study. This contentment is frequently influenced by the company's culture. The results show that in order to get the most out of their employees, managers should work on building a positive company culture and encouraging them to be happy in their jobs. Advocating for a more comprehensive approach to organizational management, this research highlights the intricate relationship between culture, job satisfaction, and performance.

Table 4.6:*Organization Culture*

Statements	N	Min	Max	Mean	S.D
The efficacy of organizational culture is emphasized among all important management stakeholders inside the organization.	122	3.00	5.00	3.9918	.53776
There is a strong emphasis inside the organization on adopting a culture that promotes desirable performance.	122	1.00	5.00	3.6475	1.29156
The presently implemented organizational culture adequately influences clients, stakeholders, workers, and leadership at every hierarchical level.	122	3.00	5.00	4.3443	.57165
The organization exhibits a collaborative culture in making important strategic choices.	122	3.00	5.00	4.1148	.46704
The company places significant emphasis on core values.	122	2.00	5.00	4.0328	.64198
Organizational structure places significant emphasis on symbols.	122	1.00	5.00	4.0410	.95690
Shared ideologies exist inside the organization.	122	1.00	5.00	3.5656	1.02035
Valid N (listwise)	122				

4.5.3 Strategic Control

The first statement, "We have a clear, compelling and realistic map to the right destination," has an average score of 3.1230 with a S.D of 1.45215. This relatively low mean, coupled with a high S.D suggests that there is significant variability in respondents'

perceptions of the organization's strategic roadmap. The broad range of responses indicates that while some participants may feel confident in the organization's strategic direction, others may perceive it as unclear or lacking in realism. The variability highlights a potential area of concern, where some parts of the organization may not fully align with or understand the strategic map.

The average score for the statement, "Our decisions are incisive, informed and bold at all levels of the organization," is 3.8279, while the standard deviation is .84004. The moderate diversity in replies suggests that, on the whole, respondents think that the organization's decision-making is effective and daring. While most people have a positive impression of decision-making, the standard deviation shows that not everyone does. This could indicate that there are differences in the way strategic decisions are carried out or viewed at different levels of the company.

The statement, "There is a written mission statement that clearly outlines who we are, what we do and for whom," has an average score of 3.3689 and a S.D of 1.37991. The mean suggests a moderate level of agreement on the clarity and effectiveness of the mission statement, but the high standard deviation indicates considerable variability in how respondents perceive this aspect of strategic control. This could imply that while some areas of the organization feel the mission statement is clear and well-communicated, others may find it lacking in clarity or relevance, suggesting a need for better communication or alignment of the mission statement across the organization.

The average score for the statement, "The mission and vision statements are regularly reviewed and if necessary, revised," is 4.2869, and the S.D is .55267. The high mean shows that most people are in agreement that the company makes sure its mission and vision

statements are up-to-date and relevant by reviewing and updating them often. This practice seems to be well-established and consistently viewed across the organization, as indicated by the low standard deviation, which suggests a high level of consensus.

The final statement, "There is a robust and formal direction setting process (e.g., strategic planning) that results in clear strategic direction," has an average score of 4.1557 and a S.D of .38613. The high mean suggests strong agreement that the organization has a formal and effective strategic planning process in place. The very low S.D indicates that this is a uniformly held belief among respondents, pointing to a well-established and consistently applied process for setting strategic direction.

In summary, the data in Table 4.7 suggests that while certain aspects of strategic control, such as the regular review of mission and vision statements and the formal direction-setting process, are perceived very positively and consistently across the organization. Specifically, the clarity of the strategic roadmap and the effectiveness of the mission statement are areas where respondents' views are more divided, indicating potential gaps in communication or alignment that could be addressed to strengthen strategic control. Overall, the findings highlight the strengths of the organization's strategic processes while also pointing out areas where further clarity and consistency could be beneficial.

The findings are in line with those by Smith et al. (2023) who carried out a study on strategic control mechanisms and organizational performance in technology firms. The study conducted a mixed-methods study involving quantitative surveys of 150 technology firms combined with qualitative case studies of five leading companies in the sector. The quantitative data were analyzed using multiple regression techniques to examine the relationship between strategic control mechanisms and performance outcomes, while the

case studies provided in-depth insights into the implementation and effects of these mechanisms. The study demonstrated that technology firms utilizing a combination of financial and non-financial strategic control mechanisms, such as balanced scorecards and strategic performance indicators, outperformed those relying solely on financial controls. Including both financial and non-financial measures in a balanced scorecard framework, as proposed by Kaplan and Norton (1996), is crucial for a complete picture of an organization's success. The findings also highlighted that firms with robust strategic controls could foster higher innovation rates, better market performance, and improved adaptability to technological changes.

Similarly, Verka et al. (2025) evaluated how strategic control works to make organizations more agile and productive. Using structural equation modeling (SEM), the research analyzed information from 200 different South Korean enterprises across five different sectors. Their investigation into the interplay between strategic control, organizational agility, and performance was facilitated by this approach. Strategic control procedures, agility indicators, and performance measurements including financial returns and market share were all part of the research. The study found that strategic control mechanisms positively impact organizational agility, defined as the ability to rapidly respond to market changes and uncertainties. Enhanced agility subsequently led to improved overall performance. This suggests that strategic control is critical for maintaining competitive advantage in dynamic environments, as it supports rapid decision-making and flexible resource allocation. These findings resonate with dynamic capabilities theory, which underscores the importance of strategic processes in enabling firms to adapt and thrive amidst changing conditions.

Table 4.7:*Strategic Control*

Statements	N	Min	Max	Mean	S.D
We have a plausible, clear, and accurate plan that leads us to the right place.	122	1.00	5.00	3.1230	1.45215
Our organization-wide choices are sharp, well-researched, and brave.	122	2.00	5.00	3.8279	.84004
A goal statement tells you exactly what we do, who we help, and what we were created to do.	122	1.00	5.00	3.3689	1.37991
Regularly, the goal and vision statements are looked over and, if needed, changed.	122	3.00	5.00	4.2869	.55267
Clearly defined strategic direction comes from a strong and official method for setting goals, such as strategic planning.	122	3.00	5.00	4.1557	.38613
Valid N (listwise)	122				

4.5.4 Strategic Decision Making

The first statement, "The company makes strategic decisions that improve operational efficiency," has an average score of 3.7377 and a S.D of 1.22510. The mean suggests that, on average, respondents agree that strategic decisions contribute to operational efficiency, although the relatively high S.D indicates significant variability in responses. This

variability suggests that while some respondents may see a clear link between strategic decisions and improved efficiency, others may perceive this connection as weaker or inconsistent, pointing to potential differences in the impact of these decisions across different operational areas.

For the statement, "Decisions made by the firm improve the management capabilities resulting in profit growth," the average score is 3.9098 with a S.D of .97916. The mean indicates a general agreement that strategic decisions enhance management capabilities and contribute to profit growth.

The statement, "Strategic decisions made by the company motivate the employees' morale," has an average score of 3.8525 and a S.D of 1.11097. The relatively high S.D indicates variability in perceptions, with some respondents possibly feeling more positively or negatively about the impact of strategic decisions on morale. This variation might reflect differences in how strategic decisions are communicated or implemented across different parts of the organization.

For the statement, "Decisions made in the company are able to identify revenue opportunities in the firm," the average score is 4.1803 with a S.D of .38605. This high mean score reflects strong agreement that strategic decisions are effective in identifying revenue opportunities. The very low standard deviation suggests a high level of consensus among respondents, indicating that this aspect of strategic decision-making is perceived as highly effective and consistently recognized across the organization.

The statement, "AFC has made informed decisions that help to maximize revenue," has an average score of 4.0902 and a S.D of .94479. The mean indicates a strong agreement

that the organization makes informed decisions that contribute to revenue maximization. The moderate standard deviation suggests that while most respondents agree with this statement, there is some variability in how strongly they perceive the effectiveness of these decisions in maximizing revenue.

Finally, the statement, "The company makes strategic decisions that are consistent with its long-term goals and objectives," has an average score of 4.1148 with a S.D of .46704. The high mean indicates strong agreement that the organization's strategic decisions align with its long-term goals, suggesting that these decisions are well-integrated into the overall strategic framework. The low S.D reflects a high level of consistency in this perception across respondents, highlighting that the organization's long-term strategic alignment is widely recognized and appreciated.

The results are consistent with those of Ambulkar et al. (2022) who studied the impact of strategic decision-making on the efficiency and effectiveness of nonprofit boards of directors. The study utilized a comparative case study approach, examining 50 nonprofit organizations through detailed interviews with managers and financial performance analysis. The study revealed that nonprofits with strategic decision-making frameworks, such as logic models and theory of change, achieved higher donor retention rates and program effectiveness. This supports the idea that clear strategic frameworks help nonprofits articulate their goals and measure their impact more effectively. The research also underscores the importance of strategic clarity and alignment in resource-constrained environments.

Research by Wilson (2023) looked at how MNCs' strategic decisions affected their performances as an organization. The research used factor analysis and regression models

to gauge responses from 100 MNCs. Results showed that MNCs performed better when their strategic decision-making procedures were adaptive, meaning they took local market conditions and cultural variations into account. In line with these results, the literature on global strategy stresses the need of adaptability and local responsiveness for multinational corporations. The research highlights the significance of thoughtfully combining global integration with local adaptation when making strategic decisions.

Table 4.8:

Strategic Decision Making

Statements	N	Min	Max	Mean	S.D
The company makes strategic decisions that improves operational efficiency	122	1.00	5.00	3.7377	1.22510
Decisions made by the firm improves the management capabilities resulting to profit growth	122	1.00	5.00	3.9098	.97916
Strategic decisions made by the company motivates the employee's morale	122	1.00	5.00	3.8525	1.11097
Decisions made in the company are able to identify revenue opportunities in the firm	122	4.00	5.00	4.1803	.38605
AFC has made informed decisions that help to maximize revenue	122	1.00	5.00	4.0902	.94479
The company makes strategic decisions that are consistent with its long-term goals and objectives	122	3.00	5.00	4.1148	.46704
Valid N (listwise)	122				

4.5.5 Performance

Results show that the initial claim, "Our customers express satisfaction with the quality of our products/services," S.D of.94346 and an average score of 3.9508. The assumption,

"We effectively address customer complaints and issues," has an average score of 3.9344 and a S.D of 1.05813. In terms of the statement, "We engage in sustainable practices that benefit the environment," the average score is 4.1721 and the standard deviation is .70056. The statement, "Our organization contributes positively to the community," gets a mean score of 3.5410 and a S.D of 1.15814. With a standard deviation of 1.22977, the proposition, "We have streamlined processes that reduce waste and improve productivity," receives an average score of 3.9918. In regard to the claim, "Our employees are productive and meet their performance targets," the average score is 4.1148, with a S.D of .46704. "Our revenue and profit margins are consistently growing" has an average score of 3.3115 and a S.D of 1.37920. In the end, the statement, "Our organization is financially stable," receives a mean score of 3.7951 and a S.D of .78138.

Overall, respondents see the business as doing well in terms of customer satisfaction, sustainability, staff productivity, and financial stability, according to Table 4.9. The organization's contributions to the community, procedural efficiency, and financial development are three areas where opinions differ more substantially. Based on these results, it seems like there's room for improvement in terms of financial success and stability, consistency in community participation, and overall operational efficiency. The organization does have some good points, though.

Verka et al. (2024) conducted an extensive analysis of the impact of public leadership on employee performance in Pakistani public sector firms, and our research is in line with their findings. The study looked at how environmental complexity (ENC) moderates this relationship and how public service motivation (PSM) plays a mediating role in it. This study's results highlight the importance of strong public leadership in improving employee

morale and, by extension, productivity on the workplace. Nonetheless, the research further demonstrates that increased levels of environmental complexity may undermine this advantageous correlation. In very intricate settings, the difficulties and uncertainties that employees encounter could weaken the effective influence of leadership, thereby diminishing their total job performance. The study indicates that in order for public companies to maintain excellent performance, leaders must possess strategic skills to effectively manage these intricacies, therefore assuring that their leadership methods are able to withstand external challenges. This research provides significant insights on the need of adjusting leadership styles to sustain staff engagement and performance, especially when confronted with environmental issues that are commonly prevalent in the public sector.

Table 4.9:*Performance*

Statements	N	Min	Max	Mean	S. D
The standard of our goods and services makes our customers happy.	122	1.00	5.00	3.9508	.94346
Our team is highly skilled in resolving client concerns and complaints.	122	1.00	5.00	3.9344	1.05813
The organization actively participates in sustainable activities that yield environmental benefits.	122	2.00	5.00	4.1721	.70056
Our organization contributes positively to the community.	122	1.00	5.00	3.5410	1.15814
Our operations have been optimized to minimize inefficiencies and enhance efficiency.	122	1.00	5.00	3.9918	1.22977
Our personnel are very efficient and consistently achieve their performance objectives.	122	3.00	5.00	4.1148	.46704
Consistently, our sales and profit margins are increasing.	122	1.00	5.00	3.3115	1.37920
Our organization is financially stable	122	2.00	5.00	3.7951	.78138
Valid N (listwise)	122				

4.6 Correlation Analysis

The analysis reveals strong and statistically significant relationships between variables.

The analysis demonstrates that all these strategic variables are positively correlated with Performance, with the strongest relationship observed between Organizational Performance and Strategic Decision, showing a Pearson correlation of 0.776. This suggests that effective strategic decision-making is closely associated with enhanced organizational performance, highlighting its critical role in driving success.

Similarly, a strong positive correlation exists between Performance and Organization Culture ($r = 0.750$), indicating that a supportive and effective organizational culture is vital for achieving higher performance. The relationship between Performance and Strategic Control is also robust ($r = 0.722$), underscoring the importance of clear control mechanisms in maintaining high performance. Additionally, the correlation between Performance and Strategic Direction is strong ($r = 0.718$), suggesting that organizations with a clear and well-communicated strategic direction tend to perform better.

The analysis further shows significant positive correlations among the other strategic variables, such as between Strategic Direction and Strategic Decision ($r = 0.739$) and between Organization Culture and Strategic Decision ($r = 0.733$), indicating that these variables are not only related to organizational performance but also strongly interrelated with each other. These interrelationships suggest that a holistic approach to strategy, where direction, culture, control, and decision-making work together, can enhance overall organizational success. The findings emphasize that improvements in any one strategic area are likely to have positive ripple effects on others, ultimately leading to stronger organizational outcomes. These insights can inform strategic planning and interventions aimed at boosting overall organizational effectiveness by reinforcing the interconnectedness of these critical strategic components.

These findings emphasize the importance of a holistic approach to strategy, where direction, culture, control, and decision-making all work together to enhance performance. The significant correlations across all variables imply that improvements in any one area are likely to have positive ripple effects on others, ultimately leading to stronger

organizational outcomes. These insights can inform strategic planning and interventions aimed at boosting overall organizational effectiveness.

Table 4.10:

Correlation Analysis

		P	SD	OC	SC	SDec
P	Pearson Correlation	1	.718**	.750**	.722**	.776**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	122	122	122	122	122
SD	Pearson Correlation	.718**	1	.669**	.658**	.739**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	122	122	122	122	122
OC	Pearson Correlation	.750**	.669**	1	.680**	.733**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	122	122	122	122	122
SC	Pearson Correlation	.722**	.658**	.680**	1	.718**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	122	122	122	122	122
SDec	Pearson Correlation	.776**	.739**	.733**	.718**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	122	122	122	122	122

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

Key: P-Performance, SD-Strategic Direction, OC-Organization Culture, SC- Strategic Control, SDec-Strategic Decision

4.7 Model Diagnostics

4.7.1 Normality Test

The results of the normality tests, as presented in Table 4.11, provide insights into the distributional properties of the variables under investigation. For Strategic Decision, the KS test yields a statistic of 0.075 with a p-value of 0.180, while the SW test produces a statistic of 0.983 with a p-value of 0.060. Both tests fail to reject the null hypothesis of normality at the 0.05 significance level, suggesting that the data for Strategic Decision is consistent with a normal distribution. Similarly, for Organizational Culture, the KS test statistic is 0.082 with a p-value of 0.110, and the SW test statistic is 0.971 with a p-value of 0.087.

Although the SW test p-value is slightly below the 0.10 threshold, it remains above 0.05, indicating that the data does not significantly deviate from normality. For Strategic Control, the KS test statistic is 0.079 with a p-value of 0.140, and the SW test statistic is 0.977 with a p-value of 0.061. Both tests suggest that the data for Strategic Control is normally distributed, as the p-values exceed the 0.05 threshold. The second entry for Strategic Decision (KS statistic = 0.070, p-value = 0.220; SW statistic = 0.986, p-value = 0.068) further reinforces the conclusion that this variable follows a normal distribution.

Finally, for Organizational Performance, the KS test statistic is 0.068 with a p-value of 0.240, and the SW test statistic is 0.989 with a p-value of 0.059. Both tests fail to reject the null hypothesis, indicating that the data for Organizational Performance is also consistent with normality. It is important to note that the Lilliefors Significance Correction has been applied to the KS test, which adjusts the critical values to account for the estimation of population parameters from the sample. This correction enhances the

reliability of the KS test results, particularly when testing for normality. Overall, the results suggest that all variables in the dataset are approximately normally distributed, which is a critical assumption for many parametric statistical analyses.

Table 4.11:

Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Strategic Decision	.075	122	.180	.983	122	.060
Organizational Culture	.082	122	.110	.971	122	.087
Strategic Control	.079	122	.140	.977	122	.061
Strategic Decision	.070	122	.220	.986	122	.068
Organizational Performance	.068	122	.240	.989	122	.059

a. Lilliefors Significance Correction

4.7.2 Test for Autocorrelation

The Durbin-Watson statistic ranges from 0 to 4, where a value of 2 signifies the lack of autocorrelation. With values less than 2, we may infer that there is positive autocorrelation, which means that, on average, positive residuals are followed by positive residuals and negative residuals by negative ones. When values are more than 2, it indicates negative autocorrelation, meaning that negative residuals are likely to follow positive ones and vice versa.

In this case, the Durbin-Watson statistic of 2.060 is slightly above 2, indicating a very mild presence of negative autocorrelation. However, the proximity of this value to 2 suggests that the residuals from the regression model are largely independent, with minimal autocorrelation. Negative autocorrelation at this level is typically not a major concern, especially when the statistic is so close to the ideal value of 2. It implies that while there might be a slight tendency for the residuals to alternate in sign from one observation to the next, this pattern is weak and unlikely to significantly impact the model's estimates or the validity of its conclusions.

This result is particularly reassuring for the integrity of the regression analysis. The near-ideal Durbin-Watson value indicates that the model's residuals do not exhibit substantial patterns of correlation, meaning that the assumptions of the regression analysis are largely upheld. Consequently, the estimates provided by the model are likely to be reliable and unbiased, making the model well-suited for making predictions or drawing inferences about the relationships between the variables under study.

While the Durbin-Watson statistic of 2.060 suggests that the model is robust, it is still important to consider this finding in conjunction with other diagnostic tests and the overall context of the analysis. If the analysis involves time series data or other forms of sequential data, it might be advisable to further explore the potential for autocorrelation using additional methods or to consider the impact of any remaining, albeit minor, autocorrelation on the study's conclusions. However, for most practical purposes, this Durbin-Watson statistic would be considered strong evidence that the model performs well and that the risk of bias due to autocorrelation is minimal.

In conclusion, the Durbin-Watson statistic of 2.060 indicates that the residuals of Model 1 exhibit very little autocorrelation, with a slight and likely inconsequential negative autocorrelation. This suggests that the regression model is reliable and that the assumptions underlying the analysis are well met. As a result, the model's estimates and inferences can be considered robust, supporting the validity of the findings and their potential application in decision-making or further research.

Table 4.12:

Durbin-Watson

Model	Durbin Watson
1	2.060

4.7.3 Test for Multicollinearity

The multicollinearity test results, using Tolerance and Variance Inflation Factor (VIF), indicate that the model does not exhibit serious multicollinearity issues. The Tolerance values for the independent variables—Strategic Direction (0.403), Organization Culture (0.396), Strategic Control (0.416), and Strategic Decision (0.315)—are all comfortably above the threshold of 0.1 or 0.2, which suggests that the variables do not have high intercorrelations that could distort the analysis. In parallel, the VIF values for these variables, which range from 2.405 to 3.174, are well below the critical value of 10, confirming that multicollinearity is not a problem in this model.

Given these results, it is evident that the independent variables; Strategic Direction, Organization Culture, Strategic Control, and Strategic Decision do not excessively influence one another, allowing for a more reliable interpretation of their impact on the

dependent variable, Organizational Performance. The absence of significant multicollinearity ensures that the estimates of the regression coefficients are stable, leading to more accurate conclusions about the relationships between the independent variables and Organizational Performance. Consequently, the model's findings can be considered robust and reflective of the true dynamics at play, without the distortion that severe multicollinearity could introduce.

Table 4.13:

Multicollinearity test using Tolerance and VIF

Model		Collinearity Statistics	
		Tolerance	VIF
1	Strategic Direction	.403	2.484
	Organization Culture	.396	2.523
	Strategic Control	.416	2.405
	Strategic Decision	.315	3.174

a. Dependent Variable: Performance

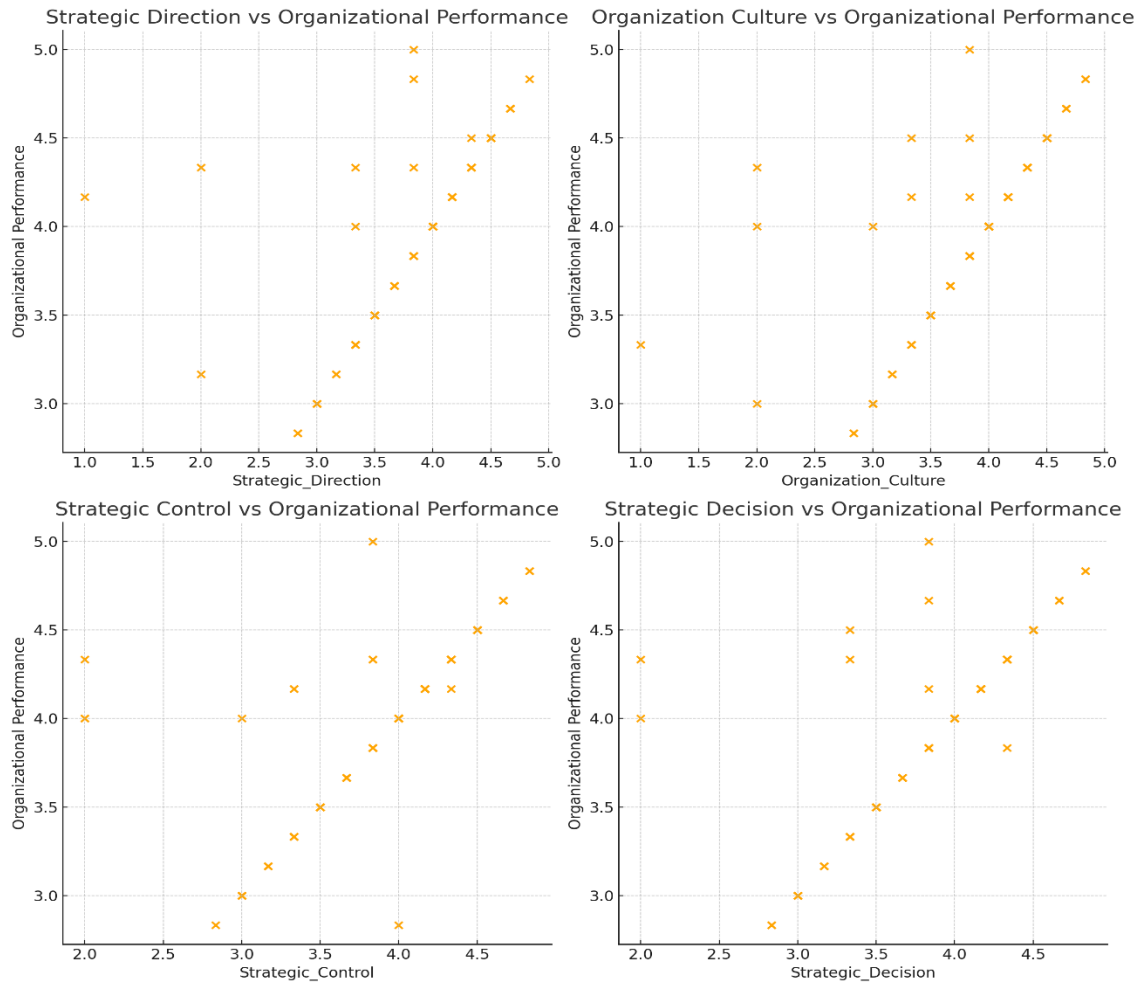
4.7.4 Test for Linearity

Collectively, these scatter plots emphasize the significance of strategic management factors in influencing organizational performance. Each factor—Strategic Direction, Organizational Culture, Strategic Control, and Strategic Decision—demonstrates a positive correlation with performance, implying that improvements in these areas are likely to lead to better overall outcomes for the organization. The data suggests that organizations that invest in refining their strategic direction, fostering a strong culture, maintaining effective control mechanisms, and making informed strategic decisions are more likely to experience higher performance levels. The consistent upward trends across

all four plots highlight the integral role of these strategic elements in driving organizational success.

Figure 4.1:

Scatterplot Matrix



4.8 Regression Analysis

4.8.1 Model Summary

The model summary in Table 4.14 suggests that the combination of Strategic Decision, Strategic Control, Strategic Direction, and Organizational Culture provides a strong

predictive framework for understanding Organizational Performance. With an R Square of 0.712 and an Adjusted R Square of 0.702, the model explains a significant portion of the variance in Organizational Performance, indicating that these strategic factors are essential drivers of organizational success. The relatively low standard error further supports the reliability of the model's predictions. This analysis highlights the importance of these four strategic elements in shaping the performance outcomes of organizations.

Table 4.14:

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.844 ^a	.712	.702	.25797

a. Predictors: (Constant), Strategic Decision, Strategic Control, Strategic Direction, Organization Culture

4.8.2 Analysis of Variance (ANOVA)

The model is significant, since the corresponding p-value of .000 is significantly lower than the commonly used threshold of 0.05. We may conclude that the regression model is statistically significant since the p-value is so low; it is highly unlikely that such a huge F-statistic would have been seen by chance alone. That is to say, when taken as a whole, the independent factors significantly affect organizational performance.

ANOVA findings offer conclusive proof that the regression model successfully accounts for the observed variation in organizational performance. Strategic Decision, Strategic Control, Strategic Direction, and Organization Culture are shown to be important independent variables in determining Organizational Performance, as evidenced by a large Regression Sum of Squares relative to the Residual Sum of Squares, a high F-statistic, and

a significant p-value. These results provide important information for leaders and decision-makers in organizations that want to boost performance with strategic initiatives by highlighting the importance of concentrating on these areas to increase overall performance.

Table 4.15:

ANOVA^a

		Sum of		Mean		
Model		Squares	df	Square	F	Sig.
1	Regression	19.217	4	4.804	72.191	.000 ^b
	Residual	7.786	117	.067		
	Total	27.003	121			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Strategic Decision, Strategic Control, Strategic Direction, Organization Culture

4.8.3 Regression Coefficients

The unstandardized coefficient for the constant term is 0.844 with a standard error of 0.188. The t-value for the constant is 4.496, with a highly significant p-value of .000. This suggests that when all independent variables are held at zero, the base level of Organizational Performance is 0.844. The significance of this coefficient indicates that the model's baseline prediction for performance is meaningful.

A standard error of 0.064 is associated with the unstandardized coefficient of 0.152 for Strategic Direction. By maintaining all other variables equal, this indicates that, for every one-unit rise in strategic direction, performance increases by 0.152 units. Based on the statistical analysis, it can be concluded that there is a significant link between the two variables ($t=2.365$, $p=.020$). A positive Beta coefficient indicates that, although the

influence is minor when compared to other factors, a well-defined and successful strategic direction does favorably affect organizational performance.

Organizational culture has a standardized beta coefficient of 0.273 and an unstandardized value of 0.213 (with a standard error of 0.061). If all other factors stay the same, this means that there is a 0.213-unit correlation between an increase of one unit in organizational culture and an increase of organizational performance. The association is very significant, as indicated by the t-value of 3.468 and p-value of .001. Due to its relatively high Beta value, Organizational Culture is one of the model's more important components, suggesting that it has a strong positive influence on Organizational Performance.

With a margin of error of 0.066, the unstandardized coefficient for Strategic Control is 0.175. Assuming all other factors remain the same, this indicates that Organizational Performance increases by 0.175% for every unit increase in Strategic Control. The t-value is 2.651, and the p-value is .009, indicating that this relationship is statistically significant. Although it has a smaller effect than Organizational Culture and Strategic Decision, the positive Beta coefficient still shows that strong strategic control mechanisms are important for improving Organizational Performance.

Strategic Decision has an unstandardized coefficient of 0.265 and a standard deviation of 0.080. This suggests that a one-unit rise in Strategic Decision is connected with a 0.265-unit improvement in performance, provided other factors are unchanged. The t-value of 3.301 and a p-value of .001 demonstrate that this is a highly significant relationship. With

the highest standardized Beta coefficient among the independent variables, Strategic Decision clearly plays a significant role in driving Organizational Performance.

These findings suggest that organizations seeking to improve their performance should prioritize strategic decision-making and cultivate a strong organizational culture, while also maintaining effective strategic control and direction. The statistical significance of these variables underscores their critical role in shaping Organizational Performance, providing actionable insights for organizational leaders and decision-makers.

Table 4.16:
Regression Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.844	.188		4.496	.000
	Strategic Direction	.152	.064	.185	2.365	.020
	Organization Culture	.213	.061	.273	3.468	.001
	Strategic Control	.175	.066	.204	2.651	.009
	Strategic Decision	.265	.080	.292	3.301	.001

a. Dependent Variable: Performance

$$Y = .844 + .152X_1 + .213X_2 + .175X_3 + .265X_4 + \varepsilon$$

Y – Performance

‘**B₀** – is a constant, the results when all variables X_1 to X_4 are zero.

X_1 – Strategic Direction

X_2 – Organization Culture

X_3 – Strategic Control

X_4 – Strategic Decision Making

$b_1 - b_4$ – Regression coefficients

ε – error term

4.9 Hypotheses Test Results

To begin with, the Strategic Direction variable has a p-value of 0.020, a t-value of 2.365, and a coefficient of 0.152. There is insufficient evidence to support the null hypothesis (p-value < 0.05). According to the data, Strategic Direction significantly improves Performance. In particular, there is a strong correlation between an increase of one unit in Strategic Direction and an increase of 0.152 units in Performance, demonstrating the significance of well-defined and executed strategic direction in propelling organizational achievement.

Organization Culture, which has a coefficient of 0.213, a t-value of 3.468, and a p-value of 0.001. The p-value is well below 0.05, allowing us to confidently reject the null hypothesis. This suggests that Organization Culture significantly impacts Performance, with the coefficient indicating that a one-unit increase in Organization Culture leads to a 0.213-unit increase in performance. This finding highlights the critical role of fostering a positive and supportive organizational culture to enhance overall performance.

Strategic Control also shows a significant effect, with a coefficient of 0.175, a t-value of 2.651, and a p-value of 0.009. Since the p-value is below the 0.05 threshold, we reject the null hypothesis, confirming that Strategic Control positively influences Performance. The coefficient suggests that each one-unit increase in Strategic Control corresponds to a 0.175-unit increase in performance, emphasizing the importance of robust control mechanisms in achieving organizational goals.

Finally, Strategic Decision has the highest coefficient at 0.265, with a t-value of 3.301 and a p-value of 0.001. The low p-value leads to the rejection of the null hypothesis, indicating that Strategic Decision has a statistically significant positive effect on Performance. A one-unit increase in Strategic Decision results in a 0.265-unit increase in performance, making it the most influential factor among the variables analyzed.

In conclusion, the null hypotheses were rejected in the hypothesis tests for Strategic Decision, Strategic Control, Organizational Culture, and Strategic Direction, confirming that all four of these strategic factors have a substantial and positive effect on Performance. Organizational culture, strategic control, and strategic direction are the other four drivers, with strategic decision being the most powerful. Leaders and decision-makers seeking to improve performance through focused initiatives should use these findings to inform their efforts, as they emphasize the significance of focusing on these important areas to increase organizational outcomes.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a concise overview and final analysis of the study, aligning with the established objectives and hypotheses. Additionally, it includes recommendations based on the study's findings and concludes by identifying potential topics for additional exploration.

5.2 Summary

5.2.1 Influence of Strategic Direction on Performance

The study reveals a significant positive relationship between Strategic Direction and Performance within the Agricultural Finance Corporation. In order to guide the business towards accomplishing its performance goals, the study shows that a clearly articulated and regularly updated strategic direction is essential. The findings indicate that as the clarity and focus of the strategic direction improve, there is a corresponding enhancement in organizational performance. This underscores the importance of aligning strategic goals with actionable plans and ensuring that all organizational members are aware of and committed to the strategic direction. The positive correlation ($r = 0.718$) suggests that strategic direction is a key driver of success, providing the necessary guidance and vision for the organization to thrive in a competitive environment.

5.2.2 Influence of Organization Culture on Performance

Organizational Culture has emerged as a critical factor influencing the performance of the Agricultural Finance Corporation. The study finds a strong positive correlation ($r = 0.750$) between a supportive, cohesive organizational culture and enhanced performance outcomes. The analysis highlights that an organizational culture that fosters collaboration, innovation, and a shared sense of purpose significantly contributes to achieving higher performance levels. The results imply that if the company works on its organizational culture, it may make its workers more invested in the company's success, which will boost their motivation and productivity.

5.2.3 Influence of Strategic Control on Performance

The role of Strategic Control in influencing Performance has been substantiated by the study, which shows a robust positive correlation ($r = 0.722$). The findings indicate that effective strategic control mechanisms are essential in maintaining high levels of performance. Strategic control involves the implementation of systems and processes that ensure organizational activities are aligned with strategic goals, enabling the organization to monitor progress, make necessary adjustments, and mitigate risks. The analysis suggests that the Agricultural Finance Corporation's performance is significantly enhanced when robust strategic control measures are in place, providing the oversight and accountability needed to achieve desired outcomes.

5.2.4 Influence of Strategic Decision on Performance

The study identifies Strategic Decision-making as the most influential factor affecting Performance, with the strongest correlation observed ($r = 0.776$). The findings emphasize that well-informed, timely, and effective decision-making processes are critical in driving

the success of the Agricultural Finance Corporation. Strategic decisions that are grounded in thorough analysis and align with the organization's long-term objectives significantly contribute to enhanced performance. The results suggest that empowering decision-makers with the necessary tools, information, and authority is vital in ensuring that strategic decisions positively impact the organization's performance, positioning it for sustained growth and success.

5.3 Conclusions

5.3.1 Strategic Direction

For the Agricultural Finance Corporation, Strategic Direction is the key to a clear and consistent path to success in achieving its goals. Because of the strong correlation between strategic direction and organizational performance, it is essential for businesses to have clear and consistent strategic goals in order to maximize the efficiency with which their resources and efforts are put to use. For a company to successfully navigate its complex environment, it needs a strong strategic orientation that fosters organizational cohesiveness, which in turn reduces confusion and inefficiencies. Maintaining the strategic direction's efficacy and relevance requires continuous review and adjustment in light of changing external conditions; this guarantees the organization's ability to adapt quickly to new challenges and seize new opportunities.

5.3.2 Organization Culture

An encouraging and cohesive culture creates a setting where workers are inspired, involved, and in sync with the long-term objectives of the company, as shown in the study, which is why organizational culture is so important for performance. A strong organizational culture acts as a powerful force that shapes behaviors, promotes

collaboration, and encourages innovation, all of which are essential for achieving superior performance outcomes. When workers are part of a cohesive team that shares core values, they are more invested in the company's success and are more likely to go above and beyond to help achieve its goals. Cultivating a supportive and dynamic culture not only enhances employee satisfaction and retention but also strengthens the organization's ability to adapt to changes, thereby ensuring sustained long-term performance.

5.3.3 Strategic Control

Strategic Control is identified as a crucial mechanism for ensuring that the Agricultural Finance Corporation remains on track to achieve its strategic objectives. Effective strategic control involves the continuous monitoring of progress, the identification of potential risks, and the implementation of corrective actions to address any deviations from the strategic plan. The strong positive correlation between strategic control and organizational performance suggests that organizations with robust control systems are better positioned to maintain strategic alignment, optimize resource utilization, and respond swiftly to emerging challenges. By embedding strategic control into the decision-making processes, the organization can enhance its agility, ensuring that it can adapt to dynamic market conditions while staying true to its strategic goals.

5.3.4 Strategic Decision Making

The study highlights Strategic Decision-Making as the most influential factor impacting organizational performance, underscoring its vital role in shaping the organization's success. Effective strategic decision-making involves making well-informed, timely, and impactful choices that align with the organization's long-term goals and strategic direction. The strong correlation between strategic decision-making and performance

indicates that organizations that excel in this area are more capable of navigating complexities, seizing opportunities, and mitigating risks. To enhance decision-making capabilities, the organization must invest in developing the skills of its leaders, fostering a culture of accountability and transparency, and ensuring that decisions are based on robust data and comprehensive analysis. This focus on strategic decision-making is critical for driving sustained organizational success and achieving competitive advantage in the market.

5.4 Recommendations

5.4.1 Managerial Recommendations

1. **Enhance Strategic Decision-Making Processes:** Given the strong positive correlation between Strategic Decision-making and Performance, it is imperative for management to prioritize and continuously improve decision-making processes. This includes investing in advanced data analytics tools, fostering a culture that encourages evidence-based decision-making, and providing training to enhance the decision-making skills of leaders and managers. Management should also ensure that decision-making processes are inclusive, allowing input from various levels within the organization to capture a broad perspective and ensure well-rounded decisions.
2. **Strengthen Organizational Culture:** The significant impact of Organizational Culture on performance ($r = 0.750$) highlights the need for management to focus on cultivating a positive, cohesive, and supportive culture. This can be achieved by promoting core values that align with the organization's strategic goals, encouraging open communication, and recognizing and rewarding behaviors that contribute to the desired culture. Management should also conduct regular culture assessments to

identify areas for improvement and ensure that the organizational culture remains aligned with the strategic direction and goals.

3. **Implement Robust Strategic Control Mechanisms:** To maintain high performance, management should implement and continuously refine strategic control systems. This involves establishing clear metrics for monitoring progress towards strategic goals, conducting regular reviews to assess alignment with strategic plans, and creating feedback loops to allow for timely corrective actions. The positive correlation between Strategic Control and Performance suggests that effective control mechanisms are crucial for sustaining performance. Management should also integrate risk management into the strategic control framework to proactively identify and mitigate potential threats to achieving strategic objectives.
4. **Management should regularly evaluate the company's strategic course and make any required revisions to react to changes in the external environment.** The importance of having a well-defined and flexible strategic direction is underscored by the association between strategic direction and organizational performance. In order to guarantee that the strategic direction stays relevant and effective, management must routinely schedule strategic planning meetings, actively participate in environmental scanning, and involve critical stakeholders in the review process.
5. **Foster Interrelationships Between Strategic Variables:** The interrelationships between strategic variables, such as between Strategic Direction and Strategic Decision, suggest that management should adopt a holistic approach to strategy. This involves ensuring that strategic decisions are made with a clear understanding of their impact

on organizational culture, control mechanisms, and overall direction. Management should encourage cross-functional collaboration to align these strategic elements, thereby enhancing organizational coherence and driving overall performance.

5.4.2 Policy Recommendations

1. **Develop Policies to Support Strategic Decision-Making:** The strong influence of strategic decision-making on performance calls for policies that support this process. This includes establishing guidelines for decision-making authority, ensuring access to accurate and timely data, and promoting transparency and accountability in decision-making processes. Policies should also encourage innovation and calculated risk-taking to foster a proactive approach to strategy execution.
2. **Institutionalize a Positive Organizational Culture:** To ensure that a supportive organizational culture is maintained, the organization should develop policies that institutionalize the desired culture. This includes policies on employee engagement, diversity and inclusion, ethics, and continuous learning. Such policies should be designed to reinforce the organization's core values and encourage behaviors that contribute to a positive work environment. Regular training and workshops should be mandated to align all employees with the organizational culture.
3. **Establish Comprehensive Strategic Control Policies:** Policies should be developed to formalize strategic control mechanisms within the organization. This includes setting clear performance indicators, defining roles and responsibilities for monitoring and reporting, and establishing protocols for corrective actions. The policies should also

integrate risk management frameworks to ensure that potential disruptions to strategic goals are identified and addressed proactively.

4. **Policy Framework for Strategic Alignment:** Given the interconnectedness of strategic variables, it is essential to develop a policy framework that ensures alignment across strategic direction, culture, control, and decision-making. This framework should provide guidelines for strategic planning processes, cross-departmental coordination, and the integration of strategic initiatives. It is essential for policies to require regular evaluations of strategic alignment to guarantee that every facet of the organization operates in unison towards shared objectives.
5. **Promote a Culture of Continuous Improvement:** To sustain high organizational performance, policies should be implemented that encourage continuous improvement in all strategic areas. This includes policies that mandate regular reviews of strategic direction, culture, control systems, and decision-making processes. The organization should also establish mechanisms for capturing and applying lessons learned from past strategic initiatives to improve future performance.

5.5 Areas for Further Research

Although the Agricultural Finance Corporation was the primary focus of this study, a comparative comparison of other public businesses in Kenya might be a worthwhile area for future research. In this way, we can compare and contrast the ways in which strategic leadership affects organizational performance in different industries and find commonalities and variances. Research of this kind could shed light on the unique

difficulties encountered by various kinds of publicly traded companies as well as the efficacy of strategic leadership methods more generally. Further investigation on the ways in which factors like organizational size, mandate, and industry impact the correlation between strategic leadership and performance would be highly beneficial.

An important area for further research is the exploration of how gender and diversity within leadership teams influence organizational performance. Research could focus on the impact of diverse leadership teams on strategic decision-making, organizational culture, and overall performance. This would be particularly relevant in the context of public corporations in Kenya, where gender and diversity are increasingly important considerations in leadership and governance. Understanding the role of diversity in strategic leadership could inform policies and practices aimed at promoting inclusivity and enhancing organizational performance.

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APPENDICES

Appendix I: Letter of Introduction to Respondents

Veronicah Mwihaki Muchiri

P.O Box 850 – 00618,

Ruaraka, Kenya

14.03.2024

To The Management,

Agricultural Finance Corporation,

P.O Box 30297 – 00100,

NAIROBI.

Dear Sir/Madam,

RE: AUTHORITY TO CONDUCT RESEARCH AT YOUR INSTITUTION

Am a student undertaking MBA – Strategic Management at the Kenya Methodist University. As a requirement of the course, am required to submit a thesis report on: **“Strategic leadership and performance of Agricultural Finance Corporation in Kenya”**

We assure you that the information you supply will be handled with the highest secrecy because it is just intended for academic purposes.

Your consideration will really be appreciated.

Yours faithfully,

Veronicah Mwihaki Muchiri

Appendix II: Questionnaire

The information provided will be only for academic purpose. Read carefully and give appropriate answers by ticking or filling the blank spaces. The information will be treated confident.

SECTION A: DEMOGRAPHICS

A.1 Kindly indicate your highest level of education (Tick appropriately)

Certificate [] Diploma [] Bachelor Degree [] Post graduate []

A.2 Work Experience

5 years and below [] 6- 10 years [] 11-15 years [] Over 16 years

SECTION B

Please indicate on the scale provided below by ticking the extent to which you agree with the following statements.

Strongly Agree=5, Agree=4, Uncertain=3, Disagree=2, Strongly Disagree=1

	Statement: STRATEGIC DIRECTION	1	2	3	4	5
B1	There is a formal direction setting process (strategic plan) that results in clear strategic direction					
B2	There is a written mission statement that clearly outlines who we are, what we do and for whom					
B3	The mission and vision statements are regularly reviewed and if necessary, revised					
B4	Our decisions are incisive, informed and bold at all levels of the organization					

B5	Top management communicates policies to the employees regularly					
B6	The workforce understands the organization's performance goals					
B7	Employees are encouraged to achieve goals					
	Statement: ORGANIZATION CULTURE	1	2	3	4	5
C1	Effective organization culture is stressed on all key managerial constituencies within the organization					
C2	Adopting a culture that fosters positive performance is emphasized within the organization					
C3	The currently adopted organization culture effectively impacts customers, stakeholders, employees and leadership in all levels					
C4	There exists a participative culture for key strategic decisions within the organization					
C5	Core values are emphasized in the organization					
C6	Symbols are emphasized in the organization					
C7	Ideologies are shared within the organization					
	Statement: STRATEGIC CONTROL	1	2	3	4	5
D1	We have a clear, compelling and realistic map to the right destination.					
D2	Our decisions are incisive, informed and bold at all levels of the organization					

D3	There is a written a mission statement that clearly outlines who we are, what we do and for whom.					
D4	The mission and vision statements are regularly reviewed and if necessary, revised.					
D5	There is a robust and formal direction setting process (e.g. strategic planning) that results in clear strategic direction.					
	Statement: STRATEGIC DECISION MAKING	1	2	3	4	5
E1	The company makes strategic decisions that improves operational efficiency					
E2	Decisions made by the firm improves the management capabilities resulting to profit growth					
E3	Strategic decisions made by the company motivates the employees morale					
E4	Decisions made in the company are able to identify revenue opportunities in the firm					
E5	AFC has made informed decisions that help to maximize revenue					
E6	The company makes strategic decisions that are consistent with its long term goals and objectives					
	Statement: ORGANIZATIONAL PERFORMANCE	1	2	3	4	5
F1	Our customers are satisfied with the quality of our products/services.					
F2	We effectively address customer complaints and issues.					

F3	We engage in sustainable practices that benefit the environment.					
F4	Our organization contributes positively to the community.					
F5	We have streamlined processes that reduce waste and improve productivity.					
F6	Our employees are productive and meet their performance targets.					
F7	Our revenue and profit margins are consistently growing.					
F8	Our organization is financially stable					

Thank you very much for your patience, cooperation and support in my research

Appendix II: Kemu Approval Letter



KENYA METHODIST UNIVERSITY

P. O. Box 267 Meru - 60200, Kenya

Fax: 254-64-30162

Tel: 254-064-30301/31229/30367/31171

Email: deanrd@kemu.ac.ke

DIRECTORATE OF POSTGRADUATE STUDIES

Our Ref: KeMU/NACOSTI/BUS/43/2024

August 13, 2024

Commission Secretary
National Commission for Science, Technology and Innovations
P.O. Box 30623-00100
NAIROBI

Dear Sir/Madam,

RE: VERONICAH MWIHAKI MUCHIRI (REG. NO. BUS-3-0297-1/2018)

This is to confirm that the above named is a bona fide student of Kenya Methodist University, in the Department of Business Administration, undertaking a Master's Degree in Business Administration. She is conducting research on; "Influence of Strategic Leadership on Organizational Performance of Public Corporations in Kenya. A Case Study of Agricultural Finance Corporation".

We confirm that her research proposal has been defended and approved by the University.

In this regard, we are requesting your office to issue a research license to enable her collect data.

Any assistance accorded to her will be highly appreciated.

Yours sincerely,


13 AUG 2024
Dr. John M. Muchiri (PhD)
Dean, Postgraduate Studies

Cc: Dean, KeBS
CoD, Business Administration
Postgraduate Coordinator - BA
Supervisors



KENYA METHODIST UNIVERSITY

P. O. BOX 267 MERU - 60200, KENYA
TEL: 254-064-30301/31229/30367/31171

FAX: 254-64-30162
EMAIL: info@kemu.ac.ke

Our Ref: KeMU/ISERC/BUS/43/2024

August 14, 2024

VERONICAH MWIHAKI MUCHIRI
BUS-3-0297-1/2018

Dear Veronicah,

SUBJECT: INFLUENCE OF STRATEGIC LEADERSHIP ON ORGANIZATIONAL
PERFORMANCE OF PUBLIC CORPORATIONS IN KENYA. A CASE STUDY OF
AGRICULTURAL FINANCE CORPORATION

This is to inform you that Kenya Methodist University Institutional Scientific Ethics and Review Committee has reviewed and approved your research proposal. Your application approval number is KeMU/ISERC/BUS/43/2024. The approval period is 14th August, 2024–14th August, 2025.

This approval is subject to compliance with the following requirements:-

- I. Only approved documents including (informed consents, study instruments, MTA) will be used.
- II. All changes including (amendments, deviations, and violations) are submitted for review and approval by Kenya Methodist University Institutional Scientific Ethics and Review Committee.
- III. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to KeMU ISERC within 72 hours of notification.
- IV. Any changes, anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to KeMU ISERC within 72 hours.
- V. Clearance for export of biological specimens must be obtained from relevant institutions.

VI. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal.

VII. Submission of an executive summary report within 90 days upon completion of the study to KeMU ISERC.

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) <https://oris.nacosti.go.ke> and also obtain other clearances needed.

Yours sincerely,

KEMU SERC

13- AUG 2024

MR. HERBERT KIBEBE
CHAIR, ISERC

Appendix II: Nacosti Permit

 REPUBLIC OF KENYA	 NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
Ref No: 853724	Date of Issue: 22/August/2024
RESEARCH LICENSE	
	
This is to Certify that Ms.. Veronica Muihaki Muchiri of Kenya Methodist University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: Influence of strategic leadership on organizational performance of public corporations in Kenya. A case study of Agricultural Finance Corporation for the period ending : 22/August/2025.	
License No: NACOSTI/P/24/39362	
853724	
Applicant Identification Number	Director General NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
	Verification QR Code
	
NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.	
See overleaf for conditions	

THE SCIENCE, TECHNOLOGY AND INNOVATION ACT, 2013 (Rev. 2014)
Legal Notice No. 108: The Science, Technology and Innovation (Research Licensing) Regulations, 2014

The National Commission for Science, Technology and Innovation, hereafter referred to as the Commission, was established under the Science, Technology and Innovation Act 2013 (Revised 2014) herein after referred to as the Act. The objective of the Commission shall be to regulate and assure quality in the science, technology and innovation sector and advise the Government in matters related thereto.

CONDITIONS OF THE RESEARCH LICENSE

1. The License is granted subject to provisions of the Constitution of Kenya, the Science, Technology and Innovation Act, and other relevant laws, policies and regulations. Accordingly, the licensee shall adhere to such procedures, standards, code of ethics and guidelines as may be prescribed by regulations made under the Act, or prescribed by provisions of International treaties of which Kenya is a signatory to
2. The research and its related activities as well as outcomes shall be beneficial to the country and shall not in any way;
 - i. Endanger national security
 - ii. Adversely affect the lives of Kenyans
 - iii. Be in contravention of Kenya's international obligations including Biological Weapons Convention (BWC), Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO), Chemical, Biological, Radiological and Nuclear (CBRN).
 - iv. Result in exploitation of intellectual property rights of communities in Kenya
 - v. Adversely affect the environment
 - vi. Adversely affect the rights of communities
 - vii. Endanger public safety and national cohesion
 - viii. Plagiarize someone else's work
3. The License is valid for the proposed research, location and specified period.
4. The license any rights thereunder are non-transferable
5. The Commission reserves the right to cancel the research at any time during the research period if in the opinion of the Commission the research is not implemented in conformity with the provisions of the Act or any other written law.
6. The Licensee shall inform the relevant County Director of Education, County Commissioner and County Governor before commencement of the research.
7. Excavation, filming, movement, and collection of specimens are subject to further necessary clearance from relevant Government Agencies.
8. The License does not give authority to transfer research materials.
9. The Commission may monitor and evaluate the licensed research project for the purpose of assessing and evaluating compliance with the conditions of the License.
10. The Licensee shall submit one hard copy, and upload a soft copy of their final report (thesis) onto a platform designated by the Commission within one year of completion of the research.
11. The Commission reserves the right to modify the conditions of the License including cancellation without prior notice.
12. Research, findings and information regarding research systems shall be stored or disseminated, utilized or applied in such a manner as may be prescribed by the Commission from time to time.
13. The Licensee shall disclose to the Commission, the relevant Institutional Scientific and Ethical Review Committee, and the relevant national agencies any inventions and discoveries that are of National strategic importance.
14. The Commission shall have powers to acquire from any person the right in, or to, any scientific innovation, invention or patent of strategic importance to the country.
15. Relevant Institutional Scientific and Ethical Review Committee shall monitor and evaluate the research periodically, and make a report of its findings to the Commission for necessary action.

National Commission for Science, Technology and
Innovation(NACOSTI),
Off Waiyaki Way, Upper Kabete,
P. O. Box 30623 - 00100 Nairobi, KENYA
Telephone: 020 4007000, 0713788787, 0735404245
E-mail: dg@nacosti.go.ke
Website: www.nacosti.go.ke