EFFECT OF STRATEGIC LEADERSHIP ON ORGANIZATIONAL PERFORMANCE OF FAMILY OWNED BUSINESSES IN NAKURU EAST SUB COUNTY, KENYA

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A Research Project Presented to the institute of postgraduate studies of Kabarak University in Partial Fulfilment of the Requirements for the Award of Master of Business Administration (Strategic Management Option).

KABARAK UNIVERSITY

2020

DECLARATION

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Name of Student: Violah Jepkemboi Ronoh **Admission Number: G**MB/NE/1534/09/17

RECOMMENDATION

To the institute of Postgraduate Studies:

The research project Evaluation of **"Effect of Strategic Leadership on Organizational Performance of Family Owned Businesses in Nakuru East Sub County, Kenya"** and written by **Violah Jepkemboi Ronoh** is presented to the Institute of Postgraduate Studies of Kabarak University. We have reviewed the research project and recommend it be accepted in partial fulfilment of the requirement for award of the degree of Master of Businesses Administration (**Strategic Management Option**), of Kabarak University

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DEDICATION

This work is dedicated to my husband Barmasai for being there for me for his moral and financial support towards my achievement. I also dedicate to my parents Mr. and Mrs. Samuel Ronoh for standing with me all through.

ACKNOWLEDGEMENTS

I take time to acknowledge and thank all my lecturers at Kabarak University for imparting in me knowledge in diverse areas of strategic management. I also take time to thank my supervisors Dr. Charles Zakayo and Dr. John Tanui.

ABSTRACT

Family owned businesses play a crucial role in the economy through employment creation, income generation and also in accumulation of wealth. However, the family owned businesses face performance challenges such as poor employee performance leading to low profit margins or losses, employee payment challenges and marketing challenges. The study seeks to examine the effect of strategic leadership on performance of family owned businesses in Nakuru East Sub County, Kenya. The objectives of the study included; To examine the effect of organizational culture on the performance of family owned businesses in Nakuru East Sub County, Kenya, and To assess the effect of corporate governance on the performance of family owned businesses in Nakuru East Sub County, Kenya. The other objectives were to explore the effect of resources management on the performance of family owned businesses in Nakuru East Sub County, Kenya and to establish the effect of strategic direction on the performance of family owned businesses in Nakuru East Sub County, Kenya. The study used descriptive research design and target businesses owned by families within Nakuru East Sub County. The study targeted the population of 2,600 family businesses operating within Nakuru East Sub County. The study used stratified random sampling to arrive at the sample size desired in the study. The sample size was 96 respondents. The organizational culture had a statistically significant positive correlation with business performance. In respect to the role of organizational culture on the business performance, the achieved regression coefficient was 0.260 indicating that a unit increase in organizational culture would lead to 0.260 increase in business performance with the other variables kept constant. The results were statistically significant at 5% level of significance. In respect to the relationship between corporate governance and business performance, the study found that there was a statistically significant positive correlational relationship between corporate governance and business performance. The study further found that a unit increase in corporate governance would lead to 0.215 increase in business performance with the other variables kept constant. These results were found statistically significant since p value was 0.000 and was less than the 0.05 level of significance. The study thus concluded that there was a statistically significant influence on the performance of family owned businesses in Nakuru East Sub County, Kenya. In respect to the relationship between resources management and business performance, the study found that there was a positive correlational relationship with business performance that was significant in nature. The study further found that a unit increase in resources management would lead to 0.219 increase in business performance with the other variables kept constant. The results were found to be statistically significant. The study thus concluded that resource management had significant influence on the performance of family owned businesses in Nakuru East Sub County, Kenya. The study found that strategic direction and business performance had a positive correlation that was statistically significant in nature. These results were found statistically significant five percent level of significance. The study concluded that there was statistically significant influence of the performance of family owned businesses in Nakuru East Sub County, Kenya. The study recommended that resources management should be emphasized on in order to lead to improved business performance of the family businesses. The study thus recommended that the aspects should be emphasized on by the management.

Key Words: Corporate Governance, Family Owned Businesses, Organizational Culture, Performance, Strategic Direction, Strategic Leadership

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ABBREVIATIONS AND ACRONYMS

I-CVI	**:**	Scale Content Validity Index
IFFB	**:**	Institute for Family Businesses
NACOSTI	**:**	National Commission of Science, Technology and Innovation
S-CVI	**:**	Scale Level Content Validity Index
SMEs	**:**	Small and Medium-Sized Entrepreneurs
SPSS	**:**	Statistical Package for Social Sciences

OPERATIONAL DEFINITION OF TERMS

Corporate Governance: Corporate governance refers to a system of rules, practices, policies and guidelines that control the operations of an organization. This was measured in terms of board size and board independence, audit committee meeting, audit committee size, outside directors and corporate governance perception index (Liu, Chen, & Wang, 2017). The study adopted this definition for the study.

Family Owned Businesses: Family owned businesses refer to involvement of family in running a businesses or family ownership of the businesses. Family owned businesses may also refer to involving family in management roles of a businesses or through businesses succession(Bannò & Sgobbi, 2016).The study adopted this definition for the study.

Organizational Culture: Organizational culture refers to the values, beliefs and way of interacting in an organization that portrays a unique psychological working environment in an organization. This was measured in terms of entrepreneurial culture, consensual culture, bureaucratic culture, competitive culture, clan culture, adhocracy culture, hierarchy culture, and market culture (Ofobruku & Nwakoby, 2016).The study adopted this definition for the study.

Performance of Businesses: Performance of a business has been defined as the ability of a business to meet to meet its goals as well as ability to increase its wealth. Businesses performance is measured in terms of resource base, customer satisfaction, profits margins, stakeholders' value and employee turnover among other measures (Bizri, 2016). The study adopted this definition for the study.

Resources Management: Resources management refers to effective development of the organizations' resources as well as proper utilization of the available resources in an organization. This was measured in terms of human resource management, financial resource management, management of assets, supervision, and monitoring and evaluation (Maloni, Hiatt, &Astrachan, 2017). The study adopted this definition for the study.

Strategic Direction: Strategic direction refers to a set of objectives and activities to be undertake to achieve those objectives in realization of organizations' vision. This was measured in terms of mission, vision, values, goals, and roles and responsibilities(Clinton, McAdam, & Gamble, 2018).The study adopted this definition for the study.

Strategic Leadership: Strategic Leadership refers to the ability of businesses management team to communicate the strategic vision of the businesses or certain departments in a business and inspire others to have the same vision. Strategic leadership relates to organizational culture, corporate governance, resources management and strategic direction (Agbim 2018). The study adopted this definition for the study.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Strategic leadership refers to the ability of businesses management team to communicate the strategic vision of the businesses or certain department in a business and inspire others to have the same vision. Strategic leadership relates to organizational culture, corporate governance, resources management and strategic direction(Xi, Kraus, Filser, & Kellermanns, 2013). Organizational culture refers to the values, beliefs and way of interacting in an organization that portrays a unique psychological working environment in an organization. Corporate governance refers to a system of rules, practices, policies and guidelines that control the operations of an organization. Resources management refers to effective development of the organizations' resources as well as proper utilization of the available resources in an organization. Strategic direction refers to a set of objectives and activities to be undertake to achieve those objectives in realization of organizations' vision(Ashley-Cotleur, Kauanui, & Gaumer, 2013).

Family owned businesses may start as a micro enterprise and grow into small businesses, medium-sized and gradually to large businesses. Family owned businesses play a crucial role in the economy through employment creation, income generation and also in accumulation of wealth. In the United States of America, family owned businesses contribute to 90% of all the businesses in America. It is estimated that between 70% and 80% of the businesses in Kenya are owned by families. According to Institute for Family Businesses (IFFB), (2018), 60% of the employed Kenyans are employed in family owned businesses. However, only 30% of the family owned businesses survive to the second generation, 12% survive to the third generation and 3% to the fourth generation in the businesses succession chain(Bizri, 2016).

Family owned businesses face performance challenges in diverse ways. Most of the family owned businesses are unable to survive competition effectively and therefore lack competitive advantage among its competitors. Family owned businesses also more time than not fail to satisfy customer demands on time. Other performance challenges of family owned businesses included poor employee performance leading to low profit margins or loss. Most of these businesses are unable to pay their employees on time leading to high employee turnover. Family owned businesses have been also associated to poor performance in regard to inability to increase both physical businesses operation premises and also inability to increase its target market as well as its resources(Bannò & Sgobbi, 2016).

The performance problems of family owned businesses have high are prevalence due to family related problems such as physical, financial and emotional problems in the day to day running of the businesses. The informal structure and culture in family owned businesses such as improper documentation and lack of laid-down policies is a reason for performance problems experienced in family owned businesses. Pressure from family members to hire family members into the businesses and who may be lacking the necessary qualification may be a reason for performance challenges of the family owned businesses. Most of employees from the family may not work hard to the feeling that they cannot be laid-off and this may lead to poor performance if the businesses (Agbim & Ph, 2018).

Other reasons for poor performance of family owned businesses may be related to sources of capital for businesses growth, lack of external view for competitors, misunderstanding in sharing of businesses profits, businesses leadership and succession and lack of clear exit plan for any family members who wishes to retire or sell the businesses. In regard to sources of capital, family businesses are often faced with challenges of assessing capital for businesses growth due to different interest if family members and lack of clear policies and financial record keeping (Ofobruku & Nwakoby, 2016).

In respect to competitors, family members always have almost similar upbringing and only focus on internal aspect of the businesses and failing to focus on competitors in the same market which may lead to performance problems of the businesses. Focusing on profit sharing, there lacks a proper way to evaluate the value of the family owned businesses. These further results into conflicts in sharing the proceeds from the businesses and therefore affecting the future performance of the businesses. Who should take charge of the businesses and the next generation to inherit the businesses has been a challenge in the performance of family owned businesses across the world. Some family owned businesses have failed at the point that one of the family member withdraws from the businesses due to lack of outlined plan on what should happens when one member leaves the businesses venture or sell shares (Bula, 2012).

Performance of businesses has been defined as the ability of a businesses to meet to meet its goals as well as ability to increase its wealth. Businesses performance is measured in terms of resource base, customer satisfaction, profits margins, stakeholders' value and employee turnover among other measures (Maloni *et al*., 2017). These measures have been used to measure the performance of businesses owned by family members in diverse contexts. Family owned businesses refers to involvement of family in running a businesses or family ownership of the businesses. Family owned businesses may also refer to involving family in management roles of a businesses or through businesses succession (Liu *et al*., 2017).

Family owned businesses majorly fail or succeed based on the strategic leadership of the businesses. The overall say in all businesses matters by the businesses owners, involvement of employees in decision making, ability of businesses owners to inspire trust as well as explaining to the employees their importance in achieving organizations' goals have been seen to influence the performance of family owned businesses. Other strategic leadership aspects that have been associated with performance family businesses include motivating employees towards a common goal, managers encouraging innovation and creativity in running different activities in the organization and businesses leaders challenging employees to perform better. Ability of the management team of family owned businesses to seek opinions of employees and other stakeholders, to solve problems facing the organization, to seek stability for the organization as well as ability to monitor of employees may have a positive effect on the performance of the businesses (Ezziane, Mazzawi, & Leleux, 2013).

Good organizational culture will encourage employees to perform better and adhere to the set culture in organization. Conducive working environment encourages full utilization of employees' capabilities and therefore better performance of an organization. Good relationships and a culture of good quality may in the long run improve the level of performance of an organization. In regard to corporate governance, adherence to the set of rules, practices, policies and guidelines that control the operations of an organization may result to higher performance levels of family owned businesses. This is because it discourages ultra-vires and unethical practices that may result to losses in an organization (Hiebl, Feldbauer-Durstmüller, & Duller, 2013).

Focusing of resources management, development of employee capabilities and proper utilization of the available resources may increase the value of businesses from time to time. Improper allocation of resources to various activities in the organization my result to losses by the organization. In respect to the strategic direction of an organization, clear communication of the vision of an organization and formulating a framework towards realization of such visor may be a determinant of the level of performance in an organization. The level of motivation of stakeholders towards such vision may also affect the level of performance of an organization (Clinton *et al*., 2018).

1.2.1 Global Perspectives of Strategic Leadership and Organizational Performance

In India,Homaidi, Almaqtari and Ahmad (2019) found out that family businesses faced leadership challenges that resulted to poor performance if the family owned businesses. In regard to this, Homaidi, Almaqtari and Ahmad (2019)found out that the organizational culture of the family businesses was based on trust and therefore failure to carry out proper documentation which led to poor businesses performance. The businesses culture did not encourage entrepreneurial skills development and this hindered the growth of the family owned businesses.

In Indonesia, Sengke (2016)found out that the type of leadership affected the performance of family businesses. It was established that most of the family owned businesses were run on dictatorship and the successor of the businesses was determined through preferential treatment and not on merit of competence. The family biasness successor enjoyed full authority and freedom to run all the family businesses. It was concluded that good family relationships and participative leadership promoted the growth of the family businesses to a large extent.

1.2.2 Regional Perspectives of Strategic Leadership and Organizational Performance

Focusing in Zimbabwe, Denver (2018) found out that family businesses were faced with leadership challenges such as lack of proper monitoring of employees who were family members, lack of proper measures to ensure the survival and succession of the businesses and poor decision making. These aspects resulted tp reduced profitability of the family owned businesses and failure of most of the businesses to succeed to the next generation.

In Nigeria, Palladan, Abdulkadir and Chong (2016)established that family owned businesses faced diverse leadership and performance challenges. Lack of proper policies and programmes to control the family businesses resulted to low income for the businesses as well as low profitability of the businesses ventures owned by family members. Experience of the manager of the family owned businesses was also attributable to the performance metrics of the businesses.

Rwandan context, Ndemezo and Kayitana (2018), found out that family businesses were competitive compared to non-family SMEs due to formulation of long-term policies and motivation of employees to bear the vision of the family businesses. Ndemezo and Kayitana (2018)further established that family businesses implemented cost saving strategies and this help such businesses to gain competitive advantage in the Rwanda market.

1.2.3 Local Perspectives of Strategic Leadership and Organizational Performance

M'Ithiria and Musyoki (2014)found out that governance structures in family owned micro and small businesses in Nairobi County affected the growth of the businesses. In this regard, the ability of the leadership structure to open room for faster decision and also provide important information affected the growth of businesses. Policies regarding trade secrets, businesses performance information communication, formulation of new strategies and policies in respect to sharing of profits from the businesses among the family members were also found to affect the level of performance of family owned businesses. The leadership style of person running the family businesses as well as planning for family businesses succession were also found to affect the performance of the businesses.

Tubey, Rotich,and Kurgat (2015) found out that organizational culture among businesses owned by female in Nairobi County influenced the level of performance of an organization. In respect to this entrepreneurial culture, willingness to take businesses risks, emphasis on competitive actions, readiness to meet new challenges, procedural coordination of activities and having common interest towards the organizational goals influenced the level of performance of female owed enterprises. Busolo, Ogolla, and Were (2016)found out that balancing family responsibilities and businesses demands affected the level of performance of youth owed enterprises in Nairobi. The governance aspects such as monitoring of employees and financial management also affected the profitability of the businesses.

Waithira (2016)found out that type of leadership and strategic direction of family owned businesses affected the performance of survival of family businesses. In respect to this, strategic planning, directors' vision, potential of businesses successor, and the capability of the current leadership affected the performance of such leaders. Kitonga, Bichanga, & Muema (2016)found out that profitability and sustainability of Small and Medium-Sized Entrepreneurs (SMEs) were affected by the type of leadership in the SMEs.

1.2.4 Family-Owned Business in Nakuru East Sub County

The study was carried out in Nakuru East Sub County and involved family owned businesses. Nakuru East Sub County is considered as one of the best places to invest in Kenya due to the endless businesses opportunities. It is the headquarters of Nakuru County and attracts investors from all over the country as well as foreign countries. Businesses people have taken advantage of the high population, good transport network, security, affordable housing and cheap labour to run a successful business in Nakuru East Sub County. There are many businesses operating within Nakuru East Sub County and this enabled the study to achieve the desired sample size of family businesses. It is based on these characteristics that the study chose Nakuru East Sub County as the location of the study(Kenya Beureu of Statistics, 2018)

1.2 Statement of the Problem

Family owned businesses face performance challenges in diverse ways. Most of the family owned businesses are unable to survive competition effectively for they lack competitive advantage against non-family businesses. Most of the family owned businesses fail to satisfy customers' demands on time. Their employees lack required skills thus underperforming. This leads to low profit margins or losses. Such businesses are unable to pay their employees. This leads to high employee turnover. Family owned businesses are unable to increase both physical businesses operation premises and also inability to increase its target market as well as its resources. On average, 30% of the family owned businesses survive to the second generation, 12% survive to the third generation and 3% to the fourth generation in the businesses succession chain (Bizri, 2016).

Between 70% to 80% of the businesses in Kenya are family owned businesses and 60% of the employed Kenyans work in family owned businesses, failure to solve the performance problems facing family owned businesses in Kenya would result to economic challenges in the country and high poverty levels in families (Institute for Family Businesses, 2018). Strategic leadership aspects such as organizational culture, corporate governance, resources management and strategic direction may be key determinates of performance of family owned businesses. Poor strategic leadership such as failure to adhere to the set core values and beliefs in a businesses, poor governance strictures, poor resource management and unclear strategic direction of the businesses may lead to low profitability (Bannò & Sgobbi, 2016).

Some studies have been conducted in an attempt to find a solution for the different performance challenges of family owned businesses in diverse contexts. (Agbim & Ph, 2018)found out that family businesses faced leadership challenges that resulted to poor performance if the family owned businesses. Agbim and Ph (2018) established that family owned businesses in Nigeria faced diverse leadership and performance challenges. These studies were done in different contexts and therefore a contextual research gap to be filled by the current study. It is therefore on this background that the current study seeks to establish the influence of organizational culture, corporate governance, resources management and strategic direction on performance of family owned businesses in Nakuru East Sub County, Kenya.

1.3 General Objective of the Study

The study seeks to examine the effect of strategic leadership on performance of family owned businesses in Nakuru East Sub County, Kenya.

1.4 Objectives of the Study

i. To examine the effect of organizational culture on the performance of family owned businesses in Nakuru East Sub County, Kenya
ii. To assess the effect of corporate governance on the performance of family owned businesses in Nakuru East Sub County, Kenya
iii. To explore the effect of resources management on the performance of family owned businesses in Nakuru East Sub County, Kenya
iv. To establish the effect of strategic direction on the performance of family owned businesses in Nakuru East Sub County, Kenya

1.5 Research Hypotheses

H_{01}: Organizational culture has no significant statistical influence on the performance of family owned businesses in Nakuru East Sub County, Kenya

H_{02}: Corporate governance has no significant statistical influence on the performance of family owned businesses in Nakuru East Sub County, Kenya

H_{03}: Resources management has no significant statistical influence on the performance of family owned businesses in Nakuru East Sub County, Kenya

H_{04}: Strategic direction has no significant statistical influence on the performance of family owned businesses in Nakuru East Sub County, Kenya

1.6 Justification of the Study

There are plenty of businesses in Kenya which are family owned and are of both social and economic importance in Kenya for they create jobs and social economic wealth. This necessitates for the improvement of the performance of family owned businesses for economic growth to be accelerated and for Kenya to achieve rapid industrialization. This study is thus beneficial to owners of family businesses in determining the various strategic leadership aspects they should focus on to ensure that the performance of their businesses is improved and sustained.

1.7 Scope of the Study

The geographical scope of the study is Nakuru East Sub County which is majorly an urban residential area with several family owned businesses that have attained success. There are many upcoming residential areas as a result of high population of residents which makes the County a prime market for family owned businesses. The content scope of the study focused on the effect of strategic leadership on performance of family owned businesses in Nakuru East Sub County, Kenya. The time scope of the study was based on ten months from January to October of 2019. This was informed by the available time for the purposes of undertaking the research activities within the universities.

1.8 Limitations and Delimitations of the Study

The study might face limitations during data collection which might include reservations by respondents about the purpose of the study due to confidentiality of information. However, the researcher advised that the study is meant for academic purposes only. The study faced challenges in respect to the data collection due to some of the respondents who couldn’t fill the questionnaires on their own. This challenge was mitigated through use of research assistants to be able to assist the respondents in filling up the questionnaires. Some of the respondents also enquired on the purpose of the collected data and expressed concern of the data being used by their business competitors to the disadvantages of their businesses. This challenge was mitigated through explaining to the respondents that the purpose of the data was purely academic in nature.

1.10Assumptions of the Study

The study makes the assumption that participants was objective in their rating of the effect of the strategic leadership on performance of family owned businesses in Nakuru East Sub County, Kenya. The study also assumed that the respondents were to agree to fill in the questionnaires for the study.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature review. It contains the following sections; theoretical literature review, empirical literature review, conceptual framework, summary of reviewed literature and research gaps.

2.2 Theoretical Review

The study was guided by the Resource Based Theory and dynamic capabilities theory.

2.2.1 Resource Based Theory

The Resource Based Theory also known as the Resource Based Advantage was conceptualized by Jay Barney in 1991 through publication of an article *"Firm Resources and Sustained Competitive Advantage"* (Emeagwal & Ogbonmwan, 2018). The theory places the availability of resources as a means of sustainable competitive advantage for the firms. The presence of resources enables the firm to create competitive advantage for the firm. The resources can either tangible or intangible resources for the firm. The tangible resources are those resources that can be touched including buildings and equipment while the intangible resources can't be touched including patents and rare skills (Hart & Dowell, 2010).

The study utilized the resource-based theory for the purposes of the explaining the role of resources management on the performance of family owned business. The presence of positive organizational culture and corporate governance can be considered as organizational resources for the firm which can be used to improve on the performance of family owned business in Nakuru East Sub County, Kenya.

2.2.2 Dynamic Capabilities Theory

This is a theory that is attributed to David Teece, Gary Pisano and Amy Shuen, in their 1997 paper Dynamic Capabilities and Strategic Management. The theory examines the dynamic ways in which the available resources can be utilized to gain superior performances (Emeagwal & Ogbonmwan, 2018). The theory states that different firms possess heterogeneous resources once the resources are exploited; the firms are able to attain different competitive advantage. According to the theory, the competitiveness of an organization is based on the resource mixes (Acedo, Barroso, & Galan, 2006).

The resources should be used in different ways to provide the superior performance. The first criteria are that the management team should consider exploitation of resources that are valuable in order to improve its efficiency and effectiveness. The second criteria are exploitation of resources that are not available to other competitors(Barney, 2001). The third criteria is based in the suggestion that the management team of an organization should consider exploiting resources that are not easy imitable and not easily implemented by others(Ahmed, Khuwaja, Brohi, & Othman, 2018). The last criteria are based on exploitation of resources that are not able to be replaced by some other non-rare resource. The theory also suggest to management teams to develop, nurture and protect resources that meet the above four criteria (Hart & Dowell, 2010).

The theory is however critique on two aspects. The first aspect is on its assumption that exploiting heterogeneous resources results on different levels of competitive advantages(Hart & Dowell, 2010). It is argued that different resource exploitation can result into same levels of competitive advantage. The second point of critique is on the over-reliance on internal resources(Acedo *et al*., 2006). It is in this respect argued that external resources have an influence on the competitiveness of the organization. However, this theory has been used by different researchers in examination of strategic leadership aspects such as organizational culture, corporate governance, resources management and strategic direction ((Agoi, 2014; Kitonga, Bichanga, & Muema, 2016a; Latham, 2013; Norzailan, Yusof, & Othman, 2015).

Due to the emphasis of resource-based view theory on the competencies of the managerial team in the process of identification and exploitation of strategic key resources in an organization in order to attain a competitive advantage, the theory was relevant in guiding the current study.

The purpose of the current study is to examine the effect of strategic leadership on performance of family owned businesses in Nakuru East Sub County, Kenya. Among the competencies that the study focuses on are promotion of organizational culture, corporate governance, resources management and strategic direction. These are key competencies under the dynamic capabilities theory (Barney, 2001).

2.3 Empirical Review

Empirical review refers to the collection of studies carried out in an area in a related to concept under investigation in a given study and whose conclusion and recommendation is based on empirical evidence rather than theory. This study endeavored to critically review studies that have been done in concepts related to organizational culture, corporate governance, resources management and strategic direction of family owned businesses in different contexts.

2.3.1 Organization culture and performance of businesses

The unique and psychological environment created by the underlying beliefs, values, assumption and ways if performing tasks in an organization have an influence on the performance of businesses as established by different scholars in different contexts. In Indonesian context, Sengke (2016) carried out a study that sought to investigate the influence of organizational culture on the performance of businesses. The organization culture aspects that the study focused on included; entrepreneurial culture, consensual culture, bureaucratic culture and competitive culture. The study adopted causal research designed and obtained its data by administering questionnaires to the respondents. Sengke (2016) concluded that entrepreneurial culture, consensual culture, bureaucratic culture and competitive culture significantly affected the organizational performance. In respect to this, consensual culture had the greatest influence while entrepreneurial culture had the least influence and therefore the recommendation to encourage employees to be more innovative within their roles.

In the United Kingdom, Sadighi (2017) investigated the role of organizational culture on the performance of Small and Medium-Sized Enterprises (SMEs) in the health sector. Organization culture aspects that the study investigated included clan culture, adhocracy culture, hierarchy culture and market culture. Using structured questionnaires, the study revealed that there was a positive and significant relationship between clan culture, adhocracy culture, hierarchy culture, market culture and performance of the SMEs selected for the study. Using regression analysis, the study also revealed that organizational culture significantly predicts the level of organizational performance. In respect to this, market culture had the highest influence on organizational performance. In line to this finding, Larentis, Simone, and Antonio (2017) indicated that market culture was a significant predictor of organizational performance in organizations in Brazil.

Leithy (2017) carried out a study that sought to investigate the relationship between organizational culture and organizational performance of organizations in China. The study adopted descriptive research study and collected data by use of questionnaires. It was revealed that there was a positive relationship between the organizational culture and organizational performance of organizations sampled in the study. However, these findings are not consistent with those by Aliyu and Rosli (2014) on the influence of organizational culture on performance of SMEs in Nigeria. Aliyu and Rosli (2014) established that there was a negative relationship between organizational culture and performance of SMEs in Nigeria. The study recommended proper structuring of organizational beliefs and practices in order to improve the performance level of the SMEs in Nigeria.

In a study that involved 80 banks in Pakistan, Latif (2016) sought to investigate the influence of organizational culture on performance of banks. A sample of 341 respondents was used in this study whose data collection was through the administration of questionnaires. Latif (2016) found out that there was a positive and significant relationship between collaborative culture and performance of commercial banks in Pakistan. The study recommended team work in execution of duties within the banks in order to improve collaboration between employees and hence higher levels of performance for the banks. Saad and Abbas (2018) concurs with the finding by establishing that organizational culture aspect such as change management, and teamwork were positively related to performance of Arabian public sector firms.

2.3.2 Corporate governance and performance of businesses

The leadership structure of an organization has been evaluated in by different scholars in respect to its influence of the performance of organization. Quang, Kim, & Yi (2015) carried out a study in Vietnam to establish the influence of corporate governance on the performance of private sector businesses. The study was based on descriptive survey research design and collected its data through the use of closed ended questionnaires. Using regression analysis, it was revealed that corporate governance affected the level of performance of the private businesses in terms of profits before tax, contribution to state budget, and in terms of return on asset. These concurs with a study conducted by Li, Armstrong and Clarke (2014) in Islamic banks in Australia. The study noted that there was a significant influence of corporate governance on the performance of Islamic banks in Australia.

In a study to examine the role of corporate governance on financial performance of businesses in Indonesia, Naimah and Hamidah (2017) focused on the role of board size and board independence, audit committee meeting, audit committee size, outside directors and corporate governance perception index. The study used correlation research design and gathered its data using both primary methods (questionnaires) and secondary methods (financial reports). Naimah and Hamidah (2017) established that there was significant relationship between the corporate governance and financial performance of the businesses. Using regression analysis, it was established that board size and board independence, audit committee meeting, audit committee size, outside directors and corporate governance perception index significantly predicted the financial performance of businesses in Indonesia.

Homaidi, Almaqtari and Ahmad (2019) carried out a study that sought to establish the influence of corporate governance on the financial performance of hotels in India. Corporate governance was conceptualized in terms of board size, audit committee size,board competencies, and institutional ownership while financial performance was measured in terms of return on assets. Using regression analysis, the study established that there was a significant impact on financial performance of hotels due to corporate governance mechanism such as board size, audit committee size, board competencies, and institutional ownership. These results are comparable to the findings of (Kulathunga, Weerasinghe, & Jayarathne, 2017)corporate governance mechanism used has significant impact of the financial performance of large corporation in the two countries. It was revealed in this respect that good corporate governance increased the returns of the organizations under investigation.

Based on a meta-analysis, a study by M'Ithiria and Musyoki (2014) sought to establish the influence of corporate governance on the performance of organizations in Kenya context. The study found out that most of studies carried out in Kenyan context has establish a link between corporate governance and performance of Kenya organizations. Similarly, in Rwandan context, Ndemezo and Kayitana (2018), established that corporate governance aspect such as managers experience, leadership styles and mangers education affected the level of performance of organizations in terms of return on assets and market share.

2.3.3 Resources management and performance of businesses

The level in which the resources of an organization are utilized and managed can be a determinant of the level of organizational performance as indicated in a number of studies in different contexts. A studbusoloy by Cania (2015) sought to find out the influence of resource management and organizational performance in Albania. The study used descriptive survey research design in meeting its objectives. It was established that there was a positive and significant relationship between the resource management and the performance of the organization. These is in agreement to a study by Tubey, Rotich,and Kurgat (2015) that noted that there was positive and significant relationship between the resource management and the performance of the organization at 5% significant level.

In Republic of North Macedonia, Nikoloski (2016) carried out a study that sought to find out the role of the resource management on the performance of organizations. The study sample top management of for-profit organizations in the country. The study adopted both qualitative and quantitative research methods. The study revealed that proper human resource management in the for-profit organizations increased the financial returns ion the organizations. However, the increase was found to be statistically insignificant. The study recommended improvement of supervision in the use of the available resources in the organization. This however differs with Emeagwal and Ogbonmwan (2018) who found out that there was a significant influence of resource management and performance of organizations in Turkey, In respect to this, it was revealed that proper resource management improved the performance of organizations.

Using a sample of 121 managers selected from different organizations in India, Zehir, Gurol, Karaboga, and Kole (2016) carried out a study that sought to find out the role of human resource management on performance of major organization in the country. The organization performance was measured in terms of sales growth, market share growth, return on investment, return on sales, and return on assets. Questionnaires were used in the data collection for the study. Zehir, Gurol, Karaboga, and Kole

(2016) revealed that human resource management significantly predicts the level of organizational performance. These results are consistent with the findings of Busolo, Ogolla, and Were (2016) who indicated that human resource management is a significant predictor of organizational performance. In respect to this, Busolo, Ogolla, and Were (2016) noted that proper human resource management improves the performance of employees and hence the performance of the organization.

In the context of Brazil, Brito and Oliveira (2016), carried out a study whose objective was to establish the relationship between resource management and performance of organizations. The study used a descriptive research design and quantitative approach to meet the study objectives. Questionnaires were used in the data collection for the study. It was revealed that there was a positive relationship between resource management and performance of organizations. These results concur with the findings by Denver (2018) who noted that the level of performance of organizations was significantly affected by the level of resource management in the Zimbabwean organizations. The study by Denver (2018) however recommended top managers of the organizations to be trained on resource management practices in order to improve the performance of the organizations.

2.3.4 Strategic direction and performance of businesses

Clear vision and direction in an organization has been seen to influence the performance of an organization in diverse contexts. Waithira (2016) carried out a study that sought to examine the influence of strategic direction on organizational performance of tourism agencies in Kenya. In respect to this, the study studied the mission and vision of the organization, values and goals of the tourism agencies as elements of strategic direction. The research design adopted by the study was cross-sectional research design. A sample size of 420 respondents was used in the study and questionnaires were administered to them. The study revealed that there was a significant influence of strategic direction on the organizational performance. The study also established that is only high cadre employee were involved in the formulation of strategic direction of the organization and therefore the study recommended the involvement of low cadre employees in the formulation of strategic direction in the organization. The study further recommended training in formulation of strategic direction of a firm.

Focusing on Not-For-Profit organizations in Nairobi County, Kitonga, Bichanga, & Muema (2016) carried out a study to examine the relationship between strategic direction and performance of organizations. The study adopted mixed research methods and sampled 328 managers of Not-For-Profit organizations in Nairobi County. Kitonga, Bichanga, & Muema (2016) revealed that there was a positive and significant relationship between strategic direction and performance of organizations. It was further revealed that strategic direction of the organizations significantly predicted the level of performance of the organizations. These findings are in line with the study by Nikraftar (2016) that established that strategic direction significantly predicted the level of performance of commercial banks in Iran.

In Nigerian context, Palladan, Abdulkadir and Chong (2016) carried out a study that sought out among other objectives to establish the role of strategic direction in the performance of tertiary institutions. Using research questionnaire as its data collection tool, the study established that strategic direction enabled achievement of the set goals of the tertiary institution in Nigeria. The study further revealed that majority of top managers is involved in formulation of strategies direction of the institutions. This differs with the findings of a study by Azhar, Ikram, Rashid and Saqib (2018) who noted that only high cadre employees were involved in the formulation of strategic direction of the organizations in Pakistan. It was observed that the strategic direction had no influence on the performance of the sampled organizations. Azhar, Ikram, Rashid and Saqib (2018) recommended the involvement of even low cadre employees in the formulation of the organizations' strategic direction.

Focusing on enterprises in Slovak Republic, Papulova (2015) carried out a study that sought to establish the influence of vision and mission statements on the performance of organizations. Using descriptive research design, the study found out that vision the enterprises sampled served as a motivation towards the future goals of the enterprises. In respect to this, it was established that 90% of the enterprises had a vision for their enterprise. It was also noted that 70% of the firms considered vision to be an important element of the firm. In respect to the mission statement, the respondents indicated that the mission helped in communicating the reason for the existence of the firms and also guided its activities. It was also revealed that 77% of the respondents understood the importance of the mission statement in their enterprises.

2.4 Conceptual Framework

The study seeks to examine effect of strategic leadership on performance of family owned businesses in Nakuru East Sub County, Kenya. It specifically seeks to examine the influence of organizational culture, corporate governance, resources management and strategic direction on the performance of family owned businesses in Nakuru East Sub County, Kenya. The dependent variables of the study were organizational culture, corporate governance, resources management and strategic direction while the dependent variable of the study was performance of family owned businesses. The conceptualization of the study variables is as shown in Figure 2.1.

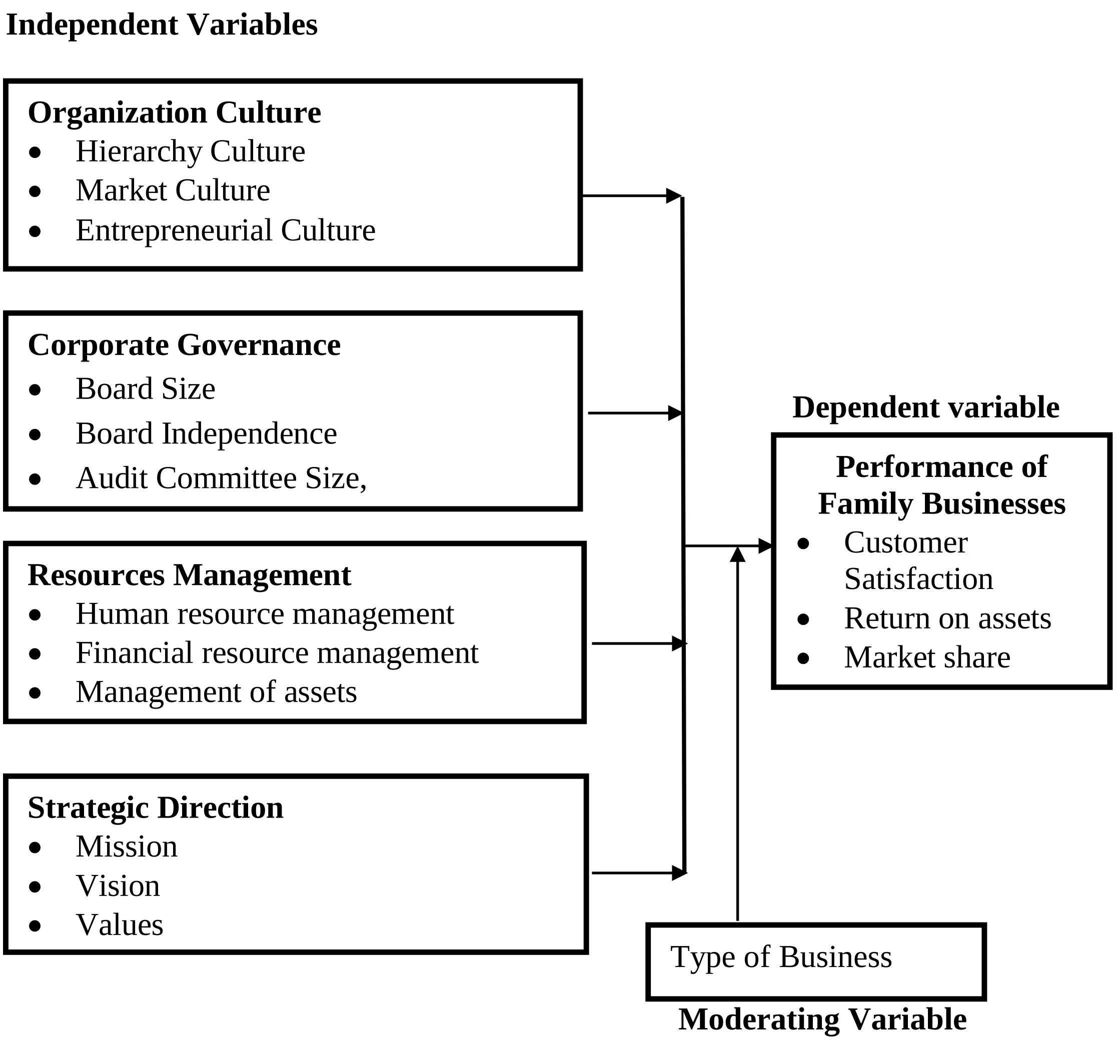

Figure 2. 1: Conceptual Framework

2.5 Summary of Reviewed Literature

The unique and psychological environment created by the underlying beliefs, values, assumption and ways if performing tasks in an organization have an influence on the performance of businesses as established by different scholars in different contexts. In Indonesian context, Sengke (2016) concluded that entrepreneurial culture, consensual culture, bureaucratic culture and competitive culture significantly affected the organizational performance. In the United Kingdom, Sadighi (2017) investigated the role of organizational culture on the performance of Small and Medium-Sized Enterprises (SMEs) in the health sector. The study revealed that organizational culture significantly predicts the level of organizational performance. Leithy (2017) in a study in China revealed that there was a positive relationship between the organizational culture and organizational performance of organizations sampled in the study. In Pakistan, Latif (2016) found out that there was a positive and significant relationship between collaborative culture and performance of commercial banks in Pakistan.

In a study to examine the role of corporate governance on financial performance of businesses in Indonesia, Naimah and Hamidah (2017) focused on the role of board size and board independence, audit committee meeting, audit committee size, outside directors and corporate governance perception index. The study established that there was significant relationship between the corporate governance and financial performance of the businesses. Homaidi, Almaqtari and Ahmad (2019) carried out a study that sought to establish the influence of corporate governance on the financial performance of hotels in India. The study established that there was a significant impact on financial performance of hotels due to corporate governance mechanism such as board size, audit committee size, board competencies, and institutional ownership. In Rwandan context, Ndemezo and Kayitana (2018) established that corporate governance aspect such as managers experience, leadership styles and mangers education affected the level of performance of organizations in terms of return on assets and market share.

A study by Cania (2015) sought to find out the influence of resource management and organizational performance in Albania. The study established that there was a positive and significant relationship between the resource management and the performance of the organization. In Republic of North Macedonia, Nikoloski (2016) carried out a study that sought to find out the role of the resource management on the performance of organizations. The study sample top management of for-profit organizations in the country. The study revealed that proper human resource management in the for-profit organizations increased the financial returns ion the organizations. In India, Zehir, Gurol, Karaboga, and Kole (2016) carried out a study that sought to find out the role of human resource management on performance of major organization in the country. The study revealed that human resource management significantly predicts the level of organizational performance. In the context of Brazil, Brito and Oliveira (2016), carried out a study whose objective was to establish the relationship between resource management and performance of organizations. It was revealed that there was a positive relationship between resource management and performance of organizations.

Focusing on Not-For-Profit organizations in Nairobi County, Kitonga, Bichanga, & Muema (2016) carried out a study to examine the relationship between strategic direction and performance of organizations. The study revealed that there was a positive and significant relationship between strategic direction and performance of organizations. It was further revealed that strategic direction of the organizations significantly predicted the level of performance of the organizations. In Nigerian context, Palladan, Abdulkadir and Chong (2016) carried out a study that sought out among other objectives to establish the role of strategic direction in the performance of tertiary institutions. The study further revealed that majority of top managers is involved in formulation of strategies direction of the institutions. Focusing on enterprises in Slovak Republic, Papulova (2015) carried out a study that sought to establish the influence of vision and mission statements on the performance of organizations. In respect to this, it was established that 90% of the enterprises had a vision for their enterprise. It was also noted that 70% of the firms considered vision to be an important element of the firm.

2.6 Research gaps

The literature reviewed in this study indicates research gaps that the current study seeks to fill. In the context of organizational culture, Sengke (2016) carried out a study that sought to investigate the influence of on the performance of businesses in Indonesia. On the same context, Sadighi (2017) investigated the role of organizational culture on the performance of Small and Medium-Sized Enterprises (SMEs) in the health sector in the United Kingdom. Since these studies involved organizations that operated in different businesses environment from the organizations in Kenya. Therefore could not be comparable to Kenya organizations and therefore the need to fill this contextual research gaps by carrying out a study in Kenyan context.

A study by Leithy (2017) that sought to investigate the relationship between organizational culture and organizational performance of organizations in China and a study by Aliyu and Rosli (2014) that sought to establish the relationship between organizational culture and performance of SMEs in Nigeria presents a conceptual research gap since they only focused on one element of organizational culture. The current study filled this gap by carrying out a study that involves several organizational culture aspects such as entrepreneurial culture, consensual culture, bureaucratic culture and competitive culture.

Quang, Kim, & Yi (2015) carried out a study in Vietnam to establish the influence of corporate governance on the performance of private sector businesses. The study presents a conceptual gap for the study focused on one aspect of corporate governance while the current study focuses on board size and board independence, audit committee meeting, audit committee size and outside directors among other aspects of corporate governance. Homaidi, Almaqtari and Ahmad (2019) carried out a study that sought to establish the influence of corporate governance on the financial performance of hotels in India. The laws guiding the formation of businesses and its governance in India differ with the Kenyan laws and therefore the findings from India would not be generalizable to Kenyan context and therefore a contextual research gap.

Based on a meta-analysis, a study by M'Ithiria and Musyoki (2014) sought to establish the influence of corporate governance on the performance of organizations in Kenyan context. Though on Kenyan context, the study by M'Ithiria and Musyoki (2014) presents a methodological gap since its conclusion was based on other researchers and therefore the conclusion was biased towards the findings of other researchers. The current study filled this research gap by carrying out a study using survey approach.

In India, Zehir, Gurol, Karaboga, and Kole (2016) carried out a study that sought to find out the role of human resource management on performance of major organization in the country. This study only focused on human resource management while the current study focused on management of several resources such as finances, assets, and other properties and therefore improving the generalizability of the study findings. In the context of Brazil, Brito and Oliveira (2016), carried out a study whose objective was to establish the relationship between resource management and performance of organizations. The performance of the organization was measured in terms of financial performance while the current study focused on several other performance aspects such as customer satisfaction, market share, and production efficiency among others.

Kitonga, Bichanga, & Muema (2016) carried out a study to examine the relationship between strategic direction and performance of Not-For-Profit organizations in Nairobi County. The study focused on Not-For-Profit organizations while the current study focuses on For-Profit organizations. The strategic direction of Not-For-Profit and For-Profit organizations significantly differ and therefore the current study seeks to fill this contextual research gap. In Nigerian context, Palladan, Abdulkadir and Chong (2016) carried out a study that sought out among other objectives to establish the role of strategic direction in the performance of tertiary institutions. Since the reviewed study was done in institutions of higher learning, the current study findings a contextual research to carry out a study in businesses owned by families as opposed to the state. Papulova (2015) carried out a study that sought to establish the influence of vision and mission statements on the performance of organizations. The study was descriptive in nature and therefore did not statistically test the relationship between the study variables and this presents a methodological research gap for the study that sought to statistically test study hypotheses.

CHAPTER THREE
RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter gives details and explanations on the research methodology that are used by the study. The research methodology aspect that was discussed in this chapter includes the research design, location of the study, population of the study, sampling procedure and sample size, instrumentation, data collection procedure, data analysis and ethical considerations.

3.2 Research Design

The study adopted descriptive research design. This refers to the research design whereby data is collected from the natural setting of the phenomenon under investigation(Nicholson, 2011). The advantage of this research design is that data is that data is not manipulated that therefore the findings of the study through this research design reflect the actual status of the phenomenon(Glăveanu, 2012). This design was used in the examination of effect of strategic leadership on performance of family owned businesses in Nakuru East Sub County, Kenya. Again, the descriptive research method is able to yield large amount of data even from a small sample size, as it is the case in this study(Hall, 2015). This explains the choice of the descriptive research design as the blueprint that guides the current study in data collection, analysis and reporting.

3.3 Location of the Study

The study was carried out in Nakuru East Sub County and involved family owned businesses. Nakuru East Sub County is considered as one of the best places to invest in Kenya due to the endless businesses opportunities. Businesses people have taken advantage of the high population, good transport network, security, affordable housing and cheap labour to run a successful business in Nakuru East Sub County. There are many businesses operating within Nakuru East Sub County and this enabled the study to achieve the desired sample size of family businesses. It is based on these findings that the study chose Nakuru East Sub County as the location of the study.

3.4 Population of the Study

The study targeted businesses owned by families within Nakuru East Sub County. According to the Licensing Department at the County Government of Nakuru in 2019, there are a varied population of 2600 family businesses operating within Nakuru East Sub County. This formed the unit of observation. From the 2600 family-owned businesses, the study targeted the businesses managers/owners. This implies that the target population of the study was 2600 owners. Table 3.1 shows the distribution of businesses across different businesses sectors in Nakuru East Sub County.

Table 3.1: Target Population

Sector	No. of Businesses	Managers/Owners
Healthcare	229	229
Information Technology	643	643
Retail	912	912
Financial Services and Banking	423	423
Education	37	37
Hospitality	356	356
Total	**2600**	**2600**

Source (County Government of Nakuru, 2019)

3.5 Sampling Procedure and Sample Size

The study used stratified random sampling to arrive at the sample size desired in the study. Stratified random sampling entails dividing the population into groups based on commonalities of characteristics (Nicholson, 2011). From each group, a sample is selected using simple random method and proportionate to the size of the group(Bryman, 2012). The stratified random sampling was used due to differences of businesses sector of family-owned businesses in Nakuru East Sub County. Stratified random sampling is advantages in that it gives equal representation of all differences in a population(Briggs, Coleman, Morrison, Dixon, & Woolner, 2016). This therefore implies there was not biasness in the sample distribution.

The sample size for the study was determined using the Nassiuma formula for sample size termination. The formula and computation is as follows;

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

Where;

n = Sample size,

N = Population size,

C = Coefficient of variation =0.5

ε = Standard margin of error=0.05

On computing;

$n = \frac{2600*0.5^2}{0.5^2+(2600-1)0.05^2}$= 96 respondents

The sample size is therefore 96 respondents. Table 3.e shows the sample distribution.

Table 3.2: Sample Size Distribution

Sector	Proportion	Sample
Healthcare	(229/2600)*96	8
Information Technology	(643/2600)*96	24
Retail	(912/2600)*96	34
Financial Services and Banking	(423/2600)*96	16
Education	(37/2600)*96	1
Hospitality	(356/2600)*96	13
Total	**2600**	**96**

3.6 Instrumentation

The study collected data through the use of closed-ended questionnaires. The questionnaire that was used in this study was divided into six sections. The first section sought to collect data in regard to the background characteristics of the respondents and the family businesses. The second section collected data in regard to the organizational culture, third section in regard to corporate governance, the fourth section in respect to resources management and fifth section in respect to strategic direction. The last section sought to collect data in regard to performance of family owned businesses. From section two to section six, the questions was based on a five point Likert scale whereby; 1=No Extent, 2=Small Extent, 3=Moderate Extent, 4=Large Extent and 5=Very large Extent.

3.6.1 Pilot Study

The piloting of the research instrument was carried out in Eldoret town. Eldoret town bears also most similar characteristics with Nakuru East Sub County in terms of growth and population. This implies that the finding obtained from the pilot study is used to determine the reliability and validity of the research instrument. The sample size for pilot study was10 respondents which represents 10% of the sample size.

3.6.2 Validity of the Instrument

To ascertain the validity of the research instruments the study used content validity index. In respect to this, both scale level content validity index (S-CVI) and item level scale content validity index (I-CVI) was used(Sekaran & Bougie, 2011). This was determined by the use of subject matter experts who included the research supervisor and four managers of the family owned businesses. The experts rated the relevance of the questions in the questionnaire using the following ordinal Likert scale were; 1-Not Relevant, 2 -Somewhat Relevant, 3-Quite Relevant, 4-Very Relevant. An S-CVI and I-CVI of 0.8 and 0.78 respectively was used as the threshold for determining the validity of the research instruments. To ascertain construct validity, the study ensured that the questions in the questionnaire are in line with the research objectives.

3.6.3 Reliability of the Instrument

To establish the reliability of the research instruments, the study used Cronbach’s Alpha test of internal consistent. This test examines the degree in which the results obtained from a study using a particular data collection tool can be depended on to be accurate. The study used a Cronbach’s Alpha coefficient of at least 0.7 as recommended by Mugenda (2003).

3.7 Data Collection Procedure

The study sought all relevant permissions and authorization before the collection of data. First, the researcher sought permission to collect data from institute of post graduate studies of Kabarak University through an introduction letter. Upon receiving the introduction letter, the researcher applied for authorization for data collection from the National Commission of Science, Technology and Innovation (NACOSTI). Upon receiving the authorization, the researcher visited the selected businesses for introduction and data collection. The researcher distributed the informed statement before issuance of the questionnaires which advised the respondents on the purpose of the data collection and how the collected data was to be used. The respondents were assured that the information they give were not shared to any other person and was strictly used for the purposes of the study. The study used the Drop Off and Pick Up later self-administration of the questionnaires in order to enhance the response rate of the respondents. In this method, the respondents were issued with the questionnaires that were collected at a later time. This gave the respondents time to fill in their responses thus enhancing the response rate.

3.8 Data Analysis

The questionnaires obtained from the field were examined for completeness and data was analysed by use of SPSS software. The study carried out all the analysis using Statistical Package for Social Sciences (SPSS). Descriptive statistics was used in the study include frequencies, percentages, mean scores and standard deviation (Glăveanu, 2012). Inferential statistics was used to describe the relations and association that exists between the study variables. In respect to this, the study used multiple linear regression to test the relationship between each independent variable with the dependent variable for testing the hypotheses of the study. This was tested at 5% significant level. The entire data analysis was presented in terms of tables due to the ease of using tabular presentation of statistical results.

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where Y is the dependent variable, β_0 is a constant

X1, X2, X3 and X4 are organizational culture, corporate governance, resources management and strategic direction respectively.

ε is the epsilon.

3.9 Ethical Considerations

The study first sought the consent of the respondent before issuing the respondents with a questionnaire. In respect to this, the respondent was explained the purpose of the study and how the respondents were selected. This purpose of the study was explained to the respondents as being academic in nature and the data was to be utilized for the academic purposes only. The study ensured that the participation into the study is voluntary and only those respondents who are willing to take part in the study are issued with the questionnaire. The respondent ‘indemnity was anonymous and that the questionnaire did not request the respondents to include their name in the questionnaire. The respondents was assured that the information they would provide was treated as confidential and used only for academic purposes for the study. The privacy of the respondents was also respected and that the respondents was allowed to fill the questionnaire at their own privacy if they so wish. The study had further obtained the NACOSTI permit in respect to the data collection aspects and ensuring that the study conformed to the ethical requirements provided by the government for conducting researchers in Kenya.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND CONCULSION

4.1 Introduction

The study sought to examine effect of strategic leadership on the organizational performance of family owned business in Nakuru East Sub County, Kenya. The study in this context sought to examine the influence of organizational culture, corporate governance, resources management and strategic direction on the performance of the family owned businesses in Nakuru East Sub County, Kenya. The data was collected using structured questionnaire and analyzed using SPSS software.

4.2 Response Rate

The study sought to collect the data from family businesses from healthcare, information technology, retail, financial services, education and hospitality. A sample size of 96 respondents was utilized in the study. The study thus issued 96 questionnaires to the respondents in which 84 questionnaires were returned. This made a response rate of 87.5%. This response was considered sufficient for the study as it was above the recommended minimum of 80%.

4.3 Background Characteristics

4.3.1 Distribution of Gender

The distribution of the respondents by gender was undertaken and the results provided in Table 4.1.

Table 4. 1: Distribution of Gender

Gender	Frequency	Percentage
Male	48	57%
Female	36	43%
Total	**84**	**100%**

The study noted that a majority of the respondents were male at 57% compared to those that were female at 43% of the respondents who were female.

4.3.2 Distribution by Age

The age distribution of the respondents was examined and the results presented in Table 4.2 below.

Table 4. 2: Distribution by Age

Age	Frequency	Percentages
20 Years and Below	4	4.7%
21-30 Years	6	7.1%
31-40 Years	10	11.9%
41-50 Years	29	34.5%
Above 50 Years	35	41.8%
Total	**84**	**100%**

The study examined on the age distribution of the respondents in which 4.7% of the respondents 20 years and below, 7.1% were between 21-30 years, 31-40 years stood at 11.9%, 41-50 years stood at 34.5%, and 41.8% were above 50 years of age. The study results thus indicated that a majority of the respondents were old at above 41 years of age.

4.3.3 Distribution by level of Education

The distribution by level of education was examined and presented in Table 4.3 below.

Table 4. 3: Distribution by Level of Education

	Frequency	Percentage
Certificate	16	19.0%
Diploma	39	46.4%
Degree	20	23.8%
Post Graduate	9	10.8%
Total	**84**	**100%**

The study noted that 19.0% of the respondents had certificate level of education while 46.4% of the respondents had diploma level of education. On the other hand, 23.8% and 10.8% of the respondents indicated that they had degree and post graduate degrees respectively.

4.3.4 Distribution by length worked in the businesses

The distribution of the length worked in the businesses was examined and presented in Table 4.4 below.

Table 4. 4: Distribution by Length of Time worked in the Business

	Frequency	Percentage
1-2 Years	3	3.6%
3-4 Years	7	8.3%
5-6 Years	44	52.4%
7 Years and Above	30	35.7%
Total	**84**	**100%**

The study noted that a majority of the respondents had worked in the business for 5-6 years compared to 35.7% of the respondents that had worked for 7 years and above.

4.4 Organization Culture and Performance of Businesses

The extent in which the organizational culture influenced the performance of business was examined using five indicators. The indicators of the organizational culture measured as latent variable were hierarchy culture, market culture, entrepreneurial culture, consensual culture and competitive culture. A five-point Likert scale with No Extent (NE), Small Extent (SE), Moderate Extent (ME), Large Extent (LE) and Very Large Extent (VLE) was used for the study. Both the frequency distributions, percentages and the chi square result were presented in Table 4.5.

Table 4. 5: Descriptive Statistics for Organizational Culture

	NE Freq %	SE Freq %	ME Freq %	LE Freq %	VLE Freq %	Chi-Square $\chi 2$	P
Hierarchy Culture	3 3.6%	11 13.1%	17 20.2%	39 46.4%	14 16.7%	15.877	0.044
Market Culture	2 2.4%	8 9.5%	11 13.1%	51 60.7%	12 14.3%	15.125	0.057
Entrepreneurial Culture	5 6.0%	3 3.6%	10 11.9%	53 63.1%	13 15.5%	16.793	0.032
Consensual Culture	6 7.1%	4 4.8%	6 7.1%	48 57.1%	20 23.8%	17.324	0.027
Competitive Culture	4 4.8%	6 7.1%	12 14.3%	47 56.0%	15 17.9%	19.117	0.014

The respondents were asked on the manner in which the hierarchy culture influenced the business performance. In the context of this indicator 3.6% of the respondents indicated that it influenced the business performance to no extent. A majority of the respondents noted that hierarchical culture influenced the business performance to a large extent at 46.4% of the respondents with a further 16.7% of the respondents indicating to a very large extent. The chi square test of independence was used to examine on whether the hierarchical culture had a statistically significant association with the business performance. The study achieved chi square results of 15.877 with a p value of 0.044. The chi square results thus indicated that the hierarchical culture had a statistically significant association with business performance at 5% level of significance since p value is less than 0.05.

The extent in which the market culture influenced the business performance was examined. The study found that a cumulative percentage of 75% of the respondents agreed that the metric had an influence on the business performance to a large extent. This is compared to 2.4%, 9.5%, and 13.1% of the respondents who indicated to no extent, small extent and moderate extent respectively. The results of this study in respect to the market culture are similar to those by Sadighi (2017) in the United Kingdom, investigated the role of organizational culture on the performance of Small and Medium-Sized Enterprises (SMEs) in the health sector. The study had found that market culture had the highest influence on organizational performance. In line to this finding, Larentis, Simone, and Antonio (2017) indicated that market culture was a significant predictor of organizational performance in organizations in Brazil.

The extent in which the entrepreneurial culture influenced business performance was examined with 6.0%, 3.6%, 11.9%, 63.1%, and 15.5% of the respondents indicating to a no extent, small extent, moderate extent, large extent and very large extent respectively. The metric was also examined on whether it had a statistically significant association with the business performance. In this context, the study achieved chi square value of 16.793 with a p value of 0.032. This indicated that the entrepreneurial culture had a statistically significant association with business performance at 5% level of significance. The results of the current study are similar to those in other empirical studies. Tubey, Rotich,and Kurgat (2015) found out that organizational culture among businesses owned by female in Nairobi County influenced the level of performance of an organization. In respect to this entrepreneurial culture, willingness to take businesses risks, emphasis on competitive actions, readiness to meet new challenges, procedural coordination of activities and having common interest towards the organizational goals influenced the level of performance of female owed enterprises.

The extent in which the consensual culture influenced business performance had a majority of the respondents 57.1% being in agreement that the measure influenced business performance to a large extent. This is compared to 23.8% of the respondents who indicated that it influenced the business performance to a very large extent. The study further used the chi square in examination of the whether the consensual culture had a statistically significant association with the business performance. The study achieved a chi square of 17.324 with a p value of 0.027. This led to the conclusion that consensual culture had a statistically significant association with the business performance aspects. The results of the current study is similar to those of other studies. In Indonesian context, Sengke (2016) carried out a study that sought to investigate the influence of organizational culture on the performance of businesses. Sengke (2016) found that consensual culture had the greatest influence while entrepreneurial culture had the least influence and therefore the recommendation to encourage employees to be more innovative within their roles.

The influence of the competitive culture was examined. In this context, a majority of 56.0% of the respondents indicated that the competitive culture had an influence on the business performance to a large extent. A further 17.9% of the respondents indicated that the competitive culture had an influence on the business performance to a very large extent. The chi square test of independence was used to examine on whether competitive culture had statistically significant association with business performance. The study in this regard achieved chi square value of 19.117 with a p value of 0.014. This led to the conclusion that there was a statistically significant association between competitive culture and business performance aspects at 5% level of significance. The findings of the current study correlate with those other studies examining the same phenomenon. In Rwandan context, Ndemezo and Kayitana (2018), found out that family businesses were competitive compared to non-family SMEs due to formulation of long-term policies and motivation of employees to bear the vision of the family businesses. Ndemezo and Kayitana (2018)further established that family businesses implemented cost saving strategies and this help such businesses to gain competitive advantage in the Rwanda market.

4.5 Influence of corporate governance on the performance of family owned businesses

The influence of the corporate governance on the performance of family owned business was examined as a latent variable with five indicators. These indicators included board size, board impendence, audit committee size, board competencies, and institutional ownership. A five point likert scale with No Extent (NE), Small Extent (SE), Moderate Extent (ME), Large Extent (LE) and Very Large Extent (VLE) was used for the study. Both the frequency distributions, percentages and the chi square result were presented in Table 4.6.

Table 4. 6: Distribution Frequencies for Corporate Governance

	NE	SE	ME	LE	VLE	Chi-Square	
	Freq %	Freq %	Freq %	Freq %	Freq %	χ2	P Value
Board Size	5 6.0%	2 2.4%	10 11.9%	51 60.7%	16 19.0%	14.332	0.072
Board Independence	6 7.1%	4 4.8%	7 8.3%	53 63.1%	14 16.7%	38.008	0.000
Audit Committee Size	5 6.0%	10 11.9%	5 6.0%	48 57.1%	16 19.0%	15.569	0.049
Board Competencies	4 4.8%	6 7.1%	11 13.1%	55 65.5%	8 9.5%	32.250	0.000
Institutional Ownership	7 8.3%	14 16.7%	16 19.0%	35 41.7%	12 14.3%	19.289	0.013

The extent in which the board size influenced the business performance was examined with the results indicating that a majority of 60.7% of the respondents agreed with the metric to a large extent. A further 19.0% of the respondents indicated that the influence was to a very large extent making cumulatively 79.7% of the respondents indicating that board size influenced business performance to a large extent. The study further sought to examine on whether the board size had a statistically significant association with business performance at 5% level of significance. The study found that board size achieved a chi square value of 14.332 with a p value of 0.072 indicating that there was no statistically significant association between board size and business performance. The results of this current study are in tandem with that of Homaidi, Almaqtari and Ahmad (2019) who carried out a study that sought to establish the influence of corporate governance on the financial performance of hotels in India. Using regression analysis, the study established that there was a significant impact on financial performance of hotels due to corporate governance mechanism such as board size, audit committee size, board competencies, and institutional ownership. These results are comparable to the findings of (Kulathunga, Weerasinghe, & Jayarathne, 2017)corporate governance mechanism used has significant impact of the financial performance of large corporation in the two countries. It was revealed in this respect that good corporate governance increased the returns of the organizations under investigation.

The study further examined the influence of board independence on the business performance aspects. The study found that 7.1%, 4.8%, 8.3%, 63.1% and 16.7% of the respondents indicated that the board independence influenced business performance aspects. The study further sought to examine on whether the board independence had a statistically significant association with business performance. The study achieved a chi square value of 38.008 with a p value of 0.000. This indicated that there was a statistically significant association between board independence and business performance aspects. The extent in which the audit committee size influenced the business performance was examined. In this context a cumulative percentage of 76.1% of the respondents indicated that the audit committee size influence business performance to a large extent.

The study further noted that 6.0%, 11.9% and 6.0% of the respondents indicated that the audit committee size influenced the business performance to no extent, small extent and moderate extent respectively. The influence of the board competencies on the business performance was examined with a majority of the respondents at 65.5% indicating that it influenced business performance to large extent. It was only a small percentage of 4.8% of the respondent who indicated that the business competences didn’t influence the business performance to any extent. The chi square test of association between board competencies and business performance achieved a chi square value of 32.250 with a p value of 0.000. This indicated that there was a statistically significant association between board competencies and business performance of the family businesses. The study findings are similar to those of Naimah and Hamidah (2017) who established that there was significant relationship between the corporate governance and financial performance of the businesses. Using regression analysis, it was established that board size and board independence, audit committee meeting, audit committee size, outside directors and corporate governance perception index significantly predicted the financial performance of businesses in Indonesia.

The extent in which the institutional ownership influenced business performance of the family business was examined. The study found that 8.3% of the respondents indicated that it influenced the business performance to no extent. This is compared to 16.7%, 19.0%, 41.7%, and 14.3% of the respondents who indicated that institutional ownership influenced business performance to small extent, moderate extent, large extent and very large extent respectively. The chi square test of independence was examined with the achieved chi square being 19.289 with a p value of 0.013. This thus led to the conclusion that there was a statistically significant association between institutional ownership and business performance of the family businesses at 5%. This was due to a p value of less than 0.05.

4.6 Influence of Resources Management on the Performance of Family Owned Businesses

The influence of the resources management on the performance of family owned business was examined as a latent variable with five indicators. These indicators included human resource management, financial resource management, management of assets, supervision, and monitoring and evaluation. A five point likert scale with No Extent (NE), Small Extent (SE), Moderate Extent (ME), Large Extent (LE) and Very Large Extent (VLE) was used for the study. Both the frequency distributions, percentages and the chi square result were presented in Table 4.7below.

Table 4. 7: Distribution Frequencies for Resource Management

	NE	SE	ME	LE	VLE	Chi-Square	
	Freq %	**Freq %**	**Freq %**	**Freq %**	**Freq %**	**χ2**	**P Value**
Human resource management	8 9.5%	8 9.5%	11 13.1%	42 50.0%	15 17.9%	17.961	0.022
Financial resource management	3 3.6%	5 6.0%	17 20.2%	43 51.2%	16 19.0%	15.943	0.043
Management of assets	4 4.8%	9 10.7%	16 19.0%	37 44.0%	18 21.4%	26.284	0.001
Supervision	1 1.2%	12 14.3%	13 15.5%	49 58.3%	9 10.7%	25.494	0.001
Monitoring and evaluation	2 2.4%	6 7.1%	10 11.9%	52 61.9%	14 16.7%	14.439	0.071

The extent in which the human resources management influenced the business performance of the family owned business was examined. In this context, 50.0% of the respondents indicated that the metric influenced business performance to a large extent. A further 17.9% of the respondents indicated that the human resource management influenced business performance to a very large extent making 67.9% the respondents who found that the metric influenced the business performance to a large extent. The chi square test of independence was used to check on whether the human resources management had a statistically significant association with business performance of the family owned businesses. The study achieved a chi square value of 17.961 with a p value of 0.022. This indicated that there was a statistically significant association between human resource management and business performance at 5% level of significance. The results of this study were consistent to those of Zehir, Gurol, Karaboga, and Kole (2016) carried out a study that sought to find out the role of human resource management on performance of major organization in the country. Zehir, Gurol, Karaboga, and Kole (2016) revealed that human resource management significantly predicts the level of organizational performance. These results are consistent with the findings of Busolo, Ogolla, and Were (2016) who indicated that human resource management is a significant predictor of organizational performance. In respect to this, Busolo, Ogolla, and Were (2016) noted that proper human resource management improves the performance of employees and hence the performance of the organization.

The influence of the financial resource management on the business performance was examined. In this context a majority of 51.2% of the respondents indicated that it influenced business performance to large extent compared to the least percentage of respondents at 3.6% who indicated that it affected to no extent. The examination on whether the financial resource management had a statistically significant association with business performance achieved a chi square of 15.943 with a p value of 0.043. This indicated that there was a statistically significant association between financial resource management and business performance at 5% level of significance.

The study further sought to examine the manner in which the management of assets influenced the business performance aspects. The study found that 4.8%, 10.7%, 19.0%, 44.0%, and 21.4% of the respondents indicated to no extent, small extent, moderate extent, large extent and very large extent respectively. The study results thus indicated that a cumulative percentage of 65.4% of the respondents were in agreement that the management of assets influenced business performance to a large extent. To test on whether the management of assets had a statistically significant association with business performance a chi square value of 26.284 with a p value of 0.001 was achieved. This indicated that there was a statistically significant association between management of assets and business performance. The study further sought to examine the influence of supervision on the business performance aspects. The study found that supervision had 58.3% of the respondents indicating that it influenced business performance to a large extent. A further 10.7% of the respondents indicated that supervision influenced business performance to a very large extent while 1.2% of the respondents indicated to a no extent. The study in seeking to examine the manner in which supervision influenced business performance used the chi square test of independence. The study the association between supervision and business performance had a chi square value of 25.494 with a p value of 0.001. This indicated that there was statistically significant association between supervision and business performance aspects.

The study further examined the influence of monitoring and evaluation on the business performance aspects. The study found that 61.9% of the respondents indicated that it influenced business performance to a large extent while 16.7% indicated that it influenced business performance to a very large extent. It was only 2.4% of the respondents who indicated that monitoring and evaluation influenced the business performance to no extent. The chi square test of independence was use to check on whether there was a statistically significant association between monitoring and evaluation, and business performance. The study achieved a chi square value of 14.439 with a p value of 0.071 which indicated that there was no statistically significant association between the metrics. the study results were consistent with that of Busolo, Ogolla, and Were (2016) found out that balancing family responsibilities and businesses demands affected the level of performance of youth owed enterprises in Nairobi. The governance aspects such as monitoring of employees and financial management also affected the profitability of the businesses.

4.7 Influence of Strategic Direction on the Performance of Family Owned Businesses

The influence of strategic direction on the performance of family owned business was examined as a latent variable with five indicators. These indicators included mission, vision, values, goals and roles. A five point liket scale with No Extent (NE), Small

Extent (SE), Moderate Extent (ME), Large Extent (LE) and Very Large Extent (VLE) was used for the study. Both the frequency distributions, percentages and the chi square result were presented in Table 4.8 below.

Table 4. 8: Distribution Frequencies for Strategic Direction

	NE	SE	ME	LE	VLE	Chi-Square	
	Freq %	Freq %	Freq %	Freq %	Freq %	χ2	P Value
Mission	6 7.1%	4 4.8%	6 7.1%	56 66.7%	12 14.3%	16.137	0.040
Vision	2 2.4%	8 9.5%	13 15.5%	46 54.8%	15 17.9%	15.107	0.057
Values	1 1.2%	2 2.4%	6 7.1%	66 78.6%	9 10.7%	18.391	0.018
Goals	3 3.6%	6 7.1%	10 11.9%	48 57.1%	17 20.2%	17.149	0.029
Roles	2 2.4%	5 6.0%	7 8.3%	57 67.9%	13 15.5%	21.638	0.006

The extent in which mission influenced the business performance of the family business was examined. The study found that 66.7% of the respondents indicated that mission of the organization influenced business performance to a large extent while 14.3% of the respondents indicated that mission of the business influenced the business to a very large extent. The study further sought to examine on whether mission of the organization had a statistically significant association with business performance. This was checked at 5% level of significance. The study achieved a chi square value of 16.137 with a p value of 0.040. This indicated that there was a statistically significant association between mission and business performance at 5% level of significance. The study sought to examine the extent in which vision influenced business performance of family businesses. The study found that 2.4%, 9.5%, 15.5%, 54.8%, and 17.9% of the respondents indicated that it influenced to a no extent, small extent, moderate extent, large extent and very large extent respectively. The results of the current study were similar to those of the other studies. Focusing on enterprises in Slovak Republic, Papulova (2015) carried out a study that sought to establish the influence of vision and mission statements on the performance of organizations. It was also noted that 70% of the firms considered vision to be an important element of the firm. In respect to the mission statement, the respondents indicated that the mission helped in communicating the reason for the existence of the firms and also guided its activities. It was also revealed that 77% of the respondents understood the importance of the mission statement in their enterprises.

The study examined on whether there was a statistically significant association between vision and business performance in which a chi square value of 15.107 was achieved with a p value of 0.057. This indicated that there was no statistically significant association between vision and business performance aspects. The extent in which the organizational values influenced on the business performance was examined in the study. The study found that a majority of 78.6% of the respondents agreed with the metric to a large extent with 10.7% of the respondents agreeing with the metric to a very large extent. This is compared to 1.2%, 2.4%, and 7.1% of the respondents indicating to no extent, small extent and moderate extent respectively. The results were similar to those of Waithira (2016). Clear vision and direction in an organization has been seen to influence the performance of an organization in diverse contexts. Waithira (2016) carried out a study that sought to examine the influence of strategic direction on organizational performance of tourism agencies in Kenya. In respect to this, the study studied the mission and vision of the organization, values and goals of the tourism agencies as elements of strategic direction.

In the examination on whether there was statistically significant association between organizational values and business performance an achieved chi square value of 18.391 with a p value of 0.018 was observed. These results thus indicated that there was a statistically significant association between values and business performance at 5% level of significance.

The study further examined the extent in which roles influenced business performance. This had 67.9% of the respondents indicating that it influenced on the business performance to a large extent while 15.5% of the respondents indicates that it influenced to a very large extent. The respondents further noted that 2.4%, 6.0%, and 8.3% of the respondents indicated that the metric influenced on the business performance to no extent, small extent and moderate extent respectively. The study thus found that in respect to whether the roles had a statistically significant association with performance of family owned business, a chi square value of 21.638 was achieved with a p value of 0.006. This indicated that there was a statistically significant association between the roles undertaken and performance of the family business at 5% level of significance.

4.8 Performance of Family Owned Businesses

The performance of family owned businesses were examined using five indicators that is customer satisfaction, high return on assets, businesses has high market share, high sales volumes, and high return on investment. The study was examined using five point likert scale with indicators of No Extent, Small Extent, Moderate Extent, Large Extent and Very Large Extent respectively. The frequency distribution were provided in Table 4.9 below.

Table 4. 9: Performance of Family Owned Businesses

	NE Freq %	**SE Freq %**	**ME Freq %**	**LE Freq %**	**VLE Freq %**
Customers are satisfied	3 3.6%	4 4.8%	12 14.3%	41 48.8%	24 28.6%
There is high return on assets	2 2.4%	6 7.1%	7 8.3%	43 51.2%	26 31.0%
The businesses has high market share	4 4.8%	7 8.3%	11 13.1%	42 50.0%	20 23.8%
There is high sales volumes	5 6.0%	4 4.8%	16 19.0%	37 44.0%	22 26.2%
There is high return on investment	2 2.4%	9 10.7%	14 16.7%	40 47.6%	19 22.6%

The question as to influence of the strategic leadership on the performance of family owned businesses had 3.6%, 4.8%, 14.3%, 48.8%, and 28.6% of the respondents indicating to no extent, small extent, moderate extent, large extent and very large extent respectively. The study thus noted that a cumulative percentage of 77.4% of the respondents noted that strategic leadership influenced on the performance of the family business to a large extent. It was only 3.6% of the respondents indicated that strategic leadership influenced customer satisfaction to no extent.

In respect to the extent in which strategic leadership influenced high returns on assets, a cumulative percentage of 82.2% of the respondents indicated to a large extent. This is compared to 2.4%, 7.1%, and 8.3% of the respondents who indicated to a no extent, small extent and moderate extent respectively. The influence of strategic leadership on the high sales volumes had 6.0%, 4.8%, 19.0%, 44.0%, and 26.2% of the respondents indicating to a no extent, small extent, moderate extent, large extent and very large extent respectively. Finally, the influence of strategic leadership on the high return on investment had 2.4%, 10.7%, 16.7%, 47.6%, and 22.6% of the respondents indicating to no extent, small extent, moderate extent, large extent and very large extent respectively.

4.9 Correlational Analysis

The correlation analysis was also undertaken in this study. The correlation analysis examines the relationship between variables while noting the direction and strength of the relationships. The results of the correlation analysis were presented in Table 4.10 below.

Table 4. 10:Correlation Analysis

		Organizational Culture	Corporate Governance	Resources Management	Strategic Direction	Business Performance
Organizational Culture	Pearson Correlation	1	.322**	.267*	.326**	.639**
	Sig. (2-tailed)		.003	.014	.002	.000
	N		84	84	84	84
Corporate Governance	Pearson Correlation		1	.496**	.353**	.723**
	Sig. (2-tailed)			.000	.001	.000
	N			84	84	84
Resources Management	Pearson Correlation			1	.286**	.691**
	Sig. (2-tailed)				.008	.000
	N				84	84
Strategic Direction	Pearson Correlation				1	.675**
	Sig. (2-tailed)					.000
	N					84
Business Performance	Pearson Correlation					1
	Sig. (2-tailed)					
	N					84

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

The Pearson correlation coefficients were used in examining the correlation relationship between the individual independent variable and the dependent variable. The organizational culture had a positive correlation of 0.639 with business performance. The study further found that the observed relationship was statistically significant in nature at 5% level of significance due to a p value of less than 0.05. The study further examined on whether corporate governance had a correlation relationship with business performance. The study found that there was a correlational coefficient of 0.723 between corporate governance and business performance. This was deemed to be statistically significant at 5% (0.05) level of significance due to an achieved p value of 0.000. The study further sought to examine on whether resource management had a correlational influence on business performance.

The study found that resources management had a correlational influence of 0.691 with business performance. This was deemed statistically significant at 5% level of significance due to a p value of 0.000. The study further sought to examine on whether the strategic direction had a correlational influence with business performance. The study found that strategic direction and business performance had a positive correlation with a coefficient of 0.675. The examination on whether the correlational relationship between strategic direction and business performance was statistically significant yielded a p value of 0.000. This indicated that there was a statistically significant correlational relationship between strategic direction and performance of family businesses in Nakuru.

4.10 Regression Analysis

This study sought to examine effect of strategic leadership on the performance of family owned businesses in Nakuru East Sub County, Kenya. To achieve the general objective of the study, the influence of organizational culture, corporate governance, resources management and strategic direction were examined in respect to their influence on the performance of family owned businesses in Nakuru East Sub County, Kenya. The study used regression analysis to examine on whether the strategic leadership had an effect on the performance of family owned businesses in Nakuru, Kenya. The results of the regression analysis were presented through model summary results (Table 4.11), ANOVA results (Table 4.12), and regression coefficients results (Table 4.11) below.

Table 4. 11: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.915[a]	.837	.829	.14915

a. Predictors: (Constant), Strategic Direction, Resources Management, Organizational Culture, Corporate Governance

The model summary results were presented in Table 4.11 and presented the correlation coefficient (R), and coefficient of determination (R Square) results which are explained in this research. The correlation coefficient examines the influence of the independent variables (Strategic direction, resources management, organizational culture, and corporate governance) cumulatively on the business performance. The achieved correlational coefficient of 0.915 indicates that there is a positive correlation between the independent variables cumulatively and business performance. This was a high correlation between the independent variables (cumulatively) and the dependent variable. The coefficient of determination examines on the variance in the dependent variable (business performance) that is attributed to the independent variables (Strategic direction, resources management, organizational culture, and corporate governance) together.

The study found an achieved an adjusted coefficient of determination of 0.829. This indicated that 82.9% of the variance in the business performance was attributed to the independent variables (Strategic direction, resources management, organizational culture, and corporate governance). This thus shows that there is a high influence of independent variables (Strategic direction, resources management, organizational culture, and corporate governance) of business performance of family businesses in Nakuru, Kenya. The results thus further found that 17.1% of the variance in the business performance was as a result of other factors that are not in the regression model.

The study further sought to examine on whether the regression model is good fit for data. This was undertaken using the F test of one-way ANOVA and the results presented in Table 4.12 below.

Table 4. 12: ANOVA

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.017	4	2.254	101.333	.000[b]
	Residual	1.757	79	.022		
	Total	10.774	83			

a. Dependent Variable: organizational perfomance
b. Predictors: (Constant), Strategic Direction, Resources Management, Organizational Culture, Corporate Governance

The F test of one-way ANOVA was being used to check on whether the model was good fit for data at 5% level of significance with a decision rule that the model is considered good fit for data if the achieved p value is less than 0.05. The achieved results of the ANOVA results were F (4, 79) = 101.333 and a p value of 0.000. This led to the acceptance that the regression model was a good fit for data since p (F>101.333) =0.000 < 0.05. The conclusion that the regression model was good fit for data led to the examination of specific regression coefficients which results were presented in Table 4.13 below.

Table 4. 13: Coefficients

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.386	.172		2.243	.028
	Organizational Culture	.260	.034	.384	7.724	.000
	Corporate Governance	.215	.038	.308	5.611	.000
	Resources Management	.219	.036	.327	6.151	.000
	Strategic Direction	.208	.039	.266	5.282	.000

a. Dependent Variable: Business Performance

The regression coefficient was examined in order to understand the influence of a unit increase in the dependent variable as a result of the unit change in the independent variable. The achieved relationship was further examined on whether it would hold in the population (statistical significance) at 5% level of significance. In respect to the role of organizational culture on the business performance, the achieved regression coefficient was 0.260 with t test statistic value of 7.724 and a p value of 0.000. This indicated that a unit increase in organizational culture would lead to 0.260 increases in business performance with the other variables kept constant. These results were found statistically significant since p value was 0.000 and was less than the 0.05 level of significance. This led to the rejection of the following hypothesis (H_{01}) and acceptance of the alternative hypothesis.

H_{01}: Organizational culture has no significant statistical influence on the performance of family owned businesses in Nakuru East Sub County, Kenya.

In respect to the role of corporate governance on the business performance, the achieved regression coefficient was 0.215 with t test statistic value of 5.611 and a p value of 0.000. This indicated that a unit increase in corporate governance would lead to 0.215 increases in business performance with the other variables kept constant. These results were found statistically significant since p value was 0.000 and was less than the 0.05 level of significance. This led to the rejection of the following hypothesis (H_{02}) and acceptance of the alternative hypothesis.

H_{02}: Corporate governance has no significant statistical influence on the performance of family owned businesses in Nakuru East Sub County, Kenya.

In respect to the role of resources management on the business performance, the achieved regression coefficient was 0.219 with t test statistic value of 6.151 and a p value of 0.000. This indicated that a unit increase in resources management would lead to 0.219 increase in business performance with the other variables kept constant. These results were found statistically significant since p value was 0.000 and was less than the 0.05 level of significance. This led to the rejection of the following hypothesis (H_{03}) and acceptance of the alternative hypothesis.

H_{03}: Resources management has no significant statistical influence on the performance of family owned businesses in Nakuru East Sub County, Kenya

In respect to the role of strategic direction on the business performance, the achieved regression coefficient was 0.208 with t test statistic value of 5.282 and a p value of 0.000. This indicated that a unit increase in strategic direction would lead to 0.208 increase in business performance with the other variables kept constant. These results were found statistically significant since p value was 0.000 and was less than the 0.05 level of significance. This led to the rejection of the following hypothesis (H_{04}) and acceptance of the alternative hypothesis.

H_{04}: Strategic direction has no significant statistical influence on the performance of family owned businesses in Nakuru East Sub County, Kenya

CHAPTER FIVE
SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The study sought to examine effect of strategic leadership on organizational performance of the family owned business in Nakuru East Sub County, Kenya. The study in order to achieve this general objective sought to examine organizational culture, corporate governance, resources management, and strategic direction on the performance of family owned business in Nakuru East Sub County, Kenya. The data was collected through structured questionnaires with a sample size of 96 respondents.

5.2 Summary of the Study

The study sought to collect the data from family businesses from healthcare, information technology, retail, financial services, education and hospitality. A sample size of 96 respondents was utilized in the study. The study thus issued 96 questionnaires to the respondents in which 84 questionnaires were returned. This made a response rate of 87.5%. This response was considered sufficient for the study as it was above the recommended minimum of 80%. The study noted that a majority of the respondents were male at 57% compared to those that were female at 43% of the respondents who were female. The study examined on the age distribution of the respondents in which 4.7% of the respondents 20 years and below, 7.1% were between 21-30 years, 31-40 years stood at 11.9%, 41-50 years stood at 34.5%, and 41.8% were above 50 years of age. The study results thus indicated that a majority of the respondents were old at above 41 years of age. The study noted that 19.0% of the respondents had certificate level of education while 46.4% of the respondents had diploma level of education. On the other hand, 23.8% and 10.8% of the respondents indicated that they had degree and post graduate degrees respectively. The study noted that a majority of the respondents had worked in the business for 5-6 years compared to 35.7% of the respondents that had worked for 7 years and above. The study further gave the summaries of the study in respect to the four independent variables that is organizational culture, corporate governance, resource management and strategic direction.

5.2.1 Organization culture and performance of businesses

The extent in which the organizational culture influenced the performance of business was examined using five indicators including hierarchy culture, market culture, entrepreneurial culture, consensual culture and competitive culture. The respondents were asked on the manner in which the hierarchy culture influenced the business performance. A majority of the respondents noted that hierarchical culture influenced the business performance to a large extent at 46.4% of the respondents with a further 16.7% of the respondents indicating to a very large extent. The chi square results indicated that the hierarchical culture had a statistically significant association with business performance. The extent in which the market culture influenced the business performance was examined. The study found that a cumulative percentage of 75% of the respondents agreed that the metric had an influence on the business performance to a large extent. The study found that the entrepreneurial culture had a statistically significant association with business performance. The extent in which the consensual culture influenced business performance had a majority of the respondents 57.1% being in agreement that the measure influenced business performance to a large extent. The study found that consensual culture had a statistically significant association with the business performance aspects. The influence of the competitive culture was examined. In this context, a majority of 56.0% of the respondents indicated that the competitive culture had an influence on the business performance to a large extent. The study concluded that there was a statistically significant association between competitive culture and business performance aspects.

5.2.2 Influence of corporate governance on the performance of family owned businesses

The influence of the corporate governance on the performance of family owned business was examined using five indicators including board size, board impendence, audit committee size, board competencies, and institutional ownership. The extent in which the board size influenced the business performance was examined with the results indicating that a majority of 60.7% of the respondents agreed with the metric to a large extent. The study found that there was no statistically significant association between board size and business performance. The study further examined the influence of board independence on the business performance aspects. The study found that there was a statistically significant association between board independence and business performance aspects. The study found that a cumulative percentage of 76.1% of the respondents indicated that the audit committee size influenced business performance to a large extent. The influence of the board competencies on the business performance was examined with a majority of the respondents at 65.5% indicating that it influenced business performance to large extent. The study found that there was a statistically significant association between board competencies and business performance of the family businesses. The extent in which the institutional ownership influenced business performance of the family business was examined. The study found that 8.3% of the respondents indicated that it influenced the business performance to no extent. This is compared to 16.7%, 19.0%, 41.7%, and 14.3% of the respondents who indicated that institutional ownership influenced business performance to small extent, moderate extent, large extent and very large extent respectively. The study found that there was a statistically significant association between institutional ownership and business performance of the family businesses.

5.2.3 Influence of Resources Management on Performance of Family Owned Businesses

The influence of the resources management on the performance of family owned business was examined with five indicators including human resource management, financial resource management, management of assets, supervision, and monitoring and evaluation. The extent in which the human resources management influenced the business performance of the family owned business was examined. In this context, 50.0% of the respondents indicated that the metric influenced business performance to a large extent. The study found that there was a statistically significant association between human resource management and business performance. The influence of the financial resource management on the business performance was examined. In this context a majority of 51.2% of the respondents indicated that it influenced business performance to large extent. The study found that there was a statistically significant association between financial resource management and business performance. The study further sought to examine the manner in which the management of assets influenced the business performance aspects. The study results thus indicated that a cumulative percentage of 65.4% of the respondents were in agreement that the management of assets influenced business performance to a large extent. The study found that there was a statistically significant association between management of assets and business performance. The study further sought to examine the influence of supervision on the business performance aspects. The study found that supervision had 58.3% of the respondents indicating that it influenced business performance to a large extent. The study found that there was statistically significant association between supervision and business performance aspects. The study further examined the influence of monitoring and evaluation on the business performance aspects. The study found that 61.9% of the respondents indicated that it influenced business performance to a large extent while 16.7% indicated that it influenced business performance to a very large extent. The study indicated that there was no statistically significant association between the metrics.

5.2.4 Influence of Strategic Direction on the Performance of Family Owned Businesses

The influence of strategic direction on the performance of family owned business was examined as a latent variable with five indicators. These indicators included mission, vision, values, goals and roles. The extent in which mission influenced the business performance of the family business was examined. The study found that 66.7% of the respondents indicated that mission of the organization influenced business performance to a large extent. The study indicated that there was a statistically significant association between mission and business performance. The study sought to examine the extent in which vision influenced business performance of family businesses. The study found no statistically significant association between vision and business performance aspects. The extent in which the organizational values influenced on the business performance was examined in the study. The study found that a majority of 78.6% of the respondents agreed with the metric to a large extent with 10.7% of the respondents agreeing with the metric to a very large extent. The study found that there was a statistically significant association between values and business performance. The study further examined the extent in which roles influenced business performance. This had 67.9% of the respondents indicating that it influenced on the business performance to a large extent while 15.5% of the respondents indicates that it influenced to a very large extent. The study indicated that there was a statistically significant association between the roles undertaken and performance of the family business.

5.3 Conclusion of the Study

The study found that the four independent variables that is corporate governance, organizational culture, resources management and strategic cumulatively attributed to a huge variance of business performance. The specific variables influences on the dependent variables were examined in order to make conclusion at individual variable level. The conclusions of the study were made on the relationship between the specific independent variables and the dependent variables. The organizational culture had a statistically significant positive correlation with business performance. In respect to the role of organizational culture on the business performance, the achieved regression coefficient was 0.260 indicating that a unit increase in organizational culture would lead to 0.260 increase in business performance with the other variables kept constant. The results were statistically significant at 5% level of significance indicating that leading to the rejection of the null hypothesis that organizational culture had no significant influence on the performance of family owned businesses in Nakuru East Sub County, Kenya. The alternative hypothesis that there was a statistically significant influence on the performance of the family owned businesses in Nakuru East Sub County was accepted. In respect to the relationship between corporate governance and business performance, the study found that there was a statistically significant positive correlational relationship between corporate governance and business performance. The study further found that a unit increase in corporate governance would lead to 0.215 increase in business performance with the other variables kept constant. These results were found statistically significant since p value was 0.000 and was less than the 0.05 level of significance. The study thus concluded that there was a statistically significant influence on the performance of family owned businesses in Nakuru East Sub County, Kenya

In respect to the relationship between resources management and business performance, the study found that there was a positive correlational relationship with business performance that was significant in nature. The study further found that a unit increase in resources management would lead to 0.219 increase in business performance with the other variables kept constant. The results were found to be statistically significant. The study thus concluded that rresources management had significant influence on the performance of family owned businesses in Nakuru East Sub County, Kenya. The study further sought to examine on whether the strategic direction had a correlational influence with business performance. The study found that strategic direction and business performance had a positive correlation that was statistically significant in nature. The study further found that a unit increase in strategic direction would lead to 0.208 increase in business performance with the other variables kept constant. These results were found statistically significant five percent level of significance. The study concluded that there was statistically significant influence of the performance of family owned businesses in Nakuru East Sub County, Kenya.

5.4 Recommendations of the Study

In respect to the recommendations for practice, the study recommended that the organizational culture, corporate governance, and resources management should be emphasized and practiced within the family businesses. This was informed by these aspects being significant predictors of the organizational performance of the family owned businesses. While the study examined the influence of the strategic leadership on the organizational performance of family businesses in Nakuru East Sub County, the study recommends the expansion of that study to other regions as the results in this study could not be generalized to other regions.

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APPENDICES

APPENDIX I: CONSENT STATEMENT

My name is Violah Ronoh a masters' of Business Administration student at Kabarak University. I am undertaking a research work entitled **Effect of Strategic Leadership on Organizational Performance of Family Owned Businesses in Nakuru East Sub County, Kenya.**

Kindly do assist me in filling this questionnaire for the above stated purpose. Your responses will be kept anonymous and confidential.

Yours Faithfully,

Violah Ronoh

APPENDIX II: QUESTIONNAIRE

EFFECT OF STRATEGIC LEADERSHIP ON ORGANIZATIONAL PERFORMANCE OF FAMILY OWNED BUSINESSES IN NAKURU EAST SUB COUNTY, KENYA

SECTION I: BACKGROUND CHARACTERISTICS

1. Your gender.

Male [ ] Female [ ]

2. Your age in the following age brackets.

20 Years and Below [ ] 21-30 Years [ ] 31-40 Years [ ]

41-50 Years [ ] Above 50 Years [ ]

3. Please indicate your highest level of education.

Certificate [ ] Diploma [ ] Degree [ ] Post Graduate [ ]

4. For how long have carried out the businesses?

1-2 Years [ ] 3-4 years [ ] 5-6 Years [ ] 7 years and above [ ]

SECTION II: ORGANIZATIONAL CULTURE

Use the five point Likert scale as follows; **1=No Extent, 2=Small Extent, 3=Moderate Extent, 4=Large Extent,** and **5= Very Large Extent;** to indicate the extent of agreement of the following aspects.

No	*To what extent are the following aspects considered;*	5	4	3	2	1
5.	Hierarchy Culture					
6.	Market Culture					
7.	Entrepreneurial Culture					
8.	Consensual Culture					
9.	Competitive Culture					

SECTION III: CORPORATE GOVERNANCE

Use the five point Likert scale as follows; **1=No Extent, 2=Small Extent, 3=Moderate Extent, 4=Large Extent,** and **5= Very Large Extent;** to indicate the extent of agreement of the following aspects.

No	***To what extent does the family businesses consider;***	**5**	**4**	**3**	**2**	**1**
10.	Board Size					
11.	Board Independence					
12.	Audit Committee Size					
13.	Board Competencies					
14.	Institutional Ownership					

SECTION IV: RESOURCES MANAGEMENT

Use the five point Likert scale as follows; **1=No Extent, 2=Small Extent, 3=Moderate Extent, 4=Large Extent,** and **5= Very Large Extent;** to indicate the extent of agreement of the following aspects.

No	***To what extent do you agree that the following aspects are considered;***	**5**	**4**	**3**	**2**	**1**
15.	Human resource management					
16.	Financial resource management					
17.	Management of assets					
18.	Supervision					
19.	Monitoring and evaluation					

SECTION V: STRATEGIC DIRECTION

Use the five point Likert scale as follows; **1=No Extent, 2=Small Extent, 3=Moderate Extent, 4=Large Extent,** and **5= Very Large Extent;** to indicate the extent of agreement of the following aspects.

No	***To what extent is the application of the following aspects;***	**5**	**4**	**3**	**2**	**1**
20.	Mission					
21.	Vision					
22.	Values					
23.	Goals					
24.	Roles					

SECTION VI: BUSINESSES PERFORMANCE

Use the five point Likert scale as follows; **1=No Extent, 2=Small Extent, 3=Moderate Extent, 4=Large Extent,** and **5= Very Large Extent;** to indicate the extent of agreement of the following aspects.

No	***To what extent do you agree that the following happens;***	**5**	**4**	**3**	**2**	**1**
25.	Customers are satisfied					
26.	There is high return on assets					
27.	The businesses has high market share					
28.	There is high sales volumes					
29.	There is high return on investment					

APPENDIX III: UNIVERSITY AUTHORIZATION LETTER

KABARAK UNIVERSITY

Private Bag - 20157
KABARAK, KENYA
http://kabarak.ac.ke/institute-postgraduate-studies/

Tel: 0773 265 999
E-mail: directorpostgraduate@kabarak.ac.ke

BOARD OF POSTGRADUATE STUDIES

19th August, 2019

The Director General
National Commission for Science, Technology & Innovation (NACOSTI)
P.O. Box 30623 – 00100
NAIROBI

Dear Sir/Madam,

RE: VIOLA RONO- REG. NO. GMB/NE/1534/09/17

The above named is a Master of Business Administration student at Kabarak University in the School of Business and Economics. She is carrying out research entitled ***"Effect of Strategic Leadership on Organizational Performance of Family Owned Businesses in Nakuru Town, Kenya."*** She has defended her proposal and has been authorized to proceed with field research.

The information obtained in the course of this research will be used for academic purposes only and will be treated with utmost confidentiality.

Please provide her with a research permit to enable her to undertake her research.

Thank you.

Yours faithfully,

KABARAK UNIVERSITY
DIRECTOR
POST GRADUATE STUDIES
19 AUG 2019
PRIVATE BAG -20157, KABARAK

Dr. Betty Jeruto Tikoko
DIRECTOR, POSTGRADUATE STUDIES

Kabarak University Moral Code

As members of Kabarak University family, we purpose at all times and in all places, to set apart in one's heart, Jesus as Lord. (1 Peter 3:15)

APPENDIX IV: NACOSTI AUTHORIZATION LETTER

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **968523**

Date of Issue: **09/September/2019**

RESEARCH LICENSE

This is to Certify that Ms.. VIOLAH RONOH of Kabarak University, has been licensed to conduct research in Nakuru on the topic: EFFECT OF STRATEGIC LEADERSHIP ON ORGANIZTIONAL PERFORMANCE OF FAMILY OWNED BUSINESSES IN NAKURU TOWN, KENYA for the period ending : 09/September/2020.

License No: **NACOSTI/P/19/1214**

968523

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

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