EFFECT OF STRATEGIC LEADERSHIP ON PERFORMANCE OF HOUSING CO-OPERATIVE SOCIETIES IN NAIROBI CITY COUNTY, KENYA

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ABSTRACT

Strategic leadership is an important driving force in housing because it acts as a positive contributor to their success. The field of leadership studies tends to concentrate on the traits of specific leaders rather than the collective leadership of the entire organisation. Therefore, the purpose of this study was to investigate the effect of strategic leadership on the performance of housing co-operative societies in Nairobi City County, Kenya. The study objectives was to establish the effect of communication of strategic direction on performance of housing co-operatives; to assess the effect of developing human capital in performance of housing co-operatives; to determine the extent to which sustaining corporate culture contributes to performance of housing co-operatives; and to examine how organizational flexibility affects performance of housing co-operatives in in Nairobi County, Kenya. The study was anchored by four key theories: Resource Base View Theory, Charismatic Leadership Theory, Trait Leadership Theory, and Complexity Theory. Descriptive research design was used to analyse the effect of strategic leadership on the performance of the housing cooperatives because it helped to describe the characteristics associated with the population without manipulating the subjects. The study used primary data obtained from the respondents using self-administered questionnaires with well-formulated and easily understandable questions and phrases. With a target population of 407 housing co-operatives, the researcher used a sample population of 40 housing co-operative societies to carry out the study. The presentation was done in figures, graphs, charts and tables. The study used multiple regressions analysis to analyse the effect of strategic leadership on performance of housing co-operative societies in Nairobi City County. The F-Test on ANOVA was interpreted using a significance level of 0.05; therefore, the P-Value was greater than 0.05 i.e. P < (α = 5% level of significance). The first research objective revealed that good communication of strategic direction positively affects performance (regression coefficient = +0.346). The second research objective established that developing human capital positively affects performance (regression coefficient = +0.471). The third research objective established that sustaining corporate culture positively affects performance (regression coefficient = +0.261). The fourth research objective pointed out that organisational flexibility positively affects performance (regression coefficient = +0.151). The study recommends leaders to take part in strategic leadership training and courses with the aim of acquiring the necessary skills of creating better policies to enhance competitiveness of the sector. The study recommends change management as a key factor in the improvement of performance of housing co-operatives through organisational flexibility. Therefore, management boards of housing cooperatives should involve a number of stakeholders to help in the development of strategic plans and policies for managing their operations that will result in better performance.

Key Words: strategic leadership, performance, housing co-operative societies, Nairobi City County, Kenya
INTRODUCTION

Leadership is an important driving force in any organization (Dimitrios, Sakas, & Vlachos, 2013) because it acts as a positive contributor to their success. The field of leadership studies has a tendency of concentrating on the traits of specific leaders rather than the collective leadership of the entire organisation. However, a number of modern-day models have led to the development of leadership competencies, including strategic leadership, transformational leadership, authentic leadership, and servant leadership. Yukl (2013) state that these models explain the extent to which leaders can influence their followers through various principles of effective leadership.

According to Kjelin (2009), strategic leadership refers to a firm’s ability to get ahead, visualize and remain flexible, while enabling other employees to work towards the sustainable future of the firm. Organisations with strategic leaders usually operate with pre-set plans and procedures for the day-to-day running of the business. The accurate prediction of an organisation’s future prospects makes strategic leaders powerful because as stated by Mufudza Jengeta & Hove (2013), they formulate the goals and strategies for their firms as well as create their structures, implement their processes, and monitor their controls. Furthermore, the strategic leadership manage, pick important officials, mentor junior employees, and maintain acceptable ethical values as well as an effective organizational culture. Zaccaro (2009) state that a well-orchestrated team of strategic leaders in an organisation can handle uncertainties, difficulties, and information overloads that would call for compliance and timeliness. Strategic leaders make and convey their well-thought-out decisions to all parts of their organization in order to create a positive future (Zaccaro, 2009).

In the modern-day business world, both old and new markets have been transformed into highly competitive settings, which necessitate strategic leadership capabilities in any 21st century firm. Organisations should keenly nurture and develop both human and social capitals because they stand out as a basis of sustainable competitive advantage (Covin & Slevin, 2017). With the intensification of globalisation and the availability of a number of ways to communicate efficiently, the world’s economy is interconnected. As such, firms have to channel their intellectual capital to gain sustainable competitive advantage rather than using working capital and physical assets (Dimitrios, Sakas & Vlachos, 2013).

Carter & Greer (2013) state that the past decade has seen many business environments becoming more volatile, unsettled, ambiguous, and diverse. Therefore, to ensure that their organisations have the valuable capabilities and required competencies, strategic leaders have continuously come up with sustainable strategies for achieving their business objectives. The common ones include enhancing sustainability, improving competitive advantage, ensuring corporate survival and accomplishing the projected performance irrespective of the market variability. To ensure that a firm is competitive and profitable all year round, strategic leadership is the key to achieving greater performance that guarantees improved success in the day-to-day operations of the business.
Rajasekar & Simpson (2014) state that leadership is the pinnacle to any organisation that needs to achieve its ultimate success. Therefore, for strategic leaders to achieve its organisational goals, they must identify the best principles to adhere to while executing their mandates. Dimitrios, Sakas & Vlachos (2013) puts this into perspective by arguing that strategic leadership inspires other members of an organisation to reach their wise decisions on a daily basis, which improves both the long-term and short-term viability of the business. In 2014, at the first Africa leadership forum carried out in Dar-Es-Salaam, the leaders concluded the forum by emphasising that Africa needs strategic leaders who have the skills and experience in managing diversities to achieve transformation (Ouakouak & Ouedraogo, 2013).

Through different initiatives, such as Vision 2030, constitutional amendments and devolution, the government of Kenya aims to accomplish its goals towards national development because it has vowed to offer quality and timely public services to all citizens. Palladan, Abdulkadir & Chong (2016) state that effective leadership is the key tenet to achieving any positive change in sub-Saharan Africa through constant reforms and enhancements in firm performance. This requires the commitment of top managers in strategic leadership where they create a vision that members of the public can focus on towards developing the nation. This requires developing and enhancing leadership capabilities through training, which improves service delivery and realises long-term results for all citizens (ROK, 2016).

STATEMENT OF THE PROBLEM

A number of organizations are not as profitable as anticipated by their predetermined objectives because of their failure to appoint strategic leaders who have enough experience in business dealings (Carter & Greer, 2013). In the modern-day business world, it is important to have the necessary skills and experience in strategic leadership because stakeholders currently demand that the executive management must deliver satisfactory results. Many organisations experience a decrease in profitability due to the lack of top management with sufficient experience in strategic leadership. Santos-Vijande, López-Sánchez & Trespalacios (2012) emphasize that this can expose an organization to various risks associated with competitiveness, sustainability, and performance. Even though most Kenyan-based co-operatives have well-laid-out strategic plans that take account of their vision, mission and objectives, the respective stakeholders fail to deliver the vital services for profitability purposes. Carter and Greer (2013) state that only strategic leaders can help in executing and implementing the strategic plans of the co-operatives because they form strong organisational structures. The Co-operatives’ sustainable competitive advantage has been hindered by a weak strategic leadership approach heralded by lack of policies, weak organisation structure, irrelevant organisation culture, insufficient technology, incompetent human resources, and weak capital base (Kuria, 2012). Previous studies on strategic leadership state that strategic leadership influences the innovative capacity of a firm to improve its performance (Supriyadi, 2012). Strategic leaders have the key role of explaining approximately 40% of a firm’s variation in innovative performance. Furthermore, Kotolo (2010) studied the influence of
strategic leadership on employee performance in the hotel industry. Mathura (2009) studied the influence of strategic leadership in an Ellerine Holdings Limited, where it was concluded that strategic leadership can positively influence a number of qualitative indicators in a firm, for example, profitability, employee retention, customer satisfaction and many others. Palladan, Abdulkadir and Chong (2016) studied a sample of Nigerian tertiary institutions, and established that strategic leadership leads to the implementation of information technology, which enhances the innovativeness of the firms through effective strategies. Serfontein and Hough (2011) studied relationship between strategic leadership, operational strategy and organisational performance in South Africa. According to the researchers’ assessment, strategic leadership has a direct and positive relationship with operational excellence in business organizations. However, none of these studies have so far curved out the Housing Co-operatives on their own. The Housing Co-operative Sector is deemed as a public organization because it collects and utilizes resources from members of the public and it is unique as it faces its own challenges different from the private companies. The leadership and capital structure is different from private companies. The Housing Co-operatives in Nairobi County have in total share capital of Ksh.852,368,182, Assets of Ksh.15,394,682,905 and membership of 48,803 (Co-operative Annual Report, Nairobi County). The average growth in share capital has been 0.25% over the last three years and assets at 0.11%. As shown in the table above, the income has been declining in absolute figures that lead to the questioning of leadership and whether it contributes to good performance. The other parameters have been increasing at a decreasing rate. The rate of dividend has also been declining which leads to dissatisfaction of members who are also the investors. Knowledge on strategic leadership and how it affects organizational performance is important for the survival of Housing Cooperatives following intense competition for limited resources brought about by globalisation. This study seeks to find the answer as to the extent to which strategic leadership affects performance, focusing on Housing Co-operatives in Nairobi City County.

**GENERAL OBJECTIVE**

The purpose of the study was to assess the effect of strategic leadership on performance of Housing Co-operative Societies in Nairobi County.

**SPECIFIC OBJECTIVES**

1. To establish the effect of communication of strategic direction on performance of Housing co-operatives in Nairobi City County, Kenya.
2. To assess the effect of developing human capital in performance of Housing co-operatives in Nairobi City County, Kenya.
3. To determine the extent to which sustaining corporate culture contributes to performance of housing co-operatives in Nairobi City County, Kenya.
4. To examine how organizational flexibility affects performance of Housing co-operatives in Nairobi City County, Kenya.
THEORETICAL REVIEW

Resource Base View Theory

As mentioned earlier, Resource Base View is one of the critical concepts that will be discussed in this chapter. Porter (1985) first formulated it and over the years, it has come to be known as RBV. The ideology was tailored to be applicable for the management science field. The theory posits that organizations can remain ahead of rivals by coming up with resources that are unique and exhibit diversity when it comes to its reach. In depth, it mainly revolves around the key assets of a firm that provide it with a comparative edge in highly competitive markets. Such resources are needed for the continued survival of the organization and are impossible to substitute considering the adverse effects such a move would have on the company. The value of the assets is usually dependent on the capability they have in improving the overall performance of the organization as well as the exploitation of opportunities while at the same time managing the threats.

The RBV theory was pegged on two crucial assumptions the first one being that a firm’s resources were heterogeneous when compared with those of other organizations in the same industry. Secondly, they were imperfectly mobile a characteristic that made them standout among the different enterprises over prolonged periods. According to Karia and Wang (2011), the disparity that exists between organizations when it comes to the endowment of resources had an influence on the performance of the firms. It is from the resources that the company attained competency levels that overshadowed those of others in the market. For instance, the success of the inventory business will depend on the firm-specific assets of the company and this could be the reason why such resources are considered prerequisites for growth. The RBV school of thought mainly focused on the internal factors affecting the firm such as its strengths and weaknesses. This is contrary to some of principles of economics that are premised on the external factors such as the threats and opportunities present in the market (Shang & Marlow, 2015). Hence, firms are required to be in a position to control and manage the resources effectively when the external environment is unstable.

For a firm to gain sustainable competitive advantage, this theory helps leaders in investing in development of human capital being the foremost important resource for organizations. The perspective of emphasizing that the firms are merely the reflection of the resources they possess is part of the sentiments supported by Hitt, Carnes & Xu (2016). According to him, it was the assets that were responsible for differentiating one company from the next especially those from the same industry. It was impossible for the bundle of resource endowment such as labour and organizational culture to be identical among all firms in the market. It therefore followed that the endowment of the rights skills and assets became one of the core considerations when making strategic decisions within the workplace (Shang & Marlow, 2015). They also based their book on the importance of using inventory as a tool of creating a comparative advantage in the market. The decision-making process should take into account for all the resources and the role they will play in improving the overall performance of the


firm. This theory therefore informs strategic leaders the reason for developing of human capital in improving performance of an organization.

Charismatic Leadership Theory

House and Baetz coined the behavioural theory of charismatic leadership theory in 1979 and it was meant to building a shared identity within an organisation in the long run. According to the theorists, the charismatic leader is one who has the knack to gain employees’ trust, affection, and willing obedience for the benefit if the organisation (House and Baetz, 1979). Moreover, the leader can generate enthusiasm and the drive among employees as they would feel motivated to pursue organisational goals. In most instances, it is from such strategic decisions that the mission and objectives of the firm are realized and used as an instrument of bringing competitiveness. In a similar perspective, Lussie & Achua (2015) focused on the role of the strategic leader in ensuring that objectives such as profit maximization are achieved through the inputs of charismatic and competent leaders.

Boehm, Dwertmann, Bruch & Shamir (2015) also emphasized the importance of the charismatic leadership theory by investigating whether CEO’s charisma is the missing link between organizational identity strength and firm performance. The study found out that charismatic leaders are influential in boosting the performance of such organizations. Nohe et al. (2013) also conducted a study that was meant to observe the effectiveness of charismatic leaders when it comes to organizational change. It was noted by their review that impending change can challenge the interests and values of established groups and thus create a crisis that stimulates the formation of charisma in opposition to change.

Keskes (2014) examined the relationship between leadership styles and dimensions of employee organizational commitment through charismatic leadership styles. Since charismatic leaders are skilled in communicating a vision to their subordinates through excitement and enthusiasm, they are expected to endorse that vision to convince investors to confer their trust and resources to the firm. It is from the leaders that the staff is motivated and directed towards achieving the goals set and instilling discipline embedded in the proper organizational culture. Therefore, in this study, this theory contributes to understanding the relevance of good communication of strategic direction by strategic leaders, in order to contribute to good performance of an organization.

Trait Leadership Theory

The theory stems from individual characteristics or traits of leaders. For leaders to be successful in their leadership, they must have specific traits, such as excellent communication skills as well as the intelligence to bring together all employees to discuss prevailing issues. The theory assumes that leaders are different from other people since they have unique traits that make them better suited for leadership than their followers. These qualities are vital to any leadership, and leaders who possess them perform their roles with distinction (Ahmed, 2013) and Gill, 2011).
Some of the key qualities include the ability to make excellent decisions, being an eloquent communicator, and empathy in specific scenarios. According to Derue et al (2011), many scholars have researched about these traits over the years and grouped these qualities as diligence, intelligence, emotional maturity, and the appetite for uncertainty. According to research, management efficiency is as a result of leadership characteristics associated with sustaining effective corporate culture. Therefore, this study depends on this theory because it explains the relationship between organizational performance and sustaining effective corporate culture.

**Complexity Theory**

Unlike the rest of the above-mentioned theories, the complexity theory is based on the rationale that the personal reaction of individuals is depended on the environmental factors. The scholars who proposed the tenets of the ideology have posited that there exists no apparent consistent decisions hence the lack of common agreement because the decision-making process is exposed the turbulent surroundings. According Smith (2005), the management of complex systems requires that people take an adaptive approach instead of an authoritarian one. This is because the environment where the organization is situated is unpredictable.

Complexity theory fills the gaps left by traditional strategic leadership techniques that have been unable to function in the unprecedented conditions. This is a notion that has been supported by authors who have focused on chaos management (Tredinnick, 2013). Therefore, organizations have embarked on the collection of relevant information concerning the environment to ensure that the right decisions are made. The complexity theory is rapidly gaining popularity in various fields such as social systems, the economy and the conservation of the environment. According to Mason (2007), a causative link between environmental variables and management action is impossible. This is because most of the actions of the leader may not correspond to the chaotic nature of environments.

The state of the marketplace will push the leaders into gathering the required material to ensure that they brace the risk of uncertainties by identifying the strengths and weaknesses of the firm. However, according to Smith and Humphries (2004), this is not the case because as the complexity level increases so does the difficulty of obtaining the needed information. The prediction of the behaviour becomes a daunting task (Turner & Williams, 2004). On the other hand, the success of the environment will depend on the ability of the leader to respond and adjust to the various changes in the environment. This is due to the fact that humanitarian leaders respond to emergencies and disasters in a fragile and hostile environment compared to their corporate rivals (Smart, 2003).

Complexity theory informs this study in explaining the behaviour and strategies of strategic leaders in a turbulent and fragile environment. It helps to discuss the level at which organizational flexibility affect performance of Housing co-operatives in Nairobi County. This is because humanitarian leaders respond to emergencies and disasters in a fragile and hostile environment compared to their corporate counterparts. Therefore, the complexity
theory has to be attractive to strategic leadership since the roles of strategic leaders, organizational issues and maintaining flexible and resilient organizations happen under complex and fast-changing environments.

EMPIRICAL LITERATURE REVIEW

Good Communication of Strategic Direction and Organizational Performance

According to a study carried out by Jung, Wu & Chow (2008), leaders who have transformational qualities encourage others to engage in the creative process, thus increasing their alertness to new and expansive opportunities. The study concluded that majority of organizations employ strategic leaders with the ability to utilize effective mode of communications with the available technology to execute their strategies, and not to discover their abilities. With strategic leadership, it is vital to mention that in the modern-day business world, it is rare to find leaders who exude insight and commitment in advancing the objectives of their respective organizations (Dyer, Gregersen & Christensen, 2011).

Louw and Venter (2016) argue that the execution stage is the most crucial part of strategic leadership. Therefore, it is essential that strategic leaders use the proper communication at the right time to convert the strategy into a vision that guides the firm’s strategic direction. Furthermore, it is equally important for the whole firm to focus on the organization’s vision to facilitate the implementation of the strategy. According to Schuh, et al (2018), a good vision must include core values, which helps all employees to focus on the same goals to achieve the vision. These are key aspects of any organization’s strategic direction because they improve the strategic leaders’ ability to make spot-on strategic choices to enhance the firm’s performance. Even though the responsibility of setting an organization’s final strategic decision rests with the CEO, an organization should have an assorted group of executive managers to identify changes that necessitate strategic direction (Nel et al., 2016). Through planning and forecasting, a firm can keep better records of the current challenges, foresee future threats, and make its decisions on how to best intervene and deal with the crises (Kumar, Latif & Daver, 2012).

According to a research carried out by Dimitrios, Sakas & Vlachos (2013), it was concluded that as compared to profit-oriented firms, non-profit organizations face a number of challenges while implementing strategic management. This is due to environmental complexity associated with such organizations and the fact that the work is based on volunteerism. The findings indicated that NGOs have short-term plans and interventions. This is because such organizations depend on donor funding and have many international employees that encourage short-term planning and programming viewpoint. Consequently, this hinders the development of long-term visions and the capacity to sustain such objectives with consistency, which is a hindrance to strategic leadership in organisations.

In a publication written by Kittur et al (2013) to investigate the future of crowd work as a strategic management practice, the researchers concluded that the principal challenge facing co-operatives in the 21st century is the failure to intercede before a scenario gets out of hand.
and leads to an emergency or crises. When we look at the chaotic nature of the environment in which co-operatives help is delivered, it is not possible to foresee a natural calamity regarding magnitude, timing, and consequences. According to Hall, Skipper, Hazen & Hanna (2012), contingency planning is a risk management method that encourages effective crisis management. Additionally, contingency planning thinks about potential situations and probable effect on the organization so as to prevent such scenarios from happening and creating an action plan that will act as a guide in case such contingency arise. It ensures the organization is well prepared for any uncertainty. Consequently, strategic leaders must utilize proper timing thorough effective communication which leads to better performance in the organization.

**Developing Human Capital and Organizational Performance**

According to Clarke (2013), compared to individual capabilities, teams can manage tasks effectively through strategic leadership. Strategic leaders have the knack of enveloping their entire organisations with a visionary atmosphere that necessitates positive change. They make the best use of far-sighted ideas that instil motivation among personnel as well as the drive to strive toward fulfilling the firm’s objectives daily. To ensure the smooth flow of their ideas towards implementation of the firm’s objectives, an organisation requires a thorough appraisal of the human capital management to examine its staffing and structure. The executive management of most firms use this method to assess the willingness of all departments to realise their goals. Therefore, the human resource department usually budgets for this activity because it provides useful information for predicting the resources needed for both staffing and development (Wuchty, Jones and Uzzi, 2007). Thus, effective human resource teams can have positive impact on organizational effectiveness.

Kirkman, Rosen, Tesluk and Gibson (2014) carried out a study to examine the relationship between team empowerment and team performance on thirty-five teams operating in technology firms. According to the findings, team empowerment and support is positively related to team performance and customer satisfaction and thus organizational effectiveness. Furthermore, studies have concluded that leadership style rives team effectiveness and vital processes, such as coordination, commitment, support and team performance. Review of literature of several studies indicated seven characteristics that create team effectiveness: cohesion, communication, conflict management, coordination, decision-making, performance feedback, and social relationships. In another research, teamwork, team trust, esprit de corps, recognition and rewards have been used to measure team effectiveness and have a significant positive effect on employee performance (Manzoor, HafizUllah, Hussain & Ahmad, 2011).

A study by D’Innocenzo, Mathieu & Kukenberger (2016) used attitude, behaviour, performance, team member style and corporate culture as an empirical measure of team effectiveness. Evaluations showed that the complexity of a shared task in the team significantly weakened the shared leadership, meaning leaders had no significant influence on the interdependence of team tasks. On the other hand, Cacioppe and Stace (2009) used five measures of integral model of teamwork and effectiveness in determining team effectiveness.
that exhibited strong internal consistency. These included vision and goals; development and learning; leadership and team roles; systems and procedures; compensation and rewards; relationships and culture; as well as organizational and environmental configuration. The researchers concluded that leadership and team roles have a major influence on the effectiveness of teams in any organisation. Meanwhile, Katzenbach and Smith (2013) came up with team basics model in which team commitment requires team members having specific goals, meaningful purpose and common approach. The authors further indicated that sufficient complementary skills and the understanding of the common purpose are well understood by the teams.

**Sustaining Effective Corporate Culture and Organizational Performance**

Alvesson & Sveningsson (2015) define organizational culture as a firm’s multifaceted set of core values, principles, and codes that the entire workforce mutually adheres to in their day-to-day operations. For a firm to realise the full potential of its vision, Bansal & Song (2016) state that the strategic leadership must ensure the statement is in writing because only a spoken version would lead to different misinterpretations by members of staff. As such, the organisation structure would be distorted because of the varied explanations. According to Peretz, Levi & Fried (2015) organizational culture refers to the distinctive outline of mutual expectations, principles, and standards that shape the socialization of a firm’s employees.

Sheehan & Anderson (2015) argue that in order to align the organisational culture of a firm with its vision and mission, strategic leaders must arrive at influential decisions that give calculated directions. The leadership can implement a number of significant ways to achieve the same, for example, coining specific methods of communicating ideas to match the objectives of the firm. Others include handling difficulties using the existing corporate values; rewarding exceptional employees, hiring competent staff and firing redundant ones; and overhauling the policies to suit all employees.

An effective organisational culture has the capacity to stabilise the operations of any firm, especially during difficult situations where the principles, values and standards take centre stage. Peretz, Levi & Fried (2015) state that developing the culture of any organization is usually a manageable task when all is working according to plan. However, it is important to note that in the course of difficult times, firms can build one of the strongest cultures in the industry. On the other hand, it is an uphill climb when trying to change the organisational culture of any firm compared to maintaining it, but effective strategic leaders can distinguish when amendments are vital. Since handling the relationship between organisation culture and strategic leadership is an inherent challenge for most firms, it is important to have a well-equipped strategic leadership by exemplifying the valid and acceptable ethical practices (Owolabi, & Makinde, 2012).

**Organizational Flexibility and Performance of Housing Co-operative Societies**

According to Cingöz & Akdoğan (2013), it takes account of the ability of an organisation to pinpoint the major modifications to the external environment and responding swiftly by
channelling the required resources to counteract them. A firm can easily achieve competitive advantage by exploring the effect of strategic flexibility on its performance in uncertain business environments. However, the firm must create an annual operational plan using its strategic plan, which must involve the employees as well as the board of directors to achieve an all-round strategic planning process. Cingöz & Akdoğan (2013) state that the resulting strategic plan has the potential to give the firm a long-term vision of their goals, which trickles down to a successful attainment of their mission.

Rosenmann, Reese & Cameron (2016) further support this observation by suggesting that collective humanitarian organization action requires adaptive management by encouraging firms to develop adaptable processes for planning and decision making that intensely inspire employees to embrace the impending changes. Strategic leaders must implement natural reaction situations of organisational flexibility to make sure that individuals who are affected receive speedy care. The need for flexibility in terms of both resources and operations is particularly inevitable to humanitarian organisations that operate in a constantly changing and unpredictable environment.

**Performance of Housing Co-operative Societies**

Rajasekar & Simpson (2014) state that, a highly performing organization can only maintain such a position if it can survive through adverse conditions in the market. Therefore, evaluating organisational performance requires a wide range of measurements using a number of qualitative dimensions. Otley (2009) proposed the following five dimensions to measure the performance of a firm against its competitors: growth, profitability, longevity and consistency as well as positioning for the future.

According to Kjelin (2009), strategic leadership refers to a firm’s ability to get ahead, visualize and remain flexible, while enabling employees to work towards the firm’s vision, which helps in developing organizational structure and fostering change. To transform the principles of strategic leadership into organisational performance of housing co-operative societies, there needs to be a leader who is a visionary, influencer, mentor and facilitator. Such leaders have wide-ranging attributes that can steer the firms to make the best use of their power to revive their respective organisations.

Nel & Beudeker (2016) state that businesses that exude high performance also have a high organisational culture that propels their ultimate performance. The authors argue that people who spend most of their time with high-performing strategic leaders as well as exceptional employees usually develop an almost tangible sense of a unique community within the business. Since such an organisation effectively carry out their daily operations as a ‘village of leaders’, they usually devise matchless ways of undertaking the core business elements concerned with leadership, workforce, and culture. As stated by Jiang & Liu (2015), a culture of performance stands for the unique approach of the business towards handling their varied components, which is critical to the enduring efficiency as well as the quality of decision making processes. Hans (2012) recommend a number of integrated frameworks for organisations than desire to accomplish their best performance. Even though their suggested
frameworks can work on their own, combining them with each other usually leads to outstanding results so long as the organisation addresses specific practical challenges.

**RESEARCH METHODOLOGY**

**Research Design**

This study adopted descriptive research design to determine how strategic leadership affects performance of Housing co-operative Societies in Nairobi County, Kenya. According to Eriksson and Kovalainen (2008), a descriptive research design is concerned with descriptions of phenomena or characteristics associated with a subject population (who, what, when, where and how). This study used a cross sectional approach, that is, it was undertaken at a particular point in time. This approach has been credited because it allows analysis of the relations of variables under study using linear regression as long as the sampling units for the study are many.

**Target Population**

The target population of the study comprised of all active Housing Co-operatives in Nairobi County numbering to 407, as indicated in the year 2017 annual report for Co-operatives in Nairobi County. A list of the Housing Co-operatives obtained from Nairobi County office of the Director for Co-operatives

**Sampling Procedure**

According to statistics from Nairobi County, there are 407 active Housing Co-operatives in Nairobi. A sample size of 10-30% of the target population is considered adequate for descriptive research if the target population is less than 10,000 (Mugenda and Mugenda, 2003). In view of this recommendation, the study considered a sample size of 40 Housing Co-operative Societies (10% of target population) in order to draw conclusions that can be applied to the target population. Based on the above, simple random sampling technique was used to select 40 Housing Co-operatives to meet the threshold of a representative; a sample should have 30 or more test units (Mugenda & Mugenda, 2003). Purposive sampling was used to separate the subgroups in the co-operative societies into the Management Committee, the Supervisory Committee and the Management Staff of the societies. This sampling method was used to select one respondent from every subgroup in all cooperative societies. Three respondents, from every Housing Co-operative Society sampled, were considered giving a total of 120 respondents. These respondents had sufficient and reliable information on leadership in Housing Co-operative Societies.

**Data Collection Procedure**

Self-administered questionnaire (SAQ) was used to collect the required data in this study. Two well-trained research assistants delivered and later picked questionnaires from the
respondents. The research assistants clarified on any questions that were unclear to the respondents.

**Data Analysis**

The researcher perused through filled questionnaires and document sheets used to record the data for analysis, which helped to reorganise the data into sensible information. In this study, the researcher analysed the quantitative data using quantitative analysis aided by the statistical package for social sciences (SPSS) version 24.0. Qualitative analysis was used to analyse qualitative data. To establish the relationship between the DV and IV, the researcher employed multiple regression analysis because the procedure uses different IVs to predict a DV. Therefore, this study used multiple regressions analysis to analyse the effect of strategic leadership on performance of housing co-operative societies in Nairobi City County. With four IVs in this study, the multiple regression model adopted the equation below;

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \]

Where: \( Y \) = performance of Housing co-operatives in Nairobi City County; \( \beta_0 \) = constant; \( \beta_1, \beta_2, \beta_3 \) and \( \beta_4 \) = Beta coefficients; \( X_1 \) = Good communication of strategic direction; \( X_2 \) = Developing human capital; \( X_3 \) = Sustaining effective corporate culture; \( X_4 \) = Organizational flexibility; \( \epsilon \) = Error term

**RESEARCH RESULTS**

The study presented its findings using frequency distribution tables, bar graphs, and histograms with the aim of capturing the findings regarding Good Communication of Strategic Direction, Developing Human Capital, Sustaining Effective Corporate Culture, and Organizational Flexibility, as strategic leadership factors influencing the performance of housing co-operative societies in Nairobi City County, Kenya.

**The effect of communication of strategic direction on performance of Housing co-operatives in Nairobi County, Kenya**

The researcher determined the effect of communication of strategic direction on performance of Housing co-operatives in Nairobi County. Using a significance level of 0.05 (P Value was \( \alpha = 5\% \) level of significance), the findings indicated that good communication of strategic direction positively affects performance (regression coefficient = +0.346). As discussed in the literature review, majority of organizations employ strategic leaders with the ability to utilize effective mode of communications with the available technology to execute their strategies, and not to discover their abilities. With strategic leadership, it is vital for CEOs with insight and commitment to promote organizational capabilities are rare in the modern world (Dyer, Gregersen & Christensen, 2011).
The effect of developing human capital in performance of Housing co-operatives in Nairobi County, Kenya

The researcher determined the effect of developing human capital in performance of Housing co-operatives in Nairobi County. The findings showed that developing human capital positively affects financial performance (regression coefficient = +0.471). This reflects findings by Ketokivi and Castañer (2015) that when it comes to strategic planning, integration of top and middle management is vital because it aligns employees with the objectives that would enhance organizational performance.

The extent to which sustaining corporate culture contributes to performance of housing co-operatives in Nairobi County, Kenya

The researcher determined the extent to which sustaining corporate culture contributes to performance of housing co-operatives in Nairobi County, and a summary of the respondents’ opinion presented in Table 4.12. As depicted by Sheehan & Anderson (2015), in order to align the organisational culture of a firm with its vision and mission, strategic leaders must arrive at influential decisions that give calculated directions.

How organizational flexibility affects performance of Housing co-operatives in Nairobi City County, Kenya

The researcher determined how organizational flexibility affects performance of Housing co-operatives in Nairobi City County. According to the results, the respondents indicated that organisational flexibility positively affects performance (regression coefficient = +0.151). As depicted by Cingöz & Akdoğan (2013), the housing cooperatives’ flexibility it takes account of their ability to pinpoint major modifications to the external environment and responding swiftly by channelling the required resources to counteract them.

INFERENTIAL STATISTICS

The researcher used inferential statistics to interpret and test the characteristics of the populations with respect to the sample population as dictated by the relationship between the IV and DVs. The researcher used statistical package for social sciences version 21.0 to compute the multiple regressions measurements. Table 1 presents the correlation between the observed and predicted values of the DV.

Table 1: Multiple Regression Results between DV and the IVs

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.921a</td>
<td>.878</td>
<td>.836</td>
<td>.1711</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant) Strategic Direction, Human Capital, Corporate Culture, Organizational Flexibility

As shown in Table 1, the results of the test show that the DV has a 0.836 correlation with the strategic leadership practices (IVs: strategic Direction, Human Capital, Corporate Culture,
and Organizational Flexibility) and performance. This implies that there is 83.6% correlation between strategic leadership and the performance of housing cooperatives.

Table 2 displays the results from the Analysis of Variance (ANOVA), which the researcher used in measuring the significance of the regression model. At the 5% or 0.05 level of significance, the ANOVA output provides evidence to demonstrate that the slope of the regression line was not zero. This is because the P value of 0.022 is less than 5% level of significance, i.e. p value < 0.05. As such, a conclusion was reached that at least one of the independent variables was a useful predictor of performance.

Table 2: Analysis of variance (ANOVA)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>12.029</td>
<td>4</td>
<td>3.104</td>
<td>3.983</td>
<td>.0022a</td>
</tr>
<tr>
<td>Residual</td>
<td>99.059</td>
<td>62</td>
<td>.523</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>111.088</td>
<td>66</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant) Strategic Direction, Human Capital, Corporate Culture, Organizational Flexibility
b. DV: Performance of Housing Cooperatives

In order to compare the independence levels of each predictor variable, the regression coefficients in Table 3 shows the relationship between the performance of housing cooperatives and the four predictive variables. The findings revealed the extent to which each variable influenced the performance of the housing cooperatives.

Table 3: Regression Coefficients of the Relationship between Performance of Housing Cooperatives and the IVs

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>3.540</td>
<td></td>
<td>4.189</td>
<td>0.000</td>
</tr>
<tr>
<td>Strategic Direction</td>
<td>+0.346</td>
<td>0.152</td>
<td>3.456</td>
<td>0.029</td>
</tr>
<tr>
<td>Human Capital</td>
<td>+0.471</td>
<td>0.131</td>
<td>3.251</td>
<td>0.029</td>
</tr>
<tr>
<td>Corporate Culture</td>
<td>+0.261</td>
<td>0.051</td>
<td>3.369</td>
<td>0.036</td>
</tr>
<tr>
<td>Organizational Flexibility</td>
<td>+0.151</td>
<td>0.148</td>
<td>3.461</td>
<td>0.025</td>
</tr>
</tbody>
</table>

a. DV: Performance of Housing Cooperatives

According to the regression equation above, when all the IVs, including strategic direction, human capital, corporate culture, and organizational flexibility are constant at zero, the performance of Housing Cooperatives will be 3.540. In addition, the results illustrate that with all other IVs constant at zero, a unit increase in the strategic direction of the firms would lead to a 0.346 improvement in the performance of Housing Cooperatives. These findings reflect that of Dyer, Gregersen & Christensen (2011) who concludes that with strategic leadership, CEOs requires CEOs with insight and commitment to promote organizational capabilities in the modern-day world.
Moreover, a unit increase in the development of human capital would lead to a 0.471 improvement of Housing Cooperatives’ performance. Similarly, Vomberg, Homburg & Bornemann (2015) found out that there exist positive associations between quality team members’ relationship and performance. Findings from a research by Manzoor, et al. (2011) indicated that employee’s positive performance rides on teamwork, team trust, and rewards as well as recognition. However, in their study, the researchers pinpoint teamwork as the major variable that has the strongest association with employee performance.

In addition, a unit increase in corporate culture would lead to a 0.261 rise in the performance of Housing Cooperatives. As echoed by Sheehan & Anderson (2015), in order to align the organisational culture of a firm with its vision and mission, strategic leaders must arrive at influential decisions that give calculated directions. Lastly, a unit increase in organisational flexibility would lead to a 0.151 increase in the performance of Housing Cooperatives. Result from Fernandez-Pérez, Verdú-Jóver, and Benitez-Amado (2012) study showed a positive influence of strategic and organizational flexibility on organizational performance. Further, the authors found that large sized organizations use different and unique adaptive tactics such as large income generating activities, creating an unrestricted pool of funds in reducing funding uncertainties.

Generally, the findings demonstrate that organisational flexibility had the least effect, while human capital had the highest effect on the performance of Housing Cooperatives. Therefore, the optimal regression model for this study was follows:

\[
\text{Performance of Housing Cooperatives} = 3.540 + 0.346 \text{ (Good Communication Of Strategic Direction)} + 0.471 \text{ (Developing Human Capital)} + 0.261 \text{ (Sustaining Effective Corporate Culture)} + 0.151 \text{ (Organizational Flexibility)}.
\]

CONCLUSION

The findings of this study revealed that there is a positive correlation between good communication of strategic direction and the performance of housing cooperatives. Therefore, this study concluded that one of the key aspects of any organization’s strategic direction is the ability of the strategic leader to come up with the right strategic choices to enhance performance. Even though the CEO is responsible for setting an organization’s final strategic decision, it is equally important to create a diverse top management group to identify changes that require different strategic direction within the organization.

The findings of the study also revealed that there is a positive correlation between developing human capital and performance of housing cooperatives. Thus, this study concluded that strategic leaders in the organizations have manged to create a conducive environment that motivates every employee to communicate their minds, while taking risks and making decisions through experience. Since the leaders are usually to blame when organizations fail in their performance, development of human capital comes from the leaders’ motivation directed towards achieving the company goals set and instilling proper organizational culture (Kirimi and Minja, 2010). Therefore, this theory contributes to understanding the relevance...
of good communication of strategic direction by strategic leaders, in order to improve performance.

The findings of the study also revealed that sustaining corporate culture positively affects performance of housing cooperatives in Nairobi County. As a result, this study concluded that the housing cooperatives have an organisational culture that imperatively determines the suitability of the predominant culture that strategic leaders use to pursue the creation and management of any changes. As reflected in the strategic leadership theory, such leadership ensures that firms have a better understanding of the market conditions, the environment and the indicators of emerging trends in the future (House, 1977).

This study also found out that there is a positive correlation between organisational flexibility and performance of housing cooperatives in Nairobi County. Therefore, this study concluded that when reacting to highly turbulent situations, the housing cooperatives frequently pursue adaptability through flexible structures and processes to perform effectively (Lichacz, 2013). This means that they exude financial flexibility, operational flexibility, and resource allocation flexibility. For instance, with the intention of coming up with an annual budget, they brought together all employees to discuss the operational plan of various departments with the financial managers.

**RECOMMENDATIONS**

Generally, this study established that strategic leadership has a statistically positive influence on performance of housing cooperatives; therefore, the researcher recommends the need for the firms to embrace and advance their strategic leadership practices. The management of housing cooperatives can easily achieve competitive advantage by exploring the effect of strategic flexibility on its performance in uncertain business environments. Nevertheless, the organisation must create an annual operational plan using its strategic plan, which must involve the employees as well as the board of directors to achieve an all-round strategic planning process.

Furthermore, since developing organisational flexibility is important in any organisation, the study recommends change management as a key factor in the improvement of performance of housing cooperatives. Therefore, this study recommended that management boards of the organisations should involve a number of stakeholders to help in the development of strategic plans and policies for managing their operations. As such, they will be able to run their organisations efficiently with clear visions, missions and goals.

Moreover, this study recommends leaders to take part in strategic leadership training and courses with the aim of instilling them with the necessary skills of creating better policies to enhance competitiveness of the sector. This requires the commitment of top managers in strategic leadership to create a vision that employees can focus on while developing and enhancing leadership capabilities through training, which improves service delivery and realises long-term results.
Lastly, the study recommends that the commercial and financial services sector should adopt strategic leadership practices in Kenya. This leading sector contributes immensely to the economy of the country, but lacks strategic leaders who can explore the various opportunities in a turbulent business environment. According to Hackman (2014), the leader should create a stable team that has little interdependence, clear boundaries, and detailed abilities. He should also provide thought-provoking, far-reaching, and flawless direction when creating structures for accomplishing tasks that encourage competent co-ordination.

REFERENCES


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