International journal of management and economics invention
||Volume||2||Issue||09||Pages-833-851||Sept-2016|| ISSN (e): 2395-7220
www.rajournals.in

Effects of Strategic Factors on Organizational Performance; A Case Study of the Kenya Geothermal Development Sector (Kengen)

Kamau Maina[1], Dr Isaac Ochieng (PhD)[2], Dr Luke Orawo[3]

[1,2]Department of Commerce Laikipia Uiversity P O Box 1100-20300 , NYAHURURU KENYA

[3]Department of Mathematics, Egerton Uiversity Private Bag Njoro Kenya

Corresponding Author: Dr. Isaac Ochieng (PhD)

ABSTRACT: ***Background information indicates that firms which fail to analyze their strategy ultimately underperform or perish. Numerous strategic performance management theories and a conceptualized model support this empirical research. This study analyzes strategic factors affecting organizational performance to ensure the pursued strategy is unique, inimitable and competitive. Despite the establishment of KenGen Geothermal sector as a discrete strategic business unit (SBU), it's not clear if strategic factors affect organizational performance indicated by increase in profit, revenue and growth; that may be the cause of the problems of frequent power blackouts and rationing. These problems of frequent power blackouts and rationing in the recent past by KenGen require assessing the effects of strategic factors on organizational performance; first based on a single SBU of the firm. The objectives of the study are; assess if the firm's SBU has strategic or culture fit and analyze if strategy decay affect performance. Random or probability sampling is used to collect data from respondents. Standard normal distribution at 95% confidence interval is used to test the proposed hypotheses. In all cases of these tests, the null hypotheses have been rejected. Pearson correlation coefficients have been used to test linear dependence of the variables of interest. The study output verifies strong positive linear dependence ranging from 0.574 to 0.993. The research recommends further studies to include all other SBUs in the firm and other diverse organizations in order to verify the universality of this research. The study benefits the firm as it is a cost effective method of assessing effects of strategic factors on organizational performance.***

Key words; Strategic factors, strategic fit, culture fit, strategy decay, performance, profit, revenue, growth

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Despite the establishment of KenGen's Geothermal Development sector as a discrete strategic business unit; it's not clear whether strategic factors affectsorganizational viz employees' performance indicated by increased profit, revenue and growth which could be the cause of the problems of frequent power blackouts and rationing. Therefore; an investigation is required to investigate the effects of strategic factors on performance in order to conclude that these factors affect performance in a firm's strategic business units; and in particular the Geothermal strategic business unit (SBU).The three main variables that are considered instrategic factor assessment and their effects on performance are; strategic fit, culture fit and strategy decay. Strategic fit is the extent to which an organization is matching its resources and capabilities with respectto opportunities in its external environment. For strategic fit to exist, the organization should have actual portfolio of resource and capabilities to execute and support the grand strategy. Resource is related to the inputs to production; whereas, capabilities describe the accumulation of learning the company possesses. Resource can be classified as tangible which include; financial (cash and securities), physical (location, plant and machinery) or intangible for instant; technology (patents and copyrights), human resources, reputation (brands or culture). Strategic fit is the extent to which an organization is matching its resources and capabilities with opportunities in its external environment. Strategic fit is used to assess the prevailing condition of a firm's division in terms of performance. A good strategic fit results in increased profit, revenue and growth which enhances customer satisfaction both internally and externally. This indicates positive effects on performance. A bad fit result in decline in profit, revenue and growth whichimpliesnegative performance. A high degree of strategic fit can be a key attribute of many benefits including high profit, revenue and growth; which also result

International journal of management and economics invention
||Volume||2||Issue||09||Pages-833-851||Sept-2016|| ISSN (e): 2395-7220
www.rajournals.in

in increased shareholders wealth and value added product or service.

Culture fit is defined as exhibiting a good match between organizational and employees' culture. Organizational culture included; ethics, values, visions, norms, working language, systems, symbols, beliefs, habits or ethos. A good culture fit can be classified as an important intangible resource and can bean essential ingredient to improved organizational performance or competitiveness. It is developed over a lengthy period of time and can be difficult to achieve. A good culture fit may be achieved by synchronizing elements of organizational learning, politics, beliefs, norms or ethosand embracing meaningful change. Although; these elements are in existence in many firms, more effort and resourceis continously needed especially at the firm's strategic business unit since culture outfits are ever evolving due to advance in global technology and communication for exampleimproved e-mail, mobile phone, easy marine and air travel. It is also prudent to have a team of strategistsin all the firm's strategic business units to monitor issues related to strategy and strategic performance management to bridge any gap that might occur in performance. However good a strategy is; it decays with time and its merit to enhance performance and competitiveness diminish or perish.

A unique strategy requires constant input and innovation to ensure it remains inimitable andcompetitive. Many organization which fail to analyze their strategy are known to ultimately underperform and perish as their strategy decay or age and become non competitive due to failure to cope with break through in culture pluralism, knowledge capital, technology, product inventioncommon with cross border and global strategy.The three outlined priorities of performance are; first, performance needs to be analyzed by each entity in the boundaries of its environment in which the business operates. Second; performance is linked to one or more objectives established by the entity whose performance is analyzed. Third; performance is reduced to characteristics that are relevant and recognizable indicated by increase in profit, revenue and growth.

This casestudyis conducted to review competitive long term objectives and grant strategy to ensure it achieves the most desirable performance. This case study is based on Geothermal SBU in the Kenya Electricity Generating Company Limited (KenGen). KenGen generates electric power in bulk and supplies it to the Kenya Power and Lighting Company Limited (KPLC), rebranded Kenya Power (KP). KenGen is an incorporated company and listed on the Nairobi Stock Exchange (NSE) and is 70% and 30% owned by the government and the public respectively. From July, 1997 to date power generation has been liberalized; therefore, power production is open to competition. KenGen uses different modes of power generation. Based on KenGen unpublished internal report; the percentage proportions of power generated are; hydro generated 72.05%; geothermal generated 14.2%; thermal generated 6.96%; gas turbine generated 5.68%; diesel generated 0.6% and wind generated 0.52%. The various modes of power generation can be viewed as individual SBU. Each of the SBU adapt different strategy as each mode of power generation require different inputs in terms of knoweldge capital, technology and asset outlay.

Geothermal SBU which has been selected as the main area of the studyis located about 36 km from Naivasha town along Moi South Road and to the south of Lake Naivasha. This SBU has an approximate area of 240 km^2 and is divided into several fields or cost centres for the purpose of strategic performance management. The resource is producing about 162 MWe of electricity with a strategy to exploit about 280 MWe in the near future. According to unpublished KenGen internalreport, Geothermal strategic business unit has a staff population of 220 in management level, with a staff proportion of twenty (20) and two hundred (200) in top andbottom level management respectively. The staff breakdown is as follows; top management consist of two(2) managers, three (3) assistant managers and fifteen (15) chief officers and engineers, while the rest are in bottom level management. This implies a staff proportion of 9.1% and 90.9% are in top and bottom level management respectively.

1.2 Statement of the Problem

Despite the establishment of KenGen Geothermal Strategic Business Unit as a discrete strategic business unit; it's not clear whether strategic factors affect organizational performance indicated by profit, revenue and growth which could be the cause of the problems of frequent power blackouts and rationing. Therefore; an investigation is required to assess the effects of strategic factors on performance in order to conclude that these factors affect performance.

1.3 Purpose of the study

International journal of management and economics invention
||Volume||2||Issue||09||Pages-833-851||Sept-2016|| ISSN (e): 2395-7220
www.rajournals.in

The purpose of the study is to examine the effects of strategic factors on organizational performance; a case study of the Kenya Geothermal sector (KenGen).

1.4 Objectives

The general objective of the study is to assess, evaluate and analyze the effects of strategic factors on organizational performance. The specific objectives of the study are;

i) To assess the effects of strategic fit.

ii) To evaluate the effects of culture fit.

iii) To analyze the effects of strategy decay.

1.5 Research Hypotheses

The researcher formulates hypotheses to be tested in respect to the specific objectives. These hypotheses are;

i) Strategic fit does not affect organizational performance.

ii) Culture fit does not affect organizational performance.

iii) Strategy decay does not affect organizational performance.

1.6 Justification of the Study

The universal justification of the study lay in its capacity to support government resource allocation and revenue assessment during both short and long term corporate capacity building, strategic management and appraisal depending on profit, revenue and growth. It reviews and develops new inputs to the existing strategy to ensure its uniqueness, inimitability and competitiveness. The study ensures that the strategy pursued is value adding, enhancesorganizational performance and hascorporate social responsibilityto all its stakeholders; the government and the stockholders.

The study benefits the society as it verifies levels and magnitude of strategic factors indicated bystrategic fit, culture fit and strategy decay that may affect organizational performance. These factors canbe the source of internal and external customer dissonance, staff turnover and attrition which may be the course of the problems of frequent power rationing and blackout in KenGen. This research help in adjusting the grand strategy to mitigate against performance gaps that traditionally occurin organizations due to mismatch of strategic fit, culture fit and strategy decay.

The study is important to the organization because it is a cost effective method of developing input for new strategy and judging the validity of strategic choice in its various strategic business units. KenGen's Geothermal SBU in its expansion strategy need to analyze its strategic factors to mitigate against any gap that could occur while matching its resources and capabilities with opportunities in its external environment. Many organization which fail to analyze these strategic factors and their effects on performance ultimately under perform and perish as their strategy age, become non competitive and fail to cope with break through in culture pluralism, knowledge capital, technology, product improvement and globalization,.

The study is inevitable to the academic society as it fills the scholarly gap identified by the researcher during reconnaissance study which verified that there is no evidence of any academic research done on this field of strategic management in Geothermal SBU. Its scholarly essence is to build on existing knowledge and form the basis for understanding and applying strategic management research methods to offer solutions to organizational performancegaps or problems.

1.7 Scope and Limitation of the Study

The geographical scope of the study coversGeothermal SBUwhich is located about 36 km from Naivasha town along Moi South Road to the south of Lake Naivasha at the foot hills of Mt. Longonot within Hell's Gate Game Park. This SBU is locally referred to as Olkaria Geothemal Area. It has an approximate area of about 240 km^2 and is divided into several fields or cost centers for the purpose of strategic performance management. The demographic scope covers a staff population of 220 staff in top and bottom level management respectively. The staff proportion in this SBU as reported in unpublished KenGen internal reportis; twenty staff are in top management, while two hundred staff are in bottom level management. The academic scope include; development of literature review, theoreticalframework,conceptual framework, methodology and ultimately present research findings, conclusions and recommendations. The study is a bi variant analysis limited to two variables based on a single strategic business unit model in a single industry. The sample size is a limitation because it is not possible to interview the whole population within the study period.

1.8 Definition of Operational Terms

Definition of some terms used in this context are;

International journal of management and economics invention
||Volume||2||Issue||09||Pages-833-851||Sept-2016|| ISSN (e): 2395-7220
www.rajournals.in

Culture fitis defined as exhibiting a good match between employees' culture and thatofthe firm. Employees' or organizational culture include; values, visions, norms,working language, systems, symbols, beliefs; habits or ethos.

Organization or firmis defined as a group of people viz employees who have sharedinterest orpurpose;vision and mission to achieve pre-determined goal(s) orobjective(s) thatprovide services or products that add value to its stakeholders; thegovernment and the public.Organizations also referred to as firms which include profitable(banks, parastalbodies, hotels, manufacturing and processing industries) and nonprofitable such as publicservice, schools, political parties and charitable organizations.

Performance is defined as the standard, effectiveness, effeciency or the degree of successof an organization or investment in generating profit, revenue or growth.

Staff attritionis defined as staff reduction or decrease in number of staff or strength inan organization.

Corporate social responsibility is defined as the belief that a firm should consider the effects of its activities on its employees, environment and the community around it.

Staff dissonance is defined as a term used in psychology to describe the feeling of discomfort when holding two or more conflicting ideas, beliefs, values or emotional reactions. In this state of dissonance people may sometimes feel frustrated, anger, guilt or anxiety.

Strategic business unit (SBU) is an autonomous division or organizational unit, small enough to be flexible and large enough to exercise control over most of the factors affecting its long term performance.

Strategic fit is the degree to which an organization is matching its resources and capabilities with opportunities in its external environment. Strategic factor analysis canbe used to evaluate the current strategic situation of a company and its opportunity.

Staff turnover means the rate at which an employer is gaining or loosing employees. It describes how long employees tend to stay in a firm. High turnover is harmful to a company's productivity if skilled workers often leave and the workers' population contain high percentage of novice workforce.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In literature review, selective and critical survey of written works on the research area on strategic factors and their effects on organizational as well as employees'performancealso referred to as strategic performance management is done. These include definition of strategic management and the concept of strategic performance management and some of its related factors indicated by strategic fit, culture fit and strategy decay. Subsequent sections cover; Theoretical frame work, Empirical studies and Conceptual frame work. Theoretical frame work discussand explain theories supporting the effects of strategic factors on organizational viz employees' performance. Empirical studies highlight recent empirical research in the field of strategic performance management. Conceptual frame work discuss, outline and define the conceptualized model of the study. It gives conceptualized research model of strategic factors analysis and their effects on performance in the firm's SBU.

2.1.1 Strategic Management

Strategic management is an important concept in this research since it entails the process of analyzing strategic factors and their effects on performance. Therefore; it imparative to have a good understanding of its meaning. Strategic management is the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a firm's short and long term objectives. Strategic management in essence evaluate elements or objectives of strategy that an organization embraces to enhance employees' and organizational performance. Mintzberg (1979) defined strategy as; a plan which is a direction, a guide ora course of action or intention rather than actual; a ploy which is a maneuver intended to outwit a competitor; a pattern whichis define as consistent pattern of past behavior which is realized rather than intended; a position which is locating of brands, a products or companies within the conceptual framework of consumers or other stakeholders which is determined by factors outside the firm; a perspective which is a strategy determined primarily by a master strategist. Hill et al., (2004) defined strategic management as the formal process, or set of processes used to determine the strategies for the organization. Strategic management is described as the process of minimizing performance gap between actual service delivery and the organizational performance or

International journal of management and economics invention
||Volume||2||Issue||09||Pages-833-851||Sept-2016|| ISSN (e): 2395-7220
www.rajournals.in

employees' expectation (low cognitive dissonance, attrition and turnover). Not all strategy is; however, derived from a formalized process. It is important for an organization to distinguish between outcomes, result or output, behavior or process and appropriate strategic performance management. Alli (1992) gave the main characteristics of an effective strategic management as clear direction, purpose, objectives, goals and strategic consistency; continuous monitoring of internal and external environment; integration of operating budget and profit plans with strategic plans; continuous monitoring of progress with revision of plan and programs as appropriate; creation of strategic atmosphere that fostered team spirit; commitment of necessary resources and the development of systems to provide necessary management information. Hill et al., (2004) postulated that emergent strategies are not developed, but evolve in an organization on the basis of actions that the organization takes in reaction to internal and external circumstances. Hill et al., (2004) further distinguished, following Mintzberg (1979), between intended strategy and emergent strategy. Intended strategy is the formal strategy based on rigorous analysis of external and internal factors. Emergent strategy, on the other hand, emanates from organizational grass roots.

A company's strategic management has its ultimate objective in the development of its corporate values (strategic fit, culture fit and a unique strategy free of decay), managerial capabilities, organizational responsibilities and operational decision making at all hierarchical levels of authority. The discourse around the performance claim focuses on the impact of performance on strategic management as a formalized process. Armstrong and Baron (1998) urged that if a firm cannot define performance, then it cannot measure or manage it. They further observed that performance was affected by personal factors referred to as individual's skills, confidence, motivation and commitment, leadership factorsfor instance quality of encouragement, guidance and support provided by managers and team leaders; team factors for example the quality of support provided by colleagues, system factors for instant the system of work; facilities portrayed by instruments of labor provided by the organization, contextual or situation factors for instantinternal or external environmental pressures and changes.

2.1.2 Concept of Strategic Management

The concept of strategic management is based on a model conceived by Johnson and Schole (2007). The figure below shows a conceptualized model of strategic management;

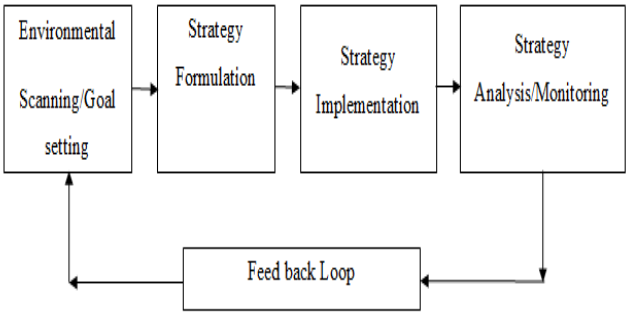

Figure 2.1.2: Conceptualized Strategic Management Process

The process of strategic management continuous evolve as the firm's goals and objectives blossom or perish. Organizations engage in strategic performance managementto adapt to trends and external changes for example; globalization, knowledge based capital, technology and cultural pluralism. Environmental scanning refers to the process of collecting, scrutinizing and providing information for strategic purpose. Strategy formulation is the process of deciding the best course of action for accomplishing organizational objectives and hence achieving best plan for employees' as well as organizational performance. After conducting environmental scanning; strategists formulates corporate, business and functional strategies. Strategy implementation implies making the strategy work as intended or putting the organization's chosen strategy into action. Strategic factor monitoring and analysis is an important concept in strategic performance management so that an organization canbe able to understand when and how to adjust its strategy or master plan to adapt to changing trends in the business environment for better performance.

2.2 Theoretical Framework

The effects of strategic factors on employees' vis-a′-vis organizational performance is supported by complementary disciplines and corresponding theories in strategic performance management. At strategic level there is a macro view whose corresponding theme outlines a systemic approach to organizational management as a means of attaining desired performance. This is supported by organizational theory suggested by Jones (1995); system theory proposed by Von Bertalanffy (1973) and contigency theory stated by Donaldson (2001). Interrelated theories covering the structural aspects and goal setting theory are postulated by Locke (2004). These theories supports the organizational performance aspects. Organizational theory

International journal of management and economics invention
||Volume||2||Issue||09||Pages-833-851||Sept-2016|| ISSN (e): 2395-7220
www.rajournals.in

studies organizations as a whole with employees' as the key driver to performance; the way they adapt strategies and the structure that guides them. Strategic performance management theorists consider organizational theory to be rational, information based, efficiency oriented and concerned with determinants of strategic factors evaluation and control. The key strategic factorsinclude; strategic fit, culture fit and strategy decay. The key performance indicators include increase in profit, revenue and growth. Established theories propose two types of performance;behavior and outcome based. The organizational theory compares ability to measure behaviors and outcomes; it uses control as a measurement and evaluation process. It also reduces divergent preferences through social control and is information based. Donaldson (2001) contingency theory of organizations has its essence in the paradigm that organizational effective form fitted characteristics of the organization structure to different contigencies such as environment, organizational size and strategy. Various version of organizational theory emphasizes the importance of performance on strategic factors and task characteristics. The existence of social controlssuch as strategic fit, culture fit and strategy decay) are an alternative control of performance. System theory on the other hand acknowledge complexity in organizations; focus on synergy, combination analysis and synthesis. This theory acknowledges that organizations are open systems which interact directly with the environment through inputs and outputs. Locke and Latham (2004) goal-setting theory was based on empirical research. It was based on the fact that conscious goal affects action. Locke (2004) further argued that goal setting is effective for any task where people have control over their performance based on strategic factors. Thus; alignment between individual culture and goals are important for maximizing performance.

This research is based on theories developed by Hamel (2000) and other modern classical theories highlighted in the literature review. These theories discuss the usefulness of formal strategic factors analysis as a means of improving employees' as well as organizational performance. They discuss the concept of strategy decay, the notion that the value of all strategies no matter how brilliant, decay over time requiring periodic strategic factors analysis and their effects on performance. The researcher has a theoretical notion that strategy decay affect organizational and in particular employees' performance; assuming other intervening variablessuch as; socio-economics, government policies and environmental issues constant. However; the researcher doubts Hamel (2000) concept that strategic factorsare futile and not a useful practice in improving employees' and the firm's performance. Theoretically, there is a claim that strategic factors and their effects on organizational or employees' performance has a positive influence on organizational performance.

The research study Prevos (2005) theory which argued that an organization cannot rely solely on formal systems to develop performing corporate strategy. Bouwens and Abernethy (2000) generally supported the hypothesis that performance measurement is associated with higher performance. Although empirical research pointed towards a positive correlation between strategic factors and employees' or the firm's performance, these studies suffered from some levels of methodological problems. It further argued that because strategic factors' analysis or management is not an exact science, strategic factors analysis require a great deal of intuition; therefore, employees' or organizational performance relies to some extent on serendipity. This doesnot; however, imply that strategic factormanagement as a formal exercise is futile. The researcher has the concept that strategic factors and their effects on performance are vital for good business performance.

One aspect of strategic performance management is measuring and managing organizational performance against set benchmarks. The content of strategic performance management include; strategicfit, culture fit, strategy decay and their effects on performance indicated by; increase in profit, revenue and growth. Brudan (2010) argued that the progress of a business and its resultsis performance. The term performance canbe used to express general achievement against a set goal or standard or the execution of an action. The measure of key performance indicators (KPIs) is increase inprofit, revenue and business growth. It is future oriented and based on a casual model linking inputs and output. Lebas (1985) postulated that performance is about capacity and the future. Folan et al., (2007) outlined three priorities objectives of performance. First, performance need to be analyzed by each entity in the boundaries of the environment in which the business operatesi.e.; profitability, high revenue or leadership in market share and business growth. Second, performance is linked to one or more objectives established by the entity whose performance is analyzed. Third, performance is reduced to characteristics that are relevant and recognizable. In essence, strategic factors and there effects onorganizational performance can be referred to as strategicmanagement.

International journal of management and economics invention
||Volume||2||Issue||09||Pages-833-851||Sept-2016|| ISSN (e): 2395-7220
www.rajournals.in

Dess et al., (2008) postulated the four attributes of strategic performance management as follows; firstly, strategic management is directed towards overall organizational goals and objectives. That is, effort must be directed at what is best for the total organization. Secondly, strategic management include multiple stakeholders in decision making. Thirdly, strategic management requires incorporating both short and long term perspectives. Fourthly, strategic management involves the recognition of trade-offs between effectiveness and efficiency which are controlled by strategic factors. The success of how well adoptation of strategic performance management is, can only be ascertained by measuring organizational performance against set time lines, goals and standards. Company performance is traditionally related to increasing or addingshareholders' wealth. Performance can also be measured using leading indicators such as; increased customer and employees' satisfaction, lagging measures such as; increase inprofit, revenue and growth. Strategic factors management consist of analysis, decisions and actions an organization undertakes in order to create and sustain performance and competitiveness. Strategic management is concerned with analysis of strategic goals for instant; vision, mission and strategic objectives together with the analysis of the internal and external environment of the organization. Organizational leaders make strategic decisions to achieve higher performance and take necessary actions to implement and adopt their strategies. Dess et al (2008) further postulated that monitoring strategic factors and in particular culture is dedicated to business excllence. Managers; therefore, must accept personal responsibility for developing and strengthening culture and ethical behavior in the SBU vis-a′-vis the overall organization. They should be role models and corporate credos able to develop performance evaluation systems, policies and procedures to overcome resistance to change and learning in the organization.

Johnson and Schole (1997) proposed that strategic managementprocess has the following four phases or components. The first component is the environmental scanning which refers to the process of collecting, scrutinizing and providing information for strategic purpose. It helps in analyzing the internal and external factors influencing an organization. After executing the environmental analysis process; strategistsevaluate it on a continuous basis and strive to improve it. The second component is the strategy formulation which is the process of deciding the best course of action for accomplishing organizational objectives and hence achieving organizational purpose. After conducting environmental scanning, managers formulate corporate, business and functional strategies. The third component is the strategy implementation which implies making the strategy work as intended or putting the organization's chosen strategy into action. Strategy implementation include designing the organization's structure, distributing resources, developing decision making process and managing human and capital resource. The fourth and the last component is the strategy analysis or evaluation. The key strategy analysis activities are; appraising internal and external factors that are the root of the present strategies, measuring performance and taking remedial or corrective actions. The essence of conducting strategic factor analysis is to establish the relationship between the strategic factors and its effect on employees' as well as organizational performance. In this context; strategic factors are the independent variables and employees' or organizational performance are the dependent variables. Most of the theories cited in this research supports the paradigm shift that strategic factor analysis and their effects on organizational performance is indeed an important concept in increasing organizational performance.

2.3 Review of Empirical Studies

Empirical research by Prevos (2005) argued that an organization cannot rely solely on formal systems to develop performing corporate strategy. Although empirical research pointed towards a positive correlation between strategic performance managementand employees' or organizational performance, these studies suffered from some methodological problems. In Harvard Business Review, July – August 2005 article titled 'Turning Great Strategy into Great Performance' by Mankins and Steel (2005) reported that companies only realized 63% of their strategy potential due to failure in implementation. Robinson (2004) empirical research concluded that little is actually known about the specific reasons why organization conduct strategic factors analysis and its effects on performance. However; Lawson et al., (2003) posited that companies which conduct assessment of strategic performance had sustained competitive edge and improved performance. Bourne et al., (2003) and Neely et al., (2004) postulated that many of these studies were anecdotal and of a case study in nature and are therefore not grounded in rigorous research. Young and O'Byrne (2001) urged that employees' performance assessment helped companies in the alignment between their strategy and performance. Ittner and Larcker (2001) extended strategic management theories to urge that a key element in establishing and managing the

International journal of management and economics invention
||Volume||2||Issue||09||Pages-833-851||Sept-2016|| ISSN (e): 2395-7220
www.rajournals.in

link between strategy analysis and performance was identifying and measuring the specific factors that actually led to strategic success or added firm's value. Eccles (2001) found out that strategic performance management influenced the design of the measurement systems and the external disclosure. Hambrick and Fredrickson (2001) postulated that scholars and consultants have provided a myriad models and frameworks for analysing strategic factors and their choice. According to Marr and Neely (2004); Rigby (2001); Williams(2001) and Speckbacher et al., (2003) there was evidence that strategic performance management was implemented in approximately 70% of medium to large firms in the United States and Europe as well as in many governmental departments. Hill et al., (2004) took position in this debate by claiming that strategic management had a positive impact on company performance. This research revealed that embracing strategic management improved a company's performance. A survey conducted by Bain and company showed that 94% of interviewed CEO's considered strategic fit to be vitally influential in the success or failure of a business venture or an acquisition. Miller and Vaughan (2001) research concluded that stronger strategy evaluation and profitability correlations emerged when firms faced turbulent environments. Al-Shammari et al., (2007) asserted that the inconsistent and vexing nature of empirical research findings presented encouraged researchers to examine this relationship in different contexts. Most of the empirical research conducted showed a strong bias towards examining the link or correlation between the effects of strategic factorson employees' or the firms' performance, especially in U.S. and U.K firms. According to the researcher's findings;there is no recent empirical or academicstudy that examine this relationship in emergent markets such as those in Kenya and other less developed countries of Africa. Therefore, the main objective of this studyis to examine the effects of strategic factors on organizational performance of a firm in one of this countries. For this purpose, Geothermal SBU in KenGen has beenselected to verify this claim.

2.3.1 Effects of Strategic Fit on Employees' Performance

Strategic fit is the extent to which an organization is matching its resources and capabilities with opportunities in its external environment. This matching take place through strategy; therefore, it is important for the organization to have actual portfolio of resource and capabilities to execute and support the strategy. Resource relates to the inputs to production; whereas, capabilities describe the accumulation of learning the company possesses. Resource can be classified as tangible for instant cash and securities, physical such as location, plantor machineryand intangible resource such as technology, patents or copyrights, human resources, reputation described brands or culture. Strategic fit ishas used to evaluate the prevailing condition of a firm's division in terms of performance indicated byincreased profits, revenue and growth. A good strategic fit can result in increased or positive performance; whereas, a bad fit can resultin declined or negative performance. A very good strategic fit can be a key attribute of many benefits including high profits, revenue and growth. Grant (2007) postulated that a unique combination of resources and capabilities can be developed to boost performance. Bench marking with relevant peers can alternatively be a useful tool to assess the relative strength or fit of the resources of an organization. Top and bottom level managers of a firm are the right candidates to assess the effects of strategic factorson organizational performance because they are directly or indirectly involved in forming pillars of strategic fit.

2.3.2 Effects of Culture Fit on Employees' Performance

Culture fit is defined as a good match between organizational culture and that of its employees'. Organizational culture include values, visions, norms, working language, systems, symbols, beliefs and habits. A good culture fit is classified as an important intangible resource andcan be an essential ingredient in improved performance or competitiveness. It is developed over a lengthy period of time and can be difficult to achieve. A good culture fit can be achieved by synchronizing elements of organizational learning, culture, beliefs, norms and embracing meaningful change; although, these elements could be in existence in many firms, perpetual monitoring isrequired at the firm's strategic business unit level due the ever changing business environment for instance; culture diversity, technology, globalization and knowledge based capital. It is prudent to have a permanent team of strategists at the firm's strategic business units to monitor issues related to strategic factors and their effects on organizational or employees' performance to bridge any gap that could occur in performance. Culture misfitsmay lead to decreased profit, revenue and growth. This being manifested by low morale, high dissonance, meaningless rivalry, bad workplace politics and industrial unrest; which result in overall poor business environment and performance.

International journal of management and economics invention
||Volume||2||Issue||09||Pages-833-851||Sept-2016|| ISSN (e): 2395-7220
www.rajournals.in

2.3.3 Effects of Strategy Decay on Employees' Performance

Hamel (2000) postulated that however good a strategy can be, it decays with time and its merit to enhance organizational performance or competitiveness diminishes. A unique strategy requires constant input and innovation to ensure it remains inimitable andcompetitive. Based on previous studies; organization which fail to analyze the effects of strategydecayon organizational performance perish; probably, due to low and poor productivity as they fail to cope with break through in product marketing, product invention, culture pluralism,technology andglobalization.A good strategy mitigatesagainst elements of strategy decay to ensure it best satisfiesorganizational or employees' needs. Performance is achieved if the firm'sstrategy is unique, inimitable and competitive.

2.4 Conceptual Framework

Figure 2.4.1 below shows the relationship between independent and dependent variables. The independent variables are; strategic fit, cultural fit and strategy decay; while, the dependent variable are organizational or employees' performance in the firm's strategic business unit. The key performance indicators include; increased profit, revenue and growth. These indicators are measured using Likert scale with scores ranging from bad to excellenton an equivalent numerical scale of 1 to 5 for questionnaires in Appendix One. A score of bador 1is indicative of negativeor poorperformance; whereas,a score of excellent or 5is indicative of positive or good performance.

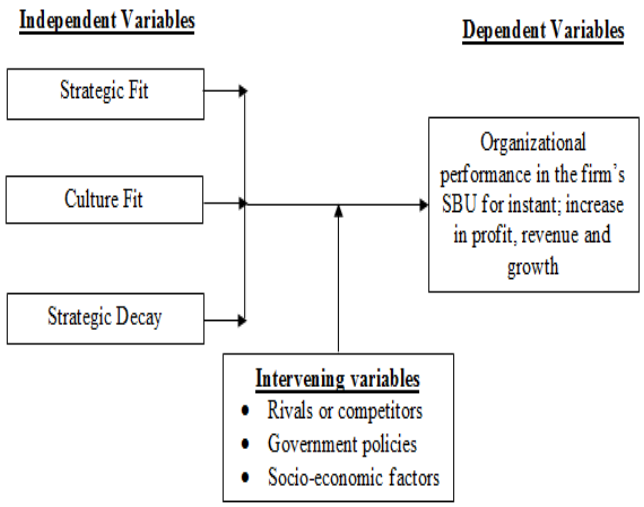

Figure 2.4.1: Conceptualized Framework (2015)

Independent and dependent variables are those variables that the researcher empirically test to establish their relationship. Three independent variables are analyzed during this research. These include; strategic fit which is defined as the degree to which an organization is matching its resources and capabilities with opportunities in its environment. Strategic fit is used to evaluate the current strategic situation of a firm and its opportunities. It defines the match between resources such as the accumulation of learning in a firm, capital, human resource, assets which include; land, building, machinery, raw material, brands or reputation and infrastrature. Culture fit is the second variable which implies exhibiting a good match between organizational and employees' culture. Culture include;values, visions, norms, working language, systems, symbols, beliefs, habits or ethos. Strategy decay is the third independent variable. According to past research; however good a strategy is,it decays with time and its merit to enhance organizational or employees' performance diminishes. Strategy decay implies lose of uniqueness, iminitability and competitiveness which ultimately yield poor performance, work place politics, lossof business and employee layoffs or attrition. Intervening variables are extrinsic to the study. These variables include the firm's external environment for instant rivals or competitors, government policiesfor example taxes, duties, levies orfiscal budget andsocio-economic factorssuch ascross border trade, gross domestic product and per capita income.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Research methodology is the procedure to be used in making systematic observations or obtaining data and information relevant to the study. Methodology involves defining research designfor example location of the study,target population, sampling procedure and sample size, instrumentation, validity and reliability of research instruments, data collection procedure and data analysis. The study is designed to adapt probability sampling technique and uses an enumerator to disseminate questionnaires or collected data and getaccurate feedback from respondents to avoid biased sampling.

3.2 Research Design

International journal of management and economics invention
||Volume||2||Issue||09||Pages-833-851||Sept-2016|| ISSN (e): 2395-7220
www.rajournals.in

Research design is a plan or procedure for collecting and utilizing data so that desired information is obtained to achieve research objectives. The research design involveddesigning questionnaires and infrastructure ortransport access respondents, maps to locate respondents and communication language for effective and efficient dissemination of questionnaires and receiving feedback. The researcher designed samplingframe from scratch by listing all respondent and using Schlinder (2003) formula to evaluate a representative sample size.

3.3 Location of the Study

The geographical location of study isGeothermal strategic business unit (SBU) in KenGen at Olkaria; which is located about 36 km from Naivasha town along Moi South Road to the south of Lake Naivasha. This SBU has an approximate area of 240 km^2 and divided into several fields for the purpose of strategic management. It is located at the foot hills of Mount Longonot in the vicinity of Naivasha town municipality within Hells' Gate Game Park. The location of study is characterized by exposed high voltage grid line or transformers and generators, toxic geothermal gases,extremely high decibel noise, pressure, temperature and dangerous steaming brine disposal ponds or hot grounds,rugged terrain andpredetors.

3.4 Target Population

According to an unpublished KenGen human resource report, Geothermal strategic business unit has a target population of 220 staff in the top and bottom level management respectively. There are twenty (20) top level managers and two (200) bottom level managers. These implies a staff proportions of 9.1% and 90.9% or p = 0.091 and q = 0.909. Staff proportions are used to construct sampling frame. Staff distribution is as shown in table 3.4.1 below;

Categories of staff	Population	Percentage (%)
Top Level Managers	20	9.1
Bottom Level Managers	200	90.9
Total	220	100

Table 3.4.1: Staff Population Distribution in Geothermal Development SBU

3.5 Sampling Procedure and Sample Size

Probability sampling also referred to as random sampling procedure or technique is used to select a reasonable number of sample that isrepresentative of the target population. This procedure allows the use of inferential statistics and statistical formula to calculate a sample size since the target population under considerationis large. The researcher engaged an enumerator to implement data collection procedure or disseminate questionnaires to the respondents to avoid bias sampling due to the possibility of the researcher influencing outcome in his favour. Sample size which is determined by sampling frame is defined as a portion that is representative of the population. Sampling frame was developed from scratch by listing all the respondents in the target population from which a random sample was drawn. The sample size was calculated using Schindler (2003) formula. This formula is given as;

$$n = \frac{pq}{\sigma^2}$$

Where;

n = sample size

Pq = measure of sample dispersion (9.1% and 90.9% or p = 0.091 and q = 0.909 which is the proportion of the target population in top and bottom level management respectively).

σ = Standard error of estimate indicating the desired level of accuracy.

(significance level of α = 5% and margin of error (E) = 10% is used)

At 95% confidence level, Z = 1.96 and marginof error (E) = 0.1 or 10% range is used to evaluate σ as shown below;

$$\sigma = \frac{0.10}{1.96} = 0.051$$

The sample size (n) is evaluated as shown below;

$$n = \frac{pq}{\sigma^2} = \frac{(0.091)(0.909)}{0.051^2} = 31.803 \text{ (rounded to 32)}$$

International journal of management and economics invention
||Volume||2||Issue||09||Pages-833-851||Sept-2016|| ISSN (e): 2395-7220
www.rajournals.in

A sample of 32 staff in top and bottom level management wasrandomly drawn to represent the parent or target population.

3.6 Research Instruments

Research Instruments refer to measurement tools or devicessuch as questionnaires or data form, tally or data sheet, computer hardwares and softwares, data recording device such as flash disks, note books and pens, enumerator(s), transport to disseminate questionnaires,map or plan to locate respondents, communicating language and tools such as e-mail or mobile phones which enhanced efficient and effective data collection from respondents.

3.7 Validity and Reliability

Validity is the extent to which an instrument measureor weight quantifiable variables. The instrument is valid if its validation is80% and above. Validation process involves collecting and analyzing data quality. Numerous statistical tests and measures are used to assess the validity of the instruments used such as piloting testing which involved scatter plots and extreme value analysis. External validity is the extent to which results from a sample is generalized to represent the target or parent population. Content validity refers to appropriateness of the instruments used. Reliability is the consistency of the observations made. Non conformity of data or observations made means that the reliability of the instrument used is bad and requires review of the research methodology or instrumentation.The strong positive linear correlationof the research findings obtained from scatter plots showedhigh degree of dependence between variables of interest. Sactter plot also showed that the research findings had a theme or common trend, which that the research instruments were valid and reliable.

3.8 Data Collection Procedure

Primary and secondary data are used to achieve the objectives of the study. Primary data is the original data that is collected. Primary data was collected by disseminating structered questionnaires by use of an enumerator. This ensured good probabilityor random data collection procedure with minimal bias. Structured questionnaires were disseminated to a predetermined sample size of 32.The sample size was estimated by Schindler (2003) formula using a target population of 220 staff and proportions of staff in top and bottom level management as; P = 0.091 and q = 0.909 respectively. The enumerator delivered and explained the objectives or the purpose of the study to the subjects or respondents. The enumerator and the respondents cross checks the filled questionnaires to ensure all the research questions in Appendix One; part 1.1, 1.2 and 1.3were carefully answered. The feedback formed the main primary data which was forwarded to the researcher for data compiling and analysis. Secondary data was retrieved from company archive data base suh as electronic and physical files.

3.9 Data Analysis

Data analysis process consisted of four phases. The first phase involved collecting, compiling, inspecting and cleaning data. In this phase; data was inspected and erroneous data corrected. Second phase involvedthe researcher using Likert scale to assign numerical weight on a scale range of 1 to 5 to the research answers in Appendix One for statistical analysis. The third phase involved creating entries and formating data in Microsoft Office Excel (2007). Data analysis was done by creating computer graphics using this software. Eventually; statistical analysiswhich included; mean, pooled mean, standard deviation and pooled standard deviationwas done. Pearson product moment correlation coefficient (r) or linear dependence of the variables and the magnitude of their relationshipsis then evaluated. The proposed hypotheses were tested using standardnormal distribution at $\alpha = 5\%$ level of significance by constructing confidence interval (CI) at 95%. For comprehensive hypotheses testing; Microsoft Office Excel (2007) software and statistical formula extracted from Dewhurst (2006) and David et al., (2008)were used. The fourth and last phase of data analysis was presenting research results or findings, discussion, conclusions and recommendations.

International journal of management and economics invention
||Volume||2||Issue||09||Pages-833-851||Sept-2016|| ISSN (e): 2395-7220
www.rajournals.in

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Results

Table 4.1.1 below shows that thirty two (32) subjects out of the evaluated sample size of 32 responded. This implies100% response was achieved. The research findings for questionnaires in Appendix One; part 1.1 to part 1.3 are as tabulated below;

	Frequency ($f_{i=1a, 1b.....3b}$)						
Rating	**Score (X_i)**	**f_{1a}**	**f_{1b}**	**f_{2a}**	**f_{2b}**	**f_{3a}**	**f_{3a}**
Bad	1	0	0	0	0	0	0
Fair	2	0	0	0	0	0	0
Good	3	8	9	8	9	21	17
Very Good	4	24	13	12	22	11	12
Excellent	5	0	10	12	1	0	0
Total Sample Size	**32**	**32**	**32**	**32**	**32**	**32**	**32**

Table 4.1.1: Sampled Data for Research Questions in Appendix One; Part 1.1

	Frequency ($f_{i=1,2,3}$)			
Rating	**Score (X_i)**	**f_1**	**f_2**	**f_3**
Bad	1	0	0	0
Fair	2	0	0	0
Good	3	13	13	12
Very Good	4	17	17	15
Excellent	5	2	2	5
Total Sample Size		**32**	**32**	**32**

Table 4.1.2: Sampled Data for Reserch Questions in Appendix One; Part 1.2

		Frequency ($f_{i=1,2...6}$)					
Rating	**Score (X_i)**	**f_1**	**f_2**	**f_3**	**f_4**	**f_5**	**f_6**
Bad	1	0	0	0	0	0	0
Fair	2	0	0	0	0	0	0
Good	3	2	13	11	13	11	10
Very Good	4	17	17	19	11	20	19
Excellent	5	12	2	2	8	1	3
Total Sample Size		**32**	**32**	**32**	**32**	**32**	**32**

International journal of management and economics invention
||Volume||2||Issue||09||Pages-833-851||Sept-2016|| ISSN (e): 2395-7220
www.rajournals.in

4.1.3: Sampled Data for Research Questions in Appendix One; Part 1.3

The total score which is obtained by multiplying tally score with frequency for research findings in table 4.1.1 to table 4.1.3 is as shown below;

	Total Score					
Rating	X_i*f_{1a}	X_i*f_{1b}	X_i*f_{2a}	X_i*f_{2b}	X_i*f_{3a}	X_i*f_{3b}
Bad	0	0	0	0	0	0
Fair	0	0	0	0	0	0
Good	24	27	24	27	63	51
Very Good	96	52	48	88	44	48
Excellent	0	50	60	5	0	0

Table 4.1.4: Total Score for Research Questions in Appendix One; Part 1.1

	Total Score		
Rating	$f_{1*}X_i$	$f_{2*}X_i$	$f_{3*}X_i$
Bad	0	0	0
Fair	0	0	0
Good	39	39	36
Very Good	68	68	60
Excellent	10	10	25

Table 4.1.5: Total Score for Research Questions in Appendix One; Part 1.2

	Total Score					
Rating	X_i*f_1	$Xi*f_2$	$Xi*f_3$	$Xi*f_4$	$Xi*f_5$	$Xi*f_6$
Bad	0	0	0	0	0	0
Fair	0	0	0	39	0	0
Good	6	39	33	44	33	30
Very Good	68	68	76	40	80	76
Excellent	60	10	10	0	5	15

Table 4.1.6: Total Score for Reasearch Questions in Appendix One; Part 1.3

International journal of management and economics invention
||Volume||2||Issue||09||Pages-833-851||Sept-2016|| ISSN (e): 2395-7220
www.rajournals.in

Data analysis is done to evaluate statistical data useful in testing the proposed research hypotheses. These include; mean, pooled mean, standard deviation, pooled standard deviation, Regression (R^2), Pearson correction coefficients (r) and their magnitude. These data are as shown in table 4.1.7 to table 4.1.9 below;

Statistic Formula	**Research Questions**					
	1(a)	**1(b)**	**2(a)**	**2(b)**	**3(a)**	**3(b)**
Mean (μ_i)=($\sum$(X*f_i)/$\sum f_i$)	3.750	4.031	4.250	3.344	3.344	3.563
Standard deviation $\sigma = \sqrt{(\sum f_*(X_i-\mu)^2/\sum f)}$	0.433	0.770	0.830	0.644	0.475	0.658
Pooled Mean (μ_p) = (μ_1 +μ_2)/2	3.891		3.797		3.453	
Pooled Standard deviation (σ_p) = $\sqrt{((\sigma_1^2 + \sigma_2^2)/2)}$	0.625		0.743		0.574	
Regression (R^2)	0.359		0.238		0.965	
Correlation (r) = $\sqrt{(R^2)}$	0.599		0.488		0.982	
Correction(r) magnitude	Strong		Medium		Very Strong	

Table 4.1.7: Statistical Data Analysis for Research Questions in Appendix One; Part 1.1

Statistic Formula	**Research Questions**		
	1	**2**	**3**
Mean (μ_i) = ($\sum$(X_i*fi)/$\sum$fi)	3.656	3.656	3.781
Pooled mean (μ_p) = (μ_1 + μ_2 + μ_3)/3	3.698		
Standard deviation $\sigma = \sqrt{(\sum f_*(X_i-\mu_i)^2/\sum f)}$	0.592	0.592	0.695
Pooled standard deviation $\sigma_p = \sqrt{((\sigma_1^2 + \sigma_2^2 + \sigma_3^2)/3)}$	0.628		

Table 4.1.8: Statistical Data Analysis for Research Questionsin Appendix One; Part 1.2

Statistical Formula	**Research Questions**					
	1	**2**	**3**	**4**	**5**	**6**
Mean (μ_i)=($\sum$(X*f_i)/$\sum f_i$)	4.188	3.656	3.719	3.688	3.688	3.781
Standard deviation $\sigma = \sqrt{(\sum f_*(X_i-\mu)^2/\sum f)}$	0.662	0.592	0.572	0.810	0.527	0.695
Pooled Mean (μ_p) = (μ_1 +μ_2)/2	3.922		3.703		3.734	
Pooled Standard deviation (σ_p) = $\sqrt{((\sigma_1^2 + \sigma_2^2)/2)}$	0.628		0.701		0.564	
Regression R^2	0.329		0.296		0.979	
Correlation coefficient (r) = $\sqrt{R^2}$	0.574		0.544		0.989	
Correction coefficient (r) magnitude and strength	Strong		Strong		Very Strong	

Table 4.1.9: Statical Data Analysis for Research Questionsin Appendix One; Part 1.3

International journal of management and economics invention
||Volume||2||Issue||09||Pages-833-851||Sept-2016|| ISSN (e): 2395-7220
www.rajournals.in

For comparativestatistical analysis between the independent variables indicated by strategic fit, culture fit and strategy decay and the dependant variables or organizationalperformanceindicatedby profit, revenue and growth; pooled mean (μ_p) and pooled standard deviation (σ_p) for research answers to questions in Appendix One; part 1.2 is evaluated as shown in table 4.1.8 which equal to 3.698 and 0.628respectively. These values are alsoindicated in column B1 in the table 4.1.10 below. Pooled statistical data analysis for research findings to questions in Appendix One;part 1.2 and1.3 (question 1, 3 and 5 in column C1, C3 and C5) are as given in table 4.1.10 below;

Statistical Formula	**Research Questions Part 1.2 and 1.3**					
	B1	**C1**	**B1**	**C3**	**B1**	**C5**
Mean (μ_i)=($\sum(X*f_i)/\sum f_i$)	3.698	4.188	3.698	3.719	3.698	3.688
Standard deviation $\sigma = \sqrt{(\sum f_*(X_i-\mu)^2/\sum f)}$	0.628	0.662	0.628	0.572	0.628	0.527
Pooled Mean (μ_p) = ($\mu_1 + \mu_2$)/2	3.943		3.709		3.693	
Pooled Standard deviation (σ_p) = $\sqrt{((\sigma_1^2 + \sigma_2^2)/2)}$	0.645		0.601		0.560	
Regression R^2	0.329		0.980		0.972	
Correlation coefficient (r) = $\sqrt{R^2}$	0.574		0.990		0.986	
Correction coefficient (r) magnitude	Strong		Very Strong		Very Strong	

Table 4.1.10: Comparative Statistical Data for Research Questions in Part 1.2 and 1.3

Graphical presentation of organizational performance against strategic factors are done in Appendix Two; which indicate values of regression (R^2) and correlation coefficient (r or $\sqrt{R^2}$). The confidence interval (CI) at 95% or $Z_{\alpha=.025}$ = 1.96 for two tailed normal distribution test is constructed as shown in table 4.1.11 below;

	Statistical Data		
Statistical Value	**B1 & C1**	**B1 & C3**	**B1 & C5**
Pooled μ_p	3.943	3.709	3.693
Pooled σ_p	0.645	0.601	0.560
$Z*\sigma_p/\sqrt{n}$	0.218	0.202	0.194
Lower limit; $\mu_{0i} = \mu_p-(Z*\sigma_p/\sqrt{n})$	3.720	3.501	3.499
Upper limit; $\mu_{oii} = \mu_{p+}(Z*\sigma_p/\sqrt{n})$	4.166	3.914	3.887
CIapproximated to unit Score	**(4,4)**	**(3,4)**	**(3,4)**

Table 4.1.11: Confindence interval (CI) at at 95%

The hypotheses to be empirically tested at 95% confidence interval (CI) or $Z_{\alpha=.025}$ = 1.96 are as follow;

i) Strategic fit does not affect organizational performance in the firm's SBU.

ii) Culture fit does not affect organizational performance in the firm's SBU.

iii) Strategy decay does not affect organizational performance in the firm's SBU.

4.2 Discussion

International journal of management and economics invention
||Volume||2||Issue||09||Pages-833-851||Sept-2016|| ISSN (e): 2395-7220
www.rajournals.in

Discussion of the study is based on research findings in chapter fourtable 4.1.7 to table 4.1.10 and graphical presentations in Appendix Two; figure 2.1.1 to figure 2.1.11. Table 4.1.7analyze research findings to questions in Appendix One; part 1.1which indicate that the mean score are 3.75 and 4.031 or approximately 4 for both research findings to questions 1(a) and 1(b); thus, the firm's SBU has very good strategic fit.Appendix One; part 1.2 question 2(a) and 2(b) indicate that thefirm's SBU culture is very well established with an average score of 4; however, the match between the firm's culture and that of the employees' is about 3. This implies that the match is lagging by a score of 1; thus, despite a very good established culture in the firm's SBU, there is mismatch between the SBU's culture and that of the employees. The SBU's strategic decay is not bad and it is relating to both strategic and culture fit with an approximate score of 3 which is good. However; for the SBU to be competitive; this scores need improvement or corrective action. Corrective actions may involve reviewinginputs to the existing strategy before the strategy can degenerate and become bad to pursue. This observation supports Hamel (2000) proposal, which urguedthat however good a strategy is, it decays with time. The research findings to questions in Appendix One; part 1.1;question 1(a) and1(b) indicate strong positive correlation of 0.599 which is a good linear fit, research findings to questions in part 1.1;question2(a) and 2(b) indicate medium postive linear correlation of 0.488 which is not good enough; while research findings to questions in part 1.1; question 3(a) and 3(b) has a very strong positive linear correlation of 0.989. These results are as indicated in chapter four; table 4.1.7 above.

Research findingsfor questions in Appendix One; part1.2 indicate that the three key performance indicators have a mean score of approximately 4 which is a very good score. To compare the effects of strategic factors with performance, the pooled mean(μ_p) and the pooled standard deviation (σ_p) of performance are evaluated in table 4.1.8 to be 3.698 and 0.628 respectively. These values are compared with those values in Appendix One; part 1.3 question 1, 3 and 5. Computation of pooled statistical data is donein table 4.1.10 above. Hypotheses testing using normal distribution at 95% confidence intervalviz 5% level of significance or Z = 1.96 is donein table 4.1.11 above.The hypotheses to be empirically tested are;

i) Strategic fit does not affect organizational performance.
ii) Culture fit does not affect organizational performance.
iii) Strategy decay does not affect organizational performance.

Totest hypothesis I; the pooled mean (μ_p) for research findings to question1 in Appendix One;part 1.2 and question 1in Appendix One; part 1.3 is evaluated in table 4.1.11 as μ_p equals to 3.943 or approximately 4. These score estimate falls within the confidence interval (CI) in table 4.1.11 of (4, 4). Thus the null hypothesis is rejected and the alternative hypothesis accepted; strategic fit affect organizational performance in the firm's SBU.To test hypothesis II; the pooled mean (μ_p) for research findings to question1 in Appendix One;part 1.2 and question 3 in AppendixOne, part 1.3 is evaluated in table 4.1.11 as μ_p equals to 3.709. These score estimate fall within the confidence interval (CI) in table 4.1.11 of (3,4);thus the null hypothesis is rejected and the alternative hypothesis accepted; culture fit affect organizationalperformance in the firm's SBU.To test hypothesis III; the pooled mean (μ_p) for research findings to question1 in Appendix One; part 1.2 and question 5 in Appendix One; part 1.3 is evaluated in table 4.1.11 as μ_p equals to3.693 or approximately 4. These score estimate fall within the confidence interval (CI) in table 4.1.11 of (3, 4); thus, the null hypothesis is rejected and the alternative hypothesis accepted; strategic decay affect organizational performance in the firm's SBU.The linear correlation coefficients (r) are as indicated in table 4.1.10. The value and the magnitude of the correlation coefficients (r) are all strongly related as follows; 0.574, 0.990 and 0.993. The results in this table indicate that the plots of strategic factors against performance have strong positive linear correlation; an implication that strategic factors are on average strongly related to performance;for instant, increase in strategic or culture fit result in increasedorganizational performance. These result findings supportedHamel (2000), Al-Shammari et al., (2007) and Dess et al (2008) findings which argued that there was correlation between strategic factors and orgnizational performancebusiness excellence.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

Standard normal distribution at 95% confidence interval is used to test the proposed hypotheses. In all cases of these

International journal of management and economics invention
||Volume||2||Issue||09||Pages-833-851||Sept-2016|| ISSN (e): 2395-7220
www.rajournals.in

tests, the null hypotheses have been rejected. Pearson correlation coefficients have been used to test linear dependence of the variables of interest. The study output verifies strong positive linear dependence ranging from 0.574 to 0.993. The research recommends further studies to include all other SBUs in the firm and other diverse organizations in order to verify the universality of this research. The study benefits the firm as it is a cost effective method of assessing effects of strategic factors on organizational performance.

5.2 Conclusions

All formulated hypotheses empirically tested in respect to the specific objectives lead to the conclusion that strategic factors havean overall positive effect on organizational viz employees' performance. These supportsthe paradigm shift that strategic factor analysis or strategic performance management is indeed an important concept in increasing organizational performance in terms of; profit, revenue and growth. Thus,the firm's SBU should set substantial resourcesin terms of knowlegde, capital and human resource to periodically match and monitor strategic factors to mitigate against any performance gaps that canoccur due to strategic factor misfits.

Strategists; therefore, must accept personal responsibility for developing and strengthening strategic fit, culture and ethical behaviors in the firms' SBUs vis-a′-vis the overall organization as urgued by Dess et al (2008). They should be role models, paragons and corporate credos able to develop performance e′clat systems, policies and procedures to embrance culture pluralism,diversity in technology, globalization, knowledge based capital and be pillars in the paradigm shift of strategic performance management.

The study proves the relevance of the research by empirically supporting Hamel (2000) among other theories that conceptualizestrategic performance management as an important concept in organizational viz employees' performance. Thusthe strategy pursued should be periodically monitored to avoid decay which can jeopardize performance. The study refutes and contradictsHamel's alternative concept that strategic factorassessmentis not a useful practise in improving business performance. The study supports Al-Shammari et al., (2007) assertion that theconsistent and vexing nature of empirical research findings presented encourage researchers to examine this relationship in different context. The study further supports Dess et al (2008) findings which argued that monitoring strategic factors and in particular culture is dedicated to business excellence. Thus; strategic performance management which enamates from the need for employees' to excel in performance is an epic struggle for modernorganizationsto embrace strategic fit and culture pluralism viz globalization,break through in technology, meaningful competition and change.

5.3 Recommendations

The researcherrecommends that since strategic factors have significant correlation to organizational performance in the firm's SBU; substantial resource be set aside to periodically monitor their effects inorder to identify and fill any performance gaps that can occur due to theirmisfit. The research findings recommends implementation of corrective actions to mitigate againstculture and strategy decay and their effect on performance. This can be done by synchronizing elements of a learning organization, culture, beliefs, norms, ethicsor ethos and embracing meaningful change. Though; these elements could be in existence more effortis needed especially at the firm's SBU. It is also prudent to have a team of strategists at the firm's SBU to monitor issues related to strategic performance management and bridge any performance gaps.

The research also recommends that further empirical studies including all strategic business units in KenGen and other diverse organizations, using large samples or the entire population be conducted to verify the universality of this research. These organizations canbe divided into two broad categories; non profitable(government institutions such aspublic services, schools, universities, hospitals; charitable organizations, churches and profitablefor example banks, parastatals, processing and manufacturing industries.

The extrinsic factors for examplerivals or competitors, government policyand socio-economic factors assumed constant in thisresearch conceptual model should be included in future empirical studies in order to verify and conclude that their effects on organizational performanceare insignificant and thereforeconstant. If otherwise; the researcher recommends development of a hybrid model including the effects of all or some of the extrinsic factors.

REFERENCES

Alli, J. O. (1992). New Product Development a Strategic Management Approach to Marketing of Bank Services: A Case Study of Trade Bank Plc, Unpublished MBA Thesis.

International journal of management and economics invention
||Volume||2||Issue||09||Pages-833-851||Sept-2016|| ISSN (e): 2395-7220
www.rajournals.in

Al-Shammari, H. & Hussam, A. (2007). Advances in Competitiveness Research. American Society for Competitiveness Audience. Academic Journal Volume 15 issue 1-2.

Armstrong, M. & Baron, A. (1998). Performance Management Handbook, IPM, London.

Bourne, M., Franco, M. & Wilkes, J. (2003). Corporate Performance Management, Measuring Business Excellence 7: 15-21.

Bouwens, S. & Abernethy, M. (2000). EVA and value-based management. New York, NY: McGraw-Hill.

Brudan, A., N. (2010). Rediscovering Performance Management. System, Learning and Integration. Measuring Business Excellence Journal, Vol.14 No. 1 pp109-123.

David, M. L., David, F.S., Timothy. C. K. & Mark, L. B., (2008). Non probability Sample ForManagers (5th ed). New York: Prentice Hall.

Dess, G. G., Lumpkin, G. T. & Alan, B. E. (2008). Strategic management: Text and cases (4thed.). NY: McGraw-Hill Irwin.

Dewhurst, F. (2006). Quantitative Methods for Business and Management (2nded.). NewYork, NY: McGraw-Hill.

Donaldson, L. (2001). The Contingency Theory of Organizations, SAGE.

Folan, P., Browne, J. & Jagdev, H. (2007). Performance: Its Meaning and Content for today'sBusiness Research, Computers in Industry, Vol.58, Nr.7, pp. 605-620.

Grant, R. M. (2007). Contemporary Strategy Analysis: Concepts, Techniques, Applications (6thEd.), Wiley-Blackwell.

Hambrick, D. C., & Fredrick, J. W. (2001). Components of a Strategy Management.

Management Executive November 2001, Vol 15, Issue 4, pg 48-59.

Hamel, G. (2000). Leading the Revolution: How to Thrive in Turbulent Times by Making Innovation a Way of Life (1st ed.). Harvard Business School Press.

Hill, W., Jones, G. R. & Galvin, P. (2004). Strategic management: An integrated Approach.

Wiley, Milton.

Johnson, G. & Scholes, K. (1997). Exploring Corporate Strategy (4th Ed.). New York: Prentice Hall.

Lawson, R., Stratton, W. & Hatch, T. (2003). The benefits of a scorecard system . CMA management 77(4): pp 24-26.

Lebas, M., J. (1985). Performance Measurement and Performance Management, International Journal of Production Economics, Vol41, Nr,1-3, pp23-35.

Locke, E. A. & Latham, G., P. (2004). Building a Practically Useful Theory of Goal Setting andTask Motivation, American Psychologist, Vol.57, No.9, pp. 705-717.

Mankins, M.C., & Steele, R. (2005). Turning great strategy into great performance. Case study.

Havard Business Review.

Marr, B. & Neely, A. (2004). The dynamics of value creation: Mapping your intellectual performance drivers. Journal of intellectual capital 5(2): pp. 312-325.

Miles, R.E., & Snow, C. C. (1978). Organizational Strategy, Structure and Processes (eds).

NewYork: McGraw Hill.

Miller, T. R. & Vaughan, B. J. (2001). Messages from the management past: Classic writers and contemporary problems. SAM Advanced Management Journal. pp. 4–11.

Mintzberg, H. (1979). The Structure of Organizations-A Synthesis of Research In Management: Theory and Practice (5th eds). Prentice Hall.

Neely, A., Kennerley, M. & Martnez, V. (2004). The dynamics of value mapping your Intellectual performance drivers. Journal of intellectual capital 5(2): 312-325.

Parnell, J. A. (2002). Strategic Management: Theory and Application. Strategic Management Journal, 18:697-713.

Prevos, P. (2005). Strategic Management and Business Performance.
http://www.prevos.net/induction.pdfRamanujam, V., Venkatraman, N., & Camillus, J. C. (1986). Multi-objective assessment of effectiveness of strategic planning: A discriminant analysis approach. Academy of management Journal.

International journal of management and economics invention
||Volume||2||Issue||09||Pages-833-851||Sept-2016|| ISSN (e): 2395-7220
www.rajournals.in

Rigby, D. (2001). Management tools and techniques: a survey. California Management Review, 43(2): pp 139-160.

Robinson, S. P. (2004). The Adoption of the Balanced Scorecard: Performance Measurement Motives, Measures and Impact. In: Neely, M. Kennerly and Waters (ed.), Performance Measurement and Management: Public Sector, pp763-770, Center for Business Performance. Cranfield University, Cranfield.

Rogers,P. R., Miller, A. & Judge, W. Q. (1999).Using information processing theory to Understand Planning/Performance Relationships in the Context of Strategy. Strategic Management Journal 20(6), 567–577.

Schindler, D. R., & Cooper, P. S. (2003). Business Research Methods (8th Ed.). New York, NY: McGraw-Hill.

Speckbacher, G., Bischof, J. & Pfeifer, T. (2003). A Descriptive Analysis on Implementation of Scorecard in Germany Speaking Countries. Management Accounting Research, 14: pp 361-387.

Von Bertalanffy, L. (1973). General System Theory: Foundations, Development, Applications, George Braziller.

Waal, A. A. De. (2007). Strategic Performance Management, A Managerial and Behavior Approach. Palgrave MacMillan, London.

Williams, M. S. (2001). Is intellectual Capital Performance and Disclosure Practices Related? Journal of Intellectual Capital, 2(3): pp 192-203.

Young, S., & O'Byrne, S. (2001). EVA and Value-based Management. New York, NY: McGraw-Hill.