Influence of Strategic Direction on Organizational Performance in Tourism Government Agencies in Kenya

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Abstract

Strategic leadership in organizations is critical, it is mostly charged with daily decisions on how to manage the operations of organizations as well as short term and long term decisions of an organization. In Kenya, the performance of tourism government agencies has been a matter of ongoing concern in an environment of resource scarcity and mounting influence by the external environment. A number of policy issues and challenges afflict Government agencies in Kenya most of which are directly and indirectly influenced by the type of leadership. This study sought to determine the effect of strategic direction on the performance of tourism government-owned organizations. The study adopted a cross sectional survey design using both quantitative and qualitative data. The data was collected from both management and non-management staff, to get an in depth understanding of the influence of strategic direction on performance of the organizations. The sample size of the study was 420, with a 78% response rate, the data was collected using questionnaires. Quantitative data was coded and analysed descriptively and inferentially .The study found that strategic direction significantly influences the organizational performance of tourism agencies. The top managers and middle level managers over saw most functions relating to offering strategic direction to the organizations. The low level cadre of staff was less involved in the process of strategy formulation and were mostly involved in the implementation exercise. It is recommended that organizations have the low cadre staff more involved in the formation of strategy at the same time the leadership should have more training and capacity to enhance the effectiveness of the strategic direction in tourism government agencies.

Key Words: *Strategic direction, Performance, Tourism Government Agencies*

1. INTRODUCTION

Organizational leaders take the lead in the implementation and execution process of strategies and personally drive the pace of progress in truly proficient fashion and approach (Thompson, Strickland and Gamble 2007).They have to be out in the field, seeing for themselves how well operations are going, gathering information first hand, and gauging the progress being made. Proficient strategy execution requires that company managers be diligent and adept in spotting problems, learning what obstacles lie in the path of good execution, and then clearing the way for progress –the goal must be to produce better results speedily and productively.

According to Guillot (2003) strategic leadership is the ability of an experienced, senior leader who has wisdom and vision to create and execute plans and make consequential decisions in the volatile, uncertain, complex and ambiguous strategic environment. Montgomery (2008)argues that, few leaders allow themselves to think about strategy and the future. Leaders should give direction to every part of the organization – from the corporate office to the loading dock. Strategic leadership is therefore the ability of the leaders to create and re-create reasons for the organization's continued existence.

1.1 Problem statement

Strategic leadership concept may become the most apt concept to embracing better value driven culture in public sector in the era of the 21st century (Jing and Avery 2008; Ireland and Hitt 2005). Leadership in public sector tend to face the great challenges due to the prominent rule-based and too bureaucratic leadership styles, non-performance based Human Resource Management (HRM) culture, and lack of innovative management practices.

One of the Kenya's main sources of revenue is tourism. This comes in the form of taxes, duties, licence fees, park entry fees among others. The contribution of the sector to employment generation and earning per employee has grown over the years. However, the performance of the industry has been a matter of ongoing concern in an environment of resource scarcity and mounting needs. According to the Report of the Presidential Taskforce on Parastatals (2013) a number of policy issues and challenges afflict State Corporations in Kenya, including: A number of Boards have been weak and/or ineffective, leading to failure to provide strategic direction, facilitating their emasculation; Poor governance leading to resource loss and burdening the public purse. This is due to variety of managerial issues among others. There is limited literature on strategic direction and performance in tourism government agencies. This study sought to bridge this gap in knowledge on the effect strategic direction on the performance of tourism government agencies in Kenya.

1.2 Objectives of the study

The objective of the study was to investigate the influence of strategic direction on organizational performance in tourism government agencies.

1.3 Theoretical background

This study was guided by stewardship theory which assumes that managers are stewards whose behaviors are aligned with the objectives of their principals. The theory argues and looks at a different form of motivation for managers drawn from organizational theory. Managers are viewed as loyal to the company and interested in achieving high performance. The dominant motive, which directs managers to accomplish their job, is their desire to perform excellently. Specifically, managers are conceived as being motivated by a need to achieve, to gain intrinsic satisfaction through successfully performing inherently challenging work, to exercise responsibility and authority, and thereby to gain recognition from peers and bosses.

These theoretical considerations argue a view of managerial motivation alternative to agency theory and which may be termed stewardship theory (Donaldson 1990*a*, 1990*b*; Barney 1990). The executive manager, under this theory, far from being an opportunistic shirker, essentially wants to do a good job, to be a good steward of the corporate assets. Thus, stewardship theory holds that there is no inherent, general problem of executive motivation. Given the absence of an inner motivational problem among executives, there is the question of how far executives can achieve the good corporate performance to which they aspire. Thus, stewardship theory holds that performance variations arise from whether the structural situation in which the executive is located facilitates effective action by the executive. The issue becomes whether or not the organization structure helps the executive to formulate and implement plans for high corporate performance (Donaldson 1985). Structures will be facilitative of this goal to the extent that they provide clear, consistent role expectations and authorise and empower senior management.

Specifically, as regards the role of the CEO, structures will assist them to attain superior performance by their corporations to the extent that the CEO exercises complete authority over the corporation and that their role is unambiguous and unchallenged. This situation is attained more readily where the CEO is also chair of the board. Power and authority are concentrated in one person. There is no room for doubt as to who has authority or responsibility over a particular matter. Similarly, the expectations about corporate leadership will be clearer and more consistent both for subordinate managers and for other members of the corporate board. The organization will enjoy the classic benefits of unity of direction and of strong command and control. Thus, stewardship theory focuses not on motivation of the CEO but rather facilitative, empowering structures, and holds that fusion of the incumbency of the roles of chair and CEO will enhance effectiveness and produce, as a result, superior returns to shareholders than separation of the roles of chair and CEO.

In policy discussion to date, there has been some tendency to approach the issue of CEO duality from within a perspective akin to agency theory (Kesner and Dalton 1986). Commentators have noted that among large U.S. corporations, the majority have CEOs who are also the board chair (Kesner and Dalton 1986). The proportion is presently about eighty per cent (Dalton and Kesner 1987). There is some evidence that this proportion has risen over the years, and that the U.S. has an unusually high proportion of CEO duality, especially relative to the competitor nation of Japan (Kesner and Dalton 1986; Dalton and Kesner 1987). This widespread practice of CEO duality has been roundly criticised in the U.S. and calls have been made to create separate incumbents of the roles of CEO and board chair to restore industrial performance and shareholder returns (Kesner and Dalton 1986).

1.4 Strategic direction

Strategic direction is also commonly known as strategic intent. It is short statement stating where the organization wants to be in future. This is the vision of the top management of an organization in future (Hamel & Prahalad, 1989). Strategic direction is a statement of direction and intention. The concept is meant to sustain competitive advantage of a firm. In public organizations, it is the means through which superior performance is sustained by undermining the limitations of a firms resources and capabilities. According to Brand (2003), strategic direction comes about when organization pursues ambitious goals and focuses on competitive strategies to arrive at the goals. This is possible where current organization's capabilities and resources are not aligned and seems improbable to drive the organizations to the goals. This gap between the current resources and capabilities and the required resources to achieve the intended goals compels the organizations to pursue and acquire such resources. Strategic direction is assessed through vision, mission and objectives (Brand, 2012)

According to Pearce and Robinson (2009) Leaders help their company embrace change by setting forth their strategic intent- a clear sense of where they want to lead the company and what results they expect to achieve. They do this by concentrating simultaneously and very clearly on two very different issues: vision and performance. Chapman (2004) says that the objective is for everyone in the organization to understand the strategy and specifically how what they are doing will contribute to overall delivery. The first component of strategic direction consists of determining the firm's purpose or vision. This means that strategic leaders must articulate a clear and realistic statement about why the firm exists and what is distinctive about it. This statement will then empower members of the organization to develop and execute strategies that are in line with the vision of the firm (Rowe, 2001).

a) Vision

David (2011) states that a vision statement that answers the question "What do we want to become?" Developing a vision statement is often considered the first step in strategic planning, preceding even development of a mission statement. According to Prokesch (1997) the purpose and vision of an organization aligns the actions of people across the whole organization. A real vision is very active and all the people in the organization understand the vision and live it. It is also filled with drive and energy and people are proud to talk about their organization's purpose and vision. Nel (2008) warns that the biggest trap that leadership in organizations fall to is when they are so sure of their vision and direction that they fail to see new opportunities. Therefore, when an organization's strategic leadership fails to continuously address the full spectrum of issues that may have an effect on the performance of the organization it is likely that the organization will encounter challenges for which it is not prepared. It is therefore expected of leadership in the organization to provide certainty together with uncertainty.

b) Mission

According to Hill and Jones (2007) a company's mission describes what it is that the company does. An important first step in the process of formulating a mission is to come up with a definition of the organization's business. Essentially, the definition answers these questions. What is our business? What will it be? What should it be? The responses guide the formulation of the mission. To answer the question, what is our business? A company should define its business in terms of three dimensions, who is being satisfied? (What customer groups), what is being satisfied? (What customer needs) and how customer's needs are being satisfied? (by what skills, knowledge or distinctive competencies). Dess, Lumpkin, and Eisner, (2008) state that effective mission statements incorporate the concept of stakeholder management suggesting that organizations must respond to multiple constituencies if they are to survive and prosper. Customers, employees, suppliers, and owners are the primary stakeholders but others may also play an important role. Mission statements also have the greatest impact when they reflect an organization's enduring overarching strategic priorities and competitive positioning. Mission statement scan also vary in length and specificity.

David (2011) argues that mission statements are "enduring statements of purpose that distinguish one business from other similar firms. A mission statement identifies the scope of a firm's operations in product and market terms." It addresses the basic question that faces all strategists: "What is our business?" A clear mission statement describes the values and priorities of an organization. Developing a mission statement compels strategists to think about the nature and scope of present operations and to assess the potential attractiveness of future markets and activities. A mission statement broadly charts the future direction of an organization. A mission statement is a constant reminder to its employees of why the organization exists and what the founders envisioned when they put their fame and fortune at risk to breathe life into their dreams.

c) Values

Hill and Jones (2007) argue that the values of a company state how managers and employees should conduct themselves, how they should do business, and what kind of organization they should build to help a company achieve its mission. In so far as they help drive and shape behavior within a company, values are commonly seen as the bed rock of a company's organization culture: the set of values, norms, and standards that control how employees work to achieve an organization mission and goals. Hill and Jones (2007) state that in one study of organizational values, researchers identified a set of values associated with high performing organizations that help organizations achieve superior financial performance through their impact on employee behavior. These values included respect for the interests of key organizational stakeholders; individuals or groups that have an interest, claim or stake in the company, in what is does and in how well it performs. The study found that deep respect for the interests of customers, employees, suppliers and shareholders was associated with high performance.

d) Objectives/goals

According to David (2007) objectives can be defined as specific results that an organization seeks to achieve in pursuing its basic mission. Objectives are essential for organization success because they state direction; aid in evaluation, create synergy, reveal priorities, focus coordination and provide broad basis for effective planning, organizing, motivating and controlling activities. Hill and Jones (2007) are of the view that a goal is a precise and measurable desired future state that a company attempts to realize. In this context, the purpose of goals is to specify with precision what must be done if the company is to attain its mission and vision. According these researchers, well constructed goals have four main characteristics:

They are precise and measurable-Measurable goals give managers a yardstick or standard against which they can judge their performance; Address crucial issues-To maintain focus, managers should select a limited number of major goals to assess the performance of the company. The goals that are selected should be crucial or important ones; They are challenging but realistic-They give all employees an incentive to look for ways of improving the operations of an organization. If a goal is unrealistic in the challenges it poses, employees may give up; a goal that is too easy may fail to motivate managers and other employees; Specify a time period in which they should be achieved when that is appropriate. Time constraints tell employees that success requires a goal to be attained by a given date, not after that date. Deadlines can inject a sense of urgency into goal attainment and act as motivators. However not all goals require time constraint. Hill and Jones (2007) further state that well constructed goals provide a means by which the performance of managers can be evaluated.

1.5 Empirical review

Several authors have studied strategic direction concept from various perspectives: Brady and Walsh (2008) examined the process by which organizations set strategic direction. The study collected data using individual in depth semi-structured interviews with members of professional service organizations. The study found that agent-based approach of setting strategic direction was common process in certain kind of firms than the traditional text-book trickle down approach.

Odita and Bello (2015) did a study on the relationship between strategic intent and organizational performance in the banking industry. The study was a cross-sectional survey which used self-reporting questionnaires. The sample size of the study was 201. The study found that strategic intent and its dimensions (mission, vision and objectives) significantly and positively relate with organizational performance. Further, the strategic direction was found to account for 34% of variance in performance. Dimensions of strategic intent such as mission (47%), vision (19%), and objectives (58%) were found to explain varying extents of performance.

Jooste and Fourie (2009) conducted a research on the role of strategic leadership in effective strategy implementation: perception of South African strategic leaders. The primary objective of the research was to investigate the perceived role of strategic leadership in strategy implementation in South African organizations. The universe of this study was all the strategic leaders in South Africa. The target population was the strategic leaders of the South African Financial Mail Top 200 companies (2006), while the sample was five randomly selected directors of these organizations. The research instrument used was a structured, self-administered mail questionnaire. The structured mail questionnaire was e-mailed to the 930 randomly selected directors of the Financial Mail Top 200 companies

Mapetere, Mavhiki, Nyamwanza, Sikomwe and Mhonde (2002) looked at the strategic role of leadership in strategy implementation in Zimbabwe state owned enterprises. The study aimed to explore the link between active leadership involvement and strategy implementation success in State Owned Enterprises in Zimbabwe. The study was conducted with a total of 188 respondents randomly selected from four State Owned Enterprises. The data was gathered through an interview and a self-administered open ended questionnaire. The study revealed a relatively low leadership involvement in strategy implementation leading to partial strategy success. The study concluded that leadership should be able to craft a vision for any strategic programme, design effective communication strategies as well as to role model behaviour changes that are consistent with new strategies.

1.6 Organizational Performance

According to David (2009), measuring organizational performance involves comparing expected results to actual results, investigating deviations from plans, evaluating individual performance and examining progress being made toward meeting stated objectives. David (2005) observes that strategy evaluation is vital to an organization wellbeing and involves three basic activities; examining the underlying bases of a firms strategy, comparing expected results with actual results and taking corrective actions to ensure that performance conforms to the plans. For effective performance measurement, a balanced presentation of both financial and non-financial measures is required since no single measure can provide a clear performance target of focus attention on critical areas of the business (Buichi, 1994). Extant research findings have shown that perceived measures of performance can be a reasonable substitute of objective measures of performance (Wan-Jing and Tung, 2005) and have a significant correlation with objective measures of financial performance. This study opted has multiple items in order to assess the performance of the organizations that were studied. These items related to organization growth, service delivery, tourist arrivals and the number of employees.

1.7 External Environment

The external environment is a key determinant of a firm's choice of direction and action and ultimately the organizations structure and internal processes. External environment is categorized into three subcategories: remote, industry or operating environment. The external environment factors include economic, political, legal and regulatory, environmental, social and global factors (Thomas, Peteraf, Gamble and Strickland, 2012). Political processes and legislation define the regulations which organizations needs to comply with (Dess, Lumpkin and Eisner, 2008). The economic factors such as disposable income influence consumption patterns of the people who constitute the customers to these organizations. Technological breakthroughs may have a sudden and dramatic effect on the firms' environment. In public organizations where processes are highly regulated and follow guidelines, the ability of organizations to adapt to changing technologies is relatively low, this may have adverse effects on the firms performance. Other external factors such as include demographic changes and ecological factors also affect the organizations ability and capacity to perform. Global forces also influence the degree of international trade and investment through mechanisms such as trade barriers, tariffs, import restrictions and trade sanctions although most of them are usually industry specific (Thomas, Peteraf, Gamble and Strickland, 2012). It is thus very critical for companies to scan through the environment and craft measures to avert losses as well as develop strategies which can influence a company's direction and strategy as needed. (Thompson, Peteraf, Gamble, Strickland, 2012).

2. CONCEPTUAL FRAMEWORK

Strategic leadership that positively contributes to effective implementation of strategy has a component of strategic direction (Hitt and Ireland (2001). This study hypothesized that strategic direction influenced the performance of tourism government agencies taking into consideration the external environment as shown in figure 1. The study sought to explore, validate and determine the relationship shown in figure 1.

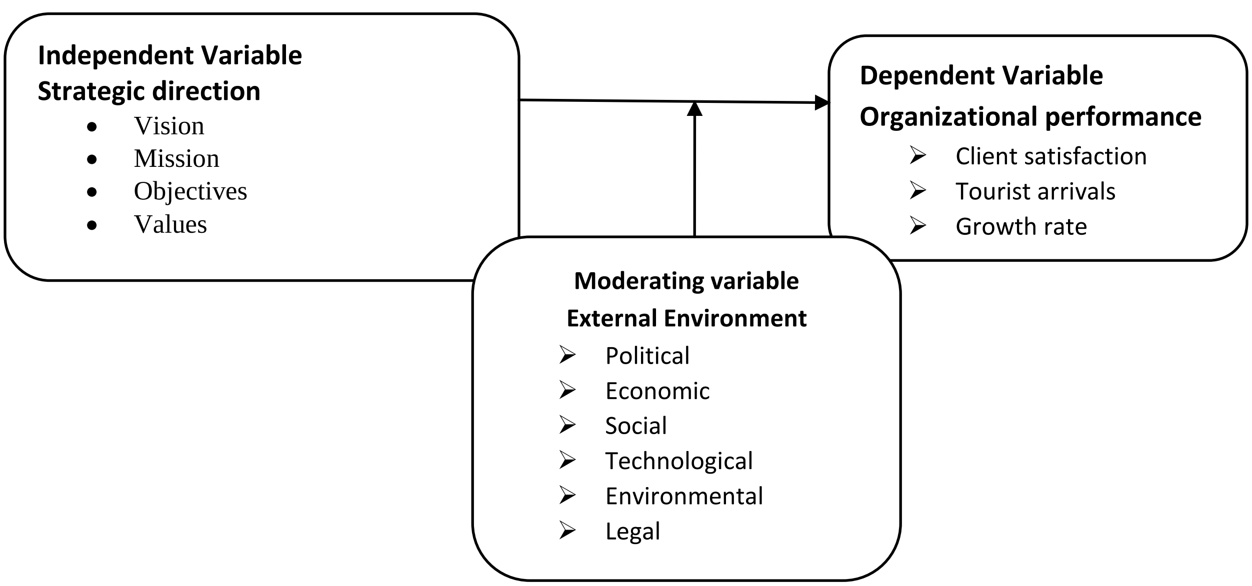

Figure 1 Hypothesized relationship between strategic direction and performance

2.1 Critique of literature

A good number of scholars have done various studies on strategic direction. The definition by Hamel and Prahalad (1989) that strategic direction was the vision of the organization by the top management in future, gave a guiding concept on the on strategic direction. However, it was not exhaustive but rather seemed general on the issue because same definition could be used interchgangeably with other terms such as strategic vision. This weakness was however overcome by the definition of Brand (2003, 2012) who explains the concept much deeper and clearer than Hamel and Prahalad(1989).A study by Brady and Walsh (2008) examined the process through which organizations developed and set their strategic direction. The study contributed much but was silent on the relationship between strategic direction and performance which is the main focus of this study. A study by Odita and Bello studied the relationship between strategic intent and performance in banking industry. The study focused on profit organizations and specifically banks. There was no contribution of new knowledge on public organizations. However, the theoretical foundation and strategic direction literature provides very good information and guidance on strategic direction.

3. RESEARCH METHODOLOGY

The study adopted a cross sectional survey research design using both quantitative and qualitative approaches. Quantitative approach emphasizes measurement and data is analyzed in a numerical form to give precise description. According to Berg (2001), qualitative research helps in analyzing information in a systematic way in order to come to some useful conclusions and recommendations on the social settings and the individuals who portray those characteristics. The target population covered six government agencies in the tourism industry, namely; the Department of Tourism, Tourism Fund, Kenya Tourist Board, Kenyatta International Convention Centre, Tourism Finance Corporation, and Kenya Utalii College. The respondent were management and non-management staff in each of the selected organizations, this was informed by the fact that Strategic direction is a role of thetop managers because they usually have decision-making responsibilities that affect the whole organization—including the other organizational members—and its overall performance (Daft, 2005).

The researcher used stratified random sampling which according to Mugenda and Mugenda (2003) is aimed at achieving desired representation from various sub groups in the population. The researcher took a sample size of 10% of the management staff and the same percentage for the non-management, to generate a sample of 420 respondents. The data was gathered through questionnaires. A pilot survey was done in the tourism Government agencies identified to determine the feasibility of the data collection instrument to ensure clarity and reliability prior to them being administered. Cronbach alpha used to test reliability of the data collection instrument. Out of the 420 respondents sampled a response rate 0f 78% was obtained. The data was analyzed using both descriptive and inferential statistics. Descriptive statistics included mean and standard deviation while inferential tests included ANOVA and regression test. The regression model used was given as:

$OP= \beta_0+ \beta_1 STR.DIR+ \beta_2 POL+\beta_3 ECO+ \beta_4 TECH + \beta_5 ECOL+\beta_6 SOC+ \beta_7 LEG+ \varepsilon$

Where OP= organizational performance

$\beta_{0=}$ Constant

STR.DIR= strategic direction

POL= political factors

ECO=Economic factors

ECOL=Ecological factors

SOC=social factors

LEG=Legal factors

Ɛ= Error term

4. RESULTS

4.1 Strategic direction and organization performance

The objective of the study was to establish the influence and contribution of strategic direction on the organizational performance of the tourism organizations in Kenya. This section presents the results on the strategies and attitude towards strategic direction of the organization, method of participation in strategic planning and management, implementation of the strategies and contribution of the strategic direction on the organizational mission, vision, values and goals.

Overview of strategic direction and organizational performance

The respondents provided information on the way in which strategies were formulated and communicated within the organizations. Table 1 shows that to a great extent senior managers used to agree on the organizational strategies of the organizations (M=4.08) and clearly communicated strategies to the staff members (M=3.96). This concurs with the views of the Pearce and Robinson (2009) that leaders set pace for change in companies and provide strategic intent. However, in the present study, there was some variability, as shown by the standard deviation, indicating that in some organizations the senior managers could not agree on the strategies for the organizations. The skewness was negatively indicating that despise the variability in responses, in most of the organizations senior managers agreed on the strategies and there was clear communication of strategies to the rest of staff members. The results further shows that laid down organizational strategies guided the identification of skills and knowledge needed by the staff members to a great extent (M=3.91). Lastly, the respondents indicated that in their organizations there was willingness to change when such changes arose (M=3.71). The results deviates from those of Jooste and Fourie (2009) who concluded that some level of uncertainty and doubt exist with regard to the effectiveness of strategy planning and implementation. However the standard deviation showed lack of consensus among the responses. This means that in some organizations there was inertia to changes and the willingness to change was not welcomed. Despite the variations the distribution was negatively skewed implying that most of the organizations had positive attitude towards changes in their organizations as shown in table 1.

Table 1 Descriptive statistics-Strategy formulation and communication

	N	Mean	Std. Dev	Skewness	
	Statistic	Statistic	Statistic	Statistic	Std. Error
Senior managers agree on the organizational strategy	246	4.08	1.0	-0.92	0.155
Organizational strategies are clearly communicated to the staff	249	3.96	0.9	-0.87	0.154
Organizational strategies guide the identification of skills and knowledge needed by staff	245	3.91	0.8	-0.39	0.156
Willingness to change when new organizational strategies require such changes	249	3.71	1.1	-0.37	0.154

Key: Very great extent=5, Great extent=4, Moderate extent=3, Little extent=2, No extent =1

To determine the extent of participation of the staff members in the tourism organizations, the researcher collected information on the participation from the members of the management. The results shows that CEOs and managing directors (M=4.81) participated in the strategic planning and management to a great extent. This was common across the organization as evidenced by the value of standard deviation (SD<1.0) and the negative skewness of the distribution. The results also indicate that Board (M=4.48), all departmental heads (M=4.36) and all managers (M=4.32) participated in the strategic planning and management to a great extent. Guillot (2003) argued that strategic leadership is the ability of a leadership to create and execute plans and make consequential decisions. Thus their involvement is very important in the organizations. The results also showed that in some organizations few managers (M=4.10) and selected teams from departmental and managerial levels participated to a great extent in strategic planning and management. Further the supervisors and employees participated moderately in strategic planning and management. The distribution on the employees was positively skewed implying that most of the employees did not participate at all or participated to a little extent. The findings indicate that strategic planning in most of the organizations is mostly done by the CEOs, Senior management and the board. The participation of the rest of the staff members is not much. Thus the strategies are in most organizations skewed towards the management thinking and opinions. According to Hitt, Ireland, and Hoskisson (2007) the primary responsibility for effective strategic leadership rests at the top of the organization, in particular with the CEO, board, top managers and the general managers.

Table 2 Descriptive statistics- Participation in strategic planning

	N	Mean	Std. Dev	Skewness	
	Statistic	Statistic	Statistic	Statistic	Std. Error
The CEO or Managing Director	73	4.81	.49039	-2.606	.281
The Board	62	4.48	.67	-.948	.304
All heads of departments	74	4.36	.90	-1.377	.279
All managers	76	4.32	.82	-.948	.276
A few selected managers	67	4.10	1.07	-1.345	.293
Selected team from departments and management levels	72	3.86	1.01	-.722	.283
The line Managers (Supervisors)	70	3.36	.93	-.341	.287
All the employees	74	2.68	1.11	.556	.279

Key: Very great extent=5, Great extent=4, Moderate extent=3, Little extent=2, No extent =1

After strategies had been formulated the next important activity is the implementation of the formulated strategies. The researcher sourced information on the extent to which various staff members implemented the strategies. The results shows that to a great extent top managers, departmental heads, middle level managers, CEOs, directors and supervisors do implement the formulated strategies. This shows that implementation of the strategies is majorly taken by all the managerial staff members and supervisors. This is key since by taking part in the implementation process, managers can use the strategic management approach to bring about strategic competitiveness and above average returns (Hitt, Ireland and Hoskisson, (2007).

The study found that other employees such as the subordinate and other lower cadre employees implement the strategies to a moderate extent (M=3.01). This was not in all the organizations as shown by the standard deviation (SD>1.0). The value of skewness was positive implying that in most of the organizations such staff members did not implement strategies and if they did it was only to a low extent. This could be explained by the fact that the support staff are sidelined from the strategy planning and formulation and thus are detached from the outcome of the strategies planning outcomes leading to low commitment to implement such strategies. This is contrary to the views of Chapman (2004) who argued that the objective of strategic leadership is for everyone in the organization to understand the strategy and specifically how what they are doing will contribute to overall delivery. Thus involvement of all staff members is critical.

Table 3 Descriptive statistics-Implementation of strategic plan

	N	Mean	Std. Dev	Skewness	
	Statistic	Statistic	Statistic	Statistic	Std. Error
Top managers	76	4.24	.83	-.903	.276
All heads of departments	77	4.21	.78	-.555	.274
Middle level managers	76	4.09	.84	-.599	.276
CEO and Directors	74	4.01	.99	-.556	.279
Supervisors	76	3.70	.89	-.275	.276
Others	60	3.02	1.21	.085	.309

Key: Very great extent=5, Great extent=4, Moderate extent=3, Little extent=2, No extent =1

The managers sampled provided information on their involvement in the formulation of the organization mission and values. The findings in table 4 show that the leadership contributed to a very great extent in setting up of organizational vision, mission and goals and objectives. Such strategies also led the organizational values to a great extent (M=4.47). In general, the strategic planning and formulation created the organizational visions, missions, goals and values which in turn aligns the actions of people across the whole organization (Prokesch (1997).

Table 4 Descriptive statistics- Participation in formulation of strategic direction

	N	Mean	Std. Deviation	Skewness	
	Statistic	Statistic	Statistic	Statistic	Std. Error
Vision	76	4.59	.73	-2.514	.276
Mission	76	4.54	.70	-1.693	.276
Objectives/goals	76	4.50	.68	-1.289	.276
Values	76	4.47	.72	-1.443	.276

Key: Very great extent=5, Great extent=4, Moderate extent=3, Little extent=2, No extent =1

The researcher collected information on the overall rating of the effect of strategic direction on the organizational performance. According to most managers and other staff members (37.4%, n=111) strategic direction influences the performance of organizations to a great extent. A proportion of 37% (n=110) stated that strategic direction influenced the organizational performance to a very great extent. The findings showed that according to 74.4% of the respondents strategic direction affects the performance of tourism organizations in Kenya. The results concur with the findings of Mapetere et al (2002) which found that relatively low leadership involvement in strategy implementation lead to partial strategy success.

Table 5 Descriptive statistics-Perceived overall effect of strategic leadership on organizational performance

	Frequency	Percent	Cumulative Percent
Not at all	1	.3	.3
Low extent	10	3.4	3.7
Moderate extent	65	21.9	25.6
Great extent	111	37.4	63.0
very great extent	110	37.0	100.0
Total	297	100.0	

4.1 Hypothesis testing

The first hypothesis wanted to determine the effect of strategic direction on the performance of the tourism organizations. The hypothesis was stated as shown:

H_{01}*Strategic direction has no significant influence on organization performance in tourism government agencies*

H_{a1}*Strategic direction has significant influence on organization performance in tourism government agencies*

To test the hypothesis a regression test was done to establish the effect of strategic direction on the organizational performance of the tourism organizations. The test was done at 95% confidence level and thus the level of significance was 0.05. The results are discussed in the following sections.

Table 6 Model Summary-Strategic direction

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.317[a]	.100	.097	.77227
2	.473[b]	.224	.202	.72606

a. Predictors: (Constant), strategic.direction

b. Predictors: (Constant), strategic.direction, economic, legal, technological, political, social, ecological

The model summary in table 6 shows an R value of 0.317 and R square value of 0.100 when strategic direction was regressed on organizational performance without the inclusion of the external environment. This shows that strategic direction could explain 10.0% of the variations in the organizational performance without the external environment. After including the external environment factors (moderating variables) the R value changed to 0.473 and R square to 0.224. This showed that external environment and strategic direction accounted for 22.4% of the changes in organizational performance of the tourist related organizations in Kenya.

Table 7 ANOVA-strategic direction

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.814	1	16.814	28.193	.000[b]
	Residual	150.888	253	.596		
	Total	167.702	254			
2	Regression	37.492	7	5.356	10.160	.000[c]
	Residual	130.210	247	.527		
	Total	167.702	254			

a. Dependent Variable: o.p1

b. Predictors: (Constant), strategic. direction

c. Predictors: (Constant), strategic. direction, economic, legal, technological, political, social, ecological

Table 7 shows the analysis of variance (ANOVA) results of the model. ANOVA test the goodness of fit of a model and is used to indicate the statistical significance of the predictors in a model. In this model, the F statistics without external environment factors was F (1,253) =28.193, p<0.001. When external environment was included in the model, the F statistics changed to F (7,247) =10.160, p<0.001. This shows that with and without the external environment the models were statistically significant in explaining the variation in organizational performance. Table 8 shows the actual effect of the changes in strategic direction on the performance of the tourism organizations in Kenya.

Table 8 Coefficients-strategic direction

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.852	.255		11.198	.000
	strategic.direction	.342	.064	.317	5.310	.000
2	(Constant)	.254	.518		.490	.624
	strategic.direction	.343	.066	.318	5.212	.000
	Political	.590	.113	.365	5.220	.000
	Economic	-.145	.102	-.122	-1.422	.156
	Technological	.010	.058	.011	.170	.865
	Ecological	.072	.090	.070	.799	.425
	Social	-.022	.078	-.021	-.283	.777
	Legal	.068	.074	.060	.916	.360

a. Dependent Variable: o.p1

The results showed the regression output of strategic direction on performance. The resulting regression model represents one with external environment factors and the other one without external environment.

OP1 =2.852+0.342 STR.DIR ……………………………………………………………... (i)

OP1=0.254+ 0.343STR.DIR+0.590POL-0.145ECO 0.010TECH +0.072ECOL-0.022SOC-0.068LEG………. (ii)

Where OP= organizational performance, STR.DIR= strategic direction, POL= political factors, ECO=Economic factors, ECOL=Ecological factors, SOC=social factors and LEG=legal factors.

From equation (i), holding other factors constant, a positive change in strategic direction by one unit would increase the organizational performance by 0.342 units. In equation (ii) (after factoring in the external environment) a unit change in strategic direction holding other factors constant would improve the organizational performance of the tourism organizations by 0.343 units. This shows that external environment had an effect on how strategic direction affected the performance of the tourism organizations.

Further, the results shows that strategic direction had statistical significance effect ($p<0.001$) on the organizational performance without considering the external environment. After including the external environment in the model, the effect of strategic direction on performance was still significant ($p<0.001$). This shows that strategic direction significantly influenced the performance of the tourism organizations in Kenya. Similar results were arrived at by Lear (2012) who held that effective leadership positively influence strategic alignment which, in turn, has a beneficial effect on organizational performance. Thus, the null hypothesis was rejected and the alternative hypothesis adopted that strategic direction of an organization influences the organizational performance of the tourism organizations.

5. DISCUSSION

The study found that strategies were agreed upon by seniors managers in most of the organizations and were then communicated clearly to the staff members. This shows that managers played a big role in strategic formulation in most of the organizations. The aspect of communication which is a key element in strategic implementation was also well done in most of the organizations as shown by the negative skewness. The findings agree with the views of Guillot (2003) that strategic leadership is the ability of an experienced, senior leader who has wisdom and vision to create and execute plans and make consequential decisions in the volatile, uncertain, complex and ambiguous strategic environment. Thus in most of the organizations the key work of the leaders seen in their efforts to develop strategies for their organizations. Montgomery (2008) viewed that only few leaders could allow themselves to think about strategy and the future of their organizations.

The setting of such strategies helped the organizations to identify skills and knowledge needed by the staff members and turn the training needs of the staff members for capacity building programmes. Also the study established that in most of the organizations, there was willingness to change to adopt new organizational strategies when such changes become due. However, some of the staff members held that the organizations experienced varying degrees of willingness to change and some resisted change which could negatively affect the performance of the organizations.

The study found that in most of the organizations, the CEOs, managing directors, the members of the board, departmental heads and managers participated to a great extent in strategic planning and formulation. This concurs with the Hitt, Ireland, and Hoskisson (2007) argument that views that primary responsibility for effective strategic leadership rested at the top of the organization, in particular with the CEO and other recognised strategic leaders. In some organizations, strategic planning and formulation was left to a few managers and others selected teams from departmental and managerial levels. The staff members in the lower cadres such as supervisors and ordinary employees participated moderately while other did not participate at all in strategy planning and formulation. This shows that strategic planning in most of the organizations was left to the management.

Although the process of strategic planning and formulation was done to a great extent by the members of the management, the study found that implementation of such strategies was undertaken by all the employees except the subordinate staff who moderately implemented or hardly participated in implementing such strategies. This could be explained by the lack of ownership of strategies laid down occasioned by partial participation in strategic decision making. According to Chapman (2004) the objective is for everyone in the organization to understand the strategy and specifically how what they are doing will contribute to overall delivery. Thus side-lining the lower cadre staff members the organization may not achieve full commitment and implementation from all the stakeholders.

Further the study found that strategic planning and formulation in organizations was very key in developing the guiding principles of the organization towards setting the future direction of the organizations. Through the strategic planning process, the organization developed the visions, missions, organizational goals and even values for the organizations. Generally, most of the respondents indicated that strategic direction in their organizations influenced the organizational performance of the organizations to a great extent.

The regression test showed that strategic direction contributed positively to the organizational performance of the organizations sampled. A unit increase in strategies developed increased the performance by 0.343 units. The effect of strategic direction on the organizational performance was significant ($p<0.001$) and the alternative hypothesis was adopted that strategic direction had significance influence on the performance of the tourism organizations. The results agree with the results of Nthini (2013) who found that that effective strategic leadership promoted organization performance.

6. CONCLUSIONS

Strategic direction has an influence on organization performance. In all the organizations, strategic direction was determined by the top management and cascaded to other staff cadres. Top management determined the vision, mission, values and objectives of the organization, who later communicated to the rest of the staff. Strategic planning and implementation is mostly done by the senior managers, this is due to the limited participation of the staff in the strategy formulation and planning. Strategies in most organizations are skewed towards the management thinking and opinions. Implementation of the strategies is done by all staff in the organization but mostly emphasised by the senior managers. Also strategic direction faces resistance as some organizations were unwilling to change when strategies demanded change. It was thus recommended that low cadre staff be involved in the strategic planning exercise; this can be done by seeking the views and opinions of the staff on the strategies to develop in order to improve organizational planning so as to foster implementation and make the staff to be part of the progress of the organization. There is need to build the competency of the leaders to assume a strategic approach while directing other activities.

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