

# **INFLUENCE OF STRATEGIC MANAGEMENT PRACTICES ON PRODUCTIVITY OF STATE CORPORATIONS IN KENYA: A CASE OF KENYA CIVIL AVIATION AUTHORITY**

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## **ABSTRACT**

The hypercompetitive business environment has pushed organizations to limits dictating the need to adopt strategic management practices that support plans, choices and decisions that will lead to competitive advantage and to archive profitability, success and wealth creation. Inadequacy of safety oversight personnel and technical guidance material if unchecked has the potential to create unsafe acts that could hinder identification and resolution of safety deficiencies and the attainment of enhanced safety, efficiency and continuity of aviation operations. There is insufficient literature on how the various drivers of strategy implementation have influenced the productivity of the Kenya Civil Aviation Authority. The purpose of this study was to establish the influence of strategic management practices on productivity of state corporations in with a special focus on the Kenya Civil Aviation Authority. The objective of the study was to establish the influence of organizational policies, organization strategies and leadership styles on productivity of Kenya Civil Aviation Authority. The study utilized the descriptive research design. The research was hinged at the headquarters' directorates with a staff population of 155 employees. The stratified random sampling technique was used in order to obtain a representative sample of 110 respondents using Krejcie and Morgan formula for determining the needed sample size. The study utilized questionnaires and interviews as instruments of collecting primary data. Quantitative Data was analysed using descriptive statistics such as frequencies, percentages, mean and

standard deviation. On the other hand, qualitative data was analysed using content analysis. A multiple regression model was used to ascertain the influence that independent variables have on the dependent variable. The study found that although KCAA had organizational policies in place, several weaknesses in the policy impeded the realization of full productivity like the code of conduct and conflict of interest was poorly articulated. Strategic planning and its application have the potential of reviewing that what is in real life situations which can lead to increased productivity. The current leadership rarely engaged employees in strategic management process, considerable percentage of KCAA employees were totally unaware of the provisions of the ethical policy. The study therefore concludes that leadership styles had the greatest effect on productivity of Kenya Civil Aviation Authority followed by organizational strategies while organizational policies had the least effect on productivity of Kenya Civil Aviation Authority. The study recommends that top management of KCAA should consider revising the current organizational policies; this should be done in view of filling the gap that exists in inclusivity among the employees and the management. KCAA management must align the organizational structure with initiatives and established goals within the organization i.e. organizational at structure must remain flexible. The research also recommends that the KCAA should work to ensure that that internal flow of activities are effective as the quality of coordination was found to be a crucial factor for productivity.

**Key Words:** *strategic management Kenya, Kenya Civil Aviation Authority practices, productivity, state corporations,*

## **INTRODUCTION**

This chapter contains five sections which discuss: the background of the study, statement of the problem, objectives of the study, justification of the study and the scope of the study. This chapter provides information about the area that was under study, current information surrounding the problem, previous studies and relevant history on the problem area.

Strategic management may be explained as the art and science of formulating decisions, David (2011), as well as implementing, and evaluating cross-functional plans that enable an organization to achieve its objectives. This could be done through the development of an organizational strategic plan which is, in essence, a company's game plan. This is imperative because just as a football team needs a good game plan to have a chance for success, a company must have a good strategic plan to compete successfully. Ehlers et al (2007) defines strategic management as the process whereby all the organizational functions and resources are integrated and coordinated to implement formulated strategies which are aligned with the environment, in order to achieve the long term objectives of the organization and therefore gain a competitive advantage through adding value for the stakeholders. This can be explained as an effort or a deliberate action that an organization implements to outperform its rivals.

On the other hand, Strategic management can be further expounded as a set of managerial decisions and actions that determines the long run performance of a corporation. It includes environmental scanning (both external and internal), strategy formulation (strategic or long-range planning), strategy implementation, and evaluation and control (Wheelen, 2012). There is a general consensus strategy is concerned with the match between a company's capabilities and its external environment. Kay (2000) argues that strategy is no longer about planning or 'visioning' – because we are deluded if we think we can predict or, worse, control the future– it is about using careful analysis to understand and influence a company's position in the market place.

Another leading strategic management guru, Gary Hamel, argues that the best strategy is geared towards radical change and creating a new vision of the future in which you are a leader rather than a follower of trends set by others. He further says that a company that cannot re-imagine its deepest sense of what it is what it does and how it competes will soon be rendered obsolete (Hamel, 2000). The strategic-management process consists of three stages namely strategy formulation, strategy implementation, and strategy evaluation. David (2011) indicates that strategy formulation includes developing a vision and mission, identifying an organization's external opportunities and threats, determining internal strengths and weaknesses, establishing long-term objectives, generating alternative strategies, and choosing particular strategies to pursue. On the other hand strategy implementation

requires a firm to establish annual objectives, devise policies, motivate employees, and allocate resources so that formulated strategies can be executed.

Strategy implementation includes developing a strategy-supportive culture, creating an effective organizational structure, redirecting marketing efforts, preparing budgets, developing and utilizing information systems, and linking employee compensation to organizational performance (Kubr, 2002). Strategy evaluation is the final stage in strategic management. Managers desperately need to know when particular strategies are not working well hence strategy evaluation is the primary means for obtaining this information. All strategies are subject to future modification because external and internal factors are constantly changing. Three fundamental strategy-evaluation activities are: reviewing external and internal factors that are the bases for current strategies; measuring performance, and taking corrective actions. Strategy evaluation is needed because success today is no guarantee of success tomorrow. Success always creates new and different problems; complacent organizations experience demise (Fred, 2011).

According to Hassan (2011), the application of strategic management in business for various sectors has long been adopted as a response to market demand, variations in clients' taste and changing of technology. The adoption of a clear strategic perspective in organizations is one of the factors that affect the performance of these organizations. Having a good strategy is also one of the important factors that enable the organizations / firms to survive and go further. He concludes that, many large construction companies in Malaysia have yet to formalize the strategic process. One of the most in-depth, cross-country studies of strategic management capabilities and links to productivity was done by McKinsey and the Centre for Economic Policy at the London School of Economics (2010).

The McKinsey (2010) argument was that even controlling for human and physical capital (including innovation), there are still large 'unexplained' variations in productivity across countries. Their research question was as to whether these variations can be explained by differing management practices. The research in itself was based on surveys of 5,000 medium-sized, manufacturing companies in Europe, North America, Latin America, Asia and Australasia that have been carried out since 2001, with the latest wave completed in 2008. It is interesting to note that their finding was that there was a strong correlation between management practice scores and business performance, including productivity and sales growth, and these findings are similar across all countries.

### **Global Perspective**

Today management is needed in all types of organizations regardless of their size, at all organizations levels and in all work areas. Because management is universally needed, improving the way an organization is managed is one of the keys to success, and the importance of strategic management to achieve this goal is recognized around the world. Strategic management is one of the best practices that can promote performance in an organization if strategic leadership, ethics and strategy, strategic communication, strategic

change, strategic organization culture, strategic systems analysis, managing strategic failure, globalization and environment, strategic skills and knowledge, strategic diversification and strategic information systems analysis are keenly utilized efficiently and effectively. The insight of this study is that in contemporary business environment there is variation in performance among firms. This is further manifested through collapse and insolvency of many organizations (Churchill & Frankiewicz, 2012).

According to Greene (2010), the ultimate test of any business is its performance over a given period of time. Performance is closely linked to organizations' strategies and how well they are implemented and controlled. Agiobenebo and Ezirim (2012) observe that the link between strategic management and performance is buttressed by studies conducted in America which found that deliberate and systematic formulation and implementation of strategies produces significantly better performance than unplanned opportunistic adaptive approach insurance companies just like other organizations needs to adopt strategic management, in order for them to meet their organizational goals and enable the poor to break the cycle of poverty.

State Corporations provide unique financial services to the growth and development of every economy. Such specialized financial services range from the underwriting of risks inherent in economic entities and the mobilization of large amount of funds through premiums for long term investments. The risk absorption role of insurers promotes financial stability in the financial markets and provides a sense of peace to economic entities. A well developed and evolved insurance industry is a boon for economic development as it provides long- term funds for development (Charumathi, 2012; Agiobenebo & Ezirim, 2012). The State Corporations capacity to effectively match its strategies and capabilities to the changing environment will determine its competitive positioning in the micro finance industry. State Corporations has become an important tool for poverty reduction in many parts of the world (Lascelles et al., 2011).

The State Corporations forms an integral part of the global financial market, with companies being significant institutional investors. In recent decades, the State Corporations sector, like other financial services, has grown in economic importance. This growth can be attributed to a number of factors including, but not exclusively: Rising income and demand, Rising sector employment, and increasing financial intermediary services for policyholders, particularly in the pension business (Ward & Zurbruegg, 2010). Expanding on the link between GDP and market development, it must be remembered that the industry's primary function is to supply individuals and businesses with coverage against specified contingencies, by redistributing losses among the pool of policyholders..

A study conducted in Malaysia in the year 2013 discovered one of the challenges in the industry is that there is lack of proper planning and use of strategy in all the industry sectors. This led to the study recommending to companies who wanted to succeed to adopt strategic management as part of their success plans. Research conducted in India has shown that the rural market offers tremendous growth opportunities for companies but their success will

depend upon their ability to develop viable and cost effective distribution channels, build consumer awareness and confidence (Naren, 2009). Challenges faced internationally by many companies are increasing number of providers offering a large range of products at competitive prices and higher level of sophistication and regulations which are conducive for growth and expansion of industry.

### **Regional Perspective**

The past decade has seen a dramatic rise in the number of insolvent State Corporations in many African countries. The perceived causes of these insolvencies were myriad. Some of the insolvencies were precipitated by rapidly rising or declining interest rates, mispricing of insurance policies, natural catastrophes, and changes in legal interpretations of liability and the filing of false claims, poor credit policies among others. The churning of policies by unscrupulous sales agents, insolvencies among the re-insurers backing the policies issued, noncompliance with regulation, and malfeasance on the part of officers and directors of State Corporations affected as well (Baldoni, 2008). As a result of globalization, deregulation and terrorist attacks, the insurance industry has gone through a tremendous transformation over the past decade (Sanchez, 2012). There are many factors to examine when looking at State Corporations. More than anything, both consumers and investors should concern themselves with the insurer's financial strength and ability to meet ongoing obligations to policyholders. Poor fundamentals not only indicate a poor investment opportunity, but also hinder growth. Nothing is worse than customers discovering that their insurance company might not have the financial stability to pay out if it is faced with a large proportion of claims (Babbel & Klock, 2010).

Empirical evidence establishes that less than 15 percent of the population in developing countries has access to the mainstream State Corporations services (Aryeetey, 2012). The State Corporations sector, apart from being a critical component of the financial system, is also regarded as a poverty reduction strategy for developing countries (Kyereboah-Coleman, 2007). It is in this regard that State Corporations is very crucial. East Africa is the least developed region. Interventions through the delivery of State Corporations services are considered as one of the policy instruments of their government to eradicate poverty (Jelinek, Smircich & Hirsch, 2008).

### **Local Perspective**

The reform strategies the Government has adopted since 2003 in order to improve service delivery in the public service include Rapid Results Approach, Performance Contracting, Citizen Service Delivery Charters, Transformative Leadership, Values & Ethics and Institutional Capacity Building (Njiru, 2008). The establishment of State Corporations in Kenya dates back to the colonial Government's desire to develop capacity for exploitation of resources and raw materials for industrial and economic development.

Besides the railway, other vital corporations were established in key sectors such as sea port at Mombasa, telecommunication links, agro-based processing industries and other ventures targeting commodity and raw material extraction. On attainment of independence in 1963, the Kenya Government adopted a mixed economy policy under the Sessional Paper No. 10 of 1965. The thrust of the policy was to allow the Government to participate in economic undertakings that are normally reserved for the private sector. The policy sought to decolonize the economy, promote development and regional balance, increase citizen participation in the economy and finally ensure greater public control of the economy. As a result of the adoption of this policy, several State Corporations were created. Notably among these were the Industrial and Commercial Development Corporation (ICDC) to help spur industrial and commercial growth and the Kenya Industrial Estates (KIE) with the objective of creating an incubation scheme for Micro Enterprises and SMEs. In order to speed up the growth of tourism, the Kenya Tourist Development Corporation (KTDC) was established. For the financial sector, Development Finance Company of Kenya (DFCK) was established.

The operations of these Corporations led to much transformation in the economy and contributed significantly to success in the objectives outlined in the Sessional paper No. 10 of 1965. While remarkable economic success has been achieved through State Corporations, their full potential has not been realized due to a combination of factors notably mismanagement, undercapitalization and lack of clarity in objectives. By the mid-1980s, it was clearly evident that the sector was not delivering the desired results of promoting economic growth and development. As a result, the Government undertook a number of reform measures to ensure that the sector remained relevant. Over the recent years the Public Service Reforms in Kenya has greatly improved with an aim of addressing three challenges facing the Government which include disease, poverty and illiteracy. The reform agenda focuses at enhancing service delivery and promotion of innovativeness the Government when the Result Based Management (RBM) approach was introduced. This is geared to ensure that efficient management of the Public service is achieved and acquire the driving force for the broader Public Service, reforms are being undertaken to improve performance and service delivery (RoK, 2016).

### **Kenya Civil Aviation Authority (KCAA)**

KCAA is a State Corporation established through an Act of Parliament, the Civil Aviation Act (Cap 21) of 25th January 2013. The organization succeeded the then Directorate of Civil Aviation (DCA) which was a department within the Ministry of Transport and Communication in the year 2002. KCAA is a corporate body managed by a Board of Directors, inclusive of the Director General. The board members are appointed by the Cabinet Secretary in Charge of the Ministry of Transport, Infrastructure Housing and Urban Development. KCAA's mandate is to plan, develop, manage, regulate and operate a safe, economical, and efficient civil aviation system in Kenya (Civil Aviation Act, 2013).

As a state agency, the Authority is responsible for the following primary functions: Regulation and oversight of Aviation safety and Security, Economic regulation of Air

services, Provision of Air Navigation Services and also Training of Aviation personnel. The organization consists of three technical directorates that are headed by Directors reporting to the Director General who is the accounting officer. The directorates are responsible for regulatory, air navigation services and also aviation training. The fourth directorate is responsible for providing the support and administrative functions. The regulatory services are provided at the headquarters in Nairobi, while the Air Navigation Services (ANS) are provided at Jomo Kenyatta, Moi and Eldoret International Airports. ANS services are also provided in Kisumu, Lokichoggio, Malindi, Wajir and Wilson airports. Aviation training is offered at the East African School of Aviation (EASA) and mainly covers aviation related courses ([www.kcaa.or.ke](http://www.kcaa.or.ke)).

KCAA is guided by the provisions of the Convention on International Civil Aviation, related ICAO Standards and Recommended Practices (SARPs), the Kenya Civil Aviation Act, 2013 and the Civil Aviation Regulations. The board members are appointed by the Cabinet Secretary in Charge of the Ministry of Transport, Infrastructure and Urban Development. KCAA's mandate is to plan, develop, manage, regulate and operate a safe, economical, and efficient civil aviation system in Kenya. The Parastatal's vision is to be the model of excellence in global civil aviation standards and practices while, its mission statement is to develop, regulate and manage a safe, efficient and effective civil aviation system in Kenya. The core values of the entity are Customer satisfaction, Commitment to Safety and Security, Fairness and Equity, Commitment to Staff, Creative and Innovativeness and Corporate Social Responsibility (KCAA Human Resource Manual, 2013).

The Kenya Civil Aviation Authority's core organizational objectives are amongst others providing a safe and efficient Air navigation services to all aircraft flying within Kenya's airspace and developing and sustaining a safety oversight capability in accordance with the standards and the objectives of the International Civil Aviation Organization (ICAO document 7300). Additionally the entity's strategic objectives are in line with those of the International Civil Aviation Organization (ICAO, 2016).

KCAA's overall strategy as shown in its strategic plan is based on its commitment to provide a safe and efficient civil aviation environment that acts as a contributor to the achievement of Kenya's developmental objectives, as is articulated in the Vision 2030. The objective and purpose for which the Authority as established shall be, to economically and efficiently plan, develop and manage civil aviation, regulate and operate a safe civil aviation system in Kenya in accordance with the provisions of the Civil Aviation Act. These developments are in line with the International Civil Aviation Organisation (ICAO) requirements that civil aviation activities be de-linked from the mainstream civil service in order to provide the necessary independence and autonomy for effective delivery of services.

The Kenya Civil Aviation Authority has been utilizing strategic planning since the year 2005 as a tool of management and the organization is in the third cycle that is due to run until the year 2022. The strategic plans are based on the Government's medium term plan and geared to propelling the Authority forward and provide guidance that will enable the Authority to

conduct its business in line with International Civil Aviation Organisation (ICAO) requirements and global best practices. It further aims at improving the capacity of the Authority to deliver services effectively and efficiently besides contributing to enhanced safety and security and increased utilization of Kenya's airspace. The implementation of the strategic plans is done through performance contracts whose efficacy is evaluated at the end of each year. Tremendous improvements have been made during the implementation of the Authority's two previous Strategic Plans in the areas of compliance levels, oversight capacity and investments in air navigation services infrastructure and training equipment. The Authority has formulated this third Strategic Plan for 2017/18 to 2021/22 financial years and its implementation is expected to provide further impetus for the development and sustenance of growth of the aviation industry. The plan has been developed in line with Vision 2030 which was launched in 2007 and contains proposals submitted to Government for incorporation in the third Medium Term Plan for the period 2018-2022.

### **STATEMENT OF THE PROBLEM**

All organizations the world over interact with both the remote environment (economic, social, cultural and technological factors) and the operating environment that encompass competitors, creditors, customers, suppliers and labor markets. According to the Air transport Action group report, the air transport industry has not only underpinned wealth creation in the developed world, but has also brought enormous benefits to developing economies by unlocking their potential for trade and tourism. Aviation provides the only worldwide transportation network, which makes it essential for global business and tourism. It plays a vital role in facilitating economic growth, particularly in developing countries (Air transport Action group, 2004). So as to reap on the above benefits, it is prudent to ensure that the local civil aviation regulator leverages on all the key areas of the sector including human resources as to guarantee that the global benefits accrue on the local scene as managed by the Kenya Civil Aviation Authority. According to Kourdi (2009), the hypercompetitive business environment has pushed organizations to limits dictating the need to adopt strategic management practices that support plans, choices and decisions that will lead to competitive advantage and to archive profitability, success and wealth creation. Since the year 2005, the Kenya Civil Aviation Authority has been developing and implementing strategic plans. As per the Kenya Civil Aviation Authority (KCAA) customer satisfaction survey report for the year 2016, the overall Consumer Satisfaction Index (CSI) was 76.4%.

Inadequacy of safety oversight personnel and technical guidance material if unchecked has the potential to create unsafe acts that could hinder identification and resolution of safety deficiencies and the attainment of enhanced safety, efficiency and continuity of aviation operations. These factors coupled with globalization phenomenon, pose great challenges to all organizations and business enterprises. All organizations are therefore prompted to adopt strategic management to ensure their survival and development of a competitive edge over their competitors. Strategic management practices differ from one organization to another depending on the prevailing environment that the organization finds itself in. There is no one best strategic management formulae. K.C.A.A faces other challenges such as lack of

satisfaction from customers especially on issues such as air accident investigation, handling of flight delays and cancellations and uncertainties about future business risks. For K.C.A.A to be flexible enough to respond to these environmental challenges, its' management have the responsibility to provide vision and direction, plan and implement strategies that can safeguard its future (KCAA, 2016).

Locally, studies have been done in strategic management practices. These studies include; Ndambuki (2006) who conducted a study to determine strategic management practices adopted by small and medium enterprises in Westlands division, Nairobi. He established that small and medium enterprises have adopted strategic management practices in order to facilitate efficient management and achieve better performance. Kariuki (2008) studied Strategic management practices at the Karen Hospital. He found out that" Karen hospital has a clearly stated vision and mission statement, is very keen on its' corporate social responsibility, regularly performs environmental scanning and has clearly defined strategic objectives. Amakoye (2010) studied strategic Management practices at the Maseno Mission Hospital and established that Maseno Mission Hospital had a clearly stated vision and mission statement and had also formulated its strategic plan through the assistance of an external consultant. Ligare (2010) conducted a survey to determine the extent to which strategic management is being practiced by state corporations in Kenya. He found out that state corporations had well defined corporate plans besides taking cognizance of the benefits of strategic management. The Kenya Civil Aviation Authority management has been using various strategic management practices to enhance productivity of the organization which is key in order to attain its mandate. Amongst practices used include organization policies, organization strategies and leadership styles. However, the extent to which these management practices influence the Authority's productivity has not been established. This study therefore was aimed at determining the influence of a strategic management practices on productivity at the Kenya Civil Aviation Authority.

## **GENERAL OBJECTIVE**

The study was to establish the influence of strategic management practices on productivity of state corporations in with a special focus on the Kenya Civil Aviation Authority.

## **SPECIFIC OBJECTIVES**

1. To establish the influence of organizational policies on productivity of Kenya Civil Aviation Authority.
2. To determine the influence of organization strategies on productivity of Kenya Civil Aviation Authority.
3. To investigate the influence of leadership styles on productivity of Kenya Civil Aviation Authority.

## **THEORETICAL REVIEW**

The theoretical framework can be defined as the structure that can hold or support a theory of a research study (Kothari, 2004). The theoretical framework introduces and describes the theories that explain why the research problem under study exists. Consequently this study was hinged on three theories namely the Resource Based Theory, Goal Setting Theory, and the expectancy theory by Vroom. These theories complement each other in investigating how a reward management system influences productivity of employees.

### **Resource Based Theory**

The resource based theory (RBV) was developed as a complement to the industrial organization (IO) view with Bain (1968) and Porter (1979, 1980, and 1985) as some of its main proponents. With its focus on the structure – conduct performance paradigm, the IO view put the determinants of firm performance outside the firm, in its industry's structure. The resource based (RBV) theory stipulates that in strategic management, the fundamental sources and drivers to firms 'competitive advantage and superior performance are mainly associated with the attributes of their resources and capabilities which are valuable and costly to copy (DuBrin, 2012). Building on the assumptions that strategic resources are heterogeneously distributed across firms and that these differences are stable overtime, Achua (2013).

According to Ehlers (2007), RBV holds that an organization's resources are more important than the industry structure in an attempt to gain and keep its competitive advantage. It also sees organizations as very different in terms of their collections of assets and organizational capabilities. Thus it is the resources and capabilities that will determine how efficiently the organization is functioning. David (2011) indicates that for a resource to be valuable, it must be either rare, hard to imitate, or not easily substitutable. These three characteristics of resources enable a firm to implement strategies that improve its efficiency and effectiveness and leads to a sustainable competitive advantage. The more a resource is rare, non-imitable, and non-substitutable, the stronger a firm's competitive advantage will be and the longer it will last. The RBV approach as proposed by the proponents can be an invaluable tool for strategic analysis. Achua (2013)) indicates that a firm's resources include all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive and implement strategies that improve its efficiency and effectiveness. A firm is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors.

### **Goal Setting Theory**

Goal-setting theory (Locke & Latham, 1990) was developed inductively within industrial/organizational psychology over a 25-year period, based on some 400 laboratory and field studies. Locke's research showed that there was a relationship between how difficult

and specific a goal was and people's performance of a task. He found that specific and difficult goals led to better task performance than vague or easy goals. The key moderators of goal setting are feedback, which people need in order to track their progress; commitment to the goal, which is enhanced by self-efficacy and viewing the goal as important; task complexity, to the extent that task knowledge is harder to acquire on complex tasks; and situational constraints. With regard to the latter, Brown, Jones, and Leigh (2005) found that role overload (excess work without the necessary resources to accomplish a task) moderates goal effects; goals affected performance only when overload was low.

Organization members perform at higher levels when asked to meet a specific high-performance goal. Asking organization members to improve, to work harder, or to do your best is not helpful, because that kind of goal does not give them a focused target. Studies have documented that individuals with clear, written goals are significantly more likely to succeed than those without clearly defined goals. In a study conducted by Ferguson and Sheldon (2010), participants wrote 'why' and 'how' they will achieve a goal. There was an interaction between the level of initial goal relevant skills and the effectiveness of writing 'why' or 'how' of the goals. Further people are motivated the most when they think their actions will produce positive outcomes and when they value these outcomes.

It is a widely accepted understanding that managers have taken goal setting as a means to improve and sustain performance (DuBrin, 2012). Based on hundreds of studies, the major finding of goal setting is that individuals who are provided with specific, difficult but attainable goals perform better than those given easy, nonspecific, or no goals at all. At the same time, however, the individuals must have sufficient ability, accept the goals, and receive feedback related to performance (Latham, 2003). When aggregated, well planned and administered leads to the concerned organization being able to meet its goals, objectives in a short term and in a long-term hence increased productivity for the entity. Feedback helps organization members attain their performance goals. Feedback helps in two important ways first by encouraging better performance and secondly to determine the nature of the adjustments required to a specific performance so as to improve. In an organizational set up this will entail reevaluation the goals, the performance attained against the desired target basically put an entity can gauge the growth, profitability, and quality of a product line and act as appropriate. According to Achua (2013), through specific and visionary goals, leaders are to set up an effective and clear vision that elicits excitement and energy in employees, consistent with the values, objectives, and strategic advantages of the organization, and facilitates unified action consistent with the vision.

### **The Expectancy Theory**

Victor Vroom (1964) was the first to develop an expectancy theory with direct application to work settings, which was later expanded and refined by Porter and Lawler (1986) and others (Pinder,1987).Vroom's expectancy theory assumes that behavior results from conscious choices among alternatives whose purpose it is to maximize pleasure and to minimize pain. Vroom realized that an employee's performance is based on individual factors such as

personality, skills, knowledge, experience and abilities. He stated that effort, performance and motivation are linked in a person's motivation. He uses the variables Expectancy, Instrumentality and Valence to account for this and that, expectancy theory is based on the idea that people believe there are relationships between the effort they put forth at work, the performance they achieve from that effort, the rewards they receive from their effort and performance and the organizational benefits attained by the entity concerned. In other words, people will be motivated if they believe that strong effort will lead to good performance and good performance will lead to desired rewards and better productivity.

The hypothesis in the expectancy theory is that if a worker sees high productivity as a path leading to the attainment of one or more of his personal goals, he will tend to be a high producer. The link here to quality output and job satisfaction may be attained if reward procedures are developed and implemented in an organization to enable employee's exhibit such behaviours. Armstrong explains that behaviours (job performance) can be described as a function of ability and motivation which in turn hypothesizes motivation to be a function of expectancy, instrumentality, and valence perceptions. Hence it can be asserted that aspects like having procedures that clearly provide for a grading system, how to promote staff and providing room for negotiation may result to a commitment in the work place and thus possibly have an effect on employee productivity. Expectancy theory has value to organizations because outcomes can be tied to rewards, compensation and desired organizational productivity, it acknowledges different designs of jobs and roles, and it acknowledges influence of groups with different membership needs (Armstrong, 2007).

## **RESEARCH GAPS**

A number of studies on the influence of strategic management practices on organizational productivity or performance have been conducted. These include Waweru (2015) who conducted a research on the Influence of Strategic Management Practices on Performance of Private Construction Firms in Kenya. He found out that strategic management practices have a great influence on the performance of private construction firms in Kenya. Ndirangu (2013) studied on strategic management practices adopted by Virtual City Group in Kenya.

Further Ngairi (2016) researched on the influence of strategic management practices on corporate performance of Sarova town hotels. In a study conducted by Mwai (2013) on strategic planning and performance of the state corporations of the government of Kenya, it was established that the efficiency of the planning for strategy and performance is increased when the strategies are linked to the corporations mandate, prioritized goals are set, organizational performance and capacity in production is improved and finally the capacity in building the staff of the corporation.

Additionally, Nyariki (2013) also conducted a research on strategic management practices as a competitive tool in enhancing performance of small and medium enterprises in Kenya. Her study concluded that the external environment plays a crucial role on the SMEs decision to adopt various strategies. Issues of critical concern that topped the list to the SMEs are; the

economic situation, social factors, the technological concern and the uncertain competitive environment. The internal environment of the firm also played a crucial role to the firms' adoption of new strategies; these factors include: top manager's ability to develop effective strategies, internal processes, firm's resources, organizations behavior and characteristics.

None of these studies to my knowledge have focused on the influence of strategic management practices on organizational productivity especially for entities in the aviation sector like the Kenya Civil Aviation Authority. It is in this line that the study aims at filling the existing research gap by carrying out a research to establish the influence of strategic management practices on productivity of State Corporations in Kenya focusing on Kenya Civil Aviation Authority.

## **RESEARCH METHODOLOGY**

### **Research Design**

The research used descriptive research design whereby the study described a group of individuals on a set of variables or characteristics thus enabling classification and understanding. Orodho (2009) describes a descriptive research design as a systematic empirical inquiry in which the study does not have direct control of independent variables because their manifestation have already occurred or they are inherently not manipulatable.

### **Target Population**

The research was conducted at the Headquarters and Jomo Kenyatta International Airport's various departments with a combined staff population of 155 employees.

### **Sampling Technique and Sample Frame**

In the case of the Kenya Civil Aviation Authority the sampling frame consisted of the number of employees from each of the four directorates. A sampling frame is used to do generalization from a sample. Therefore a sample size of 110 employees was used. This study utilized a probability sampling method. The stratified random sampling technique was used in order to obtain a representative sample. In this study therefore a stratified random sampling technique was employed where employees of KCAA were grouped into different directorates (strata) a sample were then be picked from each strata proportionately using simple random sampling method.

### **Data Collection Instruments**

The study utilized questionnaires and interviews as instruments of collecting primary data. For this research, the questionnaires were the main data collection tool whereby open and closed ended questions were used. Open-ended questions give the respondent considerable latitude in phrasing a reply thus enabling the respondent to reply in their own words. Linkert scale was used to scale responses in the closed ended questions. Secondary data was collected

from literature review, academic journals books, and company websites as well as published reports from the company. Interviews were also used to collect data.

### **Data Collection Procedure**

Data collection is the process of collecting and measuring information on the variables of interest. In these study questionnaires which are the primary tools for collecting primary data was emailed or handed over/dropped to respondents for self-administering while others were administered on an interview based situation. This was especially in areas that need further clarification.

### **Pilot Testing**

According to Meriwether (2001), a pilot study is a pre-study of one's study or research area and may be approached by limiting the area of coverage that you plan to include in the main study. The study is undertaken for pre-testing the questionnaire and hence it may be edited in light of the results. In a nutshell this was done to ensure validity and reliability of the instrument to be used. A group of ten respondents were used for pilot testing from the target population.

### **Validity of Research Instruments**

Validity is the extent to which the instrument collects data that it is meant to collect and further it is the degree to which results obtained from the analysis of the data actually represent the phenomenon under study. The questionnaires were subjected to critical review by peers and professional experts to evaluate its validity.

### **Reliability of Research Instruments**

Reliability refers to the extent to which one's data collection techniques or analysis procedures will yield consistent findings. Although the analysis for each of these is undertaken after data collection, they need to be considered at the questionnaire design stage. These are: test re-test; internal consistency and alternative form. Assessing for internal consistency involves correlating the responses to each question in the questionnaire with those to other questions in the questionnaire. Internal consistency describes the extent to which all the items in a test measure the same concept or construct and hence it is connected to the inter-relatedness of the items within the test. Hence for this study reliability measured the degree to which a research instrument yields consistent results or data after repeated trials. A reliability co-efficient (Alpha value) of more than 0.7 was assumed to reflect an acceptable reliability.

### **Data Processing and Analysis**

The collected data was coded edited and cleaned ready for analysis. The study adopted both qualitative and quantitative data analysis techniques which are ideal to analyse respectively closed and open ended questions. Data from the proposed research were coded, processed

and analyzed using computer based statistical package for social sciences (SPSS) version 23 as the main tool for data analysis and presentation. Quantitative data was analysed using descriptive statistics such as frequencies, percentages, mean, pie charts and graphs.

### **Model Specification**

A multiple regression model was used to ascertain the influence that independent variables have on the dependent variable. Productivity of the Kenya Civil Aviation Authority was regressed against three variables namely organizational policies, organizational strategies and leadership styles. The following multiple regression model was applied:

$$Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Where:

Y= productivity of the Kenya Civil Aviation Authority (Dependent Variable)

b<sub>0</sub>= Constant term

b<sub>1</sub>, b<sub>2</sub>, and b<sub>3</sub> = coefficient of xi, for i = 1, 2, 3

X<sub>1</sub>= Organizational Policies (Independent Variable)

X<sub>2</sub>= Organizational Strategies (Independent Variable)

X<sub>3</sub>= Leadership Styles (Independent Variable)

e = error term

A regression analysis was carried out by use of Statistical Package for Social Science (SPSS) version 23 to establish the relationship between the independent and dependent variables. Correlation analysis was used to establish the relationship between individual independent variables with the dependent variable while multiple regression analysis was carried out to establish the relationship between the dependent variable and all the independent variables. For example as relates to this research a relationship was established between the dependent variable which is the outcome (productivity of KCAA) with the independent variables i.e. the instruments available to achieve the outcomes (organizational policies, organizational strategies and leadership styles). The regression analysis was carried out in order to ascertain if the independent variables have a significant relationship with a dependent variable and indicate the relative strength of different independent variables' effects on the a dependent variable.

## **RESEARCH FINDINGS**

### **Reliability Analysis**

Pilot study was carried out to determine reliability of the questionnaires. The pilot study involved the sample respondents. Reliability analysis was subsequently done using Cronbach's Alpha which measured the internal consistency by establishing if certain item within a scale measures the same construct.

**Table 1: Reliability Analysis**

Scale	Cronbach's Alpha	Number of Items
Organizational policies	0.910	9
Organizational strategies	0.875	8
Leadership styles	0.835	7

Table 1 shows Organizational policies had the highest reliability ( $\alpha= 0.910$ ), followed by Organizational strategies ( $\alpha=0. 875$ ), leadership styles ( $\alpha=0.835$ ), this illustrates that all the three variables were reliable as their reliability values exceeded the prescribed threshold of 0.7.

### Regression Analysis

In this study, a multiple regression analysis was conducted to test the influence among predictor variables. The research used statistical package for social sciences (SPSS V 21.0) to code, enter and compute the measurements of the multiple regressions. The model summary is presented below.

**Table 2: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of Estimate
1	.891	.7938	.736	.5748

Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable. From the findings in the above table the value of adjusted R squared was 0.736 an indication that there was variation of 73.6 percent on productivity of the Kenya Civil Aviation Authority due to changes in organizational policies, organizational strategies and leadership styles. This shows that 73.6 percent changes in productivity of the Kenya Civil Aviation Authority could be accounted to organizational policies, organizational strategies and leadership styles.

**Table 3: ANOVA Results**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	43.899	3	14.633	6.216	.000b
	Residual	216.568	92	2.354		
	Total	260.467	95			

Critical value =2.50

From the ANOVA statics, the study established the regression model had a significance level of 0.000% which is an indication that the data was ideal for making a conclusion on the population parameters as the value of significance (p-value) was less than 5%. The calculated value was greater than the critical value ( $6.216 > 2.50$ ) an indication that organizational policies, organizational strategies and leadership styles all affect productivity

of the Kenya Civil Aviation Authority. The significance value was less than 0.05 indicating that the model was significant.

**Table 4: Regression Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.757	0.229	0.575	7.672	0.003
1 Organizational policies	0.621	0.097	0.565	6.402	0.013
Organizational strategies	0.672	0.074	0.538	9.081	0.032
Leadership styles	0.713	0.073	0.561	9.767	0.009

From the data in the above table the established regression equation was

$$Y = 1.757 + 0.621X_1 + 0.672X_2 + 0.713 X_3$$

From the above regression equation it was revealed that holding organizational policies, organizational strategies and leadership styles to a constant zero, the productivity of the Kenya Civil Aviation Authority would be at 1.757, a +1 increase on organizational policies would enhance productivity of the Kenya Civil Aviation Authority by a factor of 0.621, a +1 increase in organizational strategies would enhance productivity of the Kenya Civil Aviation Authority by factor of 0.672, and that a +1 increase in leadership styles would enhance productivity of the Kenya Civil Aviation Authority by a factor of 0.713. This shows that leadership styles had the greatest effect on productivity of Kenya Civil Aviation Authority followed by organizational strategies while organizational policies had the least effect on productivity of Kenya Civil Aviation Authority. All the variables were significant as their significant value was less than ( $p < 0.05$ ).

## **DISCUSSION**

### **Influence of Organizational Policies on Productivity of KCAA**

The study investigated the relationship between organizational policies and organizational productivity. Results obtained from regression test predict that a unit increase on organizational policies would enhance productivity of the Kenya Civil Aviation Authority by a factor of 0.621, descriptive results also re-affirm that that ethical policy has enhanced client satisfaction at KCAA, implementation of ICT policies have had a positive influence on the level of revenue, the effective implementation of reward policies improves the KCAA productivity and that monetary rewards are more acceptable to staff and improve quality of service. The findings concurs with the research by Bianca, (2007), that well-written policies convey to employees what is expected of them, leaving leaders to focus on other management priorities besides helping to maintain a degree of accountability in the eyes of internal and external stakeholders.

However the study noted that KCAA had no clear written down policy on ethics. The code of conduct and conflict of interest was poorly articulated, that the policy on ICT Training and ICT security is poorly documented in the organization, KCAA has not developed adequate ICT policies and that everyone in the organization not fully aware of the provisions of the ethical policy. The situation at KCAA contradicts the call by Armstrong (2002), that organizations should provide policies that provide guidelines on approaches to managing rewards. Organizations should be able to develop articulate policies especially to provide for both monetary and non-monetary rewards.

Descriptive results further stressed that evidence that KCAA policies and procedures establish the rules of conduct within an organization, outlining the responsibilities of both employees and employers. various policies and procedures establish rules regarding employee conduct, attendance, dress code, privacy and other areas related to the terms and conditions of employment the findings concurs with the research by Millmore et al, (2009) Having non-monetary policies is important as these type of rewards increases the possibility of more positive employee attitudes and behaviours and thence cumulatively increase organizational performance.

### **Influence of Organizational Strategies on Productivity of KCAA**

The second objective investigated the relationship between organizational strategies and organizational productivity at KCAA. Test regression results predict that a unit increase in organizational strategies would enhance productivity of the Kenya Civil Aviation Authority by factor of 0.672. the findings concur with the research by Sudarsanam (2010), strategic planning and its application have the potential of reviewing that is in real life situations which can lead to increased productivity.

Descriptive results also showed that the authority partners with different stakeholders in their work, the combination strategies employed by the authority influences service delivery, the authority's diversification strategy is implemented by all employees, effective introduction of different services enhances income levels of the authority , diverse training programmes to employees ensure quality of service offered and that integrating with clients enhances client satisfaction and that working in collaboration with suppliers influences income level. The findings concur with the research by Sudarsanam (2010), integration strategies a particular industry to enhance the effectiveness and efficiency of the organization.

Respondents disagreed that the authority has formulated joint ventures with other organizations; the strategic alliances with other firms enhance income level. The findings are in line with the research by Kobus (2007) contends that Strategies intertwined with proper Planning enables increased focus on, and coordination action toward, competitiveness while minimizing wasted time and ensuring there are benchmarks for the control process.

## **Influence of Leadership Styles on Productivity of KCAA**

The research revealed that organizational leadership influenced organizational productivity. Evidence from regression test show that unit increase in leadership styles would enhance productivity of the Kenya civil aviation authority by a factor of 0.713, descriptive statistics show that leaders at Kenya civil aviation authority practice transformational kind of leadership, the strategic leadership style has been adopted by the authority's top management. changes in income levels are as a result of the changes brought about by transformational leaders, employees are self-motivated and work towards attainment of goals, all the employees at Kenya civil aviation authority have a shared vision tailored by top management. The findings concurs with the research by Tienie (2007) Strategic leaders encourage the employees in an organization to follow their own ideas, make greater use of reward and incentive system for encouraging productive and quality employees to show much better performance for their organization

However the study noted that the leadership at Kenya civil aviation authority style haven't led to provision of high quality service, employees rarely took t in decision making in the organization, and that the authority's employees were not always empowered by the top leaders (mean = 1.98). The findings contradict the guidelines by Management study guide, (2016) that distribution of responsibility gives potential strategic leaders the opportunity to see what happens when they take risks. It also increases the collective intelligence, adaptability, and resilience of the organization over time, by harnessing the wisdom of those outside the traditional decision-making hierarchy.

Respondents reported that without proper leadership at Kenya civil aviation authority the best and boldest strategies will die on the vine without realizing their potential. The findings concur with the research by Latham, (2004) that strategic leaders create organizational structure, allocate resources and express strategic vision for an organization.

## **Productivity of KCAA**

Assessment on organizational performance showed that the costs of operations have been higher than amount collected over the years, the level of revenue has steadily increased over the years, the quality of service has increased over the years and that the level of revenue is influenced by strategic management practices. Respondents moderately agreed that from the analysis, majority of the respondents agreed that clients are very satisfied and that clients refer others for services from the organization and that the level of complains are minimal. The findings concur with the research by Cascio (2013) that it is imperative to measure organizational productivity as a prerequisite for improving productivity.

The study also revealed that respondents disagreed that quality of service is not as per the ISO standards and that the costs of remedying clients complaints are very high the findings are in line with the research by Warren et al., (2008) to determine if the organization is

progressing well, provides information on how effectively and efficiently the organization manages can utilize the available its resources.

## **CONCLUSIONS**

The study concluded that organizational policies influenced productivity of Kenya Civil Aviation Authority significantly. Although KCAA had organizational policies in place, several weaknesses in the policy draft impeded the realization of full productivity like The code of conduct and conflict of interest was poorly articulated, the policy on ICT Training and ICT security was poorly documented, KCAA has not developed adequate ICT policies and that everyone in the organization not fully aware of the provisions of the ethical policy.

The study concluded that organizational strategies had a positive significant influence on productivity of Kenya Civil Aviation Authority. Strategic planning and its application have the potential of reviewing that what is in real life situations which can lead to increased productivity? Strategies intertwined with proper Planning enables increased focus on, and coordination action toward, competitiveness while minimizing wasted time and ensuring there are benchmarks for the control process.

The study concluded that leadership styles influenced productivity of Kenya Civil Aviation Authority positively and significantly. Their current leadership rarely engaged employees in strategic management process, considerable percentage of KCAA employees were totally unaware of the provisions of the ethical policy and that any strategic managerial move to invest in leadership styles would enhance productivity of the Kenya civil aviation authority as re-affirmed by test regression results.

Finally this study of much importance to other organizations (private and public) since it creates awareness that internal flow of activities is effective as the quality of coordination is found to be a crucial factor for productivity in which production is the main objective of any organisation. The study again proves to be useful to other organizations since it touches on strategic management which should work to ensure that strategic policies actively promote organizational effectiveness, reputation, values and ethics. This study again addresses the question of why some organizations succeed and while others and it covers the causes for company's success or failure hence it proves to be useful to all other organizations because every organization would want to know what can lead to failure or success and make probable adjustments'.

## **RECOMMENDATIONS**

In order to promote productivity at KCAA, the study makes the following recommendations based on the loopholes revealed from the investigation. The top management of KCAA should consider revising the current organizational policies; this should be done in view of filling the gap that exists in inclusivity among the employees and the management. Keen focus should be concentrated on reward policies as these were found to be key drivers of employee's morale which promoted productivity.

In order to enhance strategy implementation process, KCAA management must align the organizational structure with initiatives and established goals within the organization. i.e. organizational at structure must remain flexible. The study also recommends that the different managers at deferent levels at KCAA should continue to embrace leadership styles though great care must be exercised depending on the situation and organizational focus.

Mostly transformational leadership and situational leadership styles should be highly exercised. The study also advocated dropping of autocratic leadership style as they were found to commonly cripple down internal operations which retrogressed productivity. The management of KCAA should fully involve employees in development and implementation of strategic plan.

The research recommends that the KCAA should work to ensure that that internal flow of activities are effective as the quality of coordination was found to be a crucial factor for productivity. The study recommends strategic management should work to ensure that strategic policies actively promote organizational effectiveness, reputation, values and ethics.

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