STRATEGIC LEADERSHIP, EXTERNAL ENVIRONMENT, AND THE PERFORMANCE OF SMALL AND GROWING BUSINESSES IN NAIROBI COUNTY; KENYA

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DECLARATION

This thesis is my original work and has not been presented for academic credit in other universities or learning institutions.

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This thesis has been presented for examination with my approval as University Supervisor.

Signed:___________________________________ Date: ______

Dr. Clare Gakenia, PhD

Supervisor

DEDICATION

I dedicate this work to my parents, Daniel Munga and Hannah Nyambura, for their inspiration, unwavering support, prayers, and sacrifices to successfully see me through school.

To my wife, Ruth Muthoni, for her love, prayers, and peace of mind as I undertook my graduate studies.

To my children, Wesley Munga, Wendy Nyambura, and Wenzel Imani, for being supportive and understanding through this challenging education path.

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ABSTRACT

Small and growing businesses have been considered the primary forces for sustainable economic growth and rapid industrialization. Despite their extraordinary potential, small and growing businesses face many challenges, and as a result, most of them perform dismally and are eventually edged out by competitors. Given the studies done which recognize the role of strategic leadership practices on performance, the present leaders of small and growing businesses are viewed not only to be steering their companies through the process of strategic planning, mission development, and evaluation but also to actively handle strategic leadership practices and firm performance. The overall objective of the study was to assess the impact of strategic leadership on the performance of small and growing businesses in Nairobi County. The specific objectives of the study were to determine the influence of strategic direction, core competencies, human capital development, and sustaining organizational culture on the performance of small and growing businesses in Nairobi County and to establish further the moderating role of the operating environment on the relationship between strategic leadership and performance of small and growing businesses in Nairobi County. This research was based on five theories: strategic leadership theory, path-goal leadership theory, trait theory, performance maximization theory, and contingency theory. The study adopted both descriptive and explanatory research designs to satisfy these objectives. The population of this study was all the 1539 small and growing businesses in Nairobi County's Central Business District. Stratified random sampling was used as the sampling design, while the Yamane formula was used to compute the sample size of 318 SGBs. Primary data was collected from all the respondents that were selected for this study. A self-administered questionnaire was used as the major tool for data collection. Both Google forms and hard copy questionnaires were used to collect data. The questionnaire consisted of three sections focusing on general information about the respondent and the organization, strategic leadership and actions that are geared towards performance, and finally, the level of organizational performance. Descriptive and inferential statistics were utilized for data analysis purposes. All ethical considerations were observed. The study achieved a response rate of 66%. The study found that strategic direction, human development, and organizational culture have a positive and significant effect on organizational performance with p values of 0.000, 0.025, and 0.019, respectively, while core competencies were found to have a positive but non-significant effect with a p-value being 0.053. The external environment was also found to have a significant moderating effect on the relationship between strategic leadership and organizational performance. The study concluded that strategic leadership is an important aspect of any organization as it leads to improved organizational performance. Future studies could consider adopting other aspects of strategic leadership besides strategic direction, core competencies, human capital development, and organizational culture. Future studies could also look at other variables that can moderate the relationship besides the external environmental factors. More so, this study focused on small and growing businesses; therefore, other researchers can adopt this study among large and established firms.

ABBREVIATIONS AND ACRONYMS

BSC	Balanced Score Card
CBD	Central Business District
CBK	Central Bank of Kenya
CEO	Chief Executive Officer
GDP	Gross Domestic Product
KCB	Kenya Commercial Bank
KNBS	Kenya National Bureau of Statistics
LPC	Least Preferred Co-workers
MSE	Micro and Small Enterprises
MSME	Micro, Small, and Medium Enterprises
SGB	Small and Growing Businesses
SME	Small and Medium Enterprises
SPSS	Statistical Package for Social Sciences
UN	United Nations
UNDP	United Nations Development Programme

OPERATIONAL DEFINITION OF TERMS

Firm Performance:	This refers to a firm's execution of its mission, responsibility, or duty per pre-determined known criteria of precision, correctness, completeness, cost-effectiveness, and timeliness (Alchian & Demsetz, 2017).
Strategic Direction:	This is the process of directing and controlling the actions of the organization leading to the achievement of the set goal. The goals may involve different degrees of change; hence, the leaders must set the activities and processes to be followed across all levels (Serfontein, 2009).
Human capital development:	This refers to the critical element in improving the firm's employees' capacity as assets to increase productivity and sustain competitive advantage (Dergisi, 2009; Ireland & Hitt, 2005).
Core competencies:	These are the resources and capabilities that comprise the strategic advantages. They are the capabilities serving as a competitive edge or advantage source for a business compared to its competitors (Hitt et al., 2013).
Small and Growing Business:	These are financially viable companies and employ 5 to 250 people. Unlike

	microenterprises, which traditionally start small and stay that way, SGBs are designed to expand and seek investment capital of between two million and two hundred million shillings (Akimana, 2019).
Leadership:	Is the process where leaders influence their followers to achieve the set organizational objectives through change (Lussier & Achua 2013). Northouse (2007) has further defined Leadership as a process whereby an individual influences a group of individuals to achieve a common goal.
Strategic Leadership:	Strategic leadership is a process in which executives, utilizing various leadership styles, create a vision for their company that allows it to respond to or stay competitive in an evolving economic and technological environment (Ireland & Hitt, 2005).
Strategy:	This is the process of determining the primary long-term goals and objectives of an organization and adopting the courses of action and the allocation of resources necessary for carrying out these goals (Strickland, Thompson & Gamble, 2010; Chandler, 2012).

CHAPTER ONE

INTRODUCTION AND BACKGROUND TO THE STUDY

1.1 Introduction

Strategic leadership has become an essential and commonly employed leadership strategy to move leadership away from internal company dynamics and towards strategic alignment to the external world. For modern business organizations, the current strength of competition in the contemporary market requires founders and leaders to employ strategic thinking to gain a competitive advantage that has been at the core of organizational success. Firms must fight to stay competitive to avoid being forced out of operation by the ever-increasing costs of operation and market competition (Dubin & ALrbabah, 2015).

As the market climate evolves, so do the obligations and responsibility of businesses to please their customers. With the free entry of competitors to the market, these entrant firms continue to erode market share for established businesses, pushing companies to revisit their business plans and strategies regularly. These changes and reviews call for solid strategic leadership capacity for speedy intervention that will deliver new options since the traditional leadership approaches are not enough to serve the rapid changes in the knowledge economy (Aslan et al., 2011). Thus, to achieve optimal performance in the firm's goals and objectives, the management of small and growing enterprises in Nairobi County must adopt a strategic leadership strategy.

This chapter provides a background overview of the study and puts down the research problem. It also outlines the purpose, research objectives, and questions. It provides the rationale, significance, scope, and assumptions of the study and the study limitations and delimitations.

1.2 Background of the Study

Leadership continues to be among the most important guiding forces for organizations (Dimitrios et al., 2013). In many organizations, leadership is perceived to have a distinct and positive impact on organizational performance. Traditionally, most of the studies on leadership have been “leader-centered” and have focused on the character of individual leaders. Nonetheless, in the present times, leadership has changed, and today, there are new leadership styles like servant leadership, strategic leadership, transformational leadership, and authentic leadership that has been applied in explaining effective leadership and the degree to those followers can be influenced by leaders (Avolio, 2017).

Strategic leadership implies the firm’s ability to anticipate, envision, maintain flexibility, and empower others through creating strategic opportunities and a sustainable future for the company (Kjelin, 2015). Strategic leaders take a glance at the future with the aim of setting an organization’s direction. Their power increases as they search and interact with the vital sectors of their setting (Hambrick, 2011). That kind of leadership ought to have the ability to address the issues of difficulty, uncertainty, and data overload needing flexibility as well as a timing intelligence. Strategists develop and make communication about decisions on the future of their organizations (Zaccaro, 2015).

In the 21st century, where the environment is quite competitive, there is a need for an organization’s leaders to have strategic leadership skills. The primary source of sustainable competitive advantage for any organization is social and human capital which should be developed and nurtured carefully (Hambrick, 2011). Compared to the past, when physical assets and resources were viewed as the cornerstone of sustainable competitive advantage, today's sustainable competitive advantage comes from the successful use of intellectual capital (Halawi et al., 2015).

In the recent past, the business environment and competitive markets have had a lot of uncertainty, volatility, turbulence, complexity, and heterogeneity (Stowell, 2016). In this regard organizations have adopted strategies, capabilities, and competencies that are valuable for the business activities to ensure improved business excellence, promote competitive advantages, attain firm performance, and achieve sustainability of the organization given the conditions (Halawi et al., 2015). Strategic leadership is now one of the primary factors that drive and explain competitiveness and profitability in firms. Organizations with better strategic leadership attain better organizational performance and improve their firms' business activities (Daft, 2014).

Small and Growing Businesses (SGBs) have been found throughout the world as foundational to industrialization and economic muscle for stable and growing economies. First-world countries, including the United Kingdom, United States of America, Russia, and even China, trace their economic power and stability to their focus on entrepreneurship resulting in the growth and development of their small and impactful businesses. Kithae (2012) submits that small and growing enterprises constitute about 90-95% of all registered companies in Sub-Saharan Africa, and their contribution to the economy can never be underestimated. Small and medium scale businesses are often established in the service sector of most economies, accounting for about two-thirds of employment in those countries. In Kenya, the small and growing enterprises contribute about 18% of the Gross Domestic Product (GDP), even as they facilitate approximately 80% of the new jobs for the working population (KNBS, 2019).

1.2.1 Strategic Leadership

Strategic leadership is described as a leader's ability to foresee, retain flexibility, think strategically, and collaborate to incorporate changes to ensure the company's long-term viability (Serfontein, 2010). Strategic leaders possess critical characteristics such as influencing others, being futuristic, holding both short-term and long-term goals concurrently, cognitive ability, seeing the big picture, interpersonal relations, and inclination to act and take risks. Strategic leadership practices involve determining strategic direction, analyzing and implementing strategic intents, exploiting and acquiring unique competencies, developing organizational and human capacities, maintaining an effective corporate culture, emphasizing ethics, and instituting strategic controls (Jooste & Fourie, 2010). Given this, such practices have positively impacted performance within organizations globally and locally. Strategic leadership accounts for why some companies thrive while others fail (Melchorita, 2013).

Strategic leadership practice is a requirement for organizational leaders to have the ability to counter environmental dynamics (Hitt, Haynes & Serpa, 2010). It is essential because it assists their leaders in developing visions, missions, policies, and philosophy (Gill, 2010). Serfontein (2010) discovered that leaders would gain a greater understanding of their organizations' surroundings by doing so. Through this practice, the leader can influence the organization through envisioning, influencing the organization’s culture, and resource allocation. Leaders can also anticipate future challenges, analyze, interpret, and align them with organizational objectives. According to Kirimi and Minja (2010), strategic leaders must combine administrative, strategic, and visionary leadership with being effective.

According to Strategic Leadership Theory, organizations are mirrors of their top executives. These top executives' personal skills, expertise, beliefs, and priorities are expressed in their decisions and their evaluations of decision environments (Hoskisson et al., 2013). The theory demonstrates the interconnectedness and interaction of the significant strategic leadership activities with each other. The ability to manage a firm's assets optimally means cultivating human capital potential, which contributes to the creation of strategic direction, promoting an efficient culture, leveraging core competencies, implementing effective organizational control mechanisms, and establishing ethical standards, all of which lead to increased organizational effectiveness and success (Ireland et al., 2013). This study has focused on four key attributes of strategic leadership, including strategic direction, human capital development, exploiting core competencies, and leveraging organizational culture.

1.2.1.1 The global perspective of Strategic Leadership

Globally, the business environment is experiencing increasingly new trends, operational complexity, new dynamisms and risks, that call for strategic leaders to rethink the best way to meet the companies' objectives. Serfontrin (2009) undertook research in South Africa on the impact of strategic leadership on the operational strategy and business performance. He Opined that strategic leadership has the potential to influence organizational change needed for better success. Strategic leadership was assessed as one of the dimensions of strategic leadership action in the organization, while consistency and control of company operation were assessed as return on asset (ROA) and the earnings per share (EPS) in a certain period. The study sampled one hundred and eighteen registered organization's CEOs and management team members. The results revealed a direct positive relationship between the strategic leadership variables, the operational strategy variables, and the firm performance procedures. This meant that strategic leadership is an essential component of business as it defines the future of the organizations (Abdikarim and Wario, 2018).

Universally, research has revealed that leadership has continued to be one of the most crucial driving forces of organizational change (Dimitrios, Sakas & Vlachos, 2013). The modern-day organizations have accepted strategic leadership as one of the administrative structures, which have been identified to be potential barriers to effective strategy implementation in organizations. Consequently, strategic leadership has been perceived as one of the most important and fundamental driver of strategy implementation in organizations (Barend, 2016). The identification, development, and use of strategic leadership in corporates has significantly inspired organizational performance (Redmond, 2016). Strategic leadership, therefore, is one of the managerial tools to empower others through planning, visioning, and allowing for flexibility to create any necessary change (Hoskisson, et al., 2012). Study by Dinwoodie, Quinn & McGuire (2014) has indicated that, through leadership approach, the capability of individuals and teams is unleashed across the organization and contributes to the overall success of a business. Strategic leaders integrate the vision, innovation, and the creativity necessary for the long-term success with the operational emphasis and knowledge that sustains organizational stability. Strategic Leader can connect and bond with the people around them well to harvest the targeted results Mapetere et al. (2012).

Renowned researchers have confirmed that strategic leadership is one of the most significant leadership challenge confronting organizations in the twenty-first century (Phipps & Burbach, 2010). Furthermore, research has showed that strategic leadership has the potential to influence the actions of voluntary followership while making strategic decisions which enhances both the long-term as well as short-term feasibility and stability of the organization Draft, (2011). Study by Brent and Barbara (2012) further established that the modern businesses are increasingly adopting strategic leadership as part of their management techniques. On the same note, Porter, (2008) confirmed that strategic leaders understand better the industrial structures that guide them fulfil their strategic actions. These may include but are not limited to business positioning to cope better with competitive market forces and anticipating and exploiting the market shifts which are shaping the balance of influences to create a new industry that is more favorable to the organizational strategies that exploit the best possibilities.

1.2.1.2 The regional perspective of strategic leadership

Research has shown that strategic leadership has in the past been identified as one of the forces of the competitive market with great influence on business environments that are characterized as being volatile, turbulent, uncertain, complex and heterogenous (Abdikarim and Wario, 2018). The modern businesses have been implementing valuable competencies and strategic business capabilities in their daily operations aimed at boosting their long-term business excellence while promoting competitive advantage to achieve good performance, promote strategies for business survival by enhancing organizational sustainability in the competitive world of business (Halawi et. Al, 2015). Research has further recognized strategic leadership as the key determinant driving force that explains organizations' competitiveness to promote profitability. Organizations with superior strategic leadership influence are inclined to achieve higher stable performance and increased organizational success in commercial operations.

Modern organizations have acknowledged that strategic leadership is one of the key drivers of business success in strategy implementation. According to the study by Hitt, Ireland, and Hoskisson (2013), strategic leadership was recognized as one of the central drivers for effective strategy implementation in which strategic leaders play an imperative role in promoting the competitive advantage of an organization over the long term (Marriott, Du Plessis, Manichith and Sukumaran 2014). Past study has revealed that strategic leadership does not come easily in most modern business organizations. Statistics show that fewer than 10% of leaders exhibit strategic skills a woefully inadequate number considering the demands on organizations today, which revealed that strategic skills are not needed only at times of growth (Abdikarim and Wario, 2018). Research has additionally shown that when resources are few, it is paramount to ensure that the said resources are absorbed in the key areas of business during tough times. Strategic leadership, therefore, demands that we think and act strategically in order to influence others in the way that promotes lasting success for the business. According to Beatty, (2010), the strategic planning process involves putting in place a plan; therefore, organizations require basic strategies that lie in the hands of leaders' decisions and their people's choices.

Study by Spender (2010) has suggested that strategic leadership improves organizations' capability to predict, direct, and sustain flexibility while empowering others to create the strategic opportunity and a viable future for the organization. Strategic leadership viewpoint has further advanced that the setting of directions for the organization increases the ability for such organizations to scan the environment and cope with the critical sectors of their ecosystem (Hambrick, 2011). Similarly, strategic leadership has been perceived as one of the competencies capable of generating capabilities within an organization through the acquisition, recombination, and renewal of these activities and resources (Eisenhardt et al., 2015). Research by Spender (2010) has established that strategic leadership provides the ability for organizations to predict, plan, and continue flexibly to empower others and to create a strategic avenue that promotes a viable future for the organization. According to research by Hambrick (2011) strategic leaders set directions of the organization so as to increase the organization's ability to visualize and cope with the critical environmental aspects that surrounds the business. Strategic leadership has been viewed as a skill that can generate capabilities within an organization by the acquisition, recombination, and renewal of these activities and resources (Eisenhardt et al., 2015).

1.2.1.3 The local, regional perspective of strategic leadership

Locally, strategic leadership has served a vital role for the organization in determining the strategic direction while establishing strategic action that is believed to perform the most crucial function for effective strategy execution (Abdikarim and Wario, 2018). Strategic leaders develop the necessary human capital while maintaining critical competencies key to strategy execution. On the other hand, the strategic leadership action seen to play the least critical role in efficient strategic implementation is the social capital (Kaplan and Norton, 2000). Strategic leadership, therefore, ought to have been developing a mature system that would establish beneficial interaction within the operating business environment. This is after the recognition that to succeed, the company must serve its customers better, create new innovations and survive in the harshly contested markets in the future. The pace of these changes is not slowing down, and there are no indications that it will any time soon require people to apply focus and effort, which brings about change as the marketplace becomes more sophisticated and demanding, organizations must constantly alter some aspects of their operation to remain competitive (Lindorff, 2009).

1.2.2 Small and Growing Businesses in Nairobi County

Small and growing businesses (SGBs) are financially successful companies with five to 250 employees that have considerable growth potential and ambition. These companies usually target $20,000 to $2 million in growth capital (Ayyagari et al., 2011). SGBs vary from the more conventional definition of small and medium businesses (SMEs) in two key respects. First, SGBs are not the same as small businesses that provide a living and are built to remain that way. Secondly, unlike most medium-sized businesses, SGBs often lack the financial and knowledge capital needed for expansion (Klapper & Richmond, 2011). SGBs are responsible for more than just job creation. They provide products and services that support people from all walks of life. They generate shared prosperity, which is critical for middle-class development. Further, SGBs foster a pro-growth business climate and instill an entrepreneurial spirit that can potentially change developed countries' economic infrastructure. Furthermore, they provide a foundation for long-term growth that can assist emerging economies in achieving their long-term financial objectives (McKenzie, 2011).

According to Kihonge (2014), most of the small and growing businesses are micro and mini enterprises with less than ten employees, while 70 percent of them are one man and own account workers. This means that most entrepreneurs in the SGB world are operating at the tail end of the economy, with a noteworthy percentage falling among the 53 percent of Kenyans living below the poverty line of USD 1 per day. The latter is primarily for subsistence and engaging in economically uncompetitive activities both in urban and rural areas.

At the face of challenges in Kenya lies the high rate of unemployment among the youth which is estimated to be twice the national level of unemployment of 12.7 percent.

Those youthful people who have jobs are often engaged in low-paying casual work. Hence, most unemployed people disproportionately stem from the youth segment of the population and belong to the bottom 40 percent of the income distribution (UNDP, 2013).

Data derived from the Kenya National Bureau of Statistics (KNBS, 2019) shows that SGBs in Kenya are responsible for about 25.6% of total GDP output. The recent Economic Survey of Kenya report (2018) shows that more employment opportunities are being created in the informal sector, making it a crucial sector in the economy. The report states that the industry created over 700,000 new jobs in 2018, approximately 83.4% of all new jobs in the country that year. Most of these SGBs are located within Nairobi County, the capital city of Kenya and the most populous County in Kenya.

Despite their extraordinary potential, SGBs face many challenges, and as a result, most of them perform dismally and are eventually edged out by competitors. It is generally known and confirmed that most SGBs fail in their first year of operation (Mwangi & Birundu, 2015). In view of this worrying rate of failure, a study into the factors needed to facilitate the survival of SGBs must be done, thus making progress to the growth stage in the life cycle of organizational growth.

Akimana (2019) has suggested that business failure is primarily due to an organizational inability to think and plan strategically. A company has no sustainable basis for establishing and retaining a competitive advantage in the market, whether among peers or otherwise unless it has a clearly established strategic growth and sustainability strategy. Research has consistently revealed that most small and growing enterprises do not engage in strategic planning as they think of it is a component for the large and well-established corporates (Mugo, 2012).

Although the previous studies have focused on the performance of both small and micro enterprises, they only explored particular areas and objectives. Mwania (2011) basically failed to study any other factor affecting the performance of small businesses except for finances. For Mugo (2012), the focus was given to women-owned companies and ignored those owned by male entrepreneurs. Kinyua (2014) researched on business performance, with his study being specific to the informal sector in Nakuru town. Though most of these investigations have been undertaken in urban centers of Nairobi, Nakuru, Thika, and Ruiru, there is still so much to be done around sectors, mainly focusing on the competitive advantage and growth resultant from strategic leadership.

1.2.3 Firm Performance

The idea of firm performance has been described as value creation in a firm that may be associated with improved organizational financial status as indicated by a better Return on Investment (ROI). When the return on investment is improved, it is assumed that there is a better use of capital, labor, and raw materials, and sound resource management (Alchian & Demsetz, 2017). Considering the part played by a firm's performance when deciding on investments, it is vital as investors can use suitable criteria to employ this concept of firm performance. Venkatraman and Ramanujam (2018) agree that there is no consensus about defining a firm's efficiency. On the other hand, March and Sutton (2014) described firm output as being related to the efficiency with which a task is completed. Armstrong (2015), however, defines a firm's performance as the actions and outcomes which are the primary concern of every business manager that is undertaken in any firm.

Firm performance is a significant measure that helps determine a company's productivity, organizational efficiency, and competence. According to Salim (2017), performance can be viewed as a gauge for the efficiency and effectiveness by which resources have been used to produce the output of the kind needed by consumers and society in the long run. Promoting firm performance is crucial for business managers because a profitable business can survive (Chakravarthy, 2016).

Firm performance cannot be measured by any single index, and this has resulted in a reluctance to use both monetary as well as non-monetary performance measures of a business organization (Chakravarthy, 2016). Bain (2016) equates firm performance with the realization of above-average profitability within an industry. Schmale See (2019) uses Return on Asset (ROA) as the indicator of the firm’s performance. So far, qualitative, and quantitative measures for evaluating a firm’s performance have been developed. Important accounting measures such as net profit can also be used in assessing a firm’s performance (Mustafa & Yaakub, 2018).

Researchers previously have frequently used the Balanced Scorecard (BSC) developed by Kaplan and Norton (1992) to assess efficiency. The BSC produces success metrics based on the company's mission, vision, and strategy and it serves as a measure for assessing the organization's overall efficacy. It considers the financial factors which inform the economic outcomes of the organization's various decisions. It also focusses on customer satisfaction levels as another significant factor to consider. In this, the interest being the consumer and the industry, thus tracking important performance indicators specific to these groups. Internal business processes of operation are another crucial metric. It recognizes the organization's high-performing business operations. Finally, a balanced score card emphasizes learning and development, which are critical for a company's long-term success (Kaplan & Norton, 1996). The balance scorecard will be used in this analysis since it is commonly recognized as a performance measure.

1.3 Statement of the Problem

Small and growing businesses face many challenges, and as a result, most of them perform dismally and are eventually edged out by competitors. It is generally known and confirmed that most SGBs fail in their first year of operation (Mwangi & Birundu, 2015). Akimana (2019) has suggested that business failure is primarily due to organizational inability to think and plan strategically. A company has no sustainable basis for establishing and retaining a competitive advantage in the market, whether among peers or otherwise, unless it has an established strategic growth and sustainability strategy. Therefore, it is necessary to conduct a study to establish whether SGBs with strategic leadership outperform their peers that do not have strategic leaders in place. SMEs in all economies have been acknowledged as the primary agents for the creation of jobs. They fortify the ability of a country to generate employment and wealth for the general advantage of national and regional economies. In Kenya, SMEs constitute about 80% of jobs and contribute 20% of the GDP (African Economic Outlook, 2011). They are essential in the elevation of national and regional economic development. However, almost 80% of these SMEs cease operation within three years of their creation, which raises concerns that they constantly underachieve and are not well equipped for future challenges (Ongechi, 2016).

Given the studies done globally which recognize the role of strategic leadership on the performance of businesses, the present leaders of organizations not only have a responsibility to steer their companies through the process of strategic planning, mission development, and evaluation, they also actively handle strategic leadership and performance (Ahmed, 2013). Leadership is considered one of the most crucial factors responsible for the success of several companies, including those in the telecom industry

(Daft, 2014). Therefore, in a highly competitive environment, the future of companies depends on the leaders of such companies to adopt strategic leadership practices.

Regionally, Serfontein (2010) did research on the impact of strategic leadership on the operational strategy and performance of business organizations in South Africa. The research found that strategic leadership is directly and indirectly positively associated with operational strategy and organizational performance of business organizations in South Africa. Zindiye (2008) did an empirical investigation on “Factors affecting the performance of small and growing businesses in the manufacturing sector of Harare, Zimbabwe.” The findings showed that the above-normal inflation rate and other factors such as forex rates affected the performance SGBs.

Numerous research has been carried out locally on factors influencing the success of SMEs, MSEs, and SGBs in Kenya, but most of these studies have considered other determinants without considering strategic leadership. Nyaboga (2019) focused on the influence of financial technology credit on the growth of SMEs, Mwangi (2019) concentrated on strategic outsourcing of services on the performance of SMEs, Akimana (2019) dwelled on internal controls and performance of SMEs while Kiggima (2018) looked at the effect of innovations on the performance of micro and small enterprises (MSEs). Given the current changing market climate, strategic leadership is critical to the company's decision-making process because it focuses on both short and long-term survival. There is a need to establish whether SGBs adopting strategic leadership are performing better than those that do not. Further, the influence of the external environment should also be established. As a result, this study aimed to close this knowledge gap by determining the impact of strategic leadership and the external environment on the performance of small and growing businesses in Nairobi County, Kenya.

1.4 Objective of the Study

The study's overall objective was to establish how strategic leadership practices and the external environment impact the performance of small and growing businesses in Nairobi County.

The specific objectives were:

i) To establish the influence of strategic direction on the performance of small and growing businesses in Nairobi County.

ii) To determine how core competencies affect the performance of small and growing businesses in Nairobi County.

iii) To assess the influence of human capital development on the performance of small and growing businesses in Nairobi County.

iv) To examine the influence of sustaining organizational culture on the performance of small and growing businesses in Nairobi County.

v) To establish the moderating role of the external environment on the relationship between strategic leadership and the performance of small and growing businesses in Nairobi County

1.5 Research Questions

i. To what extent does offering strategic direction influence the performance of small and growing businesses in Nairobi County?

ii. What is the effect of exploiting core competencies on the performance of small and growing businesses in Nairobi County?

iii. To what extent does human capital development influence the performance of small and growing businesses in Nairobi County?

iv. How does sustaining organizational culture influence the performance of small and growing businesses in Nairobi County?

v. To what extent does the external environment moderate the relationship between strategic leadership and the performance of small and growing businesses in Nairobi County?

1.6 Justification/Rationale

This study was inspired by the disturbing statistics that many small and growing businesses collapse before their third year of operation, Khelil (2016). Despite the government setting aside youth and women funds to support, establish, and run businesses besides developing policies encouraging innovation. In the past, there has been a significant focus on gender and programs such as the Women Enterprise Fund for women entrepreneurs, youth empowerment programs, and a focus on people living with disabilities. The UN, primarily through UNDP, has given grants to Kenya focused on transforming talents and innovation into employment opportunities and to help young businesses at the idea stage to the early stage to scale up through incubation and acceleration. Little research has been done on the strategic leadership and performance of SGBs and how this could potentially help the nation attain financial freedom. This study hence frames and examines the problem of the dismal performance of SGBs as a strategic leadership issue.

1.7 Significance of the Study

This study adds to the limited research on the effect of strategic leadership on the success of SGBs in Kenya. The research is significant because it addresses matters that place a substantial financial burden on Kenya's economy and the individuals affected. The collapse of many micro, small, and growing businesses has distressed families and led to poverty due to unemployment and the high debt level of many citizens in a country where the cost of living is very high. The study will help many stakeholders, including the government, investors, donors, managers, entrepreneurs, and other researchers, appreciate how the survival of these businesses greatly depends on strategic leadership. The results attained may help improve the performance of SGBs not only in Nairobi County but the country at large.

1.8 Assumptions

One of the key assumptions was that the SGB owners and employees would be available and willing to provide the required information. Further, the researcher assumed that the leaders and employees of the companies sampled would agree to have their responses recorded with the guarantee that the information would only be used for the envisioned purpose. Finally, the study assumed that the entrepreneurs, government, and other stakeholders would uphold the conclusions of this study and find it helpful in guiding operations, decision making, and policy formulation.

1.9 Scope of the Study

This study investigated the relationships between the constructs of strategic leadership and the firm's performance of small and growing businesses within Nairobi County. Additionally, the mediating and moderating effect of the external environment on the relationship between strategic leadership and firm performance was tested. The reason for choosing Nairobi County was that it is Kenya's capital city and an economic hub with entrepreneurs dealing with all types of innovations. According to records from the Nairobi County Council, there are 8259 registered SBGs (Nairobi County Council, 2018), with 1539 SGBs located within the Nairobi Central Business District. The study targeted SGBs that had been in business for over three years when this study was done, which have great potential to grow and create an impact in the County and beyond. The respondents comprised the founders and managers of the organizations. They were chosen because they were perceived to be leaders charged with the responsibilities of making strategic decisions affecting the future of their organizations. The study collected primary data from respondents in all the samples targeted. For data collection, a structured questionnaire was used. As a result, this study aimed to determine the impact of strategic leadership on SGB's success in Nairobi County. The researcher focused on strategic leadership because it has been hypothesized in the literature to be one of the variables likely to influence firm performance.

1.10 Limitations and Delimitations of the Study

The researcher faced several limitations in collecting data for the study area, including but not limited to the difficulty of gaining access to personal and organizational data required for the study. Some of the respondents targeted were hesitant to avail information due to confidentiality concerns. The researcher, therefore, sought to provide questionnaires with anonymity in an endeavor to protect the respondents. Other limitations included getting information on the performance of the organizations where the same was not available.

Availability of the respondents posed a challenge because most of them had busy schedules and the main respondents had out-of-office functions such as field visits and business meetings. The researcher planned meeting schedules with the respondents and allowed them adequate time to fill out the questionnaire to mitigate this concern. Further, virtual questionnaires were administered through google forms.

Another limitation experienced was in the interpretation of the responses by the researcher. The researcher's background and values may compromise the generalization of the findings due to prejudiced views. This was mitigated by relying purely on conclusions from the collected data, even when the data differs from the researcher's view.

1.11 Chapter Summary

The chapter has established the stage for the research by providing a comprehensive background of the research context. The chapter has also identified the gap that exists in contemporary literature. Consequently, the research objectives and questions have been provided, and an explanation for the choices made was also offered. A concise description of the assumptions underpinning the study, the scope, limitations anticipated, and the delimitations of the study have been explained.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter sought to review the existing literature on strategic leadership and the performance of small and growing businesses within Nairobi County, Kenya, regionally and globally. The theoretical framework covered the fundamental theories underpinning strategic leadership, external environment and business performance based on the research problem. The strategic leadership theory, path-goal leadership theory, trait theory, the contingency theory and the performance maximization theories were covered under the theoretical framework section. Additionally, the conceptual framework section described this study's overall conceptual model, which defined the association between the dependent and independent variables. Finally, the empirical literature was reviewed critically and analyzed recent studies on the four components of strategic leadership under this research including the offering of strategic direction, Human capital development, core competencies, and an organizational culture that formed the specific objectives of this research.

2.2 Theoretical Framework

In this section, the theories that support strategic leadership and the performance of small and growing businesses were discussed and articulated to the study objectives and variables. These theories are Strategic Leadership Theory, Path-Goal Leadership Theory, Trait Theory, Performance Maximization, and Contingency Theory.

2.2.1 Strategic Leadership Theory

The theory was pioneered by Finkelstein and Hambrick (1996), who advanced the notion that an organization's success and values are a result of its leaders' efforts. They argued that top managers' strategic decisions, for example, would influence the organization's success in the long run (Oppong, 2014). Finkelstein and Hambrick (1996) built on the Upper Echelon Theory to investigate how top executives affect strategic decision-making in their organizations. From the perspective of Phipps and Burbach (2010), the most crucial Strategic Leadership Theory principles are the leader's vision, attitude, influence, and communication skills. Yukl (2010) adds to these principles and explains that the theory describes how mutual beliefs and motivation affect competitive strategies, organizational structure, model of management, overall corporate culture, as well as team effectiveness.

Strategic Leadership Theory is associated with the organization's overall leadership. However, it is asserted that leadership theory focuses on the top leader and top management, which includes senior management teams that have overall responsibility for the company (Boal & Hooijberg, 2001). The top-level leadership at the company's pinnacle is in charge of developing a vision and broad goals for the organization (DeChurch et al., 2010). Thus, research primarily concentrates on investigating the personality traits at the top of the organization and what they do and how they do it (Hambrick, 1989).

According to Strategic Leadership Theory, strategic leaders ought to be able to manage a variety of tasks and responsibilities. Furthermore, strategic leaders ought to be able to execute these functions and positions while influencing lower-level managers and teams using complementary leadership styles, personal attributes, and strategies (Oppong, 2014). Strategic leaders must also perform tasks such as strategic decision making, designing as well as communicating future visions, developing core competencies and skills, developing organizational structures, procedures as well as controls; managing various stakeholders; recruiting and cultivating the next generation of leaders; maintaining an efficient corporate culture; and infusing ethical value structures into the culture of the company (Boal & Hooijberg, 2000). In a nutshell, a strategic leader's primary responsibility is to strengthen the organization's ability to learn from its experience, adjust to its current realities, and shape its future based on the external environment as well as organizational capabilities.

Ireland et al. (2015) suggest several components to explain strategic leadership, which include determining the firm's strategic path (mission and vision), leveraging and retaining core competencies, building on human capital, and maintaining an efficient organizational culture as just a few of them. The outcomes of the well-executed strategic leadership are the efficient use of finance, the effectiveness of human capital, improved firm output, high-quality services, employee satisfaction, and customer satisfaction by the SGBs.

Ireland and Hitt (2016) have identified several actions characterizing strategic leadership that positively contribute to effective firm performance. In their view, strategic leaders are responsible for determining strategic courses, developing core competencies, managing human resources effectively, and maintaining an efficient organizational culture. Therefore, Strategic Leadership Theory is the most suitable because it addresses the interface between the study's independent and dependent variables. The current research will operationalize strategic leadership practices based on the works of Ireland and Hitt (2016) as well as Ireland et al. (2015).

2.2.2 Path-Goal Leadership Theory

Path-Goal Theory has its roots in the work of Evans (1970), who first came up with the path-goal leadership principle as well as House (1971), who refined the theory a year later. The path-goal theory claims that followers are motivated to complete a mission because they have a high degree of self-efficacy or the expectation that their actions will result in a specific outcome or compensation and that the result or incentive is valuable (Bhatia, 2009). In this theory, the leader's job is to inspire followers by rewarding success and achieving goals.

According to Northouse (2013), the leader is viewed to be directive, supportive, participative, and an achiever. He informs the followers of what is expected of them, supports, and trains them, and builds confidence in their ability to meet this expectation. Effective leadership occurs when a leader correctly diagnoses the subordinates' levels of operation and performance in a job situation and then displays the required leadership style that corresponds to that situation.

Dixon and Hart (2010) illustrate that a leader who uses path-goal leadership compensates and inspires their followers to achieve their goals. Leaders may use Path-Goal Theory to determine the best strategy for their workers and the company. According to Malik (2012), the theory predicts leader behavior, which is important for achieving subordinate motivation and related to organizational success. Northouse (2013) supports this point by emphasizing the importance of matching leader actions to subordinate characteristics as well as the work environment.

When implemented, the path-goal approach to leadership improves subordinate motivation by clarifying the pathways toward which organizational success can be achieved. Strategic leadership is thought to make a meaningful and constructive contribution to organizational success by inspiring others to follow the same strategic path. This theory was helpful in this study because it focused on the leader's role in motivating subordinates to achieve an organization's goals. It is argued that Path-Goal Theory is result-oriented and that strategic leadership practices are also result-oriented. As both styles of leadership are result-oriented, there is a strong connection between Path-Goal Theory and strategic leadership practices. Since a leader's behavior is contingent on the satisfaction, motivation, and performance of their employees, their job is viewed as guiding followers to choose the best paths to reach both their goals as well as the corporation's goals. This theory backs up the claim that strategic leadership impacts organizational efficiency and vouches for its development and advancement.

2.2.3 Trait Theory

Trait theory was founded by Carlyle (1849), and it is about pinpointing qualities and personalities which are helpful while leading others. This theory centered on the attributes which a leader ought to have. The said qualities may include intellect, considerable or exceptional appearance, sound decision making, initiative and innovation, honesty, open-minded, straightforward, and brave, and having the ability to accept responsibility and that of his followers. However, none of these characteristics guarantee outright success in leading a community or an organization. Traits are observable habits and attributes that are emitted from things running in our subconscious that only influence leadership effectiveness. The leader's effectiveness is proportional to their ability to inspire and influence their followers, which affects their success, satisfaction, and efficacy in discharging their obligations (Derue et al., 2011).

Trait theory according to psychology rests on the premises that people are unique from one another based on their capacities and magnitude of their basic trait dimensions. Three criteria characterize personality traits, including consistency, stability, and individual differences (Funder, 2010). The Five-Factor Model of personality traits assessment is the most popular in personality psychology today and the most accurate approximation of the basic trait dimensions. As the name suggests, the five-factor model focuses on five traits, including openness to experience, conscientiousness, extroversion, agreeableness, and neuroticism.

McCall and Lombardo (1983) identified four primary qualities in which a leader can succeed or fail in analyzing leadership achievements and failures. The first quality is emotional intelligence, which refers to one's ability to remain optimistic and calm in the face of adversity and stress and how one embraces and accepts responsibility for errors. The second quality is appropriate people or comparative skills. The third quality is persuasion skills and strength in communication skills. The fourth quality is the leaders' expertise in a substantial range of fields instead of limited, focused expertise. The aspects of trait theory help point to attributes and qualities that are fundamental when leading others. According to funder (2010), the traits may include responsiveness, honesty, decisiveness as well as likability. Conversely, neither of these traits will guarantee successful leadership.

The trait theory is mainly criticized for attaching the leader's effectiveness to inborn emotional qualities, limiting the significance of acquiring skills through knowledge conveyance to individuals through formal learning (Pervin, 1994). Since leaders are created and not just born, innate characteristics are not always as predetermined or essential when leading as the theory suggests. Furthermore, this theory does not consider environmental situations that could affect the results, given that different situations call for other behaviors from leaders.

The major criticism of trait theory is that it assumes a leader's efficiency on inherent emotive processes and impedes the importance of obtaining skills through imparting knowledge to individuals through formal training (Pervin, 1994). Often, the inborn qualities are not as rigid or significant when leading people as the theory suggests. The theory further does not consider the circumstances that might affect the results, given that different scenarios demand distinct behavior from the leader. Trait theory further argue that leaders have behaviors associated with them (Vera and Crossan, 2004). Behaviorist theories, however, shifted from the assumptions of trait theories, concentrating on what leaders do rather than on their qualities. Therefore, the trait theory may not sufficiently explain the variance between the success and failure of various leaders but has excellent pointers to the culture adopted and sustained within the organization. For instance, different behavior patterns can be categorized as styles of leadership.

2.2.4 Contingency Theory

The contingency theory of leadership was advanced by Fiedler (1967). Three critical situational dimensions that have been established are thought to impact the leader's effectiveness. The first dimension is the relationship between the leader and their subordinates as well as the level of confidence that the subordinates have in the leader. This also involves the leader's attractiveness and the loyalty that is usually displayed to him. The second dimension is task structure, which is the proportion of followers' jobs that are routine or non-routine. The third dimension is the influence that comes with being in a leadership role, also known as position power. It can include traditional job-related incentives and penalties, the leaders’ formal power based on organizational pecking order, and the leader's help from subordinates and the company. According to Donnelly et al. (1992), most managers today challenge the idea that a specific leadership style is effective in all circumstances. After years of debate and research, they assume that a manager acting as a thoughtful leader, for example, cannot guarantee favorable results in all situations.

Earlier study on contingency theory indicates that such variables as the leadership approach, job design, involvement in decision-making, and organizational structure are crucial to understanding what will lead to an exceptional general organizational result (Shepard and Hougland, 1978). A more current definition of contingency theories in the Encyclopedia of Management breaks them down into two categories: external environmental contingencies and the internal contingencies (Helms, 2000). Contingency Theory thus is an approach to the organizational behavior study since it explains how external issues such as technology, culture, and the external environment affect the nature and functioning of organizations. According to Vroom and Jago (1988), organizational effectiveness is not always reliant on a fit or match between the technology type, environmental flexibility, organization size, the structure's features, and its information system. The theory stipulates that an effective leadership style in one case might not be effective in another and that there is no one-size-fits-all approach to leadership (Hersey & Blanchard, 1974).

Fiedler and Garcia (1987) maintain that a leader's performance is determined by various factors such as subordinates, tasks, and groups. The effectiveness of any pattern determined by the leader's behavior is therefore dependent on the demands imposed by the situation. Fiedler and Garcia (1987) further assert that when a leader does not adapt or alter his leadership style, he will never be effective at the highest levels of the company. This is one of the most common issues in companies, where managers are promoted based on their current accomplishments rather than their potential for future achievements, resulting in the organization's overall ineffectiveness.

Contingency theory asserts that a leader's success depends on how well the leader's style matches a particular situation or condition (Wolinksi, 2010). If leaders were successful in their roles, it was considered a perfect match. This theory, therefore, focuses on how both internal and external environmental situations affect a leader’s effectiveness and how a leader’s ability to adapt can be their most important tool in the workplace.

2.2.5 Performance Maximization Theory

Performance Maximization Theory was put forward by Koetter (2004), who argued that optimum production results from using the best output and price levels that maximize return. Implementing this theoretical model can be beneficial to a company while also influencing customers when that organization decides to raise commodity prices to maximize returns (Al-Hawar, 2014). Benefit maximization is the sole goal of companies, according to traditional economics. As a result, traditional theories are based on benefit maximization. It is regarded as an organization's most reasonable and profitable business goal. Besides that, profit maximization aids in predicting business behavior as well as the impact of various economic variables, such as price and output, in different market conditions (Kaushik & Rahman, 2015).

This theory has faced criticism mainly because of its assumptions. The profit maximization theory, for example, means that businesses are guaranteed their maximum revenue. On the other hand, profits are very unpredictable because they are calculated based on the difference between future sales and expenses. Consequently, it is intolerable for businesses to increase profits at unexpected times (Dabholkar, 2016). Furthermore, the firm's goal has little to no bearing on how the company is organized internally. For example, some managers seem to spend more than is necessary to increase the wealth or income of the firm's owners. They are found to place a premium on the firm's overall assets and profits as managerial priorities (Rishi & Saxena, 2014).

Previous researchers have often used the balanced scorecard developed by Kaplan and Norton (1992) to measure the performance of individuals and the organization as a whole. The balanced scorecard produces success metrics based on the company's mission, vision, and strategy. It serves as a metric for evaluating the company's overall effectiveness. It involves the financial factor, which decides the financial consequences of the organization's various decisions. Client fulfillment levels are a further significant factor to be concerned about. It focuses on the consumer and the industry and tracks important performance indicators specific to these groups. Internal processes are another critical metric. It recognizes the organization's high-performing business processes. Finally, a balanced scorecard emphasizes learning and development, which are essential to a company's long-term success (Kaplan & Norton, 1996).

In any organization, the purpose of a balanced scorecard is to provide decision-makers with the information they need to identify and solve problems and enhance performance where possible. According to Kraaijenbrink (2012), the challenge for most scorecard designers is coming up with practical, trustworthy steps. Most easy-to-track interventions are of questionable value and, in some cases, are worse than providing no data at all. Another issue is that such a calculation will take a long time and be costly. The goal and definitions of measures exclude essential stakeholders. The critical success elements required for defining the key performance indicators (KPIs) are not articulated, and the four categories limit the organization's viewpoint. The BSC concentrates resources to achieve its objectives, resulting in underutilization of an organization's capacity beyond the BSC's goals; it stifles inter-organizational creativity; it perceives an organization as having hierarchical structures, clearly defined job roles and one-way linear cause-and-effect relationships; and it encourages closed innovation.

The enhanced balanced scorecard often referred to as a sustainable balanced scorecard, incorporates the four viewpoints of the BSC into sustainability. Furthermore, a known sustainable strategic management framework is the realistic assessment of strategic thinking that meets the needs of the community and society, given that its political and regulatory factors are stable to support the company.

The theory was used to help determine how strategic leadership affects the success of small and growing businesses in Kenya. The various ideas of the theory were used to understand better how SGBs in Kenya use strategic leadership to ensure accurate output prediction. As a result, this analysis put the various outcomes of the performance-maximization principle to the test to determine if SGB performance is directly related to the leaders they choose.

2.3 Conceptual Framework

According to Kasomo (2006), the conceptual frameworks are structured from a combination of broad suggestions and theories and assist a study to precisely identify the problem they are looking at, identify the independent and dependent variables, frame their questions, and find relevant literature for review. According to Mugenda & Mugenda (2008), a conceptual framework is a structure that tries to explain the relationship between variables in the research and presents this relationship by using figures. The conceptual framework model in the study hypothesizes that strategic leadership is a function of four components: offering strategic direction, core competencies, human capital development, and sustaining the organizational culture. These variables and their relationship are illustrated in Figure 2.1.

Strategic leadership focuses on how top-level leaders (executives) impact organizational performance through their leadership. The foundations of corporate success are that a firm is in the business of deliberately gathering specific assets and equities to achieve a common objective (Richard, 2009). Compared to the alternative use of the asset, asset owners would opt to invest in a company if they are assured of achieving a good return on investment. Therefore, the ultimate consideration of performance is the conception of value. If the firms offer a more excellent value on the acquisition, the firm will be given the asset. Thus, the resource owner (investor) regards wealth maximization as the chief benchmark to measure the firm’s value.

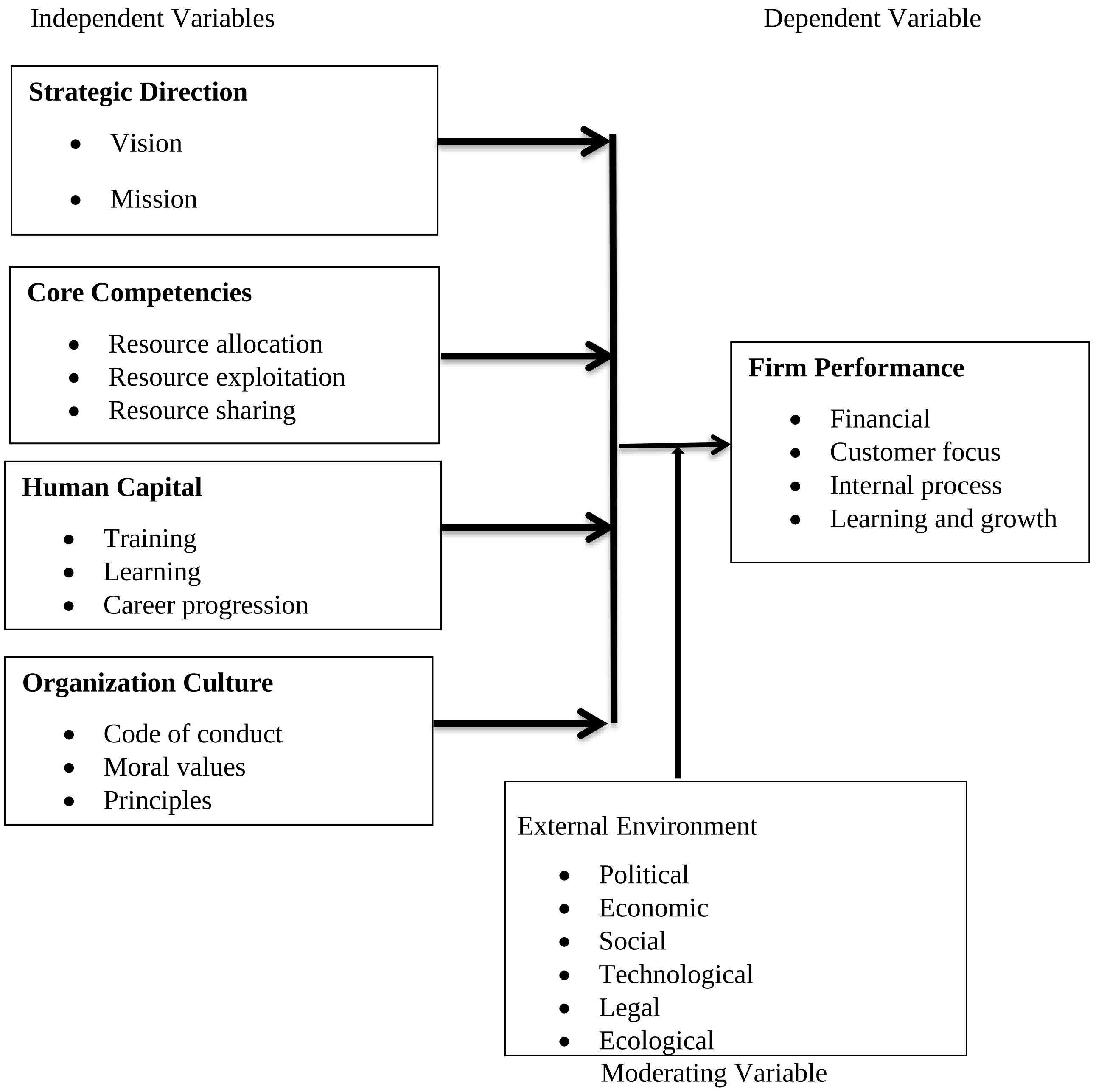
Leadership is central to the realization of a firm’s reason for existence. When a firm is at its early stages, it is the responsibility of the senior manager to convey a good or service, operate the firm, and brand and market the product of a company. The manager’s focus changes as the firm grows, and he now concentrates on giving the firm a strategic direction and assigns operation and tactical functions to junior employees. To ensure operational efficiency and the firm's continued growth, the manager recruits employees with highly specialized skills. To grow, the top line needs ought to grow by diversifying in terms of products and markets and even by promoting the products (Breen & Nunes, 2006). The leader appreciates the relationship between value creation and competencies that results in firms’ performance (Breen & Nunes, 2006). Value creation entails the translation of an impression of consumer demands into a perfect blend of processes and capabilities to satisfy these demands at the lowest possible cost. Management also encourages innovation and talent management by investing in training and management programs (Nel &

Beudeker, 2009). In most cases, high-performing firms have a high-performing organizational culture.

Strategic leadership leads to higher firm performance by enabling the company to maximize its assets by making long-term growth and survival plans while still concentrating on temporary financial strength (Lamb, 2009). To achieve market success, strategic leaders focus on increasing the firm's reputation and knowledge. These leaders know that focusing on emerging conditions and overlooking significant aspects of a dynamic environment will result in organizational fatality (Lamb, 2009). Therefore, a firm should balance its short-term success with its long-term sustainability, which positions the business strategically. Strategic leaders perceive employees as a vital innovation and creativity factor, and they make a tremendous effort to preserve this team's health and stability (Harris, 2008). This is made possible by a firm retention policy and the continuous quest for new opportunities and technologies.

There is a desire to continually appraise an organization based on newly available information in a similar situation and operationalize the latest devised learning means (Nel, 2008). Advancement and disbursement of knowledge and skills in an organization while seeking to acquire new information and market intelligence are essential for organizational sustainability in the long term. These actions are often the functions of a strategist. Strategic leadership promotes the creation of a mixed-learning and information-sharing corporate culture (Nel, 2008). This has a trickling effect as it guarantees a firm’s competitiveness in the market. Kabetu and Iravo (2018) studied the impact of strategic leadership on UN-Habitat performance. The study discovered that communication of the strategic course, implementing of core competencies, as well as improving human capital have a significant impact on UN-Habitat's success in Kenya. It was also found that sustaining effective corporate culture and organizational flexibility moderately affects UN-Habitat's performance in Kenya. A positive relationship exists between operational efficiency, the firm’s strategies, and leaders’ attributes. As entrepreneurs and top leadership are actively involved in deciding on the firm's growth direction, its performance potential is automatically expanded. The ability of management to invest the resources available while taking current and future environmental factors into account is a crucial component of strategic leadership and organizational success (Ireland & Hitt, 2005). The ability of a firm to cope with the market challenges and at the same time achieve a competitive edge in the industry determines the firm’s growth and survival. If leadership exhibits strategic leadership skills in its operations, this is accomplished.

Figure 1.0: Conceptual Framework



2.4 Empirical Literature Review

The empirical literature review considers the concerns that this study pursued to address. Every subsection is precisely obtained from the research objectives of this research. Studies conducted recently relating to this topic of research will be critically evaluated and scrutinized to understand the current research gaps and issues relating to the research objectives and variables under this study. The thematic areas explored in the chapter focus on offering strategic direction, core competencies, exploiting human capital development and sustaining organizational culture as the four elements of strategic leadership with implications on the performance of SGBs.

2.4.1 Strategic Direction and Performance

One of the critical strategic leadership actions is the strategic direction which plays a crucial role in ensuring strategies are executed effectively (Jooste & Fourie, 2009). Offering strategic direction aims to fulfill an organization's vision over time and involves identifying and prescribing the strategies that will enable the attainment of the vision in the short run by mitigating threats and identifying opportunities. The strategic direction specifies the culture that the firm's management desires to ingrain in any given period (Hitt et al., 2013).

Mutia (2015) opined that determining direction involves the pronunciation of the organization's goals and mission and vision, setting of objectives, and strategy formulation. Ireland and Hitt (2010) agreed with this viewpoint, stating that the strategic leader determines the firm's strategic course. This study has operationalized the strategic direction into strategic intent, vision statement, mission statement, and objectives.

Odita and Bello (2015) suggest that strategic direction has a positive and substantial relation to organizational performance and is based on its vision, mission, as well as objectives. Furthermore, according to Makori (2014), strategic intent aims to provide guidance, exploration, and organizational survival. It avails more organizational opportunities and drives organizational outcomes (Collins, 2010; Makori, 2014).

Bass (2012) opines that the decisions of the strategic leaders typically spells the course that employees will follow and performs a significant role in influencing their commitment and levels of satisfaction with the organization, which subsequently impacts the changes and results. The necessity to deal with the ever-changing business environment affecting organizations has forced strategic leaders to give the appropriate direction. Bass (2012) pinpoints that no individual business can have a competitive advantage, realize the goal of wealth maximization, and survive in the long run without a solid strategic direction and straightforward strategic management process that would enable the organization to achieve its expectations. Yukl (2010) discovered that effective performance could not be achieved without the cooperative effort of multiple leaders who direct how the organization should adapt to the rapid and discontinuous changes that emerge and re-emerges as the organization progress into the future.

According to Taiwo and Idunnu (2010), organizational, environmental, as well as managerial variables play a role in deciding strategic planning strength. They demonstrated further that the clarity of mission and vision statement, recognition of the essential values and realistic goals set, and the long-term intents and development of action plans are crucial in developing an effective strategic plan.

Strategic leadership, however, faces negative criticism in that strategic leaders have minimal or no impact on the organization's changes (Hannan & Freeman, 1984). An explanation given by Yukl (2010) is that the individual leader, such as the chief executive officer, would have a negligible influence on organization performance due to internal and external restrictive factors such as influential stakeholders, internal alliances, limited resources, solid organizational culture, intense competition, and adverse economic conditions. Yukl (2006) echoes the same but emphasizes that very few researches have demonstrated leaders with less influence on organizational success.

Ogech (2016) investigated how strategic leadership affects SMEs' performance in Kenya. Determining corporate strategic course, controlling corporate capital portfolios, emphasizing organizational culture, ethical principles, and organizational controls were among the strategic leadership practices reviewed.

2.4.2 Core Competencies and Performance

Core competencies, in a nutshell, are the capabilities serving as a competitive edge or advantage source for a business compared to competitors. Core competencies continue to evolve as the company learns from the outcomes of strategic decisions and reactions taken in the course of engaging with competitors (Hitt et al., 2013). Firms continuously learn and reshape their skills, resulting in core competencies that are useful for gaining a competitive edge over competitors in the marketplace. Leveraging core competencies entails sharing resources through divisions within the organization, a role those successful strategic leaders demonstrate. The focus of core competencies is intangible capital. According to Lear (2012), these are the most effective since they are less apparent in relation to employees' expertise as well as skills. Hambrick and Mason (2011) allude that strategic leadership is one of the best competencies needed for 21st-century organizational leaders working in dynamic business environments. Strategic leaders are responsible for carrying out such roles as formulating organizations' goals and objectives, developing suitable organizational structures and processes, and controlling a firm's core competencies (Kabetu & Iravo, 2018).

According to Cones (2012), the development of organizational capabilities deals with the organization as a system. The focus on the system yields better results than directing individual employees to improve performance. Armstrong (2018) opines that developing organizational capabilities is an executive leadership strategic function that aims at increasing organizational effectiveness and performance through building effective teams, developing human capital, and improving organizational processes like formulating and implementing strategies that will enhance quality customer satisfaction.

Srivastava (2005) highlighted that the ability to use core competencies for the company's good is more important than possessing core competencies. Core competencies are developed over time as a company learns from the outcomes of competitive behavior when engaging with competitors, requiring them to constantly reshape their skills to ensure that they are developing the core competencies necessary to create one or more competitive edge (Hitt et al., 2013). Assets only impact success to the degree that an organization can effectively use them, and how a firm utilizes its assets is just as critical as having those resources (Ndofor et al., 2011).

Strategic leaders manage firms' portfolio of resources by coordinating and clustering the assets into unique proficiencies, firm restructuring to enhance the utilization of those capabilities, as well as selecting tactics via which those abilities can be efficiently used to generate value for consumers, resulting in a competitive edge (Hitt et al., 2013). Firms use the three key processes of mobilizing, coordinating, and deploying to leverage their competencies in 50 diverse market arenas. All three processes work harmoniously to leverage the capabilities effectively (Sirmon et al., 2007). When choosing strategies during the strategy design stage, strategic leaders should ensure that the firm's core competencies are recognized and then emphasized when executing the chosen strategies (Hitt et al., 2013).

2.4.3 Human Capital Development and Firm Performance

The skills and knowledge of all employees are what is known as human capital. Employees are seen as capital resources that must be continuously invested in when it comes to human capital. Employees may be the only source of long-term competitiveness as competition dynamics increase. In any organization, the rising value of human capital plays an integral part in the organization's human resources role (Hitt et al., 2013). They further hold that valuable intangible assets have higher chances of generating competitiveness and providing shareholders with value, supporting the firm’s theory of resource-based view.

McIsaac et al. (2013) note that human capital is crucial in all organizations and includes the skills, knowledge, competencies, and individual traits creating value in the workforce. Every organizational leader should think about the firm from its expertise, experience, and competencies provided by human capital to compete in the current business environment.

McDemott (2013) observed that managing human capital and its contribution to performance is complex without a system that measures performance. The performance management system is a leadership practice. They should thus focus on developing human organizational capital, raising the level of competencies, assessing how long it requires new talent to reach optimum performance, and giving feedback on programs needed such as training, coaching, and mentoring of employees to improve performance.

Vinesh (2014) stated that training imparts staff basic skills, techniques, and knowledge. According to Masood (2010) and Khanfar (2011), it is an active approach that allows workers to use their talents and ability to benefit the company. Bowra et al. (2011) add that successful companies recognize that investing in human resources puts them ahead of the competition.

Human resource management practices promote the selection and implementation of organizational strategies. Employee growth and training initiatives increase the chances of transforming some of the company's human capital into strategic leaders (Hitt et al., 2013). Further, Hitt et al. (2013) propose that training and development programs not only build the human capital skills and knowledge but also instill a mutual compilation of fundamental values; presenting a systematic approach to the organization, supporting its visions, and assisting to come up with an influential organizational culture. In addition, training and development programs provide a positive contribution to the firm's efforts to establish core competencies (Zhou & Li, 2012). Strategic leaders benefit from these programs in that they acquire the skills necessary to complete other activities relevant to strategic leaders' characteristics. Some of the skills include deciding on the strategic direction, utilizing and sustaining key competencies, and creating a firm culture that promotes proper practices. This supports the assumption that human capital development is essential for successful strategic leadership implementation (Hitt et al., 2013).

Marimuthu, et. al (2009) investigated the human capital development component and business performance in developmental economics. They concluded that human capital development is one essential solution for the developing economy to join the international world. Hence, it is necessary to dedicate time and efforts to develop knowledge, skills, and training that will culminate in what is referred to as a human capital investment, which has a positive impact on the firm's performance.

Omar (2018) studied Zenko Kenya Limited as a case study to investigate the impact of strategic leadership on the success of Kenyan manufacturing firms. According to the findings, knowledge management, resources and skills, main work processes, and ICT were all significant measures of success. It was also discovered that Zenko Kenya Limited's success is moderately influenced by strategic intent. The study concluded that good strategic direction communication affects Zenko Kenya Limited's success since the company's mission, core values, and vision have a significant impact on the company's performance.

2.4.4 Organization Culture and Firm Performance

According to him, Hitt et al. (2013) opined that corporate culture is a diverse collection of beliefs, symbols, and ideologies that are mutual within an organization and affect the way businesses are operated. Most generally, culture has been defined by common fundamental premises devised, discovered, or established by a particular group. In the group’s efforts to address the challenges it encounters when it adapts to external factors, it orchestrates internal integration using approaches that have functioned well enough to be regarded as effective hence, are able to be passed to new affiliates of the team as the proper mode to view, reason, as well as feel in connection with those challenges (Ireland et al., 2003).

When an organization is developing and implementing a selected strategy, it uses all its tangible resources, such as physical or financial and intangible resources, which are culture and human resources. In most cases, in comparison with substantial resources, intangible resources have a higher likelihood of providing an organization with a competitive advantage since they are scarce and hard to copy. Further, intangible assets are socially dynamic. For instance, distinctive and exclusive culture is constantly evolving and challenging to mimic. Therefore, managers should customize the practices into a culture to complement the strategy adopted (Klein, 2008). Additionally, Klein (2008) revealed that a healthy culture could represent a critical resource, and for it to offer a sustainable competitive advantage, it ought to be unique. Regardless of the strategic plan, cultural norms have a reasonably clear impact on quality and thus on success.

An organization's culture ought to encourage strategic thinking, and with this, it will be able to deal with the challenges that arise from shared assumptions of the core mission, which can restrict both the strategy and the vision of the company (Goldman & Casey, 2010). The development of a culture that promotes strategic thinking is an essential effort that relies on personal, interpersonal, and organizational resources and is therefore strongly influenced by the executive. Schneider et al. (2013) indicate that theoretical literature on corporate culture is abundant with debates about the impact that the founders and senior managers have on the organization's culture though only a few empirical studies have been carried out.

Supportive, trustworthy social interactions and supportive management promoted psychological protection in a study by Mohda et al. (2016). Employees and other organizational stakeholders will feel secure in their work environments, more so where corporate members are accessible and supportive of one another. According to Mohda et al. (2016), positive environments encourage members to explore different things and sometimes even fail without fear of repercussions.

Laursen (2012) believes that allowing workers to choose how best to complete assigned tasks to them encourages the pursuit of ambitious projects with highrisk levels and potentially high rewards. In contrast, jobs with strict responsibilities and conditions, as well as low freedom, on the other hand, tend to promote limited perspectives and creative output. This is because employee creativity is hampered when finding new uses for existing concepts or innovations due to a lack of autonomy.

An empirical study by Kelemba et al. (2017) to explore the relationship between Kenya's public sector, teamwork activities, and employee efficiency found a correlation between teamwork and employee performance. According to their findings, collaboration maintains organizational democracy, promotes progress, encourages innovation and creativity, and allows for successful decision-making and connectivity. Furthermore, the study found that teamwork will enable participants to improve their talents, expertise, and abilities by collaborating with others.

Kitonga et al. (2016) investigated the relationship between strategic leadership practices and non-profit organization performance. A substantial positive relation was found between strategic leadership variables and organizational performance in the study. Findings showed that if leaders of such organizations utilize strategic leadership well, they will substantially improve the performance of their organizations. This paper examined strategic leadership in non-profit institutions in Nairobi.

2.5 Research Gaps

Past studies have failed to establish the link between strategic leadership and organizational performance. Most of these studies have focused on either an independent variable of another variable or a dependent variable of another. Therefore, this study has looked at the two together, with the strategic leadership independent of organizational performance. The gaps identified have been categorized into conceptual, contextual, and methodological gaps (Mugenda & Mugenda, 2003). The conceptual gaps are those regarding the relationship between the concepts of the study (Ongeti, 2014). The contextual gaps relate to the study's location (Kothari, 2004). Methodological gaps relate to the population of respondents involved in the study, the sample size selected, the research design used, data collection, and analysis methods used in the study (Mutungi, 2019).

From the study's empirical review, it is apparent that most studies on strategic leadership practices focused on other contexts and not SGBs. Ogechi (2016) focused on SMEs, Kabetu and Iravo (2018) focused on UN-Habitat, while Omar's (2018) research was limited to manufacturing firms. Further, most of the previous studies conducted locally have operationalized strategic leadership differently, and therefore the findings reflect the proxies used. Therefore, a study focusing on SGBs and operationalizing strategic leadership as proposed by Ireland and Hitt (2005) was necessary.

Although there exist contextual studies focusing on SGBs, SMEs, and MSEs, such as Nyaboga (2019), who focused on the impact of financial technology credit on the performance of businesses, Mwangi (2019) who examined the nexus between strategic outsourcing of services and the performance of SMEs, Akimana (2019) who looked at internal controls and performance of SMEs and Kiggima (2018) who dwelled on the effect of innovations on the performance of MSEs, there exist consceptual gaps as the focus of these studies were not on strategic leadership and performance. Mwania (2011) researched on how the Biashara Boresha loans impact on the perfoemance of small and growing businesses owned by the Kenya Commercial Bank (KCB) customers in Ruiru Branch while GAthitu (2007) explored the factors that affect the performance of entrepreneurs in the privately run secondary schools in Thika District. Mugo (2012) surveyed factors influencing performance of entrepreneurs in Kenya with skewed focus on women owned businesses within Nairobi central business district (CBD). Kinyua (2014) studied the factors influencing the performance of small and medium enterprises in the Jua Kali sector in Nakuru County, Kenya. Although all these studies focused on the performance of organizations, the same were either sector specific, area specific or covered just a few specific objectives. For instance, Mwania (2011) never considered other factors that affect the performance of businesses except the finance element. Gathitu (2011) on the other hand was only specific to entrepreneurs investing in the education sector only while Mugo (2012)only considered women owned entreprises within Nairobi CBK leaving out the male-owned businesses. Kinyua (2014) focused on performance of businesses in the informal sector within Nakuru county. Notably, all these studies have been done in the urban centres of Nairobi, Nakuru, Thika and Ruiru.

Conceptually, the literature reviewed pointed out the fact that a considerable number of previous studies on the impact of strategic leadership on organizational performance had not taken into account the moderating role of the external environment between the two variables (Machuki & Aosa, 2011; Ng'ang'a, 2018). This suggests that few studies have been conducted to establish the relationship between the three variables of strategic leadership and external environment on organizational performance. This study filled the gap identified by using a combination of the three variables and therefore adding to the number of studies done to determine the effects of the three variables combined. A moderating variable has been played in secular organizations (Alhyasat & Sharif, 2018; Gusmao, Christiananta & Ellitan, 2018). The literature reviewed did not find any study on the effects of strategic leadership on organizational performance with the external environment as a moderating variable within any Christian institution (Mumo, 1997; Naidoo, 2016; Nkonge, 2013). The only closely related study known to the researcher was by Mumo (1997), whose aim was to establish the historical development of theological education in AIC. The current study was conducted in a Christian context, namely AIC theological training institutions in Kenya, filling the gap identified through the literature review.

This study also found methodological gaps in previous studies during the comprehensive empirical literature review. Methodologically, some studies had used different research designs from this study. Dragnic (2014), for instance, used a longitudinal research design in their research. Karia and Wong (2013) used interviews and surveys, while Nguyen and Nguyen (2013) used in-depth interviews. This study used an experimental survey research design that was different from the ones identified in the literature review. On the population sampling methods, Hadrawi (2018) used a combination of random and convenience sampling methods while conducting their study. Mapetere, Mavhiki, Nyamwanza, Sikomwe and Mhonde (2012) had used random sampling method. Nguyen and Nguyen (2013) used a purposeful sampling method. This study used a multistage purposeful sampling method to sample respondents to be included in the study.

2.6 Chapter Summary

This chapter has provided a comprehensive review of the concept of strategic leadership and its relationship with firm performance. The chapter has documented literature on strategic leadership and its sub-components, namely: offering strategic direction, exploiting core competencies, developing human capital, and sustaining an effective organizational culture and how each influence the organization's ability to achieve its goals. From the literature reviewed, it was established that strategic leadership influences the motivation of employees and, in essence, the performance of firms. The chapter has also provided a theoretical and conceptual framework that explains the relationship between the dependent and independent variables.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the research methods that were used to critically assess the impact of strategic leadership on the success of small and growing businesses operating in Nairobi County, Kenya. The chapter explains the research paradigm and the selected research design. It also describes the study population and sampling procedure as well as the data collection instruments. The data analysis techniques used are similarly discussed, and ethical considerations are explained.

3.2 Research Paradigm

The research paradigm indicates the perceptions, beliefs, and assumptions on how one gets to know what they know. The two major paradigms applied to guide research in social science are the positivism and phenomenology (Khan, 2008. The positivism paradigm quantitative rather than qualitative (Saunders, Lewis & Thornhill, 2007). According to Ravitch and Riggan (2012), positivism is guided by the notion of realism existing, but which may not be known perfectly due to human limitations.

This research was centered on the positivism approach rather than the phenomenol. The positivism approach differentiates the researcher from the subjects as independent and cannot influence each other’s outcome or results (Saunders et al., 2007). The fundamental explanation for the study's positivist theory is focused on the claim that it aims to empirically evaluate the relationships between variables and then test the hypotheses derived from the theories, allowing acceptance or rejection based on the tested findings, leading to more research.

3.3 Research Design

According to Khumar (2011), the research design is the approach the researcher develops procedurally and allows them to answer questions correctly, validly, critically, and cost-effectively. Burns and Burns (2008) expound that a research design looks to enhance the researcher’s ability to conceptualize an operational plan to embark on the various techniques available and necessary tasks to the study’s conclusions while also ensuring that the procedures used are adequate to obtain accurate, objective, and specific responses to the research questions.

This thesis used both descriptive as well as explanatory analysis designs. Explanatory research aims to create a causal link between study variables (Burns & Burns, 2008). As per Cooper and Schindler (2013), a descriptive non-experimental research design is sufficient when the researcher tries to understand how the phenomenon works by defining the underlying factors that cause a change in it, and the independent variable is not manipulated.

3.4 Population

Banerjee and Chaudhury (2010) indicated that the population is defined as the whole set of focus from which a research sample will be selected. It's a group of people or things from which the sample's results can be extrapolated. Cooper and Schindler (2008) explain it as a group of people or things from which the sample's results can be inferred. A target population may also be described as a set of elements from which deductions are to be made (Cooper & Schindler, 2008).

The participants in this study were made up of SGBs from Nairobi County since it is Kenya’s Capital city and has more likelihood of having many innovative SGBs. There were 8,259 registered SMEs within Nairobi County (Nairobi County Council, 2018), with 1,539 SMEs found within the Nairobi's Central Business District qualified to go through the scale-up acceleration to become SGBs potentially. The study targeted SGBs operating for over three years when this study was undertaken and not startups or idea-stage businesses. This was necessary for ensuring some level of maturity of the company and further that authentic information regarding the performance of the business would be available. The study also targeted SGBs of the various sectors comprising hospitality, transport and communication, entertainment, manufacturing, agriculture, general trace, educational, technical, or professional. The studies by Bass (2012) and Kelly and Mark (2013) revealed that providing strategic leadership by many senior executive officers is very crucial for organizational success. Further, since leadership is about influence, where the leader sets the vision, then guides, motivates, and directs followers towards executing the goals, the actual respondents were then both the founders, top managers, and employees of the selected SGBs.

Table 3.1: *Population Distribution*

Classification of SGBs	Population
General Trade	247
Transport and Communication	231
Agriculture	211
Hospitality	205
Professional and Technical	217
Education and Entertainment	207
Manufacturing	221
TOTAL	**1539**

Source: Nairobi County Council (2018)

3.5 Sampling Design and Sample Size

A stratified sampling technique was used, in which the population was divided into seven strata based on the industry in which the company operated. Within - the stratum, a simple random sampling technique was used to select a representative sample from the population. Stratified sampling allows the researcher to sample each subgroup in the population in a representative manner, resulting in greater statistical precision. Simple random sampling helped to prevent biased selection and ensure that each participant had a fair probability of being chosen, thereby satisfying the statistical regularity principle, which states that a randomly selected sample will have similar characteristics that could be generalized to the entire population.

The study adopted Yamane's (1967) formula with the assumption of a 95% confidence level to estimate the sample size.

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

Where:

n = sample size

N = the size of the population

e = the level of precision

1 = Constant

$$n = {}^{1539}/_{1+ 1539(0.05)2}$$

$$= 317.48 \approx 318 \text{ respondents}$$

As per the presented workout, a sample size of 318 respondents was used. Table 3.2 shows the sample size distribution.

Table 3.2: *Sample Size Distribution*

Classification of SGBs	Population	Sample Size
General Business	247	51
Transport and Communication	231	48
Agriculture sector	211	44
Hospitality	205	42
Professional and Technical	217	45
Education and Entertainment	207	43
Manufacturing	221	45
TOTAL	1,539	318

Source: Nairobi County Council, 2018

3.6 Data Collection and Data Collection Instruments

A structured questionnaire was used to collect primary data for the study. The structured questionnaire was adopted as it was free from bias and allowed respondents adequate time to give well thought out answers, apart from being appropriate and convenient for a large sample (Stake, 2010). The questionnaire contained Likert scale questions split into four segments. Section (A) covered respondents' as well as the organization's general information, section (B) focused on strategic leadership and actions that are geared towards performance, section (C) entailed statements on the organizational performance level, while section (D) focused on the external environment.

3.7 Data Collection Procedures

The researcher administered the questionnaire to one respondent in each company. Hard copy questionnaires were used to collect data. The study adopted the drop-and-pick data collection method (Kothari, 2006). Target respondents were the founders and managers of the SGBs. Prior to collecting data, the researcher received permission from PAC University and a research permit from the National Council for Science, Technology, and Innovation (NACOSTI). With the help of researcher assistants, the researcher administered the questionnaires, ensured that the targeted respondents received them, and maintained a register to ensure that the filled questionnaires were collected back.

3.8 Instrument Pretesting

Instrument pre-testing is the initial distribution of research instruments to a small section of the population to evaluate the research instrument's reliability, validity, and suitability prior to the actual data collection. According to Murray (2003), instrument pre-testing is done to expect the research instrument to be improved. The purpose of the pre-test is to simulate the main study and find out whether the questions have any ambiguity that can be corrected before deployment for the main study. This, therefore, helped improve the reliability of the questionnaires. The pretest was done on five SGBs, which were excluded from the main study. The responses obtained facilitated the refinement of the final instrument in terms of clarity, conciseness, and simplicity. The data also enabled the researcher to test the reliability and validity of the research instrument.

3.9 Reliability

According to Creswell (2014), the reliability of the research instrument considers the consistency of participants' responses within constructs. It involves testing of the instrument's level to produce reliable findings even after several tests (Donald, 2006). This implies that data collection and analysis procedures yield reliable and consistent results irrespective of the sources of data. The internal consistency was viewed as an indicator of reliability. Scores on the items measuring similar constructs were reviewed for consistency. This was achieved by conducting the Cronbach's Alpha test.

Cronbach's Alpha is crucial to an investigator as it enables them to determine if the instruments can provide accurate and consistent answers even if similar questions are substituted. If a variable offers similar responses to a similar set of questions, it is said to be stable. The true ranking, also known as 'Alpha,' has a range of values from 0 to 1. It was used to ascertain the reliability of the questionnaire with rating scales and questions. A high score implies high reliability, with 0.7 being considered an acceptable coefficient of reliability or Alpha value (Khan, 2008). Further, a reliability test was conducted during the main study, and the results are presented in chapter four of this study. Therefore, the Cronbach Alpha model was accepted as it was regarded suitable and sufficient for reliability and further assessment.

Table 3.3: Reliability Statistics

Cronbach's Alpha	N of Items
0.65	5

3.10 Validity

According to Cooper and Schindler (2013), the ability of a research instrument to calculate the construct as expected is referred to as its validity. Construct validity therefore is a test that helps determine if the operational description of a variable accurately represents the concept’s true theoretical meaning. The questionnaire for this research focused on similar studies done in the past, with a few modifications to address the study objectives. The adequacy of the sample was tested using the Kaiser-Meyer-Olkin measures as well as the Bartlett’s test of sphericity. On the other hand, the content validity of the research tool was established by use of the opinions of industry experts, strategic leaders and statisticians who reviewed the tools and rated the extent the validity of the questionnaire. The scores were then totaled and averaged to arrive at a single index. The views from the assessors were also integrated into the study tool. This helped to eliminate any extraneous questions and remove any ambiguous or vague sentences in the research tool. Their input was also used to modify the study tool to a language that could easily be understood and answered to increase the response rate and clarity of the tool to the respondents.

3.11 Data Analysis

The questionnaire data were coded and entered in the version 19 of the Statistical Package for Social Sciences (SPSS), where data transformation was first performed. This entailed creation of composite variables and computation of composite scores. The data was then analyzed using descriptive and inferential statistics. The descriptive analysis involved the determination of frequencies and percentages, mean and standard deviation scores, and cumulative variance.

Correlations and regression analysis were calculated to draw inferences about the entire population. The correlation coefficients were calculated from the data to establish if there is an association or relationship between the variables under investigation. Further, the multiple linear regression model was used to analyze the quantitative data since it comprises one dependent variable and multiple independent variables. Regression was performed to determine the predictive power of the independent variables on the dependent variable. Regression analysis thus helped describe the relationship between the independent and dependent variables. The multiple regression model was applied as follows:

$$Y = \beta o + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$$

Where,

Y= Performance of the SGBs

βo = the constant; When all the predictor values are zero, it is equal to Y

$\beta1$, $\beta2$, $\beta3$, $\beta4$, and $\beta5$ = The Beta coefficients of the variables (i), which measures whether there is the responsiveness of Y to change in (i)

X_1 = Strategic direction

X_2= Core competencies

X_3= Human capital

X_4= Organization culture

X_5= External environment

Ɛ=Error term

The results of the study were presented using appropriate figures and tables.

3.12 Ethical Consideration

According to Gravetter & Forzano (2018), ethical concerns in research entail the voluntary participation, safety of respondents, their privacy and discretion during and after the study. The researcher must assure voluntary participation to ensure control of ethical factors This may, however, result in low response rates that lead to biased responses (Cooper & Schindler, 2011). Several ethical considerations were made, and ethical protocols were followed. To begin with, the researcher pursued consent to carry out the research from the National Commission for Science, Technology, and Innovation (NACOSTI) and followed through with their requirements for research.

Further, the researcher adhered to the guidelines stipulated by Pan African Christian University. The researcher then organized meetings and calls with the leadership of the various SGBs as well as the target respondents to explain the purpose of the study before commencing the study. Participants were given an informed consent form that explained the essence of the research and their participation in detail. The respondents were also informed that participation is not compulsory, and they reserved the right to disengage in this study at any time without any consequences to them.

The researcher observed confidentiality and dealt with all confidential information with care and privacy. For instance, the identity of participants or their companies was not required. This was so to keep their participation anonymous. The researcher undertook to ensure that the information gathered was solely to be used for research, and it was stored in a safe place accessible only to the researcher. The only third parties who were involved in the study and therefore could be granted access to the data were research assistants and the research supervisor, both of whom were subject to the strict compliance with the confidentiality agreements assured to respondents.

3.13 Chapter Summary

This chapter covered the methodology adopted. Notably, the study embraced the use of a descriptive and explanatory research design. The target population was drawn from small and growing businesses in Nairobi County CBD. Primary data was collected and analyzed with the aid of SPSS. Both descriptive and inferential statistics were employed, and results were reported in tables and figures.

CHAPTER FOUR

RESULTS, DATA ANALYSIS, PRESENTATION, AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter provides the analysis, presentation, and discussion of the data collected. The data were analyzed using SPSS (version 19), where descriptive statistics and inferential analysis were conducted. The chapter starts by presenting the questionnaire return rate, followed by a demographic analysis. The descriptive statistics are then presented, and finally, the presentation and interpretation of correlation and regression analysis results. Data presentation was done using figures and tables. The test for significance was done at a 0.05 level.

4.2 Questionnaire Return Rate

The study administered a total of 318 questionnaires to study respondents. Out of this, 210 questionnaires were successfully filled and returned. The response rate for the study was, therefore, 66%. According to Dogan (2013), a response rate of below 50% is considered poor, while a response rate of above 50% is deemed to be reasonable for data analysis. Therefore, a response rate of 66% for this study was considered sufficient to proceed with data analysis. The response rate was realized owing to proper follow-ups on the respondents. The response rate for the questionnaire was as shown in Table 4.1.

Table 4.1: *Response Rate*

Questionnaires	Frequency	Percentage
Returned	210	66
Not returned	108	34
Total	318	100

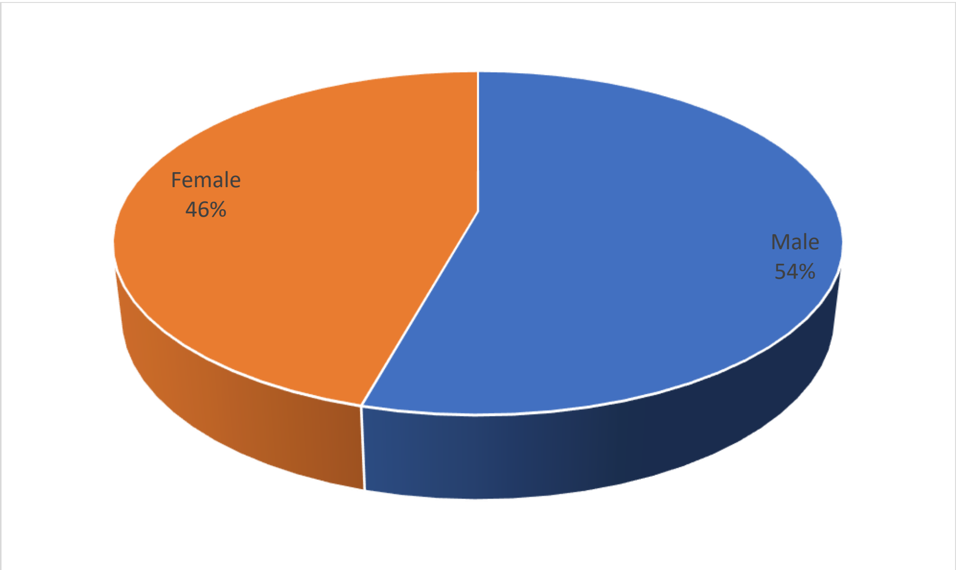
4.3 Demographic Information

The study assessed several demographic information, which included the gender of the respondents, their age, the highest level of education attained, and the years of experience in the firm. The demographic information served an essential purpose for this study. Firstly, the information about gender helped the researcher understand the gender distribution in the sample. Secondly, the age facilitated the appreciation of the age diversity in the firms used in the study. The level of education attained helped put into context the respondents' understanding of the questionnaire and the subject of the study. Finally, information regarding the years of experience enabled the researcher to get an idea of respondents' historical background knowledge of the firms' operations regarding strategic leadership and organizational performance and hence the validity of the information provided.

4.3.1 Gender

The results of the gender of the respondents were as presented in Figure 2.0.

Figure 2.0: Gender of the Respondent

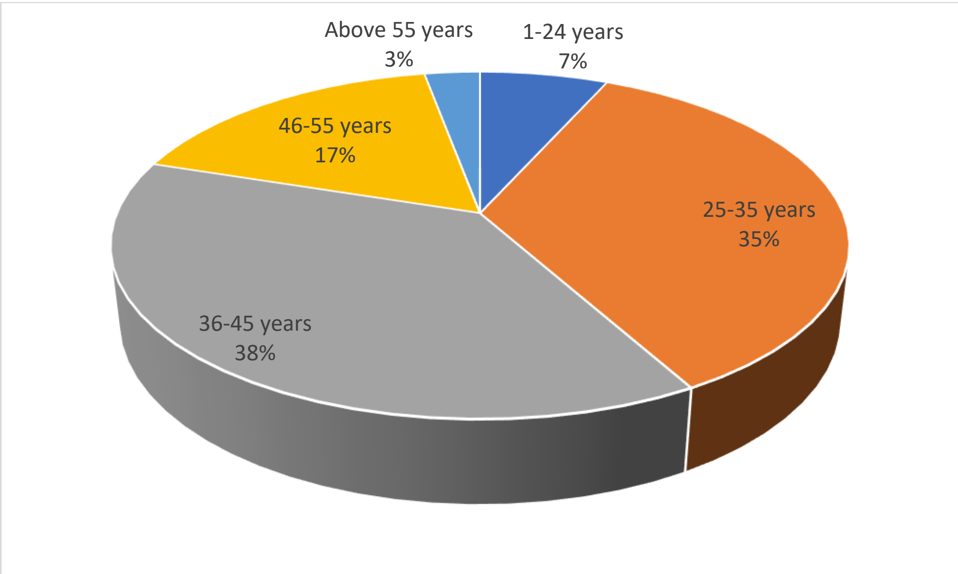


The results on gender revealed that the male participants were slightly higher than the female respondents, as represented by 54% and 46%, respectively. Therefore, it was deduced that the small and growing firms were majorly owned or managed by males. Further, it is also clear that women's empowerment has worked well in this county, seeing how the gap has been narrowed between the men and women in innovation and employment.

4.3.2 Age

The data analysis on the age distribution of the respondents was as in Figure 3.0.

Figure 3.0: Age of the Respondents



The results revealed that participants aged 36-45 years were the majority, accounting for 38% of the respondents. This was followed by the respondents aged between 25 and 35 years at 35%, while those respondents aged between 46 and 55 years, less than 24 years, and those above 55 years accounted for 17%, 7%, and 3%, respectively. This implies that the majority of the small and growing business owners and managers, and employees in Nairobi were aged 25-45 years. From the age distribution, it was evident that most of the businesses were youth-owned. This level of innovation by the youthful persons is an indication that job opportunities in the country have continued to shrink and that levels of unemployment within the county have continued to grow over the years. The alternative, thus, for many who cannot access formal employment has been to start their own businesses innovatively.

4.3.3 Highest Level of Education

Figure 4.0 shows the data analysis results on the highest level of education attained by the study participants.

Figure 4.0: Highest Level of Education

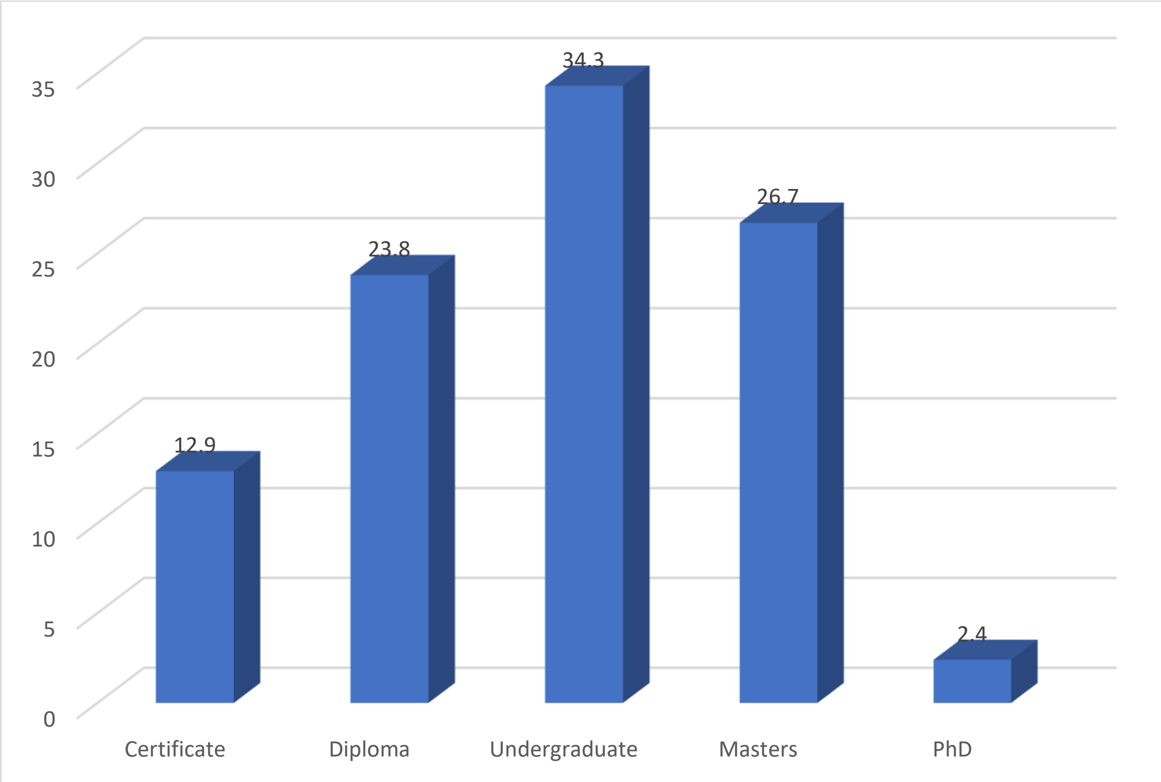


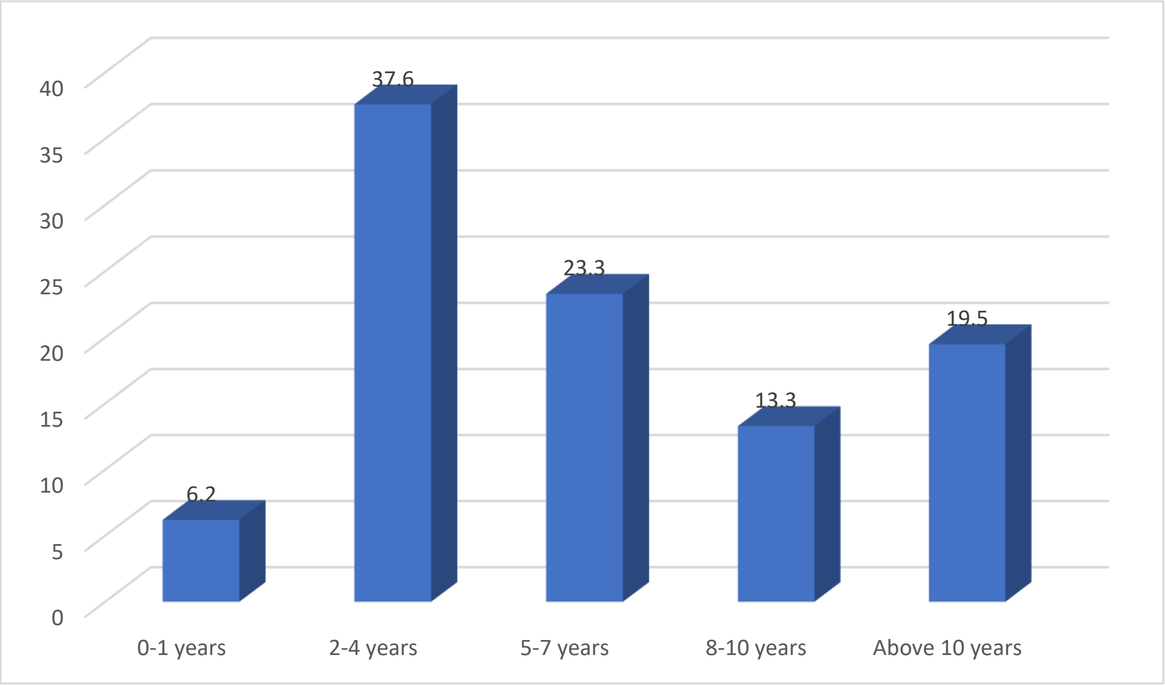
Figure 4.0 shows that most of the participants surveyed in the study had attained an undergraduate level of education, accounting for 34.5% of the respondents. In comparison, respondents who reached master's degrees followed at 26.7%. The respondents with a

diploma level of education were 23.8%, while only 12.9% and 2.4% represented those with a certificate and Ph.D. level of education, respectively. These results imply that the participants in the research were highly educated and that they would understand the concepts of strategic leadership and hence were able to interpret the questionnaire. It is also evident that many Kenyans are highly educated and that more and more companies are keen to absorb people who have gone through formal training. Furthermore, education unlocks innovation, as indicated by most of the owners of SGBs being highly educated.

4.3.4 Years of Experience in the Firm

The results of respondents' years of experience in the firms were presented in Figure 5.0.

Figure 5.0: Years of Experience in the Firm



The results in figure 5.0 show that those study respondents with between 2 and 4 years of experience in the firms were the majority at 37.6%. This was followed by those between 5 and 7 years at 23.3%, while those with above ten years at 19.5%. Respondents who had between 8 and 10 years accounted for 13.3% of the respondents, and those with less than one year of experience were the least at 6.2%. The findings imply that most of the study participants had adequate experience to form opinions about their respective firms' strategic leadership practices and organizational performance.

4.4 Descriptive Statistics

Descriptive statistics like the mean, the standard deviation, and the cumulative variance were used to summarize the data. The questionnaire used a scale of 1-5 from 1=strongly disagree to 5=strongly agree.

4.4.1 Descriptive analysis of variable Strategic Direction

The first independent variable of the study was strategic direction. This study aimed to establish the influence of offering strategic direction on the performance of small and growing businesses within Nairobi County. Descriptive analysis of strategic direction items is presented in Table 4.2.

Table 4.2: *Descriptive Statistics for Strategic Direction*

	N	Mean	Std. Deviation	Cumulative Variance
The vision/mission intent is clearly defined and understood by the staff	210	4.09	0.749	0.561
Management facilitates employees' meaningful making of changes to achieve the envisioned future through communication	210	4.17	0.794	0.631
The leaders of the firm are too committed to the status quo, avoiding any perceived risky actions	210	3.72	1.041	1.083
The firm has a clear set of goals, and all employees are aware of these goals	210	4.11	0.749	0.561

The firm has a set of core values, and all employees adhere to them	210	3.95	0.908	0.825
The leader's personality is inclined towards bringing strategic change	210	4.11	0.798	0.638
Average		4.03	0.840	0.717

Source: Field Data (2021)

From the results in Table 4.2, it was concluded that the respondents agreed to a large extent that the performance of small and growing businesses is influenced by the offering of strategic direction, as indicated by an overall mean score of 4.03. The standard deviation of 0.840 showed a low variation, suggesting more commonality than a diversity of opinion among respondents.

The study established that the leadership clearly outlined the vision and mission of the businesses and that the staff understood the same. Further, the management communicates and facilitates employees to achieve the envisioned goals with high mean scores of 4.09 and 4.17, respectively. The standard deviation of 0.749 and 0.794 showed a low variation amongst the various respondents, suggesting more commonality than a diversity of opinion across the various businesses.

The study further revealed that the firm's leaders are too committed to the status quo, avoiding any perceived risky actions much as their personalities are inclined towards bringing strategic change. Once the goals have been set, most of these leaders objectively focus on achieving them; most not being very flexible. The high mean scores of 3.72 and 4.11 prove this. At the same time, the low standard deviations of 1.041 and 0.798 showed that there was a low deviation amongst the various respondents, suggesting that there was more commonality than a diversity of opinion across the various businesses.

Additionally, the high mean score of 3.95 indicated that most of the respondents confirmed that the organizations where they work have set guiding beliefs and core values, with the low standard deviation of 0.908 indicating low variation in responses.

4.4.2 Descriptive analysis of variable Core Competencies

The second objective was to determine the influence of core competencies on the performance of small and growing businesses within Nairobi County. By using a five-point Likert scale, the respondents were requested to rate the aspects of core competencies within their organizations. The data were analyzed using mean and standard deviation. The descriptive statistics for core competencies are presented in Table 4.3.

Table 4.3: *Descriptive Statistics for Core Competencies*

Core Competencies	N	Mean	Std. Deviation	Cumulative Variance
The firm adequately leverages its resources by accumulating, combining, and exploiting the resources	210	4.02	0.712	0.507
The firm allocates resources towards building new capabilities, which develop into core competencies	210	4.04	0.94	0.883
The core competencies of the firm are understood at the strategy formulation stage and then emphasized when implementing selected strategies	210	3.94	0.879	0.772
The company fosters the exchange of resources among its divisions, particularly staff knowledge and abilities.	210	4.1	0.823	0.678
Average		4.03	0.840	0.71

Source: Field Data (2021)

From the data in Table 4.3, the respondents agreed to a large extent that small and growing businesses adequately leverage their resources, their focus being to accumulate and exploit the resources for better performance. They further agreed that firms allocate resources through their budgeting process for building and strengthening capabilities which essentially develop into core competencies. This is clearly indicated by the high mean of 4.02 and 4.04 with the low standard deviation of 0.712 and 0.94, respectively.

Further, in the strategy formulation process by the firms, the respondents agreed that the leadership emphasizes the organization's core competencies that followers both understand and appreciate. The same core competencies are stressed at every stage of strategy implementation to ensure that they are fully exploited for better performance of the organization as per the high mean of 3.94 and a low standard deviation of 0.88.

Moreover, most of the respondents concurred that collaboration across the various division is highly fostered, encouraging knowledge sharing for efficiency and effectiveness of operations. The high mean score of 4.1 and the low standard deviation of 0.823 reflect that most businesses exchange their resources among their divisions, particularly knowledge and abilities.

Overall, it was established that most of those surveyed affirmed the statements on core competencies. This was supported by an overall mean score of 4.03 and a standard deviation of 0.84, which showed a low divergence. The low variation suggests that respondents commonly agreed that core competencies were fostered and leveraged.

4.4.3 Descriptive analysis of variable Human Development

Human capital development was the third independent variable of the study. The study sought to determine how investment in human capital development influences the performance of small and growing businesses within Nairobi County. The results of the descriptive analysis of human resource development items are displayed in Table 4.4.

Table 4.4 *Descriptive Statistics on Human Development*

	N	Mean	Std. Deviation	Cumulative Variance
The firm employs effective training and development programs	210	3.92	0.917	0.84
The investment in human capital is adequate to produce the expanding knowledge necessary for strategic success	210	3.92	0.909	0.827
The leaders are involved in the learning experience (success or failure)	210	4.11	0.753	0.567
The firm offers employees opportunities for career progression	210	3.99	0.978	0.957
Average		3.99	0.890	0.798

Source: Field Data (2021)

The results in Table 4.4 indicate that most small and growing businesses have adopted employee training programs to upscale and develop the skills of their employees. The respondents further agree that investment in human capital development, to set aside a sufficient budget for learning and development, has adequately been provided for in their organizations. This has resulted in an expanded knowledge base necessary to foster strategic success. This is revealed by the high mean of 3.92 for both aspects by the various respondents and the low standard deviation of 0.917 and 0.909, showing convergence rather than the divergence of the views.

Further, to a large extent, most respondents with a mean of 4.11 reported that their organizations' leadership is involved in the learning and development experience with very few divergent opinions, as indicated by the low standard deviation of 0.753. The leaders of the organizations have also sought to bridge their knowledge gap as they appreciate knowledge creation and skills development as key to organizational success. They further understand that leadership is about influence. To cultivate the learning culture, they need to be part of the process to lead the way and motivate the rest of the organization to build themselves along their career lines and broaden their spectrum. The respondents further agreed that the firms offer opportunities for career growth and indicated by the high mean of 3.99 with a low standard deviation of 0.978.

The overall mean score for the statements regarding the human development aspect of strategic leadership was 3.99. This suggests that most of the respondents agreed with the comments regarding human development. A standard deviation of 0.89 also showed a low variation, which means that most of the respondents shared the view that the respective firms developed their human capital.

The finding of this study is in agreement with research by Ireland and Hitt (2005, who reported that Human Capital Development is the knowledge and skills of a firm's entire workforce. These findings are supported by further research by Hsu et al. (2007), which indicated that the relevance of the human capital, especially to the firm, that a technology-based new venture would serve to enhance the quality of the employees, which will later have an impact on the firm success. In contrast, the quality of training improves employees' performance, which later will impact the firm's success. Research by Marimuthu et al. (2009) opined that human capital development is one fundamental solution for developing economies to join the international world. Hence, there is a need to dedicate time and efforts to acquire knowledge, skills, and education that will culminate in what is referred to as a human capital investment, which positively impacts the firm's performance.

4.4.4 Descriptive analysis of variable Organizational Culture

The descriptive results for organizational culture items are presented in Table 4.5.

Table 4.5: *Descriptive Statistics for Organizational Culture*

	N	Mean	Std. Deviation	Variance
The company has a distinct culture that stimulates strategic thinking and is hard to emulate.	210	3.86	0.938	0.879
Firm managers organize others' inventive work, energize the culture, and encourage alignments with the firm's vision and objectives.	210	4.04	0.818	0.668
The company's culture encourages employees to pursue entrepreneurial opportunities, which are a critical source of growth and innovation.	210	3.89	0.919	0.844
Practices are tailored into a culture that complements the firm's chosen strategy	210	3.97	0.809	0.654
The culture in the firm is sensitive to ethical considerations	210	4.15	0.796	0.634
Average		3.98	0.856	0.736

Source: Field Data (2021)

As per table 4.5, the respondents generally agreed every company has its own distinct culture, which stimulates strategic thinking and is uniquely hard to emulate. The role of the firm managers and leadership is to organize, encourage and motivate people along with the corporate culture while aligning the same to the vision, mission, and purpose of the organization, trickling down to the objectives and outcomes of each employee. This is indicated by the high mean scores of 3.86 and 4.04, respectively, with low standard deviations of 0.938 and 0.818.

The respondents further agreed that organizational culture encourages employees to pursue entrepreneurial opportunities, a critical source of growth and innovation. The high mean of 3.89 and low standard deviation of 0.919 indicate that creativity, innovation, and critical thinking among staff are harnessed across the small and growing businesses, a culture that results in innovations and products and new ways of doing things. The practices are tailored into a culture that compliments the firms' chosen strategies, as shown by the high mean score of 3.97, with very few respondents having a divergent opinion, as indicated by the low standard deviation of 0.809.

Further, culture was viewed as being sensitive to ethical issues. The high mean of 4.15 and low standard deviation of 0.796 indicate that most of the respondents agreed that ethical considerations are embedded in their operations in their organizations, translating to high standards of ethical performance.

The overall mean score for the statements regarding organizational culture was 3.98 on a 5-point scale. This signifies that most of the respondents surveyed were affirmative of the corporate culture aspect of strategic leadership practices in their firms. A low standard deviation of 0.856 was obtained, implying that the affirmation of the organization's culture was shared across the firms.

The study results agree with the findings by Raisch and Birkinshaw, 2008 that the culture of a firm is a collection of core beliefs and behaviors, which are shared within the organization and impacts the way operations are steered. Culture enables a firm to regulate its employees' conduct since it determines how a firm operates. This is foundational to gaining a competitive advantage over its rivals.

4.4.5 Descriptive analysis of variable Organizational Performance

The study sought to determine the extent to which each measure of firm performance had been achieved in the small and growing businesses within Nairobi County. Organizational performance being assessed encompassed financial, customer, internal process, and administrative capacity aspects. The findings for the descriptive statistics were as in Table 4.6.

Table 4.6: *Descriptive Statistics on financial aspects of SGBs Performance*

	N	Mean	Std. Deviation	Variance
Financial Over the last three years, the firm's entire sales have increased.	210	3.78	0.94	0.883
Firms' profitability has improved over the last 3years	209	3.83	1	0.999
Over the last three years, the company's return on investment has risen.	209	3.82	0.948	0.899
Average		3.81	0.963	0.927

Source: Field Data (2021)

The findings in Table 4.6 show that the financial performance aspect of organizational performance had an overall mean score of 3.81, indicating that the majority of those surveyed agreed with the statements. Further, a 0.963 standard deviation showed a low variation, implying commonality rather than diversity of opinion. The respondents agreed that the sales in their organizations had increased over the past three years and that the profitability and the companies' return on investment (ROI) had risen. This was indicated by the high mean scores of 3.78, 3.83, and 3.82, respectively, with low standard deviations of 0.94, 1, and 0.948. Despite the global challenge of the Covid 19 pandemic, this resulted in a shrunk economy.

Table 4.7: *Descriptive Statistics on Customer Focus and Performance of SGBs*

	N	Mean	Std. Deviation	Variance
Increased referral reflects customer satisfaction	210	4.18	0.798	0.637
Customer retention is key to the growth of the firm	210	4.41	0.754	0.568
There is continuity improvement in customer loyalty due to better services	209	4.29	0.776	0.602
Average		4.29	0.776	0.602

Source: Field Data (2021)

The results of table 4.7 indicate the respondents' view of their companies' focus on the customer aspect and its attribution to performance. The analysis was also found to generate an overall mean score of 4.29 and 0.776 standard deviations. As per the results, most respondents agreed with the statements about customer focus and organizational performance.

Most of the respondents agreed that their organizations use data on customer referrals to assess their customer satisfaction levels. The results show increased customer referrals across the businesses, as indicated by the high mean score of 4.18. In addition, the low standard deviation of 0.798 showed that few respondents were of divergent views. Customer retention was critical for organizational growth, and further, better services by the firms resulted in improved customer loyalty. These are indicated by the high means scores of 4.41 and 4.29, respectively. The low standard deviations of 0.754 and 0.776 show commonality instead of divergent views amongst the respondents.

Table 4.8: *Descriptive Statistics on Internal Processes and Organizational Performance*

	N	Mean	Std. Deviation	Variance
The firm's operations management has been efficient.	210	3.96	0.769	0.592
There has been a reduction in administration cost	210	3.7	1.04	1.082
Over time, the company has released several unique and innovative services.	210	3.91	0.911	0.829
Average		3.86	0.907	0.834

Source: Field Data (2021)

The results of Table 4.9 indicate that the respondents generally agreed with the aspects of the internal process with a high overall mean score of 3.86 and a standard deviation score of 0.907. This signals that most of the respondents agreed with the statements. The respondents agreed that their organizations had a significant focus on operational efficiency and that the overall administrative costs had been reduced. Further, the organizations released new, unique, and innovative services. The high means scores of 3.96, 3.7, and 3.91 show that most respondents agreed that their organizations were keen on these internal aspects of performance. At the same time, the low standard deviations of 0.769, 1.04, and 0.911 indicated that most of the respondents agreed with these statements on internal processes.

Table 4.9: *Descriptive Statistics on Organizational capacity and performance of SGBs*

	N	Mean	Std. Deviation	Variance
The company funds employee training	210	3.77	0.995	0.991
Employees at the firm have opportunities for personal and professional development	207	3.89	0.941	0.886
The personnel are friendly and provide good customer service.	210	4.05	0.759	0.576
Average		3.90	0.898	0.818

Source: Field Data (2021)

As per table 4.9, the respondents generally agreed with the statements on organizational capacity, with an overall mean score of 3.90 and a standard deviation score of 0.898 obtained. This implies that most of the respondents agreed with the statements on organizational capacity. The results, therefore, showed that overall organizational performance yielded a favorable response.

The results show that most of these sampled organizations funded employee training and that employees have personal and professional development opportunities. Furthermore, most of the respondents agreed that the personnel in their organizations are friendly and provide good customer service. This is indicated by the high mean scores of 3.77, 3.89, and 4.05, respectively, with low standard deviations of 0.995, 0.941, and 0.759.

4.4.6 External Environment

The moderating variable for the research was the external environment. Table 4.10 presents the descriptive statistics.

Table 4.10: *Descriptive Statistics for External Environment*

	N	Mean	Std. Deviation	Variance
The firm has adopted ICT in its operations	210	4.21	0.779	0.607
The firm has automated its business processes	209	4.00	0.946	0.894
The performance of the firm is affected by county government laws	210	3.84	0.975	0.95
The performance of the firm is affected by national government laws	209	4.11	0.839	0.704
The firms' performance is affected by corruption practices in the country	210	3.92	1.023	1.047

The firm is facing stiff competition	210	4.19	0.796	0.633
Average		4.05	0.893	0.806

Source: Field Data (2021)

The results in Table 4.10 indicate that the moderating variable external environment attracted an overall mean score of 4.05 and a standard deviation score of 0.893, implying that most of the respondents agreed with the statements. More specifically, the respondents agree that their organizations have continued to adopt ICT in their operations and that most processes are automated. This is as shown by the high mean scores of 4.21 and 4.0, respectively, with low standard deviations of 0.779 and 0.946. They further agree that both county government laws and the national government laws have continued to affect their operations, as indicated by the high mean scores of 3.84 and 4.11, respectively, with low standard deviations of 0.975 and 0.839. Additionally, issues of corruption have continued to impact the businesses negatively to a great extent, while the respondents have voiced the issue of stiff competition for market share amongst peers as being evident. This is indicated by the high mean scores of 3.92 and 4.19, respectively, with low standard deviations of 1.023 and 0.796.

These findings agree with Sultana et al. (2012) research, which indicated that external environment focus business firms could adapt to market change. These enterprises have been recognized as prospector adaptive businesses. Similarly, a study by Jang et al. (2011) indicated that vibrant business environments demand constant shifts where opportunities are abundant, and performance should be highest for those firms that have an orientation for pursuing new strategic options for the long-term business growth and sustainability.

4.5 Correlation Analysis

The researcher performed the correlation analysis to find the relationship between the independent variables: strategic direction, core competencies, human development, organizational culture, and the dependent variable, organizational performance. Table 4.8 presents the findings.

Table 4.11: *Correlation Matrix*

Correlations

		1	2	3	4	5
1. Strategic Direction	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	210				
2. Core Competences	Pearson Correlation	.692**	1			
	Sig. (2-tailed)	.000				
	N	210	210			
3. Human Development	Pearson Correlation	.702**	.702**	1		
	Sig. (2-tailed)	.000	.000			
	N	210	210	210		
4. Organizational Culture	Pearson Correlation	.714**	.738**	.708**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	210	210	210	210	
5. Organizational performance	Pearson Correlation	.709**	.646**	.650**	.664**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	210	210	210	210	210

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

Source: Field Data (2021)

The correlation results revealed that the independent variable strategic direction positively correlates with organizational performance (r=0.709, p=0.000). The results also showed that core competencies positively correlate with corporate performance (r=0.646, p=0.000). Moreover, the variable human development has a positive relationship with organizational performance (r=0.650, p=0.000). Finally, results revealed that the corporate culture positively correlates with organizational performance (r=0.702, p=0.000). This finding agrees with the strategic leadership theory by Hambrick and Mason (1984), which pointed out that a significant portion of the executive decision on change is anchored on the laid down strategic direction.

Similarly, Marimuthu et al. (2009) research findings indicated that human capital development is one fundamental solution for developing economics to join the international world. Hence, there is a need to dedicate time and efforts to acquire knowledge, skills, and education that will culminate in what is referred to as a human capital investment, which has a positive impact on the firm's performance. Further still, the findings agree with the research by Armstrong (2018), who opined that developing organizational capabilities is an executive leadership strategic function. This results in improved organizational effectiveness and performance by building effective teams, developing human capital, and improving organizational processes like formulating and implementing strategies to improve customer satisfaction.

4.6 Multiple Linear Regression

Multiple linear regression analysis investigated the link between the independent and dependent variables. Tables 4.9 show the outcomes.

Table 4.12: *Multiple Regression Analysis*

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.761[a]	.579	.570	.36315

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	37.116	4	9.279	70.362	.000[b]
	Residual	27.035	205	.132		
	Total	64.151	209			

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.715	.200		3.580	.000
	Strategic Direction	.388	.078	.363	4.998	.000
	Core Competencies	.125	.064	.145	1.949	.053
	Human Development	.138	.061	.165	2.264	.025
	Organizational Culture	.159	.067	.181	2.361	.019

a. Dependent Variable: Organizational performance

Source: Field Data (2021).

The results reveal that the R^2 was 0.579, implying that the independent variables strategic leadership, core competencies, human development, and organizational culture explained 57.9% of the dependent variable organizational performance variation. The remaining 42.1% could be explained by other variables not accounted for in the regression model. From the analysis of the correlation results, the researcher found that the independent variable strategic direction had a positive correlation with organizational performance (r=0.709, p=0.000). The results also revealed that core competencies positively correlate with corporate performance (r=0.646, p=0.000). Moreover, the variable human development positively correlates with organizational performance (r=0.650, p=0.000). Finally, results revealed that organizational culture positively correlates with organizational performance. This implied that a positive change in strategic leadership would result in a positive change in organizational performance.

The significance of the model employed to represent the relationship between the study variables was also indicated by the ANOVA findings (F=70.362, p=0.000). The regression coefficients revealed that the relationship between the variable strategic direction and organizational performance was positive and significant (β=0.388, p=0.000). This was in line with Odita and Bello (2015), who found a positive and substantial relation between strategic direction and performance of the organization, which is based on its vision, mission, and objectives. These results are further in line with the findings of previous studies by Palladan, Abdulkadir, and Chong (2016); Hakimpoor (2014); Lear (2012); Opoku (2016), and Nzoka (2017), who found that organizational performance was positively correlated with strategic leadership. Nthini (2013) found a positive correlation between strategic leadership and organizational performance in Kenya's Commercial and Financial State Corporations.

Contrary to past research findings, the study established that the relationship between the variable core competencies and organizational performance was positive but not statistically significant (β=0.125 p=0.053). The finding contrasted with the results of a study by Srivastava (2005), who highlighted that the ability to use core competencies for the company's good is more important than possessing core competencies.

However, the relationship between human development and organizational performance was positive and significant (β=0.138, p=0.025). This was in line with Omar

(2018), who found that knowledge management, resources and skills, main work processes, and ICT are all significant measures of success.

Finally, the findings revealed that organizational culture and performance had a statistically significant relationship (β=0.159, p=0.019). This concurred with Kelemba et al. (2017), who established that teamwork, according to the report, maintains organizational democracy, promotes progress, encourages innovation and creativity, and allows for successful decision-making as well as connectivity. It was deduced from the findings that strategic direction unit change resulted in 0.388 significant alterations in organizational performance. On the other hand, core competencies unit change yielded 0.125 non-significant changes in organizational performance. For human development, a unit change could yield 0.138 significant variations in the organizational performance, and corporate culture unit alteration could cause a 0.019 significant change organizational performance.

The model was, therefore,

$Y = \beta o + 0.388X_1 + 0.125X_2 + 0.138X_3 + 0.159X_4$

Where,

Y= SGBs Performance

X1 = Strategic direction

X2= Core competencies

X3= Human capital

X4= Organization culture

4.7 Test of Moderating effect of External Environment

The study examined the moderating influence of the external environment on the relationship between strategic leadership features and organizational performance. Table 4.13 summarizes the output.

Table 4.13: *Moderating Effect of External Environment*

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.701[a]	.491	.481	.39918

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	31.485	4	7.871	49.398	.000[b]
	Residual	32.666	205	.159		
	Total	64.151	209			

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.241	.128		17.458	.000
	Strategic Direction*M	.054	.021	.355	2.607	.010
	Core Competence*M	.008	.017	.056	.438	.662
	Human Development*M	.029	.017	.212	1.685	.093
	Organizational Culture*M	.014	.019	.104	.764	.446

a. Dependent Variable: Organizational performance

Source: Field Data (2021)

The results showed that with the introduction of the moderating variable external environment, the R^2 decreased to 0.491, revealing that 49.1% of independent variables explained the variation in the dependent variable in the presence of the moderator. HOWEVER, the ANOVA results showed that the model was significant (F=49.398 p=0.0000). The regression coefficients for the independent variables in the presence of the moderator revealed that the variable strategic direction was positively and statistically correlated significantly with the organization's performance (β=0.054, p=0.010). Though, the variable core competencies were not significantly correlated with organizational performance (β=0.008, p=0.662). The variable human development was also not significantly related to organizational performance (β=0.029, p=0.093).

Further, the variable corporate culture was positive but not significantly correlated to organizational performance (β=0.014, p=0.446). This implies that the variable external environment moderated the relationship between strategic leadership and organizational performance. Thus, this finding shows that the introduction of the external environment leads to a reduction in the effect of the independent variables on organizational performance.

4.8 Chapter Summary

This chapter has presented, interpreted, and discussed the study results. This began with the presentation of the response rate and interpretation of the demographic results. The analysis also entailed the presentation and interpretation of descriptive and inferential data. The results have been displayed in figures and tables. Contained in the next chapter is the summary of findings, conclusions, and study recommendations.

CHAPTER FIVE

SUMMARY OF FINDINGS, RECOMMENDATIONS, AREAS FOR FURTHER RESEARCH, AND CONCLUSIONS

5.1 Introduction

This chapter contains a summary and discussion of the study findings on strategic leadership and the performance of small and growing businesses within Nairobi County. Data was collected, and the statistical analysis of the findings the discussions were done with reference to the study's objectives. Data were interpreted, and the findings' results were correlated with both empirical and theoretical literature available. The chapter also provides recommendations for the study and consideration of the implications of the research. Areas for further studies are also suggested. The study's overall conclusion is presented at the end of the chapter.

5.2 Summary of Findings

The study sought to determine the effect of strategic leadership on the performance of small and growing businesses within Nairobi County, Kenya. The study specifically looked at the influence of strategic direction, core competencies, human capital development, and sustaining organizational culture on the performance of small and growing businesses within Nairobi County. The study also examined the moderating role of the external environment on the relationship between the variables of strategic leadership and the performance of these businesses.

5.2.1 Strategic direction and performance of SGBs

The study's first objective was to determine the influence of offering strategic direction on the performance of small and growing businesses within Nairobi County. To assess this relationship, descriptive, correlation, and regression analyses were done on the study variables. The results indicated that the highest mean recorded in the statements that "the leadership facilitates the meaningful making of changes among employees to achieve the envisioned future through communication" was 4.17. The lowest mean was recorded in the statement that "the leaders of the firms are too committed to the status quo, avoiding any perceived risky actions" (M=3.72). The correlation coefficient analysis showed a strong positive correlation between the strategic direction offered and the performance of small and growing businesses with R= 0.709, P=0.000). Based on the findings, it was found that strategic direction influences the performance of small and growing businesses in Nairobi County. This is explained by the results of this study which revealed strategic direction positively and significantly affects the performance of small and growing businesses, which implied that a unit of change in strategic direction offered a 0.388 increase in organizational performance.

According to the findings, vision, mission, and objectives were clearly defined and set to achieve strategic leadership. This was in line with Odita and Bello (2015), who found a positive and substantial relation between strategic direction and performance of the organization, which is based on its vision, mission, and objectives. The strategic decisions should be sustainable and offer a competitive advantage. They should develop processes to deliver the strategy, exploit the linkages between the organization and its environment, and move the organization forward to a significant position.

5.2.2 Core competencies and the performance of SGBs

The study's second objective was to determine the influence of core competencies on the performance of small and growing businesses within Nairobi County. In order to establish this relationship, descriptive, correlation, and regression analysis was done on the variables of the study. The highest mean was recorded in the statement that "the company fosters the exchange of resources among its divisions, particularly staff knowledge and abilities," with a mean of 4.1. The lowest mean score was recorded in the statement that "the core competencies of the firms are understood at strategy formulation stage and then emphasized when implementing selected strategies," which had a mean of 3.94. The correlation analysis showed a strong positive correlation between core competencies and performance of small and growing businesses with R=0.646, P=0.000).

Based on the study results, there was a positive but insignificant effect of core competencies on the performance of small and growing businesses in Nairobi County. This is explained by the findings of this study which revealed that core competencies positively and significantly influence the performance of small and growing businesses, as implied by the results that a unit of change in core competencies of 0.125 increases organizational performance. Nonetheless, resource allocation, resource exploitation, and resource sharing were strategically practiced in the firms. The findings contrasted with those of Srivastava (2005), who highlighted that the ability to use core competencies for the company's good is more important than possessing core competencies.

5.2.3 Human capital development and the performance of SGBs

The third objective of the study was to evaluate the effect of human capital development on the performance of small and growing businesses within Nairobi County. In order to establish this relationship, descriptive, correlation, and regression analysis was done on the variables of the study. The highest mean score was recorded in the statement that "the leaders are involved in the learning experience for success or failure" with a mean of 4.11. The lowest mean score was recorded on the two statements that "the firm employs effective training and development programs and further that the investment by the firm in human capital is adequate to produce the expanded knowledge necessary for strategic success," which had a mean of 3.92. The correlation analysis showed a strong positive correlation between core competencies and performance of small and growing businesses with R=0.650, P=0.000).

The study results showed that human capital development has a positive and significant influence on the performance of small and growing businesses in Nairobi County. This is explained by the findings of this study which revealed that human capital development positively and significantly influences the performance of small and growing businesses, as implied by the results that a unit of change in core competencies of 0.138 increases organizational performance. The aspects of training, learning, and career progression were adopted for all the staff in the businesses. This was in line with Omar (2018), who found that knowledge management, resources and skills, main work processes, and ICT are all significant determinants of success.

5.2.4 Sustaining organizational culture and the performance of SGBs.

The fourth objective of the study was to determine the effect of sustaining organizational culture on the performance of small and growing businesses in Nairobi County. To assess the existence of this relationship, a descriptive correlation and regression analysis was done on the variables of the study. The highest mean was recorded in the statement that "culture in the firm is sensitive to ethical considerations," with a mean score of 4.15. The lowest mean score was recorded in the statement that "the company has a distinct culture that stimulates strategic thinking and is hard to emulate," which had a mean of 3.86. The correlation analysis showed a strong positive correlation between core competencies and performance of small and growing businesses with R=0.664, P=0.000).

The study found a positive and significant effect of sustaining organizational culture on the performance of small and growing businesses in Nairobi County. This is explained by the findings of this study which revealed that sustaining corporate culture positively and significantly influences the performance of small and growing businesses, as implied by the results that a unit of change in aspects of organizational culture increases organizational performance proportionately by 0.159. The firms have a code of conduct, moral values, and principles. This concurred with Kelemba et al. (2017), who established that teamwork, according to the report, maintains organizational democracy, promotes progress, encourages innovation and creativity, and allows for successful decision-making and connectivity.

5.2.5 The role of the external environment on the relationship between strategic leadership and performance of SGBs

The last objective of the study sought to determine the moderating effects of the external environment on the performance of small and growing businesses within Nairobi County. Descriptive, correlation and regression analyses were done on the study's variables to establish this moderating effect. The highest mean score was recorded in the statement that “the firms have adopted ICT in their operations,” with a mean score of 4.21. The lowest mean was recorded in the statement that “the firms are affected by county government laws,” which had a mean score of 3.84.

Findings showed a significant moderating effect of the external environment moderating role on the correlation between strategic leadership and performance of small and growing businesses in Nairobi County, with the decrease in R^2 from 0.579 to 0.491. This means that strategic leadership variables explained 49.1% of performance in the presence of a moderating external environment variable. The regression coefficients of strategic leadership in the presence of a moderator revealed that the variable strategic direction had a positive and significant correlation with organizational performance ($\beta=0.054$, $p=0.010$). The variable core competencies were positively but not significantly correlated with the organizational performance ($\beta=0.008$, $p=0.662$). Further, the variable human development and the corporate culture were not significantly correlated with organizational performance ($\beta=0.029$, $p=0.093$) and ($\beta=0.014$, $p=0.446$), respectively. This implies that the variable external environment moderated the relationship between strategic leadership and organizational performance. Thus, this finding shows that the introduction of an external environment leads to a reduction in the effect of the independent variables on organizational performance. The political, economic, social, technological, and legal environment all affect the adoption of strategic leadership and its effect on the performance of small businesses.

5.3 Implication

The findings revealed that the strategic leadership aspects are essential to any organization and more so to the small and growing organizations. This, therefore, indicates the need for small and growing organizations to adopt the strategic leadership aspects such as strategic direction, human development, and organizational culture, all of which have a positive and significant effect on organizational performance. It is also crucial that these small and growing organizations put up the right strategies for the effectiveness of these strategic leadership practices.

5.4 Recommendations

According to the findings, it was established that strategic direction, human development, and organizational culture also have a positive and substantial impact on the performance of the organizations. Therefore, this study recommends that small and growing organizations strive to enhance the performance of these strategies. They should develop internal policies that would govern how strategic leadership is affected and strategies to achieve the same. More so, small and growing organizations need to avail enough funds to implement these strategic leadership practices.

5.5 Future Studies

This research focused on the influence of strategic leadership practices on firm performance. The dimensions of strategic leadership practices were: strategic direction, core competencies, human development, and organizational culture. Other studies could consider adopting other aspects of strategic leadership. The study also focused on the moderating effect of the external environment, and hence future studies could look at other variables that can moderate the relationship. More so, this study focused on small and growing businesses; therefore, other researchers can adopt this study among other large and established firms.

5.6 Final Conclusions

Based on the results of the descriptive, correlation, and regression analysis of the study variables, several conclusions were made. The findings were based on the four objectives in this study regarding the effect of offering strategic direction, core competencies, human capital development and sustaining organizational culture, and the moderating effect of the external environment on the performance of small and growing businesses within Nairobi County.

The conclusion of this research, based on the results, is that strategic leadership remains an essential aspect of any organization and not only the large and established organizations but also in small and growing businesses. The study further concludes that organizations that have adopted and implemented strategic leadership will have a higher performance than those not. The study revealed that strategic leadership positively affects organizational performance. More specifically, the link was moderated by the external environment between strategic leadership and organizational performance. This study, therefore, concluded that if not considered, the external environment could hamper the effectiveness of strategic leadership in enhancing organizational performance.

Building core competencies is also vital in determining organizational performance by creating a competitive edge for businesses. Firms that leverage their core competencies and those that remain focused on building and developing new competencies perform better than their peers and competitors.

As evidenced in the study, investing in human capital development is paramount in determining organizational success. Firms that invest in training their staff and expanding their knowledge base perform well. Employees are keen on career opportunities for their personal growth and development. It is necessary thus for leaders in organizations to have clear career progression structures to motivate their teams to be upscale and grow along the ladder.

The culture adopted by the organization and, to a great extent, influenced by the leadership can potentially impact the organization's performance. Much as culture is unique, every organization has a shared culture that could be an asset to achieving the organization’s vision. Some cultures which encourage innovation and creativity along strategic lines and further have ethical considerations have great potential to improve the performance of the firms.

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APPENDICES

APPENDIX I: INTRODUCTION LETTER

19th October 2021

Joseph Kimani Munga

Masters Student- MA Leadership

PAC University

<u>RE: REQUEST FOR RESEARCH DATA</u>

I am a student at PAC University, where I am undertaking a degree of Master of Arts in Leadership. As part of my course work, I am required to research *"Strategic Leadership, External Environment and the Performance of Small and Growing Businesses in Nairobi County, Kenya."*

In order to accomplish the objectives of this study, your organization has been sampled to provide the needed data for the study. The data obtained will solely be used for academic purposes alone, and your identity or that of your firm will not be indicated in the report. If you would like to see the final piece of this study, it will be accessible to you on completion.

Your contribution and support will be very much valued.

Thank you in advance.

JOSEPH KIMANI MUNGA

MASTERS STUDENT – RESEARCHER

PAC UNIVERSITY

APPENDIX II: QUESTIONNAIRE

Data collected in this survey is intended for academic purposes only and will be used in partial fulfillment of a Masters Research project to examine the effect of strategic leadership on performance of small and growing business in Nairobi County, Kenya. All information gathered will be handled with the strictest of confidentiality. There are 6 sections.

Section One: General Information

Please tick the most appropriate

1. Gender

Male [ ]

Female

2. Age

18-24 [ ]

25-35 [ ]

36-45 [ ]

46-55 [ ]

Above 55 [ ]

3. Highest level of education (tick one)

 Diploma [ ]

 Undergraduate [ ]

 Graduate [ ]

 Others (Please specify) ____

4. Years of experience in the firm

 0-1 year [ ]

 2 - 4 years [ ]

□ 5 – 7 years [ ]

□ 8 – 10 years [ ]

□ Above 10 years [ ]

Section Two: Strategic Direction

To what extent do you agree with the following statements regarding strategic direction in your firm? Use the following scale: **1- Strongly Disagree, 2-Disagree, 3-Uncertain, 4-Agree, 5- Strongly Agree.**

STATEMENT	**Strongly Disagree**	**Disagree**	**Uncertain**	**Agree**	**Strongly Agree**
The vision/mission intent is clearly defined and understood by the staff.					
Management facilitates employees' meaningful changes to achieve the envisioned future through communication.					
The leaders of the firm are too committed to the status quo, avoiding any perceived risky actions					
The firm has a clear set of goals, and all employees are aware of these goals					
The firm has a set of core values, and all employees adhere to them					
The leader's personality is inclined towards bringing strategic change					

Section Three: Core Competencies

To what extent do you agree with the following statements regarding core competencies in your firm? Use the following scale: **1- Strongly Disagree, 2-Disagree, 3-Uncertain, 4-Agree, 5- Strongly Agree.**

STATEMENT	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
The firm adequately leverages its resources by accumulating, combining, and exploiting the resources.					
The firm allocates resources towards building new capabilities, which develop into core competencies					
The core competencies of the firm are understood at the strategy formulation stage and then emphasized when implementing selected strategies					
The company encourages employees to share their expertise and talents throughout its departments.					

Section Four: Human Development

To what extent do you agree with the following statements regarding human development in your firm? Use the following scale: **1- Strongly Disagree, 2-Disagree, 3-Uncertain, 4-Agree, 5- Strongly Agree.**

STATEMENT	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
The firm employs effective training and development programs					
The investment in human capital is adequate to produce the expanding knowledge necessary for strategic success					
The leaders are involved in the learning experience (success or failure)					
The firm offers employees opportunities for career progression					

Section Five: Organization Culture

To what extent do you agree with the following statements regarding organization culture in your firm? Use the following scale: **1- Strongly Disagree, 2-Disagree, 3-Uncertain, 4-Agree, 5- Strongly Agree.**

STATEMENT	**Strongly Disagree**	**Disagree**	**Uncertain**	**Agree**	**Strongly Agree**
The company has a distinct culture that stimulates strategic thinking and is challenging to emulate.					
Firm managers organize others' inventive work, excite the culture, and create alignments with the firm's vision and mission.					
Entrepreneurial prospects are encouraged by the company culture, a critical source of growth and innovation.					
Practices are tailored into a culture that complements the firm’s chosen strategy					
The culture in the firm is sensitive to ethical considerations					

Section Six: Organization Performance

To what extent do you agree with the following statements regarding performance in your firm

Use the following scale: **1- Strongly Disagree, 2-Disagree, 3-Uncertain, 4-Agree, 5- Strongl Agree.**

Financial	1	2	3	4	5
Over the last three years, the firm's overall revenues have increased.					
Over the last three years, the profitability of the company has increased.					
Over the last three years, the company's return on investment has increased.					
Customer	1	2	3	4	5
Customer pleasure is shown in more referrals.					
Customer retention is critical to the company's success.					
Customer loyalty continues to improve as a result of improved services.					
Internal Process	1	2	3	4	5
The company's operations management has been efficient.					
The administrative expenses have been reduced.					
Over time, the company has released several unique and innovative services.					
Organization Capacity	1	2	3	4	5
The company funds employee training					
Employees at the company have opportunities for personal and professional development.					
Employees have a pleasant demeanor and provide good customer service.					

APPENDIX III: INTRODUCTION LETTER

Section Seven: External Environment

Tick the appropriate box to demonstrate your level of agreement with the following statements. Use the following criteria to assign a score: *1. Strongly Disagree, 2. Disagree, 3. Uncertain, 4. Agree, 5. Strongly Agree*

STATEMENT	**Strongly Disagree**	**Disagree**	**Uncertain**	**Agree**	**Strongly Agree**
The firm has adopted ICT in its operations					
The firm has automated its business processes					
The performance firm is affected by county government laws					
The performance of the firm is affected by national government laws					
The firm's performance is affected by corruption practices in the country					
The firm is facing stiff competition					

Thank you very much.

APPENDIX III: NACOSTI PERMIT

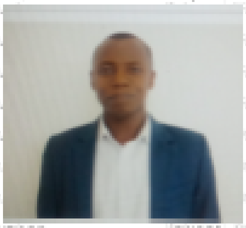
REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Ref No: 664338

Date of Issue: 02/March/2021

RESEARCH LICENSE



This is to Certify that Mr.. Joseph Kimani Munga of Pan Africa Christian University, has been licensed to conduct research in Nairobi on the topic: STRATEGIC LEADERSHIP AND PERFORMANCE OF SMALL AND GROWING BUSINESSES IN NAIROBI COUNTY, KENYA for the period ending : 02/March/2022.

License No: NACOSTI/P/21/9188

664338

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

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APPENDIX IV: LETTER FROM PAC UNIVERSITY

PAN AFRICA CHRISTIAN
PAC
UNIVERSITY

P.O. Box 56875, 00200 Nairobi, Kenya
+254 721 932050, +254 734 400694
enquiries@pacuniversity.ac.ke,
admissions@pacuniversity.ac.ke
www.pacuniversity.ac.ke

16TH FEBRUARY, 2021

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

RE: RESEARCH AUTHORIZATION & ETHICS CLEARANCE LETTER FOR MUNGA JOSEPH KIMANI REG. NO: MALD/12199/0/18

Greetings! This is an introductory letter for the above named person a final year student at Pan Africa Christian University (PAC University), pursuing the degree of Master of Arts in Leadership.

He is at the final stage of the programme and is preparing to collect data to enable him finalise on his Thesis. The Thesis title is ***"Strategic Leadership and the Performance of Small and Growing Businesses in the Incubation Business Space within Nairobi County, Kenya".***

We kindly request that you allow him obtain a research permit so as to proceed and conduct research at selected Small and Growing Businesses in the Incubation Business Space within Nairobi County, Kenya.

Warm Regards,

PAN AFRICA CHRISTIAN UNIVERSITY
REGISTRAR
P. O. Box 56875 - 00200
TEL: 0721 932050 0734 400694
NAIROBI KENYA

Dr. Lilian Vikiru
Registrar Academic Affairs
Pan Africa Christian University
Lumumba Drive, Roysambu, off Kamiti Rd, off Thika Rd
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Tel: +254 721-932050/726-595863/734-400694
Email: registrar@pacuniversity.ac.ke
Web: www.pacuniversity.ac.ke

Lead Entrepreneurs Network School

Date: 19th October 2021

Dean, School of Postgraduate Studies
Pan Africa Christian University
P.O. Box 56875-00200
Nairobi.

Dear Dean,

Re: Editing Report of Joseph Munga's Thesis

We received a request from the above named student (Reg. MALD/12199/0/18) to edit a thesis titled '*Strategic Leadership and Performance of Small and Growing Businesses in Nairobi County, Kenya*'.

By this letter, we certify that the thesis has gone through the editorial process in compliance with PAC University Graduate Studies Handbook and APA 7th Edition guidelines.

Yours sincerely,

Sylvance Mboha

Managing Editor

Ngatia Building, Next to PAC University, Roysambu Campus, Nairobi || Phone +254 721 862 116 || informlens@gmail.com

Supporting Research & Enterprise Development