

**STRATEGY INSTITUTIONALIZATION AND PERFORMANCE OF
CLEANING SERVICE FIRMS IN NAIROBI CITY COUNTY**

BY

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DECLARATION

I, the undersigned, declare that this is my original work and has not been presented to any institution or university other than the University of Nairobi for examination

Signed.....

Date.....

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D61/84055/2015

This project has been submitted for examination with my approval as the University Supervisor

Signed.....

Date.....

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DEDICATION

This project is dedicated to my late father, Mr. Leonard Kadikiny and to my mother, Francesca A. Kadikiny. I treasure you for the gift of life and countless sacrifices you made not only towards my education but for my wellbeing.

It is also dedicated to Prof. John Shiundu, Raphael K'owino, Prof. Julius Ogeng'o, Prof. Evans Aosa and my siblings for your incessant moral and spiritual support. You have inspired me to always pursue things to the very end.

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ABBREVIATIONS AND ACRONYMS

CLS	Cleaning Services Industry
INGO	International Non-Governmental Organization
IACPM	International Association of Cleaners and Property Maintenance
NGO	Non-Governmental Organization
SPSS	Statistical Package for the Social Sciences
SI	Service Industry

ABSTRACT

Managers have always come up with strategies to improve firm performance; however, institutionalization challenges have been cited among the factors that contribute to failure of strategic plans. The main aim of the study was to determine the relationship between strategy institutionalization and performance of cleaning service firms in Nairobi County. A number of subsidiary objectives were formulated, which included investigating the effect of organizational structure on performance of cleaning service firms; determining the effect of organizational culture on performance of cleaning service firms; identifying the role of leadership style on performance of cleaning service firms; and assessing the effect of organizational policies on performance of cleaning service firms. To achieve these objectives, the study used a descriptive survey approach, which included a sample of 58 cleaning services firms in Nairobi county and collection of data through questionnaires with structured and semi-structured questions. Both qualitative and quantitative methods were deployed in the analysis of collected data, which included descriptive statistical analysis, correlation and regression analyses. The findings indicate a positive correlation between the variables that is strategy institutionalization and organizational performance. Similarly, it is also emphasized further by finding showed by regression model indicating that all the independent variables contribute in different proportions to the variation in organizational performance. It is, therefore, reasonable to infer that strategy institutionalization is an important strategic approach for improved performance of cleaning services organizations in Nairobi. The findings in this study makes important contributions to knowledge by providing empirical evidence that strategy institutionalization can, if implemented in an organization, lead to superior organizational performance.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Institutionalization is viewed by many scholars as the process through which organizations become institutions (Burns and Scapens, 2000). This happens over a period of time as the organizations are inculcated with values that supersede the technical specifications of the routine jobs. This suggests that the notion of institutions is linked with the habits, which form the day-to-day operations of an organization. The most advanced cleaning service firms in terms of size, players, turnover and technology are located in Europe. As postulated by (Tokuda, 2005) in the resource-based theory, an organization with strategic resources is in a better position in terms of competitive advantage. Cardeal and Antonio (2012) argue that the ability of an organization to exploit opportunities and to overcome competitor threats is dependent upon the type of resources it is able to master. Consequently, organizations that meet the expectations of the customers are in a better position to acquire legitimacy in the society.

Among the theories that support cost management among firms, is the transaction cost theory, which advances the proposition that firms that are able to reduce the costs of trading corollary increase their competitiveness. Thompson, Strickland and Gamble (2008), argue that the expansion of firms is influenced by the cost implications, and firms will embrace expansion so long as there is value addition to the exercise in comparison to outsourcing alternatives. These theories are applied to show how organizations in the cleaning services industry can institutionalize strategies to improve organizational performance. In this study, the view will be on organizational change and how institutionalization influences the organizational settings. Based on the above theories, this study acknowledges that institutions, resources and culture are extremely important in organizational settings when implementing strategies (Thompson, et al., 2008).

Motivation of this study is derived from the players in the cleaning services industry where firms are adopting to hiring professionals to do the job. The competitive nature of the cleaning services sector has forced some of the firms to look for innovative ways of enhancing their marketing share despite numerous challenges such as lack of competitive strategies and human resource base (Mathis and Jackson, 2007). The alignment of

strategies determines the possibility that the organization will grow or stagnate. Porter, (2008) found that business growth in the cleaning service industry is predicated on implementing the right systems to monitor performance and take corrective actions.

Gitau (2009) contend that lack of viable strategies is a common problem among the services industry organizations. Furthermore, it is not only the lack of workable strategies that is a problem in the sector, but also failure in marketing, failure to have the right type of technologies and a labor force that lacks professionalism. The cleaning service firms in Kenya are still at the lowest level of growth curve, however, in the developed nations, the organizations have had years of development and are stable.

1.1.1 Strategy Institutionalization

According to Pearce and Robinson (2005), institutionalization is concerned with putting in place an enabling organizational structure, effective leadership and aligning strategy to organizational culture. It deals with establishment of suitable strategic and operational controls that identify deviations and reward systems that encourage control and assessment of how effective the strategy has been implemented. Strategy institutionalization is seen as an internal process of ensuring that organizations develop and implement relevant structures, practices and policies that will enable them to achieve a stable work environment and achieve their corporate goals and objectives. An organization must have a strategy that is aligned with its mission, vision and core values. In light of this statement, strategy is also seen as a practice. This means that strategy is something people do (Morrow, 2008).

New strategies should be first institutionalized and then operationalized for effective implementation. Strategy institutionalization also refers to the process through which firms attain identity and legality while implementing their strategies (Galbraith and Schendel, 2002). Institutionalization involves building formal structures and procedures by which strategies are implemented and accepted by the employees and stakeholders of the firm. Strategy institutionalization is driven by sound and firm leadership style (Pearce et al., 2005).

Scott (2001) aver that agency structure and interpretation are among the building blocks of institutionalization and ensuring a fit between the formation and transformation processes and the strategy that is being institutionalized by the organization is a recipe for long term success. Adoption of institutionalized routines increase organizational performance by making it more efficient and enabling it to learn from others, and it can also increase the ability of an organization to attract resources of higher quality from its environment (Henk,Niels, Ernst, Marten and Antonio, 2012).

1.1.2 Organizational Performance

The concept of organizational performance refers to the extent an organization is able to achieve its goals and objectives (Ali and Ismael, 2012). Organizational performance can also be considered as the financial and non-financial achievements of an organization in the pursuit of its aims (David, 2011). Although, in recent times the use of financial measures of organizational performance alone is facing a lot of criticism for its inadequacies as an absolute measure of organizational performance, due to the fact that financial measures are only about a firm's current and past performances while non-financial measures provide and encapsulates a broader perspective of organizational performance and includes measures of factors such as customer satisfaction, employee morale and improvement of internal systems or processes.

The measurement of organizational performance in terms of financial indicators has in recent times attracted a lot of criticism because it lacks comprehensiveness and cannot by itself conclusively provide a true picture of organizational performance. Marc and Adriana (2010) address the inadequacies of measurement of organizational performance by use of a balanced scorecard method. As far as organization performance is concerned in the cleaning sector, South Africa leads in the sector, due to the fact that its infrastructure much more developed including the legal framework in comparison to other African countries (Ollek, 2008; Morrow, 2008). In most of the African countries, the cleaning services industry does not consider strategic approaches an important factor in business competitiveness, thus it is common to find that most of the businesses practice in more or less the same way, with little professionalism or even adoption of appropriate technologies (Morrow, 2008; Gitau, 2009). Hence business growth in the

cleaning services sector in Africa find it hard to access financial support from the financial institutions (Buttle, 2004; Ollek, 2008).

1.1.3 Cleaning Services Firms in Kenya

It is hardly possible to find a cleaning service firm that has clocked fifty plus years in operations, since most of the decision-making and business practices are not based on approaches that are empirical and theoretical in nature. In Kenya, the cleaning service firms consist mainly of commercial janitorial type of services, residential cleaning, which is mostly informal type and the specialty laundry or dry-cleaning type of cleaning. According to Gitau (2009), the competitiveness of the business environment and uncertain growth prospects has made it hard for new entrants to join the market and gain a foothold.

Several studies focusing on the cleaning service industry, indicates that the industry suffers from a lack of established and viable strategies. These challenges arise majorly because firms in the sector lack substantive marketing programs, including appropriate technologies as well as professional labour force. This is actuated by the fact that the labour market is highly of low education levels Gitau (2009). Mathis and Jackson (2010) observed that cleaning services industry faces a number of challenges, among which include absence of formal structures and reliable operational procedures; low levels of human capital development; inability to recognize the importance of marketing strategies; and lack of innovation as well as unfair competition practices (Porter, 2008). Studies indicate that cleaning services industry in Kenya are also prone to some of these challenges.

In recent times, the cleaning services industry in Kenya has largely been dominated by a few firms, Parapet Cleaning Services standing out among them. Over the years, these dominant firms have engaged in cut throat competition swapping portfolios as determined by the dictates of service users. The bulk of the business that provide high returns to the cleaning services industry comes from the government or governmental institutions. Parapet Cleaning Services, which is the leading player in the industry has had tremendous growth in the last 15 years or so. The firm has under its portfolio customers such as financial institutions, shopping malls, commercial buildings, higher learning institutions, non-governmental organizations as well as healthcare institutions

(Parapet, 2012). The firm has the largest market share in Kenya and indicates plans to compete in the international market in future.

The cleaning services industry in Kenya is cognizance of the need for adherence to local and international standards of operations if it has to be competitive in the international market and overcome the challenges of globalization. The International Association of Cleaners and Property Maintenance (IACPM) is an organization that was formed to provide development support and guidance to players in the cleaning services industry. Parapet Cleaning Services firm is one of the members of IACPM (Parapet, 2012).

1.2 Research Problem

Firm performance is an important construct in business productivity. Productivity is literally about survival for a firm in a competitive environment. Intense competition requires firms to improve their competitiveness through adoption of strategies that differentiates them from their competitors. Managers have always come up with strategies to improve firm performance; however, institutionalization challenges have been cited among the factors that contribute to failure of strategic plans. Institutionalization of strategy is among the approaches that a firm can adopt to ensure that strategic plans are effectively and efficiently implemented (Sarah, 2012).

The cleaning sector is an important segment of service industry that helps organizations to have a conducive environment for achieving their mission. As part of the facility maintenance activity, cleaning services promotes the idea of a conducive work environment, and not only that, it also creates ambience at office and abodes. In Kenya, firms that operate in the sector, face quality conscious customers whose perception of quality is as varied as the performance of cleaning companies in the industry. Strategy institutionalization can help cleaning companies in Kenya to enhance their performance. Strategy plays an important role in realization of corporate objectives and goals. Many studies have been done on how strategies influence organizational performance that there is a strong association between structure and strategy formulation.

Beyene et al. (2016), in a study of textile firms in Ethiopia and firms in the leather products manufacturing sector, found that innovation strategy significantly affected organizational learning and innovation performance of the firms and that adoption of

innovative strategies improve product innovation and hence organizational performance. Abdifatah (2013) in a cross-sectional survey of International NGOs (INGOs) in Somaliland, observed that majority (60%) of INGOs change their policies when new strategies are formulated. However, substantial number of INGOs (40%) rarely changed their policies when implementing new strategies which in turn imply limited innovation in exploring new thematic areas. Robinson & Judge (2007) surveyed 222 employees and found out that the managerial leadership behaviour is critical in both stable and emergency situations.

Chakravarthy and White (2001) noted, through a survey in 2003, of 406 firms in Minnesota, found that management led organizational change, management characteristics, resistance to change and levels of innovation commitment are some of the factors that determines the strategic success of a firm. Bart (2008) argues that strategy focused organizations generate new institutions and help the organization become more strategically focused, the study used a cross-case analysis to investigate institutionalization of strategy focused organization.

Cleaning firms are increasingly facing new entrants into the market, although with mixed success, but still there is significant competition among firms in the sector, and customer loyalty is highly unstable. Customer will readily terminate engagement with a cleaning service provider if the contract terms and conditions are unmet or fails to meet customer expectations (Muiruri, Omolo and Wachira, 2016). In the study of 112 managers, in the cleaning industry in Kenya, using census sampling method, Muiruru et al. (2016) argue that competitive advantage and growth are realizable if firms adopt the right strategies, which are subsequently institutionalized appropriately. Muema (2012) argues, in a study of 100 local NGOs in Kenya, through a cross section survey, that cleaning services industry has helped to create more than 5000 jobs and contributed to the economic development of the country. Despite its seriousness and potential, the cleaning services industry in Kenya has a lot of challenges that are strategic, structural and operational in nature, which makes it difficult to institutionalize strategy (Wambugu, 2012; Muema, 2012).

It is evident from the foregoing discussion that no known study has been done in the cleaning services industry in Kenya, to determine the effect strategy institutionalization

has on the performance of the firms. The importance of such a study is that it will bridge the gap in knowledge and provide the basis for cleaning services firms in Kenya to improve their performance and enhance the ability of the firms to penetrate the international market. Thus, the research question: What is the relationship between strategy institutionalization and performance of cleaning service firms in Nairobi County?

1.3 Research Objective

The objective of the study was to determine the relationship between strategy institutionalization and performance of cleaning service firms in Nairobi County.

1.4 Value of the Study

The cleaning services industry is facing numerous challenges, some of which the findings of the study would be in a position to correct. In particular, the study would generate information with potential to influence, positively, policy formulation in the sector. Some of the findings may also help the firms increase their organizational efficiency and initiative. More importantly firms that access the findings may find better ways of managing strategic change. The study would also act as a tool for understanding the issues affecting strategy institutionalization and performance as well as assist in developing policies to overcome the challenges.

The research would be significant due to the fact that there are few researches that have been done in the cleaning services sector in Kenya that particularly seek to understand the effect of strategy institutionalization on organization performance. It would contribute to the body of knowledge, as such provide useful information to researchers and academicians interested in understanding the factors that contribute to the performance of cleaning services industry in Kenya.

Theoretically, the grounds for the study include the resource-based view, institutional theory and transactional cost theory, all of which the study, as designed, anticipates empirical evidence on the relationship between strategy institutionalization and performance of firms. This would advance knowledge on the theoretical front, and present new context for prediction and deepening understanding on strategy institutionalization in organizational performance.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Chapter two reviews theoretical underpinnings of the study discusses past studies associated with strategy institutionalization and organizational performance. The chapter is divided into several sections, which include the theoretical foundation; strategy institutionalization and performance of organizations; and empirical studies and research gap.

2.2 Theoretical Foundation

The theoretical foundation is an important aspect of research that helps a research to gain clarity of historical basis of the relationship, or lack thereof, between the constructs and concepts used in a study. This study seeks to appreciate the role strategy institutionalization plays in organization performance. There are several theories and models that have been proposed or developed to explain the nature of firms or organizations. The resource-based view finds favour in the present study, since it well placed in terms of ability to predict performance in the field of strategic management, although there are also other theories that as well explain the behavioural disposition of firms.

Grant (1991) argues the merits of resource-based-view by stressing the importance of understanding that strategic resources can be bundled in such way that it helps a firm to differentiate its products and services from those of the competitors. Institutional theory posits that institutionalization is the process by which organizational structures, rules, routines and norms are established as authoritative principles for employee behaviour. This theory argues that organizations are recognized by the society as legitimate entities producing goods or services. When organizations are faced with options such as whether to deploy resources on efficiency or maintain the confidence of external formal structures, the later approach is generally in favour (McIlrath and Kotnour, 2001).

2.2.1 Resource-Based View

The resource-based view commonly reflects the work of Grant (1991). It argues that an organization is an assembly of physical, human and financial resources and competences, which determine the performance of the firm. If all organizations in the market have the

same collection of resources and capabilities and if all organizations create the same value, there will be no competitive advantage (Grant, 1991).

The resource-based view emanates from observations of firms, their resources, structure, and operations, and how such resources and capabilities enable the firms to get above normal return on investments as well as sustainable competitive advantage. The key to competitive advantage is for a firm to develop a unique business model that differentiates it from the rank and file. When a firm is in possession of valuable resources, it means that the firm's resources are inimitable, rare and non-substitutable (McIlrath et al., 2001).

In this study, the resource-based view suggests that the cleaning services companies will require certain key resources for them to effectively institutionalize, implement and operationalize strategies to achieve a sustainable business model. A firm need to scan the competitive environment to understand the fit between its strategies and the demands of the market and the superiority such a strategy enjoys in the market as well (McIlrath et al., 2001).

Lockett, Thompson, Morgenstern (2009) argue that the resource-based view does not provide an adequate conceptual basis for determining valuable resources, and that it is a major stumbling block for the resource-based view. Lockett et al. (2009) notes that Barney (1991) created the resource-based view without having in place ways for identification of the resources, and that the fundamental task of identifying the strategically valuable resources was delegated to environmental models that include SWOT analysis (Lockett et al., 2009).

2.2.2 Institutional Theory

This theory posits that institutionalization is the process by which organizational structures, rules, routines and norms are established as authoritative principles for employee behavior. This theory argues that organizations are recognized by the society as legitimate entities producing goods or services. Senior and Fleming (2006) argue that the institutional environment provides a milieu in which a firm's formal structures, marketing strategies and operations takes shape.

Organizations that get legitimacy in the turbulent environment of business are those that are able to use the resources at their dispose to position their products strategically in the

minds of the consumers. Organizations that enter the market without a well thought out plans for institutionalizing the right strategies are likely to succumb to the pressures of homogeneity. Homogeneity generates uncertainty and ambiguity in a firm, while heterogeneity provide greater opportunities to a firm for in a way that sustainable advantage results. Market characteristics change over time and dynamically interact with strategic intentions of firms, decisions operations and performance of firms as well. Therefore, to make real progress firms need to focus more attention on strategy institutionalization (Senior et al., 2006).

Most research about organizations tend to be quantitative in nature, which makes it easier to count organizational forms and structures than to measure what systems mean. Subsequently, most organizations rely on proxies that are far removed from what systems mean, which in essence is what is important, and that simply counting the outcome of an institutional process does not entirely account for the central question of institutional theory. Thus, it fails to attend systems, myths and symbols as well as the processes on which organizations interpret their institutional environments (Suddaby, 2010).

2.2.3 Transactional Cost Theory

This theory tries to account for the existence of companies, and the reasons why the firms grow and at times outsource certain services to other firms. Firms are generally cost conscious, otherwise if that were not the case, then they would not make any profit, which means they would be out of business in a short time. Cost management is important for firm growth and profitability. Hence, the transactional cost theory argues that firms are inclined to cost reduction as a matter of existence, and that administrative costs forms the key elements of cost reduction efforts of most firms. Outsourcing non-core functions is one of strategies that firms use to reduce costs of operations (Williamson, 1979). Ronald (1973) argues that resources are scarce, and firms that are focused on growth strategies must weigh the cost implications of activities to be performed before deploying resources to the activities. Moreover, outsourcing is a strategy firms adopt when the activities involved are non-essential or non-core and can be performed better by other firms that have specialization for the functions concerned.

The sources of transaction costs involve mainly expenses and fees that a firm incurs as a result of contracts and agreements, working relationships with supplies and distributors and investment avenues pursued. Thompson et al. (2008) argues that expansion is a natural disposition of firms; however, firms will do so if it leads to lower costs. Therefore, in this study, the transaction costs theory will help in creating an understanding of the relationship between cost of performing activities internally and externally and strategy institutionalization within the cleaning services industry in Kenya by considering factors like environmental uncertainty, opportunities, risks and core company assets.

Transaction Cost concept is bad for being put into practice because it fails to recognize the just stated difference (Donaldson et al., 2007). Conclusively, firms ought to choose the organizational types and locations for which transaction costs are minimized. A company has to amplify its operations until the value of making a greater transaction inside the firm is equal to the value of making comparable or extra transaction in some other place or a foreign market.

A firm should first continue to grow internally until exterior sources have a greater cost benefit before externalizing (Hollensen, 2007). Foss and Klein (2010) pointed out that the transaction cost theory neglects firm differences in terms of capabilities, which indicate that firms differ in production costs and there are possibilities of shifting from more efficient transaction costs to production costs.

2.3 Strategy Institutionalization and Performance of Organizations

The strategy institutionalization refers to organizational capability development to a point that an organization is able to prop up a new strategy. Performance of organizations is largely measured based on financial and non-financial variations and signify the level of effectiveness of an organization in fulfilling its mission. Strategy institutionalization, according to Ramesh (2013), involves operationalization and institutionalization of strategy, as well as the ability to support the new strategy.

As a result of the dynamics of the business environment, the success or failure of strategy execution depends on the ability of the organization to support the new strategy. Burgelman., Grove and Meza (2006) argue that strategy institutionalization requires action-oriented activities so as to make strategy a reality, and further emphasizes the

importance of leadership, and ensuring that there is a match between strategy and organizational structures, communication of the strategy across the organization, designing appropriate systems of reward and ensuring that the strategy is aligned with organizational culture (Burgelman. et al., 2006).

Hrebiniak and Joyce (2005) argues that successful implementation of strategy depends on the extent of strategy institutionalization, which in turn is vital for the achievement of operation efficiency and the realization of organizational effectiveness and performance. Zucker (1987) argues that strategy institutionalization is encapsulated in patterns of organized interactions firms generate and the degree to which those patterns and interactions are embedded in formal structures devoid of attachment to certain actors and situations. Thus, strategies adopted and embedded by firms enhance their chances of generating higher performance in lieu of profitability and sustainable growth (Zucker, 1987).

2.4 Empirical Studies and Research Gaps

Empirical evidence has indicated that adopting innovative strategies due to changing external environment lead to achievement of high performance and competitive advantage. In the cleaning services industry, customer relations are important aspect of service delivery, and strategic approaches that firms formulate to meet customer expectations is as important as the level of institutionalization of the strategy itself. However, literature reviewed suggest a low turnover of empirical research outputs in the field of strategy institutionalization, especially in the cleaning services industry.

In their survey of 222 employees, Robbinson & Judge (2007) noted that managerial leadership behaviour is critical to both stable and emergency situations in firms. Firms that had a stable environment showed higher levels structure in terms of employee rewards and delegation of decision-making roles. On the other hand, employees acknowledged the importance, either in times of crisis or stability, the role of activity clarification. Noble (1999) assessed 105 employees on the Eclectic Roots of Strategy Implementation and observed that structure and strategy formulation were strongly correlated. Further to that, a firm's objectives, its competitive focus, structures and system of management, and more importantly strategies and policies as well as people

and information management, are significantly influenced by the firm's culture and values.

Njoroge (2015) studied innovative response strategies incorporated by Sarova Hotels in Kenya to changes in the environment, in which data for the study was derived from secondary and primary sources and found that Sarova Hotels Limited had experienced a lot of changes in its external environment that has brought about opportunities and threats for the hotel. The hotel had to restructure its strategy to remain competitive and maintain growth in market share. The innovative strategies adopted by Sarova Hotels Limited included strategic leadership, cost leadership and product and service innovation. Other strategies they have used include improved promotion and service development.

Beyene et al. (2016) investigated, in view of an Ethiopian organization, the relationship between innovation strategy and organizational learning and performance and found that adoption of innovative strategies improved product innovation and hence organization performance. The study further provided empirical finding that with changes in external environment mainly on technology, changes in economic situation and human resource capacity changes left with firms with no option than to adopt innovative strategies mainly focusing on products and marketing. The chapter reviewed theoretical and empirical research related to the study. Transaction theory, Institutional theory and Resource based view theories are the theories that are in line with the area studied. International empirical and local studies have been reviewed from other scholars. Empirical evidence has indicated that adopting innovative strategies due to changing external environment lead to achievement of high performance and competitive advantage. From the reviewed literature, it is quite apparent that strategy institutionalization and performance of organizations is a new area of study, and very little literature is available, especially in regard to the cleaning sector, it is important therefore to generate knowledge that can inform performance improvement strategies of organizations in the sector.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the design parameters and includes description of the study population, sampling design, and more importantly the methods that will be used to collect data as well as perform the data analysis. The chapter presents the most appropriate method that can provide better understanding of the relationship between strategy institutionalization and firm performance.

Easterby-Smith, Thorpe, and Lowe (2004) avert that understanding various research approaches provides benefits such as clarity of the design process, understanding research designs that can work in a context, those that cannot work and may ultimately assist the researcher to develop expertise in the identification of research designs suited to a particular problem.

3.2 Research Design

The research design presents the plan as well as the structure that was used to investigate the phenomenon of interest. There are many approaches that researchers use to carry out investigations of the phenomenon of interest. The phenomenon of interest in this study is the effect strategy institutionalization has on performance of cleaning services firms in Nairobi County.

The research was performed using a descriptive survey approach because it helps the research to answer questions such as “what, why, where and how” in respect of the study. A survey research design provides a precise explanation to the qualities of sample, either an individual or a group, as they are in the natural environment (Kothari, 2004). In particular, the study design includes a robust data collection method that allowed collection of vital and in-depth information from the field.

3.3 Population of the Study

The study population consisted of all cleaning service firms in Nairobi County. The target population represents the entire group that makes up the scope of generalization Kothari (2004). The most important aspect of the population of study is that they should have certain common characteristics. The inclusion criteria was in this case the cleaning service firms operating in Nairobi County. There are 58 cleaning service firms in Nairobi

County. Due to the low population of cleaning firms in Nairobi, a census was preferred to enable an in-depth study of the entire population.

3.4 Data Collection

The sources of data included secondary as well as primary data obtained from the groups constituting the study sample. The study used structured questionnaires to collect data from the sample population. The type of data collected from this study was primary data. Semi-structured questionnaire consisting of closed and open-ended questions was used for purposes of data collection in the study.

The questions developed included section one, for collecting information related to the cleaning services firms. Section two consisted of information related to organizational structure; section three asked questions on leadership while section four and five asked questions on organizational culture and policies respectively. The administration of questionnaires was done through the drop and pick method. Emails were sent to the senior and middle level managers. The purpose of using a questionnaire for collecting primary data is that it helps to collect standard information from all the respondents.

3.5 Data Analysis

The process of data analysis commenced once a thorough check on the data contained in the returned questionnaires had been done to ascertain completeness and consistency levels. The process included cross-checking questionnaire data for purposes of identifying incompleteness and any errors. The data was then coded and arranged into clusters as they appeared in the questionnaire.

A descriptive statistic was used to analyze the data by use of SPSS software in the statistical analysis process, which included analysis of aspects such as the mean, standard deviation as well as linear regression. The following is the regression model, which the study used.

Where:

$$Y = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + \epsilon$$

Y represents the dependent variable firm performance

B_0 is a constant

B_1, B_2, B_3 and B_4 are the coefficients of the model

X_1 is organizational structure

X_2 is organizational culture

X_3 is leadership style

X_4 is organizational policies

ϵ is the error term

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the findings of the study. A presentation of analyses derived from the research questions as follows and includes the response rate followed by years of operations that the sample population has been in business. The nature of ownership, size of the organization, factors that determine success in strategy institutionalization and the analysis also covering persons responsible for strategy institutionalization in the organization. The chapter also includes the analysis of organizational structure, organizational culture, leadership style, organizational policies and organizational performance.

4.2 Response Rate

The unit of analysis were 58 cleaning services firms in Nairobi. 58 questionnaires were sent to the cleaning services firm out of which 54 were returned thus representing a response rate of 93%. 4 companies did not respond, and they represent a non-response rate of 7%. Table 4.1 indicates the response, frequency and percentages.

Table 4.1 Response Rate

Response Rate	Frequency	Percentage
Filled	54	93%
Not filled	4	7%
Total	58	100%

Source: Research data (2018)

4.3 Demographic characteristics

The demographic characteristics of cleaning service firms in Nairobi cover years that the firms have been in operation, ownership, and size of the firm. It is the aggregation of individuals (within some population definition) who experience the same event within the same time interval.

4.3.1 Number of Years in Operations

This entails the period in which the organization has been in operation. The shorter the years reveal how young the organization is and could well mean that it is a new entrant that has come as a result of an acquisition by other organizations or mergers. The longer the years show the experience the firm has had in the market.

The result in table 4.2 indicates the number of years that the sampled population of firms had been in operation; 16.7% of them had been in operation for 2-5 years, 40.7% had been in operation for 6-10 years, 25.9% had been in operation for 11-15% years and 16.7% had been in operation for over 16 years. Majority of the firms had been in operation for 6-10 years; however, 42.6% of the firms had been in operation for more than 11 years. This indicates that firms in the cleaning services industry experienced tremendous growth in numbers over a span of 15 years, whereas those which had been around longer than this time constituted only 16.7% of the entire population of cleaning services firms that are currently in operation in Nairobi. Therefore, this shows the dynamic surrounding the cleaning services industry in Nairobi competitiveness of the segment.

Table 4. 2 Number of Year’s Firms have been in Operation

		Frequency	Percent
Valid	2-5 years	9	16.7
	6-10 years	22	40.7
	11-15 years	14	25.9
	Over 16 years	9	16.7
	Total	54	100.0

Source: Research data (2018)

4.3.2 Ownership of the Organization

It is essential for an entrepreneur to understand and learn about the different forms of business as this helps in the structure and plan for the firms or companies. This way, it is guaranteed of progress and eventually profits once the business breaks even and picks up the pace (David, 2010).

The findings in table 4.3 shows the type of ownership and the degree of ownership among sole trade, partnership and private limited companies. The findings indicate that 5.6% of the sampled population of firms were sole trade, 66.7% partnership and 27.8% private limited companies. Majority of the firms were partnership type of ownership, and sole trade type of ownership was significantly low compared to private limited company and partnership as well. This shows the high level of strategic partnerships most of the cleaning services firm are engaged in Nairobi.

Table 4.3 Ownership of the Organization

		Frequency	Percent
Valid	sole trade	3	5.6
	Partnership	36	66.7
	Private limited company	15	27.8
	Total	54	100.0

Source: Research data (2018)

4.3.3 Size of the organization

The size of an organization affects its character. Also, the changes in size at certain points along a scale of expansion are more important than at some other points. A three-person group has certain properties which are lacking in two-person groups and in four-person groups. If a work team with fifteen members is doubled in size, its structure and its activities will certainly change, because the pattern of close interaction possible among fifteen persons is improbable among thirty. Similarly, a work group of one hundred members might be doubled in size without any striking changes in its structure (Foss, 2010).

The finding as shown in table 4.4 which give an account on the size of organizations in the cleaning services sector, 14.8% of the organizations had less than 15 employees, 38.9% had 16-30 employees, 27.8% had 36-50 employees and 18.5% had above 51 employees. Most of the organizations had 16-30 employees, although those that had 36-50 employees were equally high, however those that had less than 15 employees and above 51 employees were comparably lower. It can therefore be inferred that most of the organizations either had not been in business for long or had been in business for long but there are strategic changes which have negated them to form mergers and faced acquisition by the new firms or older firms.

Table 4.4 Size of the Organization

		Frequency	Percent
Valid	less than 15 employees	8	14.8
	16-30 employees	21	38.9
	36-50 employees	15	27.8
	above 51 employees	10	18.5
	Total	54	100.0

Source: Research data (2018)

4.4 Descriptive Statistics

The findings as denoted in the descriptive statistic presents statistical analysis that encompass organizational structure, Organizational culture, leadership style and organizational policies. Descriptive statistics is an interactive approach to exploring and analyzing data, often using the summary statistics just described. The purpose is to explore the data with the purpose of generating insights and meaning

4.4.1. Organizational Structure

The set organizational structure may not coincide with facts, evolving in operational actions causing divergence that may decrease performance. A wrong organizational structure may reduce cooperation and thus affect the completion of orders in due time and within limits of resources and budgets. Organizational structures should adapt to process requirements, aiming to optimize the ratio of effort and input to output.

In the study, organizational structure covers strategies implemented in the organization, and types of organizational structures adopted. (Fleming, 2006).

4.4.2 Types of organizational structure

Organizations are set up in specific ways to accomplish different goals, and the structure of an organization can help or hinder its progress towards accomplishing its goals and objectives. Both small and large organizations can achieve higher sales and other profits by properly matching their needs with the structure they use to operate. There are three main types of organizational structure: functional structure, divisional structure and a blend of the two, called matrix structure (David, 2011).

As depicted in the research study, the organizational structure covers functional, product, divisional matrices and other formal organization which are usually delineated by an organizational chart. Alongside the formal organization exists are informal organization which is a set of evolving relationships and patterns of human interaction within an organization.

Table 4.5 Types of Organizational Structure in the Organization

		Frequency	Percent
Structural level	functional	18	33.3
	production	4	7.4
	divisional	19	35.2
	other (please specify)	3	5.6
Total		54	100.0

Source: Research data (2018)

Table 4.5 presents the types of organizational structure in the organization based on functional, product, divisional and others. The functional type of organizational structure accounted for 33.3%, product was prevalent among 7.4% of the organizations, divisional accounted for 35.2% and others as specified by the respondents accounted for 5.6%. Majority of the organizations had divisional type of organizational structure and functional type of organizational structure was comparably having high as the functional type. Product functional type of organizational structure was least prevalent. It shows that divisional approach in terms of structure work best for most of the cleaning firms in Nairobi.

4.4.3 Analysis of Organizational Structure

An organizational structure is a system that outlines how certain activities are directed and coordinated in order to achieve the goals and objectives of an organization. They include rules, roles and responsibilities. It also determines how information flows from one level to the other within the company. For example, in a centralized structure, decisions flow from top to down, while in a decentralized structure, the decisions are made at various levels (Hank, 2012).

The findings show that all the factors as denoted in table 4.6 gives statistical insight of organizational structure in the study returned scores above the mean of 2.5. Factor X13 (Decision making process) had the highest mean score of 3.78 while factor X14 (organization structure support) had the lowest score of 2.57, which infers that most of the organizations had, to a great extent, a hierarchical and centralized decision-making process at the headquarters. Which was attributed to the factor, also “the organizational structure supports upward and downward communications”, indication that it had the highest level of disagreement among the respondents. On the other hand, the factor, “decision-making processes are hierarchical and centralized at the headquarters”, indicates the lowest coefficient of variation, which means there was relatively low disagreement among the respondents concerning the factor.

Table 4. 6 Types of Organizational Structure

X1	Organizational Structure	N	Mean	Std. Deviation
X11	Organizational structure hinders cross-functional collaboration	54	3.63	1.170
X12	I usually do my work individually, as teamwork is not encouraged in my department.	54	3.69	1.061
X13	Decision-making processes are hierarchical and centralized at the headquarters	54	3.78	1.076
X14	The organizational structure supports upward and downward communications	54	2.57	1.537

Source: Fieldwork (2018)

4.5 Organizational Culture

Culture is based on shared attitudes, beliefs, and customs, written and unwritten rules that have been developed over time and are considered valid. In this study the organizational culture covers type of organizational culture and organizational culture descriptive analysis. Companies can tap their natural advantage when they focus on changing a few important behaviors, enlist informal leaders, and harness the power of employees' emotions (Foss, 2010).

4.5.1 Type of organizational culture

Organizational culture includes an organization's expectations, experiences, philosophy as well as the values that guide member behavior, and is expressed in member self-image, inner workings, interactions with the outside world and future expectations (Foss, 2010). As presented in the research study, the organizational culture is presented by task, power, role, person and others, this is covered in table 4.8.

Table 4.7 Type of Organizational Culture existing in the Organization

		Frequency	Percent
Culture	task	7	13.0
	power	13	24.1
	role	16	29.6
	person	10	18.5
	other (please specify)	8	14.8
	Total	54	100.0

Source: Research data (2018)

The result in table 4.7 shows the types of organizational culture that exists in the organizations, task type of organization culture accounted for 7% among the organizations, power type of organizational culture accounted for 24.1%, role accounted for 29.6%, person accounted for 18.5 and other forms of organizational culture accounted for 8%. Majority of the respondents however indicated that role type of organizational culture was associated with their organization followed by power type of organizational culture, person and task respectively. This shows that cleaning services firms in Nairobi are role oriented and this drives their performance form role performance.

4.5.2 Analysis of Organizational Culture

Culture is based on shared attitudes, beliefs, customs, and written and unwritten rules that have been developed over time and are considered valid. Organizational culture is a set of shared assumptions that guide what happens in organizations by defining appropriate behavior for various situations (Ravasi & Schultz, 2006). Organizational culture affects the way people and groups interact with each other, clients, and with stakeholders. Organizational culture may influence how much employees identify with their organization (Schrodt, 2002).

This presents the cross tabulation showing the number of items, mean, standard deviation and the element under consideration denoted by X2. The descriptive analysis considered simultaneously both *result* and *process*. It is given by the various element under consideration within the study as given in Table 4.8

Table 4.8 Organizational Culture

X2	Organizational Culture	N	Mean	Std. Deviation
X2 1	There is an openness to suggestions from staff at all levels of the organization	54	2.67	1.099
X2 2	Our products and services reflect the awareness of a diverse consumer base	54	2.70	1.057
X2 3	The culture of my organization is open to change	54	2.81	1.319
X2 4	Employees are free to express themselves openly without fear	54	2.80	1.219
X2 5	Managers are open to criticism and are receptive to new information	54	2.83	1.005

Source: Research data (2018)

The findings shown represent the descriptive analysis of organizational culture where the overall mean is above 2.5, and the statement, “managers are open to criticism and are receptive to new information” had the highest mean of 2.83 while the statement, “there is an openness to suggestions from staff at all levels of the organization” had the lowest mean score of 2.67. This therefore means, decision making at the cleaning service firms in Nairobi are based on factual decision and also rely on suggestions from staff from all level within the firms.

4.6 Leadership Style

Leadership style is the approach of providing direction, implementing plans and motivating people. As seen by the employees, it includes the total pattern of explicit and implicit actions performed by their leaders (Newstrom and Davis, 1993). In this study, leadership style is presented in respect to leadership characteristics and leadership descriptive analysis.

4.6.1 Leadership style characteristics

The leadership characteristics as widely known is presented by the kinds of leadership style such as democratic, autocratic, laissez faire, transformational and other forms. As one may think about style and its effects in organizations during tough economic times, recognize that the most robust practical value of style is that it challenges everyone in an organization toward service delivery in the institutionalization process (Newstrom and Davis, 1993).

Table 4.5 Leadership Style Characteristics

	Frequency	Percent
democratic	5	9.3
autocratic	5	9.3
laissez faire	19	35.2
transformational	17	31.5
other (please specify	8	14.8
Total	54	100.0

Source: Research data (2018)

The result as shown in table 4.9 indicates leadership style characteristics, which shows that democratic leadership style accounted for 9.3% similarly autocratic leadership style

accounted for 9.3% while laissez faire accounted for 35.2%, transformational 31.5% and other leadership styles accounted for 14.8%. The findings show that majority of the organizations applied laissez faire type of leadership followed by transformational leadership style, which was comparatively as high. The democratic and autocratic were equally the least applied type of leadership by the organizations. This depict that leadership within the cleaning service firms in Nairobi are based on fairness and are not driven by emotions or force.

The descriptive statistics present number of items, mean, standard deviation and elements under consideration denoted by X3 (Leadership Style). It specifically sought to determine the leadership style coving such elements like; laissez-faire, transactional and transformational leadership styles and how it influences performance as presented in table 4.10.

Table 4.10 Leadership Style

X3	Leadership Style	N	Mean	Std. Deviation
X31	My managers have focused on long-term planning to achieve their visions.	54	2.70	1.283
X32	My managers involve employees in the change planning processes of the department.	54	2.52	0.966
X33	My managers pay sufficient attention to the personal consequences that the changes could have for their staff members	54	2.85	1.338
X34	If I experience any problems, I can always turn to my manager for help	54	2.76	1.258
X35	My managers only trust certain groups of people; with whom they have relationships.	54	2.43	1.057
X36	My managers keep staff members up to date with important information about the change.	54	2.81	1.167
X37	Management is happy to receive feedback from employees about change processes	54	2.70	1.475

Source: Research data (2018)

The findings as shown in table 4.10, the factors X31 (Long term planning) through to X37 which represents leadership style predictors. It further shows the mean, standard deviation and coefficient of variation of the factors. The factor scores are generally above the mean of 2.5 except for X35, and the highest mean score is attributed to factor X33, “my managers keep staff members up to date with important information about the change”, while the lowest score is represented by the factor X32 “my managers only trust certain groups of people, with whom they have relationship”. This in essence shows that employees are part of decision making within the cleaning service firms in Nairobi. It also shows that trust is inevitable, and leadership must be built on trust across board not certain circle within the firm to yield performance.

4.7. Organizational Policies

Policy is a course of action or guidelines to be followed whereas a procedure is the ‘nitty gritty’ of the policy, outlining what has to be done to implement the policy. The study findings present the type of organization policies and Organizational Policy Descriptive Analysis. The firm is responsible for providing policy and procedural guidelines that support the practice of services. Policies and procedures must reflect legislation and ethical standards of the community services sector (Hank, 2012).

4.7.1 Types of Organizational Policies in the Organization

In table 4.11, the findings show the distribution of the type of organizational policies in the organizations, among which include code of ethics that accounted for 24.1%, whistleblower policy accounted for 37%, record retention and document destruction policy accounted for 22.2% and other types of organizational policies accounted for 16.7%. The most preferred organizational policy among the organizations was whistleblower policy while the least preferred organizational policy was record retention and document destruction policy, although other types of organizational policies were practiced as well but had the lowest preferences. This shows that whistleblowing works best in the cleaning service firms in Nairobi and is mostly preferred as compared to record retention. The policy orientation in cleaning services firms in Nairobi are built on the premise of free will to willingly report and share information as it happens anonymously.

Table 4.11 Types of Organizational Policies

		Frequency	Percent
Policies	Code of ethics	13	24.1
	Whistleblower policy	20	37.0
	Record retention and document destruction policy	12	22.2
	other (please specify)	9	16.7
	Total	54	100.0

Source: Research data (2018)

4.7.2 Analysis of Organizational Policy

The findings in Table 4.12 shows the statistics for the variable organizational policy, which has the factors X41 through to X47 as predictors. The analysis indicate that all the factors scored above the mean score of 2.5. The factor X47, “financial rewards are given for creative work” had the highest mean score (3.41), while the factor X42, “My organizational policies are communicated to all employees” had the lowest mean score (2.57). Thus, it infers moderate agreement among the respondents concerning organizational policy predictors. It means that people are motivated in all aspect whether financially and non-financially and has to be within the policy framework. That it is not the simplicity of the policy but the institutionalization of policy at the cleaning service firms in Nairobi is what drive their performance.

Table 4.12 Organizational Policy

X4	Organizational Policy	N	Mean	Std. Deviation
X42	My organizational policies are simple and easy to understand	54	2.57	1.537
X43	My organizational policies are communication to all employees	54	2.59	1.584
X44	The policies are applied fairly and equitably	54	2.83	1.489
X45	I was recognized when I performed outstandingly.	54	2.65	1.532
X46	I am satisfied with the welfare provided by the organization	54	2.67	1.554
X47	Rewards are given to suit the preference of recipients	54	2.74	1.200
X47	Financial rewards are given for creative work	54	3.41	1.037

Source: Research data (2018)

4.8 Organizational Performance

According to Richard et al. (2009) organizational performance encompasses three specific areas of firm outcomes. It could be financial and non-financial. Financial performance encompasses profits, return on assets, return on investment and non-financial encompass; product market performance such as sales, market share, shareholder return especially the total shareholder return as well as economic value. Organizational performance is the dependent variable and has factor Y1 through to Y8 as predictors. Table 4.13 shows that all the factors have a mean greater than 2.5, which means that the sampled population were to a moderate extent in agreement that: cleaning services organizations were predisposed to timely delivery to customers; cost effective operations; timely and accurate financial reporting; and that customers are highly satisfied; the profits of the organization have increased; the market share has grown; and

sales turnover has increased. However, to the question of whether the number of customers has increased, the respondents were to a great extent in agreement, which is supported by the findings (Y8 with the highest mean of 3.43 and the lowest coefficient of variation). On the other hand, majority of the respondents were least in agreement with the factor, “customers are highly satisfied” (mean 2.63), which is also supported by the coefficient of variation of 60 (the highest value among the factors).

Table 4.13 Organizational Performance

Y	Organizational Performance	N	Mean	Std. Deviation
Y1	Timely Delivery to customers	54	3.39	1.265
Y2	Cost Effective operations	54	3.04	1.303
Y3	Timely and Accurate Financial Reporting	54	3.30	1.449
Y4	Customers are highly satisfied	54	2.63	1.570
Y5	The profits of the organization have increased	54	2.81	1.167
Y6	The market share has grown	54	2.89	1.327
Y7	Sales turnover has increased	54	2.69	1.329
Y8	The number of customers has increased	54	3.43	1.092

Source: Research data (2018)

This further means that the cleaning services firms in Nairobi are customer centric and care more about the customer taste and how to increase their portfolio though they are also not so careful in ensuring that such customer are fully satisfied

4.8.1 Relationship between Strategy Institutionalization and Performance

The findings show that there is positive relationship between the variable that is strategy institutionalization and organizational performance at 95% level of significance and error term of 0.05%. The Pearson correlation is further elaborated in the analysis as shown in table 4.14. This shows the behaviour of performance in response to organizational structure, culture, leadership style and organizational policies.

Table 4.14 The X1, X2, X3, X4 and Y Correlation Matrix

		X1	X2	X3	X4	Y
X1	Pearson Correlation					
	Sig. (2-tailed)					
	N	54				
X2	Pearson Correlation	.096				
	Sig. (2-tailed)	.492				
	N	54	54			
X3	Pearson Correlation	.075	.145			
	Sig. (2-tailed)	.591	.295			
	N	54	54	54		
X4	Pearson Correlation	.539**	.033	-.214		
	Sig. (2-tailed)	.000	.813	.121		
	N	54	54	54	54	
Y	Pearson Correlation	.315*	.240	.302*	.181	
	Sig. (2-tailed)	.021	.081	.027	.189	
	N	54	54	54	54	54

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

* . Correlation is significant at the 0.05 level (2-tailed).

Source: Research data (2018)

Correlation analysis was done to evaluate the relationship between X1 (which is a composite value of X11, X12, X13 and X14), X2 (representing X21, X22, X23, X24 and X25), X3 (X31, X32, X33, X34, X35, X36 and X37), X4 (X41, X42, X43, X44, X45, X46 and X47) and Y (which is a composite value of Y1, Y2, Y3, Y4, Y5, Y6, Y7 and Y8). The findings, based on the data in table 4.14, indicate that there is a positive

significant correlation at the 5% level ($r=0.315$, $p=0.021$) between organizational structure (X1) and organizational performance (Y), similarly there is a positive and significant ($r=0.302$, $p=0.027$) relationship between leadership style (X3) and organization performance (Y). The findings also show that there is a positive weak and insignificant ($r=0.240$, $p=0.081$) relationship between organizational culture (X2) and organizational performance (Y), similarly there is positive and insignificant ($r=0.181$, $p=0.189$) relationship between organizational policy (X4) and organizational performance (Y).

4.8.2 Regression Analysis

Regression is a statistical method used to describe the nature of the relationship between variables, a positive or negative, linear or nonlinear relationship. In the research study, regression analysis shows behavior of Y in response to X1, X2, X3 and X4.

Table 4.15 The X1, X2, X3, X4 and Y Regression Model, Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F Change	df1	df2	
1	.315 ^a	.099	.082	5.850	.099	5.708	1	52	.021
2	.379 ^b	.143	.110	5.760	.044	2.644	1	51	.110
3	.455 ^c	.207	.159	5.597	.063	4.000	1	50	.051
4	.466 ^d	.217	.153	5.619	.010	.619	1	49	.435

a. Predictors: (Constant), X1

b. Predictors: (Constant), X1, X2

c. Predictors: (Constant), X1, X2, X3

d. Predictors: (Constant), X1, X2, X3, X4

e. Dependent Variable: Y

Source: Research data (2018)

The finding shown in Table 4.16 shows the summary of the regression model where model 1 shows that organizational structure (X1) predicts only 9% of the variation in organizational performance and 91% of the variation in organizational performance is as a result of other unknown factors. In model 2, organizational structure (X1) and organizational culture, (X2) predicts 14.30% of the variation in organizational performance (Y) while the other unknown factors contribute 85.70%. In model 3, organizational structure, organizational culture and leadership style (X3) predicts 20.70% of the variation in organizational performance while other unknown factors account for 70.30%. In model 4, organizational structure, organizational culture, leadership style and organizational policy (X4) predicts 21.70% of the variation in organizational performance while 78.30% of the variation in organizational performance is because of other unknown factors.

Table 4.16 The X1, X2, X3, X4 and Y Regression Model, ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	195.358	1	195.358	5.708	.021 ^b
	Residual	1779.623	52	34.224		
	Total	1974.981	53			
2	Regression	283.071	2	141.535	4.266	.019 ^c
	Residual	1691.911	51	33.175		
	Total	1974.981	53			
3	Regression	408.408	3	136.136	4.345	.009 ^d
	Residual	1566.573	50	31.331		
	Total	1974.981	53			
4	Regression	427.960	4	106.990	3.389	.016 ^e
	Residual	1547.022	49	31.572		
	Total	1974.981	53			

a. Dependent Variable: Y

b. Predictors: (Constant), X1

- c. Predictors: (Constant), X1, X2
- d. Predictors: (Constant), X1, X2, X3
- e. Predictors: (Constant), X1, X2, X3, X4

Source: Fieldwork (2018)

In table 4.17, it shows the coefficients both standardized and unstandardized of the regression model, based on the findings, the following model is derived and highlighted as; $Y=2.380 + 0.567X_1 + 0.384X_2 + 0.506X_3 + 0.105X_4$

WHERE:

Y represents the dependent variable firm performance

X_1 is organizational structure

X_2 is organizational culture

X_3 is leadership style

X_4 is organizational policies

Table 4.17 The X1, X2, X3, X4 and Y Regression Model Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	15.356	4.930		3.115	.003		
	X1	.851	.356	.315	2.389	.021	1.000	1.000
2	(Constant)	9.655	5.988		1.612	.113		
	X1	.796	.352	.294	2.260	.028	.991	1.009
	X2	.467	.287	.212	1.626	.110	.991	1.009
3	(Constant)	2.872	6.735		.426	.672		
	X1	.753	.343	.279	2.197	.033	.987	1.013
	X2	.388	.282	.176	1.379	.174	.972	1.029
	X3	.450	.225	.255	2.000	.051	.975	1.025
4	(Constant)	2.380	6.790		.351	.727		
	X1	.567	.418	.210	1.355	.182	.669	1.495
	X2	.384	.283	.174	1.357	.181	.971	1.030
	X3	.506	.237	.287	2.137	.038	.886	1.129
	X4	.105	.134	.124	.787	.435	.644	1.553

a. Dependent Variable: Y

Source: Research data (2018)

The model shows that a unit change in organizational structure will result in a change of organizational performance by a factor of 0.567, while a unit change in organizational culture will result in organizational performance change by a factor of 0.384, while a unit change in leadership style will result in organizational performance change by a factor of 0.506, and a unit change in organizational policy will result in organizational performance change by a unit of 0.105. Therefore, it means that cleaning services in Nairobi embrace organizational structure to influence their performance at a unit factor of 0.567, while policy is least observed at a factor unit of 0.105.

4.9 Discussion of Findings

This section discusses the finding of the study. It is clear from the study that majority of the firms have been in operation for 6-10 years which is an indication that the firms in the cleaning service industry experienced tremendous growth over a period of 15 years. Most of these firms are partnerships and this shows the high level of strategic partnerships the cleaning service firms are engaged in.

Majority of the organizations had divisional type of organizational structure followed by the functional structure. Production and other types of organizational structure were least prevalent. This means that the divisional approach of structure works best for most of the cleaning service firms in Nairobi County.

The most prevalent type of culture among the cleaning service firms was the role culture which accounted for 29.6% followed by power type of culture. It can, therefore, be

inferred that cleaning service firms in Nairobi County are role oriented and this drives their performance. The study also found out that the managers in most of the firms are open to criticism and are receptive to new information which means that decision making is based on facts and they also rely on suggestions from staff from all levels.

Majority of the firms in the cleaning service industry in Nairobi County adopted the laissez faire leadership style followed by the transformational type. This depicts that leadership is based on fairness and that the leaders are not driven by emotions or force. The study revealed that most managers keep their staff up to date with important information about the changes in the organization and this means that trust is inevitable and leadership must be built on trust accords board for the firm to yield performance.

The most preferred organizational policy among the organizations was whistle-blower policy while the least was record retention and document destruction. This means that the policy orientation is built on the premise of free will to report and share information as it happens anonymously. Most of the organizations gave financial rewards for creative work while it is also noted that policies were not communicated to all employees. It can therefore, be inferred that, it is not the simplicity of the policy but its institutionalization which drives the performance in the cleaning service firms in Nairobi County.

Analysis of organizational performance revealed that most cleaning service firms in Nairobi County are customer centric and care more about customer tastes, preferences and increase to their portfolio. There is a positive relationship between strategy

institutionalization and organizational performance at 95% level of significance and error term on 0.05%. Regression model shows that organizational structure predicts only 9% of the variation in organizational performance while 91% of the variation is as a result of other unknown factors. Organizational structure and culture predicts 14.30% of the variation in organizational performance while other unknown factors contribute 85.70%. Organizational structure, culture and leadership style predicts 20.70% of the variation in organizational performance while other unknown factors account for 70.30%. Organizational structure, culture, leadership style and policies predicts 21.70% of the variation while 78.30% is because of other unknown factors.

The model shows that a unit change in organizational structure will result in a change of organizational performance by a factor of 0.567, while a unit change in organizational culture will result in organizational performance change by a factor of 0.384, while a unit change in leadership style will result in organizational performance change by a factor of 0.506, and a unit change in organizational policy will result in organizational performance change by a unit of 0.105. Therefore, it means that cleaning services in Nairobi embrace organizational structure to influence their performance at a unit factor of 0.567, while policy is least observed at a factor unit of 0.105.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter discusses the findings of various analyses undertaken in the study derived from the previous chapter. The study had the objective in determining the relationship between strategy institutionalization and performance of cleaning service firms in Nairobi County. The variables that were measured included organizational structure, organizational culture, leadership style and organizational policy as the independent variables and organizational performance as the dependent variable. The chapter presents the summary of the findings, and includes conclusions drawn from the findings, looks at the contribution to knowledge that the study has made followed by recommendations and suggestions for further research.

5.2 Summary of Key Findings

Majority of the firms had been in operation for 6-10 years. This indicates that firms in the cleaning services industry experienced tremendous growth in numbers over a span of 15 years, whereas those which had been around longer than this time constituted only small fraction of population of cleaning services firms that are currently in operation in Nairobi. The type of ownership and the degree of ownership among sole trade, partnership and private limited company show that majority of the firms were partnership type of ownership, and sole trade type of ownership was significantly low compared to private limited company and partnership as well.

Most of the organizations had 16-30 employees, most of the organizations either had not been in business for long or had been in business for long but had not been able to achieve much growth in terms of size. The factors that the respondents view as determinants of the success of strategic management in the organizations include leadership style, communication and accurate information, information availability, minimizing uncertainty, the organizational structure, human resources and people engagement, organizational culture, innovation and the type of technology that is used in the organization, organizational culture, policies of the organization were all cited as impacting on the success of the organization in different ways.

The findings indicate that a successful strategy implementation requires that decision makers, especially the board members and the leadership that is involved in the day-to-day operations of the organizations. The understanding among the respondents was that decision makers at the policy level can inspire the followers in a way that increases their willingness to follow through with the strategy implementation plans. The distribution of strategies implemented in the organization show that majority had less than five years of strategies implementation. The types of organizational structure in the organization based on functional, production, divisional and matrix parameters indicate that majority of the organizations had divisional type of organizational structure and functional type of organizational structure was comparably having high as the functional type. Product functional type of organizational structure was least prevalent. Most of the organizations had, to a great extent, a hierarchical and centralized decision-making process at the headquarters. Findings show that majority of the organizations had role type of

organizational culture, although power type of organizational culture was also highly practiced among the cleaning services firms.

The findings show that majority of the organizations applied laissez faire type of leadership followed by transformational leadership style, which was comparatively as high. The democratic and autocratic were equally the least applied type of leadership by the organizations. The most preferred organizational policy among the organizations was whistleblower policy while the least preferred organizational policy was record retention and document destruction policy, although other types of organizational policies were practices as well but had the lowest preferences.

Correlation analysis was done to evaluate the relationship between the independent and dependent variables and the findings indicate that there is a positive significant correlation at between organizational structure and organizational performance, similarly there is a positive and significant relationship between leadership style and organization performance. The findings also show that there is a positive weak and insignificant relationship between organizational culture and organizational performance similarly there is positive and insignificant relationship between organizational policy and organizational performance.

The summary of the regression model shows that organizational structure predicts only 9% of the variation in organizational performance and 91% of the variation in organizational performance is as a result of other unknown factors. In model 2, organizational structure and organizational culture predicts 14.30% of the variation in organizational performance while the other unknown factors contribute 85.70%. In model 3, organizational structure, organizational culture and leadership style predicts 20.70% of

the variation in organizational performance while other unknown factors account for 70.30%. In model 4, organizational structure, organizational culture, leadership style and organizational policy predicts 21.70% of the variation in organizational performance while 78.30% of the variation in organizational performance is because of other unknown factors. The model shows that a unit change in organizational structure will result in organizational performance change by a factor of 0.567, while a unit change in organizational culture will result in organizational performance change by a factor of 0.384, while a unit change in leadership style will result in organizational performance change by a factor of 0.506, and a unit change in organizational policy will result in organizational performance change by a unit of 0.105.

5.3 Conclusion

The study determined that strategy institutionalization predictors, that is organizational structure, organizational culture, leadership style and organizational policy have a positive influence on the performance of cleaning services firms in Nairobi. All the predictors of strategy institutionalization were found to have a positive relationship with organizational performance, and more importantly, it was found through regression analysis that a unit increase of all the factors (organizational structure, organizational culture, leadership style and organizational policy) result in an increase in organizational performance. Hrebiniak and Joyce (2005) argues that successful implementation of strategy depends on the extent of strategy institutionalization, which in turn is vital for the achievement of operation efficiency and the realization of organizational effectiveness and performance.

Lynch (2009) reports that an organization's performance level is an important measure used to quantify the output of a firm in a wider spectrum, it is necessary to be able to quantify the results. For any organization to achieve its objectives, there are key performance indicators in making sure that the organization is either meeting their goals or performing well by all standards. It is therefore reasonable to infer that strategy institutionalization is an important strategic approach for improved performance of cleaning services organizations in Nairobi. Although it was also found other unknown factors influence the performance of cleaning services firms in Nairobi as well.

5.4 Contribution of the Study to Knowledge

The study contributes to knowledge in the area of institutionalization and organizational performance, more importantly to organizations in the cleaning services industry. The findings in this study makes important contributions to knowledge by providing empirical evidence that strategy institutionalization can, if implemented in an organization, lead to superior organizational performance. There has been increased interest in non-financial aspects of factors influencing organizational performance, and this study adds to the body of knowledge and theory in that respect, and more importantly to the theories of resource-based view, institutional theory and transactional cost theory on which this study was grounded.

The study found that organizational structure, organizational culture, leadership style and organizational policy have a positive influence on organizational performance, as such, manager's organizations can help institutionalize strategy by aligning the organization structure with the strategy and giving employees who support the strategy important roles, developing supportive culture stories and attitudes, enforcing policies and linking

rewards to the strategic actions. Leadership was also found to be an essential component of strategy institutionalization, and it is important to conceptualize what must be done and articulating the same persuasively through a process of deliberation, which considers all the stakeholders.

5.5 Recommendations

The study found that organizational structure, organizational culture, leadership style and organizational policy have a positive influence on organizational performance, as such, manager's organizations can help institutionalize strategy by aligning the organization structure with the strategy and giving employees who support the strategy important roles, developing supportive culture stories and attitudes, enforcing policies and linking rewards to the strategic actions. Leadership was also found to be an essential component of strategy institutionalization, and it is important to conceptualize what must be done and articulating the same persuasively through a process of deliberation, which considers all the stakeholders. It is also important for organizational leaders to develop a vision that all the employees have the capacity and inspiration to work towards.

It is necessary also to ensure that structural changes aligned with strategic approaches of the organization. Institutionalization of strategy also demands a set of rules and procedure as well as supportive employee behaviours. Hence organizational leaders need to provide work environments that facilitates productivity of employees and progressive institutionalization of strategy. In the course of institutionalization such Potential impediments like individual managers and employees need to be strategically controlled

especially in the context of extensive transformations and re-structuring, loss of focus, insufficient leadership and guidance, inadequate information and poor communication.

5.6 Limitations of the Study

A number of limitations were encountered in the course of this study including non-response to and incomplete questionnaires by the respondents, time and resource constraints.

Out of the target population of 58 firms, 54 complete questionnaires were received representing 93% response rate. There was also perception from the respondents that information provided would not be treated with strict confidentiality. The respondents feared that the information provided would not be used for the intended purpose. Some respondents were also not willing to provide the required information for unknown reasons.

This study required a lot of time and financial resources for the researcher to achieve her objective. The time and other resources required for carrying out the research were limited.

5.7 Suggestions for Further Research

This study set out to investigate the influence of strategy institutionalization on the performance of cleaning services firms in Nairobi, as such; the data collected was largely subjective to self-reporting by the sample population. Considerations can be made for the use of both questionnaires and interviews to collect data, an approach that has greater

potential to generate better outcomes in such a study and more advanced data collection methods are therefore recommended for future research namely. It is also important to replicate the study in other sectors of the economy apart from the cleaning services sector, which will reinforce understanding of the relationship between strategy institutionalization and firm performance.

There is a dire need to do more research on other factors that affect organizational performance which could be coupled alongside strategy institutionalization and might contribute to organization achievement. The study objectives mainly focused on the strategy institutionalization and organizational performance which successfully delve and accomplished the intended purpose but these were only skewed to the extent and relationship that existed between the variables. Several areas that were not covered remained unclear and these require further research;

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APPENDICES

Appendix I: Cover Letter for the Questionnaire

Dear Respondent,

RE: RESEARCH ON THE EFFECT OF STRATEGY INSTITUTIONALIZATION ON PERFORMANCE OF FIRMS IN THE CLEANING SERVICE INDUSTRY IN NAIRIOBI CITY COUNTY

My name is Immaculate, an MBA student at The University of Nairobi. As part of the requirements of this programme I am required to conduct a study in an area of interest. I am writing to kindly request you to fill the attached questionnaire. The purpose of this questionnaire is to gather information on the **Relationship between Strategy Institutionalization and Organizational Performance of firms in the Cleaning Service Industry in Nairobi County**. Please make your responses as complete as possible. The information obtained will remain confidential and will be of a general nature. Your participation was highly appreciated.

Yours Sincerely

Immaculate Akoth Kadikiny

Researcher

Appendix II: Research Questionnaire

Kindly answer the questions by putting a tick in the appropriate box or by writing in the space provided.

SECTION A: DEMOGRAPHIC INFORMATION

1. Years of Operation

For how long has your organization been in operation?

2-5 years

6-10 years

11 – 15 year

Over 16 years

2. Which of the following type of business best describes the ownership of your organization?

Sole trade { }

Partnership { }

Private limited company { }

Other (please specify)

3. Which of the following describes the size of your organization in terms of personnel?

Less than 15 employees { }

16-30 employees { }

36-50 employees { }

Above 51 employees { }

4. What are the factors that determine success in strategic management in this organization? (please state)

.....
.....

5. Who are responsible for strategic management process in this organization?

.....

SECTION B: ORGANIZATIONAL STRUCTURE

6. In your opinion, how many strategies have been implemented your organization for the last five years?

Less than 5 strategies { }

6-10 strategies { }

11-15 strategies { }

7. Over 16 strategies { }

8. Which of the following types of organizational structure exists in your organization?

Functional { }

Product { }

Divisional { }

Matrix { }

Other (please specify).....

9. To what extent do you agree with the following statements regarding the relationship between organizational structure and organizational performance?

Statement	Extent agreement			
	1	2	3	4
Organizational structure hinders cross-functional collaboration				
I usually do my work individually, as teamwork is not encouraged in my department.				
Decision-making processes are hierarchical and centralized at the headquarters.				
The organizational structure supports upward and downward communications				

1 = No Extent

3 = Moderate Extent

5 = Very Great Extent

2 = Little Extent

4 = Great Extent

In your opinion, what can be done to improve the structure of your organization, particularly with regard to institutionalizing the strategies?

.....

SECTION C: ORGANIZATIONAL CULTURE

10. Which of the following type of organizational culture exists in your organization?

Task { }

Power { }

Role { }

Person { }

Other (please specify).....

11. To what extent do you agree with the following statements regarding the relationship between organizational culture and organizational performance?

Statement	Extent agreement			
	1	2	3	4
There is an openness to suggestions from staff at all levels of the organization				
Our products and services reflect the awareness of a diverse consumer base				
The culture of my organization is open to change				
Employees are free to express themselves openly without fear				
Managers are open to criticism and are and are receptive to new information				

1 = No Extent 3 = Moderate Extent 5 = Very Great Extent

2 = Little Extent 4 = Great Extent

In your opinion, what can be done to improve the culture of your organization, particularly with regard to institutionalizing the strategies?

.....

SECTION C: LEADERSHIP STYLE

12. Which of the following leadership style characterize the management in your organization?

Democratic { }

Autocratic { }

Laissez faire { }

Transformational { }

Other (please specify).....

13. To what extent do you agree with the following statements regarding the relationship between leadership style and organizational performance?

Statement	Extent agreement			
	1	2	3	4
My managers have focused on long-term planning to achieve their visions.				
My managers involve employees in the change planning processes of the department.				
My managers pay sufficient attention to the personal consequences that the changes could have for their staff members				
If I experience any problems, I can always turn to my manager for help				
My managers only trust certain groups of people, whom they have relationships with.				
My managers keep staff members up to date with important information about the change.				
Management is happy to receive feedback from employees about change processes				

1 = No Extent

3 = Moderate Extent

5 = Very Great Extent

2 = Little Extent

4 = Great Extent

In your opinion, which type of leadership style is most likely to work well in your department, particularly with regard to institutionalizing the strategies?

.....

SECTION E: ORGANIZATIONAL POLICIES

14. Which of the following types of organizational policies exist in your organization?

- Code of ethics { }
- Whistleblower policy { }
- Record retention and document destruction policy { }
- Other (please specify).....

15. To what extent do you agree with the following statements regarding the relationship between organizational policies and organizational performance?

Statement	Extent agreement			
	1	2	3	4
My organizational policies are simple and easy to understand				
My organizational policies are communication to all employees				
The policies are applied fairly and equitably				
I was recognized when I perform outstandingly.				
I am satisfied with the welfare provided by the organization				
Rewards are given to suit the preference of recipients				
Financial rewards are given for creative work				

1 = No Extent 3 = Moderate Extent 5 = Very Great Extent
2 = Little Extent 4 = Great Extent

In your opinion, what can be done to improve the policies of your, particularly with regard to institutionalizing the strategies?

.....

SECTION F: ORGANIZATIONAL PERFORMANCE

To what extent do you agree with the following statements regarding the performance of your organization resulting from strategy institutionalization?

Statement	Extent agreement			
	1	2	3	4
Timely Delivery to customers				
Cost Effective operations				
Timely and Accurate financial Reporting				
Customers are highly satisfied				
The profits of the organization have increased				
The market share has grown				
Sales turnover has increased				
The number of customers has increased				

Thank you for your participation

Appendix III: List of Cleaning Service Firms in Nairobi County

1.	200 Degrees Cleaning Services
2.	Asker Enterprises
3.	Below Zero Waste
4.	Brenian Cleaning Services
5.	Chemserve Cleaning
6.	Cosmo pests K Ltd
7.	Domestic & Industrial Services
8.	Ecolab
9.	Harvest Cleaning Services Limited
10.	Holistic Hygiene Limited
11.	Hula Agencies
12.	Hurricane Cleaning Services
13.	Ice Clean Care Group Company Ltd
14.	Imagine Care
15.	Immac Services
16.	Isamado Homecare – Nairobi
17.	Jonada Services
18.	Julep
19.	Kleeneat Services Ltd
20.	Lavington Cleaning Services Ltd
21.	Limpio Cleaners
22.	Mama's Cleaning Services
23.	Multi-care Services (K) Ltd
24.	Multisector Services
25.	Nairobi Carpet Cleaning Limited
26.	Neptune Maids
27.	Nesco Services
28.	Nightingale Cleaning Services
29.	Nightingale Group Ltd
30.	Nimf International Consulting Ltd
31.	Nisafi Home Care
32.	One Way Services
33.	Ose Cleaners
34.	Own It Kenya
35.	Parapet
36.	Patom Company Limited
37.	Portable Mobile Toilets - Nairobi Kenya
38.	Pristine Services
39.	Property Hub Limited
40.	Rentokil Initial Kenya Ltd
41.	Ridgeways Office Services
42.	Royal Maids Cleaning Services
43.	Ruby Cleaning Solutions

44.	Saphy Industries
45.	Sendenta Homecare Services
46.	Shilat Water Damage
47.	Shine And Shine Cleaning Services
48.	Sparkling Joy Company Limited
49.	Spic In Span
50.	Steel Wool
51.	Steinways clean
52.	Steinways Hygiene
53.	Super Broom Services
54.	Super clean Shine Ltd
55.	Tema Home
56.	Tobel Limited
57.	Top Choice Cleaners
58.	Unicity Exquisite Cleaners

Source: As extracted from Registrar of Companies, Nairobi Kenya (2018)