INFLUENCE OF TOP MANAGEMENT TEAM DIVERSITY ON THE PERFORMANCE OF PUBLIC BENEFIT ORGANIZATIONS IN KENYA

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DECLARATION

I, the undersigned, declare that this thesis is my original work and has not been submitted to any other college, university, or institution of higher learning, other than the University of Nairobi for academic credit.

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DEDICATION

I dedicate this thesis to my dear wife and children. Your support, love, patience, encouragement, sacrifice and prayers have strengthened my devotion to the successful completion of this thesis. May God bless and keep you all.

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ABBREVIATIONS AND ACRONYMS

ANOVA	**:**	Analysis of Variance
CBO	**:**	Community Based Organization
CEO	**:**	Chief Executive Officer
GDP	:	Gross Domestic Product
ICT	**:**	Information and Communication Technology
INGO	**:**	International Non-Governmental Organization
IPBO	**:**	International Public Benefits Organization
ME	**:**	Macro Environment
NGOs	**:**	Non-Governmental Organizations
NSE	**:**	Nairobi Securities Exchange
OLS	**:**	Ordinary Least Squares
PBO	**:**	Public Benefits Organization
PBO-P	**:**	Public Benefits Organization Performance
SC	**:**	Strategic Change
SL	**:**	Strategic Leadership
SPSS	**:**	Statistical Packages for Social Sciences
TMT	**:**	Top Management Team
TMT-D	**:**	Top Management Team Diversity
VIF	**:**	Variance Inflation Factor

ABSTRACT

Faced with varying complexities in their operating environments, modern organizations are forced to seek various management strategies that allow them to gain competitiveness and enhance their performance. Top Management Team (TMT) diversity is one such strategy. Increased competition has pressed organizations to employ capable and diverse leaders able to develop high-quality strategies, promote development and increase profits and impact. Research on TMT diversity has focused on different forms of diversity including differences in gender, age, nationality, education, organization tenure, and functional or technical background. Despite wide interest from scholars, the concept of TMT diversity influence on performance has been found to be ambiguous in most instances. The Public Benefit Organizations (PBOs) sector despite being one of the most important within economies has received very little attention among researchers regarding the influence of TMT diversity on performance. This study sought to find out the influence of TMT diversity on performance of Public Benefit Organizations (PBOs) within the purview of strategic change, strategic leadership and the macro environment. The study relied on the upper echelons, resource based view, strategic leadership and open systems theories to offer the foundations of the assessment. Review of previous literature revealed the existence of research gaps that this study sought to help fill. The study applied a cross sectional research design within a positivistic framework on a population of all the PBOs in Kenya from which a sample of 138 respondents was acquired. Quantitative data collected from 101 PBOs was analysed using descriptive and inferential statistics. The study found that TMT diversity has a low (10.4%) but statistically significant influence on PBO performance. The study further found that strategic leadership and macro environment have a moderating effect on the relationship between TMT diversity and PBO performance. However, strategic change was found to lack intervening influence on the relationship between TMT Diversity and PBO performance. The study also found a positive joint influence of TMT diversity, strategic leadership, and macro environment on PBO performance. The study therefore concludes that TMT diversity has an influence on PBO performance, and has a greater effect in organizations with high strategic leadership orientation that is able to align with the macro environment. The study recommends all stakeholders in the sector to enhance TMT diversity in their organizations while ensuring adoption of strategic leadership behaviours and constant alignment to the macro environment. Further studies targeting the four variables in varying settings to assess their outcomes and relationship towards their inclusion in the theories and policies ought to be undertaken. The research contributes to the upper echelons theory by addition of strategic leadership and macro environment as moderating variables in the TMT diversity and organization performance relationship. Finally, the study contributes to the PBO management policies and practices raising the need to consider TMT diversity in making hiring decisions, leadership development policies and strategies for interacting with external environment as ways of enhancing organizational performance.

CHAPTER ONE

INTRODUCTION

1.1 Background

Contemporary organizations are working in increasingly dynamic and complex markets. This situation is aggravated by economic instability, globalization, and disruptive technologies among other factors, with significant attention being devoted towards exploring means of staying above competitors. These are some of the reasons behind diversity and inclusion increasingly becoming strategic organizational drivers with direct impact on the effectiveness, reputation, and profitability of organizations (Boal & Hooijberg, 2001; Ci-Rong, 2013). A key area of interest has been the diversity within the Top Management Team (TMT). Organizations have been pressed into employing capable and diverse leaders, able to create high-quality strategies, promote development, increase profits and overcome intense competition (Hambrick & Mason, 1984; Hambrick, 2007; Nielson & Nielson, 2012).

TMTs are engaged in strategic decision-making processes, with each member's perceptions and interpretations being a reflection of their own cognitive base, hence performance is considered a function of the extent of the fit between the experiences and personalities of TMT and the strategies of the organization (Hailey, 2006). The introduction of TMT diversity discourse in strategic management was postulated in the Upper- Echelons Theory (Mason & Hambrick, 1984). The theory posits that the composition and diversity of a TMT have an impact on strategic decision making which then affects organizational performance. It established that organizations' corporate and business strategies reflect the diversity in their TMT (Hambrick, 2007).

According to Jansen, *et al.,* (2009) the level of diversity within the TMT determines the capability of the created corporate and business strategies to improve and sustain organization performance. However, despite the large number of studies on TMT diversity, the results have been inconsistent and in most instances unclear. Clearly, this relationship is not direct and there are other factors that influence it like the role of TMT in formulating and adopting strategic change, strategic leadership and macro organizational environment (Mutuku, *et al.,* 2013; Nielson & Nielson, 2012).

This thesis therefore conceptualized a relationship between TMT diversity, strategic change, strategic leadership and macro environment in influencing the performance of the public benefit organizations. The study is built upon the literature that has shown that TMT diversity influences strategic change and strategic leadership and vice versa, and that TMT diversity, strategic change, and strategic leadership are all influenced by the organization's macro environment (Hambrick, 2007; Ci-Rong, 2013). The key proposition is that TMT diversity is able to affect organization performance. However, Jansen *et al.,* (2009) opined that TMT diversity is related to organization strategy and the macro environment, hence the researcher proposed a moderating influence of strategic leadership and macro environment and intervening influence of strategic change on the relationship between TMT diversity and organization performance. This inquiry therefore offers a unique perspective on how TMT diversity influences organizational outcomes within the strategic change, strategic leadership and macro environment contingency.

This study propositions are founded upon the Upper Echelons Theory, Resource Based View, Strategic Leadership Theory, and Open Systems Theory. Hambrick and Mason (1984) Upper Echelons Theory offers the grounds upon which TMT diversity and organization performance relationship exists. The Resource Based theory (Wernerfelt 1984; Barney 1991) argues that organizations possess tangible and intangible resources that enable them attain competitive advantage that result to superior long-term performance. Strategic leadership theories particularly transformational and transactional theories (Selznick, 1984; Bass & Avolio, 1990; Boal & Hooijberg, 2001) are concerned with the organizations' leadership and are signalled by the need to evolve the entire organization and focuses on the people. Open Systems theory posits that organizations are dependent upon their relationship with the environment (Bastedo, 2004).

The thesis tests its propositions within the Public Benefit Organizations (PBOs). Globally, PBOs are of great value in the provision of educational, health, social, and environmental services. PBOs are enormous contributors to the American economy proving 5.4% of the nation's Gross Domestic Product (GDP) or $887.3 billion to the United States economy in 2012. In 2012, the PBO sector provided 11.4 million jobs, contributing to 10.3% of the country's private-sector workforce (Davies 2014). In Kenya, the PBO sector contributes more than $1.2 billion into the country's economy annually, with 1.8 percent of the PBOs delivering 45 percent of Kenyan public health services (Kenya Public Health Report, 2014). Therefore, given their social and economic importance, understanding how these organizations are managed and the strategic management practices they adopt are issues of great importance.

The study provides a unique perspective on how diversity of TMT within PBOs in Kenya influences their organizational outcomes. The PBOs rely on donor funding from internal and external sources to deliver their mandate, and accomplish their mission. Therefore, the question of how these organizations are managed and the strategic management practices they adopt are key in ensuring sustained performance. The interest of PBOs in diversity and inclusion strategies has been high due to the probable benefits of improved employee and beneficiaries' engagement, and the increased organizational innovation and agility. The study is driven by the need to determine how these benefits are accrued among PBOs, hence sought to determine the influence of TMT diversity on performance of PBOs within the spheres of strategic change, strategic leadership and macro environment.

1.1.1 Top Management Team Diversity

The top Management Team (TMT) embodies the inner circle of executives who jointly formulate, articulate and execute the organization's tactical and strategic moves (Nelson & Nelson, 2012). Diversity is often described as the distribution of personal attributes/traits among interdependent members (Jackson, *et al.*, 2003). According to Simons, *et al.,* (1999), TMT diversity is defined as the extent to which there are variations in functional background and demographic dimensions in TMT composition. It is identified as the variances in qualities that members of TMT can be able to identify their differences with each other (Mutuku, *et al*., 2013). TMT diversity introduces human social biases, idiosyncratic processes and filters at the helm of an organization which significantly influence the competitive behaviours likely to influence organization performance (Carson *et al.,* 2004).

Research on TMT diversity has focused on different forms of diversity including differences in age, gender, nationality, education, organization tenure, and functional or technical background (Jackson, *et al.,* 2003). Though linked to positive impact on the organization, some studies found TMT age and tenure diversity to have negative effects on group cohesion, frequency of communication, increased conflict within the group and increased political activity (Eisenhardt & Schoonhoven, 1990). Both positive and negative TMT diversity effects provide an internal environment with implications on organizational performance, hence TMT diversity offers key benefits (Ci-Rong, 2013). It can thus be concluded that diverse teams develop more alternatives to reduce "groupthink," creatively solve complex problems, and consequently improve the quality of decisions (Doz & Kosonen, 2007; Carpenter *et al.*, 2004; Bunderson & Sutcliffe, 2002; Bantel, 1993; Jackson, 1992; Zenger & Lawrence, 1989).

The TMT diversity and organization performance relationship within the upper echelons discourse is a key area of interest in this thesis. According to Amason (1996), TMT diversity prompts discussions revolving around ideas and substantive issues unlike dialogue which centres on personal issues yet can't stop effective communication. Therefore, the study proposes that increased TMT diversity would lead to broadened knowledge, perspectives, experience, and capabilities base that the team relies upon in a decision making situation. TMT diversity ensures presence of different viewpoints in the team, thus increasing the levels of creativity and innovation, in turn leading to improved performance. The thesis therefore proposes a positive association between TMT diversity and organizational performance, putting to rest the current uncertainties.

1.1.2 Strategic Change

Strategic change has been described in different ways by various researchers based upon their conceptual arguments. Some studies define it as a change in a specific strategic perspective. Wiersema and Bantel (1992) define it as a change in the diversification level of the product. On the other hand Sanders and Carpenter (1998) describe it as geographical diversification level while Hoskisson and Hitt, (1988) define it as research and development (R&D) investment intensity. Other researchers have defined it as an overall change in resource allocation of the firm from different key strategic perspectives (Zhang, 2006; Finkelstein & Hambrick, 1990; Carpenter, 2000). This study views strategic change as conceptualized by Mintzberg (1978) as a strategy highlighting the pattern of organization resource allocation. Essentially, strategic change can be described as the extent of change in an organization pattern of resource allocation in key strategic dimensions with time (Chemengich, 2013; Zhang 2006; Carpenter; 2000).

This thesis examines the mediating influence of strategic change on the relationship between TMT diversity and organization performance within the foundations of upper-echelons theory and resource based view. The level of strategic change reveals the level of experimenting and risk taking practices in organization strategic choices, all which are directed within the upper echelons of the organization (Carpenter, 2000; Zhang, 2006; Finkelstein & Hambrick, 1990). It highlights on the TMT bold thinking and better strategic alternatives, and thus, strategic change may enable an organization to better adapt to its environment and attain higher performances (Zajac & Kraatz, 1993; Haveman, 1992; Hambrick & Schecter, 1983). However, the greater the level of change, the higher the cost and complexity of change implementation in an organization due to the need to acquire new resources and build new capabilities (Dess, *et al.,* 2005).

Therefore, strategic change level in the resource allocation pattern may indicate negative influence on performance. This is because individuals, managers and organizations as collective systems of practices and knowledge exhibit limited capacity to process and effectively integrate new practices, hence high strategic change levels negatively affect resource allocation patterns and performance (Cohen & Levinthal, 1990).

Strategic change in this thesis is conceptualized as the extent of change in resource allocation within various elements of the organization. Strategic change is driven by the TMT and therefore its effectiveness relies heavily on the TMT characteristics. TMT diversity is said to amplify the effect of strategic change within the organization, and strategic change in itself magnifies the TMT diversity level. A diverse TMT has broader vision, wider cognitive resources and more detailed macro contacts than the homogeneous team (Zhang & Rajagopalan, 2010; Chemengich, 2013), and high team diversity expands organization capabilities to foresee strategic opportunities and environmental changes (Alexiev *et al.,* 2010). From the foregoing, the study argues that heterogeneous TMTs are better positioned to improve operational performance when practising strategic change than homogeneous TMTs since their wider combined set of skills, competences and experiences enable organizations to successfully address the environmental complexity and organizational dynamism challenges associated with strategic reorientation.

1.1.3 Strategic Leadership

Strategic leadership is a concept that dwells upon the team within an organization charged with deciding the strategic orientation, translating strategy into action, aligning people and organizations, determining effective strategic intervention points, and developing strategic competencies (Davis, 2004). One thing the strategic leadership scholars are in consensus with is the fact that they are unable to agree on a common definition (Allio, 2013; Strand, 2014; Lord *et al,* 2016).

However, a few researchers have come up with agreeable definitions of the concept. One of these is Ireland and Hitt (1999) who considered strategic leadership as a layout of unique capabilities of thinking in a strategic way, envisioning, anticipating, maintaining flexibility and encouraging employees to generate innovative ideas that increase the organization's performance. Based on these views, this study conceptualizes strategic leadership as defined by Carter and Greer, (2013) as committing all efforts and resources towards the attainment of the organization's objectives.

The most critical component of strategic leadership is the shared values and clear vision, which allows the employees to freely make decisions (Amos, *et al.*, 2004). Bass and Avolio, (1990) expressed the varying manifestations of strategic leadership where transactional and transformational leadership behaviours featured prominently in organizational learning. Transformational behaviours encourage members of the organization to adopt generative thinking and challenge institutionalized learning while transactional behaviours encourage organizational members to improve existing knowledge, (Jansen, *et al.*, 2009).

Strategic leadership exists across all the functional levels of the organization: divisions, teams, departments, and the entire organization. Strategic leaders are inspiring, daring, visionary, thoughtful thinkers and risk takers (Bass & Avolio, 1994). They provide techniques and direction that help organizations gain focus when making business decisions which are critical to their continued competitiveness and relevance.

The vision and interpretive capability for available information among strategic leaders stems from their values, knowledge, stimulation, motivation and personality, indicating that strategic leadership is unique to each individual leader providing latitude for existence of diversity in every TMT, (Cannella & Park, 2008). The study argues that TMT diversity ensures presence of both transformational and transactional leaders within an organization, balancing out and eating away the negative traits in each group leading to enhanced outcomes for the organization.

1.1.4 Macro Environment

Organizations exist in a state of constant interactions with other external entities which might be individuals or other organizations such as competitors, suppliers, governmental bodies or consumer groups (Ganey, 1981). These external entities that interact with an organization make up its macro environment. Duncan (1972), opines that without these interactions, the organization cannot remain viable. Scholars have defined the macro environment in varying ways hence no universal definition exists. Machuki and Aosa (2011) defined macro environment as any external force that plays a critical role in influencing organization performance.

A nearly similar definition was offered by Alina, *et al.*, (2010) who referred to the macro environment as the factors existing outside the company boundaries that affect its ability to undertake its functions. Therefore, this study considers the macro environment as the interactions with entities existing outside the organizational boundaries which have an influence on the operations of the organization.

The macro environment of an organization is segmented into the remote and task environments. The remote environment includes elements such as political, socio-cultural, economic, ecological, and technological advancement while the task environment includes stakeholders, beneficiaries, suppliers, competitors, regulators of the industry, raw materials, the human resources, international sectors and market sectors (Dill, 1958). Each organization is uniquely affected by these macro environment elements hence organizations are forced to consider their macro environment in every decision made, (Oketch & Kilika, 2017). From the organization macro environment springs its contingencies, constraints, opportunities, and problems that influence the terms on which organizations transact their business; hence the segmentation of the macro environment within dynamism, munificence and complexity attributes (Dess & Beard, 1984).

This thesis considers the macro environment as a key factor in the association between TMT diversity and organization performance guided by open systems theory. This is due to the fact that, as observed earlier, the macro environment is at the heart of every decision made within the organization, hence affects the effectiveness of the TMT within the organization. Various researchers such as Haleblian and Finkelstein (2013) have confirmed that organizations that align themselves well with their macro environment record greater operational success resulting in superior organization performance. Understanding how the macro environment manifests in the TMT diversity discourse is a viable area of inquiry given the fact that macro environment determines the level and extent of TMT diversity.

This study measured the macro environment by assessing the level of the three attributes: munificence, dynamism and complexity. According to Castrogiovanni, (2002) munificence indicates resource availability; dynamism is the unpredictability or instability; while complexity expresses the degree of unpredictability of change among organizational elements. The thesis therefore propose that the organization's macro environment (measured as munificence, dynamism and complexity) has a moderating influence on the association between TMT diversity and organization performance.

1.1.5 Organizational Performance

Conceptualization of organizational performance has elicited the longest and ongoing debate due to its complexity and multidimensionality (Santos & Brito 2012). Despite the conceptual problems underlying discussions on organizational performance, it is widely applied as a key construct in strategy research. Organization performance is defined as the subset of overall concept of firm effectiveness (Venkatraman & Ramanujam, 1986). Organizational Performance is also defined as a combination of both the financial and non-financial indicators offering information on the level of attainment of organizational goals, (Lebas & Euske, 2006). The study rides upon these two definitions in its conceptualization of organization performance.

Most organizations interpret their performance based on their effectiveness in achieving their goals, while others dwell upon their efficiency in deploying resources (MacPherson & Pabari, 2004). However, based on performance definition as organization effectiveness, the measurement encompasses actual outputs or results realized by an organization, measured against the intended outputs, which are mainly considered as goals and objectives or the previous period's performance (Hailey, 2006).

This therefore indicates varying methods of measuring organization performance. Views posited by Richard *et al.*, (2009) depict organizational performance as to comprise three areas of organization outcomes that include financial performance, product market performance and shareholder returns which should be considered in measuring organization performance.

This study is interested in the Public Benefits Organizations (PBOs) whose performance measurement slightly differs from the for-profit models. PBOs link a large portion of their organizational performance to the results of their programs which are designed in view of improving the lives of the targeted group rather than the profitability gains acquired within the organization. Their performance is all about meeting or exceeding stakeholders' needs and expectations (Hailey, 2006). The performance measure widely utilized in PBOs is the Balanced Score Card (BSC) which integrates customer, internal business, innovation and learning, and the financial perspectives of an organization performance (Horvath & Seiter, 2009). Performance in this study is therefore measured by the extended Balanced Score Card (eBSC) framework which retains the financial performance measures, such as funding, and introduces the drivers of future financial performance, such as beneficiaries, internal business processes, learning and growth, and environmental management perspectives (Lewis 2009).

As guided by the Upper Echelons Theory, this study argues that the performance of an organization is influenced by the level of diversity within its TMT. The superior performance of an organization results from its strategic choice emanating from the decisions arrived at within the TMT (Rivkin, 2001). High organizational performance is realized when all fragments of an organization work in unison to attain great results with TMT diversity being confirmed to affect the productivity, employee turnover, profitability and market share of an organization (Glunk & Heijltjes, 2009). The study therefore hypothesizes that TMT diversity affects organization performance and that there is joint influence of strategic change, strategic leadership and macro environment on performance.

1.1.6 Public Benefit Organizations

Public Benefit Organization (PBO) is a term that has been created to identify those non-governmental organizations (NGOs) whose roles are based on the social good principles. An institution can be described as a Public Benefit Organization (PBO) only when at least 90% of its efforts are directed towards the general good (Davies 2014). In South Africa, a PBO is defined as any organization whose main objective is to provide one or more of Public Benefit Activities (PBAs), without profit expectations, provided that 85% of its activities both in terms of money and time are executed in South Africa (Ebrahim, 2003). In Poland, PBOs are defined as charitable organizations engaging in specific endeavours associated with public good as defined by law, and ought to be adequately transparent in their practices, finances and governance (Vakil, 1997).

Public benefit organizations are a subset of non-governmental organizations (NGOs) which most governments in the world have identified as deserving a range of state benefits depending on their roles and purposes in the society. The benefits are offered with a view to encourage PBO's activities related to common good or public benefits (Moore, 2012). The benefits may come in form of tax exemptions or other government subsidies or support. Ontario Nonprofit Network observed that PBOs help drive the economic strength and stability of communities, playing an active role in public policy, while demonstrating significance of care and service to others as an essential value in their work (ONN, 2017). Globally, PBOs are of great importance as providers of health, education, social, and environment management services.

In America, PBOs are enormous contributors to the economy providing 5.4% of the country's total GDP or $887.3 billion to the U.S. economy in 2012. In the same year, the PBO sector provided 11.4 million jobs, accounting for 10.3% of the private-sector workforce in the country (Davies 2014). In 2017, the registered charities in U.S.A reported total revenue in the neighbourhood of over $236 billion and total assets of almost $905 billion (Xavier 2017). In Canada, there are 170,000 PBOs employing 2 million people and contributing an average of 8.1 % of total Canadian GDP, more than the retail trade industry and close to the value of mining, gas and oil extraction industry (Hall *et al.*, 2004). ONN (2017) reported that in 2017, Canada charitable and non-profit sector represented 8.4% of GDP and 10.5% of the labour force. Therefore, beyond the social impact, PBOs have significant economic impact globally and are an important sector to explore management practices that lead to higher performance.

In Kenya, a PBO is defined as a private voluntary grouping of persons and associations operated for non-profit purposes but which are oriented nationally or internationally to bring common good to the public and promote development, charity, social welfare or explore in the areas inclusive of, but not limited to health, education, industry, agriculture, and supply of services and amenities (PBO Act, 2013; under Section 5-2). In January 2013 parliament enacted The Public Benefits Organizations Act, 2013, a legal framework that is aimed at controlling the operations of the PBOs in terms of registration, regulation, funding, and dispute resolution among other aspects. Under the Act, an organization whose objective is the promotion of public benefit may be registered as a PBO by the regulatory authority.

PBOs in Kenya play a critical role in social and economic development especially in job creation and provision of social services. The PBO sector comprises of 8,569 organizations, employs more than 250,000 Kenyans, with an annual budget of over Kshs. 80 billion and directly offer essential services to many Kenyans (NGO Coordination Board, 2014). They are active in a cross section of sectors such as agriculture, education, water, health, environment, gender and development, human rights, poverty alleviation, children's rights, population, peace, counselling, training, disability, small scale enterprises among others (Dekings 2015). Most PBOs are administered by volunteers within communities but are rooted locally, and are neither for sale nor focused on profit maximization for shareholders. They invest in and enrich local communities in the long term, thus helping revive the local economies, rather than enriching a few individuals.

The management of PBOs is different from that of other organizations and they are known to be highly dynamic (Ebrahim, 2003). According to Lewis (2009), due to PBOs' nature and role in society which includes creation of general public benefit involving provision of a material positive impact to either the society or the environment; the way PBOs are managed and led is of great importance to the general society. Though PBO's directors and officers operate with similar roles and authority as that of 'for-profit' corporations, they are continuously required to consider their decision's impact on the shareholders, the society and the environment (Epstein & McFarlan, 2011). The interest in this thesis to study PBOs was motivated by the value of PBOs in the Kenyan society, the need to understand the unique performance nature of PBOs and the desire to determine the value of TMT diversity in PBOs under strategic change, strategic leadership and macro environment.

1.2 Research Problem

The contemporary organization faces a complex operating environment today exacerbated by factors such as the penetration of fast changing technology and globalization. This has led to increased mobility of labour and the need to ensure optimized performance from the workforce; while penetration of the inclusivity concept into the workplace has consequently ignited the need to embrace workplace diversity in contemporary institutions (Nielsen & Nielsen, 2012). The workforce is becoming more diverse, reflecting changing demographic changes in the population (Yu, 2002; Yong, *et al.*, 2011; Patti & Erhardt, 2014), with the view that organizations benefit by gaining parallel increase in attitudinal and cognitive diversity with possible linkage to performance. One of the most notable and valuable areas that diversity has been embraced today is within the TMT.

The TMT diversity concept is of essence as it exemplifies the perceptions of how business units act in response to their environments. Rosado (2006) posits that firms are what their leaders think, feel, perceive, and believe, hence the level of TMT diversity is an indication of the variances in thought, perception and beliefs within an organization. TMT diversity is greatly important in providing strategic leadership and strategic change to enhance organizational outcomes. Faced with the uncertainty and inadequate information which accompanies strategy formulation in the dynamic conditions brought about by increased dynamism in the macro environment puts the TMT'S strategic capacity under stress, an issue that TMT diversity has been confirmed to abridge (Alina, *et al.*, 2010). Adoption of TMT diversity practices is a necessity in many contemporary organizations (Kochan, *et al*, 2003).

There limited studies that have been undertaken on the linkages between top managers and strategies pursued has focused on the chief executive, generally in the context of managerial succession (Helmich & Brown, 1972; Carlson, 1972). Very few such studies based on characteristics of entire TMT are known to the authors, and none is known within the study context of Kenya and PBOs sector. Despite the chief executive being the most powerful, analyzing the management at the TMT level is crucial (Bourgeois, 1980; Hamrick, 1981). An entire TMT aligns well with Cyert and March's (1963) assertions but narrowly studied concept of the dominant coalition. The examination of the entire team increases the theory's capability to predict since the chief executive shares tasks and power of other team members to some degree.

The public benefit organizations (PBOs) operate in a competitive environment where resources are scarce and though they are not ideally meant to be competitive in nature of their operations, they have to compete for these resources (Epstein & McFarlan, 2011). The key competitive advantage among PBOs is good and sustained performance, ability to attract and account for funding, as well as goodwill among beneficiaries and stakeholders (Dekings, 2015). To attain competitive advantage, the PBOs are forced to emulate the modern profit making entities in areas of corporate structures, strategic focus and direction, management, and other decision making paradigms. Therefore, PBOs have widely adopted competitive strategies, some of which are related to human resource management, with some implementing very stringent human resource management strategies (Horvath & Seiter, 2009). A key strategy in human resource management adopted among PBOs is that of ensuring presence of TMT diversity.

The Kenyan PBOs operate in a highly competitive and regulated environment and therefore adopt different strategic managing approaches in delivering their mission. One sphere of interest in these PBOs is the optimal management and development of their employees which can only be realized through sound leadership and management strategies (Davies, 2014). TMT diversity is one key strategy, adopted by many PBOs in Kenya as a way of enhancing their performance. According to Dekings (2015), Kenya is among the countries with a large PBO sector within the African region, and therefore provides a very viable context within which TMT diversity and its relationship to performance may be studied.

Findings from previous studies on the effects of TMT diversity on organization performance, range from positive (Jarzabkowski & Rosalind, 2003; Gong, 2006), non-significant (Rosado 2006) to negative (Brown, 2005). Gong (2006) highlighted the outcome that subsidiary TMT nationality diversity enhances subsidiary labour productivity of Japanese multinational corporations. These studies were done in different contexts within Europe and adopted similar measures of TMT diversity by usage of Blau's index, but adopted varying methodologies. Various African scholars have also studied the effect of TMT diversity on organization performance realizing varying results and conclusions. One such researcher is Darmadi (2013) who found a difference in performance based on the education qualification within the upper echelons with CEOs from prestigious domestic universities being observed to perform better than those tha do not meet the qualifications. Similar views were posited by Ujunwa (2012), whose study found that the number of board members with high education qualifications impacted positively on firm performance in Nigerian quoted firms.

Some researchers have shown that results on the effects of TMT diversity on performance are ambiguous, motivating a strategy researcher to make the observation that "pursuing this line of inquiry will further yield findings inconsistent at best and fruitless at worse" (West & Schwenk, 1996), and may lead to "error-prone and incomplete conclusions," (Priem, Lyon & Dess, 1999). These views confirm the complexity of assessing this relationship based on the expectations of outcomes dispelling these ambiguities. It would therefore be interesting to pursue the upper echelons discourse with a view of providing additional evidence on the disparities in outcomes.

Further research has tried to link TMT diversity with the organization macro environment. Priem (1990) in his study in USA which introduced dynamic environment into the TMT discourse opined that heterogeneous TMTs would be suitable in managing complex environments, thus confirming a link. This was also confirmed by Hambrick, Cho and Chen (1996) who established that heterogeneous TMTs were positively associated with organization performance within dynamic environmental setting in the USA. Both studies recommended replication within different setting for advancement of both theory and empirical evidence. However, none of the studies reviewed assessed the effect of TMT diversity on performance within the intervening effects of strategic change and moderating role of strategic leadership and macro environment, which this study endeavour to undertake.

Studies undertaken in Kenya by Irungu, (2007), Wambui, *et al.,* (2013), Awino, (2013), and Omoro, *et al.* (2015) have all dwelt on TMT, but not all have looked into TMT diversity. Irungu's (2007) study established that there exists a link between TMT attributes and different organizational performance indicators. Awino's (2013) study examined the nexus between TMT diversity, quality decisions and corporate performance confirming that TMT diversity impacts quality decisions and organizational performance. Wambui *et al.,* (2013) found that when companies manage to uphold diversity, they are able to interact with varying cultural backgrounds which is widely linked to improved creativity and productivity, change in attitudes, improved language skills, global understanding, enhanced processes, and more options of solutions to hard problems.

Omoro, *et al.,* (2015) established that demographic diversity in TMT may have important implication for quality of financial reporting. Additionally, most studies assessing the relationship between TMT diversity and organizational performance have been done in the private sector with none targeting the non-governmental organizations (Glunk & Heijltjes, 2009; Mutuku, 2012; Haleblian & Finkelstein, 2013; Ci-Rong, 2013; Omoro *et al.* 2015; Saleh, *et al*., 2015).

The above studies also adopted different methodologies and variables. One key methodology is the measurement of TMT diversity as cognitive diversity (Mutuku, 2012; Awino 2013; Brown 2005; Haleblian & Finkelstein, 2013) or demographic diversity (Irungu 2007; Wambui *et al.,* 2013; Rosado, 2006; Ci-Rong, 2013) and not both, making the studies miss some key elements of TMT diversity. Some other studies have also adopted small sample sizes (Irungu 2007; Gerecke & House 2009; Nielsen & Nielsen, 2012; and Haleblian & Finkelstein, 2013); based on their study contexts and population size. Finally, some studies have based their findings on this relationships on a simple Pearson correlation analysis (Cannella & Park, 2008); Elsaid 2012) which is not a robust measure of causality, unlike the present study which utilizes regression analysis.

Furthermore, the study observed that no attempt has been made to study the association between TMT diversity and performance within the moderating or mediating influence of strategic change, strategic leadership and macro environment. From the literature review, most of the studies were inclined to single facet of TMT diversity in either the public or private sectors (Mutuku, 2012; Awino 2013; Brown 2005; Haleblian & Finkelstein, 2013; Irungu 2007; Wambui et al., 2013; Rosado, 2006; Ci- Rong, 2013), with none being observed to be directed to PBOs despite their important role in society. The review of literature in the present study found no evidence of previous studies linking the effect of TMT diversity, strategic change, strategic leadership, macro environment with performance of PBOs. This informed the need to assess the relationship between TMT diversity and PBO performance while considering the mediating or moderating influence of strategic change, strategic leadership, and macro environment. The researcher therefore seeks to find answer to the research question: what is the influence of TMT diversity on PBO Performance considering the mediating role of strategic change and the moderating roles of strategic leadership and macro environment?

1.3 Research Objectives

This study's main objective was to establish the influence of Strategic Change, Strategic Leadership and Macro Environment on the relationship between TMT Diversity and Performance of PBOs in Kenya. Specifically, the study sought to address the following objectives:

i. To determine the effect of TMT Diversity on Performance of PBOs in Kenya;
ii. To examine the influence of Strategic Change on the relationship between TMT Diversity and Performance of PBOs in Kenya;

iii. To establish the influence of Strategic Leadership on the relationship between TMT Diversity and Performance of PBOs in Kenya;

iv. To determine the influence of Macro Environment on the relationship between TMT Diversity and Performance of PBOs in Kenya;

v. To establish the joint effect of TMT Diversity, Strategic Change, Strategic Leadership, and Macro Environment on Performance of PBOs in Kenya.

1.4 Value of the Study

This study contributes knowledge to different theories under application. It is grounded upon four theories: the upper echelon theory, strategic leadership theory, open system theory and resource based view theory. From the observed outcomes, the study contributes to the enhanced understanding of the theories in relation to TMT diversity, and in the process imparts more knowledge related to these theories; hence adding on the growing body of knowledge regarding the upper echelons, strategic leadership, open systems and resource based view theories.

The study contributes to policy within the PBO sector in Kenya. Given the pressing need to adopt diversity practices as enshrined in the current Kenyan constitution, the study assists PBOs to set appropriate organizational policies. Since TMT diversity is achieved at the human resource management level, evidence generated from the study provide ideas for the enhancement of human resource management systems especially in relation to the recruitment and leadership development policies within the organizations. It enhances the understanding of the various dimensions of TMT diversity, hence allow managers of PBOs to carefully evaluate the trade-offs associated with increasing diversity.

This study is grounded upon the resource based view theory, the upper echelons theory, strategic leadership theory, and open systems theory. The research therefore makes key contribution to the theories, especially for upper echelons theory upon which TMT diversity discourse is grounded. The study contributes to the theories by mainly supporting the conceptualizations leading to the development of new theoretical underpinnings. The study contributes to future research as it acts as a reference point for future researchers.

The study offers new perspectives on how TMT diversity in PBOs influence performance by being responsive to environmental changes, ability to trigger and drive strategic change and strategic leadership. It contributes to advancing knowledge on the theories application in strategic management research. It forms a basis of future research in Kenya on TMT diversity, performance, strategic change, strategic leadership and macro environment.

In summary, this section explores the background of the study by discussing the study concepts and how they link to each other as well as the context in which the research was executed. The chapter discusses the research problem and advances the research objectives whose answers the study sought. Further, it explains the value of the study to theory, policy and practice. The next chapter offers further literature review and presentation of the proposed conceptual framework and study hypothesis.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a comprehensive review of the relevant literature. Literature review is referred to by Taylor and Procter (2008) as 'an interpretation and synthesis of different publications'. This definition brings out two aspects of literature review, the fact that it involves the researcher's personalized interpretation of the literature and also the synthesis of that information, accessible (published) literature related to the study, into relevant discourse in the study. The said synthesis brings together findings made in different studies explaining the general position of the researcher on the topic, setting foundation for addressing the research question and testing the hypotheses.

Literature review proffer arguments justifying the chosen topic and the choice of strategy to address it. Galvan (2004) observes that for the review to be considered comprehensive, it ought to include all the relevant sources on the topic whether or not they support the claims. Therefore, the literature review has to ensure credibility for all the sources cited and discussed. The study offers this as an appreciation of previous work in the fiels of top management team diversity to serve three key purposes: provide direction in the data collection tools construction, guarding from the risk of overload at the stage of primary data collection; aid the study in upholding a sense of topic perspective throughout the study from the outcomes of formal review of extant literature; and, offer an opportunity to express the meaning of study outcomes from the collected data upon critical analysis.

The section presents a comprehensive review of literature related to the key study components which include concepts of TMT diversity, strategic change, strategic leadership, macro environment, and organizational performance. The chapter starts off with a discussion of the theoretical foundation upon which the study is grounded. This is preceded by a narrative of the study factors offering a comprehensive discussion of each of the study objectives, identifying the current views on the topic and identifying the research gap in each. The chapter culminates with the conceptual framework and a discourse of the study hypotheses.

2.2 Theoretical Foundation, Models and Typologies

The theoretical foundations section provides a review of the various theories that are relevant to the key study concepts. Various theories have been postulated focusing on the concepts of interest in this study which included TMT diversity, strategic change, strategic leadership and the macro environment. The theories were chosen based on their relevance and applicability in the study's conceptual and contextual discourse, and consequently representing the constructs used in the conceptual framework. The force behind the TMT diversity discourse is the upper echelons theory and the strategic leadership theory which espouses the leadership designs and decisions within the organization (Jensen & Meckling, 1976). The upper echelon theory proposes that executives make decisions that are in consonance with their demographic and cognitive background characteristics (Hambrick & Mason, 1984); a proposition similar to what this thesis sought to study.

Another key theory which TMT diversity is grounded upon is the Resource Based View (RBV) which integrates strategic leadership and strategic change concepts into the upper echelons discourse while open systems theory, which indicates existence of the organization as interconnected sub-systems that individually affect its performance, explains the role of macro environment in the association between TMT diversity and firm performance (Cannella & Park, 2008). These are the theories that the study is grounded upon informing the study findings and upon which conclusions are made.

The study assesses the influence of strategic change, strategic leadership, and macro environment on the association between TMT diversity and organization performance. A few publications which have had interest in the TMT diversity discourse have sought a direct link between TMT diversity and organization performance and have focused on singular theoretical perspective mainly applying the Upper Echelon Theory (West & Schwenk 1996; Pegels, Song & Yang, 2000; Carpenter, 2002). However, given the fact that the study integrates the concepts of strategic change, strategic leadership and macro environment into the upper echelons discourse, the study also introduces key theoretical foundations of this relationship such as strategic leadership theory, RBV and the Open systems theory. This study is therefore anchored on these four theories, namely the resource based view, upper echelons theory, strategic leadership theory and open systems theory. The four theories and their application in this study are subsequently discussed in turn.

2.2.1 Upper Echelons Theory

The upper echelons theory is founded upon the dominant coalition idea (Cyert & March, 1963) positing that executives impact the organizational performance through their decisions (Hambrick & Mason, 1984). The 'dominant coalition' concept indicates that idiosyncratic processes, social biases and filters at the top of the organization have substantive impact on competitive behaviours. According to Hambrick (1994), the competitive behaviours are expected to influence the organization's performance.

The upper echelons theory submits that decision making among executives align with their executive orientation (Finkelstein & Hambrick, 1996) or cognitive base (Hambrick & Mason, 1984) or, consisting of two elements: observable experiences and psychological characteristics (including values, cognitive models and personality factors). According to Hambrick and Mason (1984), there exists a strong correlation between strategic decision-making and organizational performance. Hambrick (1989) argues that in order to maintain proper organizational operations, efforts of the entire team are required and not just individual effort.

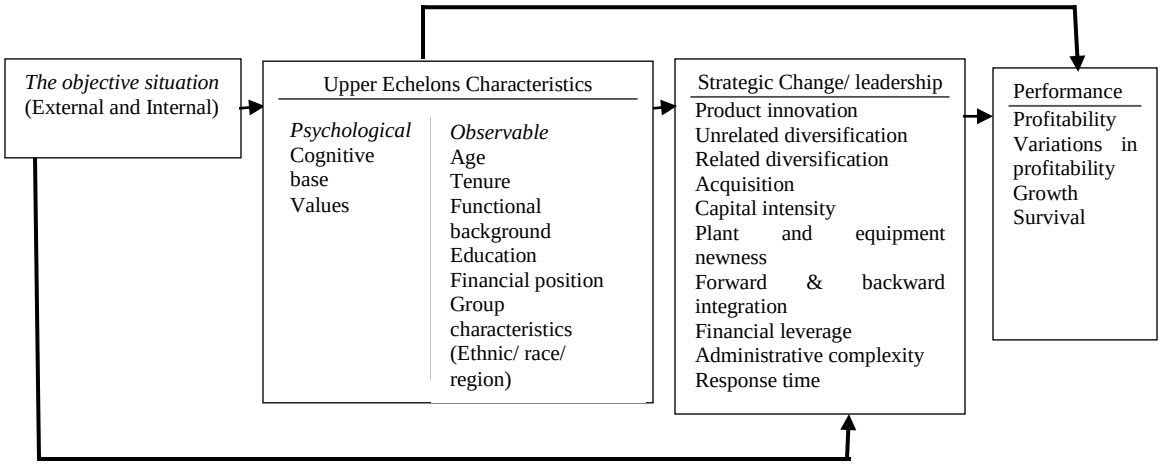
A key Upper Echelon Theory fundamental is that the TMT characteristics have a linkage to the cognitive and psychological components of the administrative orientation, which eventually influence the strategic choices and decisions (Carson *et al.*, 2004). Scholars in the Strategy field have advanced upper echelons view to opine that since demographic characteristics act as valid indices for inner attributes - then the relative diversity or heterogeneity of the prior attributes among team members could be linked to organization performance (Hambrick & Finkelstein, 1987; West & Schwenk 1996).

The upper echelons theory also states that the decisions made by executives are in line with their orientation or cognitive base which constitutes psychological characteristics and observable experiences (Hambrick & Mason, 1984). Upper echelons advocates for measurement of executive orientation through use of discernible demographic characteristics. This is the most relevant theory in TMT diversity research. It has been adopted in many studies (Knight, 1999; Pitcher & Smith, 2001; Carpenter, 2000; Pegels, Song & Yang, 2000). The theory is significant to this study as it clearly brings forth the importance of TMT diversity and the required abilities in order to curb challenges within the organization and facilitate growth and hence offers a link between TMT diversity and performance.

2.2.1.1 Upper Echelons Model

The upper echelon theory has more than three decades of research and publication history to it since the ground-breaking seminal papers in the early 80s, which stimulated a large amount of applied and theoretical research resulting in refined research directions. The perspective stipulates that TMT, through their personality, values and cognition, have a strong influence on performance (Wiersema & Bantel, 1992). Corporate decision making and performance reflects the specific attributes of companies' upper echelons, which is the TMT; and not only a natural environmental consequence, but also a strategic focus.

This argument is supported by the Upper Echelons Theory, explores further on knowledge of corporate decision making, by presuming that the environment does not adequately explain the organisation's actions and outcomes. The theoretical model is important since the unique capabilities of the decision maker – knowledge, biases, values, preferences and familiarities – significantly influence decision making. The model is derived from the notion of bounded rationality – the assumption that different complexities exist in different strategic situations for absolute rationality to exist and thus decision makers should work within the boundaries of their specific intellects. Figure 2.1 presents the upper echelons model as espoused by Hambrick and Mason (1984).



Source: Adapted from Hambrick and Mason (1984)

Figure 2.1: Upper Echelons Perspectives of organizations

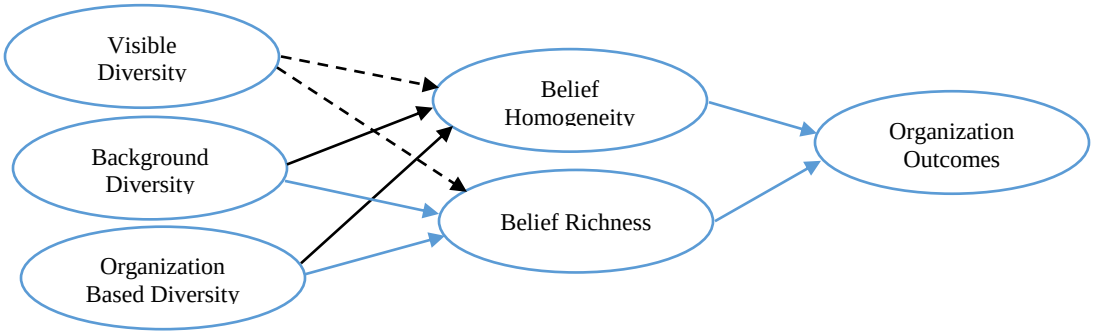
The model is based on the views by the two scholars that top managers prefer a strategic environment, which yields different, complex and ambiguous stimuli. The TMT lack both the time and ability to articulate the situation, but rather in their limited field of vision, they select information bites and interpret them (Hambrick & Finkelstein, 1987). The TMT personality, values and cognition play a crucial role in the filtering process that influences the strategic choices and these choices affects the organization's performance in the end. The upper echelons theory is within the behavioural finance spectrum, since TMT are not automated machines with limited knowledge and cognitive capacities, permitting biased corporate decision making.

The decision maker demographic characteristics, for instance tenure, age, educational background and functional background are prominently featured in the upper-echelons model. The model however fails to propose the demographics that support strategic decision outcomes or the demographics directly related to decision making, but rather highlights the diversity factors as measures of unobservable constructs such as cognitive models, values, personality factors for instance attitudes toward change, risk-taking propensity and other psychological factors that may influence the choice of the decision maker (Hambrick & Mason, 1984).

Since 1984, the model has been analysed using different scopes and methods, producing different outcomes amid a variety of limitations. A major constraint in past studies is the continued use of questionnaires with low response rates as a result of a limited database with facts on the characteristics of managers and corporations. Multiple authors have limited their studies to very particular market circumstances or managers' attributes leaving out key model factors. Additionally, the use of demographic characteristics, widely considered as a proxy for psychological characteristics, has been largely criticized by Priem *et al*. (1999), since there lacks a stipulated proxy for the 'black box' decision making.

2.2.1.2 Upper Echelons Typology

Past research indicates that the upper echelon is not a unitary construct but rather a construct which has variability (Williams & O'Reilly, 1998). An example is where the organization tenure diversity and functional diversity of the team have been observed to have different influences on the performance of the team (Ancona & Caldwell, 1992). Likewise, educational diversity was found to positively influence organization return on investment while experience diversity was observed to have negative influence (Smith *et al.*, 1994). These unexpected and contrasting outcomes led upper echelon scholars to build the constructs that underlie the upper echelons and have been proposing the various underlying constructs producing varying effects. This thesis extends this theorizing by combining three constructs that underpin upper echelons: background diversity, visible diversity and organization based diversity, as measures of TMT diversity. These constructs have been widely expounded by Corner and Kinicki (2005) with their propositions being presented pictorially as presented in Figure 2.2.



Source: Adapted from Corner and Kinicki (2005)

Figure 2.2: Upper echelons theoretical perspectives

The model in Figure 2.2 addresses the upper echelons typology of interest in this thesis. It depicts constructs that have been hypothesized to underlie demographic indicators. Lawrence (1997) postulates that the establishment of demographics to illuminate the precise constructs is a prerequisite step in illuminating the upper echelons demography. The model depicts the belief constructs as mediators of the relationship between the demographic diversity constructs and organization outcomes, a notion that is backed up by the theoretical treatments of TMT diversity research but is typically left untested in empirical studies (Lawrence, 1997; Hambrick, 1994).

Visible Diversity: The first construct is the visible diversity which reflects differences of team members from basic social categories like age, gender or race embodying the primary diversity dimension (Gardenswartz & Rowe, 1994). This view has also been labelled as the 'physiological diversity' as it is composed of easily observable characteristics that allow individual TMT members to cognitively categorize other members into categories based on these highly visible attributes (Pelled, 1996). Unfortunately, this easy categorization is thought to lead members into perceiving the various categorized categories as less trustworthy, honest, or cooperative than those they categorized similarly (Williams & O'Reilly, 1998). This grouping creates specific subgroups in a team becoming a communication inhibitor among the team members with the potential of creating negative outcomes for the top management team (Lau & Murnighan, 1998).

Background Diversity: The second underlying construct emerging from literature is background diversity which depicts diversity in informational background and technical skills and is perceived to create various dimensions to the top management team (Williams & O'Reilly, 1998). The particular demographics linked with this construct are perceived to be functional and education background (Pelled, 1996; Williams & O'Reilly, 1998). Scholars have highlighted the degree to which this form of diversity backs up specific tasks performed by the team (Pelled, 1996) by advancing the information and knowledge base needed for the assignment (Williams & O'Reilly, 1998).

A good example is in an instance where the TMT is considering undertaking an acquisition and are likely to employ their background diversity by having the finance director appraise the financial statements and cash flows of the target and the marketing director evaluates its advertising programs and distribution channels. The estimated information richness in this scenario has led researchers to postulate positive outcomes from background diversity. However, some prior studies revealed some inconsistencies in the relationship between TMTs' background diversity and organization outcomes (Williams & O'Reilly, 1998).

Organization Based Diversity: The third construct of the upper echelons research is the organization-based diversity. It is linked to the classical organization demographic measures such as organization and team tenure. This dimension highlights that focal team members are bound to bond more strongly with others who joined the establishment at nearly the same period. Team members are likely to identify themselves with certain other team members, a scenario likely to increase cohesion among some organization members, creating separate cohort groups in the TMT with differing views regarding the organization strategy, customers, and internal processes, (O'Reilly *et al.*, 1993).

It is therefore vital to identify firm-based diversity as a separate construct from background diversity since empirical outcomes reveal that organization tenure has influence on background diversity in different ways. According to O'Reilly and Williams (1998), background diversity improves communication whereas organization tenure diversity impedes communication. This concept extends upper echelons literature by stating the factors that underlie organizational demographics.

The relationships between executive beliefs, strategic decisions and various outcomes of those decisions have been widely theorized by scholars for many decades. These aggregations have been labelled by scholars as belief structures which are regarded as the knowledge base a top team draws from when making their strategic decisions (Ginsberg, 1990; Walsh & Fahey, 1986). This thesis complements this belief aggregation view. Similar to Chan's (1998) typology of composition models specifying the functional associations among constructs or variables at different phases of analysis, the present study proposes that the individual belief structural aspects within a team could be consolidated to reflect the collective beliefs of TMT. Chan described this composition model as an additive model.

The additive model speculates that a higher level construct, for instance the TMT beliefs, is an average or a summation on the individual TMT beliefs. The particular conceptualization of TMT beliefs which influence decision making is lifted from the cognitive complexity theory advanced from an individual level of analysis. According to the cognitive complexity, the belief framework of an individual exhibits two crucial structural properties which are extended to the TMT level and which have been referred to as the belief richness and belief homogeneity (Ginsberg, 1990).

Belief homogeneity: It is described as the degree to which members of the TMT have common beliefs. The few researchers who have studied belief homogeneity have christened it differently (Glick *et al*., 1993; Walsh *et al*., 1988; Miller *et al*., 1998). Hambrick, (1994) defines it as the extent to which TMT members possess similar beliefs, and Daft and Weick, (1984) weighed in that it represents a convergence or agreement in beliefs of team members. Therefore, TMTs with low belief homogeneity are expected to have few, if any, common beliefs while TMTs with high belief homogeneity hold many common beliefs. This thesis submits that TMT members' beliefs combine to form a unified paradigm or perspective as a team's degree of belief homogeneity grows (Hambrick, 1994).

According to Ginsberg (1990), although a small amount of belief homogeneity is required to create sense from information, scholars argue that a lower degree of belief homogeneity yields higher outcomes than high homogeneity levels (Walsh, 1988; Walsh & Fahey, 1986). Low homogeneity teams are expected to produce higher outcomes since their fragmented perspectives compel them to analyse the differences across perspectives (Walsh, 1988). This allows TMTs to make viable decisions (Ginsberg, 1990) and informs teams to source more environmental data in making decisions (Weick & Bougon, 1986).

Belief Richness: This is the second component of TMT belief aggregations and is described as the comprehensiveness of different beliefs of the TMT. It is from this theory that the decision making theories came up with the view that an extensive information base due to diverse TMT could lead to positive firm outcomes (Williams & O'Reilly, 1998). An example is where richness in team beliefs may enhance the TMT sense making abilities as it increases the capacity of the team to process information (Daft & Weick, 1984; Walsh., 1988). According to Ginsberg, (1990), teams that highly believe in richness can also attain more effective interpretations of the environment as this reflects on the environment's complexity. This thesis treated TMT's belief richness as number of varied beliefs present in a team's beliefs aggregation.

2.2.2 Resource Based View

Resource based view was proposed by Wernerfelt (1984) and considers an organization as a bundle of resources which enables organizations to realize competitive advantage and gain superior long term performance (Wernerfelt, 1984; Barney, 1991). Resource based theory states that organizations possess non- tangible and tangible resources. That is sustenance of competitive advantage over longer time frames to the extent that the organization is covered against resource limitations, substitution or transfer, making the organization free of resource constraints (Frawley & Fahy, 2006).

Resource based view theorists argue that a TMT with diverse skill set, cultural background, gender, among others, act as strategic resources to the organization resulting in better performance. This hypothesis sets the theoretical foundation to the corporate governance research on TMT diversity. Based on the theory proposition that organisations wield control over their operating environment by preserving the necessary resources for survival, TMT (as much as it is itself a resource) is the bond between the organization and the needed vital resources from the macro environment. Therefore, TMT diversity aids in acquisition of access to critical resources for organization success (Hambrick, 2007). Subsequently, resources offer power to organizations where the ease of access to resources is the key determinant of organizational functioning, performance and survival.

A lot of discretion exists; the role of team diversity is reflected in strategy. Within an organization setting, the key constraint is the organization's resources (Hambrick, 2007). This theory therefore is a basis for TMT diversity in that the diversity is only impactful when there is discretion which comes from presence of unconstrained resources within the organization. The relevance of this theory to the research is to explain how the resources at an organization's disposal are a key factor to be considered individually or jointly before implementing strategies, analysing the environment or constituting top management and leadership teams in an organization.

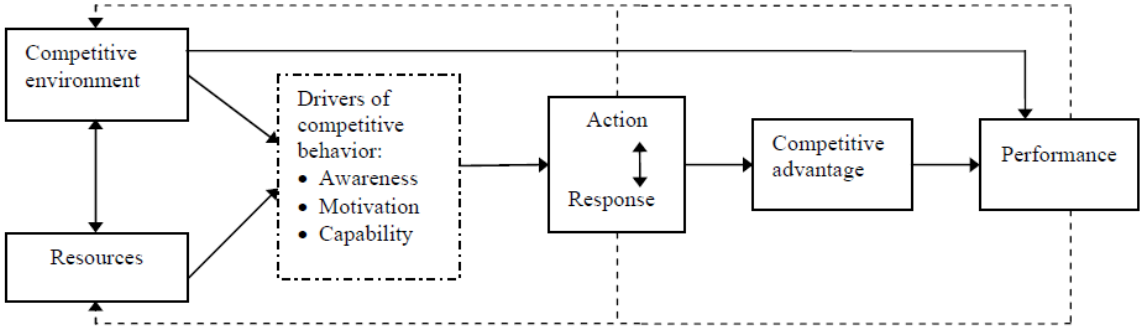
2.2.2.1 Resource Based View (RBV) Model

Given that human capital in an organization is a key resource, the top management team is the most crucial resource within a firm. The sources of sustained competitive advantage are clearly explained by the Resource-Based View (RBV). The theory argues that the organization is a bundle or resources and that the firm retain its competitive advantage if the resources utilized are rare, valuable, none-substitutable and imperfectly imitable (Ray, Barney & Muhanna, 2004). Researchers argue that the integration of a specific set of resources and complementary organizational attributes form organizational capabilities, gaining competitive advantage (Teece, Pissano & Shuen, 1997).

The view proposes that firms are not independent and depend on their functioning and development on resources offered by the environment. They are involved in exchanges with the stakeholders upon which their survival and growth depend and they are rife with external and internal conflicts. They therefore operate under challenges arising from their network of associations with other firms that buy and supply resources from a given company. Those resources vary as per the extent of their criticality and the management aims at controlling these vital resources, reducing dependence when feasible and managing environmental uncertainty.

Pfeffer & Salancik (1978) argue that so as to increase its chances and maximize its power, a firm should minimize environmental dependences by engaging into mergers, joint ventures, vertical integration and other inter-organizational arrangements, interlocking in boards of directors, political action, and executive succession. The resource based view explanation of those different actions at the top management team has appeared to be productive and the theory has received a lot of empirical evidence over the last 30 years.

Figure 2.3 presents the adopted RBV theoretical framework integrating resources, competitive environment, and action – response space representing the decision making paradigm as sources of performance and accelerators of strategy and more so competitive behaviours. The model shows the resources and strategy interaction where firm strategy and performance influence the competitive environment and resources, and all these changes create new information which eventually create new learning opportunities and may result to creation of new and unique resources. Therefore, the researcher observes strategy a continuous sequence of actions and reactions accustomed by firm resources and competitive environment, which eventually become exogenous events in other firm's environments.



Source: Adapted from Pfeffer and Salancik, (1978)

Figure 2.3: Resource based view model

2.2.2.2 Resource Based View Typology

Barney (1991) and Daft (1983), defines resources as strength a firm can use to conceive and implement its strategies and comprises of assets, capabilities, firm attributes, organizational processes, knowledge and information that are controlled by the organization. The resource-based view rides upon the premise that valuable firm resources are scarce, lack direct substitutes and are imperfectly imitable (Peteraf, 1993, Barney, 1991). The theory views a firm as a collection of unique capabilities and resources that offer it competitive advantage (Wernerfelt, 1995).

A similar argument placed the resources of an organization in the crux of Porter's (1985) competitive strategy framework where he opined that performance is a product of the organizations' specific resources, capabilities, and industry conditions (macro environment). Wernerfelt, (1984) and Hafeez *et al.,* (2002) defined organization resources as anything that could be thought as a strength or a weakness, which led to the description of resources as anything tangible or intangible that can be owned or acquired. Therefore, the resource is a highly valuable area of discourse in RBV and from it stems the differences in conceptualization of the theory with it being mainly based on the definition of organization resources.

From the first definition arises the first school of thought on RBV highlighted by Barney (1991) which considers resources as comprising three groups highlighted as human capital, physical capital and organizational capital. According to Degravel (2007), the physical capital is composed of resources such as technology, facilities and equipment in an organization, its geographic location, and its access to raw materials. Human capital on the other hand comprises of their human resource aspects such as training and skills development, intelligence, experience, relationships and individual visions of the employees of an establishment. According to Amos *et al.,* (2004), human assets are the most valuable, rare, and difficult to imitate due to their causal ambiguity and social complexity. The value of human capital is especially high within the TMT where the decisions they make have far reaching impact to the overall organization, and the diversity at this level increases the level of rarity for the organization resources.

Within the first RBV typology is the organizational capital view which is said to comprise of formal structures of the organization, its planning, control and coordination systems, and its culture (Degravel, 2007). It is within this realm of organization resources that the human and physical capitals interact to produce competitive advantage to the organization, without which, the interaction between the physical and human capital realms wouldn't be realized (Russo & Fouts, 1997). This typology places equal value of the three categories in realization of competitive advantage from organization resources, with human capital manipulating the physical capital within the organization capital to offer the organization sustainable competitive advantage.

The second typology of resources in RBV was developed by Grant (1991), among other scholars, as improvement on the first typology. According to Desgravel (2007), this typology categorizes organization resources into eight groups comprising physical, human, financial, technological, organizational, intangible, and legal resources, and experience. This is a wider approach of categorizing resources where each group contains fewer number of resources. It is the most widely applied resources typology as resources within each of the categories are highly unique and differentiated from the resources in another (Russo & Fouts, 1997). This RBV typology considers competitive advantage to stem from organization capabilities instead of resources, with organization capabilities being viewed as arising from bundles of resources working together (Grant, 1991). Capability determines the ease with which organization resources interact, hence it determines the efficiency and effectiveness of the resources. TMT diversity aspects of human capital within organizations affect their capability and has some bearing on competitiveness.

The third and final typology in RBV was developed by scholars led by Hafeez *et al.*, (2002), providing the most recent resource typology. According to Desgravel (2007), the typology categorizes resources into three groups comprising of physical, intellectual and cultural assets. Resources in this categorization exist in either tangible or intangible forms. The RBV emphasizes that intangible resources are likely to be the source of sustained competitive advantage since global competition requires more knowledge and integrated capabilities (Hafeez *et al.,* 2007). According to Costa *et al*., (2013), the uniqueness of resources, especially intangible resources within which TMT lies, significantly influence organization profitability, efficiency, sustainability, and competitiveness. This typology therefore extensively explains the relationships in the thesis and forms part of its foundation.

2.2.3 Strategic Leadership Theory

The importance of strategic leadership proposed by Hersey-Blanchard entails managerial wisdom, the capacity to learn and change (Hooijberg & Boal, 2001). Boal and Hooijberg (2001) argue that strategic leadership assesses individuals who have the organization's overall responsibility. Strategic leaders look at variations in the organization's environment, examine vision and make strategic decisions affecting its competitiveness and sustainability (Abdelgawad, *et al.,* 2013).

The speed of change faced by contemporary organizations has led to appeals for leadership that is more flexible and highly adaptive, able to work more effectively in this operating environment by easily making sense of the challenges and responding appropriately (Amos *et al.,* 2004). The leaders lead their subjects to the realization of creative solutions for the highly complex problems they face, at the same time develop them towards handling a wider array of leadership responsibilities (Bennis, 2001). Strategic leaders look into the future to establish an organization's direction and the ability of coping with the critical sectors of environment.

The general idea is that strategies require a broad pool of managerial knowledge and capabilities that is largely availed by ensuring TMT diversity within the organization (Hambrick 1989). The strategic leadership theory is therefore relevant to the study as it offers a link between TMT diversity and the functions of strategic leaders (top management team) in change management and maintenance of the right organizational structures, processes and culture as offered in organization strategy while pursuing organizational success.

2.2.3.1 Strategic Leadership Typologies

Literature shows that leadership theories have been refined and modified severally with none of them being completely relevant with the relevance depending on the context in which it is being used. The type of leadership utilized in scenarios entailing very high degree of precision, sensitivity, confidence level, care and technical expertise could differ from those in simple management-oriented portfolios (Dess, & Picken, 2000). It implies that situations, culture, contexts, information overload, working environment, psycho-socio developments, organizational complexities and new laws and regulations significantly influence the leadership concept thus making it adjust to the dynamic organizational occurrences (Amabile, Moneta, Schatzel & Kramer, 2004). Strategic leadership has many typologies with a wide evolution space since the theory was postulated. This section highlights the evolution and various subgroups of leadership theories.

Leadership Trait Theory: This theory attempted to identify the personality traits linked to being a leader. The theory's main assertion is that no accepted set of traits exists that on what effective leadership entails. A more recent and politically correct view on trait theory is that individuals exhibit varying levels of leadership traits, and of essence is the manner in which one uses them. The current perspective opines that leaders can be developed and are not just born. According to Locke & Kirkpatrick (1991), the wider leadership traits include; drive, integrity, emotional maturity, leadership motivation, self-confidence.

Leadership Behavioural Theory: this theory tries to emunarate as to how effective leaders behave. The theory breaks down leadership behaviour into two categories namaly: People Centred and Task Centred. Supporting literature include research from University of Michigan and Ohio State University, as well as the 'Managerial Grid' by Blake and Mouton's. The task behaviors focuses on sets performance standards and procedures,plans and work schedules and finally emphasises on roles and tasks. People centred behaviours shows trust and confidence, are friendly and supportive and are concerned with employees' welfare.

Contingency Theories: These theories try to analyse the manner in which the situation affects the leader, and allude that the effectiveness of leadership is a dependent on the context with which the leader operates. A leadership approach that is applicable in one organization might not work for the other. The two popular contingency theories are House's Path-Goal Theory and Fielder's Leadership Contingency Theory. Simmons (2007) states a practical example of the impact to situational factors using John Scully's the then current CEO of Apple who was an already a uccessful senior manager at PepsiCo before transferring to Califormia for the CEO position at Apple. He argued that Scully's traditional management style, more traditional management style, ack of experience in the computer sector and his failure to fully comprehend the industry led to the failure of Apple to leverage on technological advantages during his tenure.

Leadership Style Theory: Kurt Lewin and his team undertook studies at Iowa State University that examined the different leadership styles (Lewin, White & Lippett &, 1939) and proposed two main leadership styles namely autocratic and democratic leadership styles. Autocratic leadership style is where the autocratic leader makes decisions, dictates the employees on what to do under close supervision (Lewin, *et al.* 1939; Likert, 1967). Democratic leadership style is where the leader involves the employees in decision making and works closely with the employees without close supervision. (Lewin, et al. 1939; Likert, 1967).

Likert (1967) argues that among the first studies on leadership behaviour executed at Iowa State University by Kurt Lewin and his team included children, each with designated adult leader instructed to act in either a democratic and autocratic style. These experiments yielded interesting results. The teams with autocratic leaders produced good results as long as the leaders were present to supervise them. However, the group members were unhappy with the autocratic leadership style are were hostile. On the other hand, those assigned to democratic leaders also registered good performances and were characterized by positive feelings as opposed to hostility. Furthermore, under the democratic leadership style, group members recorded good performance even with the absenture of their leaders. The decision-making and participative techniques by majority rule was adopted by the democratic leader helped to involve the group members to boost their performance (Likert, 1967). This attributes of democratic leadership to some extent explain why employees empowerment is a common trend in many establishments.

Transactional Leadership Theory: By Late 1970s and early 1980s, the leadership theories shifted their perspectives from specific leadership contexts and followers towards practices that focussed more on the exchange between the leaders and the followers. Transactional leadership was defined as that whereby the leader-follower associations were achored on various agreements between the leaders and the followers (Shamir & House, 1993). Transactional theory was anchored on reciprocity whereby leaders influenced both their followers and were under their influence. Previous studies suggest that transactional leadership contradicts with respect to the degree of leaders action as well as their associations with the followers. According to Avolio & Bass (1994), transactional leadership is a contingent reward leadership with positive exchanges between followers and leaders whereby followers are recognized or rewarded for attaining the anticipated goals.

The rewards could imply gratitude for bonus and merit increases and goal attainment for the leaders . Leaders receive incentives such as merit pay for promotions, positive support an be exchanged, cooperation for collegiality and higher performance. The leaders could rather focus on errors, delay decisions and avoid responses. The stated attitude is described as the "management-by-exception" and could be grouprd as active or passive transactions. The distinction between the two transactions is the level of involvement by the leaders whereby the leader continuously monitors performance and proactively intervene in the active firm (Bass & Avolio, 1997).

Transformational LeadershipTheory: The transformational leadership theory is different from the contemporary theories based on its configuration to better good as it involves the followers in the activities or processes related to personal factor toward the firm and a course that will produce a higher social dividend. Transformational leaders raise morality and motivation of bot the leader and the follower (Shamir & House, 1993). It is presumed that transformational leaders interact with on accordance to common values, goals and beliefs ". This affects performance to leading to fulfillment of goals.

This model therefore agees with the Maslow's (1954) higher order needs theory. The transformational leadership theory changes the beliefs, attitudes and values which equips leaders with practices and capacity to manage change. Existing literature alludes that leaders must sacrifice their interests for the group to thrive. The leaders are thereafter asked to concentrate on the needs and input so as to nature everyone into a leader through motivation and empowerment (Aditya & House, 1997). According to the existing literature, the ethical levels of leadership differentiates further the transformational leadership. Transformational leadership can be categorized into four elements:

Individualized Consideration: the effort put by the leader meet the needs of each follower, coaches the follower or listens to the needs and concerns of the follower. The leader keeps communication open, gives empathy and shares the challenges with followers. This attracts respect and acknowledges every person's contribution to the team (Bass & Avolio, 1997).

Intellectual Stimulation: The extent to which the leader challenges assumptions, solicits the ideas of the followers and takes risks. Here, leaders stimulate and encourage their leaders to be creative. They develop and nature individual who think independently. These leaders considere learning as value and unprecended situations are considered as opportunities to learn. The followers are free to question or propose better ways of undertaking tasks (Bass & Bass, 2008).

Inspirational Motivation: the extent to which the leader exhibits a vision that is inspiring and appealing to followers. Leaders with inspirational motivation communicate optimism about future goals, challenge followers with high standards and makes sence out the task at hand. Followers must exhibit a strong sense of purpose in order to act swiftly. The visionary attributes of leadership are backed by communication skills which make the vision understandable, precise, engaging and powerful (Antonakis *et al.,* 2003).

Idealized Influence: Acts as the role model for high ethical behavior, gains respect , attains trust and instills pride. As a development tool, transformational leadership has been adopted in western societies, including government agencies (House & Aditya, 1997).

The transformational leaders are quick to identify the need for change, create a vision that guides change and gain the agreement and commitment of others (Burns, 2003). These leaders pursue to develop their consciousness, treat subordinates exclusively and offer morals and skills through provision of significance to their work. These leaders inculcate a positive outlook of the organization in the future. They are visionary leaders seeking to appeal to their followers better while naturing and moving them towards higher and more universal purposes and needs (Burns, 2003).

2.2.4 Open Systems Theory

The open systems theory proposed by Boulding (1956), views organizations as interconnected subsystems that work in coordination. It assumes that all organizations comprise multiple subsystems with each receiving inputs from other subsystems and turns them into other subsystems' outputs (Baum, 2005). The theory is aligned to the view that an organization's performance is reliant on the performance of all the subsystems within it, and its subsystems being open (reliable on others) makes it susceptible to macro influences which also influence its performance (Boeker *et al*. 1997).

The open systems theory perceives the organization as composed of many interconnected subsystems working in harmony referred to by Baum (2005) as a throughput model; seeking, processing and distributing resources in the environment. The change analysis framework dwells on the general view of the Open Systems theory which regards the organization as able to continuously shift the structural forms to react to surroundings, leading to solutions to problems (Scott, 2003). The TMT continually perform the functions of continually shifting these structural forms in the organization.

The open systems theory provides a great variety in the perspectives of the earlier theories though they share the vision that the survival of an organization is dependent upon its interaction with the environment (Bastedo 2004). The theory has adversely changed our understanding towards organizations and the demands anchored on leaders within the system within which the organization operates, identifying the roles of each of the players in enhancing the an organization competitive position within the organizational environment (Boeker *et al*. 1997). The theory is therefore applicable in this study as it explains the link between macro environment and organization performance relationship.

2.3 Top Management Team Diversity and Organizational Performance

Research on TMT diversity and organization performance relationship remains extensively undertaken in strategic management. According to Gong (2006), subsidiary TMT nationality diversity enhances subsidiary labour productivity of Japanese multinational corporations. He argued that the benefits associated with problem solving and enhanced creativity of nationally diverse TMTs are likely to supersede any effective costs associated with team dynamics.

These arguments are similar to views posited by Stahl *et al.,* (2010) who found that the information processing needs of nationality diversity are likely to remain with tenure could impede effective decision making in multinational teams as differences stemming from the countries of origin of the executives are imprinted and difficult to erase. Studies on upper echelons examine the implications of different diversity attributes yet the effects are fully conceptualized as if all the attributes have the same influence on performance. According to Carpenter (20020 there exists a weak relationship between TMT nationality and performance. The findings may however be disputed on grounds that the study ignored the different macro-social contexts of different countries.

Some of the studies done on the topic indicate that diversity in TMT results in the achievement of organizational goals and profitability (Wooldridge, et al., 2008; Nelson & Nelson, 2012); while others found TMT diversity to cause reduction in communication and effectiveness in decision making and other negative outcomes (Eisenhardt & Schoonhoven, 1990; Carson *et al.,* 2004). This inconsistency has been explained by the observation that the focus of these researchers was mainly on the demographic diversity level. These studies indicating negative impact on performance can be attributed to omission of important contextual variables, such as failure to emphasize cognitive diversity within the studied organization (Cannella, *et al.,* 2008). According to Olson, Parayitam, & Bao, (2007), cognitive diversity, which refers to diversity in knowledge, skills, abilities and beliefs of the workforce, considers the facet of knowledge acceptance while minimizing risk and trust in other abilities.

Within the Kenyan context, Irungu (2007), researched on the effects of TMT diversity on performances of publicly listed firms in Kenya confirming that TMT diversity affects performance, where he recommended expanding the study context. Mutuku, (2012) studied TMT diversity and performance within Kenyan commercial banks and recommended similar research in public institutions. These studies left out variables in this relationship that are integral to the relationship. TMT translate policies coined by the Board of Directors (BOD) into objectives, goals and strategies intended to offer direction to the firm to realize its future and present success, hence it is sensible to annul that TMT impact in any firm directly influence the firm's performance (Oketch & Kilika, 2017). TMT diversity has been confirmed to affect organizational performance. Nielsen & Nielsen (2012) explored the unclear association between TMT diversity and organization performance. Linking upper echelons theory to institutional theory insights, they established new dimensions of TMT diversity.

The researchers found diversity to have a positive relationship with organization performance; an effect that was stronger in highly internationalized organizations, longer tenured teams, and munificent environments, though some studies indicated negative and unclear relationships. However, they failed to capture other intervening factors that are prevalent as related to TMT and also relied on explaining the causality rather than explaining the outcomes. This gap is one of those addressed in the present study.

2.4 Top Management Team Diversity, Strategic Change and Organizational Performance

The nature and effectiveness of firm performance vary in part with how the top management triggers and interprets strategic issues. Mekgoe (2008) analysed the impact of strategic change on morale, commitment and performance of Top management teams among Companies in South Africa's Telecommunication Companies. He found that although firms lacked proper models of implementing the process of strategic change, there was significant effect on staff morale, commitment and performance. Without strategic change programs, it is hard to the social dynamics within TMTs, and it may be easier to change the team's composition (Yu, 2002).

Strategies are an outcome of the interaction between individual leaders and the organization internal and macro environment while strategic change is the implementation of these strategies. Wiersema *et al.*, (1992), posits that the characteristics of a top management team anticipated to be able to initiate strategic change include willingness to risk, receptivity to change, information sources perspectives and diversity and innovativeness hence their influence on performance. Yong *et al*., (2011) argue that TMT demography diversity has a big impact on strategic change. However, though some literature postulates that diversity may be a source of explorative undertakings including strategic change, there are others suggesting that diversity may cause integration difficulties, thus resulting in a negative impact on strategic change.

The empirical review leads to the inference that strategic change requires top management team diversity and demographic composition. In many cases, organizations which embark on changes have top management team whose traits present their receptiveness to change and inclination to take risks. Further, the demographic heterogeneity illustrates diversity for the information sources, innovativeness and creativity in decision making. It is important for strategic change agents who in most cases are leaders, to critically analyse the strategic content to be able to achieve the planned level of performance in the firm.

2.5 Top Management Team Diversity, Strategic Leadership and Organizational Performance

Organization effectiveness requires effective and strategic leadership. Rapid change in organizations and their macro environments over the past years has led to formation of new styles of leadership, which is less in itself bureaucratic and more democratic. This change in leadership style is important to ensure organization survival (Hill & Jones, 2009). Mehra *et al.,* (2006) argument is that organizations pursue efficient means of enabling them outperform others, whose longstanding approach has been the keen focus on strategic leadership. Strategic leadership entails creating organization meaning and purpose through crafting a powerful vision and mission regarding the future of the organization (Ireland & Hitt, 2005).

In many organizations, while the TMT formulate and implement organization strategies, the input from the lower management levels and networks of employees add to the shared efforts particularly in the strategies implementation (Cogliser, 2002). Strategic manoeuvring achievable through the TMT efforts is essential when a firm is confronted with hyper-competitiveness in quality and price, knowledge and timing, markets that are strongly held (dominant organizations in the market), services, and products.

It is the role of the TMT to set policies for resources acquisition and integration in the organization with the goals of reducing uncertainty, increasing stability, increasing resources, and reducing competition thereby creating favourable public image and opinions of the organization and its products and services and improving the overall organization position in the market (Azhar *et al.,* 2014).

However, since TMTs are part of strategic leadership, they typically handle complex, ill-defined and ambiguous, as opposed to routine problems (Hambrick, 1989). Harris and Ogbonna (2001) suggest that the relationship between strategic leadership and performance is mediated by the form of organizational culture that is present. They also observed that strategic leadership lacks a direct association to performance but is simply thought to have indirect association. Their review concluded that TMT and strategic leadership enhances organizational performance (Cogliser, 2002; Amos *et al.,* 2004; Hill & Jones, 2009). It is important to note that the ideal leadership style cannot be isolated from the basic qualities that yield appropriate personal character (Azhar *et al.,* 2014). Diversified TMT represents the leadership in an organization and is critical to the strategic change in the organization for improved performance.

2.6 Top Management Team Diversity, Macro Environment and Organizational Performance

The macro environment is an amalgamation of many elements, both tangible and non-tangible, providing the lifeblood for organizations' success by availing market for its products and services and serving as the ultimate source of resources. Cannella & Park (2008) explored the association between TMT functional background diversity and organization performance encompassing elements of internal and macro environmental contexts in Korea where they observed a strong positive effect of intrapersonal functional diversity on organization performance, with environmental uncertainty as the moderator. They argued that an uncertain environment offers strategic inertia with strong and harmful implications on firm performance while homogeneous TMT accentuates strategic inertia. They found that performance benefits from TMT diversity increased with increasing uncertainty level.

According to Gerecke and House (2011) the effect of TMT heterogeneity on performance was observed to be such that organizations interact with the macro environment which influence how the different variables relate to enhance organizational performance and that the impact of TMT diversity on organization performance relied upon the complexity observed in the macro environment. However, this present study was limited in scope concentrating on the macro environment effect within the TMT diversity and organization performance relationship, leaving out key constructs in this model.

Osuagwu (2001) argues that the macro environment is perceived as the totality of the factors that influence, affect or determine the performance or performance of a business, hence have the capacity to influence the association between TMT and firm performance. Ogundele, (2005) indicated that the macro business environments (economic, political, technological and socio-cultural) have an impact on organizational performance. Machuki and Aosa (2011) discussed the effect of the macro environment on corporate performance where they found that economic factors, competitive rivalry, market factors, technological factors and legal factors greatly influence strategic decision making, though their study was not based on TMT diversity, their insights on macro environment are similar to those within TMT diversity studies. The macro environment impacts business operations either positively or negatively. A thorough analysis of the same through environmental scanning enables organizations identify opportunities to maximize on them and identify the threats for purpose of mitigating them.

2.7 Top Management Team Diversity, Strategic Change, Strategic Leadership, Macro Environment and Organizational Performance

Results from empirical research have offered inconsistent evidence related to the influence TMT diversity has on organizational performance, dwelling on varying variables and contexts (Certo *et al.*, 2006). While some previous studies indicate positive effects (Schoonhoven & Eisenhardt, 1990); others report negative ones (Simons et al., 1999) or even no effects (West & Schwenk, 1996). Likewise, a meta-analysis by Certo *et al*., (2006) provided evidence of the existence of moderators in the TMT diversity; organization performance relationship highlighting possible ones to include environment, entrepreneurial orientation, information processing, and longevity.

The macro environment is widely identified as a contingency variable in the association between various organizational processes and performance (Richard, Ismail & Murthi, 2007), but that is not the case for strategic change and strategic leadership. Along the way of its development, the macro environment must have been the last to be introduced into the upper echelon discourse among the three control variables (Carpenter et al., 2004).

Organization growth, however, has been found to influence the top executive decision-making through mergers and acquisitions (Jensen & Zajac, 2004) or new modes of market entry (Boeker, 1997). Investigations into the differential influences of top management team diversity during strategy formulation and implementations should consider which dimension of organizational performance and other operational outcomes are influenced by the TMT diversity and under which variables.

2.8 Summary of Knowledge Gaps

The influence of top management team diversity on organization performance remains a widely studied relationship within the purview of strategic management. Several studies conclude that the evidence regarding the TMT and organizational performance association remains unclear at best (Simons *et al.,* 1999; West & Schwenk, 1996; Certo *et al.,* 2006). Evidence observed from the review suggests that strategic change, strategic leadership, external environment and their relationship to TMT diversity and performance may be a fruitful area for further exploration. In this chapter, the study highlighted the theoretical issues arising from theoretical misspecification and observed that the upper-echelons and resource based view models may offer a good platform for dealing with TMT issues in strategic decision making.

The review found the study gap in previous research indicating mixed or negative impacts of TMT diversity on organization performance (Cannella & Park, 2008; Elsaid 2012; Bagudu & Abdulmumini 2015) and by the notion that TMT diversity has both positive cognitive effects and negative social implications (Hambrick et al., 1996; Haleblian & Finkelstein 2013). As Jarzabkowski and Rosalind (2003) argued, TMTs may suffer from behavioural disintegration due to diversity, i.e., little communication within teams and a lower probability arriving at a consensus, with new strategic initiatives and ideas being the first to suffer (Priem, Lyon & Dess, 1999). As per the empirical evidence collected in the literature review, it can be confirmed that the existing literature incline to the causal link between TMT diversity and competitive advantages in the upper echelons discourse. However, previous studies omit a systematic consideration of the possible effects of strategic change, strategic leadership as well as macro environment in this relationship within organizations.

Literature review found that task-related diversity, for instance the educational diversity and TMT tenure diversity; increases chances that a business will penetrate into new geographic zones as opposed to familiar ones. Consistently, it has also been established that the TMT tenure diversity increase the probability of investing in new geographic markets (Nielsen & Nielsen, 2012; Gerecke & House, 2009; Cannella & Park, 2008). No evidence associated with TMT educational diversity was found. This could be explained by the fact that by the time managers get to the top echelons levels in their firms, so much experience has been gained in different work setup that their formal education, which occurred decades before, has ceased to be a good indicator for variations in cognitive attributes. Table 2.1 below summarizes key knowledge gaps identified in literature.

Table 2.1: Summary of Knowledge Gaps

Study	Focus	Methodology and Measurement	Findings	Research Gaps Critique	Focus of the Proposed Study
Azhar et al. (2014)	Assessed the role of TMT diversity in strategic leadership	Cross sectional study of Iranian corporations	Observed that TMT has wide reaching effects on strategic leadership and performance	Mainly an exploratory design	Present study looks at the link of strategic leadership and TMT diversity
Haleblian and Finkelstein (2013)	TMT diversity	Cross Sectional survey of 47 firms in USA	Top management team size & chief executive officer (CEO) dominance affects firm performance	Study had a sample size of 47 which is small and does not adequately capture majority of the elements.	Current study incorporates a larger sample of 138; and all elements were investigated
Mutuku (2012)	Factors influencing association between TMT diversity and performance of Kenyan commercial banks	Cross Sectional Survey of 43 Commercial Banks in Kenya	Diversity in tenure in Banks has significant effect on quality of decisions and quality of decisions have strong impact on internal business processes and learning and growth dimensions	The context of banking sector in Kenya and used involvement culture & diversity management strategies as moderating variables & quality of decisions as intervening variable	This current study focused on PBO sector, uses a larger sample size(138) and different moderating and intervening variables

Table 2.1: Summary of Knowledge Gaps (Continued…)

Study	Focus	Methodology and Measurement	Findings	Research Gaps Critique	Focus of the Proposed Study
Nielsen and Nielsen (2012)	Relationship between TMT diversity and organization performance	Cross sectional survey of 146 Swiss Listed organizations representing 32 industries	Diversity is positively linked with performance and this impact is stronger in, highly internationalized firms, longer tenured teams and munificent environments.	There are no emphasis on the contribution of age factor in diverisity of top teams	The study includes age factor among variables such as tenure,size of top management team to explain performance
Machuki and Aosa (2011)	Macro Environment	Cross sectional survey of 23 companies listed in NSE	Effect of the macro environment on corporate performance	Relied on secondary data with small sample size and not in NGOs.	Study incorporate primary data and a larger sample size in PBOs
Yong et al. (2011)	TMT diversity impact on strategic change	A cross sectional survey of Chinese companies	Found TMT diversity to have an impact on strategic change	Relationship mainly between TMT diversity and strategic change	Present study done on a different context
Gerecke and House (2009)	TMT Diversity and macro environment	Cross Sectional Survey of 20 corporations	TMT Diversity in favourable macro environment influence enhanced organizational performance	The study only dwelt on demographic TMT diversity	The current study incorporates both demographic and cognitive diversity factors
Mekgoe (2008)	Assessed impact of strategic change on morale, performance, & commitment of TMT	Cross sectional study on organizations in South Africa telecommunication sector	Observed strategic change affects the morale, performance, and commitment 0f TMT	Study not based on TMT diversity models but rather on strategic change ideologies	Present study integrate strategic change discourse in the upper echelons theory
Cannella, Park, and Lee (2008)	TMT functional background diversity and firm performance	Survey concentrated on cross-sectional study of firms based in South Korea	The TMT functional background diversity positively influences firm performance	Only dwelt on functional background diversity; within South Korean context	current study incorporates other TMT diversity elements in the Kenyan context
Irungu (2007)	Effect of TMT on performance of Publicly	Cross sectional survey of 47 companies listed in NSE	Cognitive characteristics do not affect decision making	Study used financial indicators and didn't	The study used both financial and non-financial

Table 2.1: Summary of Knowledge Gaps (Continued…)

Study	Focus	Methodology and Measurement	Findings	Research Gaps Critique	Focus of the Proposed Study
	Quoted Companies in Kenya		process. Effect of TMT characteristics differed in different sectors	access effect of non-financial corporate performance measures. Study limited to companies listed in NSE.	performance measurements. It was also conducted in a different setting.
Gong (2006)	TMT nationality diversity & subsidiary performance	Survey of multinational corporations in Japan	TMT national diversity affects performance of multinational corporations	Failed to incorporate all components of TMT diversity	Incorporates other TMT diversity components including nationality
Ogundele (2005)	Assessed management practices within organizations	Applied descriptive design to study organizations in Lagos Nigeria	Observed macro environment to have an effect on organization performance	Survey not a TMT diversity one but had great insights into macro environment and integrated some TMT diversity elements in the outcomes	Adopts descriptive and cross sectional approach Current study integrate macro environment aspects
Yu (2002)	Effects of strategic change on social dynamics within TMT	A survey of Chinese companies Applied chi-square to measure effect	Found to strategic change to influence TMT social dynamics	Not a TMT diversity study Chi-square not a sure measure of the effect size	Integrates strategic change discourse in the upper echelons theory
Osuagwu (2001)	Looked at the macro environment within the performance context in Nigeria	Adopted cross sectional design with a target of business entities within Nigeria	Macro environment influence business operations either positively or negatively	Survey not a TMT diversity one but had great insights into macro environment and integrated some TMT diversity elements outcomes	Current study integrate macro environment aspects

Source: Author (2015)

From the review, the upper echelons theory widely offers the study direction, with the study partly relying upon the Resource Based View and strategic leadership theory, while the open systems theory has a very mild effect on in regard to its application in this study. Empirical results supporting this study include: Haleblian and Finkelstein (2013); Nielsen and Nielsen (2012); Mutuku (2012); Machuki and Aosa (2011); Gerecke and House (2009), and Irungu (2007) among others, from whom key gaps were found to exist. The knowledge gaps form the basis of the study's conceptual framework which identifies key variables and how they relate to each other and the indicators for measuring each of the variables which is discussed in the next section.

2.9 Conceptual Framework

The conceptual framework provides the expected relationship among variables being measured in the study. It provides a look at TMT diversity relation with organization performance, with the moderating effects of Strategic leadership, macro environment, and strategic change. Figure 2.4 shows the relationship amongst TMT diversity, strategic change, strategic leadership, and macro environment with organizational performance.

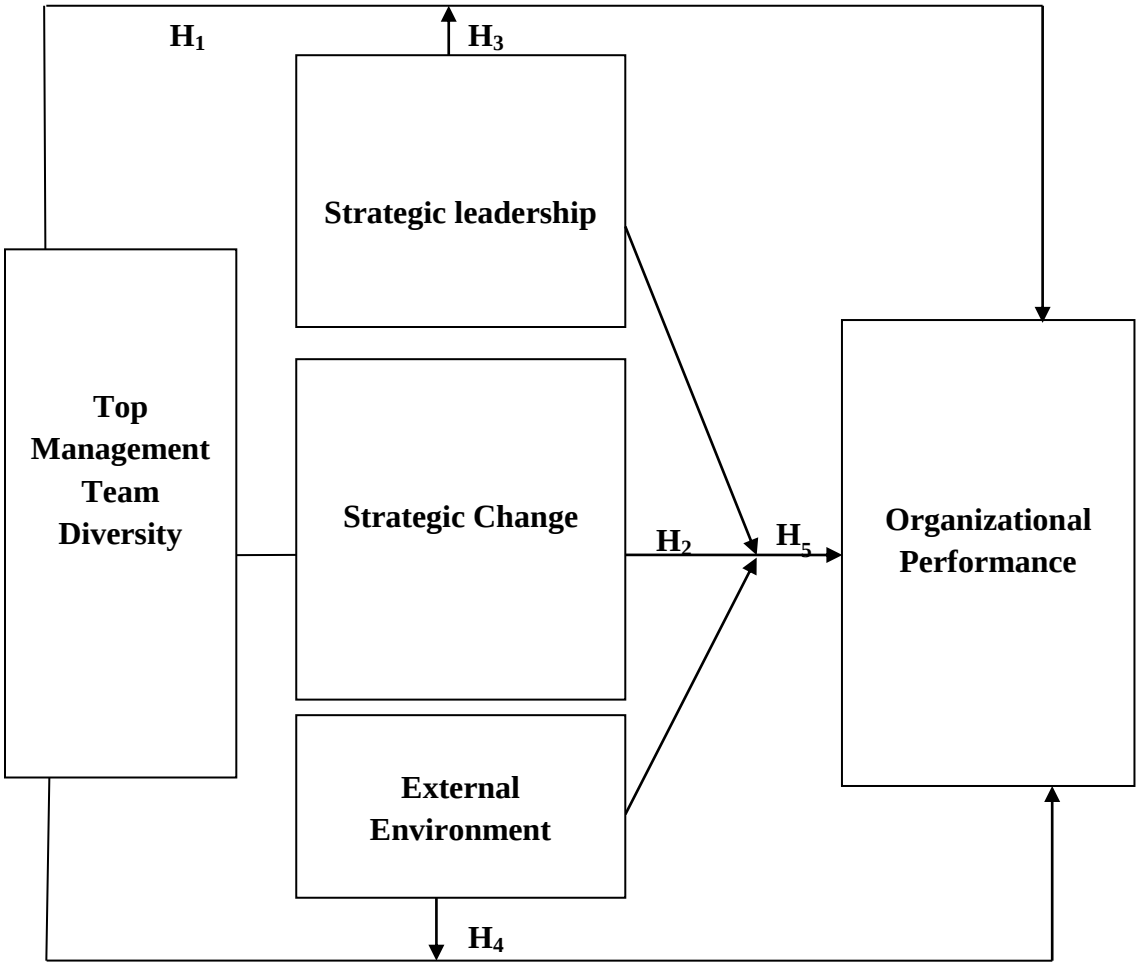
TMT Diversity: TMT diversity is the host of individual differences that make people different or similar to each other in varied settings and encompasses various interrelated dimensions of humanity including ethnicity, gender, tenure within the organization, level of experience, nationality, field of specialization (professional and functional background), education level and age. Jackson *et al.*, (1995) argued that TMT diversity should be portrayed as a group of factors leading to effective functioning of the team while highlighting their differences.

PBO Performance: The approach of measuring performance in the present study is very unique due to the nature of the studied public benefit organizations. According to Mutuku *et al.,* (2013), some organizations measure performance by assessing the stewardship of the TMT in utilizing organization resources to produce a profit. However, this study applied extended balanced card integrating measures such as ability of the organization to attract funding, the number of beneficiaries reached, the stakeholders' performance, learning performance, organisation growth, and environmental initiatives.

Strategic Change: Strategic change is measured by various constructs including the level of strategic thinking, acting, and influencing, strategic innovations, strategic vision, goals & decision making, behaviour towards reforms, and the level of stakeholder involvement. These characteristics have been highlighted by Wierseman and Bantel (1992) who suggested that within the TMT level, strategic change can be measured by constructs such as receptivity to change, willingness to take risk, diversity in information sources and perspectives, and creativity and innovativeness in decision making, which are all well captured by our strategic change measurement.

Strategic Leadership: The present study conceptualizes strategic leadership as comprising two major aspects, transactional or transformational leadership. According to Mujtaba (2014), the degree to which a leader is transformational, is measured first, in terms of its impact on the followers, with the leader transforming and motivating followers through his or her idealized influence, intellectual stimulation and individual consideration. Transactional leadership comprises of leaders who base their decisions on a trade-off paradigm within an organization, identifying threats and pursuing opportunities, and making decisions in advance of their competitors. These two paradigms have been brought together within the present study to highlight to measure strategic leadership with the specific constructs being idealized influence, inspirational motivation, intellectual motivation, individual consideration, management exception and contingent reward.

Macro – Environment: In the process of policy formulation, the firm must take account both present and future macro - environmental opportunities and threat as well as realize the internal potential, the organization's strengths and weaknesses and gain competitive advantage. According to Voiculet *et al.*, (2010), the degree of external environment factors can be grouped as: Economic factors, political-legislative factors, technological factors, micro actors; and macro actors – all considered within the three aspects of munificence, dynamism and complexity – all which have been applied as measures of this factor. A conceptual framework is presented in figure 2.4 below.



Source: Author (2015)

Figure 2.4: Conceptual Model

The conceptual framework presented in Figure 2.4 above indicates the linkages between the study variables. (H_1) represents the relationships of TMT Diversity and the Performance of PBOs – offering the proposition that top management team diversity influences performance; (H_2) represents the relationship of the TMT Diversity, Strategic Change and Performance of PBOs – with the study proposing that TMT diversity and strategic change affects PBO performance; (H_3) represents the relationship of the TMT Diversity, Strategic Leadership and Performance of PBOs – where the study proposes that TMT diversity and strategic leadership influences organization performance; (H_4) represents the relationship of the Top Management Team Diversity and Macro Environment on the Performance of PBOs – where it is proposed that TMT diversity and Macro Environment influences performance of PBOs; and (H_5) represents the relationship of the Top Management Team Diversity, Strategic Change, Strategic Leadership and macro Environment and the Performance of PBOs where it is proposed that there is a joint influence of TMT diversity, strategic change, strategic leadership and macro environment on the performance of PBOs.

2.10 Hypotheses of the Study

In the conceptual framework in Figure 2.4, the study offers prepositions which were to be ascertained through hypotheses testing to confirm existence of these relationships. The hypotheses to be tested are as follows:

H_{o1}: TMT Diversity has no influence on performance of PBOs in Kenya;

H_{o2}: Strategic Change has no intervening influence on the relationship between TMT Diversity and Organizational Performance of PBOs in Kenya;

H_{o3}: Strategic Leadership has no moderating effect on the relationship between TMT Diversity and Organizational Performance of PBOs in Kenya;

H_{o4}: Macro Environment has no moderating effect on the relationship between TMT Diversity and Organizational Performance of PBOs in Kenya;

H_{o5}: TMT Diversity, Strategic Change, Strategic Leadership, and Macro Environment have no joint influence on the Performance of PBOs in Kenya.

The influence of TMT diversity on performance of Public Benefit Organizations in Kenya has not been studied extensively. However, literature and empirical evidence exist on how the variables relate to each other. Though most of this research has been done in the private sector, the concepts and application of management principles and theories is the same even in the social sector. This has been articulated in the preceding sections of this chapter. The sections provide detailed empirical literature on the relationship between the different study's variables.

In summary, this chapter has reviewed the literature related to TMT diversity and performance. It has discussed the theoretical and empirical evidence relating to TMT diversity and performance in the purview of strategic change, strategic leadership and macro environment. Based on gaps identified from past empirical studies a conceptual framework is developed for this study. Finally, we propose five hypotheses to be tested in this study. In the next chapter, a description of research methodology that guide this research work is provided.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

As previously stated, the aim of this research was to understand the value of TMT Diversity on organization performance, within the dimensions of strategic change, strategic leadership and external environment. The assessment of these dimensions in the decision making paradigm allow an in-depth look into the TMT diversity discourse. Since each proposition was tested separately while considering one or a combination of the diversity characteristics and one decision or performance indicator, it is important that focus is maintained in specific decisions, allowing the creation of framework in which each relationship occurs. It is therefore essential to employ the right approach in determining the necessary information and the analytical models to be implemented so as to realize the study objectives.

The research methodology offers a systematic work plan describing the critical approaches towards meeting the research objectives. It is a tool utilized by a researcher to measure the variables of the study (Bist, 2014). It consists of various steps generally adopted by a researcher in exploring his research problem combined with the logic behind their usage. The variations in research methodology occur due to differences in assumptions, context, perspectives and paradigms of study phenomenon. Being a scientific research, the methodology is not based on reasoning but require integration of explanations based on collected facts, measurements and observations accepting only those explanations that can be verified by experimentation.

This chapter expounds on the methodology employed within the study. It explains the various steps generally adopted by the researcher in attempting to respond to the research problem by delineation procedures and techniques adopted in data collection, processing and analysis. The chapter explains the adopted research philosophy, research design, study population, sampling design, data collection procedures, tests of reliability and validity, operationalization of key study variables, and data analysis process that aligns to the study needs. Detailed explanation of these components are provided, highlighting their compatibility and connection with the study.

3.2 Research Philosophy

Research philosophy forms the foundation of knowledge which is a set of beliefs about a specific segment of reality (Cohen & Crabtree, 2006). The research philosophy contains aspects of epistemological, ontological, and axiological assumptions which inevitably shape understanding of the research questions, the methods applied and interpretation of findings. The epistemological assumptions refer to the beliefs in human knowledge, specifically, components of acceptable, valid and legitimate knowledge, and means of communicating knowledge to others; which in this context ought to be neutral and objective in a bid to access unbiased knowledge (Saunders, *et al,*. 2012).

Ontology refers to the realities encountered in research that shape the researcher's view of the research objects. On the other hand, axiology looks at the extent and ways personal values influence the research process highlighting the role of values and ethics while executing the study (Saunders, 2016). These three aspects are considered for application within the subjective or objective extremes and radical change or regulation paradigms. From these aspects, the five major philosophies are formed of positivism, critical realism, postmodernism, interpretivism and pragmatism.

The positivism research philosophy is suitable for this study. Positivism is a philosophical stance that entails engaging an observable social reality to yield law-like generalizations and avail unambiguous and accurate knowledge (Olsen & Diane, 2004). According to Saunders, (2016), positivism strictly emphasizes on the scientific empiricist method designed to yield pure data and facts without human bias. The quantitative perspective derived from a positivism epistemology relies upon the objective reality which can be conveyed numerically, and has both explanatory and predictive power, though some qualitative aspects are permissible. It maintains that knowledge is based on facts of reality, thus it is predicted on measurable observations and experiments. Positivists focus on theory testing with philosophical foundation based on objectivity, neutrality, operationalization, measurements, causality, hypotheses testing, empiricism, generalization and findings replication. It focuses on immediate experience, personal knowledge and researcher interpretations, (Lewis & Thornhill, 2009).

The positivism philosophy allowed this study to operationalize the study variables and allow measurement of concepts as hypothesized in a conceptual framework applying either qualitative or quantitative methods. Adoption of the positivism method ensure existence of a distance between the researcher's subjective biases and the objective reality being studied, ensuring stability of reality which is observed and described from an objective point of view without contradicting the studied phenomena which actually lead to improved quality of the study outcomes (Levin, 2006). The limitations in this design is the detachment of the researchers' values from the outcomes and inflexibility. However, an investigator adopting a positivistic position practices choice in the issues they study, the pursued study objectives, the data to collect, as well as a choice to adopt a value-free perspective. This therefore confirms presence of leeway to make the necessary decisions in the study and integration of flexibility to the model. Positivism philosophy is therefore fully suitable as the guiding foundation for the study.

3.3 Research Design

This study is based upon a cross sectional survey design which facilitates the analysis of data from the population, or a representative subset, at a snapshot (Cooper & Schindler, 2003). This design enabled the researcher to acquire data on extant practices, situations or views while using a questionnaire or an interview guide in data collection. Cross sectional survey design allows use of quantitative analytical techniques to draw inferences from the data regarding existing associations.

The application of this design permits the investigator to include more variables in the study than is typically possible in laboratory or field experiments, while collecting data related to the real world environments. Levin (2006) asserts that cross sectional studies provide accurate means of information processing and allow collection of uniform and comparable data that captures respondents' similarities and differences among the sampled units.

The research design ought to instil confidentiality in to the research community that the results are derived from following the design to capture the reality and possess high level of validity and reliability (Cohen & Crabtree, 2006). This design is appropriate as it aligns well with the purpose and scope, objectivity, time period for data collection, type of data to be collected and type of analysis to be performed within the study. Earlier studies by Irungu (2007) and Mutuku (2012) used cross sectional survey design in their research and were successful in testing their hypotheses.

3.4 Population of the Study

The population relates to the aggregate or totality of all subjects, objects or members within a research project conforming to a set of specifications (Levin, 2006). It is the target segment intended to be studied or treated. To conceptualize the population of interest, the criteria of eligibility, study settings, and sampling strategies are considered. The population of this study is all the Public Benefit Organizations (PBOs) operating in Kenya, which are estimated by NGO Coordination Board of Kenya (2014) to be 8,569 PBOs.

The PBOs are the perfect subjects for this study due to their uniqueness in that they operate as 'not for profit' organizations aimed at maximizing benefits to the public, hence their performance which is rarely studied, is measured in a different way from the usual organization. Additionally, PBOs operations are facing increasing complexity leading to heightened adoption of strategic management practices, among them the integration of TMT diversity, strategic leadership and change management in their operations.

The PBOs sector faces increasing demand for accountability, while the competitive nature of their work - especially in looking for funding - and the changing dynamics of the sector while there are high levels of diversity in the institution's top management teams based on nationality, ethnic background, age, and education among others. The study avoided the local small PBOs that lack the desired trait of a formal management structure and only went for those PBOs that had formal management structure such as national and international PBOs. The population was segmented along the key and dominant sectors of operations that the PBOs operate which include agriculture, health, children and youth development, education, training and skills development, and environment and economic empowerment. The study population can therefore be classified along segments which were applied in deciding the sampling frame presented in Table 3.1.

Table 3.1: Study Population Segments

Sector	International	National	Total
Agriculture	559	869	1,428
Health	869	1,242	2,111
Children and Youth development	621	745	1,366
Education	435	621	1,056
Training and Skills Development	310	559	869
Environment and Economic Empowerment	683	1,056	1,739
TOTAL	**3,477**	**5,092**	**8,569**

Source: Author (2015)

A look at the population of the PBOs registered with the NGO Coordination Board of Kenya revealed that the PBOs defined as National PBOs are more than the International PBOs operating within the country. The primary sector of operation for most of these organizations is in the health sector, and the least number of PBOs have Training and skills development as their primary sector of operation (note: the primary sector was considered as per the registration details from NGO Coordination Board since nearly all the PBOs have operations going beyond one sector). These formed the basis upon which sampling in the study was undertaken.

3.5 Sampling Design

Sampling design refers to the technique applied in selecting the sample elements from the population, a stratified random sampling technique was applied. According to Cooper and Schindler, (2010), stratified random sampling has three key benefits in research as it provides sufficient data for analysing the different subpopulations, increases the statistical efficiency of the sample and enables application of different research methods and procedures. The population was divided into subpopulations or strata that are mutually exclusive and constrained to include each segments' elements. This is known as stratified random sampling method.

The method involves subdivision of the study population into sub-populations known as strata, followed by selection of elements within the strata randomly. Available data of PBOs in Kenya reveal that the major sectors of PBOs operations are agriculture, health, education, training and skills development, children and youth development, environment and economic empowerment. The study approached this task by getting a list of all the PBOs from the NGO Coordination Board of Kenya. The PBOs were stratified along the primary sectors they operate in (agriculture, health, education, training and skills development, children and youth development, environment and economic empowerment) which were also subdivided into national and international PBOs. Within these groups, the PBOs were randomly selected within these sectors based on their proportions within the population, whereby the strata with largest number of PBOs was the strata with the highest population proportion.

3.5.1 Sample Size

Given the fact that it is often inappropriate or infeasible to recruit the entire population as subjects in a study, researchers recruit a sample from the population of interest to be the subjects of their study (Van den Broeck, Sandoy & Brestoff, 2013). This study had a particularly large population size which would be inappropriate to study as the characteristics being studied were replicated in a large proportion of the studied subjects, making the study process inefficient and costly. The study therefore could only rely on a proportion of the population to be studied acquired based on probable variability in views within the population, as picking suggested sample proportion in scientific studies (of at least 30%) would still show a relatively large sample that need to be studied. Given that the sample has to be representative of the population characteristics, the right sample had to be identified by existing methods of sample size estimation.

Numerous statistical formulas and tools have been advanced to compute sample size for different scenarios in research based on differences in study objectives, designs, data analysis methods, type I and type II errors, power, effect size and variability (Gogate. 2010). Cochran (1963) invented an equation to yield a representative sample for populations that are too large using the level of precision, the degree of risk or confidence, and the level of variability in the variables being measured. This formula was applied to determine the sample to be recruited from the population of the study presented as:

$$n_o = \frac{z^2 pq}{e^2}$$

Where n_o is the sample size, Z^2 is the abscissa of the normal curve that cuts off an area at the tails (1 - α equals the desired confidence level, e.g., 95% for this study-2 tailed), e is the acceptable level of precision (considered to be 5% eliciting from the desired confidence level of 95%), p is the estimated proportion of an attribute that is present in the population (in our case taken as 10% variability), and q is 1-p (1-10% = 90%). The value for Z is found in statistical tables which contain the area under the normal curve. In this case, $Z_{0.95,2} = 1.96$; p=0.1; q=0.9; and e = 0.05:

$$n_o = \frac{Z^2 pq}{e^2} = \frac{1.96^2 x 0.1 x 0.9}{0.05^2} = 138.29 \cong 138$$

A sample of 138 PBOs registered in Kenya was therefore selected for this study from the list of all PBOs registered by NGO Coordination bureau (2014).

3.5.2 Sampling Frame

So as to ensure efficiency and effectiveness in the selection, the study grouped the population of PBOs along the key sector they operate in and the classification of the organizations as international PBO or National PBO, forming the study sampling frame. The PBOs were stratified along the key sectors such as Agriculture, Health, Children and Youth development, Education, training and Skills Development, and Environment and Economic Empowerment. The sample size adopted for this study was therefore as given in table 3.2.

Table 3.2: Sample size along the National and International PBO strata

Strata	**Study Sample**				
	Population	**International PBO**	**National PBO**	**Total Sample**	**Percentage of Sample**
Agriculture	1,428	9	14	23	17%
Health	2,111	14	20	34	25%
Children and Youth development	1,366	10	12	22	16%
Education	1,056	7	10	17	12%
Training and Skills Development	869	5	9	14	10%
Environment and Economic Empowerment	1,739	11	17	28	20%
TOTAL	**8,569**	**56**	**82**	**138**	**100%**

Source: Author (2015)

The sampling frame of the study included a total of 138 PBOs distributed along their primary sector of operations such as Agriculture (23), Health (34), Education (22), Training and Skills Development (17), Children and Youth development (14), and Environment and Economic Empowerment (28). The sample acquired from each of the sector was based on the variances in subpopulation size of PBOs within the sector, hence some sectors had larger samples than others (i.e. for agriculture, the total sub - population in the agriculture segment was divided by the total population and then multiplied by 138 to get 23 PBOs).

3.6 Data Collection

This study sought to acquire data from public benefit organizations operating within the country. The study identified the specific organizations (See Appendix III) who were sampled through stratified random sampling from a list of all the National and International PBOs in Kenya. The data sought from these organizations was quantitative in nature, existing as either primary or secondary data.

The primary data was in quantitative nature and was collected by use of a structured questionnaire (See Appendix II). The questionnaire solicited information on TMT diversity, strategic change, strategic leadership, macro environment and firm performance. The primary data collected using the questionnaire facilitated testing of generated hypotheses. To supplement data collected through questionnaires, secondary data was collected particularly on financial performance measures. This data was extracted from the annual reports from the sample PBOs. The secondary data included the annual income data, funding, and expenditure data. Secondary data, according to Newbert (2008), can help a researcher understand and identify areas of potential concern that merit in-depth investigation and shed light on study aspects not covered by primary data.

The questionnaire was administered by the researcher assisted by a research assistant to selected study respondents. The questionnaire was administered through drop and pick method where the researcher and research assistant approached the sampled organizations and requested the select respondents to offer the requisite information by responding to the questionnaire on their own time which was later collected from the organization. Structured questions were posed in an effort to conserve both time and money and ease the analysis efforts. The unstructured questions encouraged the respondents to give in-depth and longer responses without needing to hold back any information that would inform the study.

Primary data was accessed from the study respondents within the target institutions while secondary data was solicited from the targeted institutions. They included the employees within the organizations who were members of the TMT or with insights on the TMT demographics indicating the level of their diversity, and who understood the leadership style and were aware of the strategic management practises in the organization. The respondents included the Human Resource Managers or equivalent who report directly to the CEO. Alternatively, where available, the study acquired data from Directors, CEOs, Administrative Secretaries or the General Managers. The researcher solicited the relevant secondary data from the PBOs which include financial reports between 2011 and 2015.

3.7 Pilot Study

A pilot test of the research instruments was administered to about 5 PBOs off the study region before the actual study commenced. According to Mugenda and Mugenda (2003), a small number of respondents in a sample are enough to pilot research instrument. A pilot test helps to establish the quality and effectiveness of research instruments in yielding required data for the study besides determining field experiences. The study thereafter used the observations and outcomes of the pilot survey to make the necessary corrections and adjustments of the instruments in order to increase the reliability of the instruments.

This study's objective was to establish truthful and accurate findings, yet the findings of any research can only be as good as its measures and thus evaluating the goodness of its measures is fundamental (Golafshani, 2003). Particular attention was paid to validity and reliability of data. To test the tool quality, pilot testing was undertaken on study constructs. Pilot testing was done on 5 questionnaires issued to top managers of selected PBOs. These responses were fed into SPSS system, then analysed generating reliability coefficients.

3.7.1 Reliability Tests

In order to measure the reliability of the study tool, the study checked the Cronbach alpha coefficient (α) of each of the study construct. The value of the coefficient alpha varies from zero, which denotes no internal consistency, to one representing perfect internal consistency. It shows the extent to which a set of test items is treated to be able to measure a single latent variable.

A measure is deliberated as being reliable when a similar or higher than the set cut-off point is scored by a person taking the same test given twice. The coefficient of 0.7 and above was applied as the reliability cut–off point for this study as recommended by Cronbach (1951) for a newly developed tool. However, in cases where the coefficient falls below this threshold, an allowable limit of 0.5 minimum is acceptable (Nunally, 1978). Table 3.3 presents the outcomes of the reliability analysis undertaken in the study for each of the key variables.

Table 3.3: Reliability Test Results

Variable	Number of Items	N	Cronbach's Alpha	Conclusion
TMT Diversity	40	101	0.835	Reliable
PBO Performance	46	101	0.641	Reliable
Strategic Change	16	101	0.945	Reliable
Strategic Leadership	18	101	0.794	Reliable
Macro Environment	46	101	0.959	Reliable
All Variables	**172**	**101**	**0.798**	**Reliable**

Source: Field Data (2017)

From Table 3.3, TMT Diversity was observed to have a reliability coefficient of 0.835 while PBO Performance had a reliability coefficient of 0.614. Further, Strategic Change had a reliability coefficient of 0.945, strategic leadership was observed to have a 0.794 coefficient, and finally macro environment registered a coefficient of 0.959. The reliability coefficients of all the study variables was observed to be 0.798. This is consistent with Nunnally (1978) who indicated a value of 0.7 as recommended and 0.5 as minimum acceptable limit, indicating that the data components are reliable in measuring the constructs. The study measurement scale therefore had a high level of internal consistency.

3.7.2 Validity Tests

The study also tested the validity of the study instruments. Validity can be defined as the extent to which a concept under study is accurately measured within a quantitative model. It means that the measured matters are the intended ones (Yin, 2003). Validity deals with appropriateness, correctness, and meaningfulness of specific inferences on research results (Cohen & Crabtree, 2006). The study ensured construct and external validity are upheld Construct validity denotes that the scale-measuring constructs measures what they are intended to investigate and external validity is concerned with ensuring that the theoretical and empirical findings, ‘are generalizable beyond the immediate case study’, (Yin, 2003).

To ensure internal validity, the researcher sought inputs of research supervisors and experts in the field of research from University of Nairobi who examined and critiqued the representativeness of the instruments. It was also enhanced by careful definition of topic of concern, themes and applied scales on the subject matter. External validity is achieved by comparing the model of conceptual (construct) relationships with empirical findings.

Content validity index (CVI) was used to determine each item's validity and their viability in the scale. The professionally acquired CVI rating of all the study variables was 0.812 hence confirming that the study variables were valid as measured in the data collection. Values above 0.7 guarantee that the indicator is good, and that the item is appropriate for the scale, hence confirming its validity (Wynd *et al*., 2003). In this study, the internal validity is improved with different conceptual constructs that are linked in logical order, referring to conceptual models applied and used with harmony.

3.8 Operationalization of the Key Study Variables

The core purpose of this study was to assess the effect of strategic change, strategic leadership and macro environment on the association between top management team diversity and firm performance of PBOs in Kenya. The operational indicators for each of the study variables were developed based on the empirical evidence. The study applied the extended balanced score card method to measure performance of the organizations. The extended BSC organization performance measures encompass organization outcomes that integrate financial, internal business processes, customer, innovation and learning, and environmental performance aspects.

The unique nature of public benefit organizations, just like other not for profit organizations, makes the approach to performance measurement even more complex and guides the decision to adopt extended BSC. PBOs are classified as 'not for profit', hence their performance cannot be pegged on their income generation abilities but rather their ability to attract funding, accomplish mission and ensure sustainability. Table 3.4 provides details of how each of the five variables were operationalized.

Table 3.4: Operationalization of Key Study Variables

Variable	Nature of Variable	Variable Indicators	Measure-ment	Questionnaire Item	Supporting Literature
TMT Diversity	Independent variable	• Age • TMT Tenure • Organizational Tenure • Functional Background • Education • Gender • Nationality • Professional • International Ex perience • Ethnicity	Heterogeneity Measure Blau Index Coefficient of variation (cvar)	Section 2	Blau, (1977) Nielsen and Nielsen (2012) Hambrick, (2007) Irungu (2007) Wiersema and Bantel (1992)
Organ-izational Perform-ance	Dependent variable	• Amount of annual funding • No of Implementing partners • Employee retention • Environmental considerations • Number of Beneficiaries	Ratio Five point Likert scale Direct measure	Section 3 Secondary Data	MacPherson and Pabari, (2004) Hailey, (2006) Glunk and Heijltjes, (2009); Richard *et al*. (2009); Omoro *et al.* (2015)
Strategic Change	Intervening Variable	• Level of strategic thinking, acting, and influencing • Strategic Innovations • Strategic vision, goals and decision making • Behaviour Towards Reforms • Level of Stakeholder Involvement	Interval Five point Likert scale	Section 4	Chemengich, (2013); Mutuku *et al.*, (2013); Jackson *et al.*, (2003);Ci-Rong, (2013) Makgoe (2008)

Table 3.4: Operationalization of Key Study Variables Continued…

Variable	Nature of Variable	Variable Indicators	Measure-ment	Questionnaire Item	Supporting Literature
Strategic Leader-ship	Moderating Variable	• Idealized influence • Inspirational motivation • Intellectual Stimulation • Individualized Consideration • Contingent reward • Management by exception	Interval Five point Likert scale	Section 5	Rowe, (2001) Jansen, *et al.,* (2009) Amos et al., (2004) Kochan *et al.,* (2003)
Macro environment	Moderating Variable	• Complexity • Dynamism • Munificence	Interval Five point Likert scale	Section 6	Ogundele, (2005) Haleblian and Finkelstein, (2013)

Source: Author (2015)

Table 3.4 provides details of how each of the five variables were operationalized. It goes further to detail the nature of the variable, operational indicators, how the various variables were measured, corresponding data collection questionnaire section and supporting literature that supported how the variable was operationalized. This summary helps to see at a glance the architecture of the research.

In this study, the performance of Public Benefit Organizations was measured as financial performance based on the amount of funding PBOs attract; learning performance based on the employee training costs; growth and innovation based on investment in ICT; stakeholders performance based on the number of organization partners, employee turnover, and number of beneficiaries; as well as the environmental performance aspects based on the number of environment initiatives undertaken by each of the PBOs, in a bid to assess the state of performance within the PBOs.

The study data informed these performance constructs from the PBOs on a 5 year period of 2011-2015, allowing the study to avoid instances where performance may be misrepresented, especially where the study coincides with a period where the study reports a unique performance outcome, like increased funding lasting a one year period beyond the usual funding level the company attracts.

Since these measures of performance varied from each other and were in time series format, the study needed to transform it in a bid to ensure ease of comparison and interpretation. The data was collected as continuous time series data with each having units relative to their type (for instance, Kshs was used as the units for funding). So as to ensure the data was of similar scale for the inferential statistical analysis and in a bid to ensure that the data is easily brought together as a single organization performance variable, it was important to transform it. The data was first averaged to remove the time series state, categorized using visual binning approach in SPSS which provided the measures of performance as five point categorical variables allowing the data to gain similarities and was then computed into a single factor representing organization performance. Therefore, each of the constructs making up PBO performance was measured on a five point Likert scale to ensure that all the constructs had a similar scale and make it possible to determine the overall organization performance.

On the other hand, the study adopted varying measures of TMT diversity to ensure that diversity at the helm of the organizations was well captured. The diversity measures in this study includes: age diversity, diversity in TMT tenure, diversity in organizational tenure, functional background diversity, professional diversity, education diversity, gender diversity, diversity in nationality, diversity on international experience and diversity in ethnicity.

The way each of the diversity aspect was measured differed in that some of them were categorical in nature (ethnicity, gender, functional background, education, and nationality – categorical data) while the rest (age, TMT tenure, international experience and organizational tenure) were in form of continuous data. This data therefore required to be computed differently to come up with the right measurement of diversity in the PBOs.

The study observed that gender, functional background, education background, nationality and ethnicity are specific variables, and hence were ranked as per the procedures depicted in Bantel and Wiersema (1992). The level of heterogeneity of each of these categorical variables was then computed using Blau's (1977) index, a measure that is widely adopted to measure heterogeneity while using the groupings (Finkelstein and Hambrick, 1996; Allison, 1978). This index is computed using the formula: $1 - \Sigma(Pi)^2$, where Pi is the percentage of persons in the i^{th} category. The more the score, the higher the heterogeneity of TMT on a certain dimension.

The other measures of TMT diversity are continuous variables comprising of age, team tenure, organization tenure and international experience whose heterogeneity was measured using the coefficient of variation which was calculated for each organization using the formula, standard deviation divided by the mean, for each of these TMT constructs in the top management team. According to Allison (1978), the coefficient of variation is the most preferable among the heterogeneity measures when interval-level data such as time frames and age used. Higher values depict more diversity.

Strategic change was measured on a 5 point Likert scale from all its constructs within the PBO sector. The variable encompassed measurement of the organization level of strategic thinking, acting, and influencing; strategic innovations, strategic vision, goals and decision making; organization behaviour towards reforms, and level of stakeholder involvement. The 5 point Likert scale used in the study to measure the level of application of the strategic change practices within the organizations was such that 1 represented the least level of application and 5 representing the highest level of application. Beyond the descriptive statistics, the study had to mildly transform the data by determining their averages to acquire an overall view of strategic change in the organizations.

Strategic leadership was also measured on a 5 point Likert scale indicating extent of practise in the PBOs with 1 showing low application level and 5 showing high application level for the various constructs of strategic leadership. The six key constructs of strategic leadership are: idealized influence, inspirational motivation, intellectual motivation, individual consideration, and contingent reward. The data was also transformed for analytical purposes applying averages to come up with an overall composite index of strategic leadership within organizations.

Macro environment measurement was based on 5 point Likert scale to assess the extent to which the factors were experienced within organizations. The study assessed the complexity (frequency of occurrence of various environmental characteristics), dynamism (ability to predict occurrence of these characteristics), and munificence (whether these environmental characteristics favour the organizations) as macro environment data with 1 showing lowest level of being experienced and 5 showing highest level of being experienced. A mild level of data transformation was applied where averages of the specific operational indicators were sought to give an overall view of the macro environment without losing the Likert scale interpretation. This process facilitated computation of composite factor for macro environment.

3.9 Data Analysis

The data collected was sorted to ensure completeness, and then it was coded and entered into the SPSS version 22 for analysis. The quantitative data was analysed through descriptive statistics like frequencies, measures of central tendency such as mean, and standard deviation, and inferential statistics such as regression. Upon analysis, the outcomes were presented in tables and charts with clearly articulated form that is easy to understand. A discussion that relates to the study findings with other past studies was also provided.

Both inferential and descriptive statistics were used to analyse the data collected. Descriptive statistics includes dispersion and measures of central tendency. Inferential statistics were utilized to test the formulated hypotheses and to assess the relationship among the study variables. This mainly involved the use of regression analysis, correlation analysis and goodness of fit tests. The moderating, intervening and joint effects of strategic change, strategic leadership and macro environment on PBO performance was tested using OLS regression model.

The regression models helped to determine how much of the total variation in the dependent variable is associated to the independent, intervening and moderating variables. SPSS software was used for analysis as it had the capability to analyse complex statistical models simultaneously. Relatedly, the study undertook diagnostic tests which involved tests of the regression assumptions such as that of multicollinearity, normality, heteroscedasticity, and linearity.

These required the study to include tests such as tolerance - Variance Inflation Factors (VIF) for multicollinearity, Shapiro Wilk test and chi-square for normality, white/ Breusch Pagan test for heteroscedasticity, and correlational analysis for linearity. These ensured that the study data had achieved all the assumptions of linear regression applied in informing the study hypothesis. The SPSS used to run the regression model provides outputs which includes: coefficient of determination (R^2 and adjusted R^2), linear correlation coefficient (R) and standard error of the estimate. Linear correlation coefficient shows the linear correlation between the dependent variable and the independent variables. The coefficient of determination (R^2) on the other hand shows the level of variability in dependent variable explained by the independent variable in a regression model.

The SPSS regression model output also provides ANOVA results. The ANOVA model determines whether significant differences exist between dependent-variable scores and independent-variable scores. The ANOVA compares the dependent-variable corresponding to each independent-variable category, so as to determine the statistical significance of the model, (Hair, *et al.*, 2014). The significance value in the ANOVA table, when compared to a predetermined significance level, indicates whether changes in independent variable scores that accompany changes in independent variable scores are statistically significant. Table 3.5 provides a detailed framework how data for each of the objective was analysed and hypotheses tested.

Table 3.5: Objectives and Hypotheses Testing

Objective	Hypotheses	Analysis	Analytical Model	Accept/reject criteria
To determine the relationship between TMT Diversity and Performance of PBOs in Kenya	**H_{o1}**: TMT diversity has no influence on performance of PBOs in Kenya	OLS Analysis Path coefficient and t values ANOVA Hypothesis testing by Chi-square model Degree of Correlation Descriptive Statistics;	Simple Linear Regression $P_1 = \beta_0 + \beta_1 TMT + \varepsilon$ P - Organizational Performance, β_0- Constant, TMT - Top Management Team diversity β_1 - Coefficient of Top Management Team diversity, ε- error term	Reject null hypothesis when level of significance, indicated by F-stat at 5% level of significance or p-value is $p < 0.05$
To determine the intervening influence of Strategic Change on the relationship between TMT Diversity and Performance of PBOs in Kenya	**H_{o2}**: Strategic change has no intervening influence on the association between TMT diversity and performance of international PBOs in Kenya	OLS Regression model Model fit analysis R, R^2 and ANOVA Tests Hypothesis testing by Chi-square model Bootstrapping; Descriptive Statistics;	OLS Regression 1st level: $P_2 = \alpha_0 + \alpha_1 TMT + \varepsilon_2$ 2nd level: $P_2 = \beta_0 + \beta_1 TMT + \beta_2 SC + \varepsilon$ 3rd level: $SC = \beta_0 + \beta_1 TMT + \varepsilon$ P - Organizational Performance, β_0- constant, β_1 α_1- are coefficients of Top Management Team Diversity, strategic change; SC is strategic change variable; ε-error term	Reject null hypothesis if test results F-stat $p \leq 0.05$ The Intervening Effect Coefficient Term
Objective	**Hypotheses**	**Analysis**	**Analytical Model**	**Accept/reject criteria**
To determine the moderating influence of Strategic Leadership on the relationship between TMT Diversity and Performance of	**H_{o3}**: Strategic leadership has no moderating effect on the association between TMT diversity and performance of international	Moderator Analysis Model fit analysis PLS and Bootstrapping for path coefficient and ANOVA Hypothesis testing by Chi-square model R squared and F	Hierarchical Regression $P_3=\beta_0+\beta_1 TMT+\beta_{2S} SL+\beta_3 TMT*SL +\varepsilon$ P-Organizational Performance, β_0- constant, β_1 β_{2-} are coefficients of TMT diversity, Strategic Leadership variables, TMT - Top Management Team Diversity; –Strategic Leadership; ε-	The moderating Effect Tool; R squared; Coefficient Term Reject null hypothesis when F-stat at 5% level is of significance ($p \leq 0.05$)

Table 3.5: Objectives and Hypotheses Testing (Continued…)

Objective	Hypotheses	Analysis	Analytical Model	Accept/reject criteria
PBOs in Kenya	PBOs in Kenya		random term	
To determine the moderating influence of Macro Environment on the relationship between TMT Diversity and Performance of PBOs in Kenya	**H_{o4}**: Macro environment has no moderating effect on the relationship between TMT diversity and performance of PBOs in Kenya	Moderator Analysis Model Fit Bootstrapping Hypothesis testing by Chi-square model Path coefficient and ANOVA R squared and F Descriptive Statistics	Hierarchical Regression $P_4 = \beta_0 + \beta_1 TMT + \beta_2 ME + \beta_3 TMT*ME + \varepsilon$ P-Organizational Performance, β_0-constant, β_1 β_2 β_3 - are coefficients of top management team diversity and macro environment; TMT - Top Management Team Diversity; ME - Macro Environment variables; ε-error term	Reject null hypothesis when level of significance, indicated by F-stat at 5% level of significance $p \leq 0.05$ The moderating effect; R squared; Coefficient Term
Objective	**Hypothesis**	**Analysis**	**Analytical Model**	**Accept/reject criteria**
To establish the joint effect of Strategic Change, Strategic Leadership, Macro Environment, and TMT Diversity on the Performance of PBOs in Kenya	**H_{o5}**: Strategic change, strategic leadership, macro environment, and TMT diversity have no joint influence on the performance of PBOs	Multiple Linear regression Model fit Hypothesis testing by Chi-square model Path coefficient and ANOVA Degree of Correlation Descriptive Statistics	Multiple Linear Regression $P_5 = \beta_0 + \beta_1 TMT + \beta_2 SC + \beta_3 SL + \beta_3 ME + \varepsilon$ P-Organizational Performance, β_0-constant, β_1 β_2 $\beta_{3...}$are coefficients of (SC) Strategic Change, (SL) Strategic Leadership and (ME) Macro Environment respectively, and ε - error term	R squared; Coefficient Term; reject null hypothesis when level of significance, indicated by F-stat at 5% level of significance or $p \leq 0.05$

Source: Author (2015)

The above table provides analytical models that were applied to test the five hypotheses used in the study. Hypothesis one was tested using linear regression model and hypothesis two, three, and four were tested using hierarchical linear regression models while hypothesis five was tested using multiple linear regression model. Yan (2009) observed that given a dependent variable *y* and many independent variables X_1, ..., X_p that may be associated with *y*, linear regression analysis can be used to quantify the strength of the relationship between *y* and the X_j, to assess which X_j may have no association with *Y* at all, and to explore the subsets of the X_j that contain redundant information regarding *Y*.

The study sought to establish the relationship of TMT diversity, Strategic Change, Strategic Leadership and macro environment on organization performance. For each of the hypothesis, the acceptance or rejection criterion was provided. The criteria varied from one hypothesis to the other depending on the objective of the study. This criterion helped the researcher to make a decision on whether to reject or fail to reject the null hypotheses.

In summary, the chapter described the methodology that was adopted for the research. It discussed the population, sampling technique, sampling frame, sample size, the data collection methods, the research procedure and finally the data analysis methods that were applied in the study. This is crucial in ensuring the findings are robust enough to inform the conclusions and study's recommendations. The proceeding chapter details the outcomes of data analysis and key findings.

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

This chapter outlines the outcomes of the process adopted in realizing the preconceived objectives of the study through application of various statistical techniques and interpretation of the realized results. The study sought to assess the direct relationship between TMT diversity and public benefit organizations performance; examine the mediating influence of strategic change on the relationship between TMT diversity and public benefit organizations performance; assess the moderating effect of strategic leadership and macro environment on the association between TMT diversity and public benefit organizations performance; and assess the joint relationship between TMT diversity, strategic change, strategic leadership, and macro environment on the performance of public benefit organizations.

The chapter presents outcomes of the study data analysis informing the study objectives presented using charts and tables. It provides information on the study response rate, demographic information, descriptive statistics, and inferential statistics. The tests were also done to assess whether basic assumptions of statistical analysis such as reliability, goodness of fit, normality, homoscedasticity and multicollinearity in linear regression model were met. The tests of linear regression assumption are important in assuring the quality and reliability of the analysis outcomes.

Lastly, we present the study findings by testing the various hypothesis under this study. OLS method was applied in assessing the inferential relationships of various variables in this study. A simple linear regression analysis is used to test direct relationship between TMT diversity and Performance. Hierarchical regression method was used to test the intervening effect of Strategic Change as well as moderating impact of strategic leadership and macro environment on the association between TMT diversity and Organizational Performance. Finally, multiple linear regression analysis was used to test the joint effect of Strategic Change, Strategic Leadership, Macro Environment and TMT diversity on PBO performance.

4.2 Response Rate

After data collection, the tools were coded, data entered, and then cleaned by exploring the data to isolate, identify and rectify the inconsistencies in the data, after which the data analysis commenced. The study had a target sample of 138 PBOs. The data collection undertaking within the targeted institutions gathered 101 questionnaires which were confirmed to be satisfactorily filled in all sections, the rest were either not filled or not satisfactorily done. Table 4.1 shows the response rate realized in the data collection activity within the study.

Table 4.1: Data Collection Response Rate

Strata	Targeted Sample	Participating Institutions	Percentage Response Rate
Agriculture	23	17	74%
Health	34	24	71%
Children and Youth development	22	19	86%
Education	17	9	53%
Training and Skills Development	14	10	71%
Environment and Economic Empowerment	28	22	79%
Overall	**138**	**101**	**73%**

Source: Field Data (2018)

As presented in Table 4.1, the realized overall response rate for the study was observed to be 73% after acquiring full responses from 101 PBOs out of the 138 organizations that were sampled. This response rate is adequate to meet the study data needs for analysis as it is above the 70% mark recommended by Mugenda and Mugenda (2008) who observed that a 50% response rate is considered adequate, 60% is considered as good and 70% is considered as excellent for study analysis. According to Bist (2014), a response rate of 60% to 70% is adequate in a scientific research applying stratified sampling technique.

The study stratified the sample along primary sectors of operation. Within the six targeted PBO sectors in the study, Children and Youth Development as the primary sector had the highest response rate of 86% while the Education sector indicated the least at 53% response. However, the study didn't identify the reasons behind the variances in response rate along the various strata, though those sectors which indicated relatively low response rate had majority of the target organizations being located within the rural areas where the visits, despite being well pre-planned, ended up unfruitful as target respondents within TMT were in most cases unavailable to respond or hand back the data collection tools left at their premises. Despite these challenges, the study didn't have representation biases within any of the targeted sectors realizing representation albeit for all the sectors.

Data on TMT diversity section of the questionnaire was focused on the top three TMT members in each of the target organization. The study collected TMT diversity data for the top managers (C.E.O, director, or general managers), programme managers, and finance and administration managers within the 138 sampled organizations. Their response affected the study overall response rate as lack of information from either of the key respondents meant that an incomplete response was acquired from the respondents rendering the questionnaire incomplete hence leading to exclusion of some from final analysis. At the end of the data collection exercise, the response was as presented in Table 4.2.

Table 4.2: Top Management Team Response Rate

TMT	Target	Responded	Response rate	Complete Responses	Overall response rate
Top level Executives	138	103	74.6%	101	73.2%
Programmes managers	138	114	82.6%	101	73.2%
Finance and administration manager	138	108	78.3%	101	73.2%

Source: Field Data (2018)

The three members of the top management team whose data was collected indicated varying response rates. Programmes managers indicated highest response levels while the C.E.O, director, and general managers at the highest ranks in PBOs indicated lowest response rate due to their relatively lower inaccessibility within the target organizations. Upon review of all the questionnaires, it was observed that some of them missed responses from either of the three TMT levels, hence the number of fully completed questionnaires were those with responses from all the three TMT representatives. Those that were adopted for analysis in the study where 101 questionnaires, which were fully filled and considered for analysis while the partly filled questionnaires were discarded, signifying a final response rate of 73.2%; which was confirmed as being representative to the study population.

4.3 Demographic Characteristics

This section presents a description of the organizations that were involved in the study and the respondents within these organizations who offered information. The study identified various key characteristics of the TMT that were of importance to achieving the study objectives. One of these demographic characteristics was the tenure of the respondent at the organization they represented. The outcomes of this inquiry are presented in Table 4.3.

Table 4.3: Respondent Position and Tenure in Current Position

Position of Respondent	**Frequency**	**Percentage**
Project Manager	24	23.8%
Administrative Secretary	18	17.8%
Human Resource Manager	16	15.8%
Director/C.E.O/General Manager	13	12.9%
Finance Manager	10	9.9%
Communications/ Public Relations	5	5.0%
Board Member	2	2.0%
Others	13	12.9%
Total	**101**	**100.0%**
Range of years worked in current position	**Frequency**	**Percentage**
Under 3 Years	15	14.9%
3-5 Years	30	29.7%
6-10 Years	44	43.6%
Above 10 Years	12	11.9%
Total	**101**	**100.0%**

Source: Field Data (2018)

The respondents had worked within their specific institutions at varying periods of time with majority of them (55.5%) having stayed in their institutions for more than 5 years, an indication of long employment tenures within the Public Benefit Organizations and also possible reliability of responses as a result of substantial experience. Very few respondents (14.9%) had been with the organizations for less than 3 years, an indication that the respondents were conversant with the information sought from the organization studied. It was also observed that all respondents held positions within the PBOs where they had adequate information to be able to answer all the questions in the data collection tool. The study therefore confirmed that all the respondents were fully conversant and in a position to avail the desired information, though there were instances where the finance officer participation was sought in situations where the respondents did not have access to the financial information requested so failing to fully fulfil the study information needs.

The study also looked at the categorization of the organizations involved in the study to make sure that all categories of PBOs are included in the study without biases. From the data, the respondents were found to be well distributed among the different classifications of PBOs in the country, with very slight difference in representation being observed among the involved organizations, indicating unbiased response of informants. The local PBOs with international association were more (29.7%), followed by purely local PBOs (26.7%), local associates of international PBOs (23.8%), and international PBOs based in Kenya (19.8%). These outcomes are presented in Table 4.4 below;

Table 4.4: Organization Type

Organization Type	Frequency	Percentage
Local PBO	27	26.7%
Local PBO with International Association	30	29.7%
Local Organization of an International PBO	24	23.8%
International PBO Based in Kenya	20	19.8%
Total	**101**	**100.0%**

Source: Field Data (2018)

Regarding the age of the organizations, the study assessed how well ingrained the organizations were in their areas of operation by looking at how long the organizations had been in existence and how long they had operated within the country. The outcomes of this analysis are presented in Table 4.5. It was observed that the organizations involved in the study had existed for varying periods of time, though long enough to be well developed and have structures requiring them to have a top management team. It was found that there is a clear difference between how long the organizations have existed and how long they have operated in the country.

Though most of the organizations lie within the 'less than 15 years' bracket in terms of existence (47%) and local operations (55%), it shows that more organizations have been operating in Kenya within this period than those that have existed for only that period, an indication that some of these organizations have entered their operations in Kenya after existing elsewhere for a longer period. Those within the 'between 16 to 45 years' range are 31% for period existed and 39% for period operating in Kenya, while those in the above 45 years bracket are 13% for existence and 6% for those that have operated within the country for that time. It is observed that more organizations have been in existence longer than the period they have operated in the country, an effect realized from presence of international PBOs that have entered their operations into the country from other parts of the world. These outcomes are presented in Table 4.5.

Table 4.5: Age of PBOs in Kenya

Period	**Period of Organization Existence**		**Period of Operations in Kenya**	
	Frequency	**Percentage**	**Frequency**	**Percentage**
Below 15 Years	47	47%	56	55%
16-30 Years	31	31%	29	29%
31-45 Years	9	9%	10	10%
46-60 Years	2	2%	3	3%
Above 60 Years	11	11%	3	3%
Total	101	**100%**	101	**100%**

Source: Field Data (2018)

Though the target sample was stratified along the primary sector the organizations operated in, the study took cognizance of the fact that the organizations operate in more than one sector. The study therefore enquired the specific sectors the organizations' operations extend into, allowing them to highlight all the sectors where each organization has operations. The outcomes are as presented in Table 4.6.

Table 4.6: Areas of Operation

Areas of Operation	**Representation**	
	Frequency	**Percentage**
Training and Skills Development	64	63%
Children and Youths Development	57	56%
Education	48	48%
Environment and Economic Empowerment	46	46%
Health	45	45%
Agriculture	29	29%
Sample Size	**101**	

Source: Field Data (2018)

It was found that majority of the PBOs operated in more than one area with majority of the PBOs operating in the training and skills development sector (63%), while only 29% were in agricultural sector. Among the PBOs, it was observed that very few had specialized in only a single area of interest. Majority of the PBOs have had that their operations extend beyond their primary sector of operation indicating at least an extra secondary sector that they operate in. This is mainly due to the humanitarian nature of the organizations where those responding to a specific humanitarian need lead the organization to delve into different sectors of operation and hence broadening their scope in an endeavour to provide holistic development and empowerment. An example of this is one organization whose primary operation was centred on children and youth development, but had to get into training and skills development to better their impact and outcomes.

4.4 Manifestation of Study Variables

The research collected data that would inform the study on the state of the Public Benefit Organizations in relation to the five key study constructs of TMT Diversity, strategic change, strategic leadership, macro environment and their performance. This was achieved by analysing the collected data using descriptive statistics where frequencies, percentages, mean values, standard deviations, cross-tabulations and application of one sample t-test, chi-square, and correlations were undertaken and the outcomes were presented in tables and charts. The outcomes of the analysis are presented within this section.

4.4.1 Manifestation of Top Management Team Diversity

The study considered the opinion and perceptions of the respondents regarding their views on TMT diversity level among the PBOs in Kenya. This was not undertaken as the prime measure of TMT diversity in PBOs, but rather the respondents' opinions regarding occurrence of TMT diversity in their organization. The following outcomes presented in Table 4.7 were observed.

Table 4.7: Respondents' Opinion on TMT Diversity

Item	TMT Diversity Presence		TMT Diversity as a Strategic Effort	
	Frequency	**Percentage**	**Frequency**	**Percentage**
Yes	89	88%	81	80%
No	12	12%	20	20%
Total	101	100%	101	100%

Source: Field Data (2018)

The study found that 88% of the respondents viewed their TMTs as being diverse. It was further observed that 80% of the respondents perceived that their organization's TMT diversity is considered as a strategic effort in enhancing performance. This means that the organizations not only have diversified TMT, but intentionally ensure that their top management team is diverse as a means of improving organizational outcomes.

An enquiry of how these organizations maintain diversity in the TMT revealed that: *'among 61% of the organizations, they have human resource policies defining their team composition in terms of demographics, professional and education backgrounds, skills and competences, while 46% of the organizations preconceive the desired traits of their TMT employees to ensure that they align to the desired diversity needs and plans in the organization. Another 16% of the organizations said they create TMT entrant profile before hiring to ensure diversity, and 6% others ensured openness and consultation during hiring to make sure the teams are diverse, among other means'.*

The study applied two measures of diversity depending on the nature of data collected. An enhanced Blau (1977) index of heterogeneity was used to measure the diversity within the TMT of the categorical indicators such as gender, education, professional background, functional background, nationality, and ethnicity, where low scores indicate low level of diversity and high score indicate high level of diversity ($1 - \Sigma(Pi)^2$), where Pi is the percentage of individuals in the i^{th} category). The coefficient of variation calculated by dividing standard deviation with the mean of the construct was applied to measure the other TMT diversity indicators which had continuous data such as age, TMT tenure, organizational tenure, and international experience, which offer an index that indicate low level of diversity for low scores and high level of diversity for higher scores.

A similar process was undertaken in Patti and Erhardt, (2014) which considered diversity among the top three executives in each of the studied organizations, though some lacked similar position tags as described comprising of organizational head (executive director/ general manager/ regional manager), programmes managers, and finance and administration manager. However, they were all at the uppermost level of the organization's management team. Upon realization of the diversity measures in the study, the descriptive statistics of the model were measured which indicated the level of diversity within each of the constructs informing the TMT diversity factor. The outcomes of this assessment are as presented in Table 4.8.

Table 4.8: Level of TMT Diversity

Measures of TMT Diversity (Blau's Index and CV)	**N**	**Min. index**	**Max. index**	**Average index**	**Std. Dev.**	**Std. Error Mean**
	Diversity Measured using Blau's Index					
Professional Diversity Index	101	.00	.67	.5811	.1229	.0133
Functional Diversity Index	101	.00	.67	.5539	.1492	.0159
Ethnic Diversity Index	101	.00	.67	.5427	.1509	.0164
Education Diversity Index	101	.00	.67	.3987	.1789	.0178
Gender Diversity Index	101	.00	.43	.2970	.1764	.0176
Nationality Diversity Index	101	.00	.67	.2201	.2714	.0270
	Diversity Measured using Coefficient of Variation					
Diversity in Experience (TMT Tenure)	101	.07	1.09	.4090	.2135	.0224
Diversity in organization Tenure	101	.00	1.03	.3974	.2167	.0216
Diversity in International Experience	101	.00	.71	.2895	.2204	.0253
Diversity in Age	101	.02	.46	.1696	.0810	.0082
TMT Diversity	**101**	**.15**	**.54**	**.3800**	**.0782**	**.0078**

Source: Field Data (2018)

It was observed that since the diversity was only in three areas of top management team, the highest diversity level recorded using Blau's index for the six categorical constructs was at 0.667 and a minimum of 0.00 for the institutions that recorded no diversity at all. However, use of coefficient of variation allowed measurement of the diversity in the four continuous variables which indicated even higher diversity indices (1.09 the highest). An overall look indicated that professional diversity had the highest diversity level (mean 0.5811) while the least diverse aspect was recorded as the age diversity (mean 0.1696).

From these outcomes, it is clear that varying levels of diversity exist for the various diversity constructs, but in most cases, the diversity in TMT within the PBO sector is relatively low, with majority of the organizations indicating diversity indices lower than 0.5000 with the overall TMT diversity indicating a mean TMT Diversity of 0.3800. This might indicate low interest among the public benefit organizations to maintain high levels of diversity within their top management teams, despite many seeking to embrace diversity as earlier indicated where majority of the PBOs (80%) perceived TMT diversity as a strategic response.

The study further applied one sample t-test at test value 0.38 to assess how each of the factors relate to the overall TMT - diversity mean of 0.38. This assessment using one sample t-test revealed that the mean of the diversity measures used in the study are different from 0.38 (the overall mean TMT diversity among the PBOs) indicating that the diversity measures in the model were able to indicate the diversity levels expressed in the overall diversity construct. The null hypothesis was therefore stated as H_o: $\mu = 0.38$, where 0.38 is the average TMT diversity when all the diversity constructs are brought together, hence allows the study to assess how different the individual constructs of TMT diversity are from the average overall TMT diversity which in this case is 0.38. Outcomes of this assessment are presented in Table 4.9.

Table 4.9: TMT Diversity One-Sample t-Test

Diversity constructs	Test Value = H_o: μ = 0.38 (one sample t-test) (μ is the average of overall TMT diversity)					
	T	df	Sig. (2-tailed)	Mean Diff.	95% Confidence Interval of the Difference	
					Lower	Upper
Gender Diversity Index	15.176	100	.000	.2011	.1747	.2274
Diversity in Age	10.934	100	.000	.1739	.1423	.2056
Diversity in Tenure	9.939	100	.000	.1627	.1302	.1953
Diversity in Experience	1.049	100	.297	.0187	-.0166	.0540
Education Diversity Index	-4.704	100	.000	-.0829	-.1179	-.0480
Professional Diversity Index	-5.923	100	.000	-.1599	-.215	-.1064
Nationality Diversity Index	1.295	100	.199	.0289	-.0155	.0734
Ethnic Diversity Index	.807	100	.422	.0174	-.0254	.0602
Functional Diversity Index	-3.582	100	.001	-.0905	-.1409	-.0402
Diversity in International Experience	-25.570	100	.000	-.2104	-.2267	-.1941

Source: Field Data (2018)

Most of the constructs indicated high significance levels ($p \leq 0.05$) in the one sample t-test, leading to the rejection of the null hypothesis and confirming that the constructs in the sample are significantly different from the mean of overall TMT diversity construct with the constructs having negative mean difference being lower than the overall mean of 0.38 while those with positive mean difference indicating the construct to have the TMT measures being higher than the 0.38 average. However, three of the constructs (diversity in experience, $p \geq 0.05$; nationality diversity index, $p \geq 0.05$; and ethnic diversity index, $p \geq 0.05$) were observed to lack statistical significance, hence the failure to reject the null hypothesis (H_o: $\mu = 0.38$) for these constructs.

Based on the findings, diversity in experience, national diversity and ethnic diversity lack significant difference from the overall mean in TMT diversity and hence they were observed to have similarity with the overall measures of TMT diversity. Relatedly, the study confirmed that though majority of the TMT diversity constructs are different from the overall measure of TMT diversity in PBOs, some are similar to the overall diversity measure and are able to reliably measure the overall TMT diversity and can inform this variable.

The study further assessed the TMT Diversity within different organization types in a bid to assess how TMT diversity is adopted within varying organization types. The organizations were classified as Local PBO, Local PBO with International Association, Local Organization of an International PBO or International PBO Based in Kenya. The outcomes from this assessment are as presented in Table 4.10.

Table 4.10: TMT Diversity Association with Organization Type

Organization type	**Mean index**	**N**	**Std. Dev.**
Local PBO	.3620	27	.0895
Local PBO with International Association	.3555	30	.0731
Local Organization of an International PBO	.3949	24	.0757
International PBO Based in Kenya	.4229	20	.0501
Total	.3800	101	.0782
Chi-square test the independence of TMT Diversity and organization type constructs: (Pearson Chi-Square = 303.0[a]; p = .393); (Likelihood Ratio = 277.8; p = .781); (Linear by Linear Association = 9.131; p = .003)			

Source: Field Data (2018)

The study found that the least TMT Diversity index was observed among the Local PBOs with international association and the Local PBOs indicating that there the TMT diversity levels are lower for the local PBOs than the international organizations. Higher diversity levels were observed among the Local PBO branch of an International PBO and International PBOs based in Kenya were found to have the highest level of TMT Diversity. This might be related to the fact that international PBOs are mainly well developed and resourced and able to strategically infuse diversity among the TMT, than the relatively smaller, and less developed local PBOs. TMT Diversity therefore differs between the local and international PBOs.

However, the Pearson chi-square analysis outcomes indicates independence of the two constructs ($p>0.05$), with the indication that there is no statistically significant association between the various types of PBOs, confirming that both local and international PBOs equally prefer to have TMT diversity. Despite these views, further analysis confirmed presence of significant linear by linear association between the two constructs ($p<0.05$), which supports earlier views observed in the descriptive data regarding observable association between the organization types and TMT diversity despite the two variables being confirmed to be independent of each other.

Further assessment of the age of the organization against its TMT Diversity revealed that those below 15 years had a TMT diversity mean of 0.3689 while those above 60 years had a TMT diversity index of 0.3835. The highest TMT diversity index (0.4429) was for those organizations aged 46-60 years. Detailed outcomes are presented in Table 4.11.

Table 4.11: Organization Age Association with TMT Diversity

Organization Age	N	Mean TMT diversity index
Below 15 Years	56	0.3689
16-30 Years	29	0.3818
31-45 Years	10	0.4054
46-60 Years	3	0.4429
Above 60 Years	3	0.3835
Total	101	.3800
(Pearson Chi-Square = 400.00; P = 0.379); (Likelihood Ratio = 251.137; P = 1.000); (Linear by Linear Association = 1.241; P = 0.265)		

Source: Field Data (2018)

As presented in Table 4.11, it was observed that TMT diversity is relatively lower among the PBOs that have been in existence for the shortest period, and increases as the age of the PBOs rose up to the 60 year old organizations (optimal diversity: 46 – 60 years – mean 0.4429) and start to decrease thereafter (above 60 years: mean 0.3835), indicating that the diversity is significantly lower in younger PBOs and tends to increase with the increasing age of the PBOs, though there is an observation that older PBOs have declining levels of TMT Diversity. However, Chi-Square analysis revealed that TMT Diversity has no association with the age of the organization.

When respondents were asked the impact of TMT diversity on management of organizations, they offered various views such as its impact on the implementation of strategic plans, decision making, interpersonal relationship, communication, service delivery, and work quality as presented.

According to 44 of the study respondents who offered their views, TMT diversity impacts the PBOs by ensuring: "*success in project, operational, and strategic plan implementation (13.6%); gaining touch with community (Ease of integration with local community) (6.8%); broadened capacity to deal with issues (20.5%); broadened scope, acceptable and easier decision making (15.9%); creative and flexible operating environment (20.5%); effectiveness in communication* and *interpersonal relationship (4.5%); enhanced service delivery (11.5%); and improved work quality (6.8%).*"

4.4.2 Manifestation of Strategic Change

Offering guidance in strategic change is one of the key roles of top management teams in modern organizations which include the shifts in organizations' policies, target market, mission or organizational structure. The study measured the strategic change practices in PBOs by considering factors such as level of strategic thinking, acting, and influencing; strategic innovations, strategic vision, goals and decision making; organization behaviour towards reforms, and level of stakeholder involvement.

The practices penetration in PBOs was weighed upon the extent to which they were observed within the institutions. Though strategic change practised are well entrenched in organizations, they varied considerable across different type of PBOs. However, some aspects manifested similarly in all the PBOs. One such aspect on reviewing of strategic plans and corresponding need to review the vision. Outcomes of strategic change practices penetration in PBOs were presented in Table 4.12.

Table 4.12: Strategic Change Practices within the PBOs

Strategic Change Indicators	Test Value: H_o: μ = 3 (one sample t-test)							
	Mean	C.V	t	df	Sig. (2-tailed)	Mean Diff.	95% Confidence Interval of the Difference	
							Lower	Upper
Strategic plan reviewed every 5 years	3.75	0.3072	6.562	100	.000	.752	.52	.98
Decision making informed by strategies	3.71	0.2887	6.690	100	.000	.713	.50	.92
TMT greatly involved in strategy formulation, development and implementation	3.78	0.2688	7.738	100	.000	.782	.58	.98
TMT have an easy time conforming to newly created strategies	3.55	0.2687	5.843	100	.000	.554	.37	.74
Organization implement new strategies seamlessly with guidance of TMT	3.63	0.2774	6.323	100	.000	.634	.43	.83
The TMT drives strategic decision making	3.70	0.2849	6.703	100	.000	.703	.49	.91
Strategic plan able to guide organization into extensive development	3.71	0.2623	7.363	100	.000	.713	.52	.90
There has been periodical improvements in our strategic planning over the years	3.75	0.2368	8.518	100	.000	.752	.58	.93

Table 4.12: Strategic Change Practices within the PBOs (Continued…)

Strategic Change Indicators	Test Value: H_0: μ = 3 (one sample t-test)							
	Mean	C.V	t	df	Sig. (2-tailed)	Mean Diff.	95% Confidence Interval of the Difference	
							Lower	Upper
The TMT ensures that stakeholders are involved in strategy formulation and implementation	3.73	0.2453	8.044	100	.000	.733	.55	.91
TMT are the leaders in creating reforms in the organization	3.70	0.2649	7.146	99	.000	.700	.51	.89
Reforms initiated by TMT has been successfully implemented	3.56	0.2374	6.629	99	.000	.560	.39	.73
Reforms initiated by TMT have been successful in enhancing organization performance	3.60	0.2369	7.036	99	.000	.600	.43	.77
Organization vision derived from current strategic plan	3.65	0.2975	5.986	99	.000	.650	.43	.87
Vision has changed every time our strategic plan changes	3.12	0.4032	.954	99	.342	.120	-.13	.37

Table 4.12: Strategic Change Practices within the PBOs (Continued…)

Strategic Change Indicators	Test Value: H_o: μ = 3 (one sample t-test)							
	Mean	C.V	t	df	Sig. (2-tailed)	Mean Diff.	95% Confidence Interval of the Difference	
							Lower	Upper
TMT is required to be highly demographically diversified (i.e. by age, gender and ethnicity) by our strategic plan/policies	3.49	0.2963	4.763	98	.000	.495	.29	.70
TMT is required to be highly functionally diversified (i.e. by level of education, experience and area of specialization) by our strategic plan/policies	3.62	0.2727	6.213	98	.000	.616	.42	.81

Source: Field Data (2018)

The descriptive tests of choice in assessing strategic change practices included the mean, the coefficient of variation (C.V), one sample t-test, and chi-square test. The factors were measured as categorical variables with five point Likert scale indicating extent of application where 1 indicated no extent, 2 - low extent, 3 – moderate extent, 4 – great extent, and 5 – very great extent. From the assessment of the mean, the study observed that majority of strategic change practices application level in PBOs lay around the third category (moderate extent), which led to the need to undertake a one sample t - test identifying those constructs deviating from the moderate level (3) in the 5 point Likert scale testing the null hypothesis (H_o: $\mu = 3$).

The coefficient of variation led to the observation of one unique factor among the strategic change practices: 'change in vision with every change in strategic plan', where the study observed significantly higher coefficient of variation (C.V 0.4032) compared to the other factors, an indication of higher deviations from the factor mean (which was the lowest among the practices). This confirms that though on average the PBOs' vision change (to a moderate or to a great extent) with the change in strategic plan, a significant number of the organizations' visions change only to a small or to no extent to the changes in strategic plan. The case of demographic diversity being based on strategic plan is similar. These outcomes indicate that strategic change practices in PBOs are undertaken to a moderate extent though there are extremes on either side of the divide.

To ascertain whether organizations' strategic practices lie below or above the moderate extent level, the study undertook a one sample t-test with the hypothesis that the population mean of the strategic change practices is 3 (H_o: $\mu = 3$). The study observed that nearly all the practices indicated that they have statistically significant difference from 3 ($p < 0.05$, reject the null hypothesis), the moderate level of measuring strategic change, with a positive mean difference indicating that strategic change practices are applied at a significantly higher level than the moderate extent (rather than lower).

However, one of the factors, 'change in vision with every change in strategic plan' was found to lack a statistically significant difference from the moderate level ($p > 0.05$; = 0.342, fail to reject the null hypothesis (H_o: $\mu = 3$)), making the observation that though the study observed variability in the PBOs level of application for this practise, the level of application of changing vision with every change in strategic plan in PBOs was found to be significantly similar to the moderate level. Therefore, change in strategic plan does not always necessitate alteration of the organization vision.

The study further looked at the association between TMT diversity and the four constructs of Strategic Change in PBOs to assess the association between the two variables. The decision of inclusion of strategic change in the TMT diversity discourse was informed by the fact that strategic change is driven by the decisions made by the TMT within organizations and similarly, TMT diversity was earlier observed to be based upon strategic change ideologies within the organization. Therefore, the study sought to understand the independence of the two constructs by undertaking an assessment of the strategic change constructs relationship with TMT diversity. The study undertook a correlation analysis which allowed the assessment of the significance of each of the constructs. The outcomes realized from this assessment are as presented in Table 4.13 showing how various levels of strategic change are associated to TMT Diversity.

Table 4.13: TMT Diversity association with Strategic Change Dimensions

Strategic change and TMT Diversity	**Correlation**	
	R	**Sig.**
Strategic planning and thinking - TMT Diversity	.054	.595
Strategic Innovation - TMT Diversity	.223	.025
Stakeholder Involvement - TMT Diversity	.211	.034
Behaviour towards reforms - TMT Diversity	.151	.130

Source: Field Data (2018)

The correlation assessment presented in Table 4.13 indicated a non-statistically significant relationship between two of the strategic change constructs (strategic planning and thinking and behaviour towards reforms) and TMT diversity. The correlation between strategic planning and thinking against TMT diversity was observed to be the lowest among the four strategic change constructs with very low and statistically insignificant coefficient, confirming the views that TMT diversity is not related to the strategic planning and thinking aspects of PBOs strategic change. Similar outcomes were observed for the behaviour towards reforms aspects of strategic change where a low correlation coefficient and a high p-value were registered. The study therefore observed that the behaviour towards reforms as a construct of strategic change has no relationship with adoption of TMT diversity.

The study further assessed the relationship between the various strategic change constructs and PBOs performance to assess whether the strategic change constructs have any association with the performance experienced in the organization or if there exist similarities between the constructs and PBO performance. The outcomes of this assessment are as presented in Table 4.14.

Table 4.14: Strategic change constructs association with organization performance

Strategic Change and PBO Performance	**Correlation**	
	R	**Sig.**
Strategic planning and thinking - Organization Performance	.096	.343
Strategic Innovation - Organization Performance	.188	.062
Stakeholder Involvement - Organization Performance	.190	.060
Behaviour towards reforms - Organization Performance	.142	.162

Source: Field Data (2018)

Strategic change is widely associated with improvements in performance of organizations, with poorly performing organizations being more likely to implement strategic change practices in their institutions as driven by the top management team. This informed the decision to undertake parametric assessment of the relationship between the strategic change constructs and the organization performance variable in PBOs. The assessment of the correlation coefficient confirms that there is no relationship between the strategic change constructs and PBO performance ($r = 0.096$; $p = 0.343$).

None of the constructs relationship with performance indicated statistically significant relationship with all the constructs recording very low correlation coefficients. The study therefore indicates that strategic change constructs are not related to PBO performance. Therefore, varying views regarding the link between strategic change constructs and PBO performance were observed, hence its relationship with the overall organization performance does not come out clearly based on descriptive statistics and as such further inferential assessment is desired.

4.4.3 Manifestation of Strategic Leadership

The study looked at the level of strategic leadership within Public Benefits Organizations involved in the study. Strategic leadership was measured by six main indicators confirmed as idealized influence, inspirational motivation, intellectual motivation, individual consideration, contingent reward and management by exemption. They were measured on a 5 point Likert scale gauging extent to which respondents agreed to the various strategic leadership practices observed within the sectors where 1 represents ‘not at all’ and 5 represents ‘great extent’. The outcomes were observed as presented in Table 4.15

Table 4.15: Strategic Leadership in PBOs

Strategic Leadership Factors	Mean	C.V	Test Value: H_o μ = 3 (one sample t-test)						
			t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference		
							Lower	Upper	
Leader makes everyone around them enthusiastic about assignments	3.84	0.209	10.493	99	.000	.840	.681	.999	Transformational leadership
Employees have complete faith in leaders	3.91	0.215	10.807	99	.000	.910	.743	1.077	
Leader encourage employee to express their ideas and opinions	3.93	0.218	10.867	99	.000	.930	.760	1.100	
Idealized Influence	**3.89**	**0.214**	**12.251**	**99**	**.000**	**.893**	**.749**	**1.038**	
Leader is inspirational to others	3.95	0.210	11.325	97	.000	.949	.783	1.115	
Leader inspires loyalty to him/herself	3.88	0.213	10.694	100	.000	.881	.718	1.045	
Leader inspire loyalty to the organization	3.93	0.232	10.187	99	.000	.930	.749	1.111	
Inspirational motivation	**3.92**	**0.219**	**11.187**	**100**	**.000**	**.794**	**.653**	**.934**	
Leader's ideas has forced employees to rethink some of their own ideas, which they had never questioned before	3.76	0.217	9.410	100	.000	.762	.602	.923	
Leader enabled me to think about old problems in new ways	3.78	0.227	9.187	100	.000	.782	.613	.951	
Leader provided employees with new ways of looking at things, which used to be a puzzle for them earlier	3.83	0.223	9.725	99	.000	.830	.661	.999	
Intellectual motivation	**3.79**	**0.222**	**11.187**	**100**	**.000**	**.794**	**.653**	**.934**	

Table 4.15: Strategic Leadership in PBOs (Continued…)

Strategic Leadership Factors	Test Value: H_o μ = 3 (one sample t-test)								
	Mean	C.V	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference		
							Lower	Upper	
Leader gives personal attention to members who seem neglected	3.79	0.253	8.259	99	.000	.790	.600	.980	Transactional Leadership
Leader finds out what employees want and tries to help get it	3.76	0.242	8.339	99	.000	.760	.579	.941	
Employees can count on leaders to express appreciation when they do a good job	3.89	0.222	10.309	99	.000	.890	.719	1.061	
Individual consideration	**3.81**	**0.239**	**10.422**	**99**	**.000**	**.813**	**.658**	**.968**	
Leader tell employee what to do if they want to be rewarded for their efforts	3.53	0.265	5.657	99	.000	.530	.344	.716	
Employees have a close agreement between expectation to put into the group effort and what they can get out of it	3.66	0.253	7.146	99	.000	.660	.477	.843	
Employee feel that they can negotiate with leader about what they can get from what they accomplish	4.18	1.057	8.409	99	.000	.750	.573	.927	
Contingent reward	**3.79**	**0.200**	**8.501**	**99**	**.000**	**.647**	**.496**	**.798**	

Table 4.15: Strategic Leadership in PBOs (Continued…)

Strategic Leadership Factors	Test Value: H_o μ = 3 (one sample t-test)							
	Mean	C.V	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
							Lower	Upper
Employee agree that they ask no more of leader than what is absolutely essential to get the work done	3.56	0.263	5.986	99	.000	.560	.374	.746
Employee agree that it is alright to take initiative but leader does not encourage them to do so	3.23	0.343	2.074	99	.041	.230	.010	.450
Employees agree that leaders only tell them what they have to know to do their job	3.31	0.326	2.871	99	.005	.310	.096	.524
Management exception	**3.37**	**0.309**	**4.290**	**99**	**.000**	**.367**	**.197**	**.536**

Source: Field Data (2018)

As presented in Table 4.15, the study looked at the penetration of various strategic leadership practices within PBOs where various descriptive statistics such as mean, coefficient of variation, and one sample t-test were applied to assess the state of strategic leadership within PBOs. From the assessment, none of the practices making up the six strategic leadership constructs was observed to have a mean of less than 3.0 within the 5 point Likert scale, an indication that the practices penetration within PBOs is above the moderate level. The mean of the practices lay between 3.23 and 4.18, with the coefficient of variation indicating nearly similar outlay with lowest being 0.222 and 1.057 showing low levels of dispersion around the mean. However, one of the practices of strategic leadership, 'employee feel that they can negotiate with leader about what they can get from what they accomplish', was unique in that the practice indicated very high coefficient of variation (C.V - 1.057) compared to the other practices, an indication of very high dispersion around the 4.18 mean registered.

The one sample t-test confirmed that strategic leadership practices are statistically significantly applied above the moderate level (above 3 on a 5 point Likert scale) within PBOs, with all the practices and the constructs they form indicating positive mean differences. The assessment indicated t-statistics with positive values confirming that the means are higher than the base level of 3 and p-values less than 0.05 leading to the rejection of the null hypothesis stated as 'the mean registered among the variables is not different from the moderate level of 3 in a 5 point Likert scale'. This confirms that the strategic leadership practices are widely applied, though at a moderate level, and highly regarded within PBOs.

The transformational leadership aspects within PBOs, measured by idealized influence, inspirational motivation, and intellectual motivation constructs, and transactional leadership, measured by individual consideration, contingent reward, and management exception, were found to have nearly equal 'moderate' level of application within PBOs. With these characteristics being observed at moderate extent in the PBOs, the study confirms that both transformational leadership and transactional leadership practices are moderately practiced by majority of top management teams within PBOs in Kenya.

There has been wide interest in understanding the link between strategic leadership and TMT diversity. TMT diversity is widely regarded as a strategic leadership practice and hence its application within organizations is thought to influence organization adoption of strategic diversity. The study sought to understand this link of TMT diversity and strategic leadership and the following outcomes presented in Table 4.16 were observed.

Table 4.16: Strategic Leadership Constructs Association to TMT Diversity

Variables	**Correlation**	
	R	**Sig.**
Idealized Influence - TMT Diversity	.194	.053
Inspiration Motivation - TMT Diversity	.128	.203
Intellectual Motivation - TMT Diversity	.144	.151
Transformational Leadership	**.162**	**.105**
Individual Consideration – TMT Diversity	.076	.454
Contingent Rewards – TMT Diversity	.071	.481
Management Exception – TMT Diversity	.206	.040
Transactional Leadership	**.153**	**.129**

Source: Field Data (2018)

The study assessed the linear relationship between the strategic leadership constructs and TMT diversity using correlation analysis where the management exception strategic leadership construct was observed to be unique in that it indicated a statistically significant correlation with TMT diversity, an indication that the construct is influenced by the TMT diversity practices in the PBO. However, the study observed that all other strategic change constructs had positive correlation coefficients with TMT diversity indicating lack of statistical significance ($p>0.05$), indicating non - significant linear relationship between strategic leadership constructs and TMT diversity at 95% confidence level, though idealized influence show statistical significance at 90% confidence level ($p<0.10$).

Most strategic leadership constructs had no linear relationship to TMT diversity and both transformational and transactional leadership aspects show non-statistically significant relationship with TMT diversity. However, TMT diversity is expected to thrive better within an atmosphere of transformational leadership than under an atmosphere of transactional leadership. Therefore, further and more in-depth analysis of this relationship need to be undertaken to ascertain the presence or lack thereof of the linear relationship.

Various studies have also hinted on the presence of a relationship between Strategic Leadership and organization performance. There was therefore a need to descriptively assess the strategic leadership association to organization performance along the various constructs of transformational and transactional leadership practices. The study assessed the descriptive statistics describing the state of strategic leadership and PBO performance. From the preliminary analysis both strategic leadership styles have an association with PBO performance. However the outcomes of the various operational indicators had varied results. Detailed outcomes of this analysis are as presented in Table 4.17.

Table 4.17: Strategic Leadership Constructs and PBO Performance

Paired Samples t- Test	Correlation	
	R coefficient	Sig.
Idealized Influence - Organization Performance	.213	.035
Inspiration Motivation - Organization Performance	.141	.165
Intellectual Motivation - Organization Performance	.246	.014
Transformational leadership	**.218**	**.030**
Individual Consideration - Organization Performance	.220	.029
Contingent Rewards - Organization Performance	.158	.120
Management Exception - Organization Performance	.156	.124
Transactional leadership	**.221**	**.029**

Source: Field Data (2018)

The assessment of the linear relationships between strategic leadership constructs and PBO performance were observed to be such that two of the constructs for transformational leadership and one construct for transactional leadership were found to have a positive and statistically significant correlation with PBO performance (Idealized Influence, Intellectual Motivation and Individual Consideration: $P<0.05$). However, the correlation coefficients of the rest of the constructs (Inspiration Motivation, Contingent Rewards and Management Exception: $P>0.05$) were found to lack statistical significance with the constructs showing p-values higher than the expected 0.05.

However, at the aggregate level, both transactional and transformational leadership constructs were found to have statistically significant relationship ($P<0.05$) with PBO performance. Some of the strategic leadership constructs informed by transformational and transactional leadership were therefore observed to have statistically significant relationship with PBO performance. This hints to a link between strategic leadership and PBO performance, which was hypothesised given that strategic leadership is the driver of organization performance and links have been established in previous studies indicating a the relationship between strategic leadership practices and performance.

4.4.4 Manifestation of the Macro Environment

The modern organization has become greatly conscious of its macro environment within which it operates comprising of entities existing outside the organization boundary that have significant influence on the organization growth and survival. The macro environment was considered as one of the factors influencing the relationship between TMT diversity and organization performance. It was measured based on environment complexity (frequency of occurrence of various environmental characteristics), dynamism (ability to predict occurrence of these characteristics), and munificence (whether these environmental characteristics favour the organizations), measured on 5 point Likert scale (5 indicates that the aspect measured is experienced 'always', 4 'frequently', 3 'occasionally', 2 'rarely' and 1 represents 'never' experienced).

The macro environment constructs thought to affect the PBOs were rated within the three macro environment aspects of complexity, dynamism, and munificence. The assessed constructs include: politically motivated legislation, technological incapacitation, fluctuations in currency prices, lending rate and monetary inaccessibility, climatic and weather conditions, lack of a link to the social and cultural realm of the community, attained government regulations, unnecessary government regulations, excessive competition in sector, increased competition from new entrants, diversification of programmes and projects, substitute services, beneficiaries' high bargaining power, geographical location, labour and employment dynamics, and organization growth and sustainability. These informed the three aspects of macro environment in the study.

The study assessed the state of macro environment along each of the three concepts of complexity, dynamism, and munificence within the PBOs by using descriptive analysis methods such as mean and coefficient of variation; while chi-square test was used to assess the independence of each of the three constructs of macro environment indicating how independent the measures of complexity, dynamism, and munificence aspects were from each other as observed within the PBOs. The outcomes of this assessment are as presented in Table 4.18.

Table 4.18: State of the Macro Environment facing Kenyan PBOs

PBOs Macro Environment	Complexity		Dynamism		Munificence		Chi-square test (independence of complexity, dynamism & munificence)		
	Mean	C.V	Mean	C.V	Mean	C.V	Chi-Square	df	Asymp. Sig.
Politically motivated legislation	2.51	0.32	2.77	0.34	2.45	0.37	**7.227**	**2**	**.027**
Technological incapacitation	2.55	0.33	2.93	0.33	3.03	0.32	**13.372**	**2**	**.001**
Fluctuations in currency prices	2.93	0.33	2.92	0.36	2.87	0.30	.937	2	.626
Lending rate and monetary inaccessibility	2.63	0.36	2.86	0.36	2.69	0.36	3.796	2	.150
Climatic and weather conditions	2.51	0.36	2.75	0.35	2.83	0.30	**7.043**	**2**	**.030**
Lack of a link to the social and cultural realm of the community	2.5	0.33	2.95	0.36	2.79	0.34	4.379	2	.112
Unattained government regulations	2.51	0.33	2.9	0.33	2.71	0.33	5.414	2	.067
Excessive competition in Sector	2.44	0.40	2.60	0.45	2.48	0.46	1.615	2	.446
Increased competition from new entrants	2.40	0.42	2.50	0.41	2.46	0.46	.724	2	.696
Diversification of programmes and projects	2.48	0.42	2.69	0.43	2.62	0.45	2.240	2	.326
Substitute services	2.47	0.41	2.61	0.43	2.57	0.42	4.311	2	.116
Beneficiaries' high bargaining power	2.58	0.42	2.73	0.42	2.58	0.41	1.316	2	.518
Geographical location	2.53	0.39	2.79	0.40	2.67	0.41	**6.664**	**2**	**.036**
Labour and employment dynamics	2.78	0.35	2.88	0.33	2.96	0.34	2.447	2	.294
Growth and sustainability	2.51	0.38	2.83	0.39	2.85	0.38	**11.840**	**2**	**.003**
Average	**2.555**		**2.781**		**2.704**		a. Friedman Test (H_o: samples independent)		

Source: Field Data (2018)

As presented in Table 4.18, the descriptive statistics revealed the means and coefficient of variation for the various constructs of the macro environment within the complexity, dynamism and munificence aspects. Each of the constructs indicated varying mean values which in most of the constructs lay between 2.5 and 3.0, with few observable differences between the three environment aspects of complexity, dynamism, and munificence being detected. These outcomes were backed by the coefficient of variation with a close range of variations being observed in each of the environmental characteristics within the three aspects.

The chi-square analysis shows that only five of the constructs when considered within the viewpoint of complexity, dynamism, and munificence were observed to defy the null hypothesis (H_o: complexity, dynamism and munificence outcomes are independent of each other) within the PBOs macro environment constructs of politically motivated legislation, technological incapacitation, climatic and weather conditions, geographical location, and growth and sustainability ($p<0.05$) leading to the observation that among these constructs, the complexity, dynamism and munificence aspects are associated to each other, hence the observation of one is dependent on the observation of the other. Simply put, for the macro environment factor of having politically motivated legislation, the study observed that its frequency of occurrence (complexity), has some relationship to the PBO ability to predict its occurrence (dynamism), and also the level of the factor being favourable to the PBO (munificence), confirming a link between the three macro environment aspects.

However, the rest of the constructs (fluctuations in currency prices, lending rate and monetary inaccessibility, lack of a link to the social and cultural realm of the community, unattained government regulations, unnecessary government regulations, excessive competition in sector, increased competition from new entrants, diversification of programmes and projects, substitute services, beneficiaries' high bargaining power, and labour and employment dynamics: $P>0.05$; fail to reject the null hypothesis) were observed to confirm that the complexity, dynamism, and munificence aspects within these constructs are independent of each other and their observation within the PBOs is not dependent on the observation of the other.

To illustrate the scenario for the macro environment factor of fluctuations in currency prices, the study confirmed that its frequency of occurrence (complexity), is neither dependent on the PBO ability to predict its occurrence (dynamism), nor is it dependent on how favourable the factor is to the PBO (munificence), and vice versa, indicating that these macro environment aspects are unrelated. These outcomes show that there are instances where the three aspects of macro environment, complexity, dynamism, and munificence, are in some instances independent of each other and in others dependent contingent on the factor under consideration. This shows that the macro environment under which PBOs operate in Kenya has some uniqueness for each of the organization.

The macro environment is thought to be linked to the TMT diversity practices within organizations. The study looked at TMT diversity within PBOs under varying macro environment aspects of complexity, dynamism and munificence. The outcomes of this assessment are as presented in Table 4.19.

Table 4.19: TMT Diversity association with Macro Environment

Macro Environment and TMT Diversity	Correlation	
	R	Sig.
Macro Environment Complexity - TMT Diversity	.188	.061
Macro Environment Dynamism - TMT Diversity	-.010	.919
Macro Environment Munificence - TMT Diversity	-.085	.402

Source: Field Data (2018)

The assessment of the association between TMT diversity and macro environment was done by a correlation analysis which revealed that none of the macro environment constructs have a statistically significant relationship with TMT diversity, with two of the aspects, dynamism and munificence, showing negative correlation coefficients. These outcomes are unlike the expectations that the macro environment constructs influence TMT diversity within organizations, which call for deeper analysis of the association so as to provide further understanding.

The study also looked at the performance of PBOs within the different aspects of macro environment characteristic of complexity, dynamism and munificence. This assessment provided a base of understanding how each of the macro environment factor relates to organizational performance. The organizational performance may differ across micro environmental situations of complexity, dynamism and munificent. Table 4.20 presents the outcomes of this assessment.

Table 4.20: PBO Performance association with Macro Environment Characteristics

PBO performance and Macro Environment	Correlation	
	R	Sig.
Macro Environment Complexity and Organization Performance	.297	.003
Macro Environment Dynamism and Organization Performance	.067	.514
Macro Environment Munificence and Organization Performance	.176	.083

Source: Field Data (2018)

The assessment of the linear relationship revealed that the complexity of macro environment has statistically significant relationship (R 0.297; $P<0.05$) with organization performance, an indication that the complexity aspect of macro environment can be linked to organization performance. The linear relationship was confirmed by a positive correlation coefficient, though the observed correlation is a bit low. The environment complexity aspect, measured as the frequency of occurrence of various environmental constructs, is bound to affect the operations of the organizations and hence the organization performance. However, the study observed that the dynamism and munificence aspects of macro environment do not have a statistically significant ($P>0.05$) linear relationship with organization performance.

The dynamism which refers to the ability to predict occurrence of various environmental characteristics, and munificence referring to probability of environmental characteristics favouring some organizations, are two aspects of macro environment that one would expect to have some relationship with the organization performance, but the correlation analysis reveals a different outcome. This might be associated with the fact that majority of the organizations indicated very low ability to predict the environment and low probability of having the environmental characteristic favouring the organizations (means of majority of organizations lie within the 2 rating in a five point Likert scale), hence limiting the influence of these aspects. This indicates that dynamism and munificence effects of macro environment may have weak linkage to organization performance.

4.4.5 Manifestation of Performance of Public Benefit Organizations

The study took keen interest in understanding the performance of public benefit organizations. The performance assessment was based on the extended balanced score card (BSC) where the level of funding, stakeholders, learning, and environmental performance of the PBOs was assessed. In this case, the extended balanced score card as performance measures involved collection of data on: financial performance based on the amount of funding PBOs attract; learning performance based on the employee training costs and investment in ICT; stakeholders performance based on the number of organization partners, employee turnover, and number of beneficiaries; as well as the environmental performance aspects based on the number of environment initiatives undertaken by each of the PBOs, in a bid to assess the state of performance within the PBOs.

The study collected performance data for a 5-year period (2011-2015) in order to minimize the unique instances where organizations at times experienced high level of funding in a year. Some of these situations include shrinkage of donor funding in the entire sector, increased one time funding for special project requiring hiring additional short term staff, partnerships and joint ventures with other organizations operating in the sector and one off implementation of new technology in delivery of services.

By taking organization performance as the average performance of the five-year period, one gets a better view of the state of performance in the organizations eliminating the instances where we have extremes. The funding situation in PBOs vary across years depending with the projects being undertaken and the funding agency. From the data collected, the study acquired outcomes related to PBO performance which are discussed in this section.

4.4.5.1 Financial Performance

The study undertook an assessment of the financial performance within the studied PBOs. The study sought to understand the financial performance of the PBOs by looking at their abilities to attract funding which is the key source of their financial resources. The assessment of the funding atmosphere among the PBOs was found to be as presented in Table 4.21.

Table 4.21: Average Funding among the PBOs

Average Annual Funding (Ksh.)	Frequency	Percentage
Below 100 Million	58	57%
101-200 Million	18	18%
201-300 Million	4	4%
301-400 Million	2	2%
Above 500 Million	19	19%
Total	**101**	**100%**

Source: Field Data (2018)

The study found that majority of the organizations involved in the study (57%) had funding of below Ksh. 100 million annually, mainly due to fact that majority of the organizations targeted in the study were relatively small hence attract low levels of funding. However, the rest of the organizations (43%) attracts more than Ksh. 100 million (1 million dollars) annual funding, an indication that these are relatively large organizations, among whom, 19% attract more than Ksh. 500 million annual funding (5 million dollars). International PBOs and Local PBOs with international connections reported higher funding levels compared to the local ones without international connections or association.

4.4.5.2 Stakeholders Performance

The study assessed the PBOs stakeholder performance by assessing the number of partners each of the PBOs had, the employees' turnover in PBOs, employee welfare costs and the number of beneficiaries among the PBOs in Kenya. The study looked at the number of implementing partners associated with the PBOs. The data collection tool enquired from each of the PBOs the number of implementing partners they had in the 5-year period from 2011 to 2015, whose outcomes are presented in Table 4.22 showing the outcomes of this assessment.

Table 4.22: Number of Implementing Partners

Number of Implementing Partners in PBOs	Frequency	Percentage
Below 10 Partners	38	38%
11-30 Partners	36	36%
31-50 Partners	9	9%
51-70 Partners	6	6%
Above 70 Partners	11	11%
Total	**101**	**100%**

Source: Field Data (2018)

It was observed that majority of the organizations (74%) attracted below 30 partners in their projects annually, with only 26% of the organizations attracting more than 30 partners per year. These outcomes are primarily associated with the size of the organizations with smaller PBOs attracting lower number of partners than their larger counterparts. These variations are also, at a secondary level, thought to align to the age of the organization with older ones being more likely to have more partners willing to work with them.

The study also looked at employee turnover among the PBOs. It was found that employee turnover was such that majority of the PBOs (58%) had a below 2% annual employee turnover while 31% had employee turnover within the 3% - 7% rate. Those with employee turnover above 7% were only 11% of the PBOs. Though the level of turnover for majority of the organizations was relatively low (2%), the study observed that PBOs with turnover above the 2% level were losing too many employees annually, which is a major concern for these organizations. These outcomes were as presented in Table 4.23.

Table 4.23: Employee Turnover among the PBOs

Rate of Employee Turnover	**Frequency**	**Percentage**
Below 2%	59	58%
Between 3-7%	31	31%
Between 8-12%	9	9%
Between 13-17%	2	2%
Above 17%	-	-
Total	**101**	**100%**

Source: Field Data (2018)

The study further looked at the unit cost of employees in the annual expenditure of PBOs in a bid to assess the employee welfare within the organizations. The study found that each employee in majority of the PBOs (56%) cost their organizations below Ksh. 550,000 annually; among whom only 5% of the organizations have annual cost per employee below Ksh. 150,000. A significant number (44%) cost their organizations above 550,000 each year. This is a high cost especially for the smaller PBOs whose funding is lower. These outcomes are presented in Table 4.24.

Table 4.24: Annual unit cost of employees

Employee Unit Cost on Annual Expenditure in PBOs	Frequency	Percentage
Below Ksh. 150,000	5	5%
Ksh. 150,001 to 350,000	18	18%
Ksh. 350,001 to 550,000	33	33%
Ksh. 550,001 to 750,000	39	38%
Above Ksh. 750,000	6	6%
Total	**101**	**100%**

Source: Field Data (2018)

Another key measure of performance in PBOs is the number of beneficiaries accessing services offered by the organization (both directly and in some instances indirectly). This is due to the fact that all the PBOs operating in the county are non-profit making and mission driven. The study looked at the number of beneficiaries who were able to benefit from the organizations studied. The outcomes of this evaluation are as presented in Table 4.25.

Table 4.25: Beneficiaries of PBOs Services

Beneficiaries	Frequency	Percentage
Below 100,000	58	57%
100,000-300,000	23	23%
300,001-500,000	13	13%
500,001 - 700,000	7	7%
Above 700,000	-	-
Total	**101**	**100%**

Source: Field Data (2018)

As presented in Table 4.25, the study found that majority of the PBOs (57%) have an annual average of below 100,000 beneficiaries. The rest, 43% have an average of above 100,000 beneficiaries. The annual average figure of more than 100,000 beneficiaries per PBO is a large number which confirms that the organizations have been performing very well in reaching the beneficiaries of their services.

Another key performance indicator is the learning aspects within the PBOs achieved by assessing the PBOs investment in skills development and ICT expenditures. A learning organization invests in building the capacity of its staff in order to enhance their ability to perform their roles in a fast changing and dynamic environment. Investment in ICT predicts the organization's ability to align with technological innovations and demands of the 4th Industrial Revolution. The study looked at the annual employee training and development costs as percentage of budget to assess the level of investment of PBOs towards skills development whose outcomes are presented in Table 4.26.

Table 4.26: PBOs' investment in skills development

Employee Training Costs as % of Budget in PBOs	**Frequency**	**Percentage**
Between 0 - 2%	56	55%
Between 3-5%	32	32%
Between 6-8%	5	5%
Between 8-10%	7	7%
Above 10%	1	1%
Total	**101**	**100%**

Source: Field Data (2018)

It was observed that majority of the respondents (55%) have invested an average of below 2% of their annual budget towards employee training and development. A further 32% of the respondents invest 3% to 5% of their annual budget towards skills development while the rest (12%) invest above 6% of their expenditures towards training and skills development. The study therefore confirmed that PBOs invest at minimal levels towards employee training and development as a way to ensure capacity building is safeguarded within the organizations. This might be linked to the employment of highly qualified individuals and nature of PBO's funding which could pause restriction on operational expenditure.

The study also looked at the PBOs' investment in ICT as a percentage of their expenditures with a view of assessing their performance in adopting change in technology. Based on realities of 4th Industrial Revolution, investment in ICT is critical in ensuring survival and performance of an organization. Investment in ICT ranges from software to hardware as well as to individual and institutional capacity to integrate technology in their daily operations. These observations are presented in Table 4.27.

Table 4.27: Expenditures in Information and Communication Technology

ICT Expenditure as % of Overall Expenditure in PBOs	**Frequency**	**Percentage**
Below 2%	44	44%
3-6%	38	38%
7-10%	5	5%
11-14%	5	5%
Above 14%	8	8%
Total	**101**	**100%**

Source: Field Data (2018)

As presented in Table 4.27, it was observed that 44% of the PBOs spent below 2% of their annual expenditures on ICT, while 38% of the organizations direct between 3% and 6% of their expenditures towards ICT. Only a small proportion (18%) of the organizations direct above 7% of their expenditures towards ICT, an indication of low investment is towards technology adoption among the PBOs in Kenya. This may pause a future challenge to performance of PBOs as the changes in technological landscape continues to impact on their operations in the wake of 4th Industrial Revolution.

4.4.5.3 Environmental Aspects of PBOs Performance

The study further looked at the environmental performance among the PBOs by assessing the number of environmental initiatives undertaken by the PBOs within the study period. Some of the organizations studied specialized in care for the environment while others undertake environmental projects over and above their usual programs. The outcomes of this review are as presented in Table 4.28.

Table 4.28: Number of Environmental Initiatives Implemented

Number of Environmental Initiatives per PBO	**Frequency**	**Percentage**
Below 5	56	55%
6 to 12	25	25%
13 to 19	5	5%
20 to 26	4	4%
Above 26	11	11%
Total	**101**	**100%**

Source: Field Data (2018)

As presented in Table 4.28, the study found that the annual environmental initiatives implemented per PBO were below 5 for majority of the organizations (55%). It was also observed that 25% of the organizations implemented 6 to 12 environmental initiatives, while the rest (20%) implemented above 13 environmental initiatives. The study therefore confirms that PBOs are widely involved in undertaking environmental initiatives which might be linked to the rising interest on environmental conservation and green economy drives which advocate for more environmental conscious operations, commonly referred to as triple-bottom line (Profits, People and Planet).

4.5 Tests of the Regression Models Assumptions

This included testing for normality, linearity, multicollinearity, homoscedasticity, and autocorrelation whose outcomes are as presented in the model specification statistics. The study adopted a linear OLS regression model of analysis whose assumptions include: linearity (there is linear relationship); independence of observations (no autocorrelation); normality (the variables are normally distributed); homoscedasticity (there is equal variance across independent variables and that the variance of the conditional distribution of error is independent for all the independent variables); and that the independent variables are linearly independent of each other (if this assumption is not satisfied in a specific variable, multicollinearity is said to be present). These assumptions have been tested in each of the study models and extensively elaborated to explain the findings. Outcomes of these assessments are discussed in this section as presented in Table 4.29.

Table 4.29: Regression Model Assumptions

Model Test for Normality						
	Kolmogorov-Smirnov[d]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Organization Performance	.199	99	.092	.943	99	.139
TMT Diversity	.210	99	.200*	.943	99	.687
Strategic Change	.277	99	.176	.871	99	.370
Strategic Leadership	.279	99	.166	.865	99	.308
Macro Environment	.266	99	.148	.900	99	.441

a. Lilliefors Significance Correction
* This is a lower bound of the true significance

Multicollinearity Coefficients[a]			
Model		Collinearity Statistics	
		Tolerance	VIF
1.	TMT Diversity	.959	1.043
2.	Strategic Change	.502	1.993
3.	Strategic Leadership	.519	1.926
4.	Macro Environment	.935	1.070

a. Dependent Variable: PBO Performance

Homoscedasticity Coefficients[a] Breusch-Pagan / Cook-Weisberg test for heteroskedasticity (BP/CW test)			
Model		chi^2	p
1.	TMT Diversity	14.92	0.0866
2.	TMT Diversity/ Strategic Change	8.90	0.0582
3.	TMT Diversity/ Strategic Leadership	9.74	0.0829
4.	TMT Diversity/ Macro Environment	11.62	0.0604
5.	TMT Diversity, Strategic Change, Strategic Leadership, Macro environment	17.53	0.0714

a. Dependent Variable: PBO Performance
Ho: Constant variance (Variables: fitted values of Performance)

Source: Field Data (2018)

Table 4.29 presents the outcomes of the KS/SW normality tests, VIF and Tolerance as Multicollinearity test, and BP/CW homoscedasticity test. These tests identified whether the linear regression assumptions are met in this regression model. The first assumption of the linear regression model states that all variables ought to be multivariate normal confirming that the data is not normally distributed, an assumption which can be checked with a histogram and a fitted normal curve or a Q-Q-Plot or with a goodness of fit test, such as the Kolmogorov-Smirnof test.

The second test of linear regression assumption is that there is little or no multicollinearity in the data, with multicollinearity occurring when the independent variables are not independent from each other. The third assumption in linear regression analysis requires that there is little or no autocorrelation in the data, occurring when the residuals are not independent from each other [i.e. when the value of y(x+1) is not independent from the value of y(x)]. The fourth assumption made in linear regression analysis is that of homoscedasticity, that is the error terms along the regression are equal. These assumptions were tested in the study to ensure the authenticity of the study outcomes.

4.5.1 Normality Assumption Tests

Tests of normality are considered to be essential prior to testing the model since they help to examine the shape of data distribution for each variable throughout the data set in relation to the Gaussian normal distribution. A distribution which is substantially different from the benchmark 'the Gaussian normal distribution' invalidates the subsequent multivariate techniques, leading to misinterpretation of the results (Hair *et al.*, 2014). In order to assess normality of the models in the study, the researcher performed the Kolmogorov Smirnov and Shapiro-Wilk statistical tests, whose outcomes are presented in Table 4.29. The Shapiro Wilk test for a given variable is such that the test coefficient (W) should not be significant if the variable's distribution is not significantly different from normal.

The normality test can be taken as the correlation between given data and their corresponding normal scores, with W = 1 when the given data are perfectly normal in distribution, and otherwise not met when W is significantly smaller than 1. Shapiro-Wilk's W is recommended for small and medium samples, up to n = 2000 (Garson, 2012). On the other hand, the Kolmogorov-Smirnov test coefficient (D) sometimes called the Lilliefors test is now normally applied to test for normality in linear models (though this test is also used in assessing the goodness of fit for other distributions other than the normal distribution). This test is preferred to the chi-square goodness-of-fit test when data is interval or near-interval (Hair *et al.*, 2014).

Both the Kolmogorov–Smirnov test and Shapiro Wilk confirms that the data is normally distributed (none of the 2 tailed p-values, indicated as Sig., was lower than 0.05; confirming the failure to reject the KS-SW null hypothesis (H_o) that the data is normally distributed). The study therefore observed that the study constructs comprising organization performance, TMT diversity, strategic change, strategic leadership, and external environment are normally distributed.

The statistical tests suggest that the data informing all the study variables meets the assumption of normal distribution. Therefore, the study didn't need to implement the various remedies provided to correct non-normally distributed data and shifting it towards normal distribution. The outcomes of this test assure the outcomes of the regressions can be relied upon in making acceptance or rejection decisions of the various hypotheses.

4.5.2 Model Test for Multicollinearity

Another key assumption in linear regression models is that of multicollinearity, which refers to the situation where there is presence of unacceptably high level of intercorrelation among the independents variables in such a way that their effects cannot be separated (Hair *et al.,* 2014). Presence of multicollinearity problem does not affect the estimates which remain unbiased, but it affects the assessment of relative strength of the explanatory variables and their joint effect, rendering them unreliable, (i.e. beta weights and R-squares cannot be interpreted reliably even though predicted values are still the best estimate using the given independents). The intercorrelation between the independent variables that are above .80 are, as a rule of thumb, considered to indicate possible problem. Similarly, a coefficient of determination (R^2) is an indicator of very high level of multicollinearity (Garson, 2012).

The collinearity assumption in the study was looked at by using the variance inflation factor (VIF) and Tolerance tests. The variance inflation factor of the linear regression is calculated as VIF = 1/Tolerance. The rule of thumb is that VIF > 4.0 shows possible multicollinearity problem in a regression model. Tolerance measures the influence of one independent variable on all other independent variables. It is calculated with an initial linear regression analysis. It is calculated as: $T = 1 – R^2$ for this first step regression analysis. The rule of thumb in this case is that the cut-off point for tolerance is when it is less than 0.20. The outcomes of this test guaranteed that regressions outputs can be relied upon in making acceptance or rejection decisions of the various hypotheses.

A look at multicollinearity assumption among all the regression models revealed that TMT diversity (T .959; VIF 1.043), strategic change (T .502; VIF 1.993), strategic leadership (T .519; VIF 1.926), and external environment (T .935; VIF 1.070), all had VIF close to less than 4.0 and tolerance higher than 0.20. Therefore, both VIF and tolerance indicate that all the regression models lack the multicolinearity problem. Therefore the outcomes of the analysis can reliably predict the relationship between the variables.

4.5.3 Test for homoscedasticity assumption

The study also considered whether the model met the assumption of homoscedasticity which assumes constant error variance and independence of X_i variables. Homoscedasticity means the relationship under investigation is the same for the entire range of the dependent variable. It is the assumption that the error terms along the regression are equal. Lack of homoscedasticity is shown by higher errors (residuals) for some portions of the range compared to others, while residuals form a pattern-less cloud of dots when the homoscedasticity assumption is met (Garson, 2012).

Homoscedasticity is tested using the Breusch Pagan/ Cook-Weisberg (BP/CW) test. The test involves standardizing the squared residuals by dividing by the mean squared residual (regression sum of squares (RSS) divided by N), giving the generalized residuals. These generalized residuals are then regressed on all independent variables suspected of causing heteroscedasticity. The BP/CW test has the null hypothesis which states that there is constant variance of error of the independent variables (H_o: constant variance of error), hence, a finding of statistical significance means the null hypothesis is rejected and homoscedasticity cannot be assumed (Hair *et al.*, 2014).

From the outcomes, it was observed that all the regression models show that the P-values higher than 0.05, leading to the failure to reject the null hypothesis in all the models (TMT diversity X^2 =14.92, p 0.087; TMT diversity and strategic change X^2 = 8.90, p 0.058; TMT diversity and strategic leadership X^2 = 9.74, p 0.083; TMT diversity and external environment X^2 = 11.62 p 0.060; TMT diversity, strategic change, strategic leadership, and macro environment X^2 =17.53, p 0.071). This confirms that the test fails to reject the null hypothesis that 'there is constant variance of the independent variables' hence confirming presence of homoscedasticity in the model for all the regression models.

4.5.4 Linear Relationship Correlation Test

The study needed to assess the linear relationship between the study variables hence the need to undertake a correlation assessment of the study variables. The correlation analysis allows one to assess the strength and direction of the linear relationship between the variables. The correlation analysis revealed how the study variables relate to each other.

It was observed that there are positive statistically significant correlation coefficients (at 95% confidence level) between PBO performance and TMT diversity, strategic leadership, and macro environment; though the relationship between strategic change and PBO performance was found to lack statistical significance. This confirms that the independent variables (TMT diversity, strategic leadership, and macro environment) have a positive relationship with the dependent variable (PBO performance) except for strategic change whose relationship with organization performance is not significant. The correlation coefficients of the study are as presented in Table 4.30.

Table 4.30: Correlation between the Study Variables

Variables		PBO Perf.	TMT Div.	Strategic Change	Strategic Leadership	Macro Env.
PBO Performance	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	99				
TMT Diversity	Pearson Correlation	.323**	1			
	Sig. (2-tailed)	.001				
	N	99	101			
Strategic Change	Pearson Correlation	.163	.167	1		
	Sig. (2-tailed)	.106	.096			
	N	99	101	101		
Strategic Leadership	Pearson Correlation	.255*	.175	.692**	1	
	Sig. (2-tailed)	.011	.046	.000		
	N	99	101	101	101	
Macro Environment	Pearson Correlation	.213*	.068	.226*	.182	1
	Sig. (2-tailed)	.034	.036	.023	.068	
	N	99	101	101	101	101

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

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

Source: Field Data (2018)

A look at the correlation among pairs of the independent variables found that there were low but statistically significant correlations between TMT Diversity and Strategic Leadership; TMT Diversity and Macro Environment; Strategic Change and Macro Environment; and Strategic Leadership and Strategic Change. The correlation between strategic change and strategic leadership ($r = 0.692$, $p = 0.000$) was very high, though it does not qualify as an indicator of autocorrelation as the correlation is lower than 0.75 which was confirmed by Saunders, et al. (2009) as the correlation coefficient beyond which autocorrelation problem is flagged.

Other correlations between TMT diversity and strategic change; and strategic leadership and the macro environment were observed to be statistically insignificant ($p > 0.05$). The study confirms existence of a relationship between PBO performance, TMT diversity, strategic leadership, and macro environment, albeit low in some instances, but the relationship between PBO performance and strategic change was observed to be in doubt. The relationship between each of the study independent variables (TMT diversity, strategic leadership, macro environment, and strategic change) against each other was found to be present in some instances and absent in others though none indicate presence of autocorrelation problem.

4.6 Tests of the Research Objectives

The study sought to assess the effects of Strategic Change, Strategic Leadership, and Macro Environment on the Relationship between TMT Diversity and PBO Performance. This was done by testing the five study hypotheses stated as: (H_{o1}) TMT diversity has no influence on performance of PBOs in Kenya; (H_{o2}) Strategic change has no intervening influence on the relationship between TMT diversity and performance of PBOs in Kenya; (H_{o3}) Strategic Leadership has no moderating effect on the relationship between TMT diversity and performance of PBOs in Kenya; (H_{o4}) Macro environment has no moderating effect on the relationship between TMT diversity and performance of PBOs in Kenya; and, (H_{o5}) Strategic change, strategic leadership, macro environment and TMT diversity have no joint effect on performance of PBOs. By testing these hypotheses, the study was able to answer the research question and meet the research objectives. Table 4.31 gives a summary of study hypotheses related to the model.

Table 4.31: TMT Diversity Model Hypotheses Tests for Hypothesised Paths

Model	Log likelihood	Likelihood ratio chi^2	Prob > chi^2	Pseudo R^2	Observation
TMT diversity and PBO Performance ($P = \beta_0 + \beta_1 TMT + \varepsilon$)	-67.327	17.32	.000	.262	Reject H_{o1}
Mediating Strategic Change ($P = \alpha_0 + \alpha_1 TMT + \varepsilon_2$; $P = \beta_0 + \beta_1 TMT + \beta_2 SC + \varepsilon$; $SC = \beta_0 + \beta_1 TMT + \varepsilon$)	-58.612	3.34	.073	.266	Support H_{o2}
Moderating Strategic Leadership ($P = \beta_0 + \beta_1 TMT + \beta_2 Le + \beta_3 TMT/Le + \varepsilon$)	-131.399	8.07	.023	.294	Reject H_{o3}
Moderating macro environment: ($P = \beta_0 + \beta_1 TMT + \beta_2 EE + \beta_3 TMT/EE + \varepsilon$)	-91.349	12.39	.002	.273	Reject H_{o4}
Joint model: ($P = \beta_0 + \beta_1 TMT + \beta_2 SC + \beta_3 Le + \beta_3 EE + \varepsilon$)	-78.139	22.37	.000	.308	Reject H_{o5}

Source: Field Data (2018)

As presented in Table 4.31, the study undertook hypothesis testing using the chi-square tests which indicated the p-values of each of the hypothesised relationships. Chi – square tests were applied in this case due to the fact that the factors had been measured as categorical variables taking the form of 5 point Likert scale rating. This was also appropriate due to the fact that the OLS regression model which is compatible with chi-square test was applied in the advanced relationships analysis.

Table 4.31 shows the outcomes of each of the hypothesised relationships indicated by the chi-squared likelihood ratio, its p-value probability and the pseudo coefficient of determination indicating model's power to influence the dependent variable. These outcomes guide the decisions to support or reject the null hypotheses in the study. The outcomes presented in the table are discussed for each of the study hypothesis.

Objective 1: TMT Diversity influence on Performance of PBOs

The proposed path model offers evidence for the 'rejection' of Hypothesis 1. The study observed that the statistical significance of the influence of TMT diversity on the performance of PBOs was assessed where it was found that TMT diversity has a statistically significant influence on the performance of Public Benefit Organizations in Kenya (X^2=17.32, Pseudo R^2= 0.262; $p<0.05$). These outcomes show that the explanatory power of the predictor 'TMT diversity' is a bit low, with the pseudo R^2 value showing the model power is only able to explain 26.2% of the variability in the performance of PBOs.

The analysis of the explanatory power suggests that by omitting the predictor construct 'TMT diversity' from the model, the effect of the other factors would significantly drop. The relative measure of predictive relevance therefore demonstrates a significant effect size and suggests that, by omitting the 'TMT diversity' predictive construct, the model is significantly affected. These outcomes therefore confirms that the present study rejects the null hypothesis (H_{o1}) stating that TMT diversity has no influence on performance of PBOs in Kenya.

Objective 2: Strategic change mediating effect on TMT diversity and Performance of PBO Relationship

The hypothesis test provides evidence of 'failure to reject' Hypothesis 2. Specifically, the strategic change construct was found to lack mediating effect on the relationship between TMT diversity and performance of Public Benefit Organizations where a non-statistically significant effect was observed (X^2=3.34, Pseudo R^2= 0.266; $p>0.05$). The explanatory power of the 'Strategic Change' mediated TMT Diversity and PBO Performance model is 0.266, just slightly higher than when the mediation effect is not present (TMT Diversity and PBO Performance model R^2= 0.262).

The analysis of the explanatory power therefore suggests that, by omitting the mediating construct 'Strategic Change' from the model, the predictive power of 'TMT diversity' influence on performance of PBOs would not be significantly affected. The relative measures of predictive relevance opines that, by omitting the 'strategic change' predictive construct, the R^2 value drops by only 0.004, therefore implying that 'strategic change' has a very low extent of predictive relevance in this model. These outcomes therefore confirms that the present study fails to reject the null hypothesis (H_{o2}) stating that strategic change has no intervening influence on the association between TMT diversity and performance of PBOs in Kenya.

Hypothesis 3: Strategic leadership has no moderating influence on the relationship between TMT diversity and PBO performance

The hypothesis test provides evidence towards 'rejecting' hypothesis 3. The moderating effect of strategic leadership on the relationship between TMT diversity and PBO performance was found to be statistically significant ($X^2 = 8.07$, Pseudo $R^2 = 0.294$; $p<0.05$). The Pseudo R^2 value of the construct 'strategic leadership' as a moderating factor in the TMT diversity and PBO performance is 0.294, suggesting an improved predictive power of the model in predicting 'PBOs performance'. The analysis of the explanatory power alludes that, by omitting the 'strategic leadership' moderating construct from the model, the R^2 value indicating the predictive power of the moderating model would reduce significantly to 0.262. The moderating relevance is therefore larger than 0 for the predictive construct (0.032).

Moreover, the relative measure of moderating relevance suggests that, by omitting the moderating construct 'strategic leadership', the value of the predictive construct 'TMT diversity' declines significantly. These outcomes therefore confirms that the present study rejects the null hypothesis (H_{o3}) stating that strategic leadership has no moderating effect on the relationship between TMT diversity and performance of PBOs. This means that a unit increase in strategic leadership in the organization leads to an increase in performance.

Hypothesis 4: Macro Environment has no moderating influence on the relationship between TMT diversity and PBO performance

The outcomes observed in the hypothesis test offers evidence for the 'rejection' of hypothesis 4. The moderating effect of macro environment on the relationship between TMT diversity and PBO performance was observed to be statistically significant (X^2=12.39, Pseudo R^2= 0.273; $p<0.05$). The Pseudo R^2 value of the construct 'macro environment' as a moderating factor in the relationship between TMT diversity and PBO performance is 0.273, indicating that the power of the moderating model is that it is able to explain 27.3% of the variability in the performance of PBOs, suggesting improvement in the model predictive power in predicting 'PBOs performance'.

The analysis of the explanatory power suggests that, by omitting 'macro environment' from the model, the R^2 value indicating the predictive power of the moderating model would reduce significantly to 0.262. The moderating relevance of macro environment is therefore larger than 0 (0.011). The relative measure of moderating relevance suggests that by omitting 'macro environment', the 'TMT diversity' model's predictive power declines significantly. These outcomes therefore confirms that the present study rejects the null hypothesis (H_{o4}) stating that macro environment has no moderating effect on the relationship between TMT diversity and PBOs performance.

Hypothesis 5: There is no joint influence of strategic change, strategic leadership, macro environment and TMT diversity on performance of PBOs

The outcomes of the proposed path model provide evidence that leads to the 'rejection' of Hypothesis 5. Specifically, the statistical significance of the influence of strategic change, strategic leadership, macro environment and TMT diversity on performance of PBOs was assessed where it was found that these endogenous constructs have a statistically significant impact on performance of PBOs (X^2=22.37, Pseudo R^2= 0.308; $p<0.05$).

Furthermore, the explanatory power of the predictors 'strategic change, strategic leadership, macro environment and TMT diversity' was observed to be moderate, with the pseudo R^2 value indicating that the power of the model is able to explain 30.8% of the variability in performance of PBOs in Kenya. The analysis of the explanatory power suggests that by omitting the predictor constructs 'strategic change, strategic leadership, and macro environment' from the model, the model effect would decline significantly (by 0.046). Therefore, the relative measure of predictive relevance demonstrates a significant effect size and suggests that, by omitting these predictive constructs, the model is significantly affected. These outcomes therefore confirms that the present study rejects the null hypothesis (H_{o5}) stating that strategic change, strategic leadership, macro environment and TMT diversity have no joint effect on performance of PBOs.

4.7 TMT Diversity influence on the Performance of Public Benefit Organizations

The study sought to understand the effect of top management team diversity on the performance of PBOs which necessitated undertaking an OLS regression. The alternative hypothesis posed stated that TMT diversity influences the performance of Public Benefit Organizations. The analysis presented the model summary, ANOVA outcomes and the model coefficients.

The regression model summary section indicated that the regression model between TMT diversity and PBO performance indicated a low correlation and coefficient of determination (R = 0.323; R^2= 0.104) confirming low ability of TMT diversity to explain the variance in PBO performance. The R^2 shows that TMT diversity is only able to explain 10.4% of the variability in PBO performance. Considering that there are many other factors influencing PBO performance, a 10.4% influence from TMT diversity is relatively high and significant to the organizations. The outcomes of this assessment are as presented in Table 4.32.

Table 4.32: TMT Diversity and PBO Performance Regression Model

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.323[a]	.104	.095	.577766

a. Predictors: (Constant), TMT Diversity

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.764	1	3.764	11.276	.001[b]
	Residual	32.380	97	.334		
	Total	36.144	98			

a. Dependent Variable: PBO Performance

b. Predictors: (Constant), TMT Diversity

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.105	.290		3.813	.000
	TMT Diversity	2.506	.746	.323	3.358	.001

a. Dependent Variable: PBO Performance

Source: Field Data (2018)

From the ANOVA analysis section, the study found that relationship between TMT diversity and PBO performance was confirmed to be statistically significant (P = 0.001) at 95% confidence level with the sum of squares and mean squares showing considerably different regression and residual values. This further confirms that the ability of TMT Diversity to influence PBO performance as observed in goodness of fit model (model summary) is statistically significant. This therefore leads to the conclusion that the study rejects the null hypothesis (H_{o1}) stating that 'TMT Diversity has no influence on performance of PBOs in Kenya', since the study has confirmed presence of statistically significant effect (Reject H_{o1} when $p<0.05$). The outcomes of this regression analysis are as presented in Table 4.32 for the regression model.

The regression coefficients and constant for the regression model were also found to be statistically significant (indicates that p = 0.000 for constant and p=0.001 for TMT Diversity coefficient). The regression model indicates that the association between PBO performance and TMT Diversity is positive, therefore confirming that top management team diversity has a positive influence on the performance of PBOs in Kenya. It was therefore established that improvement in the diversity of TMTs in PBOs would lead to a significant improvement in PBOs performance.

4.8 Strategic Change Intervening Influence on the Relationship between TMT Diversity and PBOs Performance

The study sought to understand the intervening influence of strategic change (SC) on the relationship between TMT Diversity and PBOs performance. This was achieved using an OLS regression model which tested for the intervening effect. So as to assess the intervening effect using a regression model, the researcher has to confirm that the independent variable affects the dependent variable, the independent variable affects the intervening variable and the intervening variable affects the dependent variable when the independent variable is controlled. This was the guiding framework of undertaking this assessment. It was achieved by creating three linear regression models within which the mediating effect was assessed.

The three regression models included the first model where PBO Performance was regressed against TMT Diversity, the second model was where Strategic Change (intervening variable) was regressed against TMT Diversity (independent variable), while the third model was where PBO performance was regressed against TMT Diversity and Strategic Change. Table 4.33 below presents the regression models summary, the ANOVA and the Coefficients sections of the ordinary least square (OLS) regression analysis.

Table 4.33: Strategic Change, TMT Diversity, and PBO Performance Relationship

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.323[a]	.104	.095	.577766
2	.167[a]	.028	.018	.739554
3	.339[a]	.115	.097	.577255

Model 1 Predictors: (Constant), TMT Diversity
Model 2 Predictors: (Constant), TMT Diversity
Model 3 Predictors: (Constant), Strategic Change, TMT Diversity

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.764	1	3.764	11.276	.001[b]
	Residual	32.380	97	.334		
	Total	36.144	98			
2	Regression	1.547	1	1.547	2.828	.096[b]
	Residual	54.147	99	.547		
	Total	55.694	100			
3	Regression	4.155	2	2.077	6.234	.003[b]
	Residual	31.989	96	.333		
	Total	36.144	98			

a. Model 1 Dependent Variable: Organization Performance
Model 2 Dependent Variable: Strategic Change
Model 3 Dependent Variable: Organization Performance

b. a. Model 1 Predictors: (Constant), TMT Diversity
b. Model 2 Predictors: (Constant), TMT Diversity
c. Model 3 Predictors: (Constant), Strategic Change, TMT Diversity

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.105	.290		3.813	.000
	TMT Diversity	2.506	.746	.323	3.358	.001
2	(Constant)	3.030	.367		8.262	.000
	TMT Diversity	1.590	.946	.167	1.682	.096
3	(Constant)	.850	.374		2.273	.025
	TMT Diversity	2.350	.759	.303	3.094	.003
	Strategic Change	.087	.081	.106	1.082	.282

a. Model 1 Dependent Variable: Organization Performance
b. Model 2 Dependent Variable: Strategic Change
c. Model 3 Dependent Variable: Organization Performance

Source: Field Data (2018)

From the model summary of the regression analysis, Model 1 that regressed TMT Diversity against PBO Performance, was observed to have a positive correlation coefficient (R = 0.323) and a positive coefficient of determination (R^2 = 0.104) confirming that TMT Diversity can explain 10.4% of the variability in PBO Performance and that TMT Diversity positively influences PBO Performance. The model also had a standard error estimate of 0.577766.

Model 2 presents the regression between Strategic Change and TMT Diversity. The model 2 summary shows a very low positive correlation coefficient of (R = 0.167) and a very low coefficient of determination (R^2 = 0.028) indicating that TMT diversity only explains 2.8% of the variability in Strategic Change (Negative R^2 when adjusted for error) indicating a nearly negligent influence of TMT diversity on Strategic Change. This leaves one with no clarity of the influence of TMT diversity on strategic change as indicated by the coefficient of determination where very low coefficient is realized hence clarity is only realized from further analysis within the regression model.

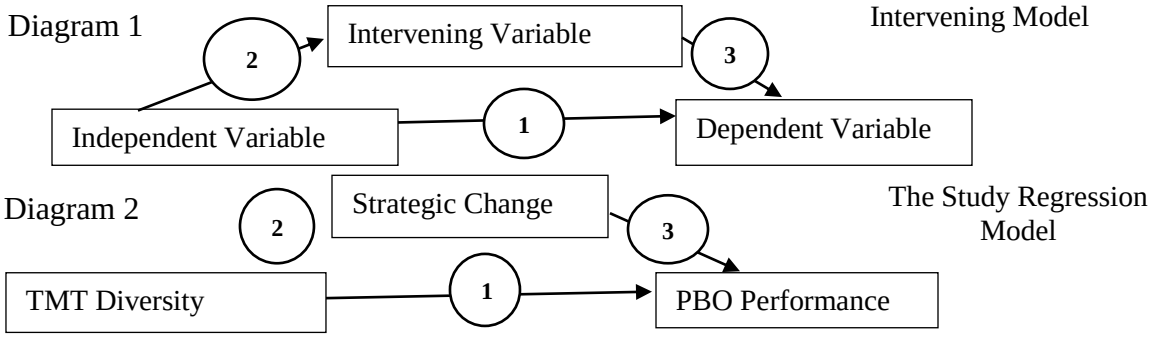
The regression Model 3 shows the influence of strategic change and TMT diversity on the PBO Performance. The model indicates a higher correlation than in model 1 (R = 0.339) and consequently a higher coefficient of determination (R^2 = 0.115), an indication that when strategic change and TMT diversity joint effect is considered, the model explains 11.5% of the variability in PBO Performance, an indication that model 3 has a slightly higher ability to explain PBO Performance than model 1.

Further analysis revealed the regression analysis ANOVA model for each of the tested relationships (model 1, 2, and 3). From the ANOVA analysis, the hypothesis of each of the regression models was sought where model 1 and model 3 were found to be statistically significant (model 1 p = 0.001; model 3 p = 0.003). This shows that the relationship between TMT Diversity and PBO Performance and the relationship between TMT Diversity, Strategic Change and PBO performance are statistically significant. However, the ANOVA indicated that the second model (model 2) was statistically insignificant (P = 0.096) at 95% confidence level hence showing that TMT Diversity influence on Strategic Change, unlike the expectation of the intervening variable model, is not statistically significant. This also confirms the nearly negligible influence observed in the model summary where a very low R square value (R^2 = 0.018) was observed. From these findings, the study fails to reject the null hypothesis that Strategic Change has no intervening influence on the association between TMT Diversity and PBO Performance.

Model 1 of the regression models as presented in the coefficients section confirmed that TMT diversity influences PBO performance with a positive coefficient and a p-value less than 0.05 (p-value = 0.000) indicating that the coefficients are statistically significant and the regression model does confirm the influence. The model also had a residual sum of squires of 23.380 (df =97) and residual mean of squires of 0.334.

Model 2 regression coefficients confirmed the observation made in the ANOVA analysis of the Model with the coefficient of the relationship between TMT Diversity and Strategic Change being observed to be not statistically significant since the model indicated a p-value greater than 0.05 (P-value = 0.096 – study fail to reject the null hypothesis, H_{o2}), indicating that there is no relationship. Model 3 regression coefficients were on the other side observed to be statistically significant for TMT diversity (p = 0.000) but not significant for strategic change (p = 0.282), an indication of a joint influence which puts to question the value of Strategic Change on the model and its relationship with PBO Performance.

The intervening effect is tested in a regression model by following a four step model in which several regression models and significance of the coefficients are examined at each step, making up the four conditions (Hayes, 2013). The first condition is that there is a direct relationship between independent (x) and dependent (y) variables ($Y = \beta_o + \beta_1 X + e$). The second condition is that there is a association between independent (x) and mediating (m) variable ($M = \beta_o + \beta_i X + e$). The third condition is that there is a relationship between the dependent (y) and mediator (m) variables ($Y = \beta_o + \beta_2 X + \beta_3 M + e$). The fourth condition is that the coefficient in the first condition is higher than the one observed in the third condition ($\beta_1 > \beta_2$), which helps in identifying the presence of an indirect effect ($\beta_{indirect} = \beta_1 - \beta_2$). Figure 4.1 presents the intervening models.



Source: Author (2018)

Figure 4.1: Intervening Regression Model

For there to be an intervening relationship, the three regression models (1, 2 and 3) ought to be as shown in diagram 1 of Figure 4.1, but since the second regression model was not statistically significant, the regression models appear as presented in diagram 2 in Figure 4.1. This means that the model could not meet the second condition of intervening relationship which posits that there is a statistically significant relationship between the independent variable and the intervening variable.

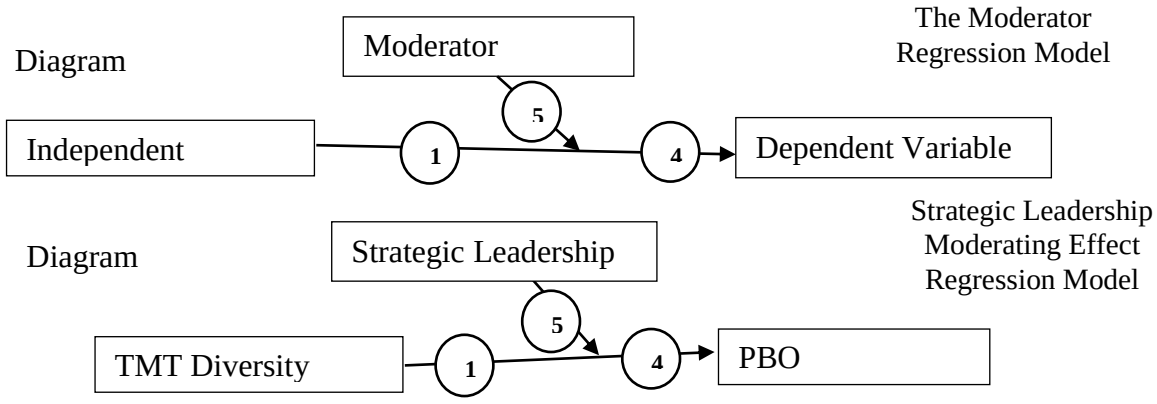
The first condition for the intervening effect was met when the study found that TMT diversity influences PBO performance. However, the model failed the second condition of the intervening effect where strategic change was observed to lack a statistically significant effect on TMT diversity. The study however met the third condition of the intervening effect where the independent variable (TMT diversity) and intervening variable (strategic change, though the coefficient was not statistically significant) ought to have a joint effect on the dependent variable (PBO performance). A fourth condition of the intervening relationship is that TMT diversity influence on PBO Performance is higher in model 1 than in model 3, which was met where model 1 coefficient (2.506) was observed to be higher than model 3 coefficient (2.350).

The study therefore confirms that strategic change and TMT Diversity have a joint influence on PBO Performance which slightly improves the relationship between TMT Diversity and PBO Performance, hence can be considered as a variable in this model. However, strategic change fails in its ability to have an intervening influence on the relationship given that it fails to meet one of the four conditions of intervening relationship. The study can therefore conclude that Strategic Change showed no intervening influence on the association between TMT diversity and PBO Performance.

4.9 Strategic Leadership Moderating Influence on the Relationship between TMT Diversity and Performance of PBOs

The study sought to find out the influence of Strategic Leadership (SL) on the association between TMT Diversity and PBO Performance. A hierarchical linear regression model was adopted to assess this relationship. From the regression analysis, the various outcomes observed were presented showing the regression model for the moderating effect of Strategic Leadership on the association between TMT diversity and PBO performance.

Model 1 shows the association between TMT Diversity and PBO Performance, Model 4 shows the association between Strategic Leadership, TMT Diversity and PBO performance while Model 5 shows the regression model of the relationship between TMT Diversity, Strategic Leadership, and the moderator variable (which is a centred product of TMT Diversity and Strategic Leadership variables; centring is done by finding $(X_1 - \overline{X_1})(X_2 - \overline{X_2})$ where X_1 and X_2 are the independent and moderating variables; which creates the moderator variable) and PBO performance. The hypothesised model 1, 4 and 5 is diagrammatically presented as shown in Figure 4.2.



Source: Author (2018)
Figure 4.2: Strategic Leadership Moderating Effect

From the regression analysis, the various outcomes observed were presented in Table 4.34 which shows the regression model for the moderating effect of Strategic Leadership on the relationship between TMT diversity and PBO performance. Model 1 shows the relationship between TMT Diversity and PBO Performance, Model 4 shows the relationship between Strategic Leadership, TMT Diversity and PBO performance while Model 5 shows the regression model of the relationship between TMT Diversity, Strategic Leadership, and the moderator variable (which is a centred product of TMT Diversity and Strategic Leadership variables; centring is done by computing the $(X_1 - \overline{X_1})(X_2 - \overline{X_2})$ where X_1 and X_2 are the independent and moderating variables; creating the moderator latent variable) and PBO performance.

Table 4.34: Strategic leadership, TMT diversity and PBO Performance Regression

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.323[a]	.104	.095	.577766
4	.380[b]	.144	.126	.567675
5	.424[c]	.180	.154	.558541

a. Predictors: (Constant), TMT Diversity

b. Predictors: (Constant), TMT Diversity, Strategic Leadership

c. Predictors: (Constant), TMT Diversity, Strategic Leadership, TMTvsSLModerator

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.764	1	3.764	11.276	.001[b]
	Residual	32.380	97	.334		
	Total	36.144	98			
4	Regression	5.208	2	2.604	8.080	.001[c]
	Residual	30.937	96	.322		
	Total	36.144	98			
5	Regression	6.507	3	2.169	6.953	.000[d]
	Residual	29.637	95	.312		
	Total	36.144	98			

a. Dependent Variable: PBO Performance

b. Predictors: (Constant), TMT Diversity

c. Predictors: (Constant), TMT Diversity, Strategic Leadership

d. Predictors: (Constant), TMT Diversity, Strategic Leadership, TMTvsSLModerator

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.105	.290		3.813	.000
	TMT Diversity	2.506	.746	.323	3.358	.001
4	(Constant)	.467	.415		2.124	.024
	TMT Diversity	2.219	.746	.286	2.977	.004
	Strategic Leadership	.200	.095	.203	2.116	.037
5	(Constant)	.161	.435		2.369	.013
	TMT Diversity	2.658	.764	.342	3.477	.001
	Strategic Leadership	.232	.094	.236	2.459	.016
	TMTvsSLModerator	2.310	1.132	.202	2.041	.044

a. Dependent Variable: PBO Performance

Source: Field Data (2018)

The regression model summary found that PBO performance has a correlation index of 0.323 when regressed against TMT Diversity, indicating a defined relationship between PBO performance and TMT Diversity. This was further confirmed by a coefficient of determination (R^2) observed as 0.104 when TMT Diversity is regressed against PBO performance indicating that TMT Diversity is able to explain 10.4% of the variability in PBO performance. Model 4 represents the association between TMT Diversity, Strategic Leadership and PBO Performance. The model showed a higher correlation (R = 0.380) and a high coefficient of determination (R^2 = 0.144). This indicates that TMT Diversity coupled with strategic leadership have a better ability to explain the variability in PBO performance as they can both explain 14.4% of the variability in PBO performance unlike when TMT diversity is considered on its own where it is only able to explain 10.4% of the variability.

Model 5, which was done to show the moderating effect was found to have a have a higher correlation coefficient (R = 0.424) than the other models (model 1 and 4) and a higher coefficient of determination (R^2 = 0.180) which indicates higher ability of the model to explain variability in PBO performance (explains 18.0% of the variability in PBO performance) than Models 1 and 4, an indication that it shows a stronger influence. This is an indication of the presence of a moderating effect of strategic leadership on the relationship between PBO performance and TMT diversity. The ANOVA statistics presented in table 4.34 indicated that the three models (1, 4 and 5) had p - values less than 0.05 (model 1 p = 0.001; model 4 p = 0.001; model 5 p = 0.000) as required at 95% confidence level confirming that the three models are statistically significant.

The regression sum of squares was lower than the residual sum of squares but regression mean of squares were higher than the residual mean of squares for the three models, leading to the observed significance levels. Incidentally, model 1 indicated higher residual values than model 4 and 5 while model 5 indicated higher regression values than model 1 and 4 confirming higher predictive ability in model 5 than in model 4 and 1, which confirms the views posited by the models' R^2.

The three regression models realized p-values of the ANOVA F-statistic that were less than 0.05 indicating that for model 1, TMT diversity influence on PBO performance is statistically significant; for model 4, the joint influence of TMT diversity and Strategic Leadership on PBO Performance is statistically significant at 95% confidence level ($P<0.05$; $P=0.001$); and for model 5, there is a statistically significant ($p = 0.000$) moderating effect of strategic leadership on TMT Diversity and PBO Performance relationship, leading to the rejection of the null hypothesis stating that "strategic leadership has no moderating impact on the association between TMT Diversity and PBOs Performance", since the research has confirmed presence of statistically significant effect.

From the regression coefficients section in Table 4.34, it was observed that TMT Diversity has a statistically significant impact on PBO performance as indicated in Model 1 indicating t-statistics p-values of less than 0.05 ($P=0.001$) in the independent variable (TMT Diversity) and Constant ($P=0.000$) confirming that TMT diversity has an impact on PBO performance. A joint effect was realized as presented in Model 4 where TMT Diversity ($p= 0.004$) and Strategic Leadership ($p = 0.037$) showed a statistically significant impact on PBO performance.

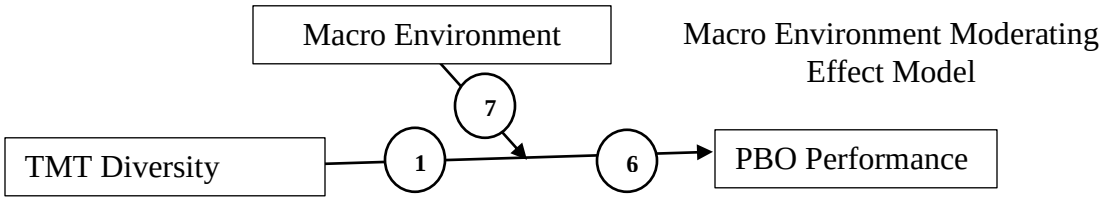
Model 5 regression coefficients on the other hand indicated that strategic leadership has a moderating effect on the relationship between PBO performance and TMT diversity (Reject null hypothesis H_{o3}) with the factors indicating coefficients that are statistically significant in all the coefficients of the relationship (constant p= 0.013; TMT diversity p = 0.001; strategic leadership p = 0.016; Moderator variable (TMT diversity' n 'strategic leadership: p=0.044) indicated p-values that were less than 0.05. The models (1, 4 and 5) also shows that all the variables have a positive coefficient hence confirming positive impact on the dependent variable (PBO performance). Therefore, we can conclude that strategic leadership has a positive moderating effect on the association between TMT diversity and PBO performance.

From the regression analysis models, it is clear that Strategic Leadership has a moderating effect on the association between TMT Diversity and PBO Performance indicated by the significant effect in model 5 especially at the moderator factor ((ModTMT(D))(SL) whose coefficient is 2.310, which shows that strategic leadership has a strong moderating effect. Therefore, the study confirms that Strategic Leadership has a positive moderating effect on the influence of TMT diversity on PBO performance. Improvement in TMT diversity within the enhanced strategic leadership atmosphere would therefore cause an improvement in PBO performance.

4.10 Macro Environment Moderating Influence on the Relationship between TMT Diversity and Performance of PBOs

The objective and hypothesis of the study was to assess the relationship between TMT diversity and PBO performance when moderated by macro environment factor. This relationship was determined by carrying out a multiple linear regression analysis to assess the relationship between the variables.

The first section of the regression analysis output discusses the regression model summary showing the correlation (R), coefficient of determination (R^2), and adjusted R^2 and standard errors for the regression model 1 (TMT diversity and PBO performance), model 6 (Macro Environment and TMT Diversity influence on PBO Performance), and model 7 (PBO Performance affected by Macro Environment, TMT diversity and the Moderating Factor – Centred product of TMT Diversity and Macro Environment). The moderating model can be presented as shown in Figure 4.3 below.



Source: Author (2018)

Figure 4.3: Macro Environment Moderating Effect

The three models (Model 1, 6 and 7) were realized by undertaking a hierarchical regression analysis with a view of determining the moderating impact of macro environment on the relationship between TMT diversity and PBO performance. In order to determine the moderation effect the moderator variable was created to help establish the interaction effect.

The interaction effect is critical in establishing whether moderation has taken place in moderation analysis. The model summary, the ANOVA model, and regression coefficients for the regression between macro environment, TMT diversity and PBO performance is as presented in Table 4.35, highlighting the regression analysis outcomes for the hypothesised relationship.

Table 4.35: Macro Environment, TMT Diversity, and PBO Performance Regression

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.323[a]	.104	.095	.577766
6	.380[b]	.144	.126	.567672
7	.402[c]	.162	.135	.564772

a. Predictors: (Constant), TMT Diversity

b. Predictors: (Constant), TMT Diversity, Macro Environment

c. Predictors: (Constant), TMT Diversity, Macro Environment, TMTvsMEModerator

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.764	1	3.764	11.276	.001[b]
	Residual	32.380	97	.334		
	Total	**36.**144	**98**			
6	Regression	5.208	2	2.604	8.080	.001[c]
	Residual	30.936	96	.322		
	Total	**36.144**	**98**			
7	Regression	5.842	3	1.947	6.105	.001[d]
	Residual	30.302	95	.319		
	Total	**36.144**	**98**			

a. Dependent Variable: Organization Performance

b. Predictors: (Constant), TMT Diversity

c. Predictors: (Constant), TMT Diversity, Macro Environment

d. Predictors: (Constant), TMT Diversity, Macro Environment, TMTvsMEModerator

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.105	.290		3.813	.000
	TMT Diversity	2.506	.746	.323	3.358	.001
6	(Constant)	.563	.383		2.070	.045
	TMT Diversity	2.443	.734	.315	3.329	.001
	Macro Environment	.211	.100	.200	2.117	.037
7	(Constant)	.656	.387		2.696	.033
	TMT Diversity	2.370	.732	.305	3.238	.002
	Macro Environment	.185	.101	.176	2.837	.029
	TMTvs MacEnvModerator	2.197	1.558	.135	2.410	.032

a. Dependent Variable: Organization Performance

Source: Field Data (2018)

As presented in Table 4.35. It was observed that the regression model 1 had a correlation coefficient of 0.323 which increased to 0.380 when macro environment was added to the regression model in model 6 and then increased to 0.402 when macro environment was included in the model (Model 7) as a moderator. A similar view was observed while considering the coefficients of determination (R^2), where a higher coefficient of determination (R^2) of 0.144 was realized in model 6 as compared to that observed in model 1 ($R^2 = 0.104$) and a slightly higher coefficient of determination in model 7 ($R^2 = 0.162$) was observed than in model 6.

From the coefficients of determination, TMT diversity on its own can explain 10.4% of the variability in performance as observed in model 1. As observed in Model 6, the model independent variables (Macro Environment and TMT Diversity) can be able to explain 14.4% of the variability in the dependent variable (PBO performance), while in Model 7, the predictive ability of the independent variables to the variability in the dependent variable increases to 16.2%. This therefore confirms that when TMT Diversity is moderated by the introduction of Macro Environment, the influence on PBO Performance improves significantly.

The ANOVA model is the second section of the regression analysis. The ANOVA analysis revealed the statistical significance of the models where the study found that the three models (Model 1, 6 and 7) are statistically significant as their p-values were all lower than 0.05 ($p = 0.001$). The ANOVA indicated that model 6 regression sum of squares are higher than that of model 1 while the residual sum of squares for model 6 were lower than that of model 1 confirming that model 6 is better than model 1 in its predictive ability of PBO performance.

Similarly, regression sum of squares was higher for model 7 than model 6 while the residual sum of squares for model 7 was lower than that of model 6, an indication that the Macro Environment is better off as a moderating factor (as in model 7) than as another independent variable (as in model 6) in a joint model. Since the p-values of model 7 were confirmed to be statistically significant ($p = 0.001$), the study rejects the null hypothesis (H_{o4}) that states that "macro environment has no moderating effect on the relationship between TMT diversity and PBO performance in Kenya".

A further analysis on the relationship gave off the outcomes presented in the regression coefficients as shown in Table 4.35. According to the findings presented in Model 1, TMT diversity influences PBO Performance and as per Model 6, both TMT Diversity and Macro Environment have a joint impact on PBO performance, while Model 7 confirms presence of a moderating effect which was greater than the joint effect. The study found that all the coefficients were statistically significant as they have p-values less than 0.05 (TMT Diversity P=0.001 and macro environment P = 0.037). However, model 6 and 7 constants were also observed to be statistically significant at 95% confidence level (constant model 6: $p = 0.045$; constant model 7: $p = 0.033$).

Regression Model 1 shows that TMT Diversity influences PBO-Performance. The regression model 6 indicates that the relationship between PBO performance, TMT Diversity and macro environment is positive with a coefficient of 2.443 (TMT (D), and 0.211 (ME), but with a constant of 0.563. Model 7 on the other hand showed a constant (0.656), and positive coefficients for all the variables (TMT(D) = 2.370; ME = 0.185; ModTMT(D)ME = 2.197) which confirms the presence of a moderating relationship. From this model, the study conclude that macro environment has a statistically significant moderating effect on the relationship between TMT diversity and PBO performance with its inclusion in the model indicating improvement in its ability to explain variability in PBO performance.

4.11 TMT Diversity, Strategic Change, Strategic Leadership, and Macro Environment Joint Influence on PBOs Performance

The study's fifth objective was to assess the joint influence of TMT diversity, strategic change, strategic leadership, and macro environment on PBOs performance. This was achieved by undertaking a multiple regression analysis resulting to the outcomes present in table 4.36. The first section of the table presents the regression model summary including the coefficient of determination (R^2) , correlation coefficient (R), and the standard error of estimate. The second section of the regression model represents ANOVA which presents the outcomes of the regression model hypothesis. Lastly the coefficient section which shows the coefficients of the four study variables.

Table 4.36: Joint Influence Regression Model

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
5	.421[a]	.177	.142	.562546

a. Predictors: (Constant), Macro Environment, TMT Diversity, Strategic Leadership, Strategic Change

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
5	Regression	6.397	4	1.599	5.054	.001[b]
	Residual	29.747	94	.316		
	Total	36.144	98			

a. Dependent Variable: Organization Performance
b. Predictors: (Constant), Macro Environment, TMT Diversity, Strategic Leadership, Strategic Change

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
5	(Constant)	.110	.458		.239	.811
	TMT Diversity	2.265	.742	.292	3.052	.003
	Strategic Change	-.086	.109	-.104	-.788	.433
	Strategic Leadership	.236	.128	.240	1.996	.048
	Macro Environment	.192	.102	.182	2.182	.033

a. Dependent Variable: Organization Performance

Source: Field Data (2018)

The regression coefficients presented in Table 4.36 showed a correlation coefficient of 0.421, an indication that there is a defined relationship between PBO performance and TMT diversity, strategic change, strategic leadership, and macro environment. The study further found that the regression model has a coefficient of determination (R^2) of 0.177 which indicates that the model independent variables (TMT-D, SC, SL, and ME) can be able to explain 17.7% of the variability in the dependent variable PBO performance (PBO-P), which confirms presence of a relationship between the study variables, and that the independent variables have an impact on the dependent variable (PBO performance).

Further analysis of the model provided the ANOVA test indicating a p-value of 0.000 confirming that the regression model is statistically significant ($p<0.05$). This leads to the rejection of the null hypothesis (H_{o5}) stating that "TMT diversity, strategic change, strategic leadership, and macro environment have no joint influence on PBOs Performance in Kenya". The study concludes that TMT diversity, strategic change, strategic leadership, and macro environment have a joint influence on PBOs Performance.

The regression model coefficients highlights the level of influence arising from the independent, intervening and moderating variables (TMT diversity, strategic change, strategic leadership, and macro environment) on the dependent variable (PBO performance). The regression model was observed to have a non-statistically significant constant (indicating it's not statistically different from zero). TMT diversity, strategic leadership, and macro environment all showed statistically significant positive regression coefficients ($P<0.05$) indicating they are statistically different from zero. However, strategic change was observed to have a negative regression coefficient which was not statistically significant different from zero ($P>0.05$) leading to its removal from the model to leave only TMT diversity, strategic leadership and macro environment.

Upon removal of strategic change in the model, it was observed that TMT diversity (β2.265) has the largest influence in the model followed by strategic leadership (β.236), and least effect was felt from the macro environment factor (β.192). Equally the final joint model variables had statistically significant P- values (TMT-D P=0.03; SL P=0.048; and ME P=0.033). The study therefore confirms that TMT diversity, strategic leadership, and macro environment have a positive impact on PBO performance as indicated in regression model.

CHAPTER FIVE

DISCUSSION OF FINDINGS

5.1 Introduction

This chapter provides a discussion of the major findings of the study with regards to the specific objectives highlighting the contribution of the study to knowledge. The present study used upper echelons, resource based view, strategic leadership and open systems theories as the framework for generating hypotheses on the association between the different elements of TMT diversity and PBO performance within the strategic change, strategic leadership and macro environment perspective.

Prior to this study, to the best knowledge of the researcher, the moderating role of strategic change, the mediating role of strategic leadership and macro environment had not been substantiated. The first phase of the section of the analysis studied the operational measures used for the assessment of the proposed diversity constructs. Although previous studies assumed the various elements of TMT diversity, our analysis provides a direct test of this assumption while integrating the strategic change, strategic leadership and macro environment constructs.

In this section, the main focus of the thesis is to express how the study objectives manifested themselves, discuss the findings as observed in the results section in Chapter four while at the same time highlighting the key areas of knowledge that the study contributes to. The main issues covered are the key relationships between the study variables explaining the outcomes of both the descriptive statistics and inferential assessment of the variables and objectives in the study.

5.2 Exposition of Study Variables Outcomes

This study sought to find out the influence of strategic change, strategic leadership and macro environment on the association between TMT diversity and performance of PBOs in Kenya. To achieve this objective, the study's cross sectional research design led to a study of a sample of 101 PBOs operating in Kenya which denoted a response rate of 73%. Majority of the respondents had worked at the PBOs for more than 5 years in varying positions such as administrators, management, board members, or directors. This provided the confidence to the researcher that their responses could be relied upon.

The PBOs studied were classified as being Local PBOs, Local PBOs with International Association, Local Organizations of an International PBO, or International PBO based in Kenya with all acquiring nearly equal representation. Majority of these PBOs have existed for more than 15 years, though majority of them have been operating in Kenya for less than 15 years. However, the study observed that although each PBO had a specific target sector, majority operated in more than three sectors with Training and Skills Development being the sector most of the PBOs operated in and Agriculture being the sector PBOs least operated in. These outcomes confirm that the PBOs accessed in the study were all inclusive of the characteristics within the population of PBOs in Kenya, and hence the data collected from these institutions informed the study needs and explains very well the PBOs population in Kenya.

Similarly, the study examined the performance of each of the PBOs. According to Epstein and McFarlan, (2011), performance in PBOs is measured in three dimensions of financial sustainability, efficiency and effectiveness. Extended BSC was used to look at performance among the PBOs revealing that PBOs are characterized by high level of funding, number of implementing partners, low investment in employee skills development, high unit cost per employee, low expenditure on ICT, large number of beneficiaries, few environmental initiatives, and a low employee turnover. It is therefore confirmed that the PBOs performed well financially, in employee welfare, and in the execution of their mandates.

Emanating from the findings majority of the PBOs (88%) perceives that their TMT is diverse while 80% perceive TMT diversity as a strategic effort. These views were further enhanced when the study looked at the diversity of the top three leaders within the PBOs' management teams (CEO/Director, Programmes Manager, and Finance/ Administrative Manager) where it was found that there was a great level of diversity in terms of gender, age, work experience, education, professional background, functional background, nationality, international experience and ethnicity. These outcomes confirm views posited by Mutuku *et al.,* (2013), who found that majority of the firms in the modern world of business have embraced TMT diversity as a competitive strategy while studying commercial banks in Kenya, and Ci-Rong, (2013) who found that many organizational leaders are beginning to believe that TMT diversity has important bottom-line benefits. The ultimate objective of TMT's efforts is to ensure sustained and long term organizational performance.

The study also assessed the application of strategic change within the PBOs and its influence on the relationship between TMT Diversity and PBO performance. It was found out that PBOs apply strategic change practices such as periodical strategic plans, creating reforms, guiding decision making, strategic planning, driving organization vision and stakeholders' involvement in decision making to a moderate extent. As observed by Ireland and Hitt, (1999), strategic decision making process is, by its very nature, ambiguous, unstructured and complex, hence the perceptions and interpretations of a TMT's member critically influence strategic decisions. TMT diversity is therefore bound to influence the impact of strategic change within the organization and hence consideration of TMT diversity impact on performance may be moderated by the consideration of the strategic change practices.

Strategic leaders within organizations have the ability to drive strategic orientation and are in a position to translate strategy into action; develop strategic competencies and align people and organizations and determine effective strategic intervention points. The PBOs studied are such institutions having great strategic orientation and complex orientation structures with TMT at the top of the leadership structures and as the drivers of these institutions. The study found that strategic leadership practices among the TMT are applied to a moderate extent as in instances of motivating, improving enthusiasm, loyalty to leaders and organization, influence, problem solving, rapport creation and creation of good working environment. TMT diversity was found to have a low but positive correlation with strategic leadership within the organizations, confirming the presence of a relationship, and both factors were found to relate to PBO performance.

The moderating impact of the macro environment on the relationship between TMT diversity and PBOs Performance was also assessed. It was found that the PBOs' macro environment is predictable and favourable with macro environment factors such as fluctuations in currency prices, labour and employment dynamics, technological incapacitation, lending rate and monetary inaccessibility, geographic location, bargaining power, and competition being observed among the PBOs to a moderate extent. The macro environment is a key determinant of firm performance as observed by Haleblian and Finkelstein, (2013) who claimed that organizations that align well with their environment record greater success resulting in improved organizational performance.

5.3 Discussion of the Study Findings

This research investigated the relationship between TMT diversity and organizational performance within the Public Benefit Organizations while considering the effects of strategic change, strategic leadership and macro environment on this relationship. Studies on TMT diversity have generally reported mixed results on organization performance, with some suggesting that the nexus between TMT diversity and performance is not as clear as previous studies have stated (Pfeffer, 1983; Hambrick & Mason, 1984) and could benefit from the examination of the of intervening variables on that association. The present study attempted to help fill this gap.

Concurrently, the study of the mediating and moderating variables in this relationship are not clearly explained with the expected clarity of outcomes due to issues of process and context as well as their operationalization, or due to complexity in processes and their measurability. This study has sought to address these issues by examining the mediating role of strategic change and the moderating roles of strategic leadership and macro environment in the relationship between TMT diversity and organization performance. The outcomes of this undertaking are extensively discussed in this section.

5.3.1 TMT Diversity and PBOs Performance

The study further assessed the effect of the TMT diversity on PBOs performance. A weak correlation between TMT diversity and performance was observed, but the regression analysis confirmed that TMT diversity in PBOs is able to explain 10.4% of the variability in PBO performance. The regression model confirmed a significant positive impact of TMT diversity on PBOs performance confirming previous research findings in other sectors, such as that of Irungu (2007) and Yong *et al*., (2011) who assessed impact among the publicly quoted companies and Mutuku (2012) who assessed impact on commercial banks, where they found TMT diversity to positively relate to organization performance. However, Eisenhardt and Schoonhoven (1990), found that TMT diversity negatively affects group cohesion, lowers communication frequency, increases conflict within the group, increases political activity, and causes poor performance.

The study supports Patti and Erhardt (2014) views that though TMT diversity improves profitability over time, the diversity must be properly managed to harness the potential added value in diversity of thought and alleviate process losses such as miscommunication and conflict. This study found that TMT diversity impacts the PBOs' ability to successfully implement strategic plans, ease decision making, improve interpersonal relationship and communication, and enhance service delivery and work quality, hence affecting the performance of the organization. TMT heterogeneity indicates diversity of information sources, perspectives, creativity, and innovativeness in decision making, all vital traits for competitive advantage and performance management (Wasike, 2016; Hayes, 2016).

5.3.2 Strategic Change, TMT Diversity and PBOs Performance

The study looked at the intervening effect of strategic change on the relationship between TMT diversity and PBO performance where it was found that strategic change and TMT diversity has low positive correlation which is statistically insignificant (r = 0.167; p = 0.106) confirming lack of relationship between the two factors. The study further found that the regression model testing for the intervening effect (with strategic change as intervening variable and TMT diversity as independent variable and performance as dependent variable) indicated that though the independent variable (TMT diversity) has an impact on dependent variable (PBO performance; r = 0.323; r^2 = 0.104; ANOVA P= 0.001), TMT diversity has no statistically significant influence on strategic change (r = 0.167; r^2 = 0.028; ANOVA P= 0.096) hence confirming that strategic change has no intervening effect on TMT Diversity and PBO Performance relationship.

This is unlike the findings of Wiersema *et al.,* (1992), who found that TMT Diversity influences strategic change, opining that a TMT is anticipated to be proactive in instigating strategic change including the level of receptiveness to change, inclination towards risk taking behaviours, ensuring diversity in information sources and perspectives, and ensuring there is creativity and innovativeness hence influence performance. The study dispute views by Mekgoe (2008) who claimed that TMT diversity inspired Strategic Change which does not have significant effect on staff morale, performance and commitment.

However, Frawley and Fahy, (2006) while arguing within the conception of the upper-echelons theory suggest that the effect of team diversity on strategic change is directly determined by the proportion to which managerial discretion exists within the organization, hence the influence is not clear. Our study found that strategic change has no intervening influence on the relationship between TMT Diversity and PBO performance.

5.3.3 Strategic Leadership, TMT Diversity and PBOs Performance

An assessment of this relationship using a regression analysis revealed that strategic leadership has a significant positive influence on the relationship between TMT diversity and PBO performance with both strategic leadership and TMT diversity indicating statistically significant positive regression coefficients (TMT diversity = 2.658; Strategic leadership = 0.232). The study found that strategic leadership improved the ability of TMT diversity to explain variability in PBO performance from 10.4% to 18.0% confirming the modifying effect of strategic leadership on the relationship between TMT diversity and PBO performance.

Similar findings were observed by Jansen, *et al*., (2009) who posited that TMT diversity in an organization ensures occurrence of transformational and transactional leaders within the organization and strategic leaders engage in transformational and transactional leadership behaviours to affect organizational learning by adopting generative thinking and encouraging organizational members to improve existing knowledge, hence impact significantly the organization performance. The two leadership behaviours have influence on performance based on the context of application.

Strategic leaders have a future outlook, setting organization direction through goals and strategies formulation, developing organization structures, controls, processes, and core competencies, management of multiple constituencies, choosing key executives, mentoring the next generation of executives, offering direction in respect to organizational strategies, upholding an effective organizational culture, supporting an ethical values system, and finally serving and negotiating as representative to government, other organizations and constituencies (Hayes, 2016). According to Derda and Dea Flores (2017), presence of TMT diversity enhances the ability of strategic leaders to carry out these roles while optimizing their decision making within the organization. Finally, the study confirms that strategic leadership has a statistically significant and positive modifying effect on the relationship between TMT diversity and organization performance.

5.3.4 Macro Environment, TMT Diversity and PBOs Performance

The study sought to understand whether the impact of macro environment influences the relationship between TMT diversity and organization performance. A positive correlation coefficient confirmed presence of a positive relationship between macro environment and PBO performance and macro environment ($r = 0.068$; $P = 0.036$) and organization performance ($r = 0.213$; $P = 0.034$). The regression analysis revealed that the macro environment has a modifying effect on the relationship between TMT diversity and organization performance ($r^2 = 0.104$ to $r^2 = 162$; $p<0.05$).

It was found that inclusion of macro environment in the model enhances the ability of the independent variable (TMT diversity) to explain variability in the dependent variable (PBO performance) from 10.4% to 16.2% confirming the moderating effect. In support, Gerecke and House (2011) observed that organizations interact with macro environment which influence how TMT relate for enhanced organizational performance and that the impact of TMT diversity on organization performance relied upon complexity in the macro environment.

Similar findings were reported by Cannela, Park and Lee, (2008) who found that the environmental uncertainty moderated the relationship between organization performance and TMT intrapersonal functional diversity. They reported that when there is a high environmental uncertainty, the relationship between intrapersonal functional diversity and organization performance has positive coefficients, while on the other hand, instances where there is low environmental uncertainty indicated a negative coefficient in the relationship between TMT intrapersonal functional diversity and organization performance. They concluded that the TMTs in highly uncertain environments are more likely to realize improved performance from intrapersonal functional diversity.

This study extended the findings by Cannela, Park and Lee, (2008) by confirming the fact that the moderating effect of the macro environment is not only felt within the intrapersonal functional diversity level but beyond it to the overall TMT diversity, comprising demographic, functional, and background diversity, while at the same time realizing similar outcomes in the context of public benefit organizations.

5.3.5 TMT Diversity, Strategic Change, Strategic Leadership, Macro Environment and the PBOs Performance

A look at the joint impact of TMT diversity, strategic change, strategic leadership, and macro environment on PBO performance revealed that the four independent variables were observed to have a statistically significant and positive correlation (though low) with PBO performance hence confirming that the factors have a relationship ($r = 421$; $r^2 = 0.177$). Further analysis revealed that strategic change, strategic leadership, macro environment, and TMT diversity is able to explain 17.7% of the variability in PBO performance.

TMT diversity, strategic change, strategic leadership, and macro environment are some of the factors found to influence organization performance as observed by Boeker, (1997), Jensen and Zajac, (2004), Certo *et al.* (2006), Hambrick, (2007); and Ci-Rong (2013), hence the study confirmed this influence. Ci-Rong, (2013) observed that TMT diversity influences strategic change and strategic leadership and vice versa, while Hambrick, (2007) posited that TMT diversity, strategic change, and strategic leadership are all influenced by organization's macro environment.

The performance of an organization was found by Hailey (2006) to be a function of the extent of fit between the experiences and personalities of TMT and the strategy of organization, with influence on macro environment. The study therefore confirms these findings where it found that PBO performance is a function of TMT diversity, strategic change, strategic leadership and the macro environment. It was found that TMT diversity is influenced by strategic change, strategic leadership and the macro environment, hence a moderating effect of the three factors on the relationship between top management team diversity and PBO performance is present as well as a joint impact where the study found that TMT diversity, strategic change, strategic leadership and the macro environment influences PBO performance.

5.4 Contribution to New Knowledge

The upper echelons theory was applied in this thesis as a framework for generating the hypotheses regarding the relationship between the various components of TMT diversity and the performance of Public Benefit Organizations. Prior to this test, the role of TMT diversity on organization performance had not been well substantiated, with most studies showing some aspects of TMT diversity as having either positive, negative or insignificant effects (Rosado 2006; Brown, 2005; Jarzabkowski & Rosalind, 2003).

This study offered an overall look at TMT diversity combining all the possible diversity aspects as constructs of diversity and assessed its effect on PBOs performance, as well as the moderating or mediating roles of strategic change, strategic leadership and macro environment. The thesis explained the operational measures used to assess the proposed TMT diversity, strategic change, strategic leadership and macro environment constructs, availing a means of measuring these constructs in a research setting.

The outcomes of this study highly contribute to the Upper Echelons discourse. The findings completely supported the convergent validity of our measures in that the TMT diversity indicators were significantly associated with their respective latent constructs. The reviewed literature indicated that most contributors to the upper echelons theory treated TMT diversity as either demographic (Cannella & Park, 2008; Gerecke & House 2009; Nielsen & Nielsen, 2012) or cognitive in nature (Hambrick *et al.,* 1996; Irungu 2007; Mutuku, 2012; Haleblian & Finkelstein 2013), but very few combined the two constructs in their measurement of TMT diversity.

The study brought together all the demographic and cognitive TMT diversity constructs of gender, age, work experience, education, professional background, functional background, nationality, international experience and ethnicity within the model due to the fact that these constructs had been measured individually in the past and had shown conflicting outcomes (Nelson & Nelson, 2012; Gerecke & House, 2009; Cannella & Park, 2008). This study assessed them together as constructs informing the TMT diversity variable thus offering an overall look into the TMT diversity relationship and expanding the boundaries of the upper echelons model by removing the conflicting findings. The study therefore offers a new approach in the measurement of TMT diversity, neither as demographic nor as cognitive diversity, but a combination of the two, which will be able to give an overall look of TMT diversity in the Upper Echelons perspective, and offer conclusive arguments into the TMT diversity and organization performance relationship.

Additionally, this thesis contributes to the upper echelons discourse by introducing the moderating and mediating factors into the model. The strategic change, strategic leadership and the macro environment variables had never been previously considered to affect the TMT diversity and PBO performance relationship. The findings of the study confirmed the presence of moderating effects of strategic leadership and macro environment on the relationship between TMT diversity and organization performance, while it disproved presence of an intervening effect of strategic change in the upper echelon model as the study had hypothesised. These outcomes are important contributions to the upper echelons discourse which can be used in future to expand the theory further into other aspects of top management team other than the decision making paradigm that the theory dwells upon (Jarzabkowski & Rosalind, 2003).

The study found that the upper echelons perspective in the Public Benefit Organizations which are 'not for profit' in nature was in existence despite the model being more 'decision making' rather than 'competitiveness' based. Despite these organizations lacking the focus to make profits, they are also driven by TMT decisions and also compete in other aspects other than financial performance. The performance of these organizations as observed in this thesis is unique in nature as it includes aspects such as the ability to attract funding, workforce size, and the number of beneficiaries reached, unlike the usual organizations where profitability and assets accumulation, form a key aspect of their performance (Moore, 2012).

Introduction of the PBOs in the upper echelons was therefore a contribution as it offers a new area of focus by being able to test the upper echelons model in the 'not for profit' organizations whose performance measurement differs from the performance of the 'for profit' organizations. The study found TMT diversity in PBOs as an important element in enhancing both financial and non-financial performance. This new knowledge helps to support future TMT diversity research in both 'for profit' and 'non-profit' sectors in Kenya as well as other regions of the world.

In summary, the study contributes to theory advancement by adding to the predictions of the various theories in the study. The study did not confirm presence of intervening effects of strategic change on TMT diversity-performance relationship. Previous studies have used strategic change as an independent variable. Testing of mediating effect of strategic change and the moderating effects of strategic leadership and macro environment on TMT diversity and PBO performance relationship in PBO Context provided unique contextual knowledge of PBO sector in Kenya. Previous studies have primarily focused on the private sector context and in other regions of the world. Lastly joint effect conceptualization provides bases for future conceptualization of TMT diversity and performance link by introducing strategic change, strategic leadership and macro environment.

CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

A key purpose of this study was to support the resolution of the mixed findings of prior research on the link between TMT diversity and organization performance, by broadening the TMT diversity concept and examining the factors reflecting internal context (TMT diversity, strategic change and strategic leadership) and the external context (macro environment). The argument is that the influence of TMT diversity on organization performance relies upon the conceptualization and measurement of diversity and the context in which it is assessed. The study argues that introduction of other factors into the upper echelons model widens its scope, beyond previous conceptualizations making it easier to avoid previously observed errors in the upper echelons outcomes.

Building on the outcomes presented in chapter four and the discourse presented in chapter five linking the study outcomes with previous research findings, this chapters presents the conclusion arising from the discussions in the study, highlighting key outcomes and making the case for the realized findings into recommendations. The chapter links the various arguments with the study purpose from which the conclusions are highlighted. This chapter offers the conclusive remarks of the outcomes informing the overall study objective which was to establish the influence of strategic change, strategic leadership and macro environment on the relationship between TMT diversity and performance of PBOs in Kenya.

Finally, the chapter offers a summary of the key study findings, conclusions and recommendations. The first section offers a summary of the major findings of the study with regard to the specific objectives. The second section lays out the conclusions based on findings of each of the specific objectives while the last sub-section provides the recommendations of the study and goes ahead to offer the study limitations and recommendations for further research based on gaps observed.

6.2 Summary of Findings

From the data analysis, the study realized an adequate 73% response rate from the target sample where all the targeted population strata were represented among the respondents. The study observed that from the demographics, all the respondents had worked at their organizations long enough to offer credible information in the study and all the PBOs had existed in the country long enough to have a well-established management structure with a top management team. A look at performance among the PBOs revealed that PBOs are characterized by high funding, high number of implementing partners, low employee turnover, high investments in employee skills development, low unit cost per employee, low expenditures on ICT, high number of beneficiaries, and a few environmental initiatives. The study therefore confirms that the PBOs involved in the study performed very well financially, in employee welfare, and in the mandate execution.

The study found that PBOs are in one way or another involved in ensuring TMT diversity in their organizations. This was confirmed when 88% of the respondents agreed that their TMT is diverse while a further 80% agreed that their PBO perceives TMT diversity as a strategic effort, an indication that it is achieved intentionally in majority of the PBOs.

While assessing the diversity of the top three in the management team (CEO/Director, Programmes Manager, Finance/ Administrative Manager), the study found that the level of diversity among majority of the PBOs in terms of gender, age, work experience, education, professional background, functional background, nationality, international experience and ethnicity indicated relatively low diversity levels.

6.2.1 TMT Diversity and PBO Performance Relationship

The study revealed that TMT diversity has a positive influence on PBO performance (statistically significant positive coefficient) with the ability to explain 10.4% of the variability in PBO performance. This is a huge influence given the large number of 'other major factors' influencing performance of the PBOs. Some of these other factors influencing performance of PBOs include targeting of beneficiaries, perception of beneficiary towards the services offered by the PBO, level of funding among others. Hence, the influence of TMT diversity on PBO performance was found to be substantial.

The positive impact of TMT diversity on performance confirms previous research findings in other sectors, such as that of Irungu (2007) and Yong *et al*., (2011) who assessed impact among the publicly quoted companies and Mutuku (2012) who assessed impact on commercial banks, where they found TMT diversity to positively relate to organization performance. Therefore, the current study extends these findings in the context of Public Benefit Organizations.

It's imperative for PBOs to consider diversity of their top management teams as a strategic effort towards enhancing performance. The diversity of the team can be viewed from both demographic and cognitive perspectives. Striking the right diversity balance will ultimately result to improved performance. However due to complexity and multidimensionality of performance, TMT diversity alone cannot fully explain the impact and other factors like change, leadership and macro environment affects this relationship.

6.2.2 Strategic Change Effect on TMT Diversity and PBO Performance Relationship

A look at TMT influence in strategic change practices in PBOs found a moderate extent of application in PBOs in Kenya with issues such as periodical strategic plans, creating reforms, guiding decision making, stakeholders involvement in decision making, among others as some of the TMT led strategic change practices observed in the PBOs. It was further found that strategic change lacks an intervening effect on the influence of TMT diversity on PBO performance where the study found no statistically significant influence between TMT Diversity and Strategic Change.

Wiersema *et al.,* (1992), found that TMT Diversity influences strategic change, opining that a TMT is anticipated to be proactive in instigating strategic change including the level of receptiveness to change, inclination towards risk taking behaviours, ensuring diversity in information sources and perspectives, and ensuring there is creativity and innovativeness hence influence performance. However, Mekgoe (2008) found that TMT diversity inspired Strategic Change which does not have significant effect on staff morale, performance and commitment.

Strategic change therefore plays a critical role in an organization. However, the strategic change does not have to be driven by TMT alone. Change can result from various sources in an organization. In view of this the strategic change may have independent relationship with performance and may not require mediation of TMT diversity. Finally, strategic change may have different impact on performance based on the various contexts and setting.

6.2.3 Strategic Leadership Effect on TMT Diversity and PBO Performance Relationship

The study found that strategic leadership practices in PBOs are undertaken to a moderate extent by TMT such as in instances of motivating, improving enthusiasm, loyalty to leaders and organization, influence, problem solving, rapport creation and creation of good working environment. The study observed that strategic leadership has a low positive correlation (0.255) to PBO performance. It was further found that strategic leadership has a significant positive influence on the relationship between TMT diversity and performance of Public Benefit Organizations.

It was observed that strategic leadership enhanced the ability of TMT diversity to explain variability in PBO performance from 10.4% (when not present) to 14.4% (when introduced as independent variable) and to 18.0% (when introduced as moderating variable). When strategic leadership was included as an independent variable in the model assessing TMT diversity influence on PBO performance, the model improved its ability to explain 10.4% of the variability in PBO performance, while when the factor is introduced in the model as a moderating variable, the ability of the model to explain PBO performance variability increases to 18.0%, an indication that strategic leadership has a modifying effect on the model. The study therefore confirmed that strategic leadership has a modifying effect on the relationship between TMT diversity and PBO performance.

Strategic leadership influences the relationship between TMT diversity and organizational performance. As organizations increase application of both transactional and transformational leadership behaviours in an organization, there is a corresponding increase in performance. A diverse TMT is therefore able to provide the strategic leadership that's is crucial to enhancing performance of the Public Benefit organizations in Kenya.

6.2.4 Macro Environment influence on TMT Diversity and PBO Performance Relationship

The study further assessed the macro environment aspects at PBOs in Kenya. It found that various macro environment factors such as fluctuations in currency prices, labour and employment dynamics, technological incapacitation, lending rate and monetary inaccessibility, geographic location, bargaining power, competition, among others, are moderately observed, moderately predictable, and moderately favourable to the PBOs.

A regression analysis revealed that the inclusion of macro environment in the regression model of TMT Diversity and PBO Performance improved the model from its ability to explain 10.4% variability in PBO Performance to an enhanced ability to explain 14.4% of the variability in PBO Performance. This further improved when the macro environment was introduced in the regression model as a moderating variable where it was observed that the moderating model was able to explain 16.2% of the variability in PBO Performance. It is therefore confirmed that the macro environment has a modifying positive impact on the influence of TMT Diversity on PBO Performance.

Micro environment play an important moderation role on the relationship between TMT diversity and organizational performance. From the organization macro environment springs its contingencies, constraints, opportunities, and problems that influence the terms on which organizations transact their business to enhance performance. Therefore, diversity of TMT brings bold thinking and novel strategic alternatives that enables the firm to align well with macro environment and achieve better performance (Haleblian and Finkelstein (2013)

6.2.5 Joint Effect of Strategic Change, Strategic Leadership, Macro Environment on PBO Performance

A look at the joint impact of strategic change, strategic leadership and macro environment on the effect of TMT diversity on PBO performance revealed that there is a relationship between strategic leadership (r=0.255; p=0.011), macro environment (r=0.213; p=0.034), TMT diversity (r=0.323; p=0.001) and PBO performance. However the relationship with strategic change (r=0.163; p=0.106) is not significant.

However, the addition of the variables in the regression model confirms a higher ability of the independent variables (strategic leadership, macro environment, and TMT diversity) to explain variability in the dependent variable (PBO performance). The study found that strategic leadership, macro environment, and TMT diversity are able to explain 17.7% of the variability in PBO performance. The study therefore confirmed that strategic leadership, macro environment, and TMT diversity have a significant influence on the performance of PBOs in Kenya. However strategic change influence on performance is not statistically significant in the joint conceptualization.

From the aforementioned, empirical research on TMT Diversity, Strategic Change, Strategic Leadership, Macro environment and Performance has largely been based on UET and has pointed to a link between variables either singularly or jointly (Hambrick and Mason 1984; Hambrick 2007; Certo et al 2006). This is consistent with the findings of the study where the joint effect of strategic change, strategic leadership, macro environment and TMT diversity was found to have influence on performance.

6.3 Conclusion

The study concludes that TMT diversity in terms of gender, age, work experience, education, professional background, functional background, nationality, international experience and ethnicity is present to a moderate extent among the PBOs in Kenya and has an impact on their performance. Among the PBOs, there is diversity in the demographic, functional, and background dimensions of the TMT composition, and that this diversity has some influence on the performance of the PBOs. TMT diversity within PBOs offers the organization different viewpoints which facilitate creation of unique and creative approaches in problem-solving, thereby improving creativity and innovation, in turn leading to performance enhancement for both the short and long run (Ci-Rong, 2013). The study therefore concludes that TMT diversity has a positive effect on PBOs performance.

Strategic change practices were moderately integrated among majority of the PBOs studied, among them, periodical strategic plans, creating reforms, guiding decision making, and stakeholders involvement in decision making. Strategic change strategies provide the organization with the capacity to anticipate and respond to the existing opportunities or pressures for change, which is one of the most important ways in which competitiveness and viability are safeguarded. Strategic change is a central way of maintaining proper alignment with shifting demand, and competitive, technological, and social environments.

Based on the findings of the study, strategic change has no intervening effect on the relationship between TMT diversity and PBO performance. Chemengich (2013) found that nature and effectiveness of organizational responses vary in part with how TMT triggers and interprets strategic issues, hence the impact of strategic change to performance rely greatly on the TMT. However, Wooldridge *et al*., (2008) observed that the organizational levels of TMT diversity influence strategy formulation and implementation. From these findings, the study concludes that strategic change does not have an intervening influence on the relationship between TMT diversity and performance of Public Benefit Organizations.

A look at the moderating effect of strategic leadership on the relationship between TMT diversity and PBO performance found that PBOs undertake strategic leadership practices to a moderate extent such as motivation, enthusiasm cultivation, loyalty to leaders and organization, influence, problem solving, rapport creation and creation of good working environment. The study further found that strategic leadership has a positive moderating effect on the relationship between TMT diversity and PBO performance. This is in line with the propositions of the upper echelons theory that posits that organizations' corporate and business strategy is a reflection of their top management team. As the TMTs take important corporate decisions and set strategic directions, it is therefore recognized as a key component affecting an organization's performance.

The study considered the influence of macro environment on the relationship between TMT diversity and PBO performance. It was observed that various macro environmental factors such as fluctuations in currency prices, labour and employment dynamics, technological incapacitation, lending rate and monetary inaccessibility, geographic location, bargaining power, competition, moderately occurs, are moderately predictable, and moderately favourable to the PBOs. The study found that macro environment has a positive influence on the relationship between TMT diversity and PBO performance.

This is similar to the findings made by Cannella and Park (2008) who found that TMT functional diversity has a strong positive effect on organization performance, a relationship that is moderated by extent of environmental uncertainty. Osuagwu (2001) also found that the macro environment is the totality of the factors acting, influencing, or determining the operations or performance of a business, hence have the capacity to influence the relationship between TMT and organization performance. Therefore, the relationship between TMT diversity and PBO performance is influenced by the organizations' macro environment in terms of occurrence, predictability and its favourability.

The research assessed the joint effect of TMT diversity, strategic change, strategic leadership and macro environment on PBO performance. The study found that strategic change, strategic leadership, macro environment, and TMT diversity have a positive influence on PBO performance. It was further observed that the model with the four factors is the best in explaining variability in PBO performance, hence has the largest influence on performance. Jansen, *et al.* (2009) opined that TMT diversity is influenced by strategic change, strategic leadership and the macro environment. Therefore, the study concludes that TMT diversity, strategic change, strategic leadership, and macro environment have an influence on the PBO performance. The study can therefore conclude that TMT diversity influences the performance of PBOs, but the influence is more pronounced when other factors such as strategic change, strategic leadership and the macro environment are included in the study model.

6.4 Implications and Recommendations of the Study

The study sought to find out the effect of strategic change, strategic leadership and macro environment on the relationship between TMT diversity and PBO performance. The study established the aspects of TMT diversity, strategic change, strategic leadership and macro environment that affect the performance of PBOs in Kenya. The results have implications on theory, policy, practice and methodology.

From a theoretical perspective, the study supports the predictions of various theories in the study – Upper Echelons, RBV, Strategic Leadership and Open-systems theory. Relatedly, the study findings have policy implication to government, regulators as to Public Benefit Organization practitioners. Lastly, the study provides important methodological perspectives that can inform future studies to be carried out in similar or different contexts.

In retrospect, the study also offers recommendations for future studies. The recommendations are framed based on the conceptualization, context of the study, methodological implication and the results. The recommendations also points to areas that future research in TMT diversity performance link can explore. Finally, practical solutions to PBO practitioners are provided on how best to adopt the various strategic management practises discussed in the study.

6.4.1 Theoretical Implications

This study was grounded on various theoretical models such as the upper echelons, resource based view, strategic leadership and open systems theories. The outcomes of the study contribute to reinforcement of the existing body of literature by providing empirical evidence that TMT diversity, strategic change, strategic leadership and macro environment influence the performance of PBOs in Kenya. The study's key finding is that there is no intervening influence of strategic change on TMT Diversity and PBO Performance relationship, though a moderating effect was confirmed for strategic leadership and macro environment on the relationship between TMT diversity and organization performance.

The study therefore makes a significant contribution in offering empirical support to the upper echelons theory by confirming its hypothesis within the PBO sector that TMT diversity influences organization performance. Previously, TMT diversity has been measured as either background, demographic, or functional dimensions, but this study brought together the three measures of TMT diversity, therefore confirming the upper echelons conceptualization of TMT diversity and confirming that the upper echelons model is supported when all the three aspects of TMT diversity are considered. The study also introduces two moderating variables (strategic leadership and macro environment) within the Upper Echelons discourse while disproving of a mediating role of strategic change in the model in regards to PBOs.

The study further found that strategic leadership and macro environment have a moderating effect on the relationship between TMT diversity and organization performance, findings which are in line with the postulations of the resource based view. The resource based view considers the organization team as a bundle of resources, with a value to the organization, hence impacts the organization performance. The findings that TMT diversity and strategic leadership affects PBO performance confirms this resource based view postulation, with further consideration of the underlying effects of macro environment and strategic change, with macro environment being found to affect this relationship while strategic change influence was disproved.

The study was also based upon the open-systems theory which postulates that organizations exist as interconnected subsystems working in coordination. The study had implications in this theory as it brought out the position in which the TMT drives strategic leadership and organization performance while being affected by the macro – environment. The study highlights the contribution of strategic leadership implication in the overall organization which is applicable within the open systems theory. Therefore, these findings are an empirical evidence and contributions to the open systems theory confirming its value within the context of public benefit organizations in Kenya.

6.4.2 Implications on Policy

The PBOs play a key role in every economy and their performance is an important agenda for the country. The findings would assist policy makers in the sector to make sound decisions regarding the management of TMT diversity and ways of improving performance of PBOs in Kenya. From the outcomes observed in the study, management should leverage on strategic leadership and macro environment to improve the impact TMT diversity has on the performance of PBOs.

TMT diversity impact on PBO performance may be improved through the adoption of better management policies. The results suggest that PBOs should consider strategic leadership and macro environment within their TMT diversity policies in order to attain a better impact on performance. Policy makers in the sector should therefore encourage the PBOs to take advantage of TMT diversity to improve their performance. Relatedly, policy makers and regulators need to formulate policies that support TMT diversity in PBOs.

Majority of the PBOs (61%) implement TMT diversity based on their organizational human resource policies. However, there is no indication that these human resource policies expressly cover all aspects of diversity in the organizations, hence the implication of this study on the human resource policies is the highlight of the specific diversity factors that the policies should consider in ensuring that the organization is able to benefit from such policies. The study also contributes on organization management policies through its findings which suggest that the organizations not only considers the diversity expressed in the human resource policies but also seeking the alignment with strategic leadership and macro environment while discouraging dependence on the diversity while implementing strategic change policies.

6.4.3 Implications for Methodology

The study applied a cross - sectional research design within a positivistic framework. This method augured well with the quantitative data collected and ensured the realization of predictive and interpretive outcomes through hypothesis generation and testing. The implication of the study is that it proved that a cross sectional design is applicable in a positivistic framework. This methodology is therefore appropriate for similar future studies when measuring effect and hence the study proposes this methodology in similar assessments.

The study applied linear regression model to assess the moderating and intervening effects of the various study variables. Upon ensuring that the regression models lack any errors within them, the regression analysis was undertaken ending up with reliable outcomes. The causal steps approach for determining the moderating and mediating effects was preferred against the more advanced approaches such as difference in coefficients or product of coefficients approaches. The study outcomes confirm that despite the few criticisms of its low power in determining the mediating and intervening effects (MacKinnon *et al*., 2012), it is clearly applicable in measuring the effects in a modern day study. Future research can also adopt other analytical models like Structural Equation Modelling (SEM) in assessing the intervening and moderating influence.

Another key implication of the study is in relation to the approaches applied in the variables measurement. The study variables such as TMT diversity, strategic leadership, strategic change, macro environment and organization performance were measured uniquely with different measures being applied. TMT diversity was measured as an index (Blau's index and coefficient of variation), PBO performance was measured using extended BSC which was later converted into a performance scale, while strategic change, strategic leadership and macro environment were measured based on respondents' ratings on a five point Likert scale.

Application of these factor measurement styles proved worthwhile as the study realized ease in analysing the data to realize the study findings. The study therefore contributed in methodology as it supports the outcomes of past studies applying similar measurement of the factors and recommends similar approach among future researchers interested in studying this relationship.

6.4.4 Recommendations

The study found that most PBOs ensure that their TMT is diverse as a strategic effort, therefore confirming presence of a conscious effort to maintain TMT diversity in organizations. The study further found that TMT diversity influences PBOs performance. However, the study observed that diversity must be properly managed to harness the potential added value in diversity of thought and alleviate process losses such as miscommunication and conflict. Therefore, the general assumption that practitioners adopting TMT diversity would automatically trigger benefits is misplaced and more efforts should be put in place within institutions operating within diversified TMT to find ways in which they can optimize the benefits incurred from the practices and hence improve organization performance.

The study found that TMT diversity plays a key role in the performance of PBOs in Kenya. However, the concept of TMT diversity has been very much neglected in the leadership and management circles as a key competitiveness agent. The study therefore recommends that other institutions, especially those mandated to train leadership and management in PBOs, to include training on TMT diversity in conjunction with the already existing training on strategic leadership and strategic change which would enable their students to apply this knowledge hence foster success of PBOs in Kenya and expand their important functions within the country to reach even more Kenyans. Relatedly, the training institutions need to continually update their training curriculum to reflect changes occasioned by the macro environment.

The study further found that the macro environment has a moderating impact on the relationship between TMT diversity and PBOs performance. As observed in the study, macro environment is one of the most neglected areas of an organization where the study found that not many of the PBOs can frequently observe, predict and benefit from the environmental fluctuations as the organizations fail to monitor the macro environment and hence are unable to identify the benefits arising within the macro environment and are similarly unable to foretell the disadvantageous occurrences to expect. One of the key benefits of diverse TMT is the ability of the organization management to better align with the macro environment. The study therefore recommends that PBOs should invest more towards ensuring they are able to monitor their macro environment, one way of which is to enhance TMT diversity within their organizations.

The study further found that strategic leadership, and macro environment influence the relationship between TMT diversity and PBOs performance. From these findings, the study recommends that the PBOs seeking to engage TMT diversity as a strategic effort should ensure that they integrate strategic leadership and are bound to benefit from improved performance given that they operate within the right macro environment conditions. The study also recommends enhancement of the strategic leadership practices in PBOs so as to benefit from their adoption of diversified TMT. However, the study found that strategic change lacks intervening influence on the relationship between TMT diversity and PBO Performance, hence organizations should avoid integrating a lot of strategic change aspects within their TMT Diversity policies as it may not influence the performance realized from TMT Diversity adoption programs.

In summary, PBOs regulators should formulate policies supporting diversity and inclusion in an effort to promote growth of the sector due to its impact on national economic and social development. Public Benefit Organizations should adopt TMT diversity practices as a strategic effort to enhance performance both demographic and cognitive. Investing in strategic leadership development in light of unprecedented changes in PBOs and especially on TMTs could yield significant performance gains. Finally, TMTs role in constant alignment of the organization to its external environment is crucial in ensuring performance, growth and ultimate survival of PBOs and need to be equipped with the right tools, analytical models and frameworks

6.5 Limitations of the Study

Given the unique nature of performance measurement in PBOs, the study outcomes are unique to this context and may not fit the context of profit making corporates and businesses. The study is therefore limited in that it can only serve the PBO sector but though similar effect may be observed and applied for profit making businesses, parts of the findings such as coefficients of regression and other statistical values may differ for the case of profit making organizations, hence hampering the predictive ability of the study models within this atmosphere.

The study therefore suggests caution when choosing what can be generalized in other sectors outside the PBO sector and Kenya especially within practical application of the findings. However, the study has aspects that can be generalized within the purview of PBO sector in the region and beyond since it involved international and regional PBOs.

Another potential limitation in this study is the usage of a questionnaire-based method to indirectly measure the strategic change, strategic leadership, and macro environment models. The study took several measures to warrant a well-grounded measure for these models based on true content of real ratings of the respondents, with the conceptualization of different items gleaned from an extensive review of literature and through pilot tests with organization executives. This method allowed for realization of a quantitative approach hence expanding the applicable analytical models. However, the study suggests that future research seeking an exciting extension of this study would employ more direct methods that entails non-quantitative approach entailing the actual measurement of strategic change, strategic leadership and macro environment within organizations.

In conclusion, the study was confined to PBO sector and hence can be generalized within this context. There are limited similar research in the context for comparison of results. The study focused on large National and International PBOs and collected TMT data for the three top Managers. Lastly the study adopted paper questionnaire and therefore gathered from one respondent. However, the above limitations did not affect the robustness of the study and provides areas for future research.

6.6 Suggestions for Further Research

The study found that TMT diversity, strategic leadership, and macro environment have an impact on the performance of PBOs. However, the effect on performance observed in this model was observed to be very low (less than 20% ability to explain variances in performance, confirming that other factors explaining more than 80% of the variability were absent in this model), hence the study proposes that further studies should be done to bundle in TMT diversity with other factors such as macro environment, strategic leadership among others influencing PBO performance so as to comparatively assess its impact in comparison with other performance determinants.

Strategic change was found to have no intervening effect on the relationship between TMT diversity and PBO Performance. Given that TMT diversity is based on the strategic change concepts and that various researchers have observed conflicting findings to this outcome, the study proposes a further study within another context so as to confirm or otherwise amend these views regarding TMT diversity and Strategic Change relationship.

From a methodological perspective, the research focused on the TMT diversity of the top three managers of the PBOs. While this produced credible evidence on the impact of TMT diversity on performance, future research can either focus on the diversity of management boards or other senior management workgroups and teams. This provides further insights on the influence of TMT diversity on performance of PBOs.

The study observed that it has limitations in terms of context and scope (it was done in PBO sector that is unique – National and International PBOs) and location (Kenyan operating environment is very unique), hence the study suggests further research to be undertaken in varying sectors and sub-sectors. The study proposes further research to be undertaken targeting other sectors in Kenya especially the 'for profit business sector' so as to extend the study findings to this sector and allow practical applications within this sector. Relatedly future research can look into strategic management practises of community based and faith based organizations which are also dominant and plays crucial role in social and economic development. Further research should also be undertaken in other regions of the world to localize the findings and extend the study findings and test the models in varying environmental settings as a way of advancing theory and practise.

Based on the aforementioned the study suggest that future research can conceptualized differently. Strategic change can take any other role in the relationship TMT diversity and performance relationship. The current conceptualization can be studied in the corporate or public sector to confirm if the results can be sustained. Future studies can focus on diversity of Management Boards (Governance), Senior Management Workgroups or teams within organizations and cover larger team. Relatedly, the studies can cover other smaller PBOs. Lastly, case studies on a few PBOs involving more organizational stakeholders can be conducted to confirm or refute results.

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APPENDICES

Appendix I: Introduction Letter

Date……..

Dear Sir,

RE: REQUEST FOR PARTICIPATION IN DATA COLLECTION

My name is Gachugu Ehud M a PhD student from the University of Nairobi. I am in my research stage of my postgraduate studies. I am conducting a study on the influence of Strategic Change, Strategic Leadership and Macro Environment on the relationship of the Top Management Team (TMT) Diversity and Performance of Public Benefit Organizations in Kenya. Your institution has been sampled to participate in this undertaking and I would wish to request your participation in filing a short questionnaire for the study. Your feedback and views will help in compiling my research findings. The data collected is for academic research purposes only.

A questionnaire is attached which can take approximately 45 minutes of your time to complete. Your participation in this research will add value to a growing body of global empirical evidence on the performance of PBOs faced with TMT diversity. All responses received are anonymous and information collected will not be distributed to any other party.

Thank you for taking time to complete the questionnaire.

Yours Sincerely,

……..
Ehud Gachugu
PhD Candidate
University of Nairobi

Appendix II: Research Questionnaire

This questionnaire is designed to collect data on strategic change, strategic leadership and macro environment on the relationship of the top management team (TMT) diversity and performance of Public Benefit Organizations in Kenya. Kindly respond to all the questions honestly and to the best of your knowledge, the information will be used for academic purposes only and will be treated as confidential.

Section 1: Basic Information

1. What is your position in this Organization?

   ……..

2. Please indicate the range of years you have worked in your current position within the organization?

   Under 3 Years [ ]

   3-5 Years [ ]

   5-10 Years [ ]

   Above 10 Years [ ]

3. How long has your organization been in existence? _____ Years
4. How long has your organization been operating in Kenya? _____ Years

5. How would you describe your organization?

Local PBO [ ]

Local PBO with International Association [ ]

Local Organization of an International PBO [ ]

International PBO Based in Kenya [ ]

6. Which Sector(s) does your organization operate?

Strata	**Tick against the sector**
Agriculture	
Health	
Children and Youth development	
Education	
Training and Skills Development	
Environment and Economic Empowerment	
Others (Please indicate)	

Section 2: Top Management Team Diversity

7. Would you describe your top management team as being Diverse?

YES [ ] ; NO [ ]

8. Does your organization ensure diversity of top management team as a strategic effort?

YES [ ] ; NO [ ]

9. How is diversity in the top management team maintained within your organization?

……

……

……..

10. For each of the following members of the top management team, kindly provide the information requested in the questionnaire:

Position Holder	Gender	Age	Years of Service in the current Position in the Organization	Years of Service before joining the Organization	Highest Academic Qualification. E.g PhD, Masters, Undergraduate	Highest professional Qualification	Functional background with most experience E.g. Accounts	Years of International Experience	Nationality	Ethnicity
Executive Director										
Programmes Manager/Director										
Finance and Administration Manager										

11. In what ways have top management team diversity impacted the management of your organization?

……

……

……

Section 3: Performance

12. Kindly provide the requested information in the questionnaire:

Aspect	**Measure**	2011	2012	2013	2014	2015
What is the total amount of annual funding that you received in the last 5 years	Kshs					
How many implementing partners have you had for the last 5 years	No.					
What percentage of your employees have left your organization in the last 5 years	%					
What is your annual employees training and development costs as Percentage of Budget in the last 5 years	%					
What is the unit cost per employee on your annual expenditure for the last 5 years	Kshs					
What is the ratio of your ICT expenditure compared to your overall expenditure in the last 5 years?	%					
How many beneficiaries have directly benefited from your work in the last 5 years?	No.					
How many Environmental consideration initiatives does your organization implement?	No.					

13. Kindly fill the table below and provide the requested information on the organization performance in the last 5 years.

No	Statement	1	2	3	4	5
		0-3%	3-10%	10-20%	20-30%	Above 30%
1.	The revenue growth of the organization in the past five years lies between:					
2.	The number of community participation increased within the past five years by:					
3.	Money spent on providing aid and support in the past five years increased by:					
4.	Number of beneficiaries reporting an improvement in their quality of Life in the past one year lies between:					
5.	Number of donors involved in the project in percentage during the past five years increased by:					
6.	Number of employees within the organization increased by:					

14. To what extent would you agree to the statement that top management team diversity has greatly improved the performance of your organization?

    1. To no extent at all [ ]
    2. To a low Extent [ ]
    3. To a moderate extent [ ]
    4. To a great Extent [ ]
    5. To a very great Extent [ ]

Section 4: Strategic change

15. Please indicate the extent to which you agree with the following strategic change factors are observed in your organization on five point Likert scale where 1 = Not at all; 2 = Small Extent; 3= Fairly; 4 = Moderate Extent; and 5 = Great Extent as presented in the questionnaire.

No	Statement	1	2	3	4	5
		Not at all	**Small Extent**	**Fairly**	**Moderate Extent**	**Great Extent**
1.	We review our strategic plan every 5 years					
2.	Decision making at the organization is informed by strategies					
3.	Top Management Team are highly involved in strategy formulation, development and implementation					

No	Statement	1 Not at all	2 Small Extent	3 Fairly	4 Moderate Extent	5 Great Extent
4.	Our top management teams have an easy time conforming to newly created strategies					
5.	Our organization is able to implement new strategies seamlessly with guidance of the top management team					
6.	The top management team drives strategic decision making in our organization					
7.	Our strategic plan have been able to guide our organization into extensive development					
8.	There has been periodical improvements in our strategic planning over the years					
9.	The top management team ensures that are stakeholders are involved in strategy formulation and implementation					
10.	Our top management team are the leaders in creating reforms in					

No	Statement	1 Not at all	2 Small Extent	3 Fairly	4 Moderate Extent	5 Great Extent
	the organization					
11.	The reforms initiated by our top management teams has been successfully implemented					
12.	All the reforms initiated by our top management team has been successful in enhancing the organization performance					
13.	The organization vision has been derived from current strategic plan					
14.	Our vision has changed every time our strategic plan changes					
15.	Our top management team is required to be highly demographically diversified (i.e. by age, gender and ethnicity) by our strategic plan/policies					
16.	Our top management team is required to be highly functionally diversified (i.e. by level of education, experience					

No	Statement	1	2	3	4	5
		Not at all	Small Extent	Fairly	Moderate Extent	Great Extent
	and area of specialization) by our strategic plan/policies					

Section 5: Strategic Leadership

16. Please indicate on the scale provided below by ticking the extent to which the following statements about your top management especially the Chief Executive officer or executive Director: Great Extent=5, Moderate Extent=4, Fairly=3, Small Extent=2, Not at all=1

No	Statement	1	2	3	4	5
		Not at all	Small Extent	Fairly	Moderate Extent	Great Extent
1	To what extent does s/he make everyone around him/her enthusiastic about assignments					
2	To what extent do you have complete faith in him/her					
3	To what extent does he/she encourage you to express your ideas and opinions?					
4	To what extent is he an					

No	Statement	1 Not at all	2 Small Extent	3 Fairly	4 Moderate Extent	5 Great Extent
	inspiration to you					
5	To what extent does he inspire loyalty to him/herself					
6	To what extent does he/she inspire loyalty to the organization					
7	To what extent have His/her ideas forced you to rethink some of your own ideas, which you had never questioned before					
8	To what extent have he/she enabled you to think about old problems in new ways					
9	To what extent has he provided you with new ways of looking at things, which used to be a puzzle for you					
10	To what extent does he/she give personal attention to members who seem neglected					

No	Statement	1	2	3	4	5
		Not at all	Small Extent	Fairly	Moderate Extent	Great Extent
11	Finds out what I want and tries to help me get it					
12	To what extent can you count on him/her to express his/her appreciation when you do a good job					
13	To what extent does he/she tell you what to do if you want to be rewarded for your efforts					
14	To what extent do you have a close agreement between what you are expected to put into the group effort and what you can get out of it					
15	To what extent do you feel that, you can negotiate with him/her about what you can get from what you accomplish					
16	To what extent do you agree that he/she ask no more of					

No	Statement	1 Not at all	2 Small Extent	3 Fairly	4 Moderate Extent	5 Great Extent
	me than what is absolutely essential to get the work done					
17	To what extent do you agree that it is all right if you take initiatives but he/she does not encourage you to do so					
18	To what extent do you agree that he/she only tells you what you have to know to do your job					

Section 6: Macro Environment

a. Complexity

17. How frequently does your organization have to deal with the following issues?

Environmental Factors	Never	Rarely	Occasionally	Frequently	Always
Politically motivated legislation					
Inability to perform tasks due to technological incapacitation					
Complications in projects due to fluctuations in currency prices					
Complications due to lending					

rate and monetary inaccessibility					
Inability to work due to climatic and weather conditions					
Complications in projects due to a lack of a link to the social and cultural realm of the community					
Complications due to unattained government regulation					
Unnecessary Government regulations					
Excessive competition in the sector					
Extra competition due to new PBOs entering the sector					
High diversification of programmes and projects					
Existence of substitute services by other organizations					
Presence of high bargaining power of beneficiaries					
Geographical location of the Organization compared to other PBOs					
Local and regional labour and employment dynamics					

PBO Sector growth and sustainability					

b. Dynamism

18. To what extent is your organization able to predict the following issues?

Environmental Factors	Never	Rarely	Occasionally	Frequently	Always
Politically motivated legislation					
technological changes and development					
fluctuations in currency prices and rates					
lending rate and monetary values					
climatic and weather conditions					
social and cultural realm of the community					
Newly instituted government regulations or periodical changes					
competition in the sector					
New PBOs entering the sector					
High diversification of programmes and projects					
Existence of substitute services by other organizations					
Presence of high bargaining power of beneficiaries					

Geographical location of the Organization compared to other PBOs					
Local and regional labour and employment dynamics					
PBO Sector growth and sustainability					

c. Munificence

19. To what extent have the following business environmental factors being favourable to your organization?

Environmental Factors	Never	Rarely	Occasionally	Frequently	Always
Politically motivated legislation					
technological changes and development					
fluctuations in currency prices and rates					
lending rate and monetary values					
climatic and weather conditions					
social and cultural realm of the community					
Newly instituted government regulations or periodical changes					

competition in the sector					
New PBOs entering the sector					
High diversification of programmes and projects					
Existence of substitute services by other organizations					
Presence of high bargaining power of beneficiaries					
Geographical location of the Organization compared to other PBOs					
Local and regional labour and employment dynamics					
PBO Sector growth and sustainability					

THE END

Thank You for Participation

Appendix III: List of Public Benefit Organizations

S/N	PBO	Sector	Status
1	African Medical And Research Foundation	Health	International
2	African Population And Health Research Centre Kenya	Health	International
3	Family Health Options Kenya	Health	National
4	Maria Stoppes	Health	International
5	Kenya National Farmers Federation (KENAFF)	Agriculture	National
6	Kenya Community Based Health Financing Association	Health	National
7	Kenyamed Aid Funds For Promotion Of Natural Medicine In Kenya	Health	National
8	Matibabu Foundation	Health	National
9	Medical Assistance In Africa	Health	International
10	Pharmacess Foundation	Health	National
11	Oxfam GB	Health	International
12	Seas Of Life Missions Kenya	Health	International
13	Technology For Health In Africa(Weltel Africa)	Health	International
14	Touch A Life International	Health	International
15	Vijana Against Aids And Drug Abuse	Health	National
16	Willing Hearts International Society – Canada	Health	International
17	World Relief	Health	International
18	Olive Leaf Foundation	Health	National
19	Pangea Network	Health	International
20	Richard Leakey and Associates	Health	National
21	Save the Children (USA)	Health	International
22	Catholic Relief Services (CRS)	Health	International

S/N	PBO	Sector	Status
23	Clinton Health Access Initiative	Health	International
24	International Rescue Committee	Health	International
25	St. Johns Community Centre	Health	National
26	Kenyan-Heart National Foundation	Health	National
27	AMREF	Health	International
28	Liverpool VCT	Health	International
29	International Centre for Reproductive Health	Health	International
30	Action Aid International	Health	International
31	Medicin Sans Frontiers (Doctors Without Borders)	Health	International
32	Mothers 2 Mothers Kenya	Health	National
33	I Choose Life	Health	International
34	Ahadi Trust	Health	National
35	African Institute For Development Policy Research And Dialogue	Agriculture	International
36	Agricultural Growers Resource Organization Development Economic Viability	Agriculture	National
37	Co-Operative Housing Foundation (Chf) International	Agriculture	International
38	Farm Strategies Organization	Agriculture	National
39	Foundation For Sustainable Development-Kenya	Agriculture	National
40	Nomad Charities – Kenya Chapter	Agriculture	National
41	Pamoja Women Development Programme	Agriculture	National
42	Relief International – Kenya	Agriculture	International
43	The Samburu Project – Kenya	Agriculture	National
44	The Windle Charitable Trust	Agriculture	National
45	Veterinaries Sans Frontiers (Vsf)	Agriculture	International

S/N	PBO	Sector	Status
	Switzerland		
46	Water And Development (Maji Na Ufanisi)	Agriculture	National
47	Watershed Corp Kenya	Agriculture	National
48	Africa Harvest Biotech Foundation International	Agriculture	International
49	UNWFP	Agriculture	International
50	Alliance for a Green Revolution in Africa (AGRA) Kenya	Agriculture	International
51	Tegemeo Institute of Agricultural Policy and Development	Agriculture	National
52	One Acre Fund	Agriculture	International
53	Pathfinder International	Agriculture	International
54	Map International	Agriculture	International
55	ADEO (African Development and Emergency Organization)	Agriculture	International
56	Technoserve	Agriculture	International
57	International Livestock Research Institute (ILRI)	Agriculture	International
58	African Media Initiative	Education	International
59	Aviation Sans Frontieres – Belgium	Education	International
60	Global Deaf Connection /Kenya	Education	International
61	IPAS Africa Alliance	Education	International
62	Rattansi Education Trust	Education	National
63	Kenya Education Partnerships	Education	National
64	Kenya Education Project	Education	National
65	Refugee Education Trust- Kenya	Education	National
66	Tear Fund	Education	National
67	The Education Kenya International Fund	Education	International

S/N	PBO	Sector	Status
68	The Kenya Organisation For The Environmental Education	Education	National
69	The Turning Point Trust-Kenya	Education	National
70	Viafrica Kenya Foundation	Education	International
71	Watoto Education Initiative	Education	National
72	Ufadhili Trust	Education	National
73	Undugu Society Of Kenya	Education	National
74	Agha khan Foundation	Education	International
75	African Network For Internationalization Of Education	Training and Skills Development	International
76	Development Support Initiatives For Research And Education In Africa	Training and Skills Development	International
77	Development Training And Research Africa	Training and Skills Development	International
78	Global Coaching Centre Foundation	Training and Skills Development	International
79	FHI 360	Training and Skills Development	International
80	Institute For Enhancing Participatory Learning	Training and Skills Development	National
81	Kenya Enterprise Opportunity	Training and Skills Development	National
82	Noble Actions International Organization	Training and Skills Development	International
83	World Concern International	Training and Skills Development	International
84	Social Initiative For Development	Training and Skills Development	National
85	The Development Assistance For Rural Enterprise (Dare) Foundation	Training and Skills Development	National

S/N	PBO	Sector	Status
86	Ustadi Foundation	Training and Skills Development	National
87	Digital opportunity Trust (DOT)	Training and Skills Development	International
88	AVSI Foundation	Training and Skills Development	International
89	African Wildlife Foundation	Environment and Economic Empowerment	International
90	World Fair Trade Organisation	Environment and Economic Empowerment	International
91	East African Wildlife Society	Environment and Economic Empowerment	International
92	Haki Water Organization	Environment and Economic Empowerment	National
93	Horn of Africa Refugee Support Organization	Environment and Economic Empowerment	International
94	Islamic Relief-Kenya	Environment and Economic Empowerment	National
95	Joining Hands Together Africa	Environment and Economic Empowerment	International
96	Kickstart International Inc. Kenya	Environment and Economic Empowerment	International
97	Servant Leadership And Environmental Conservation International	Environment and Economic Empowerment	National
98	The Salvation Army Kenya	Environment and Economic Empowerment	International
99	Total Action Guild Of Kenya	Environment and Economic Empowerment	National
100	Upper Tana Environmental Conservation And Management Agency	Environment and Economic Empowerment	National

S/N	PBO	Sector	Status
101	Voluntary And Community Development Project	Environment and Economic Empowerment	National
102	Water For All Organization	Environment and Economic Empowerment	National
103	Water Organization Kenya	Environment and Economic Empowerment	National
104	Worldlife Foundation Kenya	Environment and Economic Empowerment	National
105	Support For Tropical Initiative In Poverty Alleviation	Environment and Economic Empowerment	National
106	Greenbelt Movement	Environment and Economic Empowerment	National
107	Nature Kenya	Environment and Economic Empowerment	National
108	Environmental Interaction Organization	Environment and Economic Empowerment	National
109	Concern Worldwide	Environment and Economic Empowerment	International
110	CARE	Environment and Economic Empowerment	International
111	World Vision International	Environment and Economic Empowerment	International
112	The African Centre for Climate Change and Environment Studies and Strategies	Environment and Economic Empowerment	International
113	Rhino Ark Charitable Trust	Environment and Economic Empowerment	National
114	Plan international	Environment and Economic Empowerment	International
115	Development Policy Management Forum	Environment and Economic Empowerment	National

S/N	PBO	Sector	Status
116	The African Conservation Foundation – Kenya	Environment and Economic Empowerment	International
117	ANPPCAN – Kenya African Network For The Prevention And Protection Against Child Abuse And Network	Children and Youth Development	National
118	Child Refuge Centres International	Children and Youth Development	International
119	African Youth Trust	Children and Youth Development	National
120	Girls Leading Our World Initiative	Children and Youth Development	National
121	Help A Child Africa	Children and Youth Development	International
122	Jitegemee Children Program	Children and Youth Development	National
123	Kibera Transformation And Development Programme	Children and Youth Development	National
124	Mercy Corps	Children and Youth Development	International
125	Mathare Youth Sports Association	Children and Youth Development	National
126	Goal Kenya	Children and Youth Development	International
127	Skills Active Forward Kenya	Children and Youth Development	National
128	Teach A Child Africa-Kenya Chapter	Children and Youth Development	International
129	Upendo Children's Development Organization	Children and Youth Development	National
130	Vision Africa Give A Child A Future	Children and Youth Development	National

S/N	PBO	Sector	Status
131	Youth Agenda	Children and Youth Development	National
132	Youth Alive! Kenya	Children and Youth Development	National
133	Youth Net Africa	Children and Youth Development	National
134	Lifeskills Promoters	Children and Youth Development	National
135	Youth Support-Kenya	Children and Youth Development	National
136	Save the Children	Children and Youth Development	International
137	Moraa New Hope Foundation	Children and Youth Development	National
138	Arise Child Development Organization	Children and Youth Development	National

Source: NGO Co-ordination Board (2016)