Top Management Demographics and Performance: An Empirical Investigation of Kenyan State Corporations

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Abstract

The study investigated the influence of top management demographics on the performance of Kenyan state corporations. Through a cross sectional descriptive survey, data was obtained from 96 Kenyan state corporations using a semi-structured questionnaire and analyzed using both descriptive and inferential statistics. The study findings indicated that top management demographics had a statistically significant influence on the performance of Kenyan state corporations. The study contributes to the upper echelons theory and resource based theory. Policy makers will also benefit in ensuring that the aspects of top management demographics are properly mainstreamed in order to achieve high organizational performance. Managers who are in charge of attracting the top management teams in organizations will benefit in understanding the importance of having top managers with the right demographics in order to drive strategy. Based on the limitations of the study, areas for future research have been highlighted.

Keywords: Top Management Demographics, Performance, Kenyan State Corporations

1. Introduction

For many years, both researchers and practitioners have attempted to learn why some organizations achieve high levels of performance than others (Ogollah, Bolo and Ogutu, 2011). Research in strategic management over the years has confirmed that success of organizations seldom depends upon a single factor but several such as top management demographics. There has not been consensus in literature as to the contribution of top management demographics to organizational performance or which top management demographics result to better performance than others. Some researchers have reported that top management demographics enhance organizational performance while others have argued that for top management demographics to influence performance, they have to be intervened by other factors. Other researchers (Jehn and Bezrukova, 2004) have further argued that variations in some of the top management demographics like the level of education, age and gender brings about fragmentation within top management and this may negatively affect performance.

The interface of top management demographics and organizational performance is anchored on the upper echelons theory (Hambrick and Mason, 1984) and the Resource Based Theory (RBT) (Penrose, 1959; Wernerfelt 1984). The key postulations of the upper echelons theory is that organizational outcomes, strategic choices adopted by organizations and the performance levels of organizations are partially predicted by management background characteristics which include age, education , relevant experience, functional background, gender and tenure in the organization. The theory argues that Top Management Teams (TMTs) in organizations are very critical because they are the ones who are expected to develop strategies that align their organizations to the environment (Pearce et al, 2012) in order to remain competitive. The way in which TMTs perceive and interpret the happenings in the environment influences the strategic propositions they make hence affecting the strategic positions adopted by organizations. This consequently influences organizational performance. RBT argues that the resources that organizations possess are the primary source of performance. RBT postulates that human resources, though not tangible, can be a source of competitive advantage.

The major concern of organizations, whether public, private, for profit or not for profit has been how to achieve stellar performance. The influence of top management teams' demographics on organizational performance remains one of the most widely studied relationships in strategic management. The prominence of this research reflects the

importance ascribed to TMT characteristics by the academic community. Organizational performance, which is the ultimate for any organization, is a reflection of the top management characteristics (Amason and Sapienza, 1997; Hambrick, 2007) which include top managers' demographics which consists of, age, tenure, education, functional background, experience and gender. Literature has proven that top management demographics influence performance (Nielsen and Nielsen, 2013; Horwitz, 2005; Certo et al, 2006).

Kenyan state corporations (SCs) occupy an important position in the delivery of government's agenda of bringing about socio-economic development to her citizens as envisaged by the constitution of Kenya (2010).The constitution of Kenya bestows the responsibility of the well-being of Kenyan citizens on the Government of Kenya (GoK). In order to achieve this obligation, the GoK has created state corporations (SCs) also referred to as parastatals, as the vehicles towards meeting the social and economic needs of its citizens. This is the reason why their performance has continued to attract attention to both private and public sector and the public at large.

Kenyan SCs therefore hold the key to the success of implementing important government programs that help achieve the set objectives. However, over the years, the performance of state corporations has been wanting. Some of the SCs have continuously underperformed hence exposing the successful implementation of government's programs. Concerns over the performance of Kenyan State Corporations (SCs) have been growing over time (Kobia and Mohamed, 2006) because of the position they hold in the country's socio-economic development agenda.

According to the Presidential Task Force on Parastatal Reforms (PTPR) (2013), TMT demographics may have a direct impact on the performance of SCs. However, since different SCs have varied TMTs demographics, they may adopt different dimensions of strategic decision making thus creating variation in organizational performance. SCs have continued to underperform because of the lack of a government policy that properly defines the demographics required for TMTs in SCs. This has led to some SCs not having TMTs with the right demographics (GOK, 2013). This was singled out as one of the main reasons why majority of the state corporations have continued to underperform.

There has been a variation in performance of SCs (GoK, 2012). Centre for Governance and Development (CGD), (2010) posits that while some have performed well, others have continuously performed dismally forcing the government to continuously bail them out thus causing a drain on the exchanger. The task of managing SCs resources is bestowed on the top managers of individual SCs. The selection and identification of managers with the right demographics for specific SCs has been a factor that has influenced their performance (PTRP, 2013). Some managers have been argued to lack proper attributes that can enable the adaptation of proper SDM that have a positive influence on performance. They have been linked to the failure of SCs in aligning themselves to the ever dynamic external environment.

There is empirical evidence from previous studies on the relationship between top management demographics and organizational performance (Hambrick and Mason, 1984; Finkelstein, Donald and Hambrick, 1990). There exists a lot of literature on the influence of the top management demographics and organizational performance. Some researchers argue that top management demographics influence performance positively (Dezso and Ross, 2012; Marimuthu and Kolandaismy, 2009; Finkelstein and Hambrick, 1996; Cohen and Bailey, 1997). Others have argued that the diversity in top management demographics may bring about conflict and team fragmentation (Jehn and Bezrukova, 2004; Buyl, Boone, Hendricks and Matthyssens, 2011) hence influencing performance negatively. Secondly, there has been no consensus on which demographics have more influence on performance than others. Furthermore, most of the studies have only looked at one or two aspects of demographics and their influence on performance. There was therefore need to establish if indeed top management demographics influence performance.

Studies done in Kenya on the influence of top management demographics and organizational performance (Irungu, 2007; Kinuu, 2014; Mutuku, 2012) have reported findings with mixed conclusions because they were set in different contexts and adopted varied conceptualizations. The results cannot be generalized to Kenyan State Corporations. Other studies on Kenyan SCs including Gachunga (2010), Musangi, (2013), Okwiri (2010) and Odundo (2012) focused on different variables from the ones in the current study. It is evident from empirical studies that both contextual and conceptual gaps exist that this study seeks to address. The objective of this study was, therefore, to establish the influence of top management demographics on the performance of Kenyan state corporations.

To achieve the study objective, the paper is organized in such a way that provides a logical flow of content. The introduction discusses both conceptual and contextual issues that form the motivation for the study where the research gap and study objective are articulated and formulated respectively. A review of theoretical, conceptual and empirical literature is then presented followed by the study methodology. This is followed by the presentation of the study findings, which are then discussed within the context of theory and empirical literature. Based on the summary

of the key findings a conclusion is drawn and implications of the study to theory, policy and practice are discussed. Lastly, attendant limitations of the study are presented and discussed as well as suggestions for further research.

2. Review of Literature

2.1 Theoretical Perspectives

Top management demographics, which was the independent variable of this study is anchored on the upper echelons theory. The upper echelons theory was developed by Hambrick and Mason (1984). This theory provided a framework within which the role of TMT demographics in influencing organizational outcomes can be interpreted. The key postulation of the upper echelons theory is that organizational outcomes and strategic choices are partially predicted by top management demographics. It suggests that managerial choices are not always following rational motives but are to a large extent influenced by the natural limitations of managers as human beings (Nielsen, 2010; Usdiken, 1992; Liang, Ndofor, Priem and Picken, 2010).

According to this theory, top management demographics include age, education, functional background and financial positions. Other researchers have also included tenure (Nielson and Nielsen, 2013) and gender (Marimuthu and Kolandaisamy, 2009) as part of what comprises top management demographics. The proponents of the upper echelons theory posit that firms with younger managers were inclined to make risky strategies than those with older managers and that, organizations with younger managers were able to experience growth and profitability. This position was supported by other researchers who argued that young managers tended to be related to organizational performance due to the fact that they were receptive to change (Hambrick 1994; Tihanyi, Ellstrand, Daily and Dalton, 2000). The proposition on functional background argues that each TMT brings to his/her job the expertise they have acquired in a specific functional area and this has an influence on developing strategies for growth (Certo, Lester, Dalton, and Dalton, 2006) and hence influencing performance positively.

The theory also developed the proposition that long tenured TMTs seemed to bend towards status quo and would be reluctant to implement change strategies (Michael and Hambrick, 1992; Nielsen, 2010; Horwitz', 2005). An organization that has TMT with diverse tenure, benefits from the different experiences and perspectives brought by the individual TMTs and this positively affects performance. On education, the theory argued that education indicates a person's knowledge and skill base and was the foundation of understanding the organizational goals among TMTs. The theory brought a proposition that the amount of formal education of a TMT influenced performance specifically in relation to innovation but had no influence on the average organizational performance.

The propositions by the upper echelons theory have brought forth significant literature in the research of the role of TMTs and organizational performance. TMTs are critical in any organization (Kinuu, Murgor, Ongeti, Letting and Aosa, 2012; Zenger and Lawrence, 1989). Owners of organizations bestow the responsibility of utilizing resources in a way that they will enable the organizations achieve good performance. They, therefore, form the core of organizational success because they play a key role in developing strategies which is important for the survival of organizations. It is the responsibility of TMT to redirect and align their organizations to the environment (Miles and Snow, 1978) in order to be able to respond to the needs of the ever changing environment. Seemingly, the theory still requires empirical data especially in different contexts.

Resources of the firm are the foundation for its long-term strategy because they provide the basic direction for a firm's strategy and they are the primary source of profit. The RBT postulates that resources possessed by a firm yield significant influence on performance (Wernerfelt, 1984; Penrose, 1959). It argues that organizations should inside themselves to find sources of competitive advantage. This way, organizations will use the internal resources to exploit external opportunities.

Although human resources do not find themselves on financial statements they are one of the most valuable resources of an organization. Notably, organizations do not own human resources meaning that staff/employees can easily move from one organization to another. Conversely, RBT posits that organizations that are able to attract high level skills and expertise from their managers tend to outperform others .Managers are therefore critical in yielding stellar performance of organizations. This theory guided the conceptualization of top management demographics influence on firm performance in this study.

2.2 Top Management Demographics

The upper echelons theory (Hambrick and Mason, 1984) defines top management demographics as unique personal traits or attributes ascribed to individual managers, innate or learned, observable or cognitive and are indicators of givens that they bring to administrative situations (Knight, Pearce, Smith, Olian, Sims, Smith and Flood, 1999). Over time, there have been studies confirming, refuting and refining and characteristics of TMTs and their influence on

performance. They include age, gender, previous experiences, functional background, ethnic diversity and education.

The extent to which a member of TMT has certain demographic characteristics predicts his/her perspectives and interpretations. An individual's age influences strategic decision making (SDM) perspectives and choices and affects flexibility, rigidity and confidence (Wiersema and Bantel, 1993). In essence, age is an important demographic variable that helps to predict an individual's non-work related experience and its diversity within an organization increases the variety of perspectives on strategic issues facing a firm, thus stimulating the consideration of change. An organization that has a top management team with diverse age benefits form greater variance in ideas, creativity and innovation thus generating better group performance.

Gender diversity in top management is the mix of both men and women in top management teams. It has been argued in that gender diversity in top management influences organizational performance positively (Dezso and Ross, 2012; Zenger and Lawrence, 1989).This is because gender diversity brings about informational and social diversity benefits on the TMT and enriches the behaviors exhibited by managers. However, other studies have also argued that gender diversity brings with it ultra-group conflict (Pelled, 1996; Tsui and O'Reilly, 1989) which affects team work among the TMTs hence influencing performance negatively.

Education levels of TMTs are associated with capacity for information processing and ability to discriminate among a variety of stimuli (Horwitz, 2005). It is an indicator of their knowledge, skills and capability. Educated individuals are likely to engage in boundary spanning, tolerate ambiguity and show ability for integrative complexity .Education levels and specialization levels have further been associated with receptivity to innovation and reflect an individual's cognitive style and personality and is related to actual work group performances.

Functional background refers to an employee's work specialization and depth of relevant knowledge in specific area such as finance; marketing and logistics (Bunderson, 2003). Expertise and knowledge are therefore major sources of effectiveness. Employing functional expertise is efficient because organizations structure functional groupings to carry out business operations. The functional backgrounds of the TMTs build competence and bring together diverse knowledge domains. Managers who are well versed with their functional backgrounds are able to develop more dense connections and stimulate exchange within the top management.

2.3 Organizational Performance

Performance is the ability of an object to produce results in a dimension determined in relation to a target (Javier, 2002). It relates to efficiency and effectiveness of the firm (Machuki and Aosa, 2011). Organizational performance is an important if not the most important construct in strategic management research (Combs, Crook and Shook, 2005) and remains a recurrent theme of great interest to both academic scholars and practicing managers (Venkatraman and Ramanujam, 1986). The special focus on performance differentiates strategic management from other fields. The core of strategic management research is to increase understanding about determinants of organizational performance and explain how managers can create superior performance. In the wake of numerous corporate scandals, the need to improve organizational performance has garnered much attention from business practitioners and academics alike.

One of the greatest debates in strategic research has been: what brings variations in performance between organizations? There is no one answer to this question, but one of the critical reasons why there is variation in performance is the indicators used to measure organizational performance. These indicators vary and largely depend on the core business of the organization and rationale for its existence. Therefore organizations from different sectors of the economy will measure performance differently and this will result to variations in performance. Another reason could be the manner in which an organization is able to configure and apply its internal resources and capabilities (Wernerfelt, 1984; Penrose, 1959) and how well an organization can create a fit with its environment.

The measurement of organizational performance has received considerable attention. In order for organizations to properly measure their performance, there is need to redesign their measurement systems to ensure that they reflect their current environment and strategies. An appropriate performance management system ensures that actions are aligned to the strategies developed by organizations. Despite the focus on performance, measurement of the same is yet to receive consensus among practitioners and researchers. This is partly because performance is a multidimensional and multifaceted construct. The way in which performance measurement systems are used can differ widely depending on their application. Hubbard (2009) posits that measuring organizational performance is difficult, especially when what has to be measured keeps changing. Nonetheless, a pattern of evolution of measuring can be noted.

Traditionally, performance was measured using financial indicators only (March and Sutton, 1997). Due to the separation between management and ownership, measures of return on investment were applied so that owners could

monitor the performance that managers were achieving. This was largely financial. However, financial indicators of performance give inadequate and sometimes inaccurate perspective of firms' status. Consequently today, with increasing interest in performance of firms by social and environmental activities, dimensions of performance measurement such as sustainable balanced score card (BSC) (Kaplan and Norton, 1992), triple bottom line (TBL) (Elkington, 1997) and the sustainable balanced score card (SBSC) (Yongvanich and Guthrie, 2006) are now being used. This is because of a growing realization that the traditional performance measures were no longer sufficient to manage organizations competing in modern markets. This notwithstanding, challenges still exist quantifying the non-financial indicators.

With more demanding customers and more competitive markets came the need for greater responsiveness and external focus for activities. The BSC provides a multifaceted view of an organization's performance. It balances financial measures with customer satisfaction, internal processes and organizations' innovation and improvement activities. The reasons why the executives are adapting the BSC is that they now recognize the value of demonstrating transparency and accountability in ways that extend beyond the use of traditional financial performance measures. This trend is a consequence of increasing expectations for organizations to take greater responsibility for their non- financial impacts on the world.

The Triple Bottom Line (TBL) is based on the stakeholder theory which assesses organizational performance against the expectations of a wider and a variety of stakeholder groups that have particular interest in the effects of the organization's activities than the BSC. The argument of the TBL is that organizations were responsible for more than just creating economic value. Thus, a firm should measure its performance in relation to stakeholders including local communities and governments not just those stakeholders with whom it has direct transactional relationships like employees, suppliers and customers. The sustainable balanced score card (SBSC) (Yongvanich and Guthrie, 2006) introduced social and environmental issues in the existing BSC. It thus incorporated both the BSC and TBL frameworks.

Strategic management scholars are interested in finding out which aspects or issues influence performance and with what magnitude. Top management demographics influence strategic decision making in top Management (Horwitz, 2005) and positively contribute to firm performance (Amason, 1996; Amason and Sapienza, 1997). Researches in strategic management have varied arguments on what really influences performance. The demographics that the TMTs of organizations possess may influence performance. This is because demographics influence the way the TMTs will perceive the environment and the way the TMTs perceive the environment has an impact on the nature SDM adopted by organizations which in turn affect organizational performance.

2.4 Top Management Demographics and Organizational Performance

Organizational performance is a reflection of the demographics and actions of managers who are central to the organization (Nielson, 2010; Kinuu et al, 2012). Top management demographics influence the decisions that they make and therefore the actions adopted by organizations that they lead. This occurs because demographic characteristics are associated with many cognitive bases, values, perceptions and rationality that influence the decision making of the managers. Top management demographics such as age, gender, education, tenure, experience and functional background, are believed to influence organizational performance.

Various researchers in strategic management have established varied findings on the influence of age of top management on organizational performance. For instance, age enhances the frequency of communication in a wider range of perspectives and experiences among members of work teams; (Zenger and Lawrence, 1989; Tihanyi et al, 2000) and was related to performance in organizations. The age of top managers influences the nature of strategic decisions that they make. Younger managers have been argued to be inclined to more aggressive strategies (Hambrick, 1994) which call for comprehensiveness of the strategic decision making process. This position has been supported by the propositions by the upper echelons theory which posits that organizations with younger managers adapt risky strategies and thus experiences growth than those that only have older TMTs.

Conversely, age has also been argued as having a negative influence on team performance (O'Reilly, et al 1989; Tsui and O'Reilly, 1989) and was found to have a negative relationship with Strategic Choice which affects performance negatively. This is especially where there were big age differences within the TMTs. there is no agreement on the influence of age on organizational performance.

Diversity in educational backgrounds has a positive impact on team performance because educated individuals have been argued to be able to tolerate ambiguity and show better ability of being able to integrate and deal with complex matters (Jehn and Bezrukova, 2004). This is because diverse educational backgrounds bring with it the strategies of

different experiences and strategic positives of individual managers. A person's education can be a significant indicator of their knowledge, skills and capability and also an indicator of a person's cognitive preferences. Every member of a TMT brings to his/her job and to the entire organization an orientation that has usually developed from experience in a particular functional area.

However, different educational backgrounds can also negatively affect team performance (Cohen and Bailey, 1997; Knight et al, 1999) and can lead to an increase in task oriented debates among work teams hence reducing consensus in top management teams. This argument seems to suggest heterogeneous educational backgrounds tend to increase the level of discomfort and conflict that may lead to decreased social integration in teams. However, education background of TMTs alone cannot influence performance positively. Jehn, Northcraft and Neale (1999) argues that this relationship entirely depends on how well managers understand the environment in which the organization operates, and more importantly, how well they can be able to use their education to develop strategies that would bring about a proper match with customer needs. Seemingly, there is no clear consensus among the researchers in strategic management as to how the educational backgrounds of TMTs influence organizational performance.

Similarly, arguments are varied in literature on the influence of functional background of TMTs on performance. Functional background is the experience that TMTs bring to the organization. The expertise of team members has been found to be positively related to team efficiency and effectiveness (Certo et al, 2006) which stimulates effective decision making and hence organizational performance. This is because organizations are divided into functional groupings (departments), structurally diverse teams have a large pool of perspectives and skills and non-overlapping knowledge at their disposal. Therefore, it is expected that when a TMT of an organization has an experience on how to develop products in their functional area, then this would be associated with growth.

Conversely, it has also been argued that functional diversity provokes team fragmentation and complicates internal communication (Ancona and Caldwell, 1992; Buyl et al (2011) which results in team members not having shared understanding of tasks and hence affecting performance negatively. The effect of tenure of top management on performance has been largely inconclusive. Some researchers have argued that work teams with homogenous organizational tenure tend to have a high level of team cohesion and social integration (Michel and Hambrick, 1992; O'Reilly, Caldwell, and Barnett, 1989) and such a team brings diverse experiences and are more receptive to change hence creating an impetus for organizational flexibility and strategic changes. This diversity comes with varied perspectives among members hence becomes easy to build consensus among TMTs leading to good performance.

Other researchers have argued that organizational tenure diversity lowered team cohesion, reduces open communications among members and lowers organizational performance (O' Reilly et al, 1993). On the same breadth, teams with lengthy and homogenous tenure increases reluctance to organizational changes and innovations while maintaining the status quo and were unwilling to make strategic changes. This may affect performance negatively. This supports the proposition by the upper echelons theory that long tenure was negatively related to strategic choices that involved change and that long tenured TMTs resist change and opt for status quo.

Arguments on the influence of gender diversity on organizational performance have equally been varied. For instance, there has been an argument that gender diversity in top management teams improves task performance, information processing and decision making which leads to better organizational performance (Certo, et al., 2003). Other studies have argued that gender diversity may also impact social cohesion negatively which in turn affects employee satisfaction and eventually organizational performance (Tsui et al, 1991). It has also been argued that there is no correlation between diversity and performance. Marimuthu and Kolandaismy (2009) argued that although there was women involvement at corporate level (TMT) in large firms, they were unable to impact on organizational performance. Dezso and Ross (2012) argued that female representation in TMT improves firm performance but only to the extent that firm's strategy focused on innovation. There is notably no agreement as to the contribution of gender diversity of top managers on organizational performance. Consensus on which combination of demographics lead to stellar performance is yet to be arrived at and it is an area that will continue to draw the attention of researchers due to the critical role that TMT's demographics play in shaping the competitive future of organization. It can, therefore, be posited thus: *Top management demographics have a significant influence on organizational performance of Kenyan state corporations.*

3. Methodology

3.1 Study Design

This study adopted descriptive cross-sectional survey research design. This design was appropriate because the study sought to establish relationships among variables at only one point in time and data was collected across a large

number of organizations at one point in time. Cooper and Schindler (2006) posit that cross sectional studies are carried out once and represent a snap shot of one point in time. In a descriptive cross sectional survey either the entire population or a subset thereof is selected, and from these individuals data are collected to help answer the research question of interest.

Descriptive cross sectional surveys help a researcher to establish whether significant associations among variables exist at some point in time (Cooper and Schindler, 2006; Nachmias and Nachmias, 2004). This study set out to establish the relationships between top management demographics and performance of Kenyan state corporations. This design was used successfully by other researchers Aosa (1992), Munyoki (2007), Ongore (2011) and Irungu (2007) to test hypotheses and draw conclusions.

3.2 Population and Sample Design

The target population for this study was all Kenyan State Corporations. According to SCAC (2013) Kenya had a total of one hundred and eighty seven (187) SCs spread across eighteen (18) government ministries as a 30th June 2013. SCs are broadly classified as commercial and non-commercial and narrowly classified in their functional categories which include financial, commercial/manufacturing, regulatory, public universities, training and research, service, regional development authorities and tertiary education. According to the PTPR (2013), seventy (70) SCs had been earmarked for either dissolution or merger, and the process of had already commenced when data collection of this study was on course. The seventy (70) State Corporations were therefore eliminated from the study population of one hundred and eighty seven (187). Consequently, the study was carried out on the one hundred and seventeen (117) SCs that were not affected by this exercise.

Through criterion sampling, the one hundred and seventeen (117) SCs which were not affected by the restructuring exercise. Criterion sampling involves selecting a sample using specific criteria that has been set by the researcher (Patton, 2005). It deals with the identification of particular criterion of importance, articulation of these criterion and systematic reviews and study of cases that meet the set criterion. This sampling was relevant for the study because it is purposive and it is intended to compare relevant data from specific SCs.

3.3 Data Collection

This study relied on primary and secondary data to reinforce each other (Stiles and Taylor, 2001). Primary data was collected using a semi-structured questionnaire with items on 5-point likert scale. The study's key target respondents were the heads of the human resource departments, company secretaries or the heads of the corporate planning departments because they had the information that was relevant to this study. Secondary data on performance was collected from annual performance contract reports for SCs for the five performance contracting cycles of 2008/2009, 2009/2010, 2010/2011, 2011/2012 and 2012/2013. An average was determined to take of any variability over time due to exogenous factors.

3.4 Operationalization of Study Variables

Operationalization of study variable was done to facilitate reduction of abstract notions of constructs into observable characteristics that can be measured (Sekaran, 2000) and the testing of the relationship between the variables of study. The independent variable of the study was top management demographics. They were classified based on the upper echelon's theory (Hambrick and Mason, 1984; Knight et al, 1999; Pelled, 1996; Tsui and O'reilly, 1989). Performance was operationalized according to performance contracting guidelines (GoK 2008/09; GoK 2009/10; GoK 2010/11; GoK 2011/12; GoK 2012/13) issued by the performance contracting department in the Ministry of Planning and Devolution. Performance contracting guidelines borrow heavily from the balance score card (BSC) by Kaplan and Norton (1992) because it has both financial and non-financial indicators. According to the performance contracting guidelines, there are six broad areas of performance that are measured. These include finance and stewardship, non-financial, operations, dynamic/qualitative, service delivery and corruption eradication. Each of these indicators is scored and a raw score is derived. The raw score for all the indicators are then put together to produce the composite score for performance for each Kenyan SC. It is this composite score that was used in the study.

3.5 Analytical Model

Data was analyzed using descriptive and inferential statistics. Descriptive statistics (mean, frequencies, percentages, and coefficients of variation (CV)) were used to evaluate manifestation of the variables and their variations in the organizations. Simple and multiple regressions were used to evaluate the influence of top management demographics on performance of SCs. To establish the influence of top management demographics on organizational performance, the following regression equation was used:

$Y = f$ (Top Management Demographics)

$Y = \beta_0 + \beta_{11}X_{11} + \beta_{12}X_{12} + \beta_{13}X_{13} + \beta_{14}X_{14} + \beta_{15}X_{15} + \beta_{16}X_{16} + \varepsilon$

Where Y = Organizational performance

X_{11}, X_{12}, X_{13}, X_{14}, X_{15}, X_{16}, = age, functional background, tenure, experience, gender and education.

β_0 = Constant

β_1, β_2, β_3, β_4, β_5, β_6, β_7 = coefficients

ε = Error term

4. Findings and Discussion

4.1 Organizational Demographics

Out of the targeted 117 state corporations all of which were served with the questionnaire, ninety six (96) of them filled and returned the questionnaires representing a response rate of eighty two percent (82). This response rate was considered adequate for analysis. According to Awino (2011), a response rate of 65 percent is acceptable for such studies. The study rate was adequate and compares to other studies on the relationship between top management demographics and performance. It was established that 62 percent of state corporations had been in operation for more than 24 years while 68.4 percent were categorized as non-commercial. Notably most of the state corporations operated within Kenya and 79.6 percent were fully owned by GoK as at the time of the study.

For the purpose of this study, top management was defined to include all managers from the level of heads of departments to the chief executive officer/managing director/director general or equivalent. In this study, top management demographics were operationalized along the works of Hambrick and Mason (1984); Mutuku (2012); and Nielsen (2010) as age, education, tenure, experience, gender and functional background of TMTs.

In order to capture data on the various Top Management Demographics, statements were developed and presented on a 5-point likert scale and the respondents were requested to indicate the extent to which the statements were applicable in their organizations. In some instances, the respondents were asked to state absolute figures/numbers .The findings for each of the top management demographic are presented in the subsequent subsections.

From the 96 SCs studied, there were a total of 1844 top managers. Out of these, 61.6 percent (1136) were men and 38.39 percent (708) were women. This was an indication that the 30 percent gender rule in Kenyan public sector had been adhered to by the SCs albeit by a small margin. Most of the SCs had top managers within the age bracket 41-45 (26.34 percent), 46-50 (27.05 percent) and above 50 (23.94 percent). The age bracket of 30-40 years formed only 22 percent of the total TMTs in SCs. This showed that 85 percent of all top managers in SC studied were within the active age of between 30-50 years. This is an indication that SCs had active managers. However, top managers within the age bracket 30-40 was low and needed to be enhance for proper succession planning.

The study established that 92 percent of the top managers in the SCs studied had the level of education of a bachelor's degree and Master's degree and 5 percent had PhD. This means that in total, 97 percent of the top managers a bachelor's degree and above. This was a clear indication that education levels of TMTs were considered as important and most of the top managers were well educated.

In order for managers to manage and provide leadership in a given functional area, it is important to have requisite expertise in the given field because they are able to build competences in those functional areas and organizations benefit from the information base that each member of the TMT brings to the organization. Based on this assumption the current study sought to evaluate the extent to which consideration of functional experience was important in TMTs. Functional background was operationalized as the level of expertise that was possessed by the TMTs in SCs (Buyl et al, 2011). There was moderately high ranking with respect to experience of top managers in Kenyan state corporations (Mean scores above 3.0 for most of the functional background descriptions). Highest variations (CV=0.44) were reported for the statement that functional skills of a manager are considered during the strategic decision making process. Conversely, the lowest variations (CV=0.26) were noted on the statement that previous experience has been considered during the recruitment exercise of top managers.

The period (number of years) that a top manager has taken in an organization can influence performance. The study set to .establish the importance of tenure as a demographic characteristic in SCs. Tenure in the study was defined as the number of years a top manager had stayed in a given organization (Nielsen, 2012). There was moderately low ranking with respect to tenure of top managers in Kenyan state corporations (Mean scores below 3.0 for most of the

tenure descriptions). Variations were also noted in most responses with the highest variations (CV=0.55) reported on the statement that there are clear guidelines that define the tenure of top managers in our organization. The lowest variation (CV=0.44) was noted on the responses for the statement that the ability to adapt to new ideas in the organization is a reflection of the length of service of the managers.

The performance of organizations continues to draw interest in strategic management research because it is the optima for any organization. The measurement of organizational performance varies from organization to organization. This is because performance is multi-dimensional (Hubbard, 2009). For years, the measurement of performance concentrated on financial indicators, but this has changed and now includes both Financial and non-financial indicators. Kaplan and Norton (1992) introduced the balance score card which has both financial and non-financial indicators after realization that even the non-financial indicators like internal and external stakeholders of an organization play a critical part in influencing organizational performance. This model of measurement has been replicated world over due to the benefits that it brings to organization.

Performance guidelines require all SCs and other state organs to negotiate performance targets at the beginning of every financial year. This is followed by the signing of performance contracts which have targets and weights attached to them. Performance is then monitored by the use of quarterly reports to the department of performance contracting in the ministry of Planning and Devolution then an annual evaluation follows at the end of the year. This evaluation uses the weights attached to each of the negotiated performance targets.

The targets include Finance and stewardship which deal with how well an organization has attracted additional revenue and how well it has utilized its resources; non-financial indicators which mainly deal with compliance matters; operations targets that are specific to the mandate of the organization; dynamic/ qualitative indicators that deal with mainly employee matters ; service delivery and corruption eradication. Each of the targets is evaluated and a raw score derived. In order to ascertain the performance for each SC, a composite score is calculated from the raw scores using the performance contracting tool. SCs are then ranked using the composite scores. These are the results that would be announced at the end of each financial year.

The composite scores for the SCs and their rankings were obtained from the performance contracting department and their means compared. Kenyan SCs' performance is rated on a scale of 1.00 to 5.00 where 1.00 represents excellent and 5.00 represents "Zero" achievement and below or poor. A composite score of between 1 and 2.4 is excellent, 2.4 and 3 is very good, 3.0 and 3.6 is good, 3.6 and 4.0 is fair and 4.0 and 5.0 is poor (GoK, 2010). The performance mean scores ranged between 2.476 and 2.876 in the financial years 2008/09 to 2012/13. This indicates that performance of these organizations was significantly very good across the years.

4.2 Top Management Demographics and Performance

The objective of the study was to establish the influence of top management demographics on the performance of Kenyan SCs. Top management demographics were operationalized in the study as attributes ascribed to individual managers. They include age, education, functional background, tenure, gender and experience (Hambrick and Mason, 1984). Empirical and conceptual literature on this relationship exists. Studies on these two constructs present lack of agreement among researchers.

Some have argued that top management demographics positively influence organizational performance while other studies have argued that some of the top management demographics like diversity in age, education and functional background affect performance negatively. It is along this evidence that the current study sought to establish the influence of top management demographics on the performance of Kenyan SCs. These attributes of top managers were evaluated with reference to top managers in the state corporations who were defined as heads of department, executive directors, chief executive officers/ Managing Directors.

Performance scores for the SCs studied was obtained as a composite score from the performance contracting evaluation reports from the performance contracting department in the Ministry of planning and devolution for the five year period from 2008/2009 to 2012/13 financial year. The composite include both financial and non-financial measures of performance.

In order to achieve the study objective, a corresponding hypothesis *H: Top management demographics have a significant influence on the performance of Kenyan state corporations* was stated and tested. First the independent influence of top management demographics on performance was tested and followed by the combined influence of the top management. Tables 1 and 2 present the study results.

Table 1. Independent effects of top management demographics on performance

Model Summary

Model 1	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.224	.050	-.005	.3096700

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.439	5	.088	.915	.475[a]
	Residual	8.343	87	.096		
	Total	8.782	92			

Coefficients

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	2.221	.324		6.853	.000
	Age	.014	.048	.032	.298	.766
	Education	.032	.049	.069	.640	.524
	Gender	-.006	.052	-.013	-.124	.902
	Functional background	.100	.050	.216	2.009	.048
	Tenure	.019	.045	.046	.430	.668

a. Predictors: (Constant), Tenure, Age, Gender, Education, Functional background

b. Dependent Variable: Performance

Overall, the results show that the combined aspects of top management demographics had a weak but positive relationship with performance (R= 0.224). This relationship explains 5 percent variation in performance. 95 percent of performance is explained by other factors not considered in this model. This proportion was however not statistically significant (P>0.05). The individual contribution of each of the variables defining top management demographics on performance gave mixed results. The results indicated that age positively influenced performance but the influence was not statistically significant (B= .014, t=.298, sig= .766).

These results supported the study by Olson and Parayitam (2006) who found a negative relationship between age and strategic choice which affected performance negatively. Education also positively influenced performance though the influence was also not statistically significant (B= .032, t=.640, sig= .524). The findings supported the findings by Jehn et al (1999) who found that for education levels to bring about performance, they had to be combined with other aspects in the organization. Gender influenced performance negatively but the influence was also not significant (B=0 -.006, t= -.124, sig= .902).

The findings were in agreement with Marimuthu and Kolandaismy (2009) who found that although women were present at corporate level (TMT) in large firms, they did not have any reasonable impact on organizational performance. Functional background had positive effects and statistically influenced performance (B= 0.100, t=.2.009, sig= .048). This finding is supported by Certo et al (2006) who argued that the expertise of team members was related to team efficiency and effectiveness hence having a positive influence on performance. Tenure however did not have significant influence on performance (B= .019, t=.430, sig= .668). The findings agree with O'Reilly, Synder and Booth (1993) that tenure homogeneity brought about conflicts among team members. The equation defining the relationship would thus be

$$P= 2.221+ 0.014\ A + 0.032\ E - 0.006\ G + 0.100\ FB + 0.019T$$

Where: Y= Performance

A= Age

E= Education

G= Gender

FB= Functional Background

T= Tenure

In the equation, positive effects were reported for age, education, functional background and tenure but a negative effect was reported on gender. This means that a unit change in age of top managers yields .014 positive change in performance, a unit change in the education levels of top managers yields 0.032 positive change in performance, a unit change in the functional background of mangers yields 0.100 positive change in performance while a unit change in tenure of top managers yields 0.019 positive change in performance. Though most of the variables were not significant it was notable that gender negatively influenced performance. This is indicative in the equation in that a unit change in the gender of top managers yields -.006 negative change in performance. This negative change could be attributed to the fact that the initial results indicated that most of the SCs studied had very few women in top management and in fact in some instances, there were no women completely in top management.

The combined effect of top management demographics on organizational performance was also tested and the results are presented in Table 12. The findings as per Table 12 indicate that when combined, top management demographics influence performance of Kenyan SCs. The influence was statistically significant (B=.216, t=2.137 p<.05). Overall, top management demographics correlate with performance up to 0.216 meaning it is a weak positive relationship and explain 4.7 percent variation in performance. 95.3 percent of performance is explained by other factors not considered in this model. This proportion that is explained by the combined effect of top management demographics is statistically significant (Higher F-value, $p<0.05$). On the basis of these results H_1 is supported. The study therefore failed to reject the hypothesis. These findings were represented by the following equation:

$$P= 2.437 + 0.095TMD$$

Where; P=Performance, T=Top Management Demographics

In the equation, a unit change in top management demographics yields a positive coefficient of 0.095 positive change in performance. This change is statistically significant. The findings of the combined top management demographics influence on performance support the argument of the upper echelons theory (Hambrick and Mason, 1984) that top management demographics positively influence organizational performance.

Table 2. Combined effects of top management demographics on performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.216	.047	.037	.3012992

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.414	1	.414	4.566	.035[a]
	Residual	8.443	93	.091		
	Total	8.857	94			

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	2.437	.111		21.885	.000
	Top management demographics	.095	.045	.216	2.137	.035

a. Predictors: (Constant), Top Management Demographics

b. Dependent Variable: Performance

4.3 Discussion of Findings

The study set out to establish the influence of top management demographics on the performance of Kenyan SCs. The performance of organizations has gained momentum in the recent years due to the competitive environment in which they operate in. Organizations can only perform through the actions of TMTs. Strategic management literature has been witnessing resurgence of interest on the role and influence of TMT demographics in enhancing organizational performance. Organizations now have realized that their performance is a reflection of the TMT who

are formally bestowed with the responsibility of directing organizations.

The upper echelon's theory (Hambrick and Mason, 1984) broke the ground by bringing into perspective the critical role that the TMTs played in achieving high performance in organizations. The key postulation of the Upper Echelon's Theory is that organizational outcomes and strategic choices are partially predicted by top management demographics. This position has been supported by a myriad of studies (Norburn and Barley, 1988; Marimuthu and Kolandaisamy, 2012; Horwitz, 2005). The operationalization of top management demographics was informed by many studies (Hambrick and Mason; 1984; Knight et al, 1999; Tsui and O'Reilly, 1989; Wiersema and Bantel, 1993). Top management demographics were measured in the study in terms of age, functional background, education, tenure, and gender. Organizational performance was on the other hand measured using composite scored derived from performance contracting results from the performance contracting department in the Ministry of Planning and Devolution.

In order to test the study hypothesis, both the independent and combined effects of top management demographics on performance were tested. The results for the independent influence of the aspects of top management demographics on performance indicated mixed outcomes. Functional background was found to significantly influence performance. However, education, gender, age and tenure did not significantly influence performance. The findings further found that the combined effect of top management demographics significantly influenced performance. These mixed results show that there is no consensus among researchers as to which of the top management demographics contributed more to organizational performance than the others.

Age was found not to have a statistically significant influence on performance. These findings supported the findings by O' Reilly et al, (1989) who argued that age diversity was associated with lower levels of social integration which influenced turn over intentions. Olson and Parayitam (2006) also found that age diversity had a negative relationship with strategic choice which negatively impacted on performance. These findings on the other hand disagreed with the findings by Tsui and O'Reilly, (1989); Zenger and Lawrence, (1989). They argued that age enhances the frequency of communication and brings about a wider range of perspectives and experiences among team members leading to a positive influence on performance. The finding in the current study could have been due to the fact that the human resource manuals that were reviewed as part of secondary data revealed that most of the SCs did not have any guidelines as regards the age limits of their top managers. The initial findings also were clear that most of TMTs were in the age of 41years and above. In fact, 24 percent of the total number of TMTs in the SCs that were studied were over the age of 50 years. GoK (2013) argued that some of the SCs had TMTs who were beyond the active age and did not have any new ideas to offer. Indeed, literature has found that younger managers were inclined to more aggressive strategies and were more adaptive to change which had a positive impact on performance (Tihanyi et al, 2000; Hambrick, 1994).

Functional background of TMTs was found to have a statistically significant influence on performance. These findings supported the findings by Certo et al (2006) who established that TMT expertise was positively related to efficiency and effectiveness. The argument here is that when individual TMTs are specialized and have enough expertise in their functional area, they develop in-depth knowledge of their area and when combined with other TMTs from other areas they create information base for the organization hence positively influencing performance. Eisenhardt and Tabrizi (1995) demonstrated from their study that functional background was associated with faster time-to-market for a new product development effort in the computer industry in the United States of America (USA). However, other studies found that functional diversity provoked fragmentation of team members and complicated internal communication (Ancona and Caldwell, 1992; Buyl et al 2011). The finding in the current study is true regarding SCs. All the SCs studied were well structured alongside functional areas. Each functional area had well spelt out responsibilities. This meant that SCs had developed expertise within themselves creating a pool of individuals whose knowledge could be tapped for high organizational performance (Buyl et al, 2011).

Tenure homogeneity has generally been associated with team members familiarity of policies, procedures and political factors in organizations offering advantages of less communication interruptions and conflicts (Horwitz, 2005), team cohesion (O'Reilly et al, 1989), open communications, lower turnover and team cohesion (Michael and Hambrick, 1992), hence influencing performance positively. However, in this study, tenure was found not to have a statistically significant influence on performance.

The findings of the study agree with O'Reilly et al (1993) who found that tenure diversity was related to less open communications and both task and emotional conflict among members of the TMT. The earlier findings from respondents indicated that TMTs in most SCs had been in their organization for a long period. This could adversely affect performance. Studies have also argued that lengthy organizational tenure was associated with top management

teams unwillingness to make strategic changes (Finkelstein and Hambrick, 1996). These findings on the other hand seemed to disagree with other researchers who argued that teams with homogenous organizational tenure tended to have a high level team cohesion and social integration (Michael and Hambrick, 1992; Boeker 1997; Dutton and Duncan, 1987). Earlier findings indicated that most of the TMTs in the SCs studied had been with their organizations' for more than 5years. In fact, most of the top managers were employed on a permanent and pensionable terms. This is not good international practice. GoK (2013) argued that long tenured TMTs had inertia and were resistant to change and there was need to redefine the tenure for TMTs in order to influence performance positively.

Education levels of TMTs are associated with capacity for information processing and ability to discriminate among a variety of stimuli. Literature has proven that educated individuals are likely to engage in boundary spanning, tolerate ambiguity and show ability for integrative complexity, hence positively influencing performance (Cohen and Bailey, 1997; Jehn et al, 1999). This is because they are able to better understand the needs of the organization. Initial results on responses indicated that Kenyan SCs give importance to the education levels of its TMTs. However, the findings showed that educational background did not have a statistically significant influence on performance hence contradicting the above studies.

The findings seem to support findings by Horwitz (2005), Norburn and Birley (1998) who argued that education background of TMTs by itself was not sufficient to bring about stellar performance. Rather, there was need to combine the education levels of TMTs with other demographics like age, functional background in order to realize performance. In the same breadth, John et al (1999) found that although the education levels of TMTs were important to the performance of organizations, they could not affect performance on their own. They needed to be mediated by the ability of TMTs to properly interpret situations. Wiersema and Bantel (1993) reported that differences in university prestige were associated with member turnover. Also, Knight at al (1999) found that educational diversity was negatively related to decision-making consensus in top management teams. This may be because heterogeneous educational backgrounds tended to increase the level of discomfort and conflict that may lead to decreased social integration in teams.

The findings could be argued from two fronts. One, it could be attributed to the fact that in the initial results from the responses, it was clear that all SCs lay emphasis on the minimal educational qualifications for all job Cadres. All the Human resource manuals define the educational requirements for each level. This could mean that even if the TMTs were not educated, it would not affect the performance of the organizations, since the holders of the positions below TMTs were all well-educated and versed with their jobs. Barney (1991) argued that a firm that was able to fully exploit the potential of its human resources at all levels would record superior performance.

The relationship between gender diversity and organizational performance has received mixed feelings in literature. Few researchers argued that gender diversity in TMT improves task performance (Certo et al, 2003). The current study found that gender did not have a significant influence on performance. The finding of this study, however, supports the findings of Dezso and Ross (2012) that female representation in top management did not influence firm performance except in situations where the firm's strategy was focused on innovation. Marimuthu and Kolandaisamy (2012) undertook a study to establish the relationship between female representation in TMTs and organizational performance in one hundred (100) top listed companies from the non-financial sector. Their findings were that women involvement at corporate level in large firms was present but they were unable to create impact on their firms' financial performance.

From the initial findings of this study, respondents were indifferent about increasing the number of women in the TMT. The 30 percent rule is now engraved in the constitution of Kenya. From initial findings, SCs marginally complied with the rule. However, in some SCs, there were no women in TMTs completely. Proper monitoring and enforcement of the constitutional requirement is important. Literature has shown that women in TMTs can influence performance especially in areas if innovation. This means that due to the low women representation in TMT, their presence or absence does not influence performance.

The combined influence of Top Management Demographics on organizational performance showed that they had a statistically significant influence on performance. This supports the study undertaken by Norburn and Birley (1988) where they studied the relationship between top management characteristics and organizational performance in one hundred and fifty (150) companies within five USA industries. They found that organizations that had a multiple of the top management demographics outperformed those that did not have.

5. Summary and Conclusion

The study started by establishing the manifestations of the study variables. The study adopted two broad categories of Kenya State Corporations that is commercial and non-commercial state corporations. 22 percent of the SCs studied were commercial, which meant that private ownership was more than government ownership and they had additional sources of revenue apart from the exchequer. 68 percent of the SCs were non-commercial which meant that they were solely owned by the government and entirely depend on the exchequer for funding their operations.

Top management demographics which include age, gender, education, functional background and gender are important because they affect the decisions made by TMTs. It was established that the age of TMTs was spread as follow: from all the SCs studied managers aged between 30-40 years accounted for only 23 percent, 40-50 years 53 percent and over 50 years 24 percent. This was important as it confirmed that managers between 30-50 years which were the most productive years accounted for 76 percent of the total TMTs in the studied Kenyan state corporations. That is why they positively influenced performance. On gender, it was established that 61.6 percent of the total TMTs in the SCs studied were men while 38.39 were female. This meant that the gender rule was being adhered to. However, it was also established that some of the SCs did not have female managers within TMT.

Gender was found not to influence performance. Education levels recorded that 92 percent of all the TMTs in the SCs studied had masters and bachelors' degree. Other findings indicated that functional background and education of TMT were considered important by SCs both in the recruitment and SDM process. These TMT demographics are important for organizations because they influence the manner in which TMTs perceive and interpret the happenings in the environment (Weick, 1969) and therefore the strategic direction adopted by organizations (Hambrick and Mason, 1984). Findings for the tenure were that most of the TMTs in SCs had been with their organizations for more than 5 years. This was important because tenure affects the manner in which TMTs are receptive to change hence their adaptability to environmental changes, making it easy to properly align their organizations to the environment

The findings for the independent influence of top management demographics aspects of TMTs on organizational performance had mixed results. Functional background had a statistically significant influence on performance of Kenyan SCs. This supported the findings of Nielson (2010); Finkelstein and Hambrick (1996); Certo et al (2006). Education, gender, tenure and age were however found not to have a significant influence on performance. This was consistent with Wiersema and Bartel (1993) who argued that education background cannot on its own bring about performance but needed to be combined with other top management demographics. Dezso and Ross (2012) argued that women representation did not influence organizational performance except where an organization's strategy was focused on innovation.

The combined effect of the top management demographics however yielded a statistically significant influence on performance. This supported the position by the upper echelons' theory, Hambrick and Mason (1984); Norburn and Birley (1988) who argued that the combination of top management demographics had a positive influence on organizational performance. Given the overwhelming empirical research on the positive relationship between top management demographics and organizational performance, Kenyan SCs should ensure that organizational resources are directed towards acquiring the right combination of top management demographics in order to achieve high performance.

6. Implications of the Study

The main theories that anchored this study include the upper echelons theory and the resource based theory. The upper echelons theory has been supported by the findings of this study. The key postulation of this theory is that organizational outcomes and strategic choices are partially predicted by the characteristics of the TMT of that organization. The study found that top management demographics had a significant influence on organizational performance rendering empirical strength to this theory. Some of the top management demographics did not have a significant influence on performance however the joint effect of top management demographics had significant influence on performance. The theory will therefore benefit from the findings that combined top management demographics had a stronger influence on performance than an individual demographic.

The RBT's argument has also been strengthened by the findings of this study. The theory argues that organizations that are able to attract high level skills and expertise from their managers tend to outperform those without. This theory read together with the upper echelons theory supports that the expertise that the TMTs of organizations have a positive effect on performance if they are properly deployed.

At a policy level, government will benefit from this study to develop guidelines and policies that will define the required demographics of TMTs and their application by SCs. This would ensure that SCs have the required TMTs

with the right demographics that can create a proper fit between their organizations and the environment hence developing strategies that will make them competitive internationally. This will certainly put SCs on the global business arena.

GOK (2013) brought forth recommendations on the age, education and tenure of TMTs in SCs, because they were critical in determining the organizational strategic orientation which influences performance. Currently the requirements of jobs are guided by human resource policies that are developed internally and which vary from organization to organization. The national government may consider developing uniform guidelines in order to ensure that organizations adhere to the proposed policy of setting benchmarks for TMTs in organizations. Perhaps at the policy level the national government should consider incorporating these guidelines on TMT demographics in the performance contracting guidelines. This will ensure that every organization is called to account on how they are implementing the policy.

This study will contribute towards managerial practice in SCs and also in organizations that are in the private sector. It was clear from the findings that top management demographics influenced SDM and organizational performance. The individuals in organizations who are tasked with selecting and developing TMTs in order to ensure that organizations have the right kind of TMTs to steer organizations will be guided by this study to ensure that they look at the required level of education, age, functional background, gender and tenure of TMTs because as proven in this study they influence performance. The managers in charge of the recruitment of TMTs will ensure that the recruitment policy is right to attract individuals with the right demographics in order to steer organizational performance.

Given the importance of the study variables in organizational performance, TMTs in organizations will use this study to ensure that not only are they put in place, but that also measures to define how they will be monitored within the organizations are developed because they are the determinants of their competitiveness and sustainability. Although they are not part of the performance contract guidelines, TMTs can use this study to put them in their internal performance contracts with staff to ensure that they are inculcated in their day to day operations.

The results from this study also provide implications on methodology. Validity and reliability tests were carried out on the data collection instrument and it was found that the instrument was sufficient to collect data from the respondents. Given that the tests were positive it is an indication that the data collected was reliable and future research may consider using the same methods for data collection. A drop and pick method was used to get the questionnaire to the respondents and getting them back. This study yielded a response rate of 82% which is a good indication that this method is reliable for data collection.

The operationalization of the study variables got into the heart of organizational performance. The variables were disintegrated into fine and understandable meanings that were made up of the day to day operations in the organization and that made it easy for the respondents to understand the questions raised in the questionnaire and to provide relevant data that brought forth issues of performance in Kenyan SCs.

The sampling method used in the study was also important. Criterion sampling is a method that allows a researcher to select a sample using specific pre-set criteria. This involves identifying particular criteria of importance to the researcher. This method was used to eliminate SCs that had been earmarked for mergers and dissolution leaving a reliable sample that would not be affected by the Parastatal reforms that had already commenced during the start of this study.

The study utilized regression to analyze the relationships between study variables. This tool is used widely in strategic research and helps to explain relationships clearly. The use of regression made it very easy to test the hypothesis that was developed to achieve the research objective.

7. Limitations and Suggestions for Further Research

The study has conceptual, contextual and methodological limitations. The findings of the study should be, therefore, interpreted with the limitations in mind. Conceptually, the study variables used in the study to explain the performance in SC were top management demographics. However, these variables do not explain the totality of what affects performance in SCs. Literature has proven that organizational performance could also be influenced by other factors including corporate governance; ownership and structure of SCs and resource allocation. All these factors were not considered in this study.

Contextually, this study was undertaken within the Kenyan SCs only. SCs operate in very different internal and external environments from organizations from the private sector. The results therefore must be used cautiously because they may not be replicated in other sectors like the manufacturing sector, education sector and so on.

Methodological limitations were also experienced. The study used a descriptive cross sectional survey design. This research design does not delve into details. The results of the study could probably have been different if for example a longitudinal research design was used. This is because of the changes that occur during the course of the study.

Kenyan SCs were undergoing restructuring at the time when data collection was going on. Out of a total of one hundred and eighty seven (187) SCs the study filtered and isolated the seventy (70) SCs that were ear marked for either merger or dissolution. There was therefore uncertainty among TMTs which created reluctance when filling the questionnaire which dealt largely on issues that affect the performance of SCs.

The process of restructuring of Kenyan State Corporations also posed another challenge. The researcher would have wished to study all the one hundred and eighty seven (187) SCs but had to remove seventy (70) from the population. It is possible that the eliminated SCs may have had important information on the variables of the study which may have probably brought out different findings from the ones in the study.

The performance of Kenyan SCs is computed as a composite index. This is derived from the raw scores of six target areas identified to measure and compare performance between state corporations. Each of the six performance areas have sub weights which are aggregated to get the overall composite score. The researcher had initially wanted to test the influence of the other variables on each of the six areas of performance. The raw data for these six areas was completely unavailable from the performance contracting department. Probably this would have given different outcomes if the raw scores for each of the six performance areas were used.

The heads of the Human Resource and Corporate Planning departments were the respondents identified for purposes of data collection. However, the availability of these managers was a challenge, especially because of the reforms that were ongoing. This forced the researcher and the research assistant to sometimes visit one organization 3-4 times before the questionnaire was filled.

The geographical spread of the state corporations was another limitation. The researcher chose to study all the one hundred and seventeen (117) State Corporations which are spread across the country. This affected time taken to drop and pick the questionnaires. It even became more challenging when the researchers travelled across counties only to find the respondent not available. This meant escalation of costs for the whole process. It also delayed data analysis for quite some time.

Another limitation is that the study used the Likert scale in most of the areas of study. Likert scales have been used in most of researches in social sciences. However, the limitation is that since some of the questions especially those dealing with performance may have been considered to be of a sensitive nature due to the prevailing environment of reforms and circumstances during data collection, this may have affected the objectivity of the responses. Also the respondents were given ranges to use when answering. The answers given therefore may not have reflected the real picture on the ground and may have affected the findings of the study.

Arising from the findings in this study, future researchers could benefit from the following suggestions for further study. This study concentrated on establishing the influence of each of the top management demographics on the performance of Kenyan SCs. However performance was tested as a composite score as reported by the performance contracting department. It would be interesting if the individual TMT demographics were tested against the raw score of each of the six performance areas in the performance contracts of SCs as defined in the performance contracting guidelines. The findings may be different from the ones obtained in this study.

The context of the study was Kenyan SCs. Future research could be undertaken to replicate this study but instead compare performance of Kenyan SCs with that of publicly companies quoted at the securities exchange or other sectors of the economy to check whether the findings will be the same. Also the same study could be replicated but a different context could be used, for example the manufacturing companies in Kenya.

This study used only TMT demographics to test their influence on performance of SCs. Given the fact that there are many other factors that may affect performance, other researchers may seek to unravel the influence of such other factors like corporate governance, resource allocation, ownership structure and so forth on the performance of SCs. It would be interesting to find out whether the results would be the same when different variables are used.

The study was undertaken in all SCs save for the 70 (seventy) that were undergoing public sector reforms during the study. This population was very large. Future studies should study fewer SCs or in fact study SCs in one sector and replicate the study to see whether the findings would still be the same or better still, this study can be replicated, but should be enlarged so as to compare SCs with organizations from other sectors.

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